

TOWN OF BOONTON SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Town of Boonton School District

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Town of Boonton School District

Boonton, New Jersey

For The Fiscal Year Ended June 30, 2017

Prepared by

Business Office

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INTRODUCTORY SECTION

BOONTON

Public Schools

A World Class Education for Tomorrow's
Leaders

Office of the Business Administrator

Honorable President and
Members of the Board of Education
Boonton Board of Education
434 Lathrop Avenue
Boonton, New Jersey 07005

December 1, 2017

Dear Board Members:

The Comprehensive Annual Financial Report of the Town of Boonton Public Schools for the fiscal year ended June 30, 2017 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The Introductory Section includes this transmittal letter, the District's organization chart and a list of principal officials. The Financial Section includes The Independent Auditors' Report; the management's discussion and analysis; basic financial statements and notes providing an overview of the District's financial position and operating results; and supplementary schedules providing detailed budgetary information. The Statistical Section includes selected economic and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the U.S. Uniform Guidance and New Jersey's OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this Single Audit, including the auditor's report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) **REPORTING ENTITY AND SERVICES:** The Boonton Public School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds of the District are included in this report. The Boonton Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-Kindergarten through 12 for the students residing in Boonton and to grade levels 9 through 12 for the students residing in Lincoln Park. These include regular and vocational, as well as special education for disabled youngsters. The District completed the 2016-2017 fiscal year with an average daily enrollment of 1,404 students, an increase of 51 students over the previous year's enrollment.

The following details the changes in the student average daily enrollment of the district over the last ten years:

Average Daily Enrollment

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2016-2017	1,404	3.7%
2015-2016	1,353	3.44%
2014-2015	1,308	1.16%
2013-2014	1,293	0.31%
2012-2013	1,289	0.30%
2011-2012	1,251	0.08%
2010-2011	1,241	2.99%
2009-2010	1,205	-0.25%
2008-2009	1,208	-2.74%
2007-2008	1,242	-1.66%

2) **ECONOMIC CONDITIONS AND OUTLOOK:** The School District continues to monitor the ratable base for the Town. Short term trends continue to indicate that ratables will remain flat. An increase in housing projects is in the preliminary stages of development. If these projects come to fruition, the burden on the District to provide services could increase. The District's budget for the 2016-2017 fiscal year included a 2.6% increase in the local tax levy. At the close of the current fiscal year, the Teacher's contract was not open for negotiations, which will provide for stability and planning in future budget developments for the next three years. The Administrator's contract was settled without a negative impact in the District's operations.

3) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District manager.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

4) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and debt service fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

5) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

6) **FINANCIAL INFORMATION AT FISCAL YEAR END:** As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. A detailed Management Discussion and Analysis follows this section of the report that discussed the District's financial performance for the year ended June 30, 2017.

7) **DEBT ADMINISTRATION:** During the 2016-2017 fiscal year the District did not obtain additional debt through referendum. The District's continues to maintain and service its bond debt from previously financed obligations.


8) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secure in accordance with the Act.

9) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

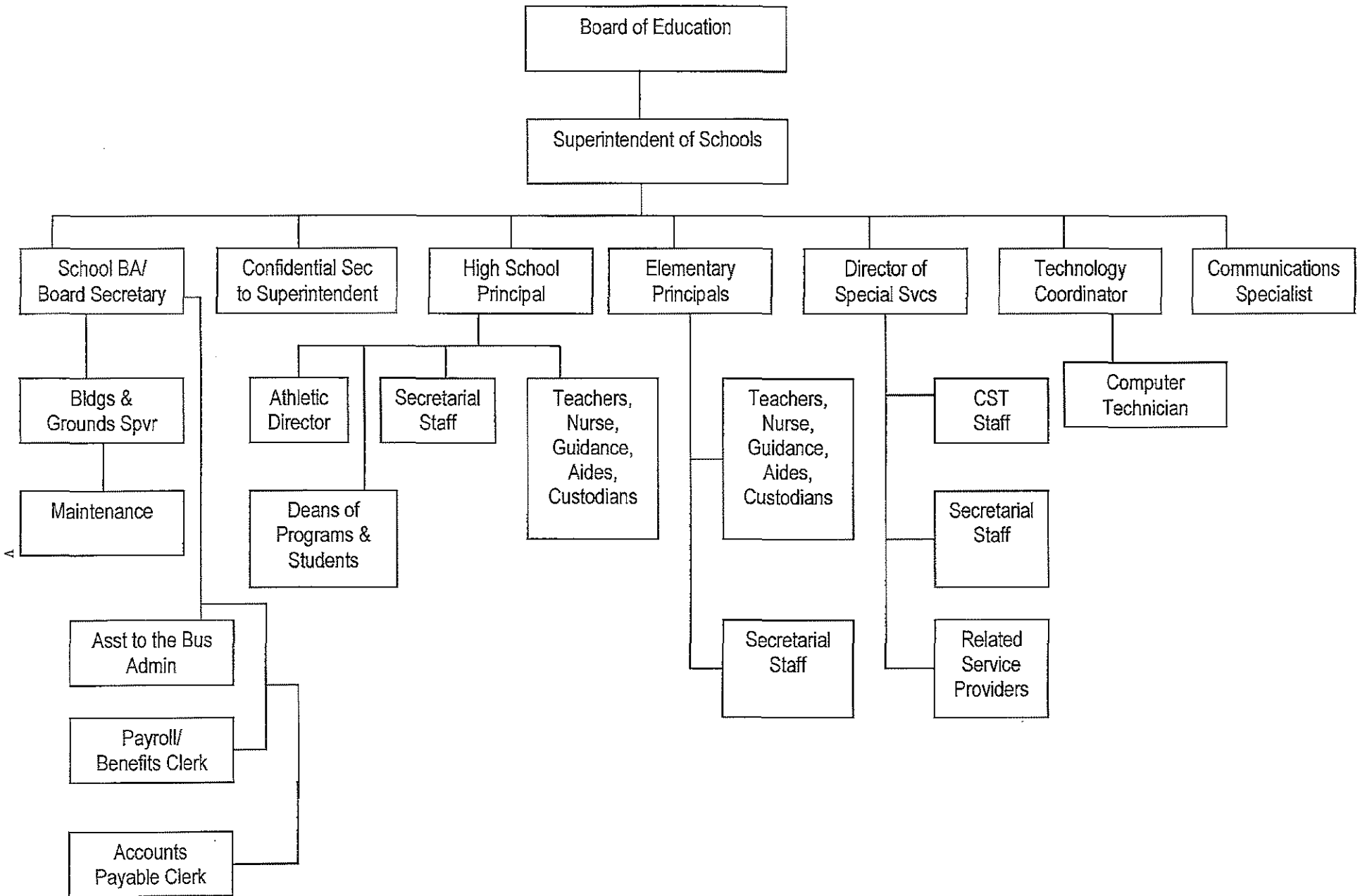
10) **OTHER INFORMATION:** Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, Higgins, LLP was appointed by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of U.S. Uniform Guidance and New Jersey's OMB Circular NJOMB 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditor's report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11) **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Boonton Town Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Mr. Robert Presuto
Superintendent of Schools



**TOWN OF BOONTON SCHOOL DISTRICT
BOONTON, NEW JERSEY**

ROSTER OF OFFICIALS

JUNE 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires (December)</u>
Irene LeFebvre, President	2018
Linda Glosinski, Vice-President	2017
Christopher J. Cartelli	2019
Sonja Chapman	2017
Robert Ezzi	2019
Joseph Geslao	2018
Loren Katsakos	2018
Debra Recchia	2017
Vacant	2017
Jack Gibbons (Lincoln Park Representative)	

Other Officers

Robert Presuto, Superintendent of Schools

Michael S. Neves, Board Secretary/Business Administrator

BOONTON SCHOOL DISTRICT

Consultants & Advisors

June 30, 2017

District Auditor

Lerch, Vinci & Higgins, LLP
17-17 Route 208N
Fair Lawn, New Jersey 07410

Attorney

James L. Plosia, Esq.
Plosia Cohen Law Firm
Chester Woods Complex
385 Route 24, Suite 3G
Chester, NJ 07930

Official Depositories

Lakeland Bank
Boonton, NJ 07005

NJARM
Princeton, NJ 08540

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA
DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

INDEPENDENT AUDITOR’S REPORT

Honorable President and Members
of the Board of Trustees
Town of Boonton School District
Boonton, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonton School District, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonton School District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

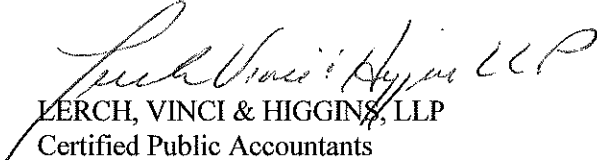
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Boonton School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Town of Boonton School District.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

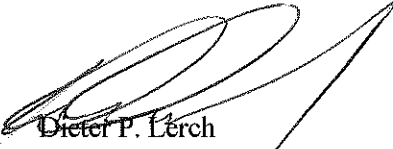
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2017 on our consideration of the Town of Boonton School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Boonton School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Boonton School District's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants



Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 1, 2017

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

**TOWN OF BOONTON SCHOOL DISTRICT
BOONTON, NEW JERSEY**

**Management's Discussion and Analysis
for the Fiscal Year Ended June 30, 2017**

This discussion and analysis of the Town of Boonton School District's financial performance provides an overall review of its financial activities for the fiscal year ended June 30, 2017. The intent of this analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. Certain comparative information between the current year (2016-2017) and the prior year (2015-2016) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- The District's total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources at year end by \$2,879,648 (deficit net position). The District's net position decreased \$1,438,478 from the previous year.
- General revenues accounted for \$19,788,782 or 54 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$16,949,293, or 46 percent of total revenues of \$36,738,075.
- The School District had \$37,079,760 in expenses for governmental activities; \$15,906,760 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) were adequate to provide funding for the balance of these programs.
- Among governmental funds, the General Fund had \$28,564,190 in revenues and \$29,258,310 in expenditures. After allowing for operating transfers and capital lease proceeds, the General Fund's fund balance decreased \$596,424 from 2016.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at significant funds with all other non-major funds presented in one total column. The General Fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document reports on all funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The Statement of Net Position and the Statement of Activities answer that question. These statements include all assets, deferred inflows of resources and liabilities and deferred outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid, as well as the activity of capital assets and long-term liabilities.

These two statements report the School District's net position and changes in those position. This change is important because it tells the reader that, for the school district as a whole, its financial position improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, and reserve balances, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the District is divided into two distinct kinds of activities:

- **Governmental Activities** – All programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** – These services are provided on a charge-for- goods or services basis to recover all the expenses of the goods or services provided. The Food Service and Bridges to Learning Program Enterprise Funds are reported as non-major business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's funds. The District's governmental funds include the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

Reporting the District's Most Significant Funds (Continued)

Governmental Funds

The District's activities are reported in governmental funds. These funds are reported using an accounting method known as modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Fund

The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same as the District-wide statements.

The District as a Whole

The Statement of Net Position provides one perspective of the District as a whole.

A comparative summary of the District's net position as of June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Assets		
Current and Other Assets	\$ 1,029,975	\$ 1,095,975
Capital Assets, net of accumulated depreciation	<u>24,981,509</u>	<u>25,442,295</u>
Total Assets	<u>26,011,484</u>	<u>26,538,270</u>
Deferred Outflows of Resources	<u>5,018,443</u>	<u>2,873,757</u>
Total Assets and Deferred Outflows of Resources	<u>31,029,927</u>	<u>29,412,027</u>
Liabilities		
Long-Term Liabilities	31,644,132	29,453,616
Other Liabilities	<u>1,859,796</u>	<u>752,307</u>
Total Liabilities	<u>33,503,928</u>	<u>30,205,923</u>
Deferred Inflows of Resources	<u>405,647</u>	<u>647,274</u>
Total Liabilities and Deferred Inflows of Resources	<u>33,909,575</u>	<u>30,853,197</u>
Net Position		
Net Investment in Capital Assets	4,906,992	4,314,351
Restricted	27,946	729
Unrestricted	<u>(7,814,586)</u>	<u>(5,726,250)</u>
Total Net Position	<u>\$ (2,879,648)</u>	<u>\$ (1,411,170)</u>

A comparative schedule of the changes in net position for fiscal years ended June 30, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 6,882,017	\$ 6,824,430
Grants and Contributions	10,067,276	7,819,731
General Revenues:		
Property Taxes	18,888,892	18,464,772
Grants and Entitlements	705,230	743,479
Other	<u>194,660</u>	<u>545,297</u>
Total Revenues	<u>36,738,075</u>	<u>34,397,709</u>
Program Expenses		
Instruction	23,618,391	21,331,674
Support Services:		
Pupils and Instructional Staff	5,836,059	5,091,560
General, School and Central Administration	3,149,603	2,786,215
Operations and Maintenance of Facilities	3,189,183	2,608,249
Pupil Transportation	563,831	480,238
Interest on Debt	722,693	756,194
Food Service	604,478	565,946
Bridges to Learning	<u>492,315</u>	<u>608,396</u>
Total Expenses	<u>38,176,553</u>	<u>34,228,472</u>
Increase/(Decrease) in Net Position	<u>\$ (1,438,478)</u>	<u>\$ 169,237</u>

Governmental Activities

The nature of funding public schools primarily through property taxes in New Jersey creates the legal requirement to annually seek voter approval for District operations. Property taxes made up 53 percent of revenues for governmental activities for the Town of Boonton School District in fiscal year 2017. The District's total governmental revenues were \$35,695,318 for the year ended June 30, 2017. Federal, state, and local grants, contributions and entitlements accounted for 30 percent of this total revenue. The total cost of all governmental programs and services was \$37,079,760. Instruction comprises 64 percent of District governmental expenses.

Business-Type Activities

Revenues for the District's business-type activities (food service and bridges to learning) were comprised of charges for services and government reimbursements.

- Enterprise Fund expenses exceeded revenues by \$54,036.
- Charges for services represent 73 percent of revenue. This represents amounts paid for food service and tuition for the bridges to learning program. State and federal subsidies account for the remaining 27 percent.
- Federal and state reimbursements amounted to \$278,597 of total Enterprise Fund revenues.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The total cost of services and the net cost of services for the years ended June 30, 2017 and 2016 are summarized below. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Instruction	\$ 23,618,391	\$ 21,331,674	\$ 9,516,496	\$ 8,887,033
Support Services				
Pupils and Instructional Staff	5,836,059	5,091,560	4,882,927	4,479,645
General, School and Central Admin.	3,149,603	2,786,215	2,551,986	2,380,983
Operation and Maintenance of Facilities	3,189,183	2,608,249	3,133,695	2,561,167
Pupil Transportation	563,831	480,238	550,619	468,412
Interest on Long-Term Debt	722,693	756,194	537,277	583,304
Total	<u>\$ 37,079,760</u>	<u>\$ 33,054,130</u>	<u>\$ 21,173,000</u>	<u>\$ 19,360,544</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interactions between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Governmental Activities (Continued)

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the District.

The District's Funds

All governmental funds (i.e., general fund, special revenue fund, capital projects fund and debt service fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$30,733,743 and expenditures were \$31,979,154.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound fiscal management. The following schedule presents a comparative summary of the governmental fund revenues for the fiscal years ended June 30, 2017 and 2016.

<u>Revenue</u>	<u>Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2017</u>	<u>June 30, 2016</u>		
Local Sources	\$ 25,202,767	\$ 25,145,973	\$ 56,794	0.2%
State Sources	4,855,080	4,502,206	352,874	7.8%
Federal Sources	675,896	731,224	(55,328)	-7.6%
Total Revenues	<u>\$ 30,733,743</u>	<u>\$ 30,379,403</u>	<u>\$ 354,340</u>	1.2%

The following schedule represents a comparative summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal years ended June 30, 2017 and 2016.

<u>Expenditures</u>	<u>Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2017</u>	<u>June 30, 2016</u>		
Current				
Instruction	\$ 19,187,267	\$ 18,511,710	\$ 675,557	3.6%
Support Services	10,339,500	9,764,057	575,443	5.9%
Capital Outlay	639,079	546,254	92,825	17.0%
Debt Service				
Principal	1,067,042	1,176,289	(109,247)	-9.3%
Interest and Other	746,266	702,940	43,326	6.2%
Total Expenditures	<u>\$ 31,979,154</u>	<u>\$ 30,701,250</u>	<u>\$ 1,277,904</u>	4.2%

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to prevent over expenditures in specific line item accounts.

Capital Assets

At the end of fiscal year 2017, the District had \$34,915,649 invested in land, buildings, furniture, equipment and vehicles. Accumulated depreciation on these assets at June 30, 2017 was \$9,934,140. The Table below compares the fiscal year 2017 balances to the 2016 balances.

Capital Assets (Net of Depreciation) at June 30

	<u>2017</u>	<u>2016</u>
Land	\$ 471,800	\$ 471,800
Building and Building Improvements	23,140,157	23,402,876
Machinery and Equipment	<u>1,369,552</u>	<u>1,567,619</u>
Total Capital Assets, Net	<u>\$ 24,981,509</u>	<u>\$ 25,442,295</u>

Debt Administration

At June 30, 2017, the District had \$31,644,132 of long-term liabilities. Of this amount, \$310,744 is for compensated absences, \$404,311 is for capital leases, \$11,101,169 is for net pension liability and \$19,827,908 is for outstanding serial bonds issued to fund school construction projects.

For the Future

Currently, the District is in stable financial condition, given the financial limits placed on school districts by the state law. Everyone associated with the Town of Boonton School District is grateful for the community support of the schools. A major concern is continued enrollment growth. This, in an environment of flat state funding, means an ever-increasing reliance on local property taxes

In conclusion, the Town of Boonton School District has committed itself to financial excellence for many years. Its system for financial planning, budgeting, and internal financial controls is audited annually and it plans to continue to manage its finances in order to meet the many challenges ahead.

Contacting the District's Financial Management

If you have questions about this report or need additional information, contact the School Business Administrator at the Town of Boonton School District, 434 Lathrop Avenue, Boonton, NJ.

FINANCIAL STATEMENTS

TOWN OF BOONTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents		\$ 5,272	\$ 5,272
Receivables, Net:			
Receivables from Other Governments	\$ 928,709	16,999	945,708
Other	13,165	60,000	73,165
Internal Balances	29,030	(29,030)	
Inventory		4,684	4,684
Restricted Assets:			
Investments	1,146		1,146
Capital Assets:			
Not Being Depreciated	471,800		471,800
Being Depreciated, Net	<u>24,487,836</u>	<u>21,873</u>	<u>24,509,709</u>
Total Assets	<u>25,931,686</u>	<u>79,798</u>	<u>26,011,484</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	1,302,789		1,302,789
Deferred Amount on Net Pension Liability	<u>3,715,654</u>	<u>-</u>	<u>3,715,654</u>
Total Deferred Outflows of Resources	<u>5,018,443</u>	<u>-</u>	<u>5,018,443</u>
Total Assets and Deferred Outflows of Resources	<u>30,950,129</u>	<u>79,798</u>	<u>31,029,927</u>
LIABILITIES			
Cash Deficit	1,284,744	58,502	1,343,246
Accounts Payable and Other Liabilities	173,802		173,802
Payable to Other Governments	19,702		19,702
Unearned Revenue	1,892		1,892
Accrued Interest	321,154		321,154
Noncurrent Liabilities			
Due Within One Year	1,124,046		1,124,046
Due Beyond One Year	<u>30,520,086</u>	<u>-</u>	<u>30,520,086</u>
Total Liabilities	<u>33,445,426</u>	<u>58,502</u>	<u>33,503,928</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	404,482		404,482
Deferred Government Commodities	<u>-</u>	<u>1,165</u>	<u>1,165</u>
Total Deferred Inflows of Resources	<u>404,482</u>	<u>1,165</u>	<u>405,647</u>
Total Liabilities and Deferred Inflows of Resources	<u>33,849,908</u>	<u>59,667</u>	<u>33,909,575</u>
NET POSITION			
Net Investment in Capital Assets	4,885,119	21,873	4,906,992
Restricted for:			
Capital Projects	9,458		9,458
Debt Service	18,488		18,488
Unrestricted	<u>(7,812,844)</u>	<u>(1,742)</u>	<u>(7,814,586)</u>
Total Net Position	<u>\$ (2,899,779)</u>	<u>\$ 20,131</u>	<u>\$ (2,879,648)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**TOWN OF BOONTON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction:							
Regular	\$ 15,323,333	\$ 5,393,308	\$ 5,263,368	\$ 14,572	\$ (4,652,085)		\$ (4,652,085)
Special Education	6,620,997	724,773	2,444,134		(3,452,090)		(3,452,090)
Other Instruction	512,679		188,220		(324,459)		(324,459)
School Sponsored Activities and Athletics	1,161,382		73,520		(1,087,862)		(1,087,862)
Support Services							
Student and Instruction Related Services	5,836,059		953,132		(4,882,927)		(4,882,927)
General Administrative Services	721,474		170,209		(551,265)		(551,265)
School Administrative Services	1,639,793		427,408		(1,212,385)		(1,212,385)
Central and Other Support Services	788,336				(788,336)		(788,336)
Plant Operations and Maintenance	3,189,183		55,488		(3,133,695)		(3,133,695)
Pupil Transportation	563,831		13,212		(550,619)		(550,619)
Interest on Long-Term Debt	722,693	-	185,416	-	(537,277)	-	(537,277)
Total Governmental Activities	<u>37,079,760</u>	<u>6,118,081</u>	<u>9,774,107</u>	<u>14,572</u>	<u>(21,173,000)</u>	<u>-</u>	<u>(21,173,000)</u>
Business-Type Activities							
Food Service	604,478	328,939	278,597	-	-	\$ 3,058	3,058
Bridges to Learning	492,315	434,997	-	-	-	(57,318)	(57,318)
Total Business-Type Activities	<u>1,096,793</u>	<u>763,936</u>	<u>278,597</u>	<u>-</u>	<u>-</u>	<u>(54,260)</u>	<u>(54,260)</u>
Total Primary Government	<u>\$ 38,176,553</u>	<u>\$ 6,882,017</u>	<u>\$ 10,052,704</u>	<u>\$ 14,572</u>	<u>(21,173,000)</u>	<u>(54,260)</u>	<u>(21,227,260)</u>
General Revenues:							
Property Taxes:							
Levied for General Purposes					17,807,046		17,807,046
Levied for Debt Service					1,081,846		1,081,846
Federal and State Aid, Unrestricted					514,522		514,522
State Aid Restricted for Debt Service					190,708		190,708
Investment Earnings					2,201	224	2,425
Miscellaneous Income					192,235	-	192,235
Total General Revenues					<u>19,788,558</u>	<u>224</u>	<u>19,788,782</u>
Change in Net Position					(1,384,442)	(54,036)	(1,438,478)
Net Position, Beginning of Year					(1,515,337)	74,167	(1,441,170)
Net Position, End of Year					<u>\$ (2,899,779)</u>	<u>\$ 20,131</u>	<u>\$ (2,879,648)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**TOWN OF BOONTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2017**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Receivables, Net					
Accounts Receivable	\$ 3,806				\$ 3,806
Federal Government		\$ 190,391			190,391
State Government	41,666				41,666
Other Local Governments	696,652				696,652
Due from Other Funds	715,693			\$ 18,488	734,181
Restricted Assets:					
Investments	-	-	-\$ 1,146	-	1,146
Total Assets	<u>\$ 1,457,817</u>	<u>\$ 190,391</u>	<u>\$ 1,146</u>	<u>\$ 18,488</u>	<u>\$ 1,667,842</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash Deficit	\$ 1,284,744				\$ 1,284,744
Accounts Payable	6,203				6,203
Due to Other Funds	247,175	\$ 168,797	\$ 447,419		863,391
Payable to State Government		19,802			19,802
Unearned Revenue	-	1,792	-	-	1,792
Total Liabilities	<u>1,538,122</u>	<u>190,391</u>	<u>447,419</u>	<u>-</u>	<u>2,175,932</u>
Fund Balances					
Restricted					
Capital Reserve	730				730
Capital Projects			(446,273)		(446,273)
Debt Service				\$ 18,488	18,488
Assigned					
Year-End Encumbrances	116,911				116,911
Unassigned					
General Fund (Deficit)	(197,946)	-	-	-	(197,946)
Total Fund Balances (Deficit)	<u>(80,305)</u>	<u>-</u>	<u>(446,273)</u>	<u>18,488</u>	<u>(508,090)</u>
Total Liabilities and Fund Balances	<u>\$ 1,457,817</u>	<u>\$ 190,391</u>	<u>\$ 1,146</u>	<u>\$ 18,488</u>	<u>\$ 1,667,842</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

**TOWN OF BOONTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2017**

Total Fund Balances (Deficits) - Governmental Funds (Exhibit B-1) \$ (508,090)

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$34,686,419 and the accumulated depreciation is \$9,726,783. 24,959,636

Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt. 1,302,789

Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and amortized over future years.

	\$	3,715,654	
Deferred Outflow of Resources		(404,482)	
Deferred Inflow of Resources		(404,482)	3,311,172

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of the following:

		(19,827,908)	
Serial Bonds		(404,311)	
Capital Leases		(11,101,169)	
Net Pension Liability		(310,744)	
Compensated Absences		(310,744)	(31,644,132)

The District has financed capital assets through the issuance of serial bonds and long-term lease obligations. The interest accrual at year end is: (321,154)

Net Position of Governmental Activities \$ (2,899,779)

TOWN OF BOONTON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 17,807,046			\$ 1,081,846	\$ 18,888,892
Tuition	6,118,081				6,118,081
Interest	2,196		\$ 5		2,201
Miscellaneous	192,235	\$ 1,358	-	-	193,593
Total - Local Sources	24,119,558	1,358	5	1,081,846	25,202,767
State Sources	4,424,851	54,105		376,124	4,855,080
Federal Sources	19,781	656,115	-	-	675,896
Total Revenues	28,564,190	711,578	5	1,457,970	30,733,743
EXPENDITURES					
Instruction					
Regular	11,674,396	255,201	16,181		11,945,778
Special Education	5,459,684	351,761			5,811,445
Other Instruction	396,983				396,983
School Sponsored Co-Curricular Activities	1,033,061				1,033,061
Support Services					
Student and Instruction Related Services	4,875,270	84,744			4,960,014
General Administrative Services	614,649				614,649
School Administrative Services	1,194,220				1,194,220
Central and Other Support Services	706,084		22,935		729,019
Plant Operations and Maintenance	2,168,032	5,300	130,546		2,303,878
Pupil Transportation	537,720				537,720
Debt Service					
Principal	310,929			755,000	1,065,929
Interest	13,329			734,050	747,379
Capital Outlay	273,953	14,572	350,554	-	639,079
Total Expenditures	29,258,310	711,578	520,216	1,489,050	31,979,154
Excess (Deficiency) of Revenues Over (Under) Expenditures	(694,120)	-	(520,211)	(31,080)	(1,245,411)
OTHER FINANCING SOURCES (USES)					
Capital Lease Proceeds	97,691				97,691
Operating Transfer In	5		-	-	5
Operating Transfer Out	-		(5)	-	(5)
Total Other Financing Sources and Uses	97,696	-	(5)	-	97,691
Net Change in Fund Balances	(596,424)	-	(520,216)	(31,080)	(1,147,720)
Fund Balance, Beginning of Year	516,119	-	73,943	49,568	639,630
Fund Balance (Deficit), End of Year	\$ (80,305)	\$ -	\$ (446,273)	\$ 18,488	\$ (508,090)

The accompanying Notes to the Financial Statements are an integral part of this statement.

**TOWN OF BOONTON SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (1,147,720)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.

Capital Outlay	\$ 639,079	
Depreciation Expense	<u>(1,087,461)</u>	
		(448,382)

Some expenses reported in the statement of activities do no require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated Absences		15,355
Accrued Interest		15,286
Net Pension Liability		<u>(796,619)</u>

The issuance of long term debt provides current financial resources to governmental funds, while the repayment of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Additionally, governmental funds report the effect of issuance costs, premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities:

Debt Issued or Incurred		
Capital Lease Issued		(97,691)
Principal Repayments		
Serial Bonds	755,000	
Capital Leases	<u>310,929</u>	
		1,065,929
Amortization of Refunding Bond Items		
Original Issue Premium	175,986	
Deferred Amount on Refunding	<u>(166,586)</u>	
		<u>9,400</u>

Change in net position of governmental activities (Exhibit A-2) \$ (1,384,442)

**TOWN OF BOONTON SCHOOL DISTRICT
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF NET POSITION
 AS OF JUNE 30, 2017**

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Food Service</u>	<u>Bridges to Learning Program</u>	
ASSETS			
Current Assets			
Cash		\$ 5,272	\$ 5,272
Receivables			
Intergovernmental	\$ 16,999		16,999
Due from Other Funds	106,088	15,000	121,088
Inventories	4,684	-	4,684
Total Current Assets	<u>127,771</u>	<u>20,272</u>	<u>148,043</u>
Capital Assets			
Furniture, Machinery and Equipment	229,230		229,230
Less Accumulated Depreciation	<u>(207,357)</u>	<u>-</u>	<u>(207,357)</u>
Total Capital Assets, Net	<u>21,873</u>	<u>-</u>	<u>21,873</u>
Total Assets	<u>149,644</u>	<u>20,272</u>	<u>169,916</u>
LIABILITIES			
Current Liabilities			
Cash Deficit	58,502		58,502
Due to Other Funds	-	90,118	90,118
Total Current Liabilities	<u>58,502</u>	<u>90,118</u>	<u>148,620</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	1,165	-	1,165
Total Deferred Inflows of Resources	<u>1,165</u>	<u>-</u>	<u>1,165</u>
Total Liabilities and Deferred Inflows of Resources	<u>59,667</u>	<u>90,118</u>	<u>149,785</u>
NET POSITION			
Investment in Capital Assets	21,873		21,873
Unrestricted	<u>68,104</u>	<u>(69,846)</u>	<u>(1,742)</u>
Total Net Position	<u>\$ 89,977</u>	<u>\$ (69,846)</u>	<u>\$ 20,131</u>

**TOWN OF BOONTON SCHOOL DISTRICT
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Food Service</u>	<u>Bridges to Learning Program</u>	<u>Total</u>
OPERATING REVENUES			
Local Sources			
Daily Sales			
Reimbursable Programs	\$ 185,602		\$ 185,602
Non-Reimbursable Programs	135,079		135,079
Program Fees		\$ 434,997	434,997
Miscellaneous	8,258	-	8,258
	<u>328,939</u>	<u>434,997</u>	<u>763,936</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Wages	208,327	487,785	696,112
Other Purchased Services	2,831		2,831
Management Fee	26,857		26,857
Supplies and Materials	18,971	4,530	23,501
Insurance	32,519		32,519
Cost of Sales			
Reimbursable Programs	177,202		177,202
USDA Commodities	45,524		45,524
Non-Reimbursable Programs	52,926		52,926
Miscellaneous	26,917		26,917
Depreciation	12,404	-	12,404
	<u>604,478</u>	<u>492,315</u>	<u>1,096,793</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(275,539)</u>	<u>(57,318)</u>	<u>(332,857)</u>
Nonoperating Revenues			
State Sources			
School Lunch Program	5,633		5,633
Federal Sources			
School Breakfast Program	28,229		28,229
U.S.D.A. Commodities	45,524		45,524
School Lunch Program	199,211		199,211
Interest Income	164	60	224
	<u>278,761</u>	<u>60</u>	<u>278,821</u>
Total Nonoperating Revenues			
Change in Net Position	3,222	(57,258)	(54,036)
Net Position, Beginning of Year	<u>86,755</u>	<u>(12,588)</u>	<u>74,167</u>
Net Position, End of Year	<u>\$ 89,977</u>	<u>\$ (69,846)</u>	<u>\$ 20,131</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

**TOWN OF BOONTON SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Food Service</u>	<u>Bridges to Learning Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 328,939	\$ 434,997	\$ 763,936
Cash Payments for Employees			
Salaries & Benefits	(208,327)	(487,785)	(696,112)
Cash Payments to Suppliers for Goods and Services	<u>(344,422)</u>	<u>(52,586)</u>	<u>(397,008)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(223,810)</u>	<u>(105,374)</u>	<u>(329,184)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from (Payments to) Other Funds	(206,166)	92,816	(113,350)
Cash Received from Other Governments	<u>231,523</u>	<u>-</u>	<u>231,523</u>
Net Cash Provided by Noncapital Financing Activities	<u>25,357</u>	<u>92,816</u>	<u>118,173</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	<u>164</u>	<u>60</u>	<u>224</u>
Net Cash Provided by Investing Activities	<u>164</u>	<u>60</u>	<u>224</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(198,289)	(12,498)	(210,787)
Cash and Cash Equivalents, Beginning of Year	<u>139,787</u>	<u>17,770</u>	<u>157,557</u>
Cash and Cash Equivalents, End of Year	<u>\$ (58,502)</u>	<u>\$ 5,272</u>	<u>\$ (53,230)</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (275,539)	\$ (57,318)	\$ (332,857)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	12,404		12,404
Non-Cash Federal Assistance - Food Distribution Program	45,524		45,524
Change in Assets, Deferred Inflows of Resources and Liabilities			
Increase/(Decrease) in Accounts Payable	(6,979)	(48,056)	(55,035)
Increase/(Decrease) in Deferred Inflows of Resources	577		577
Decrease/(Increase) in Inventory	<u>203</u>	<u>-</u>	<u>203</u>
Total Adjustments	<u>51,729</u>	<u>(48,056)</u>	<u>3,673</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (223,810)</u>	<u>\$ (105,374)</u>	<u>\$ (329,184)</u>
Non-Cash Investing, Capital and Financing Activities: Value Received - Food Distribution Program	\$ 46,101		\$ 46,101

**TOWN OF BOONTON SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2017**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 23,272	\$ 289,835	\$ 650,139
Due from Other Funds	<u>59,187</u>	<u>-</u>	<u>167,599</u>
Total Assets	<u>82,459</u>	<u>289,835</u>	<u>\$ 817,738</u>
LIABILITIES			
Accrued Salaries and Wages			\$ 530,566
Intergovernmental Accounts Payable	6,746		
Due to Student Groups			141,956
Payroll Deductions and Withholdings Payable			25,775
Reserve for Flexible Spending Account			254
Due to Other Funds	<u>-</u>	<u>9,359</u>	<u>119,187</u>
Total Liabilities	<u>6,746</u>	<u>9,359</u>	<u>\$ 817,738</u>
NET POSITION			
Held in Trust for Unemployment Claims	<u>\$ 75,713</u>		
Reserved for Scholarships		<u>\$ 280,476</u>	

The accompanying Notes to the Financial Statements are an integral part of this statement

**TOWN OF BOONTON SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
ADDITIONS		
Contributions		
District	\$ 21,943	
Employees	24,347	
Donations		\$ 5,825
Interest Earnings	<u>17</u>	<u>167</u>
 Total Additions	 <u>46,307</u>	 <u>5,992</u>
 DEDUCTIONS		
Unemployment Claims and Contributions	40,557	
Scholarships Awarded	<u>-</u>	<u>44,727</u>
 Total Deductions	 <u>40,557</u>	 <u>44,727</u>
 Change in Net Position	 5,750	 (38,735)
Net Position, Beginning of Year	<u>69,963</u>	<u>319,211</u>
Net Position, End of Year	<u>\$ 75,713</u>	<u>\$ 280,476</u>

The accompanying Notes to the Financial Statements are an integral part of this statement

NOTES TO THE FINANCIAL STATEMENTS

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Town of Boonton School District (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials as well as one representative from the Lincoln Park Board of Education and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Town of Boonton School District this includes general operations, food service, after school child care and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

B. New Accounting Standards

During fiscal year 2017, the District adopted the following GASB statements:

- GASB No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB No. 77, *Tax Abatement Disclosures*. The requirements of this Statement will improve financial reporting by providing disclosure of information about the nature and magnitude of tax abatements that will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14. *The Financial Reporting Entity, as amended*.
- GASB No. 82, *Pension Issues – An Amendment of GASB Statements No.67, No.68, and No.73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pension*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 85, *Omnibus 2017*, will be effective with the fiscal year ending June 30, 2018. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (pensions and other post-employment benefits (OPEB)).
- GASB No. 86, *Certain Debt Extinguishment Issues*, will be effective with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

District-Wide Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid, and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental funds to be major funds.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *bridges to learning program fund* accounts for the activities of the District's bridges to learning program which provides after school, extended day and preschool services.

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

2. Receivables

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Inventories

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as deferred inflows of resources.

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and/or their use is limited by state or county regulations for capital projects.

5. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	40
Building Improvements	20
Machinery and Equipment	5-10

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amounts on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category are the deferred amounts on pension liability. Deferred amounts on pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

7. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

8. Pensions

In the district-wide financial statements, for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

8. *Pensions (Continued)*

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

9. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Gains resulting from debt refundings are classified as deferred inflows of resources and losses are reported as deferred outflows or resources. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

10. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 2.)

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

Assigned Fund Balance – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Year-End Encumbrances – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

Unassigned Fund Balance – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1st in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

3. *Tuition Revenues and Expenditures*

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2015-2016 and 2016-2017 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *Proprietary Funds, Operating and Non-Operating Revenues and Expenses*

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service and bridges to learning enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district's annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 13, 2013, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2016/2017. Also, during 2016/2017 the Board increased the original budget by \$415,569. The increase was funded by additional grant awards, and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Excess Expenditures Over Appropriations

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Undistributed Expenditures			
Tuition to CSSD and Regional Day Schools	\$ 938,287	\$ 1,040,509	\$ 102,222

C. Deficit Fund Equity

The Bridges to Learning Program Enterprise Fund has a cumulative deficit in net position of \$69,846. The District expects to eliminate this deficit through normal operations in the 2017/2018 fiscal year.

The District has an accumulated deficit in fund balance of \$446,273 in the Capital Projects Fund as of June 30, 2017. This deficit is the result of the Board incurring expenditures for various acquisitions and improvements prior to the execution of the lease purchase agreement under which these projects are to be funded. The District will realize as revenue the proceeds of the lease purchase upon execution of such agreement.

The District has an unassigned fund balance deficit of \$197,946 in the General Fund as of June 30, 2017 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2016/2017 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$197,946 in the General Fund is less than the delayed state aid payments at June 30, 2017.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Capital Reserve

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2017 is as follows:

Balance, July 1, 2016	\$ 729
Increased by:	
Interest Earnings	<u>1</u>
Balance, June 30, 2017	<u>\$ 730</u>

NOTE 3 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2017, the book value of the Board's deposits was a deficit of \$374,728 and bank and brokerage firm balances of the Board's deposits amounted to \$1,005,102. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 1,005,102</u>
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**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments ((Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2017 the Board’s bank balances were not exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2017, the Board had the following investments:

	<u>Fair Value</u>
<u>Investment:</u>	
U.S. Government	
NJ ARM	<u>\$ 1,146</u>

Custodial Credit Risk – Investments – For an investment, this is the risk, that in the event of the failure of the counterparty, the Board will not be able to recover the value of its investments or collateral securities that are held by an outside party. The Board does not have a policy for custodial risk. As of June 30, 2017, \$1,146 of the Board’s investments was exposed to custodial credit risk as follows:

	<u>Fair Value</u>
<u>Uninsured and Collateralized:</u>	
Collateral held by pledging financial institutions' trust department or agent but not in the District's name	<u>\$ 1,146</u>

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer. More than five (5) percent of the Board’s investments are in NJARM. These investments are 100% of the District’s total investments.

The fair value of the above-listed investment was based on quoted market prices.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2017 for the district's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Accounts	\$ 3,806			\$ 3,806
Intergovernmental				
Federal		\$ 190,391	\$ 16,597	206,988
State	41,666		402	42,068
Local	<u>696,652</u>	<u>-</u>	<u>-</u>	<u>696,652</u>
Gross Receivables	742,124	190,391	16,999	949,514
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 742,124</u>	<u>\$ 190,391</u>	<u>\$ 16,999</u>	<u>\$ 949,514</u>

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance, July 1, 2016	Increases	Decreases	Balance, June 30, 2017
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 471,800	-	-	\$ 471,800
Total Capital Assets, Not Being Depreciated	<u>471,800</u>	<u>-</u>	<u>-</u>	<u>471,800</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	30,555,216	\$ 439,654		30,994,870
Machinery and Equipment	<u>3,020,324</u>	<u>199,425</u>	<u>-</u>	<u>3,219,749</u>
Total Capital Assets Being Depreciated	<u>33,575,540</u>	<u>639,079</u>	<u>-</u>	<u>34,214,619</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(7,152,340)	(702,373)		(7,854,713)
Machinery and Equipment	<u>(1,486,982)</u>	<u>(385,088)</u>	<u>-</u>	<u>(1,872,070)</u>
Total Accumulated Depreciation	<u>(8,639,322)</u>	<u>(1,087,461)</u>	<u>-</u>	<u>(9,726,783)</u>
Total Capital Assets, Being Depreciated, Net	<u>24,936,218</u>	<u>(448,382)</u>	<u>-</u>	<u>24,487,836</u>
Governmental Activities Capital Assets, Net	<u>\$ 25,408,018</u>	<u>\$ (448,382)</u>	<u>\$ -</u>	<u>\$ 24,959,636</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

C. Capital Assets (Continued)

	Balance, July 1, 2016	Increases	Decreases	Balance, June 30, 2017
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 229,230	-	-	\$ 229,230
Total Capital Assets Being Depreciated	<u>229,230</u>	<u>-</u>	<u>-</u>	<u>229,230</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(194,953)	\$ (12,404)	-	(207,357)
Total Accumulated Depreciation	<u>(194,953)</u>	<u>(12,404)</u>	<u>-</u>	<u>(207,357)</u>
Total Capital Assets, Being Depreciated, Net	<u>34,277</u>	<u>(12,404)</u>	<u>-</u>	<u>21,873</u>
Business-Type Activities Capital Assets, Net	<u>\$ 34,277</u>	<u>\$ (12,404)</u>	<u>\$ -</u>	<u>\$ 21,873</u>

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities:	
Instruction	
Regular	\$ 164,576
Total Instruction	<u>164,576</u>
Support Services	
Support Services-Students	24,134
General Administration	2,200
School Administration	147,036
Operations and Maintenance	734,826
Transporation	14,689
Total Support Services	<u>922,885</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,087,461</u>
Business-Type Activities:	
Food Service Fund	\$ 12,404
Total Depreciation Expense-Business-Type Activities	<u>\$ 12,404</u>

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2017, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 168,797
General Fund	Bridges to Learning Program Ente	90,118
General Fund	Scholarship Fund	9,359
General Fund	Capital Projects Fund	447,419
Payroll Agency Fund	General Fund	167,599
Debt Service Fund	General Fund	18,488
Food Service Enterprise Fund	General Fund	61,088
Food Service Enterprise Fund	Payroll Agency Fund	45,000
Bridges to Learning Program Enterprise Fund	Payroll Agency Fund	15,000
Unemployment Compensation Trust Fund	Payroll Agency Fund	59,187
Student Activity Fund	Payroll Agency Fund	<u>115,000</u>
		<u>\$ 1,197,055</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Total</u>
<u>Transfer Out:</u>		
Capital Projects Fund	\$ <u>5</u>	\$ <u>5</u>
Total Transfers Out	<u>\$ 5</u>	<u>\$ 5</u>

E. Leases

Capital Leases

The District is leasing copiers, smart boards, tablets, computers and a bus totaling \$1,370,962 under capital leases. The leases are for terms of 4 to 5 years.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Leases (Continued)

Capital Leases (Continued)

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Machinery and Equipment	\$ 1,100,084
Less: Accumulated Depreciation	<u>(811,416)</u>
Total	<u>\$ 288,668</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2018	\$ 335,521
2019	29,638
2020	20,599
2021	20,599
2022	<u>6,866</u>
Total minimum lease payments	413,223
Less: amount representing interest	<u>(8,912)</u>
Present value of minimum lease payments	<u>\$ 404,311</u>

F. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2017 are comprised of the following issues:

\$9,305,000, 2014 Refunding Bonds, due in annual installments of \$785,000 to \$1,080,000 through January 15, 2027, interest at 3.0% - 5.0%	\$ 9,185,000
\$9,475,000, 2015 Refunding Bonds, due in annual installments of \$1,210,000 to \$1,480,000 through January 15, 2034 interest at 3.0% - 4.0%	<u>9,330,000</u>
Total	<u>\$18,515,000</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

F. Long-Term Debt (Continued)

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2018	\$ 785,000	\$ 700,700	\$ 1,485,700
2019	810,000	677,150	1,487,150
2020	840,000	644,750	1,484,750
2021	875,000	611,150	1,486,150
2022	895,000	584,900	1,479,900
2023-2027	4,980,000	2,397,000	7,377,000
2028-2032	6,430,000	1,331,000	7,761,000
2033-2034	<u>2,900,000</u>	<u>175,200</u>	<u>3,075,200</u>
	<u>\$ 18,515,000</u>	<u>\$ 7,121,850</u>	<u>\$ 25,636,850</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2017 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 45,487,326
Less: Net Debt (Including Unfunded Authorizations)	<u>18,515,325</u>
Remaining Borrowing Power	<u>\$ 26,972,001</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2017, was as follows:

	Balance, <u>July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2017</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 19,270,000		\$ (755,000)	\$ 18,515,000	\$ 785,000
Add: Premium	<u>1,488,894</u>	-	<u>(175,986)</u>	<u>1,312,908</u>	-
Total Bonds Payable	20,758,894	-	(930,986)	19,827,908	785,000
Capital Leases Payable	617,549	\$ 97,691	(310,929)	404,311	329,046
Net Pension Liability	7,751,074	3,683,082	(332,987)	11,101,169	
Compensated Absences	<u>326,099</u>	<u>6,093</u>	<u>(21,448)</u>	<u>310,744</u>	<u>10,000</u>
Governmental Activity Long-Term Liabilities	<u>\$ 29,453,616</u>	<u>\$ 3,786,866</u>	<u>\$ (1,596,350)</u>	<u>\$ 31,644,132</u>	<u>\$ 1,124,046</u>

For the governmental activities, the liability for compensated absences, capital leases payable and net pension liability is generally liquidated by the general fund.

NOTE 4 OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the New Jersey School Boards Association Insurance Group (NJSBAIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

NJSBAIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund is on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

Fiscal Year Ended June 30,	District Contributions	Employee Contributions	Amount Reimbursed	Ending Balance
2017	\$ 21,943	\$ 24,347	\$ 40,557	\$ 75,713
2016	36,163	41,186	34,926	69,963
2015	55,213	3,500	48,064	27,504

B. Contingent Liabilities

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2017, the District has not estimated its arbitrage earnings due to the IRS, if any.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

Public Employees' Retirement System (PERS) – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

Teachers' Pension and Annuity Fund (TPAF) – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

Defined Contribution Retirement Program (DCRP) – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected, certain appointed officials, and certain Board employees not eligible for enrollment in PERS or TPAF. Effective July 1, 2007 membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at www.state.nj/treasury/doinvest.

Funding Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 28 percent with an unfunded actuarial accrued liability of \$108.6 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 22.33 percent and \$79.0 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 40.14 percent and \$29.6 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2015 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.65 percent and (b) projected salary increases applied through the year 2026 of 1.65-5.15 percent based on age for the PERS and varying percentages based on experience for TPAF.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.06% for PERS, 7.06% for TPAF and 5.50% for DCRP of the employee’s annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2017 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the fiscal years ended June 30, 2017, 2016 and 2015 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF, respectively, for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2017	\$ 332,987	\$ 1,219,506	\$ 3,129
2016	298,414	837,266	
2015	271,476	546,987	

In addition for fiscal year 2016/2017 the District contributed \$2,639 for PERS and the State contributed \$2,924 for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$854,056 during the fiscal year ended June 30, 2017 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Public Employees Retirement System (PERS)

At June 30, 2017, the District reported in the statement of net position (accrual basis) a liability of \$11,101,169 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's proportionate share was .03748 percent, which was an increase of .00296 from its proportionate share measured as of June 30, 2015 of .03452.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$1,129,606 for PERS. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 206,448	
Changes of Assumptions	2,299,569	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	423,298	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>786,339</u>	<u>\$ 404,482</u>
Total	<u>\$ 3,715,654</u>	<u>\$ 404,482</u>

At June 30, 2017, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2018	\$ 757,964
2019	757,964
2020	786,578
2021	734,981
2022	273,685
Thereafter	<u>-</u>
	<u>\$ 3,311,172</u>

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
 Related to Pensions (Continued)**

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.65%
Mortality Rate Table	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount Rate

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.98%

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2034
Municipal Bond Rate *	From July 1, 2034 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98 percent) or 1-percentage-point higher (4.98 percent) than the current rate:

	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's Proportionate Share of the PERS Net Pension Liability	\$ 13,603,187	\$ 11,101,169	\$ 9,035,536

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2016. A sensitivity analysis specific to the District's net pension liability was not provided by the pension system.

Pension Plan Fiduciary Net Position

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/trasury/pensions.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF)

In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2017, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$6,181,081 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2017 the State's proportionate share of the net pension liability attributable to the District is \$82,265,151. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2016. At June 30, 2016, the state's share of the net pension liability attributable to the District was .10457 percent, which was an increase of .00340 percent from its proportionate share measured as of June 30, 2015 of .10117 percent.

Actuarial Assumptions

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

TPAF

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.65%

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<u>Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2017	June 30, 2016	3.22%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit	
Payments for which the Following Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2029
Municipal Bond Rate *	From July 1, 2029 and Thereafter

* The municipal bond return rate used is 2.85% as of the measurement date of June 30, 2016. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 3.22%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.22 percent) or 1-percentage-point higher (4.22 percent) than the current rate:

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 98,242,975	\$ 82,265,151	\$ 69,217,196

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2016. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2016 was not provided by the pension system.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 584 state and local participating employers and contributing entities for Fiscal Year 2016.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the State had a \$84.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.9 billion for state active and retired members and \$41.6 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2015, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2016, there were 110,512, retirees receiving post-retirement medical benefits and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (ABP) who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2016divisioncombined.pdf>.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2017, 2016 and 2015 were \$1,016,125, \$996,952, and \$868,342, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

NOTE 5 SETTLEMENT

In July 2016, the District entered into a settlement agreement with the Lincoln Park Board of Education with respect to tuition fees for a sending/receiving relationship by Lincoln Park students attending Boonton High School. As part of this settlement agreement, the Boonton Town Public Schools agreed to pay \$424,190 to the Lincoln Park Board of Education as a refund for prior year's tuition overpayments. Payments were made in two (2) equal installments of \$212,095. The first payment was made during the 2015-16 fiscal year and the second payment was made during the 2016-17 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 17,807,046		\$ 17,807,046	\$ 17,807,046	
Other Local Governmental Units - Unrestricted	52,000		52,000		\$ (52,000)
Other Local Governmental Units - Restricted	213,840		213,840		(213,840)
Tuition from Other LEA's within the State	7,004,788		7,004,788	6,118,081	(886,707)
Interest Earned on Capital Reserve	1		1	1	
Rents and Royalties	193,000		193,000	182,456	(10,544)
Unrestricted Miscellaneous Revenues	227,000	-	227,000	11,974	(215,026)
Total Local Sources	25,497,675	-	25,497,675	24,119,558	(1,378,117)
State Sources					
School Choice Aid	58,944		58,944	58,944	
Transportation Aid	13,632		13,632	13,632	
Extraordinary Aid	200,000		200,000	191,684	(8,316)
Special Education Aid	599,367		599,367	599,367	
Equalization Aid	419,815		419,815	419,815	
Security Aid	51,622		51,622	51,622	
Additional Adjustment Aid	14,736		14,736	14,736	
PARCC Readiness Aid	10,290		10,290	10,290	
Per Pupil Growth Aid	10,290		10,290	10,290	
Professional Learning Community Aid	10,750		10,750	10,750	
Host District Support Aid	1,368		1,368	1,368	
TPAF Pension System Contribution (On-Behalf - Non-Budgeted)				1,176,865	1,176,865
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				42,641	42,641
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,016,125	1,016,125
TPAF Long-Term Disability Contributions (Non-Budgeted)				2,924	2,924
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	854,056	854,056
Total State Sources	1,390,814	-	1,390,814	4,475,109	3,084,295
Federal Sources					
Special Education Medicaid Initiative - Cost Settlement				2,918	2,918
Special Education Medicaid Initiative	38,794	-	38,794	16,863	(21,931)
Total Federal Sources	38,794	-	38,794	19,781	(19,013)
Total Revenues	26,927,283	-	26,927,283	28,614,448	1,687,165
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	351,099	\$ 17,005	368,104	368,104	
Grades 1-5	2,191,499	24,439	2,215,938	2,215,754	184
Grades 6-8	914,533	1,483	916,016	915,901	115
Grades 9-12	3,299,186	87,718	3,386,904	3,386,404	500
Regular Programs - Home Instruction					
Salaries of Teachers	52,710	(41,494)	11,216	5,544	5,672
Purchased Professional-Educational Services	40,000	28,050	68,050	48,960	19,090
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	6,000	8,210	14,210	14,210	
Purchased Technical Services	33,303	(840)	32,463	29,101	3,362
Other Purchased Services	431,920	(8,495)	423,425	406,121	17,304
General Supplies	319,228	(8,336)	310,892	258,524	52,368
Textbooks	33,763	(3,151)	30,612	27,963	2,649
Other Objects	30,064	3,910	33,974	21,239	12,735
Total Regular Programs	7,703,305	108,499	7,811,804	7,697,825	113,979
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	254,233	(101,292)	152,941	152,941	
Other Salaries for Instruction	120,974	(53,622)	67,352	67,352	
General Supplies	4,000	(350)	3,650	3,650	-
Total Learning and/or Language Disabilities	379,207	(155,264)	223,943	223,943	-

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 126,144	\$ (9,853)	\$ 116,291	\$ 116,291	
Other Salaries for Instruction	201,777	(22,379)	179,398	179,398	
Purchased Professional Educational Services	330,000	6,000	336,000	336,000	
General Supplies	3,100	(1,282)	1,818	1,715	\$ 103
Total Multiple Disabilities	661,021	(27,514)	633,507	633,404	103
Resource Room/Resource Center					
Salaries of Teachers	1,342,221	116,988	1,459,209	1,458,660	549
Other Salaries for Instruction	434,010	18,072	452,082	452,082	
General Supplies	20,100	(8,605)	11,495	11,495	-
Total Resource Room/Resource Center	1,796,331	126,455	1,922,786	1,922,237	549
Preschool Disabilities - Full Time					
Salaries of Teachers	84,939	1,074	86,013	86,013	
Other Salaries for Instruction	63,634	28,469	92,103	92,103	
General Supplies	950	(248)	702	702	-
Total Preschool Disabilities - Full-Time	149,523	29,295	178,818	178,818	-
Home Instruction					
Salaries of Teachers	-	3,904	3,904	3,904	
Purchased Professional Educational Services	12,290	(9,540)	2,750	2,750	-
Total Home Instruction	12,290	(5,636)	6,654	6,654	-
Total Special Education	2,998,372	(32,664)	2,965,708	2,965,056	652
Basic Skills/Remedial					
Salaries of Teachers	101,545	1,289	102,834	102,834	
General Supplies	831	(97)	734	734	-
Total Basic Skills/Remedial	102,376	1,192	103,568	103,568	-
Bilingual Education					
Salaries of Teachers	79,382	77,325	156,707	156,707	
General Supplies	8,804	(5,196)	3,608	3,608	-
Total Bilingual Education	88,186	72,129	160,315	160,315	-
School Sponsored Co-Curricular Activities					
Salaries	96,527	11,420	107,947	101,379	6,568
Purchased Services	15,220	(7,971)	7,249	6,170	1,079
Supplies and Materials	7,611	(5,621)	1,990	1,990	-
Total School Sponsored Co-Curricular Activities	119,358	(2,172)	117,186	109,539	7,647
School Sponsored Athletics					
Salaries	449,438	42,066	491,504	491,504	
Purchased Services	119,410	(292)	119,118	80,990	38,128
Supplies and Materials	94,400	(8,147)	86,253	83,611	2,642
Other Objects	27,600	193	27,793	25,896	1,897
Total School Sponsored Athletics	690,848	33,820	724,668	682,001	42,667
Total Instruction	11,702,445	180,804	11,883,249	11,718,304	164,945

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/i State - Special	\$ 406,700	\$ (197,945)	\$ 208,755	\$ 198,318	\$ 10,437
Tuition to County Voc. School Dist.-Regular	687,613	(63,785)	623,828	619,254	4,574
Tuition to County Voc. School Dist.- Special	74,000	(36,422)	37,578	14,000	23,578
Tuition to CSSD and Regional Day Schools	1,074,610	(136,323)	938,287	1,040,509	(102,222)
Tuition to Priv. Sch. Disabled Within State	-	2,306	2,306	1,604	702
Total Undistributed Expenditures - Instruction	2,242,923	(432,169)	1,810,754	1,873,685	(62,931)
Attendance and Social Work					
Salaries	-	21,977	21,977	21,977	-
Total Attendance and Social Work	-	21,977	21,977	21,977	-
Health Services					
Salaries	264,569	6,735	271,304	270,404	900
Purchased Professional and Technical Services	3,600	17,300	20,900	20,900	
Other Purchased Services	492	1,262	1,754	1,754	
Supplies and Materials	7,438	(641)	6,797	6,797	-
Total Health Services	276,099	24,656	300,755	299,855	900
Other Support Serv. Students - Speech, OT, PT & Related Serv.					
Salaries	252,102	12,605	264,707	263,850	857
Purchased Professional/Educational Services	153,300	(35,612)	117,688	112,313	5,375
Supplies and Materials	9,000	(1,388)	7,612	6,817	795
Total Other Supp.Serv. Student- Speech, OT, PT, & Related Serv.	414,402	(24,395)	390,007	382,980	7,027
Other Support Services - Students - Extra Serv.					
Salaries	63,484	59,374	122,858	122,858	
Purchased Professional/Educational Services	225,324	(36,948)	188,376	169,978	18,398
Total Other Supp.Serv. Student - Extra Serv.	288,808	22,426	311,234	292,836	18,398
Guidance					
Salaries of Other Professional Staff	522,510	63,119	585,629	585,629	
Salaries of Secretarial & Clerical Assistants	52,202	3,084	55,286	55,286	
Other Purchased Professional and Technical Svs.	7,568	2,335	9,903	9,903	
Other Purchased Services	4,480	(1,329)	3,151	3,151	
Supplies and Materials	46,122	(22,011)	24,111	24,111	
Other Objects	8,085	(2,315)	5,770	5,770	-
Total Guidance	640,967	42,883	683,850	683,850	-
Child Study Team					
Salaries of Other Professional Staff	652,999	7,395	660,394	660,394	
Salaries of Secretarial & Clerical Assistants	93,675	(1,236)	92,439	92,439	
Other Salaries	2,000	23,773	25,773	25,773	
Purchased Professional-Educational Services	40,100	(12,907)	27,193	24,893	2,300
Other Purchased Services	16,000	(13,117)	2,883	2,883	
Miscellaneous Purchased Services	16,800	13,172	29,972	27,192	2,780
Supplies and Materials	61,300	(60,170)	1,130	1,130	
Other Objects	1,225	(1,225)	-	-	-
Total Child Study Teams	884,099	(44,315)	839,784	834,704	5,080
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	411,933	12,921	424,854	413,431	11,423
Salaries Other Prof Staff		27,816	27,816	27,816	
Salaries of Secretarial & Clerical Assistants	65,121		65,121	65,026	95
Other Salaries	500		500	86	414
Unused Vac Payment to Term / Ret Staff		4,657	4,657	4,657	
Supplies and Materials	4,700	-	4,700	2,099	2,601
Total Improvement of Instruction Services	482,254	45,394	527,648	513,115	14,533

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Educational Media/School Library					
Salaries	\$ 214,155	\$ 18,063	\$ 232,218	\$ 231,849	\$ 369
Salaries of Technology Coordinators	105,000	(1,000)	104,000	104,000	
Other Purchased Services	1,600	4,006	5,606	5,606	
Supplies and Materials	30,555	(4,245)	26,310	26,205	105
Total Educational Media/School Library	351,310	16,824	368,134	367,660	474
Instructional Staff Training Services					
Other Salaries	159,036	(18,587)	140,449	137,642	2,807
Unused Vac Payment to Term / Ret Staff	-	2,329	2,329	2,329	
Other Purchased Services	69,350	(48,926)	20,424	16,325	4,099
Other Objects	16,080	(16,080)	-	-	-
Total Instructional Staff Training Services	244,466	(81,264)	163,202	156,296	6,906
Support Services General Administration					
Salaries	248,390	-	248,390	234,706	13,684
Legal Services	66,000	249	66,249	60,345	5,904
Audit Fees	27,175	6,490	33,665	33,665	
Other Purchased Professional Services	15,000	36,472	51,472	51,472	
Communications/Telephone	58,910	38,324	97,234	68,152	29,082
Miscellaneous Purchased Services	25,700	(11,187)	14,513	14,448	65
General Supplies	8,900	(1,223)	7,677	6,043	1,634
Judgements Against the School District		14,500	14,500	11,922	2,578
Miscellaneous Expenditures	30,500	(16,696)	13,804	13,496	308
BOE Membership Dues and Fees	12,000	(12,000)	-	-	-
Total Support Services General Administration	492,575	54,929	547,504	494,249	53,255
Support Services School Administration					
Salaries of Principals/Ast. Principals/Program Directors	463,542	9,242	472,784	465,684	7,100
Salaries of Other Professional Staff	122,653	1,029	123,682	123,682	
Salaries of Secretarial and Clerical Assistants	204,821	6,941	211,762	211,762	
Unused Vac Payment to Term / Ret Staff		2,329	2,329	2,329	
Other Purchased Services	22,490	(10,705)	11,785	10,697	1,088
Supplies and Materials	14,980	(808)	14,172	11,485	2,687
Other Objects	11,030	2,500	13,530	11,202	2,328
Total Support Services School Administration	839,516	10,528	850,044	836,841	13,203
Undistributed Expenditures - Central Services					
Salaries	324,322	27,874	352,196	350,710	1,486
Purchased Technical Services	12,500	(3,428)	9,072	9,072	
Misc. Purchased Services	17,000	14,815	31,815	25,389	6,426
Supplies and Materials	16,000	(8,276)	7,724	6,781	943
Miscellaneous Expenditures	5,000	(482)	4,518	2,723	1,795
Total Undistributed Expenditures - Central Services	374,822	30,503	405,325	394,675	10,650
Undistributed Expenditures - Admin. Info. Tech.					
Purchased Technical Services	117,696	43,631	161,327	158,581	2,746
Supplies and Materials	79,862	(34,479)	45,383	22,328	23,055
Total Undistributed Expenditures - Admin. Info. Tech.	197,558	9,152	206,710	180,909	25,801
Required Maintenance for School Facilities					
Salaries	197,087	12,618	209,705	209,705	
Unused Vac Payment to Term / Ret Staff		5,100	5,100	5,058	42
Cleaning, Repair and Maintenance Services	177,292	(49,476)	127,816	106,747	21,069
General Supplies	16,500	2,204	18,704	17,517	1,187
Other Objects	2,000	(1,502)	498	498	-
Total Required Maintenance for School Facilities	392,879	(31,056)	361,823	339,525	22,298

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (Continued)					
Custodial Services					
Salaries	\$ 589,754	\$ 8,729	\$ 598,483	\$ 598,483	
Salaries of Non-Instructional Aides	69,832	11,683	81,515	81,515	
Unused Vac Payment to Term / Ret Staff		1,442	1,442		\$ 1,442
Cleaning, Repair and Maintenance Services	77,300	262,604	339,904	107,891	232,013
Other Purchased Property Services	35,300	(46)	35,254	35,247	7
Insurance	248,621	(25,103)	223,518	223,518	
General Supplies	34,500	48,025	82,525	78,096	4,429
Energy (Electricity)	212,751	32,129	244,880	239,150	5,730
Energy (Natural Gas)	126,000	9,090	135,090	119,590	15,500
Energy (Oil)	2,000	-	2,000	1,362	638
Other Objects	4,000	(3,000)	1,000	-	1,000
Total Custodial Services	1,400,058	345,553	1,745,611	1,484,852	260,759
Security					
Cleaning, Repair and Maintenance Services	117,595	12,951	130,546	-	130,546
Total Security	117,595	12,951	130,546	-	130,546
Student Transportation Services					
Salaries of Non-Instructional Aide		840	840	840	
Salaries for Pupil Transportation (Between Home and School) - Special Ed.	31,743	15,401	47,144	47,144	
Salaries for Pupil Transportation (Other Than Between Home and School)	10,000	10,392	20,392	20,392	
Cleaning, Repair and Maintenance Services	6,000	-	6,000	3,029	2,971
Contracted Services (Between Home and School) - Vendors	53,000	(10,660)	42,340	42,340	
Contracted Services (Other Than Between Home and School) - Vendors	47,000	(2,162)	44,838	28,211	16,627
Contracted Services (Special Ed Students) - Vendors	263,000	109,846	372,846	361,615	11,231
Transportation Supplies	12,000	6,808	18,808	7,325	11,483
Other Objects	500	43	543	543	-
Total Student Transportation Services	423,243	130,508	553,751	511,439	42,312
Unallocated Benefits					
Social Security Contributions	351,774	35,397	387,171	387,171	
Other Retirement Contributions - PERS	364,527	(25,772)	338,755	338,755	
Unemployment Compensation	49,294	(24,971)	24,323	12,720	11,603
Workmen's Compensation	106,576	(4,309)	102,267	100,707	1,560
Health Benefits	3,832,790	(109,701)	3,723,089	3,536,535	186,554
Tuition Reimbursement	82,500	(45,932)	36,568	30,515	6,053
Other Employee Benefits	10,000	(8,531)	1,469	1,469	-
Total Unallocated Benefits	4,797,461	(183,819)	4,613,642	4,407,872	205,770
On-Behalf (Non-Budget)					
TPAF Pension System Contribution (On-Behalf - Non-Budgeted)				1,176,865	(1,176,865)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				42,641	(42,641)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,016,125	(1,016,125)
TPAF Long-Term Disability Contributions (Non-Budgeted)				2,924	(2,924)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	854,056	(854,056)
Total On-Behalf	-	-	-	3,092,611	(3,092,611)
Total Undistributed Expenditures	14,861,035	(28,734)	14,832,301	17,169,931	(2,337,630)
Total Current Expenditures	26,563,480	152,070	26,715,550	28,888,235	(2,172,685)

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures - Non-Instructional Services	\$ 270,000	\$ 30,236	\$ 300,236	\$ 113,154	\$ 187,082
Total Equipment	270,000	30,236	300,236	113,154	187,082
Facilities Acquisition and Construction Services					
Construction Services	77,600		77,600	76,662	938
Assessment for Debt Service on SDA Funding	5,733	-	5,733	5,733	-
Total Facilities Acquisition and Construction Services	83,333	-	83,333	82,395	938
Interest Deposit to Capital Reserve	1	(1)	-	-	-
Assets Acquired Under Capital Lease (non-budget)	-	-	-	97,691	(97,691)
Total Capital Outlay	353,334	30,235	383,569	293,240	90,329
Transfer of Funds to Charter School	34,223	46,530	80,753	76,835	3,918
Total General Fund	26,951,037	228,835	27,179,872	29,258,310	(2,078,438)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(23,754)	(228,835)	(252,589)	(643,862)	(391,273)
Other Financing Sources (Uses)					
Capital Lease Proceeds (non-budget)				97,691	97,691
Operating Transfer In	-	-	-	5	5
Total Other Financing Sources	-	-	-	97,696	97,696
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	(23,754)	(228,835)	(252,589)	(546,166)	(293,577)
Fund Balance, Beginning of Year	763,143	-	763,143	763,143	-
Fund Balance, End of Year	\$ 739,389	\$ (228,835)	510,554	216,977	\$ (293,577)
Reconciliation of Governmental Funds Statements (GAAP)					
Restricted					
Capital Reserve				\$ 730	
Assigned					
Year End Encumbrances				116,911	
Unassigned				99,336	
Fund Balance- Budgetary Basis				216,977	
Less: State Aid Revenue not recognized on GAAP basis				(297,282)	
Fund Balance per Governmental Funds Statements (GAAP)				\$ (80,305)	

**TOWN OF BOONTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 2,750	\$ 2,750	\$ 1,358	\$ (1,392)
State	\$ 56,626	12,241	68,867	54,105	(14,762)
Federal	534,437	171,942	706,379	656,115	(50,264)
Total Revenues	<u>591,063</u>	<u>186,933</u>	<u>777,996</u>	<u>711,578</u>	<u>(66,418)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	145,865	10,755	156,620	155,123	1,497
Purchased Professional/Technical Services	341,036	36,007	377,043	365,613	11,430
General Supplies	33,476	51,485	84,961	69,869	15,092
Total Instruction	<u>520,377</u>	<u>98,247</u>	<u>618,624</u>	<u>590,605</u>	<u>28,019</u>
Support Services					
Salary of Other Professional Staff	16,946	3,504	20,450	20,450	
Personal Services - Employee Benefits	14,389	15,672	30,061	30,061	
Purchased Professional - Educational Services	30,000	49,380	79,380	50,779	28,601
Other Purchased Services	5,035	-	5,035	3,036	1,999
Supplies and Materials	4,316	5,344	9,660	2,075	7,585
Total Support Services	<u>70,686</u>	<u>73,900</u>	<u>144,586</u>	<u>106,401</u>	<u>38,185</u>
Facilities Acquisition and Construction Services					
Instructional Equipment		7,500	7,500	7,286	214
Non-Instructional Equipment	-	7,286	7,286	7,286	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>14,786</u>	<u>14,786</u>	<u>14,572</u>	<u>214</u>
Total Expenditures	<u>591,063</u>	<u>186,933</u>	<u>777,996</u>	<u>711,578</u>	<u>66,418</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**TOWN OF BOONTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 28,614,448	\$ 711,578
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	247,024	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(297,282)</u>	<u>-</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 28,564,190</u>	<u>\$ 711,578</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 29,258,310	\$ 711,578
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 29,258,310</u>	<u>\$ 711,578</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

**TOWN OF BOONTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Public Employees Retirement System

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03748%	0.03452%	0.03209%	0.03605%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 11,101,169	\$ 7,751,074	\$ 6,008,550	\$ 6,890,699
District's Covered-Employee Payroll	\$ 2,635,509	\$ 2,413,304	\$ 2,272,309	\$ 2,093,434
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	421%	321%	264%	329%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	40.14%	47.92%	52.08%	48.72%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**TOWN OF BOONTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS**

Public Employees Retirement System

**Last Four Fiscal Years
(Dollar amounts in thousands)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 332,987	\$ 296,857	\$ 271,476	\$ 234,285
Contributions in Relation to the Contractually Required Contribution	<u>332,987</u>	<u>296,857</u>	<u>271,476</u>	<u>234,285</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,635,509	\$ 2,413,304	\$ 2,272,309	\$ 2,093,434
Contributions as a Percentage of Covered-Employee Payroll	12.63%	9.04%	11.95%	11.1%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**TOWN OF BOONTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Teachers Pension and Annuity Fund

Last Four Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$-0-	\$-0-	\$-0-	\$-0-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>82,265,151</u>	<u>63,946,677</u>	<u>57,675,711</u>	<u>55,602,809</u>
Total	<u>\$ 82,265,151</u>	<u>\$ 63,946,677</u>	<u>\$ 57,675,711</u>	<u>\$ 55,602,809</u>
District's Covered-Employee Payroll	\$ 11,137,027	\$ 10,483,171	\$ 10,382,424	\$ 10,159,432
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.74%	33.64%	33.76%

* The amounts presented for each fiscal year were determined as of the previous fiscal year-end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**TOWN OF BOONTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Change of Benefit Terms: None.

Change of Assumptions: Assumptions used in calculating the net pension liability and
statutorily required employer contribution are presented in
Note 4.

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

**TOWN OF BOONTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	No Child Left Behind			IDEA		Nonpublic Auxiliary Services		Nonpublic Handicapped Services			New Jersey Nonpublic Aid				Local Grant	Total	
	Title I	Title II-A	Title III Immigrant	Part B, Basic	Preschool	Compensatory Education	ESL	Examination & Classification	Corrective Speech	Supplemental Instruction	Technology	Nursing	Security	Textbooks			
REVENUES																	
Intergovernmental																	
State																	
Federal	\$ 243,041	\$ 41,733	\$ 11,596	\$ 3,720	\$ 337,823	\$ 18,202	\$ 5,464	\$ 822	\$ 17,653	\$ 5,301	\$ 3,845	\$ 2,559	\$ 6,840	\$ 5,300	\$ 6,321		\$ 54,105
Local Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 1,358	1,358
Total Revenues	\$ 243,041	\$ 41,733	\$ 11,596	\$ 3,720	\$ 337,823	\$ 18,202	\$ 5,464	\$ 822	\$ 17,653	\$ 5,301	\$ 3,845	\$ 2,559	\$ 6,840	\$ 5,300	\$ 6,321	\$ 1,358	\$ 711,578
EXPENDITURES																	
Instruction																	
Salaries of Teachers	\$ 149,679		\$ 5,444														\$ 155,123
Purchased Professional & Technical Services			1,860	\$ 3,720	\$ 320,108		\$ 5,464	\$ 822	\$ 17,653	\$ 5,301	\$ 3,845		\$ 6,840				365,613
General Supplies	21,558		2,478		14,419	\$ 17,234						\$ 2,559		\$ 5,300	\$ 6,321		69,869
Total Instruction	171,237	-	9,782	3,720	334,527	17,234	5,464	822	17,653	5,301	3,845	2,559	6,840	5,300	6,321	-	590,605
Support Services																	
Salary of Other Professional Staff		\$ 20,450															20,450
Personal Services Employee-Benefits	27,770	1,564	727														30,061
Purchased Professional/ Educational Services	33,712	11,716	1,087		3,296	968											50,779
Other Purchased Services	3,036	-	-		-	-											3,036
Supplies and Materials	-	717	-		-	-										\$ 1,358	2,075
Total Support Services	64,518	34,447	1,814	-	3,296	968	-	-	-	-	-	-	-	-	-	1,358	106,401
Facilities Acquisition and Construction Services																	
Instructional Equipment	7,286																7,286
Non-Instructional Equipment	-	7,286															7,286
Total Facilities Acquisition and Construction Services	7,286	7,286	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,572
Total Expenditures	\$ 243,041	\$ 41,733	\$ 11,596	\$ 3,720	\$ 337,823	\$ 18,202	\$ 5,464	\$ 822	\$ 17,653	\$ 5,301	\$ 3,845	\$ 2,559	\$ 6,840	\$ 5,300	\$ 6,321	\$ 1,358	\$ 711,578

**TOWN OF BOONTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**TOWN OF BOONTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue/Project Title</u>	<u>Appropriation</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance, June 30, 2017</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Various Improvements	\$ 23,581,325	\$ 23,515,785		\$ 65,540
High School Bathroom Renovations	245,000	236,272		8,728
Various Acquisitions and Improvements	<u>525,000</u>	<u>-</u>	<u>\$ 520,216</u>	<u>4,784</u>
	<u>\$ 24,351,325</u>	<u>\$ 23,752,057</u>	<u>\$ 520,216</u>	<u>\$ 79,052</u>
Recapitulation:				
Unexpended Balance, June 30, 2017				\$ 79,052
Less:				
Lease Purchase Authorized but not Issued				(525,000)
Debt Authorized but not Issued				<u>(325)</u>
Fund Balance (Deficit), June 30, 2017 (GAAP Basis)				<u>\$ (446,273)</u>

**TOWN OF BOONTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues and Other Financing Sources

Interest on Investments	\$ <u>5</u>
 Total Revenues and Other Financing Sources	 <u>5</u>

Expenditures and Other Financing Uses**Expenditures**

Regular Instruction	16,181
Administrative Information Technology	22,935
Operations and Maintenance of Plant Services	130,546
Capital Outlay	350,554

Other Financing Uses

Transfer to General Fund	<u>5</u>
--------------------------	----------

Total Expenditures and Other Financing Uses	<u>520,221</u>
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Excess (Deficiency) of Revenues and Other Financing Sources

Over (Under) Expenditures and Other Financing Uses (520,216)

Fund Balance- Beginning of Year 73,943Fund Balance (Deficit) - End of Year \$ (446,273)**Recapitulation of Fund Balance**Unrestricted \$ (446,273)\$ (446,273)

TOWN OF BOONTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
VARIOUS IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Bond Proceeds	\$ 23,581,000	-	\$ 23,581,000	\$ 23,581,000
Total Revenues and Other Financing Sources	<u>23,581,000</u>	<u>-</u>	<u>23,581,000</u>	<u>23,581,000</u>
Expenditures and Other Financing Uses				
Legal Services	28,206		28,206	28,206
Purchased Professional and Technical Services	3,171,969		3,171,969	3,171,969
Other Purchased Services	1,294,768		1,294,768	1,294,768
Construction Services	<u>19,020,842</u>	<u>-</u>	<u>19,020,842</u>	<u>19,086,057</u>
Total Expenditures and Other Financing Uses	<u>23,515,785</u>	<u>-</u>	<u>23,515,785</u>	<u>23,581,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 65,215</u>	<u>\$ -</u>	<u>\$ 65,215</u>	<u>\$ -</u>
Additional Project Information:				
Project Numbers:				
High School	#0450-020-07-1000			
John Hill Elementary	#0450-030-07-1000			
Grant Date	3/29/2007			
Bond Authorization Date	2007			
Bonds Authorized	\$ 23,581,000			
Bonds Issued	23,581,000			
Original Authorization Cost	23,581,000			
Additional Authorization Cost	<u>-</u>			
Revised Authorized Cost	<u>23,581,000</u>			
Percentage Increase Over Original				
Authorized Cost	0.00%			
Percentage Completion	100%			
Original Target Completion Date	9/1/2009			
Revised Target Completion Date	9/1/2013			

**TOWN OF BOONTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
HIGH SCHOOL BATHROOM RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Transfer from Capital Reserve	\$ 195,000		\$ 195,000	\$ 195,000
Transfer from Capital Outlay	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total Revenues and Other Financing Sources	<u>245,000</u>	<u>-</u>	<u>245,000</u>	<u>245,000</u>
Expenditures and Other Financing Uses				
Construction Services	<u>236,272</u>	<u>-</u>	<u>236,272</u>	<u>245,000</u>
Total Expenditures and Other Financing Uses	<u>236,272</u>	<u>-</u>	<u>236,272</u>	<u>245,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 8,728</u>	<u>\$ -</u>	<u>\$ 8,728</u>	<u>\$ -</u>
Additional Project Information:				
Project Numbers	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorization Cost	245,000			
Additional Authorization Cost	<u>-</u>			
Revised Authorized Cost	<u>245,000</u>			
Percentage Increase Over Original				
Authorized Cost	0.00%			
Percentage Completion	96%			
Original Target Completion Date	2015/16			
Revised Target Completion Date	2015/16			

**TOWN OF BOONTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
VARIOUS ACQUISITIONS AND IMPROVEMENTS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	\$ -	-	\$ -	\$ 525,000
Total Revenues and Other Financing Sources	-	-	-	525,000
Expenditures and Other Financing Uses				
Regular Instruction		\$ 16,181	16,181	16,181
Administrative Information Technology		22,935	22,935	22,935
Operations and Maintenance of Plant Services		130,546	130,546	130,546
Capital Outlay		350,554	350,554	350,554
Unallocated	-	-	-	4,784
Total Expenditures and Other Financing Uses	-	520,216	520,216	525,000
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ (520,216)	\$ (520,216)	\$ -
Additional Project Information:				
Project Numbers:	N/A			
Grant Date	N/A			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorization Cost	525,000			
Additional Authorization Cost	-			
Revised Authorized Cost	525,000			
Percentage Increase Over Original				
Authorized Cost	0.00%			
Percentage Completion	100%			
Original Target Completion Date	6/2017			
Revised Target Completion Date	6/2017			

PROPRIETARY FUNDS

EXHIBIT G-1

**TOWN OF BOONTON SCHOOL DISTRICT
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-2

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**TOWN OF BOONTON SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2017**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 26,956	\$ 623,183	\$ 650,139
Due from Other Funds			
General Fund		167,599	167,599
Payroll Agency Fund	<u>115,000</u>	<u>-</u>	<u>115,000</u>
 Total Assets	 <u>\$ 141,956</u>	 <u>\$ 790,782</u>	 <u>\$ 932,738</u>
 LIABILITIES			
Summer Savings		\$ 530,566	\$ 530,566
Payroll Deductions and Withholdings Payable		25,775	25,775
Flexible Spending		254	254
Due to Student Groups	\$ 141,956		141,956
Due to Other Funds			
Food Service Enterprise Fund		45,000	45,000
Bridges to Learning Enterprise Fund		15,000	15,000
Unemployment Compensation Trust		59,187	59,187
Student Activity Fund	<u>-</u>	<u>115,000</u>	<u>115,000</u>
 Total Liabilities	 <u>\$ 141,956</u>	 <u>\$ 790,782</u>	 <u>\$ 932,738</u>

**TOWN OF BOONTON SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**TOWN OF BOONTON SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance, July 1, 2016</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Transfer</u>	<u>Balance, June 30, 2017</u>
Activity Accounts					
School Street School	\$ 733	\$ 1,698	\$ 1,845		\$ 586
John Hill School	15,783	44,348	34,923	\$ 5,879	25,208
Middle School	12,222	407	6,750	(5,879)	5,879
High School	<u>90,584</u>	<u>118,649</u>	<u>97,768</u>	<u>-</u>	<u>111,465</u>
Total Activity Accounts	<u>119,322</u>	<u>165,102</u>	<u>141,286</u>	<u>-</u>	<u>143,138</u>
Athletic Department					
Athletic Department - Middle School	44	5,061	5,148		(43)
Athletic Department - High School	<u>337</u>	<u>36,486</u>	<u>37,962</u>	<u>-</u>	<u>(1,139)</u>
Total Athletic Departments	<u>381</u>	<u>41,547</u>	<u>43,110</u>	<u>-</u>	<u>(1,182)</u>
Due to(from) Other Funds	<u>-</u>	<u>85,000</u>	<u>200,000</u>	<u>-</u>	<u>(115,000)</u>
Total	<u>\$ 119,703</u>	<u>\$ 291,649</u>	<u>\$ 384,396</u>	<u>\$ -</u>	<u>\$ 26,956</u>

**TOWN OF BOONTON SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Balance, July 1, <u>2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2017</u>
Payroll Deductions and Withholdings	\$ 141,184	\$ 8,928,573	\$ 9,043,982	\$ 25,775
Accrued Salaries and Wages		9,993,175	9,993,175	
Summer Savings	502,857	530,566	502,857	530,566
Flexible Spending	1,476	34,334	35,556	254
Due to (from) Other Funds	<u>259,751</u>	<u>1,774,742</u>	<u>1,967,905</u>	<u>66,588</u>
 Total All Schools	 <u>\$ 905,268</u>	 <u>\$ 21,261,390</u>	 <u>\$ 21,543,475</u>	 <u>\$ 623,183</u>

LONG-TERM DEBT

**TOWN OF BOONTON SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>Issue</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2016</u>	<u>Redeemed</u>	<u>Balance, June 30, 2017</u>
Various Improvements to District Buildings	07/20/07	\$ 23,581,000				\$ 730,000	\$ 730,000	
2014 Refunding Bonds	9/25/14	9,305,000	1/15/2018	\$ 785,000	3.00%			
			1/15/2019	810,000	4.00%			
			1/15/2020	840,000	4.00%			
			1/15/2021	875,000	3.00%			
			1/15/2022	895,000	3.00%			
			1/15/2023	920,000	3.00%			
			1/15/2024	945,000	5.00%			
			1/15/2025	995,000	5.00%			
			1/15/2026	1,040,000	4.00%			
			1/15/2027	1,080,000	4.00%	9,210,000	25,000	\$ 9,185,000
2015 Refunding Bonds	4/14/15	9,475,000	1/15/2028	1,210,000	3.00%			
			1/15/2029	1,245,000	3.00%			
			1/15/2030	1,275,000	4.00%			
			1/15/2031	1,325,000	4.00%			
			1/15/2032	1,375,000	4.00%			
			1/15/2033	1,420,000	4.00%			
			1/15/2034	1,480,000	4.00%	9,330,000	-	9,330,000
						<u>\$ 19,270,000</u>	<u>\$ 755,000</u>	<u>\$ 18,515,000</u>

**TOWN OF BOONTON SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES**

	Original Amount Issued	Date	Balance, July 1, 2016	Issued	Paid	Balance, June 30, 2017
Copiers	\$ 486,753	7/2013	\$ 215,690		\$ 101,106	\$ 114,584
Smart Boards	515,640	7/2013	218,575		106,585	111,990
Computers	174,388	9/2014	119,054		58,976	60,078
Tablets	96,490	7/2015	64,230		31,821	32,409
Bus	97,691	10/2016	-	\$ 97,691	12,441	85,250
			<u>\$ 617,549</u>	<u>\$ 97,691</u>	<u>\$ 310,929</u>	<u>\$ 404,311</u>

**TOWN OF BOONTON SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,081,846		\$ 1,081,846	\$ 1,081,846	
State Sources					
Debt Service State Aid	<u>376,124</u>	<u>-</u>	<u>376,124</u>	<u>376,124</u>	<u>-</u>
Total Revenues	<u>1,457,970</u>	<u>-</u>	<u>1,457,970</u>	<u>1,457,970</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	755,000		755,000	755,000	
Interest and Other Charges	<u>734,050</u>	<u>-</u>	<u>734,050</u>	<u>734,050</u>	<u>-</u>
Total Expenditures	<u>1,489,050</u>	<u>-</u>	<u>1,489,050</u>	<u>1,489,050</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(31,080)</u>	<u>-</u>	<u>(31,080)</u>	<u>(31,080)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>49,568</u>	<u>-</u>	<u>49,568</u>	<u>49,568</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 18,488</u>	<u>\$ -</u>	<u>\$ 18,488</u>	<u>\$ 18,488</u>	<u>\$ -</u>
Recapitulation of Fund Balance:					
Designated for Subsequent Year's Expenditures				\$ 18,488	
Restricted for Future Debt Service				<u>-</u>	
				<u>\$ 18,488</u>	

STATISTICAL SECTION

This part of the Town of Boonton School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

TOWN OF BOONTON SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
								(Restated)		
Governmental Activities										
Net Investment in Capital Assets	\$ (13,775,082)	\$ (12,818,191)	\$ (12,043,491)	\$ 4,027,021	\$ 4,481,950	\$ 4,712,737	\$ 4,821,733	\$ 3,251,092	\$ 4,280,074	\$ 4,885,119
Restricted	17,419,462	16,663,278	16,167,036	118,628	141,313	89,834	195,425	195,572	729	27,946
Unrestricted	(131,089)	(524,984)	(342,396)	90,764	(419,296)	(534,686)	(88,341)	(5,354,528)	(5,796,140)	(7,812,844)
Total Governmental Activities Net Position	<u>\$ 3,513,291</u>	<u>\$ 3,320,103</u>	<u>\$ 3,781,149</u>	<u>\$ 4,236,413</u>	<u>\$ 4,203,967</u>	<u>\$ 4,267,885</u>	<u>\$ 4,928,817</u>	<u>\$ (1,907,864)</u>	<u>\$ (1,515,337)</u>	<u>\$ (2,899,779)</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 8,432	\$ 7,449	\$ 18,376	\$ 16,982	\$ 21,446	\$ 59,258	\$ 50,931	\$ 42,604	\$ 34,277	\$ 21,873
Unrestricted	31,012	32,965	39,576	30,586	20,561	77,693	114,360	254,853	39,890	(1,742)
Total Business-Type Activities Net Position	<u>\$ 39,444</u>	<u>\$ 40,414</u>	<u>\$ 57,952</u>	<u>\$ 47,568</u>	<u>\$ 42,007</u>	<u>\$ 136,951</u>	<u>\$ 165,291</u>	<u>\$ 297,457</u>	<u>\$ 74,167</u>	<u>\$ 20,131</u>
District-Wide										
Net Investment in Capital Assets	\$ (13,766,650)	\$ (12,810,742)	\$ (12,025,115)	\$ 4,044,003	\$ 4,503,396	\$ 4,771,995	\$ 4,872,664	\$ 3,293,696	\$ 4,314,351	\$ 4,906,992
Restricted	17,419,462	16,663,278	16,167,036	118,628	141,313	89,834	195,425	195,572	729	27,946
Unrestricted	(100,077)	(492,019)	(302,820)	121,350	(398,735)	(456,993)	26,019	(5,099,675)	(5,756,250)	(7,814,586)
Total District Net Position	<u>\$ 3,552,735</u>	<u>\$ 3,360,517</u>	<u>\$ 3,839,101</u>	<u>\$ 4,283,981</u>	<u>\$ 4,245,974</u>	<u>\$ 4,404,836</u>	<u>\$ 5,094,108</u>	<u>\$ (1,610,407)</u>	<u>\$ (1,441,170)</u>	<u>\$ (2,879,648)</u>

Source: District Financial Statements

TOWN OF BOONTON SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 9,468,522	\$ 8,907,683	\$ 9,650,239	\$ 9,426,655	\$ 9,486,157	\$ 10,990,800	\$ 10,443,026	\$ 12,932,692	\$ 13,919,626	\$ 15,323,333
Special Education	2,792,796	3,334,070	3,549,500	4,594,746	4,846,099	5,723,331	5,719,166	6,387,540	6,022,009	6,620,997
Other Instruction	437,598	427,124	500,647	610,474	819,048	505,841	415,714	198,476	251,937	512,679
School Sponsored Co-Curricular Activities	714,623	759,521	829,232	685,144	787,917	866,832	932,877	1,260,484	1,138,102	1,161,382
Support Services:										
Tuition	1,523,142	1,421,188	1,363,419	-	-	-	-	-	-	-
Student & Instruction Related Services	3,295,140	3,554,011	3,882,064	4,237,954	4,469,183	4,544,871	4,549,375	4,854,977	5,091,560	5,836,059
General Administration Services	737,008	558,643	567,315	579,779	559,059	649,618	670,071	719,094	778,712	721,474
School Administrative Services	1,064,782	994,601	1,090,635	1,262,258	1,086,705	1,131,944	996,230	1,139,252	1,273,827	1,639,793
Central Services	460,410	467,255	349,424	428,354	479,799	503,342	503,207	565,098	733,676	788,336
Plant Operations and Maintenance	2,258,921	2,176,050	2,236,055	2,038,944	1,943,356	2,230,095	2,608,116	2,478,944	2,608,249	3,189,183
Pupil Transportation	490,617	471,548	395,462	352,462	323,435	437,726	459,694	636,330	480,238	563,831
Unallocated Benefits										
Special Schools	38,000	-	-	-	-	-	-	-	-	-
Charter Schools	41,006	40,366	33,442	-	-	-	-	-	-	-
Interest On Long-Term Debt	1,014,423	1,074,095	1,062,834	1,040,028	1,011,931	984,866	974,470	992,232	756,194	722,693
Unallocated Depreciation	139,456	129,625	119,138	119,138	119,138	-	-	-	-	-
Unallocated Expenditures	-	-	-	-	-	-	-	-	-	-
Capital Outlay - Nondepreciable	-	6,950	508	-	-	-	-	-	-	-
Total Governmental Activities Expenses	24,476,444	24,322,730	25,629,914	25,375,936	25,931,827	28,569,266	28,271,946	32,165,119	33,054,130	37,079,760
Business-Type Activities:										
Food Service	442,119	423,863	420,046	455,104	482,533	488,813	534,170	516,997	565,946	604,478
Bridges to Learning	-	-	-	-	223,765	216,314	289,659	188,429	608,396	492,315
Academy School	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities Expense	442,119	423,863	420,046	455,104	706,298	705,127	823,829	705,426	1,174,342	1,096,793
Total District Expenses	\$ 24,918,563	\$ 24,746,593	\$ 26,049,960	\$ 25,831,040	\$ 26,638,125	\$ 29,274,393	\$ 29,095,775	\$ 32,870,545	\$ 34,228,472	\$ 38,176,553
Program Revenues										
Governmental Activities:										
Charges For Services:										
Tuition	\$ 4,595,583	\$ 4,608,138	\$ 4,765,154	\$ 4,694,605	\$ 4,632,374	\$ 6,544,697	\$ 6,686,058	\$ 6,454,946	\$ 6,136,381	\$ 6,118,081
Operating Grants And Contributions	3,994,060	2,574,195	2,917,992	2,980,199	3,492,361	3,868,854	3,411,555	6,418,449	7,531,561	9,774,107
Capital Grants and Contributions	-	-	-	-	-	-	-	-	25,644	14,572
Total Governmental Activities Program Revenues	8,589,643	7,182,333	7,683,146	7,674,804	8,124,735	10,413,551	10,097,613	12,873,395	13,693,586	15,906,760
Business-Type Activities:										
Charges For Services										
Food Service	\$ 295,101	\$ 269,706	\$ 256,408	\$ 258,034	\$ 249,198	\$ 263,130	\$ 271,287	\$ 275,111	\$ 295,172	\$ 328,939
Bridges to Learning	-	-	-	-	252,677	246,100	300,170	321,343	392,877	434,997
Academy School	-	-	-	-	-	-	-	-	-	-
Operating Grants And Contributions	143,481	154,265	180,373	186,456	198,668	244,455	280,500	240,813	262,526	278,597
Total Business Type Activities Program Revenues	438,582	423,971	436,781	444,490	700,543	753,685	851,957	837,267	950,575	1,042,533
Total District Program Revenues	\$ 9,028,225	\$ 7,606,304	\$ 8,119,927	\$ 8,119,294	\$ 8,825,278	\$ 11,167,236	\$ 10,949,570	\$ 13,710,662	\$ 14,644,161	\$ 16,949,293
Net (Expense)/Revenue										
Governmental Activities	\$ (15,886,801)	\$ (17,140,397)	\$ (17,946,768)	\$ (17,701,132)	\$ (17,807,092)	\$ (18,155,715)	\$ (18,174,333)	\$ (19,291,724)	\$ (19,360,544)	\$ (21,173,000)
Business-Type Activities	(3,537)	108	16,735	(10,614)	(5,755)	48,558	28,128	131,841	(223,267)	(54,260)
Total District-Wide Net Expense	\$ (15,890,338)	\$ (17,140,289)	\$ (17,930,033)	\$ (17,711,746)	\$ (17,812,847)	\$ (18,107,157)	\$ (18,146,205)	\$ (19,159,883)	\$ (19,584,311)	\$ (21,227,260)
General Revenues And Other Changes In Net Assets										
Governmental Activities:										
Property Taxes Levied For General Purposes	\$ 14,051,450	\$ 14,550,560	\$ 15,132,756	\$ 15,721,418	\$ 15,721,594	\$ 15,977,947	\$ 16,705,430	\$ 16,999,501	\$ 17,288,395	\$ 17,807,046
Taxes Levied For Debt Service	-	593,783	1,132,600	1,207,149	1,201,363	1,194,540	1,201,840	1,198,844	1,176,377	1,081,846
Federal and State Aid - Unrestricted	514,214	1,492,471	1,663,446	72,788	323,288	417,889	513,548	504,439	522,765	514,522
State Aid - Restricted for Debt Service Principal	-	-	-	144,510	150,904	157,298	164,971	192,993	220,714	190,708
Tuition	-	-	-	-	-	-	-	-	-	-
Investment Earnings	864,915	280,826	46,464	18,791	2,640	251	3,191	63	3,168	2,201
Miscellaneous Income	256,780	40,769	432,548	991,740	374,957	145,442	246,285	343,322	541,652	192,235
State Aid - State Facilities Grant	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
SDA Grant-Cancelled	-	(11,200)	-	-	-	-	-	-	-	-
Total Governmental Activities	15,687,359	16,947,209	18,407,814	18,156,396	17,774,746	17,893,367	18,835,265	19,239,162	19,753,071	19,788,558
Business-Type Activities:										
Investment Earnings	2,452	862	803	230	194	247	212	325	477	224
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	2,452	862	803	230	194	247	212	325	477	224
Total District-Wide	\$ 15,689,811	\$ 16,948,071	\$ 18,408,617	\$ 18,156,626	\$ 17,774,940	\$ 17,893,614	\$ 18,835,477	\$ 19,239,487	\$ 19,753,548	\$ 19,788,782
Change In Net Position										
Governmental Activities	\$ (199,442)	\$ (193,188)	\$ 461,946	\$ 455,264	\$ (32,346)	\$ (262,348)	\$ 660,932	\$ (52,562)	\$ 392,527	\$ (1,384,442)
Business-Type Activities	(1,085)	970	17,538	(10,384)	(5,561)	48,805	28,340	132,166	(223,290)	(54,036)
Total District	\$ (200,527)	\$ (192,218)	\$ 479,484	\$ 444,880	\$ (37,907)	\$ (213,543)	\$ 689,272	\$ 79,604	\$ 169,237	\$ (1,438,478)

Source: District Financial Statements

TOWN OF BOONTON SCHOOL DISTRICT
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 693,792	\$ 812,888	\$ 590,771							
Unreserved	860,280	358,609	401,496							
Nonspendable				\$ 264,581	\$ 6,750					
Restricted				113,058	135,743	\$ 89,834	\$ 373,124	\$ 373,271	\$ 729	\$ 730
Assigned				576,840	354,506	184,989	109,559	157,260	238,887	116,911
Unassigned	-	-	-	(49,372)	(106,632)	(57,574)	314,144	238,161	276,503	(197,946)
Total General Fund	<u>\$ 1,554,072</u>	<u>\$ 1,171,497</u>	<u>\$ 992,267</u>	<u>\$ 905,107</u>	<u>\$ 390,367</u>	<u>\$ 217,249</u>	<u>\$ 796,827</u>	<u>\$ 768,692</u>	<u>\$ 516,119</u>	<u>\$ (80,305)</u>
All Other Governmental Funds										
Reserved	\$ 1,410,970	\$ 210,763	\$ 1,469,245							
Unreserved	15,314,700	15,639,627	14,107,020							
Restricted				13,532,000	\$ 3,880,341	\$ 125,389	\$ 125,389	\$ 96,295	\$ 123,511	\$ (427,785)
Total All Other Governmental Funds	<u>\$ 16,725,670</u>	<u>\$ 15,850,390</u>	<u>\$ 15,576,265</u>	<u>\$ 13,532,000</u>	<u>\$ 3,880,341</u>	<u>\$ 125,389</u>	<u>\$ 125,389</u>	<u>\$ 96,295</u>	<u>\$ 123,511</u>	<u>\$ (427,785)</u>
Total Governmental Funds										
Reserved	\$ 2,104,762	\$ 1,023,651	\$ 2,060,016							
Unreserved	16,174,980	15,998,236	14,508,516							
Nonspendable				\$ 264,581	\$ 6,750					
Restricted				13,645,058	4,016,084	\$ 215,223	\$ 498,513	\$ 469,566	\$ 124,240	\$ (427,055)
Assigned				576,840	354,506	184,989	109,559	157,260	238,887	116,911
Unassigned	-	-	-	(49,372)	(106,632)	(57,574)	314,144	238,161	276,503	(197,946)
Total Governmental Funds	<u>\$ 18,279,742</u>	<u>\$ 17,021,887</u>	<u>\$ 16,568,532</u>	<u>\$ 14,437,107</u>	<u>\$ 4,270,708</u>	<u>\$ 342,638</u>	<u>\$ 922,216</u>	<u>\$ 864,987</u>	<u>\$ 639,630</u>	<u>\$ (508,090)</u>

Source: District Financial Statements

TOWN OF BOONTON SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property Tax Levy	\$ 14,051,450	\$ 15,144,343	\$ 16,265,356	\$ 16,928,567	\$ 16,922,857	\$ 17,172,487	\$ 17,907,270	\$ 18,198,345	\$ 18,464,772	\$ 18,888,892
Tuition Charges	4,595,583	4,608,138	4,765,154	4,694,605	4,632,374	6,544,697	6,686,058	6,454,946	6,136,381	6,118,081
Interest Earnings	864,915	280,826	46,464	18,791	2,640	251	3,191	63	3,168	2,201
Miscellaneous	265,326	57,532	447,995	995,545	376,806	147,442	250,579	343,322	541,652	193,593
State Sources	4,064,676	3,575,499	3,642,973	2,547,047	3,332,361	3,875,697	3,614,930	3,896,230	4,502,206	4,855,080
Federal Sources	435,052	474,404	923,018	646,645	632,343	566,344	470,850	636,143	731,224	675,896
Total Revenue	24,277,002	24,140,742	26,090,960	25,831,200	25,899,381	28,306,918	28,932,878	29,529,049	30,379,403	30,733,743
Expenditures										
Instruction										
Regular Instruction	6,373,444	6,356,752	6,565,413	9,445,022	9,488,666	10,769,675	10,217,283	11,055,583	11,726,395	11,945,778
Special Education Instruction	2,241,865	2,602,974	2,799,897	4,594,746	4,846,099	5,723,331	5,719,166	5,890,594	5,481,312	5,811,445
Other Instruction	436,663	428,062	503,965	610,474	819,048	505,841	415,714	175,010	212,762	396,983
School Sponsored Co-Curricular Activ.	648,230	680,867	740,734	685,144	787,917	866,832	932,877	1,214,747	1,091,241	1,033,061
Support Services										
Tuition	1,523,142	1,421,188	1,363,419							
Student & Instruction Related Services	2,861,700	3,080,149	3,301,057	4,236,357	4,467,586	4,513,515	4,518,019	4,522,916	4,673,111	4,960,014
General Administration Services	719,640	523,155	532,845	579,779	559,059	636,429	656,882	647,455	690,160	614,649
School Administrative Services	844,083	872,074	919,032	1,260,609	1,085,056	1,077,998	942,284	969,786	1,070,429	1,194,220
Central Services	350,119	421,519	326,920	428,354	479,799	503,342	503,207	560,947	722,784	729,019
Plant Operations And Maintenance	1,902,167	1,795,537	1,875,060	2,038,944	1,943,356	1,836,200	2,214,221	2,074,370	2,180,225	2,303,878
Pupil Transportation	476,023	458,753	382,887	352,462	323,435	387,590	409,558	585,328	427,348	537,720
Allocated Benefits	2,751,512	3,238,830	3,761,189							
Unallocated Benefits	2,429,510	1,396,111	1,515,577							
TPAF Pension/Social Security										
Unallocated Expenditures										
Special Schools	38,000									
Charter Schools	41,006	40,366	33,442							
Capital Outlay	6,548,464	996,965	302,783	2,049,835	9,651,659	3,801,685	1,053,408	254,048	546,254	639,079
Debt Service:										
Principal		546,000	546,000	629,218	590,000	615,000	839,278	949,132	1,176,289	1,067,042
Interest And Other Charges	522,130	1,074,095	1,074,095	1,051,681	1,024,100	997,550	987,773	1,155,340	702,940	746,266
Total Expenditures	30,707,698	25,933,397	26,544,315	27,962,625	36,065,780	32,234,988	29,409,670	30,055,256	30,701,250	31,979,154
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(6,430,696)	(1,792,655)	(453,355)	(2,131,425)	(10,166,399)	(3,928,070)	(476,792)	(526,207)	(321,847)	(1,245,411)
Other Financing Sources (Uses)										
Bond Proceeds	23,581,000									
Refunding Bond Proceeds								18,780,000		
Premium on Refunding Bonds Issued								1,696,069		
Payment to Refunded Bond Escrow Agent								(20,181,479)		
Capital Lease Proceeds							1,056,370	174,388		97,691
Transfers In	831,734	280,520	36,624	12,604	2,455	160	2	-	245,002	5
Transfers Out	(831,734)	(280,520)	(36,624)	(12,604)	(2,455)	(160)	(2)	-	(245,002)	(5)
Total Other Financing Sources (Uses)	23,581,000	-	-	-	-	-	1,056,370	468,978	96,490	97,691
Net Change In Fund Balances	\$ 17,150,304	\$ (1,792,655)	\$ (453,355)	\$ (2,131,425)	\$ (10,166,399)	\$ (3,928,070)	\$ 579,578	\$ (57,229)	\$ (225,357)	\$ (1,147,720)
Debt Service As A Percentage Of										
Noncapital Expenditures	2.16%	6.50%	6.17%	6.49%	6.11%	5.67%	6.44%	7.06%	6.23%	5.79%

* Noncapital expenditures are total expenditures less capital outlay.

Source: District Financial Statements

TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN YEARS
(Unaudited)

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition</u>	<u>Rentals</u>	<u>Refunds</u>	<u>Cancelled Prior Year Accounts Payable</u>	<u>Prior Year Accounts Receivable Cancelled</u>	<u>Reimbursement of Dental Premiums</u>	<u>Summer School Tuition</u>	<u>Prior Year Taxes</u>	<u>Other</u>	<u>Total</u>
2008	\$ 33,181	\$ 4,595,583	\$ 99,731	\$ 27,873			\$ 15,133	\$ 56,236		\$ 57,807	\$ 4,885,544
2009	17,108	4,608,138	251	38,576		\$ (24,371)	15,913			10,400	4,666,015
2010	9,840	4,765,154	305,193	27,825			16,020			83,510	5,207,542
2011	6,187	4,694,605	112,664					\$ 550,168		328,908	5,692,532
2012	4,022	4,632,374	76,033	125,490						169,607	5,007,526
2013	91	6,544,697	44,829							100,613	6,690,230
2014	3,189	6,686,058	141,724	64,113						40,448	6,935,532
2015	63	6,454,946	175,837	45,685						121,800	6,798,331
2016	3,166	6,136,381	225,382	24,259	\$ 142,648					149,363	6,681,199
2017	2,196	6,118,081	182,456							9,779	6,312,512

Source: District Financial Records

TOWN OF BOONTON SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE TAX PROPERTY
LAST TEN YEARS
(Unaudited)

Year Ended December 31,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate ^a
2008	\$ 10,755,400	\$ 1,001,230,100	\$ 412,700	\$ 2,000	\$ 182,340,200	\$ 74,767,800	\$ 21,214,600	\$ 1,290,722,800	\$ 7,546,070	\$ 1,298,268,870	\$ 1,349,249,270	\$ 1.150
2009	11,545,100	1,001,406,500	412,700	2,000	179,263,400	72,634,000	20,261,800	1,285,525,500	7,450,446	1,292,975,946	1,326,296,441	1.230
2010	12,086,500	1,000,696,400	412,700	2,000	177,822,100	69,929,400	20,878,800	1,281,827,900	7,517,899	1,289,345,799	1,283,550,247	1.283
2011	8,545,800	853,780,800	365,900	3,200	162,094,800	65,321,200	19,675,400	1,109,787,100	7,481,282	1,117,268,382	1,244,208,934	1.506
2012	8,374,000	854,409,500	365,900	2,200	160,413,600	65,092,900	19,504,600	1,108,162,700	100	1,108,162,800	1,165,517,730	1.532
2013	7,620,000	853,368,400	365,900	2,200	159,612,300	63,558,500	19,213,200	1,103,740,500	100	1,103,740,600	1,110,673,783	1.585
2014	7,185,500	852,895,600	252,500	2,200	160,407,600	63,558,500	19,213,200	1,103,515,100	100	1,103,515,200	1,097,543,322	1.625
2015	6,448,600	855,815,600	252,500	2,200	159,387,000	63,665,300	19,213,200	1,104,784,400	100	1,104,784,500	1,152,309,286	1.652
2016	6,347,700	856,010,200	252,500	2,200	159,532,600	63,665,300	20,512,200	1,106,322,700	100	1,106,322,800	1,129,427,791	1.685
2017	6,535,800	856,830,700	252,500	2,200	150,673,900	63,665,300	28,032,200	1,105,992,600	100	1,105,992,700	1,156,775,024	1.730

Source: County Abstract of Ratables

^a Tax rates are per \$100

**TOWN OF BOONTON SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(Unaudited)
(rate per \$100 of assessed value)**

<u>Year Ended December 31,</u>	<u>Total Direct School Rate</u>	<u>Overlapping Rates</u>		<u>Total Direct and Overlapping Tax Rate</u>
		<u>Town of Boonton</u>	<u>Morris County</u>	
2008	\$ 1.150	\$ 0.520	\$ 0.240	\$ 1.910
2009	1.230	0.560	0.230	2.020
2010	1.280	0.600	0.230	2.100
2011	1.510	0.710	0.260	2.480
2012	1.532	0.725	0.259	2.516
2013	1.580	0.720	0.240	2.540
2014	1.625	0.766	0.256	2.647
2015	1.652	0.792	0.262	2.706
2016	1.685	0.807	0.260	2.752
2017	1.730	0.830	0.266	2.826

Source: Municipal Tax Assessor

TOWN OF BOONTON SCHOOL DISTRICT
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Taxpayer	2017		2008	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Boonton Investors, LLC	\$ 25,091,800	2.27%		
UB Boonton 1, LLC	13,991,400	1.27%		
Deer Hill Village, Inc	10,093,300	0.91%		
Boonton Urban Renewal, LLC	8,500,000	0.77%	Information	
Dels Holding, LLC	7,742,200	0.70%		
Apts. At Cherry Hill	5,400,000	0.49%	not	
Daco	5,013,200	0.45%		
Fulton Street Assoc.	4,843,100	0.44%	Available	
Kapalua, Inc	4,747,400	0.43%		
Erasteel, Inc	4,481,600	0.41%		
	<u>\$ 89,904,000</u>	<u>8.13%</u>		

Source: Municipal Tax Assessor

**TOWN OF BOONTON SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Percentage of Levy	Collections in Subsequent Years
		Amount	Amount		
2008	\$ 14,051,450	\$ 14,051,450		100.00%	N/A
2009	15,144,343	15,144,343		100.00%	N/A
2010	16,265,356	15,983,615		98.27%	\$ 281,741
2011	16,928,567	16,928,567		100.00%	N/A
2012	16,922,857	16,922,857		100.00%	N/A
2013	17,172,487	17,172,487		100.00%	N/A
2014	17,907,270	17,907,270		100.00%	N/A
2015	18,198,345	18,198,345		100.00%	N/A
2016	18,464,772	18,464,772		100.00%	N/A
2017	18,888,892	18,888,892		100.00%	N/A

Source: School District's Financial Statements

**TOWN OF BOONTON SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year Ended June 30,	Governmental Activities		Total District	Population	Per Capita
	General Obligation Bonds	Capital Leases			
2008	\$ 23,581,000	\$ 240,858	\$23,821,858	8,435	\$ 2,824
2009	23,581,000	125,664	23,706,664	8,460	2,802
2010	23,035,000	64,218	23,099,218	8,360	2,763
2011	22,470,000		22,470,000	8,402	2,674
2012	21,880,000		21,880,000	8,432	2,595
2013	21,265,000		21,265,000	8,440	2,520
2014	20,620,000	862,092	21,482,092	8,435	2,547
2015	20,140,000	827,348	20,967,348	8,441	2,484
2016	19,270,000	617,549	19,887,549	8,382	2,373
2017	18,515,000	404,311	18,919,311	8,382 (E)	2,257

Source: District Records

(E) - Estimate

**TOWN OF BOONTON SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)**

General Bonded Debt Outstanding

Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2008	\$ 23,581,000		\$ 23,581,000	4.12%	\$ 2,796
2009	23,581,000		23,581,000	1.82%	2,787
2010	23,035,000		23,035,000	1.78%	2,755
2011	22,470,000		22,470,000	2.01%	2,674
2012	21,880,000		21,880,000	1.97%	2,595
2013	21,265,000		21,265,000	1.93%	2,520
2014	20,620,000		20,620,000	1.87%	2,445
2015	20,140,000		20,140,000	1.82%	2,386
2016	19,270,000		19,270,000	1.74%	2,299
2017	18,515,000		18,515,000	1.67%	2,209

Source: District Records

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data

**TOWN OF BOONTON SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2016
(UNAUDITED)**

	<u>Gross Debt</u>	<u>Deduction</u>	<u>Net Debt</u>
Municipal Debt (1)			
Town of Boonton	\$ 13,054,434	\$ 6,071,804	\$ 6,982,630
Town of Boonton School District	<u>19,270,325</u>	<u>19,270,325</u>	<u>-</u>
	<u>\$ 32,324,759</u>	<u>\$ 25,342,129</u>	6,982,630
Overlapping Debt Apportioned to the Municipality			
County of Morris (2)			<u>\$ 2,795,245</u>
Total Direct and Overlapping Debt			<u><u>\$ 9,777,875</u></u>

Source:

- (1) Town of Boonton's 2016 Annual Debt Statement
- (2) The debt for this entity was apportioned to the Town of Boonton School District by dividing the municipality's 2016 equalized value by the total 2016 equalized value for Morris County.

TOWN OF BOONTON SCHOOL DISTRICT
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2017

Equalized valuation basis	
2016	\$1,157,120,280
2015	1,115,493,134
2014	1,138,936,010
	<u>\$3,411,549,424</u>

Average equalized valuation of taxable property	<u>\$1,137,183,141</u>
Debt limit (4 % of average equalization value)	\$ 45,487,326
Total Net Debt Applicable to Limit	<u>19,270,325</u>
Legal debt margin	<u>\$ 26,217,001</u>

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 48,799,108	\$ 51,253,363	\$ 51,829,041	\$ 50,521,691	\$ 48,469,969	\$ 46,313,265	\$ 44,529,846	\$ 44,345,193	\$ 44,529,596	\$ 45,487,326
Total net debt applicable to limit	<u>23,581,000</u>	<u>23,581,000</u>	<u>23,035,000</u>	<u>22,470,325</u>	<u>21,880,325</u>	<u>21,265,325</u>	<u>20,620,325</u>	<u>20,140,325</u>	<u>19,270,325</u>	<u>18,515,325</u>
Legal debt margin	<u>\$ 25,218,108</u>	<u>\$ 27,672,363</u>	<u>\$ 28,794,041</u>	<u>\$ 28,051,366</u>	<u>\$ 26,589,644</u>	<u>\$ 25,047,940</u>	<u>\$ 23,909,521</u>	<u>\$ 24,204,868</u>	<u>\$ 25,259,271</u>	<u>\$ 26,972,001</u>
Total net debt applicable to the limit as a percentage of debt limit	48.32%	46.01%	44.44%	44.48%	45.14%	45.92%	46.31%	45.42%	43.28%	40.70%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

**TOWN OF BOONTON SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

<u>Year Ended December 31,</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2008	8,435	\$ 74,636	7.5%
2009	8,460	70,516	12.6%
2010	8,360	72,780	12.7%
2011	8,402	76,194	12.3%
2012	8,432	78,693	12.8%
2013	8,440	79,094	8.4%
2014	8,435	82,810	5.2%
2015	8,441	86,582	4.9%
2016	8,382	N/A	4.2%
2017	8,382 (E)	N/A	N/A

Source:

United States Bureau of Census, Population Division estimates

Revisions to historical data, per capita income: US Bureau of Economic Analysis

E - Estimate

N/A - Not Available

TOWN OF BOONTON SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (UNAUDITED)

Employer	2017		2008	
	Employees	% of Total Municipal Employment	Employees	% of Total Municipal Employment

INFORMATION NOT AVAILABLE

TOWN OF BOONTON SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	90.80	98.00	100.00	97.00	97.00	94.00	92.00	92.30	91.00	94.00
Special education	40.50	36.00	37.00	35.00	32.00	45.00	43.00	45.00	55.00	58.00
Support Services:										
Student & instruction related services	29.10	27.00	28.00	28.00	29.00	38.20	33.00	38.75	44.60	41.00
General administrative services	2.00	2.00	1.00	2.00	2.00	1.80	3.00	3.00	3.00	3.00
School administrative services	13.00	11.00	11.00	8.00	8.00	8.00	7.00	8.15	8.00	8.00
Business administrative services	4.00	5.00	4.00	4.00	4.00	4.00	6.20	4.50	4.10	4.00
Plant operations and maintenance	17.00	17.00	15.00	15.00	15.00	16.00	16.00	16.00	18.00	16.00
Lunchroom/Playground Aides	1.00	2.00	2.00	2.00	8.00	4.00	3.00	1.20	4.00	4.00
Pupil Transportation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u>198.40</u>	<u>199.00</u>	<u>199.00</u>	<u>192.00</u>	<u>196.00</u>	<u>212.00</u>	<u>204.20</u>	<u>209.90</u>	<u>228.70</u>	<u>229.00</u>

N/A - Not Available

Source: District Records

**TOWN OF BOONTON SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)**

Fiscal Year	Enrollment a	Operating Expenditures b	Cost Per Pupil c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2008	1,289	\$ 23,637,104	\$ 18,338	14.92%	113	1:10	1:10	1:12	1,242	1,179	-1.66%	94.93%
2009	1,208	23,316,337	19,302	-1.36%	131	1:09	1:11	1:9	1,208	1,146	-2.74%	94.87%
2010	1,205	24,621,437	20,433	5.60%	131	1:10	1:11	1:9	1,205	1,162	-0.25%	96.43%
2011	1,241	24,231,891	19,526	-1.58%	152	1:12	1:19	1:11	1,241	1,179	2.99%	95.00%
2012	1,254	24,800,021	19,777	2.34%	153	1:12	1:19	1:11	1,266	1,208	2.01%	95.42%
2013	1,289	26,820,753	20,807	8.15%	153	1:11	1:19	1:11	1,274	1,215	0.63%	95.37%
2014	1,293	26,529,211	20,518	-1.09%	153	1:12	1:09	1:12	1,293	1,236	1.49%	95.59%
2015	1,303	27,696,736	21,256	4.40%	133	1:12	1:09	1:10	1,308	1,251	1.16%	95.64%
2016	1,303	28,275,767	21,701	2.09%	116	1:12	1:09	1:10	1,353	1,251	3.44%	92.46%
2017	1,405	29,526,767	21,015	4.42%	116	1:12	1:09	1:10	1,404	1,251	3.77%	89.10%

Source: District records

Note:

- a Enrollment based on annual October district count
- b Operating expenditures equal total expenditures less debt service and capital outlay
- c Cost per pupil represents operating expenditures divided by enrollment

**TOWN OF BOONTON SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>District Building</u>										
School Street School (Grades K-3)										
Square Feet	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Capacity (Students)	299	299	299	299	299	299	299	299	299	299
Enrollment	273	270	274	316	342	342	122	122	122	141
John Hill School, Including Annex Building (Grades 4-8)										
Square Feet	42,296	42,296	42,296	42,296	42,296	90,076	90,076	90,076	90,076	90,076
Capacity (Students)	224	224	224	224	224	800	800	800	800	800
Enrollment	227	217	206	199	201	410	595	595	595	645
Boonton High School (Grades 9-12)										
Square Feet	111,741	111,741	111,741	111,741	111,741	111,741	111,741	111,741	111,741	111,741
Capacity (Students)	501	501	501	501	501	501	501	501	501	501
Enrollment	742	724	734	726	727	537	607	607	607	618
Administration Building										
Square Feet	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120	2,120
Administration Annex Building										
Square Feet	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222
Child Study Team										
Square Feet	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299	1,299
Maintenance/Transportation Building										
Square Feet	11,995	11,995	11,995	11,995	11,995	11,995	11,995	11,995	11,995	11,995
Number of Schools at June 30, 2017										
Elementary = 2										
Middle School = 1										
High School = 1										

Source: District records

TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
LAST TEN FISCAL YEARS
(UNAUDITED)

<u>School Facilities</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Boonton High School	\$ 218,306	\$ 80,934	\$ 74,423	\$ 76,762	\$ 120,087	\$ 196,753	\$ 203,735	\$ 101,934	\$ 74,464	\$ 192,268
John Hill School	33,378	12,467	36,657	20,816	54,137	40,593	228,957	119,956	91,256	94,976
School Street School	62,370	20,072	23,189	19,536	30,693	16,771	29,706	94,946	13,867	52,281
Other Facilities	<u>2,893</u>	<u>166,208</u>	<u>144,515</u>	<u>90,816</u>	<u>133,204</u>	<u>25,684</u>	<u>179,640</u>	<u>48,299</u>	<u>263,638</u>	<u>-</u>
Total School Facilities	<u>\$ 316,947</u>	<u>\$ 279,681</u>	<u>\$ 278,784</u>	<u>\$ 207,930</u>	<u>\$ 338,121</u>	<u>\$ 279,801</u>	<u>\$ 642,038</u>	<u>\$ 365,135</u>	<u>\$ 443,225</u>	<u>\$ 339,525</u>

**TOWN OF BOONTON SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2017
(Unaudited)**

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
New Jersey School Boards Insurance Group	Property Blanket Building & Contents- Replacement Cost Blanket Limit	\$ 400,000,000	\$ 5,000
	Earthquake	50,000,000	
	Electronic Data Processing Coverage	1,000,000	1,000
	Boiler & Machinery - Umbrella Policy	100,000,000	5,000
	Crime-Blanket Faithful Performance	250,000	1,000
	Money & Securities - In/Out (crime)	25,000	500
	Depositors Forgery (in crime)	250,000	1,000
	General Liability	31,000,000	
	Commercial Automobile	31,000,000	
American Safety	Environmental Impairment - Aggregate	11,000,000	25,000
	Environmental Impairment - Event	1,000,000	25,000
Bob McCloskey Ins.	Student Accident with Full Excess Catastrophic	5,000,000 1,000,000	
New Jersey School Boards Insurance Group	Public Employees' Faithful Performance Blanket: Board Secretary/Business Administrator	250,000	1,000
New Jersey School Boards Insurance Group	School Board Legal Liability - Directors and Officers Policy	31,000,000	5,000
New Jersey School Boards Insurance Group	Workers Compensation Statutory Limits	2,000,000	

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLosi, CPA, PSA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Town of Boonton School District
Boonton, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonton School District as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Town of Boonton School District's basic financial statements and have issued our report thereon dated December 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Boonton School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Town of Boonton School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Boonton School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-003 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2017-002 and 2017-004 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Boonton School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed a instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 through 2017-003 and 2017-005.

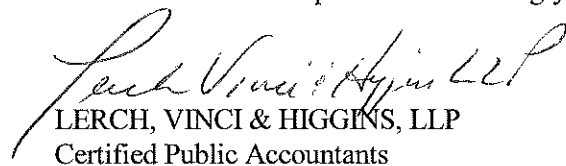
We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Town of Boonton School District in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated December 1, 2017.

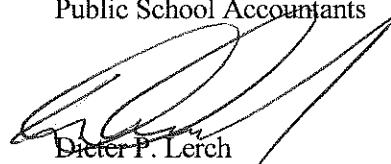
Town of Boonton School District's Response to the Finding

The Town of Boonton School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Boonton School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Boonton School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Boonton School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 1, 2017



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE
U.S. UNIFORM GUIDANCE AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Town of Boonton School District
Boonton, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Town of Boonton School District's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Town of Boonton School District's major federal and state programs for the fiscal year ended June 30, 2017. The Town of Boonton School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Boonton School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey Circular and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Town of Boonton School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Town of Boonton School District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Town of Boonton School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which are described in the accompanying schedule of findings and questioned costs as items 2017-006 through 2017-009. Our opinion on each major federal and state program is not modified with respect to this matter.

The Town of Boonton School District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Boonton School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Town of Boonton School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Boonton School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Boonton School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2017-007 to be a material weakness.


A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in the accompanying schedule of findings and questioned costs as items 2017-006 and 2017-008 to be significant deficiencies.

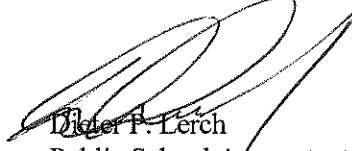
The Town of Boonton School District's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Boonton School District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Boonton School District, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 1, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


LERCH, VINCI & HIGGINS, LLP
Certified Public Accountants
Public School Accountants


Dieter P. Lerch
Public School Accountant
PSA Number CS00756

Fair Lawn, New Jersey
December 1, 2017

TOWN OF BOONTON SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2016	Carryover Amount		Cash Received	Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	(Accounts Receivable)	Balance, June 30, 2017		Memo GAAP Receivable
							Unearned Revenue	Accounts Receivable						Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture																
Passed-Through State Department of Education:																
Enterprise Fund:																
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	\$ 28,229				\$ 26,023	\$ 28,229			\$ (2,206)			\$ 2,206
National School Breakfast Program	10.553	16161NJ304N1099	N/A	7/1/15-6/30/16	30,270	(2,210)			2,210							
National School Lunch Program	10.555		N/A													
Cash Assistance		171NJ304N1099		7/1/16-6/30/17	199,211				184,820	199,211			(14,391)			14,391
Cash Assistance		16161NJ304N1099		7/1/15-6/30/16	198,433	(12,896)			12,896							
Non-Cash Assistance				7/1/16-6/30/17	46,101				46,101	44,936				\$ 1,165		
Non-Cash Assistance				7/1/15-6/30/16	27,527	588				588						
Child Nutrition Cluster Total						(14,518)			272,050	272,964			(16,597)	1,165		16,597
Total Enterprise Fund						(14,518)			272,050	272,964			(16,597)	1,165		16,597
U.S. Department of Health and Human Services																
General Fund																
Medical Assistance Program	93.778	1705NJ5MAP	N/A	7/1/16-6/30/17	16,863				16,863	16,863						
Medical Assistance Program	93.778		N/A	7/1/13-6/30/14	21,405	(21,405)			21,405							
ARRA - Medical Assistance Program	93.778			4/1/09-12/31/09	2,918				2,918	2,918						
Total General Fund						(21,405)			41,186	19,781						
U.S. Department of Education																
Passed Through State Department of Education																
Special Revenue Fund																
IDEA																
Part B, Basic	84.027	H027A160100	FT-0450-17	7/1/16-6/30/17	331,214		\$ 42,437	\$ (42,437)	295,343	337,823			(78,308)	35,828		42,480
Part B, Basic	84.027	H027A150100	FT-0450-16	7/1/15-6/30/16	336,409	(3,769)	(42,437)	42,437	377		\$ 3,392					
Preschool	84.173	H173A160114	PS-0450-17	7/1/16-6/30/17	11,299		11,053	(11,053)		18,202			(22,352)	4,150		18,202
Preschool	84.173	H173A150114	PS-0450-16	7/1/15-6/30/16	11,053		(11,053)	11,053								
Special Education Cluster Total						(3,769)			295,720	356,025	3,392		(100,660)	39,978		60,682
NCLB																
Title I	84.010	S010A160030	NCLB-0450-17	7/1/16-6/30/17	212,158		32,420	(32,420)	135,383	243,041			(109,195)	1,537		107,658
Title I	84.010	S010A150030	NCLB-0450-16	7/1/15-6/30/16	216,138	(94,947)	(32,420)	32,420	94,947							
Title II-A	84.367A	S367A160029	NCLB-0450-17	7/1/16-6/30/17	23,090		21,706	(21,706)	23,386	41,733			(21,410)	3,063		18,347
Title II-A	84.367A	S367A150029	NCLB-0450-16	7/1/15-6/30/16	23,031	(1,955)	(21,706)	21,706	1,955							
Title III	84.365A	S365A160030	NCLB-0450-17	7/1/16-6/30/17	13,053		4,095	(4,095)	7,892	11,596			(9,256)	5,552		3,704
Title III	84.365A	S365A150030	NCLB-0450-16	7/1/15-6/30/16	12,008	(5,726)	(4,095)	4,095	5,726							
Title III - Immigrant	84.365A	S365A160030	NCLB-0450-17	7/1/16-6/30/17	3,717		137	(137)	3,720	3,720			(134)	134		
Title III - Immigrant	84.365A	S365A150030	NCLB-0450-16	7/1/15-6/30/16	6,238	(6,049)	(137)	137	6,049							
Total Special Revenue Fund						(112,446)			574,778	656,115	3,392		(240,655)	50,264		190,391
Total Federal Awards						\$ (148,369)	\$ -	\$ -	\$ 888,014	\$ 948,860	\$ 3,392	\$ -	\$ (257,252)	\$ 51,429	\$ -	\$ 206,988

The Notes to the Schedules of Federal Awards and State Financial Assistance are an integral part of this schedule.

FAIN Numbers were only utilized for grant periods beginning in fiscal year 2015/2016.

TOWN OF ROOKTON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grant/Program Title	Grant or State Project Number	Grant Period	Award Amount	Unearned Revenue/ (Acct Rec)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Years' Balances	June 30, 2017 (Accounts Receivable)	Unearned Revenue	Due to Grantor	MEMO	
													GAAP	Cumulative Total
														Expenditures
State Department of Education														
General Fund														
Special Education Aid	17-495-034-5120-089	7/11/16-6/30/17	\$ 599,367	\$ (40,034)	\$	\$ 546,217	\$ 599,367	\$	\$	\$ (43,150)	\$	\$	\$	\$ 599,367
Special Education Aid	16-495-034-5120-089	7/11/15-6/30/16	387,566			40,034								419,815
Equalization Aid	17-495-034-5120-078	7/11/16-6/30/17	419,815			382,587	419,815			(37,228)				51,622
Equalization Aid	16-495-034-5120-078	7/11/15-6/30/16	434,008			29,571	47,044			(4,578)				58,944
Security Aid	17-495-034-5120-084	7/11/16-6/30/17	51,622			47,044	51,622			(3,227)				14,736
Security Aid	16-495-034-5120-084	7/11/15-6/30/16	48,136			3,012	48,136							10,290
Security Aid	17-495-034-5120-088	7/11/16-6/30/17	44,208			3,012	44,208			(1,307)				10,290
School Choice Aid	16-495-034-5120-088	7/11/15-6/30/16	44,208			3,012	44,208							10,290
Additional Adjustment Aid	17-495-034-5120-085	7/11/16-6/30/17	14,736			13,429	14,736			(912)				10,290
Additional Adjustment Aid	16-495-034-5120-085	7/11/15-6/30/16	14,736			1,004	14,736							10,290
PARCC Readiness Aid	17-495-034-5120-098	7/11/16-6/30/17	10,290			9,378	10,290			(912)				10,290
PARCC Readiness Aid	16-495-034-5120-098	7/11/15-6/30/16	10,290			701	10,290							10,290
Per Pupil Growth Aid	17-495-034-5120-097	7/11/16-6/30/17	10,290			9,378	10,290			(853)				10,290
Per Pupil Growth Aid	16-495-034-5120-097	7/11/15-6/30/16	10,290			912	10,290							10,290
Professional Learning Community Aid	17-495-034-5120-102	7/11/16-6/30/17	1,368			1,247	1,368			(121)				1,368
Proctor District Aid	17-495-034-5120-102	7/11/16-6/30/17	1,368			1,247	1,368							1,368
State Aid - Public Cluster Total														
Total General Fund														
Transportation Aid	17-495-034-5120-014	7/11/16-6/30/17	13,632			12,422	13,632			(104,388)				13,632
Transportation Aid	16-495-034-5120-014	7/11/15-6/30/16	11,590			796	11,590			(1,210)				191,684
Transportation Aid	17-100-034-5120-473	7/11/16-6/30/17	191,684			168,067	191,684			(191,684)				1,176,865
Transportation Aid	16-100-034-5120-473	7/11/15-6/30/16	188,067			1,176,865	188,067							42,641
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/11/16-6/30/17	1,176,865			42,641	1,176,865							1,016,125
On-Behalf TPAF Pension Contributions	16-495-034-5094-002	7/11/15-6/30/16	42,641			1,016,125	42,641							2,924
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/11/16-6/30/17	2,924			812,296	2,924			(41,666)				856,992
On-Behalf TPAF Post Retirement Contributions	16-495-034-5094-001	7/11/15-6/30/16	812,296			812,296	812,296							4,475,109
Retirement TPAF Social Security Contributions	17-495-034-5094-003	7/11/16-6/30/17	856,992			4,383,185	856,992			(338,548)				41,666
Retirement TPAF Social Security Contributions	16-495-034-5094-003	7/11/15-6/30/16	4,383,185			4,383,185	4,383,185							4,475,109
Total General Fund														
Special Revenue Fund														
NI Nonpublic Aid														
Auxiliary Services														
Compensatory Education														
Compensatory Education														
ESL														
Nonpublic Auxiliary Services (Chapter 193) Cluster Total														
Handicapped Services														
Examination and Classification														
Examination and Classification														
Corrective Speech														
Corrective Speech														
Supplemental Instruction														
Supplemental Instruction														
Nonpublic Handicapped Services (Chapter 193) Cluster Total														
Textbook Aid														
Textbook Aid														
Nursing Aid														
Nursing Aid														
Technology Aid														
Technology Aid														
Security Aid														
Security Aid														
Total Special Revenue Fund														
Debt Service Fund														
Debt Service Fund - Type II														
Total Debt Service Fund														
Enterprise Fund														
State School Lunch Program														
State School Lunch Program														
Total Enterprise Fund														
Total State Awarards														
Less:														
On-Behalf Assistance Not Included in Single Audit and Major Program Determination														
TPAF Pension Contributions														
TPAF Non-Contributory Insurance Contributions														
TPAF Post Retirement Medical Contributions														
TPAF Long Term Disability Insurance Contributions														
Total State Financial Assistance Subject to Single Audit and Major Program Determination Calculation														
Total State Financial Assistance Subject to Single Audit and Major Program Determination Calculation														

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 GENERAL

The accompanying schedules present the activity of all federal and state financial assistance programs of the Town of Boonton School District. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

The financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$50,258 for the general fund. There is no adjustment for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 19,781	\$ 4,424,851	\$ 4,444,632
Special Revenue Fund	656,115	54,105	710,220
Debt Service Fund		376,124	376,124
Food Service Fund	272,964	5,633	278,597
	<hr/>	<hr/>	<hr/>
Total Financial Assistance	<u>\$ 948,860</u>	<u>\$ 4,860,713</u>	<u>\$ 5,809,573</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$854,056 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2017. The amount reported as TPAF Pension System Contributions in the amount of \$1,219,506, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,016,125 and TPAF Long-Term Disability Insurance in the amount of \$2,924 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2017.

NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits Contributions and Long-Term Disability Insurance are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

NOTE 7 DE MINIMIS INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued on financial statements Unmodified

Internal control over financial reporting:

1) Were material weakness(es) identified? X yes no

2) Significant deficiencies identified that are not considered to be material weakness(es)? X yes none reported

Noncompliance material to the basic financial statements noted? X yes no

Federal Awards Section

Internal Control over major programs:

(1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weakness(es)? yes X none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .516(a) of Uniform Guidance? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027</u>	<u>IDEA Basic</u>
<u>84.173</u>	<u>IDEA Preschool</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes no

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part I – Summary of Auditor’s Results

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X yes _____ no

Internal control over major programs:

1) Material weakness(es) identified?

X yes _____ no

2) Significant deficiencies identified that are not considered to be material weakness(es)?

X yes _____ none reported

Type of auditor's report issued on compliance for major programs?

Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. Circular Letter 15-08?

X yes _____ no

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>17-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>17-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>17-495-034-5120-084</u>	<u>Security Aid</u>
<u>17-495-034-5120-068</u>	<u>School Choice Aid</u>
<u>17-495-034-5120-085</u>	<u>Additional Adjustment Aid</u>
<u>17-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>17-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>17-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>17-495-034-5120-102</u>	<u>Host District Aid</u>
<u>17-495-034-5094-003</u>	<u>Reimbursed TPAF Social Security Contr.</u>

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2017-001:

Our audit indicated that capital expenditures financed by a Lease Purchase were incurred prior to securing financing.

Criteria or specific requirement:

State Department of Education Budget Guidelines
N.J.S.A. 18A – Availability of Funds

Condition:

Expenditures were incurred and paid for capital expenditures pertaining to paving, curbing, bathroom upgrades and clock tower repairs and improvements. The District had no budget appropriation available at the time of contracting for such services.

Questioned Costs

None.

Context:

The District expended \$520,216 on various capital improvements in the Capital Projects Fund. These expenditures were charged prior to the execution of a lease purchase agreement.

Effect:

Capital expenditures were expended prior to the availability of funds which resulted in a deficit fund balance in the Capital Projects Fund at year end.

Cause:

Unknown.

Recommendation:

Capital lease expenditures be made only upon the availability of funds.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revised its procedures to ensure corrective action is taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2017-002:

Our audit indicated that the monthly reports of the Treasurer and Board Secretary were not prepared and submitted to the Board for approval in a timely basis.

Criteria or specific requirement:

Generally Accepted Accounting Principles

Condition:

The monthly reports of the Treasurer of School Monies and Board Secretary were not presented to the Board for approval in a timely basis.

Questioned Costs.

None.

Context:

The monthly reports of the Treasurer of School Monies, along with the required bank reconciliations, as well as the monthly reports of the Board Secretary were not submitted to the Board for approval in a timely manner.

Effect:

District financial records are not being reconciled with the respective bank accounts in a timely basis.

Cause:

Unknown.

Recommendation:

The monthly reports of the Board Secretary and Treasurer of School Monies be prepared and submitted to the Board for approval in a timely manner.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revised its procedures to ensure corrective action is taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2017-003:

Our audit indicated that the District's financial accounting and reporting system was not reconciled to the monthly Treasurer of School Monies report.

Criteria or specific requirement:

Generally Accepted Accounting Principles

Condition:

The District's general ledger was not reconciled to the Treasurer of School Monies report.

Questioned Costs:

None.

Context:

The balance reported on the June 30, 2017 operating bank account reconciliation was a deficit of \$1,621,099.63. The District's general ledger reported a deficit balance of \$1,538,561.71 as of June 30, 2017. This resulted in a variance of \$82,537.92. The operating cash balance deficit reported in the adjusted financial statements was \$1,284,744.

Effect:

District financial records are not including all transactions occurring in the bank accounts. The financial statements have been adjusted to reflect the proper account balances.

Cause:

Monthly reconciliations were not performed.

Recommendation:

The District's financial accounting and reporting system be reconciled to the Treasurer of School Monies report on a monthly basis.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revised its procedures to ensure corrective action is taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2017-004:

Our audit indicated that a significant number of transfers occurred during the fiscal year between District bank accounts, including trust and agency fund bank accounts, resulting in material interfund balances being reported at year end. Furthermore, these transactions were not always recorded on the District's general ledger.

Criteria or specific requirement:

Generally Accepted Accounting Principles

Condition:

Loans were made throughout the year between numerous District bank accounts.

Questioned Costs:

None.

Context:

The District's financial statements, as adjusted, reflect interfund balances of \$1,197,055 among numerous District bank accounts. Included in this balance are transfers made between the operating account and the District's student activity and payroll agency bank accounts.

Effect:

Cash balances may not be available to fund expenditures required from the respective fund.

Cause:

Unknown.

Recommendation:

Interfund transfers be recorded on the District's general ledger and be liquidated prior to year end. Furthermore, the practice of making interfund loans for non-operating purposes be discontinued.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revised its procedures to ensure corrective action is taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 2 – Schedule of Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

Finding 2017-005:

Our audit indicated that expenditures were made for facade repairs and improvements in excess of the bid threshold that were not approved by the Board. Furthermore, the invoice detail for services rendered exceeded the amount due vendor.

Criteria or specific requirement:

Public School Contracts Law

Condition:

Expenditures were incurred for facade repairs and improvements through the MRESC. Two proposals were received, yet only one was approved by the Board in the minutes.

Questioned Costs:

None.

Context:

Payments in the amount of \$27,497 and \$69,470 were made to a vendor for services related to the façade repair and maintenance. The \$69,470 proposal was not approved by the Board. Furthermore, based upon the detailed invoices the vendor overbilled the District \$46,666.

Effect:

The District was charged for services that may not have been performed.

Cause:

Unknown.

Recommendation:

In all instances, contracts in excess of the bid threshold be awarded by Board approval. Furthermore, the District review payments made to a vendor for façade improvements.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revised its procedures to ensure corrective action is taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2017-006:

Our audit indicated that the monthly reports of the Treasurer and Board Secretary were not prepared and submitted to the Board for approval in a timely basis.

Information on the State Program

Special Education Aid	17-495-034-5120-089;	PARCC Readiness Aid	17-495-034-5120-098;
Equalization Aid	17-495-034-5120-078;	Per Pupil Growth Aid	17-495-034-5120-097;
Security Aid	17-495-034-5120-084;	Professional Learning Aid	17-495-034-5120-101;
School Choice Aid	17-495-034-5120-068;	Host District Aid	17-495-034-5120-102;
Additional Adjustment Aid	17-495-034-5120-085		

Criteria or specific requirement:

Generally Accepted Accounting Principles

Condition:

The monthly reports of the Treasurer of School Monies and Board Secretary were not presented to the Board for approval in a timely basis.

Questioned Costs.

None.

Context:

The monthly reports of the Treasurer of School Monies, along with the required bank reconciliations, as well as the monthly reports of the Board Secretary were not submitted to the Board for approval in a timely manner.

Effect:

District financial records are not being reconciled with the respective bank accounts in a timely basis.

Cause:

Unknown.

Recommendation:

The monthly reports of the Board Secretary and Treasurer of School Monies be prepared and submitted to the Board for approval in a timely manner.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revised its procedures to ensure corrective action is taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2017-007:

Our audit indicated that the District's financial accounting and reporting system was not reconciled to the monthly Treasurer of School Monies report.

Information on the State Program

Special Education Aid	17-495-034-5120-089;	PARCC Readiness Aid	17-495-034-5120-098;
Equalization Aid	17-495-034-5120-078;	Per Pupil Growth Aid	17-495-034-5120-097;
Security Aid	17-495-034-5120-084;	Professional Learning Aid	17-495-034-5120-101;
School Choice Aid	17-495-034-5120-068;	Host District Aid	17-495-034-5120-102;
Additional Adjustment Aid	17-495-034-5120-085		

Criteria or specific requirement:

Generally Accepted Accounting Principles

Condition:

The District's general ledger was not reconciled to the Treasurer of School Monies report.

Questioned Costs:

None.

Context:

The balance reported on the June 30, 2017 operating bank account reconciliation was a deficit of \$1,621,099.63. The District's general ledger reported a deficit balance of \$1,538,561.71 as of June 30, 2017. This resulted in a variance of \$82,537.92. The operating cash balance deficit reported in the adjusted financial statements was \$1,284,744.

Effect:

District financial records are not including all transactions occurring in the bank accounts. The financial statements have been adjusted to reflect the proper account balances.

Cause:

Monthly reconciliations were not performed.

Recommendation:

The District's financial accounting and reporting system be reconciled to the Treasurer of School Monies report on a monthly basis.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revised its procedures to ensure corrective action is taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2017-008:

Our audit indicated that expenditures were made for facade repairs and improvements in excess of the bid threshold that were not approved by the Board. Furthermore, the invoice detail for services rendered exceeded the amount due vendor.

Information on the State Program

Special Education Aid	17-495-034-5120-089;	PARCC Readiness Aid	17-495-034-5120-098;
Equalization Aid	17-495-034-5120-078;	Per Pupil Growth Aid	17-495-034-5120-097;
Security Aid	17-495-034-5120-084;	Professional Learning Aid	17-495-034-5120-101;
School Choice Aid	17-495-034-5120-068;	Host District Aid	17-495-034-5120-102;
Additional Adjustment Aid	17-495-034-5120-085		

Criteria or specific requirement:

Public School Contracts Law

Condition:

Expenditures were incurred for facade repairs and improvements through the MRESC. Two proposals were received, yet only one was approved by the Board in the minutes.

Questioned Costs:

None.

Context:

Payments in the amount of \$27,497 and \$69,470 were made to a vendor for services related to the façade repair and maintenance. The \$69,470 proposal was not approved by the Board. Furthermore, based upon the detailed invoices the vendor overbilled the District \$46,666.

Effect:

The District was charged for services that may not have been performed.

Cause:

Unknown.

Recommendation:

In all instances, contracts in excess of the bid threshold be awarded by Board approval. Furthermore, the District review payments made to a vendor for façade improvements.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revised its procedures to ensure corrective action is taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Part 3 – Schedule of Federal and State Award Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB’s Circular 15-08.

CURRENT YEAR STATE AWARDS

Finding 2017-009:

Our audit indicated that student counts reported on the A.S.S.A. were not always in agreement with the supporting workpapers for students reported as on-roll, private schools for the disabled and low income.

Information on the State Program

Special Education Aid	17-495-034-5120-089;	PARCC Readiness Aid	17-495-034-5120-098;
Equalization Aid	17-495-034-5120-078;	Per Pupil Growth Aid	17-495-034-5120-097;
Security Aid	17-495-034-5120-084;	Professional Learning Aid	17-495-034-5120-101;
School Choice Aid	17-495-034-5120-068;	Host District Aid	17-495-034-5120-102;
Additional Adjustment Aid	17-495-034-5120-085		

Criteria or specific requirement:

State Aid Public – Grant Compliance Supplement

Condition:

Student counts as reported on the ASSA were not accurately supported by District workpapers.

Questioned Costs:

None.

Context:

The District reported 1,390 students as on-roll on the A.S.S.A. Supporting workpapers reflected a total of 1,367 students, for a variance of 23. The District reported 7 students as attending private schools for the handicapped on the A.S.S.A. Supporting workpapers reflected 15 students. The District reported 435 students as low income on the A.S.S.A. Supporting workpapers reflected 428.

Effect:

Student counts reported on the A.S.S.A. do not reflect actual student enrollment.

Cause:

Unknown.

Recommendation:

Internal controls over the reporting of students on the A.S.S.A. be reviewed and enhanced to ensure that documentation is maintained to support the number of students reported in the respective categories.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated it will review and revised its procedures to ensure corrective action is taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

STATUS OF PRIOR YEAR FINDINGS

Finding 2016-001

The monthly reports of the Treasurer of School Monies and Board Secretary were not presented to the Board for approval in a timely basis.

Current Status

See Finding 2017-002.

Finding 2016-002

The District did not maintain the required level of effort with respect to Special Education expenditures related to the federal IDEA grant program.

Current Status

Corrective action has been taken.

Finding 2016-003

The monthly reports of the Treasurer and Board Secretary were not submitted to the Board for approval on a timely basis.

Current Status

See Finding 2017-006.