

TOWN OF BOONTON SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2018

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

January 24, 2019

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Town of Boonton Public Schools for the fiscal year ended June 30, 2018, 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.

434 Lathrop Avenue • Boonton, New Jersey 07005

www.boontonschools.org • 975-555-9700 ext. 8005 • Fax: 975-555-8281

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 2017-2018 fiscal year with an average daily enrollment of 1,389 students, an increase of 3 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:

<u>Fiscal Year</u>	<u>Avg Daily Enrollment</u>	<u>Percent Change</u>
2017-2018	1,389	0.23%
2016-2017	1,386	1.73%
2015-2016	1,362	4.16%
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%

2) **ECONOMIC CONDITIONS AND OUTLOOK:** The School District continues to monitor the ratable base for the Town. Short term trends continue to indicate that rates 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 2017-2018 fiscal year includes a 3.49% increase in the local tax levy. At the close of the current fiscal year, the Teacher's contract expired and there was one year remaining the Administrator's contract.

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, 2018.

5) **ACCOUNTING SYSTEM AND R EPORTS:** 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, 2018.

7) **DEBT ADMINISTRATION:** During the 2017-2018 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.

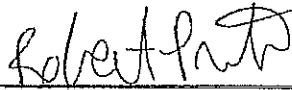
8) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss 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.

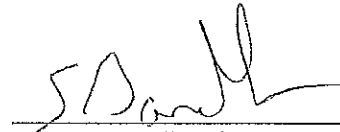
10) **OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, Higgins, LLP, was appointed by the Board. In addition to meeting the requirements set forth in state 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.

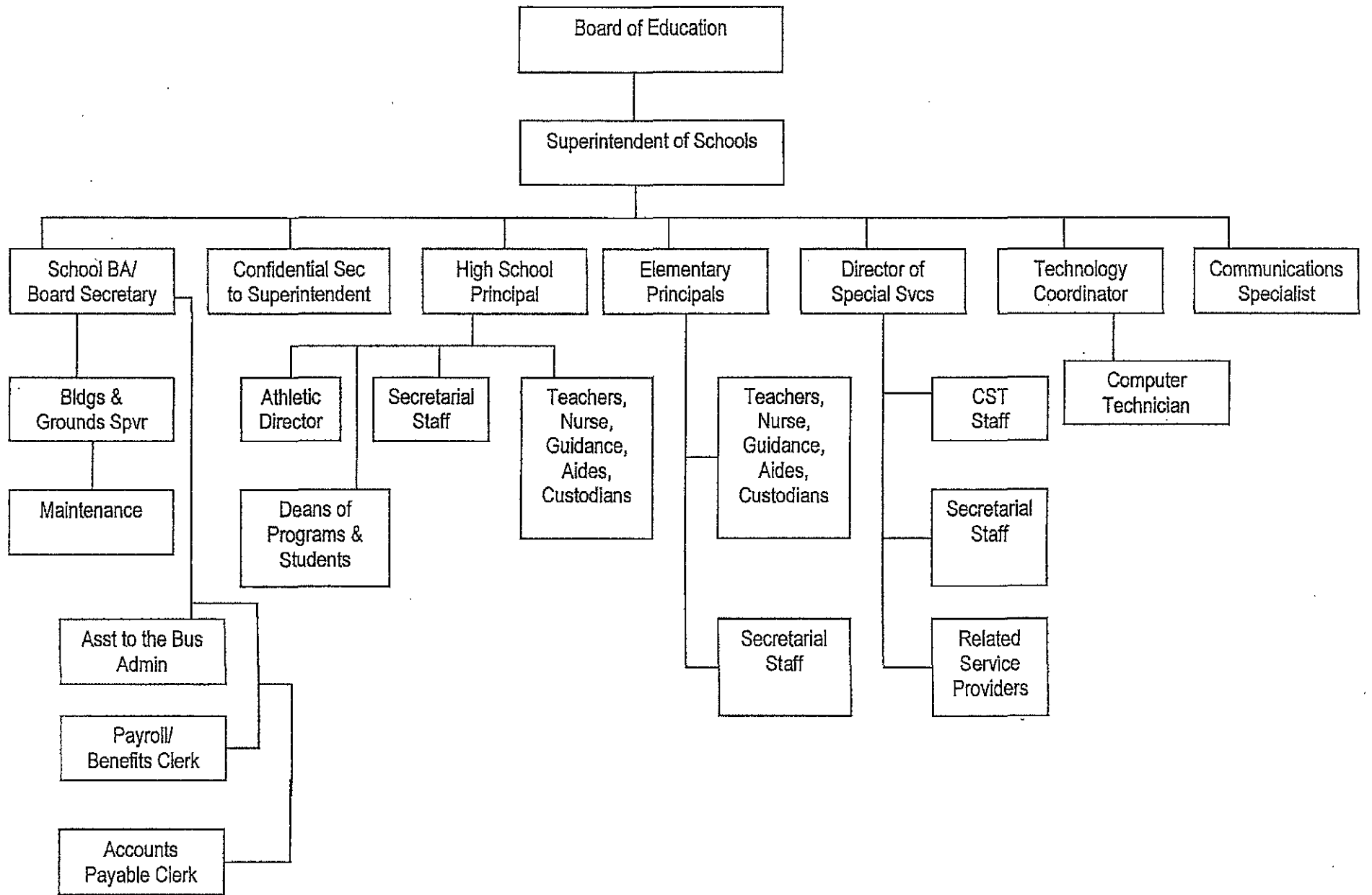
Respectfully submitted,



Mr. Robert Presuto
Superintendent of Schools



Mr. Steven Gardberg,
School Business Administrator
Board Secretary



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

ROSTER OF OFFICIALS

JUNE 30, 2018

<u>Members of the Board of Education</u>	<u>Term Expires (November)</u>
Linda R. Glosinski, President	2018
Joseph Geslao, Vice-President	2018
Christopher J. Cartelli	2019
Jennifer Darling	2020
Elaine Doherty	2019
Robert Ezzi	2019
Patrick Joyce	2020
Irene LeFebvre	2018
Jennifer Shollenberger	2020
Jack Gibbons (Lincoln Park Representative)	2019

Other Officers

Robert Presuto, Superintendent of Schools

Steven Gardberg, Board Secretary/Business Administrator

BOONTON SCHOOL DISTRICT

Consultants & Advisors

June 30, 2018

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

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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
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, 2018 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.

17-17 ROUTE 208 • FAIR LAWN, NJ 07410 • TELEPHONE (201) 791-7100 • FACSIMILE (201) 791-3035

WWW.LVHCPA.COM

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, 2018, 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.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2018 the Town of Boonton School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

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, pension information and other postemployment benefits 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

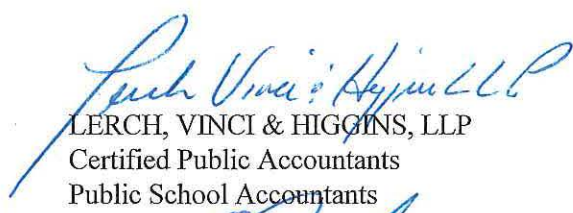
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Boonton School District's basic financial statements. The introductory section, combining fund financial statements, financial schedules, statistical section, schedule of expenditures 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 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 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.

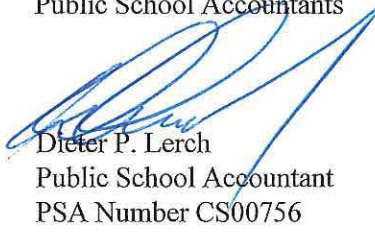
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 24, 2019 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
January 24, 2019

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, 2018**

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, 2018. 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 (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for fiscal year 2018 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 \$2,927,686 (deficit net position). The District's net position decreased \$48,038 from the previous year.
- General revenues accounted for \$20,603,784 or 52 percent of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$18,947,185, or 48 percent of total revenues of \$39,550,969.
- The School District had \$38,784,375 in expenses for governmental activities; \$18,017,175 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 \$30,782,575 in revenues and other financing sources and \$30,575,025 in expenditures. The General Fund's fund balance increased \$207,550 from 2017.

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 2018?" 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, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Assets		
Current and Other Assets	\$ 732,612	\$ 1,029,975
Capital Assets, net of accumulated depreciation	25,043,168	24,981,509
Total Assets	<u>25,775,780</u>	<u>26,011,484</u>
Deferred Outflows of Resources	<u>4,272,438</u>	<u>5,018,443</u>
Total Assets and Deferred Outflows of Resources	<u>30,048,218</u>	<u>31,029,927</u>
Liabilities		
Long-Term Liabilities	30,086,597	31,644,132
Other Liabilities	746,093	1,859,796
Total Liabilities	<u>30,832,690</u>	<u>33,503,928</u>
Deferred Inflows of Resources	<u>2,143,214</u>	<u>405,647</u>
Total Liabilities and Deferred Inflows of Resources	<u>32,975,904</u>	<u>33,909,575</u>
Net Position		
Net Investment in Capital Assets	5,259,743	4,906,992
Restricted	79,175	27,946
Unrestricted	<u>(8,266,604)</u>	<u>(7,814,586)</u>
Total Net Position	<u>\$ (2,927,686)</u>	<u>\$ (2,879,648)</u>

A comparative schedule of the changes in net position for fiscal years ended June 30, 2018 and 2017 is as follows:

	<u>2018</u>	<u>2017</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 7,587,211	\$ 6,882,017
Grants and Contributions	11,359,974	10,067,276
General Revenues:		
Property Taxes	19,515,729	18,888,892
Grants and Entitlements	849,882	705,230
Other	<u>238,173</u>	<u>194,660</u>
Total Revenues	<u>39,550,969</u>	<u>36,738,075</u>
Program Expenses		
Instruction	24,258,948	23,618,391
Support Services:		
Pupils and Instructional Staff	6,840,779	5,836,059
General, School and Central Administration	3,275,118	3,149,603
Operations and Maintenance of Facilities	3,204,216	3,189,183
Pupil Transportation	500,522	563,831
Interest on Debt	704,792	722,693
Food Service	602,316	604,478
Bridges to Learning	<u>212,316</u>	<u>492,315</u>
Total Expenses	<u>39,599,007</u>	<u>38,176,553</u>
Increase/(Decrease) in Net Position	<u>\$ (48,038)</u>	<u>\$ (1,438,478)</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 49 percent of revenues for governmental activities for the Town of Boonton School District in fiscal year 2018. The District's total governmental revenues were \$38,620,714 for the year ended June 30, 2018. Federal, state, and local grants, contributions and entitlements accounted for 31 percent of this total revenue. The total cost of all governmental programs and services was \$38,784,375. Instruction comprises 62 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 revenues exceeded expenses by \$115,623.
- Charges for services represent 70 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 30 percent.
- Federal and state reimbursements amounted to \$275,829 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, 2018 and 2017 are summarized below. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

	Total Cost of Services		Net Cost of Services	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Instruction	\$ 24,258,948	\$ 23,618,391	\$ 9,427,755	\$ 9,516,496
Support Services				
Pupils and Instructional Staff	6,840,779	5,836,059	4,751,785	4,882,927
General, School and Central Admin.	3,275,118	3,149,603	2,624,810	2,551,986
Operation and Maintenance of Facilities	3,204,216	3,189,183	2,960,197	3,133,695
Pupil Transportation	500,522	563,831	477,078	550,619
Interest on Long-Term Debt	704,792	722,693	525,575	537,277
Total	<u>\$ 38,784,375</u>	<u>\$ 37,079,760</u>	<u>\$ 20,767,200</u>	<u>\$ 21,173,000</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 \$33,004,821 and expenditures were \$33,855,828. In addition, the District realized \$1,630,000 from lease purchase proceeds.

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, 2018 and 2017.

<u>Revenue</u>	<u>Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2018</u>	<u>June 30, 2017</u>		
Local Sources	\$ 26,695,982	\$ 25,202,767	\$ 1,493,215	5.9%
State Sources	5,590,402	4,855,080	735,322	15.1%
Federal Sources	718,437	675,896	42,541	6.3%
Total Revenues	<u>\$ 33,004,821</u>	<u>\$ 30,733,743</u>	<u>\$ 2,271,078</u>	7.4%

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, 2018 and 2017.

<u>Expenditures</u>	<u>Year Ended</u>		<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
	<u>June 30, 2018</u>	<u>June 30, 2017</u>		
Current				
Instruction	\$ 19,920,537	\$ 19,187,267	\$ 733,270	3.8%
Support Services	10,742,561	10,339,500	403,061	3.9%
Capital Outlay	1,084,769	639,079	445,690	69.7%
Debt Service				
Principal	1,383,040	1,067,042	315,998	29.6%
Interest and Other	724,921	746,266	(21,345)	-2.9%
Total Expenditures	<u>\$ 33,855,828</u>	<u>\$ 31,979,154</u>	<u>\$ 1,876,674</u>	5.9%

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 2018, the District had \$36,097,288 invested in land, construction in progress, buildings, furniture, equipment and vehicles. Accumulated depreciation on these assets at June 30, 2018 was \$11,054,120. The Table below compares the fiscal year 2018 balances to the 2017 balances.

Capital Assets (Net of Depreciation) at June 30

	<u>2018</u>	<u>2017</u>
Land	\$ 471,800	\$ 471,800
Building and Building Improvements	22,881,948	23,140,157
Machinery and Equipment	1,208,013	1,369,552
Construction in Progress	<u>481,407</u>	<u>-</u>
Total Capital Assets, Net	<u>\$ 25,043,168</u>	<u>\$ 24,981,509</u>

Debt Administration

At June 30, 2018, the District had \$30,086,597 of long-term liabilities. Of this amount, \$542,264 is for compensated absences, \$1,436,271 is for capital leases, \$9,240,543 is for net pension liability and \$18,867,519 is for outstanding serial bonds issued to fund school construction projects (net of unamortized premium).

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.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

TOWN OF BOONTON SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents		\$ 34,569	\$ 34,569
Receivables, Net:			
Receivables from Other Governments	\$ 475,476	46,443	521,919
Other	65,398	24,676	90,074
Internal Balances	60,015	(60,015)	
Inventory		3,624	3,624
Restricted Assets:			
Cash with Fiscal Agents	82,426		82,426
Capital Assets:			
Not Being Depreciated	953,207		953,207
Being Depreciated, Net	<u>23,978,695</u>	<u>111,266</u>	<u>24,089,961</u>
Total Assets	<u>25,615,217</u>	<u>160,563</u>	<u>25,775,780</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Refunding	1,136,735		1,136,735
Deferred Amount on Net Pension Liability	<u>3,135,703</u>	-	<u>3,135,703</u>
Total Deferred Outflows of Resources	<u>4,272,438</u>	-	<u>4,272,438</u>
Total Assets and Deferred Outflows of Resources	<u>29,887,655</u>	<u>160,563</u>	<u>30,048,218</u>
LIABILITIES			
Cash Overdraft	160,699	17,595	178,294
Payable to Other Governments	14,526		14,526
Unearned Revenue	237,187	5,726	242,913
Accrued Interest	310,360		310,360
Noncurrent Liabilities			
Due Within One Year	1,383,864		1,383,864
Due Beyond One Year	<u>28,702,733</u>	-	<u>28,702,733</u>
Total Liabilities	<u>30,809,369</u>	<u>23,321</u>	<u>30,832,690</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amount on Net Pension Liability	2,141,726		2,141,726
Deferred Government Commodities	-	1,488	1,488
Total Deferred Inflows of Resources	<u>2,141,726</u>	<u>1,488</u>	<u>2,143,214</u>
Total Liabilities and Deferred Inflows of Resources	<u>32,951,095</u>	<u>24,809</u>	<u>32,975,904</u>
NET POSITION			
Net Investment in Capital Assets	5,148,477	111,266	5,259,743
Restricted for:			
Capital Projects	79,175		79,175
Unrestricted	<u>(8,291,092)</u>	<u>24,488</u>	<u>(8,266,604)</u>
Total Net Position	<u>\$ (3,063,440)</u>	<u>\$ 135,754</u>	<u>\$ (2,927,686)</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, 2018**

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	\$ 15,328,351	\$ 5,557,616	\$ 4,893,228		\$ (4,877,507)		\$ (4,877,507)
Special Education	6,513,612	1,375,414	2,478,210		(2,659,988)		(2,659,988)
Other Instruction	928,254		319,966		(608,288)		(608,288)
School Sponsored Activities and Athletics	1,488,731		206,759		(1,281,972)		(1,281,972)
Support Services							
Student and Instruction Related Services	6,840,779		2,088,994		(4,751,785)		(4,751,785)
General Administrative Services	677,356		33,126		(644,230)		(644,230)
School Administrative Services	1,620,581		395,341		(1,225,240)		(1,225,240)
Central and Other Support Services	977,181		221,841		(755,340)		(755,340)
Plant Operations and Maintenance	3,204,216		182,269	\$ 61,750	(2,960,197)		(2,960,197)
Pupil Transportation	500,522		23,444		(477,078)		(477,078)
Interest on Long-Term Debt	704,792	-	179,217	-	(525,575)	-	(525,575)
Total Governmental Activities	<u>38,784,375</u>	<u>6,933,030</u>	<u>11,022,395</u>	<u>61,750</u>	<u>(20,767,200)</u>	<u>-</u>	<u>(20,767,200)</u>
Business-Type Activities							
Food Service	602,316	337,605	275,829			\$ 11,118	11,118
Bridges to Learning	212,316	316,576	-	-	-	104,260	104,260
Total Business-Type Activities	<u>814,632</u>	<u>654,181</u>	<u>275,829</u>	<u>-</u>	<u>-</u>	<u>115,378</u>	<u>115,378</u>
Total Primary Government	<u>\$ 39,599,007</u>	<u>\$ 7,587,211</u>	<u>\$ 11,298,224</u>	<u>\$ 61,750</u>	<u>(20,767,200)</u>	<u>115,378</u>	<u>(20,651,822)</u>
General Revenues:							
Property Taxes:							
Levied for General Purposes				18,428,513			18,428,513
Levied for Debt Service				1,087,216			1,087,216
Federal and State Aid, Unrestricted				649,103			649,103
State Aid Restricted for Debt Service				200,779			200,779
Investment Earnings				3,910		245	4,155
Miscellaneous Income				234,018		-	234,018
Total General Revenues				<u>20,603,539</u>		<u>245</u>	<u>20,603,784</u>
Change in Net Position				(163,661)		115,623	(48,038)
Net Position, Beginning of Year				(2,899,779)		20,131	(2,879,648)
Net Position, End of Year				<u>\$ (3,063,440)</u>		<u>\$ 135,754</u>	<u>\$ (2,927,686)</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, 2018**

	<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		\$ 648	\$ 53,881		\$ 54,529
Federal Government		410,124			410,124
State Government	\$ 42,000				42,000
Other Local Governments	23,352				23,352
Due from Other Funds	70,884		7,351		78,235
Restricted Assets:					
Cash with Fiscal Agents	-	-	82,426	-	82,426
Total Assets	<u>\$ 136,236</u>	<u>\$ 410,772</u>	<u>\$ 143,658</u>	<u>-</u>	<u>\$ 690,666</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash Overdraft	\$ 1,640	\$ 159,059			\$ 160,699
Due to Other Funds	7,351				7,351
Payable to State Government		14,526			14,526
Unearned Revenue	-	237,187	-	-	237,187
Total Liabilities	<u>8,991</u>	<u>410,772</u>	<u>-</u>	<u>-</u>	<u>419,763</u>
Fund Balances					
Restricted					
Capital Reserve	732				732
Capital Projects			143,658		143,658
Assigned					
Year-End Encumbrances	132,776				132,776
Designated for Subsequent Year's Expenditures	285,886				285,886
Unassigned					
General Fund (Deficit)	<u>(292,149)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(292,149)</u>
Total Fund Balances	<u>127,245</u>	<u>-</u>	<u>143,658</u>	<u>-</u>	<u>270,903</u>
Total Liabilities and Fund Balances	<u>\$ 136,236</u>	<u>\$ 410,772</u>	<u>\$ 143,658</u>	<u>\$ -</u>	<u>\$ 690,666</u>

**TOWN OF BOONTON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2018**

Total Fund Balances - Governmental Funds (Exhibit B-1) \$ 270,903

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 \$35,771,188 and the accumulated depreciation is \$10,839,286.

24,931,902

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.

1,136,735

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.

Deferred Outflow of Resources	\$	3,135,703
Deferred Inflow of Resources		<u>(2,141,726)</u>

993,977

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:

Serial Bonds		(18,867,519)
Capital Leases		(1,436,271)
Net Pension Liability		(9,240,543)
Compensated Absences		<u>(542,264)</u>

(30,086,597)

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

(310,360)

Net Position of Governmental Activities (Exhibit A-1)

\$ (3,063,440)

TOWN OF BOONTON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<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	\$ 18,428,513			\$ 1,087,216	\$ 19,515,729
Tuition	6,933,030				6,933,030
Interest	3,733		\$ 177		3,910
Miscellaneous	234,018	\$ 9,295	-	-	243,313
Total - Local Sources	25,599,294	9,295	177	1,087,216	26,695,982
State Sources	5,146,295	64,111		379,996	5,590,402
Federal Sources	36,809	681,628	-	-	718,437
Total Revenues	<u>30,782,398</u>	<u>755,034</u>	<u>177</u>	<u>1,467,212</u>	<u>33,004,821</u>
EXPENDITURES					
Instruction					
Regular	11,878,240	266,833	227,617		12,372,690
Special Education	5,188,936	373,755			5,562,691
Other Instruction	732,982				732,982
School Sponsored Co-Curricular Activities	1,252,174				1,252,174
Support Services					
Student and Instruction Related Services	5,476,442	43,321			5,519,763
General Administrative Services	596,534		4,784		601,318
School Administrative Services	1,188,012				1,188,012
Central and Other Support Services	754,562		87,232		841,794
Plant Operations and Maintenance	2,118,214	9,375			2,127,589
Pupil Transportation	464,085				464,085
Debt Service					
Principal	598,040			785,000	1,383,040
Interest	24,221			700,700	724,921
Capital Outlay	302,583	61,750	720,436	-	1,084,769
Total Expenditures	<u>30,575,025</u>	<u>755,034</u>	<u>1,040,069</u>	<u>1,485,700</u>	<u>33,855,828</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>207,373</u>	<u>-</u>	<u>(1,039,892)</u>	<u>(18,488)</u>	<u>(851,007)</u>
OTHER FINANCING SOURCES (USES)					
Lease Purchase Proceeds			1,630,000		1,630,000
Insurance Recovery Proceeds			1,053,881		1,053,881
Casualty Loss			(1,053,881)		(1,053,881)
Operating Transfer In	177				177
Operating Transfer Out	-	-	(177)	-	(177)
Total Other Financing Sources and Uses	<u>177</u>	<u>-</u>	<u>1,629,823</u>	<u>-</u>	<u>1,630,000</u>
Net Change in Fund Balances	207,550	-	589,931	(18,488)	778,993
Fund Balance (Deficit), Beginning of Year	(80,305)	-	(446,273)	18,488	(508,090)
Fund Balance, End of Year	<u>\$ 127,245</u>	<u>\$ -</u>	<u>\$ 143,658</u>	<u>\$ -</u>	<u>\$ 270,903</u>

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, 2018**

Total net change in fund balances - governmental funds (Exhibit B-2) **\$ 778,993**

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	\$ 1,084,769	
Depreciation Expense	<u>(1,112,503)</u>	
		(27,734)

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	(231,520)	
Accrued Interest	10,794	
Net Pension Liability	<u>(456,569)</u>	
		(677,295)

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		
Lease Purchases Issued		(1,630,000)
Principal Repayments		
Serial Bonds	785,000	
Capital Leases	<u>598,040</u>	
		1,383,040
Amortization of Refunding Bond Items		
Original Issue Premium	175,389	
Deferred Amount on Refunding	<u>(166,054)</u>	
		<u>9,335</u>

Change in net position of governmental activities (Exhibit A-2) **\$ (163,661)**

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

**TOWN OF BOONTON SCHOOL DISTRICT
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF NET POSITION
 AS OF JUNE 30, 2018**

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Food Service</u>	<u>Bridges to Learning Program</u>	
ASSETS			
Current Assets			
Cash		\$ 34,569	\$ 34,569
Receivables			
Intergovernmental	\$ 46,443		46,443
Accounts	24,676		24,676
Inventories	3,624	-	3,624
	<u>74,743</u>	<u>34,569</u>	<u>109,312</u>
Total Current Assets			
Capital Assets			
Furniture, Machinery and Equipment	326,100		326,100
Less Accumulated Depreciation	(214,834)	-	(214,834)
	<u>111,266</u>	<u>-</u>	<u>111,266</u>
Total Capital Assets, Net			
Total Assets	<u>186,009</u>	<u>34,569</u>	<u>220,578</u>
LIABILITIES			
Current Liabilities			
Cash Overdraft	17,595		17,595
Due to Other Funds	60,015		60,015
Unearned Revenue	5,726	-	5,726
	<u>83,336</u>	<u>-</u>	<u>83,336</u>
Total Current Liabilities			
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	1,488	-	1,488
	<u>1,488</u>	<u>-</u>	<u>1,488</u>
Total Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	<u>84,824</u>	<u>-</u>	<u>84,824</u>
NET POSITION			
Investment in Capital Assets	111,266		111,266
Unrestricted	(10,081)	34,569	24,488
	<u>101,185</u>	<u>34,569</u>	<u>135,754</u>
Total Net Position	<u>\$ 101,185</u>	<u>\$ 34,569</u>	<u>\$ 135,754</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, 2018**

	<u>Food Service</u>	<u>Bridges to Learning Program</u>	<u>Total</u>
OPERATING REVENUES			
Local Sources			
Daily Sales			
Reimbursable Programs	\$ 183,371		\$ 183,371
Non-Reimbursable Programs	138,882		138,882
Program Fees		\$ 316,576	316,576
Miscellaneous	<u>15,352</u>	<u>-</u>	<u>15,352</u>
 Total Operating Revenues	 <u>337,605</u>	 <u>316,576</u>	 <u>654,181</u>
OPERATING EXPENSES			
Salaries and Wages	205,656	194,952	400,608
Other Purchased Services	5,712	13,092	18,804
Management Fee	27,920		27,920
Supplies and Materials	21,313	4,272	25,585
Insurance	32,668		32,668
Cost of Sales			
Reimbursable Programs	188,172		188,172
USDA Commodities	38,088		38,088
Non-Reimbursable Programs	50,944		50,944
Miscellaneous	24,366		24,366
Depreciation	<u>7,477</u>	<u>-</u>	<u>7,477</u>
 Total Operating Expenses	 <u>602,316</u>	 <u>212,316</u>	 <u>814,632</u>
 Operating Income (Loss)	 <u>(264,711)</u>	 <u>104,260</u>	 <u>(160,451)</u>
Nonoperating Revenues			
State Sources			
School Lunch Program	6,476		6,476
Federal Sources			
School Breakfast Program	24,052		24,052
U.S.D.A. Commodities	38,088		38,088
School Lunch Program	207,213		207,213
Interest Income	<u>90</u>	<u>155</u>	<u>245</u>
 Total Nonoperating Revenues	 <u>275,919</u>	 <u>155</u>	 <u>276,074</u>
 Change in Net Position	 11,208	 104,415	 115,623
Net Position, Beginning of Year	<u>89,977</u>	<u>(69,846)</u>	<u>20,131</u>
Net Position, End of Year	<u>\$ 101,185</u>	<u>\$ 34,569</u>	<u>\$ 135,754</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, 2018**

	<u>Food Service</u>	<u>Bridges to Learning Program</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 312,929	\$ 316,576	\$ 629,505
Cash Payments for Employees Salaries & Benefits	(205,656)	(194,952)	(400,608)
Cash Payments to Suppliers for Goods and Services	<u>(343,986)</u>	<u>(17,364)</u>	<u>(361,350)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(236,713)</u>	<u>104,260</u>	<u>(132,453)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from (Payments to) Other Funds	166,103	(75,118)	90,985
Cash Received from Other Governments	<u>208,297</u>	<u>-</u>	<u>208,297</u>
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>374,400</u>	<u>(75,118)</u>	<u>299,282</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	<u>(96,870)</u>	<u>-</u>	<u>(96,870)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(96,870)</u>	<u>-</u>	<u>(96,870)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Earnings	<u>90</u>	<u>155</u>	<u>245</u>
Net Cash Provided by Investing Activities	<u>90</u>	<u>155</u>	<u>245</u>
Net Increase in Cash and Cash Equivalents	40,907	29,297	70,204
Cash and Cash Equivalents, Beginning of Year	<u>(58,502)</u>	<u>5,272</u>	<u>(53,230)</u>
Cash and Cash Equivalents, End of Year	<u>\$ (17,595)</u>	<u>\$ 34,569</u>	<u>\$ 16,974</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (264,711)	\$ 104,260	\$ (160,451)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	7,477		7,477
Non-Cash Federal Assistance - Food Distribution Program	38,088		38,088
Change in Assets, Deferred Inflows of Resources and Liabilities (Increase)/Decrease in Accounts Receivable	(24,676)		(24,676)
(Increase)/Decrease in Inventory	1,060		1,060
Increase/(Decrease) in Deferred Inflows of Resources	323		323
Increase/(Decrease) in Unearned Revenue	<u>5,726</u>	<u>-</u>	<u>5,726</u>
Total Adjustments	<u>27,998</u>	<u>-</u>	<u>27,998</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (236,713)</u>	<u>\$ 104,260</u>	<u>\$ (132,453)</u>
Non-Cash Investing, Capital and Financing Activities: Value Received - Food Distribution Program	\$ 38,411		\$ 38,411

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

**TOWN OF BOONTON SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2018**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 77,384	\$ 294,631	\$ 704,999
Due from Other Funds	<u>11,651</u>	<u>-</u>	<u>-</u>
Total Assets	<u>89,035</u>	<u>294,631</u>	<u>\$ 704,999</u>
LIABILITIES			
Accrued Salaries and Wages			\$ 548,547
Intergovernmental Accounts Payable	1,013		
Due to Student Groups			135,421
Payroll Deductions and Withholdings Payable			(3,399)
Reserve for Flexible Spending Account			11,269
Due to Other Funds	<u>-</u>	<u>9,359</u>	<u>13,161</u>
Total Liabilities	<u>1,013</u>	<u>9,359</u>	<u>\$ 704,999</u>
NET POSITION			
Held in Trust for Unemployment Claims	<u>\$ 88,022</u>		
Reserved for Scholarships		<u>\$ 285,272</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, 2018**

	Unemployment Compensation <u>Trust</u>	Private Purpose Scholarship <u>Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 27,651	
Donations		\$ 22,445
Interest Earnings	<u>82</u>	<u>151</u>
 Total Additions	 <u>27,733</u>	 <u>22,596</u>
 DEDUCTIONS		
Unemployment Claims and Contributions	15,424	
Scholarships Awarded	<u>-</u>	<u>17,800</u>
 Total Deductions	 <u>15,424</u>	 <u>17,800</u>
 Change in Net Position	 12,309	 4,796
Net Position, Beginning of Year	<u>75,713</u>	<u>280,476</u>
Net Position, End of Year	<u>\$ 88,022</u>	<u>\$ 285,272</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, 2018**

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 along with one representative from Lincoln Park 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 2018, the District adopted the following GASB statements as required:

- GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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. 85, *Omnibus 2017*. 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*. 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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- 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. 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.
- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, will be effective beginning with the year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

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.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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.

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.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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 and extended day services.

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, 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.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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.

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.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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 Board'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.

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 inventory at year-end is reported as deferred inflows of resources.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. Restricted Assets

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by Lease-Purchase Agreements 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

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 Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount 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.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 (Continued)

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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board 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 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; 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 inventory 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 sick leave benefits. A long-term liability of accumulated 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.

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 of 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 with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Long-Term Obligations (Continued)

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.

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 2C).

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

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 (Continued)

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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2018/2019 District budget certified for taxes.

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

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2016-2017 and 2017-2018 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 Nonoperating 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.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

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 2017/2018. Also, during 2017/2018 the Board increased the original budget by \$986,652. The increase was funded by additional state aid and restricted local revenue appropriated, 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, 2018**

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$292,149 in the General Fund as of June 30, 2018 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 2017/2018 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 deficits 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 deficits in the GAAP (fund) financial statements of \$292,149 in the General Fund is less than the delayed state aid payments at June 30, 2018.

C. 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, 2018 is as follows:

Balance, July 1, 2017	\$	730
Increased by:		
Interest Earnings		2
Balance, June 30, 2018	\$	732

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 and NCUSIF.

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, 2018, the book value of the Board's deposits were \$1,015,715 and bank and brokerage firm balances of the Board's deposits amounted to \$2,312,766. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" or "cash with fiscal agents" are categorized as:

Depository Account

Insured	\$ <u>2,312,766</u>
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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, 2018 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; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2018, the Board had no outstanding investments.

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, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2018 for the district's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts		\$ 648	\$ 53,881	\$ 24,676	\$ 25,324
Intergovernmental					
Federal		410,124		45,168	455,292
State	\$ 42,000	-		1,275	43,275
Local	23,352	-	-	-	23,352
Gross Receivables	65,352	410,772	53,881	71,119	547,243
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 65,352</u>	<u>\$ 410,772</u>	<u>\$ 53,881</u>	<u>\$ 71,119</u>	<u>\$ 547,243</u>

C. Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Draw Downs	\$ 6,434
Grant Draw Downs Reserved for Encumbrances	<u>230,753</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 237,187</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 471,800			\$ 471,800
Construction in Progress	<u>-</u>	\$ 481,407	-	<u>481,407</u>
Total Capital Assets, Not Being Depreciated	<u>471,800</u>	<u>481,407</u>	-	<u>953,207</u>
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	30,994,870	\$ 528,253		31,523,123
Machinery and Equipment	<u>3,219,749</u>	<u>75,109</u>	-	<u>3,294,858</u>
Total Capital Assets Being Depreciated	<u>34,214,619</u>	<u>603,362</u>	-	<u>34,817,981</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(7,854,713)	(786,462)		(8,641,175)
Machinery and Equipment	<u>(1,872,070)</u>	<u>(326,041)</u>	-	<u>(2,198,111)</u>
Total Accumulated Depreciation	<u>(9,726,783)</u>	<u>(1,112,503)</u>	-	<u>(10,839,286)</u>
Total Capital Assets, Being Depreciated, Net	<u>24,487,836</u>	<u>(509,141)</u>	-	<u>23,978,695</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,959,636</u>	<u>\$ (27,734)</u>	<u>\$ -</u>	<u>\$ 24,931,902</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2018</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 229,230	\$ 96,870	-	\$ 326,100
Total Capital Assets Being Depreciated	<u>229,230</u>	<u>96,870</u>	<u>-</u>	<u>326,100</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(207,357)</u>	<u>(7,477)</u>	<u>-</u>	<u>(214,834)</u>
Total Accumulated Depreciation	<u>(207,357)</u>	<u>(7,477)</u>	<u>-</u>	<u>(214,834)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,873</u>	<u>89,393</u>	<u>-</u>	<u>111,266</u>
Business-Type Activities Capital Assets, Net	<u>\$ 21,873</u>	<u>\$ 89,393</u>	<u>\$ -</u>	<u>\$ 111,266</u>

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

Governmental Activities:	
Instruction	
Regular	\$ 124,639
Total Instruction	<u>124,639</u>
Support Services	
Support Services-Students	19,779
General Administration	2,200
School Administration	144,431
Operations and Maintenance	806,765
Transporation	14,689
Total Support Services	<u>987,864</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,112,503</u>
Business-Type Activities:	
Food Service Fund	\$ 7,477
Total Depreciation Expense-Business-Type Activities	<u>\$ 7,477</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2018:

<u>Project</u>	<u>Remaining Commitment</u>
Emergency Remediation Services	\$ 852,264
Fire Damage Reconstruction	364,804
Safe Routes to School Project	<u>221,970</u>
	<u>\$ 1,439,038</u>

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Food Service Enterprise Fund	\$ 60,015
General Fund	Scholarship Fund	9,359
General Fund	Payroll Agency Fund	1,510
Capital Projects Fund	General Fund	7,351
Unemployment Compensation Trust Fund	Payroll Agency Fund	<u>11,651</u>
		<u>\$ 89,886</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 expenditures paid by one fund on behalf of another fund and to cover cash balances which were in an overdraft position.

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

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers

	<u>Transfer In:</u>	
	<u>General Fund</u>	<u>Total</u>
<u>Transfer Out:</u>		
Capital Projects Fund	\$ 177	\$ 177
Total Transfers Out	<u>\$ 177</u>	<u>\$ 177</u>

The above transfers are the result of revenues earned in one fund to finance expenditures in another fund.

F. Leases

Capital Leases

The District is leasing a bus, various equipment and acquisitions totaling \$1,725,482 under capital leases. The leases are for terms of 5 years.

The capital assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Building Improvements	\$ 327,383
Machinery and Equipment	<u>95,482</u>
Total	<u>\$ 422,865</u>

The unexpended proceeds from capital leases in the amount of \$82,426 at June 30, 2018 are held with the Fiscal Agent.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

<u>Fiscal Year Ending June 30</u>	<u>Governmental Activities</u>
2019	\$ 374,154
2020	365,115
2021	365,115
2022	353,370
2023	<u>57,776</u>
Total minimum lease payments	1,515,530
Less: amount representing interest	<u>(79,259)</u>
Present value of minimum lease payments	<u>\$ 1,436,271</u>

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

G. 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, 2018 are comprised of the following issues:

\$9,305,000, 2014 Refunding Bonds, due in annual installments of \$810,000 to \$1,080,000 through January 15, 2027, interest at 3.00% to 5.00%	\$8,400,000
\$9,475,000, 2015 Refunding Bonds, due in annual installments of \$1,210,000 to \$1,480,000 through January 15, 2034, interest at 3.00% to 4.00%	<u>9,330,000</u>
	<u>\$17,730,000</u>

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>	
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	920,000	558,050	1,478,050
2024-2028	5,270,000	2,187,600	7,457,600
2029-2033	6,640,000	1,098,350	7,738,350
2034	<u>1,480,000</u>	<u>59,200</u>	<u>1,539,200</u>
	<u>\$ 17,730,000</u>	<u>\$ 6,421,150</u>	<u>\$ 24,151,150</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2018 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 45,720,341
Less: Net Debt (Including Unfunded Authorizations)	<u>17,730,325</u>
Remaining Borrowing Power	<u>\$ 27,990,016</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 3 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2018, was as follows:

	Balance, <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2018</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 18,515,000		\$ (785,000)	\$ 17,730,000	\$ 810,000
Add: Premium	1,312,908	-	(175,389)	1,137,519	-
Total Bonds Payable	19,827,908	-	(960,389)	18,867,519	810,000
Capital Leases Payable	404,311	\$ 1,630,000	(598,040)	1,436,271	374,154
Net Pension Liability	11,101,169		(1,860,626)	9,240,543	
Compensated Absences	310,744	385,055	(153,535)	542,264	199,710
Governmental Activity Long-Term Liabilities	<u>\$ 31,644,132</u>	<u>\$ 2,015,055</u>	<u>\$ (3,572,590)</u>	<u>\$ 30,086,597</u>	<u>\$ 1,383,864</u>

For the governmental activities, the liabilities for compensated absences, capital leases and net pension liability are 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 or Group). 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.

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 are 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.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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 <u>June 30,</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018		\$ 27,651	\$ 15,424	\$ 88,022
2017	\$ 21,943	24,347	40,557	75,713
2016	36,163	41,186	34,926	69,963

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.

On March 7, 2018, the District incurred property damage resulting from a fire at the High School. The District had insurance policies in effect at the time of the fire. As of June 30, 2018, the District has disbursed \$1,053,880 for emergency repairs related to the damage incurred, and has encumbered an additional \$1,217,315 of funds for emergency contracts awarded. As of June 30, 2018, the insurers remitted \$1,000,000 to the District. Subsequent to the date of the audit, the insurers remitted an additional \$350,000 to the District. As of the date of this report, the amount of ultimate liability, if any, to the District, is indeterminate.

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, 2018, 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, 2018, 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, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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. PERS is a cost sharing multiple employer defined benefit pension plan.

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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. TPAF is a cost sharing multiple employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions.

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) (Continued)

The following represent the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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 (“Division”), 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, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

Measurement Focus and Basis of Accounting

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Investments are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The 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.us/treasury/doinvest.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the aggregate funded ratio for the State administered TPAF and local PERS retirement systems, is 33 percent with an unfunded actuarial accrued liability of 90.90 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded TPAF system is 25.41 percent and \$67.6 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS is 48.10 percent and \$23.3 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, 2016 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 7.00 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.

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 7.34% for PERS, 7.34% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2018.

Annual Pension Costs (APC)

For the fiscal year ended June 30, 2018 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multiple 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.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Annual Pension Costs (APC) (Continued)

During the fiscal years ended June 30, 2018, 2017 and 2016 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, 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 June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2018	\$ 367,739	\$ 1,688,729	\$ 4,568
2017	332,987	1,219,506	3,129
2016	298,414	837,266	None

In addition for fiscal years 2017/2018 and 2016/2017 the District contributed \$7,838 and \$2,639, respectively for PERS and the State contributed \$2,523 and \$2,924, respectively for TPAF for Long Term Disability Insurance Premium (LTDF).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). 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 \$856,346 during the fiscal year ended June 30, 2018 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 governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the fiscal year ended June 30, 2017. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups of the plan.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

To facilitate the separate actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2017 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2017.

At June 30, 2018, the District reported in the statement of net position (accrual basis) a liability of \$9,240,543 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2017 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, 2017, the District’s proportionate share was .03969 percent, which was an increase of .00221 percent from its proportionate share measured as of June 30, 2016 of .03748 percent.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$836,714 for PERS. The pension contribution made by the District during the current 2017/2018 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2018 with a measurement date of the prior fiscal year end of June 30, 2017. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2018 for contributions made subsequent to the current fiscal year end. At June 30, 2018, 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	\$ 217,583	
Changes of Assumptions	1,861,651	\$ 1,854,826
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	62,922	
Changes in Proportion and Differences Between Borough Contributions and Proportionate Share of Contributions	<u>993,547</u>	<u>286,900</u>
Total	<u>\$ 3,135,703</u>	<u>\$ 2,141,726</u>

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

At June 30, 2018, 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:

Year Ending <u>June 30,</u>	<u>Total</u>
2019	\$ 402,657
2020	431,267
2021	379,670
2022	(81,621)
2023	(137,996)
Thereafter	<u> -</u>
	<u>\$ 993,977</u>

Actuarial Assumptions

The District’s total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
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, 2016 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, 2018**

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	5.00%
2017	June 30, 2016	3.98%

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 5.00%, 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 (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 11,463,521</u>	<u>\$ 9,240,543</u>	<u>\$ 7,388,527</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2017. 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 report 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, 2018**

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)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as a non-employer toward the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2017. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2017, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, 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, 2018, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,064,020 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. 85.

At June 30, 2018 the State's proportionate share of the net pension liability attributable to the District is \$73,100,319. 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, 2017. At June 30, 2017, the state's share of the net pension liability attributable to the District was .10841 percent, which was an increase of .00384 percent from its proportionate share measured as of June 30, 2016 of .10457 percent.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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)

Actuarial Assumptions

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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, 2016 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, 2018**

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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	4.25%
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, 2036

Municipal Bond Rate * From July 1, 2036 and Thereafter

* The municipal bond return rate used is 3.58% as of the measurement date of June 30, 2017. 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 4.25%, 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 (3.25 percent) or 1-percentage-point higher (5.25 percent) than the current rate:

	<u>1% Decrease (3.25%)</u>	<u>Current Discount Rate (4.25%)</u>	<u>1% Increase (5.25%)</u>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	\$ 86,845,472	\$ 73,100,319	\$ 61,777,002

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2017. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2017 was not provided by the pension system.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 report 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 plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report effective for the fiscal year ended June 30, 2017. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage and prescription drug benefits to qualified retired education participants. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) 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 employer 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.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2016:

Active Plan Members	223,747
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	142,331
Inactive Plan Members Entitled to but not yet Receiving Benefits	-----
Total	<u>366,078</u>

Measurement Focus and Basis of Accounting

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Funded Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the State had a \$69.3 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$25.5 billion for state active and retired members and \$43.8 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.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

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, 2016, 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.

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, 2017, there were 112,966, retirees receiving post-retirement medical benefits and the State contributed \$1.39 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 \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

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, as a nonemployer contributing entity, to the State Health Benefits Program Fund -- Local Education Retired for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2018, 2017 and 2016 were \$1,090,714, \$1,016,125 and \$996,952 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund -- Local Education Retired for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense excluding that attributable to retiree-paid member contributions. The nonemployer allocation percentages presented are based on the ratio of the State’s contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the fiscal year ended June 30, 2017. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District’s proportionate share percentage determined under Statement No. 75 is zero percent and the State’s proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2018, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$3,331,316. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2018 the State’s proportionate share of the OPEB liability attributable to the District is \$50,863,149. The nonemployer allocation percentages are based on the ratio of the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2017. At June 30, 2017, the state’s share of the OPEB liability attributable to the District was .09449 percent, which was an increase of .00035 percent from its proportionate share measured as of June 30, 2016 of .09414 percent.

Actuarial Assumptions

The OPEB liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	RP-2014 Headcount-Weighted Healthy Employee, Healthy Annuitant and Disabled Male/Female Mortality Table with Fully Generational Mortality Improvement Projections from the Central Year Using Scale MP-2017
Long-Term Rate of Return	1.00%

*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

**TOWN OF BOONTON SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Actuarial Assumptions (Continued)

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9 percent and decreases to a 5.0 percent long-term trend rate after nine years. For prescription drug benefits, the initial trend rate is 10.5 percent and decreases to a 5.0 percent long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2017.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2018	June 30, 2017	3.58%
2017	June 30, 2016	2.85%

The discount rate represents the municipal bond return rate as chosen by the Division. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 (measurement date June 30, 2017 is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2016 Measurement Date	\$ <u>54,445,669</u>
Changes Recognized for the Fiscal Year:	
Service Cost	\$ 2,433,262
Interest on the Total OPEB Liability	1,599,938
Changes of Assumptions	(6,695,977)
Gross Benefit Payments	(1,141,786)
Contributions from the Member	42,043
Net Changes	<u>\$ (3,762,520)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>50,683,149</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017. A change in the total OPEB liability specific to the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2017 was not provided by the pension system.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State’s proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.58%, as well as what the State’s proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage-point higher (4.58 percent) than the current rate:

	1% Decrease <u>(2.58%)</u>	Current Discount Rate <u>(3.58%)</u>	1% Increase <u>(4.58%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>60,164,554</u>	\$ <u>50,683,149</u>	\$ <u>43,162,408</u>

**TOWN OF BOONTON SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOTE 4 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Sensitivity of OPEB Liability (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the State’s proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1%</u> <u>Decrease</u>	<u>Healthcare</u> <u>Cost Trend</u> <u>Rates</u>	<u>1%</u> <u>Increase</u>
Total OPEB Liability (School Retirees)	\$ 41,681,991	\$ 50,683,149	\$ 62,636,582

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2017 were not provided by the pension system.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district’s local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For Town of Boonton School District, the District’s share of abated taxes resulting from the municipality/county having entered into a tax abatement agreement is indeterminate.

NOTE 5 SUBSEQUENT EVENT

On July 15, 2018, the District entered into a Lease-Purchase agreement for financing relating to the acquisition of copiers, mobile devices, hearing systems and textbooks. The lease-purchase agreement is for a term of five (5) years. The amount financed of \$559,668 is required to repay in semi-annual installments, with an interest rate of 3.188%, until final maturity on July 15, 2023.

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, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 18,428,513		\$ 18,428,513	\$ 18,428,513	
Other Local Governmental Units - Unrestricted	52,000		52,000		\$ (52,000)
Other Local Governmental Units - Restricted	166,110		166,110		(166,110)
Tuition from Other LEA's within the State	7,216,049		7,216,049	6,783,351	(432,698)
Tuition from Individuals - Preschool		\$ 145,000	145,000	149,679	4,679
Interest Earned on Capital Reserve	1		1		(1)
Rents and Royalties	169,300		169,300	155,468	(13,832)
Private Contributions		54,584	54,584	54,827	243
Unrestricted Miscellaneous Revenues	207,000	-	207,000	27,456	(179,544)
Total Local Sources	26,238,973	199,584	26,438,557	25,599,294	(839,263)
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	310,230	110,230
Special Education Aid	599,367		599,367	599,367	
Equalization Aid	419,815	130,935	550,750	550,750	
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	2,508		2,508	2,508	
TPAF Pension System Contribution (On-Behalf - Non-Budgeted)				1,648,719	1,648,719
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				40,010	40,010
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,090,714	1,090,714
TPAF Long-Term Disability Contributions (Non-Budgeted)				2,523	2,523
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	856,346	856,346
Total State Sources	1,391,954	130,935	1,522,889	5,271,431	3,748,542
Federal Sources					
Special Education Medicaid Initiative	42,749	-	42,749	36,809	(5,940)
Total Federal Sources	42,749	-	42,749	36,809	(5,940)
Total Revenues	27,673,676	330,519	28,004,195	30,907,534	2,903,339
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool		279,561	279,561	272,566	6,995
Kindergarten	376,663	13,328	389,991	389,930	61
Grades 1-5	2,193,214	(160,341)	2,032,873	2,024,985	7,888
Grades 6-8	943,161	(37,467)	905,694	905,694	
Grades 9-12	3,370,266	108,570	3,478,836	3,472,224	6,612
Regular Programs - Home Instruction					
Salaries of Teachers	52,710	(36,548)	16,162	5,052	11,110
Purchased Professional-Educational Services	105,000	(34,689)	70,311	35,613	34,698
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	6,000	28,525	34,525	34,525	
Unused Vac Paymen to Term/Ret Staff		12,780	12,780	12,780	
Purchased Technical Services	23,358	(53)	23,305	23,305	
Other Purchased Services	465,816	62,435	528,251	512,893	15,358
General Supplies	338,096	26,433	364,529	352,086	12,443
Textbooks	103,427	(49,670)	53,757	53,757	
Other Objects	34,301	(28,688)	5,613	5,613	-
Total Regular Programs	8,012,012	184,176	8,196,188	8,101,023	95,165
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	174,931	4,737	179,668	179,668	
Other Salaries for Instruction	97,492	(56,451)	41,041	41,041	
General Supplies	4,000	(2,230)	1,770	1,770	-
Total Learning and/or Language Disabilities	276,423	(53,944)	222,479	222,479	-

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Multiple Disabilities					
Salaries of Teachers	\$ 120,573	\$ 4,816	\$ 125,389	\$ 125,389	
Other Salaries for Instruction	200,687	(123,779)	76,908	76,908	
Purchased Professional Educational Services	343,000	(300)	342,700	342,700	
General Supplies	3,100	(1,371)	1,729	1,729	-
Total Multiple Disabilities	667,360	(120,634)	546,726	546,726	-
Resource Room/Resource Center					
Salaries of Teachers	1,419,489	7,859	1,427,348	1,424,531	\$ 2,817
Other Salaries for Instruction	414,405	123,438	537,843	537,843	
Unused Vac Payment to Term/Ret Staff		15,990	15,990	15,990	
General Supplies	16,800	(8,178)	8,622	8,622	-
Total Resource Room/Resource Center	1,850,694	139,109	1,989,803	1,986,986	2,817
Preschool Disabilities - Full Time					
Salaries of Teachers	91,502	(35,401)	56,101	56,101	
Other Salaries for Instruction	132,755	794	133,549	133,549	
General Supplies	800	(532)	268	268	-
Total Preschool Disabilities - Full-Time	225,057	(35,139)	189,918	189,918	-
Total Special Education	3,019,534	(70,608)	2,948,926	2,946,109	2,817
Basic Skills/Remedial					
Salaries of Teachers	157,381	58,725	216,106	216,106	
General Supplies	814	(206)	608	608	-
Total Basic Skills/Remedial	158,195	58,519	216,714	216,714	-
Bilingual Education					
Salaries of Teachers	258,226	15,164	273,390	273,390	
Other Purchased Services		314	314	314	
General Supplies	7,076	(1,340)	5,736	5,707	29
Total Bilingual Education	265,302	14,138	279,440	279,411	29
School Sponsored Co-Curricular Activities					
Salaries	139,931	77,598	217,529	211,990	5,539
Purchased Services	14,390	(12,265)	2,125	2,125	
Supplies and Materials	6,768	(5,324)	1,444	266	1,178
Other Objects	8,000	(8,000)	-	-	-
Total School Sponsored Co-Curricular Activities	169,089	52,009	221,098	214,381	6,717
School Sponsored Athletics					
Salaries	448,919	53,970	502,889	502,889	
Purchased Services	119,410	(29,208)	90,202	85,613	4,589
Supplies and Materials	94,400	(12,376)	82,024	80,263	1,761
Other Objects	27,600	(2,104)	25,496	23,518	1,978
Total School Sponsored Athletics	690,329	10,282	700,611	692,283	8,328
Total Instruction	12,314,461	248,516	12,562,977	12,449,921	113,056

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs w/ State - Special	\$ 386,691	\$ (85,246)	\$ 301,445	\$ 281,411	\$ 20,034
Tuition to County Voc. School Dist.-Regular	670,200	(35,491)	634,709	627,390	7,319
Tuition to County Voc. School Dist.- Special	14,000		14,000	14,000	
Tuition to CSSD and Regional Day Schools		81,000	81,000	81,000	
Tuition to Priv. Sch. Disabled Within State	820,721	(73,087)	747,634	621,047	126,587
Tuition- State Facilities	35,465	-	35,465	-	35,465
Total Undistributed Expenditures - Instruction	1,927,077	(112,824)	1,814,253	1,624,848	189,405
Attendance and Social Work					
Salaries	25,000		25,000	20,211	4,789
Supplies and Materials	-	263	263	263	-
Total Attendance and Social Work	25,000	263	25,263	20,474	4,789
Health Services					
Salaries	277,284	(20,657)	256,627	253,523	3,104
Unused Vac Payment to Term/Ret Staff		1,890	1,890	1,890	
Purchased Professional and Technical Services	21,100	1,169	22,269	22,269	
Other Purchased Services	491	1,257	1,748	1,748	
Supplies and Materials	5,408	1,783	7,191	6,895	296
Total Health Services	304,283	(14,558)	289,725	286,325	3,400
Other Support Serv. Students - Speech, OT, PT & Related Serv.					
Salaries	249,841	126,733	376,574	376,225	349
Purchased Professional/Educational Services	203,680	(19,090)	184,590	166,775	17,815
Travel		1,350	1,350	1,350	
Supplies and Materials	5,000	(360)	4,640	2,398	2,242
Total Other Supp.Serv. Student- Speech, OT, PT, & Related Serv.	458,521	108,633	567,154	546,748	20,406
Other Support Services - Students - Extra Serv.					
Salaries	65,132	216,893	282,025	281,294	731
Purchased Professional/Educational Services	228,100	(58,613)	169,487	151,203	18,284
Total Other Supp.Serv. Student - Extra Serv.	293,232	158,280	451,512	432,497	19,015
Guidance					
Salaries of Other Professional Staff	540,584	51,205	591,789	591,789	
Salaries of Secretarial & Clerical Assistants	53,394	(76)	53,318	53,170	148
Other Purchased Professional and Technical Svs.	4,500	(2,377)	2,123	2,123	
Other Purchased Services	5,175	(2,092)	3,083	3,083	
Supplies and Materials	48,292	(10,833)	37,459	35,416	2,043
Other Objects	11,800	(6,512)	5,288	5,288	-
Total Guidance	663,745	29,315	693,060	690,869	2,191
Child Study Team					
Salaries of Other Professional Staff	655,423	15,055	670,478	670,478	
Salaries of Secretarial & Clerical Assistants	95,307	1,661	96,968	96,968	
Other Salaries	10,177	(2,726)	7,451	5,373	2,078
Purchased Professional-Educational Services	23,100	10,744	33,844	25,301	8,543
Other Purchased Services	14,000	(14,000)			
Miscellaneous Purchased Services	17,000	797	17,797	6,256	11,541
Supplies and Materials	29,100	2,451	31,551	25,725	5,826
Other Objects	1,185	250	1,435	1,430	5
Total Child Study Teams	845,292	14,232	859,524	831,531	27,993
Improvement of Instruction Services					
Salaries of Supervisors of Instruction	414,875	4,466	419,341	418,874	467
Salaries Other Prof Staff	38,000	(2,700)	35,300	33,480	1,820
Salaries of Secretarial & Clerical Assistants	66,738		66,738	66,738	
Other Salaries	500	1,352	1,852	(485)	2,337
Unused Vac Payment to Term / Ret Staff		9,427	9,427	9,427	
Supplies and Materials	4,000	368	4,368	3,887	481
Total Improvement of Instruction Services	524,113	12,913	537,026	531,921	5,105

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Educational Media/School Library					
Salaries	\$ 238,032	\$ (37,398)	\$ 200,634	\$ 200,265	\$ 369
Salaries of Technology Coordinators	106,756		106,756	106,756	
Other Purchased Services	1,915	(1,915)	-	-	
Supplies and Materials	29,491	(733)	28,758	27,092	1,666
Other Objects	-	65	65	65	-
Total Educational Media/School Library	376,194	(39,981)	336,213	334,178	2,035
Instructional Staff Training Services					
Other Salaries	161,575	(18,179)	143,396	142,786	610
Purchased Professional Educational Services	13,150	(4,350)	8,800	6,464	2,336
Unused Vac Payment to Term / Ret Staff		55,398	55,398	44,693	10,705
Other Purchased Services	75,200	(75,200)	-	-	
Other Objects	14,700	(2,124)	12,576	1,593	10,983
Total Instructional Staff Training Services	264,625	(44,455)	220,170	195,536	24,634
Support Services General Administration					
Salaries	250,333	2,149	252,482	244,302	8,180
Legal Services	45,000	12,258	57,258	57,258	
Audit Fees	27,175	5,975	33,150	33,150	
Architectural/Engineering Services		4,717	4,717	4,717	
Other Purchased Professional Services	24,300	(16,141)	8,159	8,159	
Communications/Telephone	69,119	19,067	88,186	82,294	5,892
Miscellaneous Purchased Services	19,200	(19,200)	-	-	
BOE Other Purchased Services		967	967	967	
Other Purchased Services		17,889	17,889	16,558	1,331
General Supplies	9,375	3,500	12,875	12,863	12
Judgements Against the School District		6,483	6,483	(1,250)	7,733
Miscellaneous Expenditures	5,000	(4,650)	350	350	
BOE Membership Dues and Fees	12,000	1,845	13,845	13,417	428
Total Support Services General Administration	461,502	34,859	496,361	472,785	23,576
Support Services School Administration					
Salaries of Principals/Asst. Principals/Program Directors	469,142	(25,148)	443,994	436,789	7,205
Salaries of Other Professional Staff	126,723	1	126,724	123,724	3,000
Salaries of Secretarial and Clerical Assistants	211,478	3,191	214,669	213,529	1,140
Other Purchased Services	11,210	(122)	11,088	6,200	4,888
Supplies and Materials	20,653	17,937	38,590	21,791	16,799
Other Objects	11,600	443	12,043	11,608	435
Total Support Services School Administration	850,806	(3,698)	847,108	813,641	33,467
Undistributed Expenditures - Central Services					
Salaries	361,642	(15,262)	346,380	339,380	7,000
Purchased Technical Services	2,500	24,128	26,628	23,660	2,968
Misc. Purchased Services	17,000	345	17,345	16,750	595
Supplies and Materials	16,000	(11,368)	4,632	4,602	30
Miscellaneous Expenditures	5,000	(1,219)	3,781	2,781	1,000
Interest on Lease Purchase Agreements	-	13,003	13,003	13,003	-
Total Undistributed Expenditures - Central Services	402,142	9,627	411,769	400,176	11,593
Undistributed Expenditures - Admin. Info. Tech.					
Purchased Technical Services	182,773	(3,500)	179,273	166,532	12,741
Supplies and Materials	25,812	20,575	46,387	29,448	16,939
Total Undistributed Expenditures - Admin. Info. Tech.	208,585	17,075	225,660	195,980	29,680
Required Maintenance for School Facilities					
Salaries	203,537	25,447	228,984	228,984	
Cleaning, Repair and Maintenance Services	178,542	6,016	184,558	107,630	76,928
General Supplies	16,500	2,018	18,518	14,925	3,593
Other Objects	2,000	(1,258)	742	742	-
Total Required Maintenance for School Facilities	400,579	32,223	432,802	352,281	80,521

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	Original Budget	Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES (Continued)					
Custodial Services					
Salaries	\$ 595,296	\$ (14,751)	\$ 580,545	\$ 562,658	\$ 17,887
Salaries of Non-Instructional Aides	87,200	14,062	101,262	101,262	
Unused Vac Payment to Term / Ret Staff		1,442	1,442		1,442
Cleaning, Repair and Maintenance Services	93,900	(24,937)	68,963	38,530	30,433
Other Purchased Property Services	31,100		31,100	22,574	8,526
Insurance	245,942	(18,630)	227,312	227,312	
General Supplies	64,500	3,806	68,306	64,989	3,317
Energy (Electricity)	212,751	7,229	219,980	207,362	12,618
Energy (Natural Gas)	126,000	12,517	138,517	112,020	26,497
Energy (Oil)	2,000	114	2,114	2,114	
Other Objects	4,000	(3,125)	875	-	875
Total Custodial Services	1,462,689	(22,273)	1,440,416	1,338,821	101,595
Security					
Cleaning, Repair and Maintenance Services	117,595	(114,795)	2,800	2,800	-
Total Security	117,595	(114,795)	2,800	2,800	-
Student Transportation Services					
Salaries of Non- Instructional Aide		4,187	4,187	4,187	
Salaries for Pupil Transportation (Between Home and School) - Special Ed.	32,581	7,504	40,085	40,085	
Salaries for Pupil Transportation (Other Than Between Home and School)	10,000	17,690	27,690	27,690	
Cleaning, Repair and Maintenance Services	6,000	(2,146)	3,854	3,186	668
Contracted Services (Between Home and School) - Vendors	47,000		47,000	46,549	451
Contracted Services (Other Than Between Home and School) - Vendors	27,000	2,617	29,617	28,682	935
Lease Purchase Payments	20,133		20,133	20,133	
Contracted Services (Special Ed Students) - Vendors	370,000	(28,198)	341,802	270,663	71,139
Contracted Service-Aid in Liew Payments - Non Public School		884	884	884	
Misc Purchased Service- Transportation		771	771	771	
Transportation Supplies	12,000	8	12,008	6,287	5,721
Other Objects	500	(157)	343	338	5
Total Student Transportation Services	525,214	3,160	528,374	449,455	78,919
Unallocated Benefits					
Group Insurance		2,380	2,380	981	1,399
Social Security Contributions	374,334	47,308	421,642	421,392	250
Other Retirement Contributions - PERS	385,245		385,245	380,145	5,100
Unemployment Compensation	49,294	(36,611)	12,683	5	12,678
Workmen's Compensation	104,291		104,291	104,291	
Health Benefits	3,646,079	(161,728)	3,484,351	3,274,211	210,140
Tuition Reimbursement	47,500	5,563	53,063	21,862	31,201
Other Employee Benefits	164,465	(10,539)	153,926	153,535	391
Total Unallocated Benefits	4,771,208	(153,627)	4,617,581	4,356,422	261,159
On-Behalf (Non-Budget)					
TPAF Pension System Contribution (On-Behalf - Non-Budgeted)				1,648,719	(1,648,719)
TPAF Non-Contributory Insurance (On-Behalf - Non-Budgeted)				40,010	(40,010)
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,090,714	(1,090,714)
TPAF Long-Term Disability Contributions (Non-Budgeted)				2,523	(2,523)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	856,346	(856,346)
Total On-Behalf	-	-	-	3,638,312	(3,638,312)
Total Undistributed Expenditures	14,882,402	(85,631)	14,796,771	17,515,600	(2,718,829)
Total Current Expenditures	27,196,863	162,885	27,359,748	29,965,521	(2,605,773)

**TOWN OF BOONTON SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

EXHIBIT C-1

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
EXPENDITURES					
CAPITAL OUTLAY					
Equipment					
Undist. Expend.- Custodial Services	\$ 20,000	\$ (20,000)			
Undist. Expend. - Care and Upkeep of Grounds	25,000	(25,000)			
Grades 9-12	25,000	(25,000)			
Grades 1-5		14,269	\$ 14,269	\$ 14,269	
Undistributed Expenditures - Non-Instructional Services	-	70,770	70,770	60,840	\$ 9,930
Total Equipment	70,000	15,039	85,039	75,109	9,930
Facilities Acquisition and Construction Services					
Other Purchased Prof & Tech Services		36,421	36,421	27,734	8,687
Construction Services	260,000	49,651	309,651	199,740	109,911
Lease Purchase Agreements- Principal	77,520	118,862	196,382	196,382	
Assessment for Debt Service on SDA Funding	5,733	-	5,733	5,733	-
Total Facilities Acquisition and Construction Services	343,253	204,934	548,187	429,589	118,598
Interest Deposit to Capital Reserve	1	-	1	-	1
Assets Acquired Under Capital Lease (non-budget)	-	-	-	-	-
Total Capital Outlay	413,254	219,973	633,227	504,698	128,529
Transfer of Funds to Charter School	63,559	41,247	104,806	104,806	-
Total General Fund	27,673,676	424,105	28,097,781	30,575,025	(2,477,244)
Excess (Deficiency) of Revenues					
Over/(Under) Expenditures	-	(93,586)	(93,586)	332,509	426,095
Other Financing Sources (Uses)					
Capital Lease Proceeds (non-budget)					
Transfers to Cover Deficit (Enterprise)		(69,846)	(69,846)		69,846
Operating Transfer In	-	-	-	177	177
Total Other Financing Sources	-	(69,846)	(69,846)	177	70,023
Excess (Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources (Uses)	-	(163,432)	(163,432)	332,686	496,118
Fund Balance, Beginning of Year	216,977	-	216,977	216,977	-
Fund Balance, End of Year	<u>\$ 216,977</u>	<u>\$ (163,432)</u>	<u>53,545</u>	<u>549,663</u>	<u>\$ 496,118</u>
Reconciliation of Governmental Funds Statements (GAAP)					
Restricted					
Capital Reserve				\$ 732	
Assigned					
Designated for Subsequent Year's Expenditures				285,886	
Year End Encumbrances				132,776	
Unassigned				130,269	
Fund Balance- Budgetary Basis				549,663	
Less: State Aid Revenue not recognized on GAAP basis				(422,418)	
Fund Balance per Governmental Funds Statements (GAAP)				<u>\$ 127,245</u>	

**TOWN OF BOONTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Original Budget</u>	<u>Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Intergovernmental					
Local		\$ 35,170	\$ 35,170	\$ 17,065	\$ (18,105)
State	\$ 55,694	304,191	359,885	64,111	(295,774)
Federal	513,232	153,340	666,572	904,611	238,039
Total Revenues	<u>568,926</u>	<u>492,701</u>	<u>1,061,627</u>	<u>985,787</u>	<u>(75,840)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	212,424	(124,526)	87,898	73,322	14,576
Other Salaries for Instruction		83,849	83,849	81,860	1,989
Purchased Professional/Technical Services	39,804	15,514	55,318	43,264	12,054
Tuition	264,971	61,326	326,297	326,289	8
General Supplies	9,296	63,615	72,911	67,460	5,451
Textbooks	6,594	253	6,847	6,847	-
Total Instruction	<u>533,089</u>	<u>100,031</u>	<u>633,120</u>	<u>599,042</u>	<u>34,078</u>
Support Services					
Salary of Other Professional Staff	35,837	(34,022)	1,815	1,815	
Personal Services - Employee Benefits		32,624	32,624	31,682	942
Purchased Professional - Educational Services		52,596	52,596	35,318	17,278
Other Purchased Services		12,000	12,000	8,326	3,674
Supplies and Materials	-	45,752	45,752	25,884	19,868
Total Support Services	<u>35,837</u>	<u>108,950</u>	<u>144,787</u>	<u>103,025</u>	<u>41,762</u>
Facilities Acquisition and Construction Services					
Construction Services	-	283,720	283,720	283,720	-
Total Facilities Acquisition and Construction Services	<u>-</u>	<u>283,720</u>	<u>283,720</u>	<u>283,720</u>	<u>-</u>
Total Expenditures	<u>568,926</u>	<u>492,701</u>	<u>1,061,627</u>	<u>985,787</u>	<u>75,840</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, 2018**

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.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedule	\$ 30,907,534	\$ 985,787
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.		(230,753)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	297,282	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(422,418)</u>	<u>-</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 30,782,398</u>	<u>\$ 755,034</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 30,575,025	\$ 985,787
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>(230,753)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 30,575,025</u>	<u>\$ 755,034</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

PENSION INFORMATION
AND
OTHER POST-EMPLOYMENT BENEFITS INFORMATION

**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 Five Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.03969%	0.03748%	0.03452%	0.03209%	0.03605%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,240,543	\$ 11,101,169	\$ 7,751,074	\$ 6,008,550	\$ 6,890,699
District's Covered-Employee Payroll	\$ 2,692,375	\$ 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	343%	421%	321%	264%	329%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.10%	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 Five Fiscal Years
(Dollar amounts in thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 367,739	\$ 332,987	\$ 296,857	\$ 271,476	\$ 234,285
Contributions in Relation to the Contractually Required Contribution	<u>367,739</u>	<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>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 2,692,375	\$ 2,635,509	\$ 2,413,304	\$ 2,272,309	\$ 2,093,434
Contributions as a Percentage of Covered-Employee Payroll	13.66%	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 Five Fiscal Years*

	<u>2018</u>	<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%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>73,100,319</u>	<u>82,265,151</u>	<u>63,946,677</u>	<u>57,675,711</u>	<u>55,602,809</u>
Total	<u>\$ 73,100,319</u>	<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	\$ 11,714,471	\$ 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%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	25.41%	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, 2018**

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 4D.

**TOWN OF BOONTON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OPEB LIABILITY**

Postemployment Health Benefit Plan

Last One Fiscal Year*

	2018
Total OPEB Liability	
Service Cost	\$ 2,433,262
Interest on Total OPEB Liability	1,599,938
Changes of Assumptions	(6,695,977)
Gross Benefit Payments	(1,141,786)
Contribution from the Member	42,043
Net Change in Total OPEB Liability	(3,762,520)
Total OPEB Liability - Beginning	54,445,669
Total OPEB Liability - Ending	\$ 50,683,149
District's Proportionate Share of OPEB Liability	\$0
State's Proportionate Share of OPEB Liability	50,683,149
Total OPEB Liability - Ending	\$ 50,683,149
District's Covered-Employee Payroll	\$ 14,406,846
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	0%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

*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. 75. 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 CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Changes in Benefit Terms:

None.

Changes of Assumptions

Assumptions used in calculating the OPEB liability are presented in Note 4E.

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, 2018

	Every Student Succeeds Act (ESSA)					IDEA		Local Grant	Sub-Total Page 2	Total
	Title I	Title II-A	Title III	Title III Immigrant	Title IV	Part B, Basic	Preschool			
REVENUES										
Intergovernmental										
State									\$ 64,111	\$ 64,111
Federal	\$ 194,692	\$ 24,688	\$ 15,571	\$ 2,209	\$ 9,976	\$ 360,173	\$ 13,582		283,720	904,611
Local Sources	-	-	-	-	-	-	-	\$ 17,065	-	17,065
Total Revenues	\$ 194,692	\$ 24,688	\$ 15,571	\$ 2,209	\$ -	\$ 360,173	\$ 13,582	\$ 17,065	\$ 347,831	\$ 985,787
EXPENDITURES										
Instruction										
Salaries of Teachers	\$ 67,757		\$ 5,565							\$ 73,322
Other Salaries for Instruction	79,339		2,521							81,860
Purchased Professional & Technical Services									\$ 43,264	43,264
Tuition						\$ 326,289				326,289
General Supplies	14,784		7,485	\$ 2,209		13,632	\$ 13,582	\$ 1,768	14,000	67,460
Textbooks	-	-	-	-	-	-	-	-	6,847	6,847
Total Instruction	161,880	-	15,571	2,209	-	339,921	13,582	1,768	64,111	599,042
Support Services										
Salary of Other Professional Staff		\$ 1,815								1,815
Personal Services Employee-Benefits	31,682									31,682
Purchased Professional/ Educational Services		5,918			\$ 9,148	20,252				35,318
Other Purchased Services		8,326								8,326
Supplies and Materials	1,130	8,629	-	-	828	-	-	15,297	-	25,884
Total Support Services	32,812	24,688	-	-	9,976	20,252	-	15,297	-	103,025
Facilities Acquisition and Construction Services										
Construction Services	-	-	-	-	-	-	-	-	283,720	283,720
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	283,720	283,720
Total Expenditures	\$ 194,692	\$ 24,688	\$ 15,571	\$ 2,209	\$ 9,976	\$ 360,173	\$ 13,582	\$ 17,065	\$ 347,831	\$ 985,787

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TOWN OF BOONTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

REVENUES	Nonpublic	Nonpublic Handicapped Services			New Jersey Nonpublic Aid			Safe Routes to Schools	Total Page 2
	Auxiliary Services Compensatory Education	Examination & Classification	Corrective Speech	Supplemental Instruction	Technology	Nursing	Security		
Intergovernmental									
State	\$ 6,112	\$ 17,838	\$ 4,017	\$ 3,172	\$ 4,625	\$ 12,125	\$ 9,375	\$ 6,847	\$ 64,111
Federal	-	-	-	-	-	-	-	-	\$ 283,720
Total Revenues	\$ 6,112	\$ 17,838	\$ 4,017	\$ 3,172	\$ 4,625	\$ 12,125	\$ 9,375	\$ 6,847	\$ 347,831
EXPENDITURES									
Instruction									
Purchased Professional & Technical Services	\$ 6,112	\$ 17,838	\$ 4,017	\$ 3,172		\$ 12,125			43,264
General Supplies					\$ 4,625		\$ 9,375		14,000
Textbooks	-	-	-	-	-	-	-	\$ 6,847	\$ -
Total Instruction	6,112	17,838	4,017	3,172	4,625	12,125	9,375	6,847	-
Facilities Acquisition and Construction Services									
Construction Services	-	-	-	-	-	-	-	-	\$ 283,720
Total Facilities Acquisition and Construction Services	-	-	-	-	-	-	-	-	283,720
Total Expenditures	\$ 6,112	\$ 17,838	\$ 4,017	\$ 3,172	\$ 4,625	\$ 12,125	\$ 9,375	\$ 6,847	\$ 283,720

**TOWN OF BOONTON SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

NOT APPLICABLE

CAPITAL PROJECTS FUND

**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, 2018**

Revenues and Other Financing Sources	
Lease Purchase Proceeds	\$ 1,630,000
Interest on Investments	<u>177</u>
 Total Revenues and Other Financing Sources	 <u>1,630,177</u>
 Expenditures and Other Financing Uses	
Expenditures	
Regular Instruction	227,617
General Administration	4,784
Administrative Information Technology	87,232
Operations and Maintenance of Plant Services	
Capital Outlay	720,436
Other Financing Uses	
Transfer to General Fund	<u>177</u>
 Total Expenditures and Other Financing Uses	 <u>1,040,246</u>
 Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 589,931
 Fund Balance (Deficit) - Beginning of Year	 <u>(446,273)</u>
 Fund Balance - End of Year	 <u>\$ 143,658</u>

Recapitulation of Fund Balance

Year End Encumbrances	\$ 3,829
Casualty Loss Encumbrances	1,217,315
Restricted for Capital Projects	<u>(1,077,486)</u>
	 <u>\$ 143,658</u>

**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, 2018**

	<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	19,020,842	-	19,020,842	19,086,057
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, 2018**

	<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, 2018**

	<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	-	\$ 525,000	\$ 525,000
Total Revenues and Other Financing Sources	<u>525,000</u>	<u>-</u>	<u>525,000</u>	<u>525,000</u>
Expenditures and Other Financing Uses				
Regular Instruction	\$ 16,181		16,181	16,181
General Administration		\$ 4,784	4,784	4,784
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
Total Expenditures and Other Financing Uses	<u>520,216</u>	<u>4,784</u>	<u>525,000</u>	<u>525,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	<u>\$ 4,784</u>	<u>\$ (4,784)</u>	<u>\$ -</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	525,000			
Additional Authorization Cost	-			
Revised Authorized Cost	<u>525,000</u>			
Percentage Increase Over Original				
Authorized Cost	0.00%			
Percentage Completion	100%			
Original Target Completion Date	6/2017			
Revised Target Completion Date	6/2017			

**TOWN OF BOONTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
LIGHTING AND SECURITY EQUIPMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	-	\$ 550,000	\$ 550,000	\$ 550,000
Total Revenues and Other Financing Sources	-	550,000	550,000	550,000
Expenditures and Other Financing Uses				
Administrative Information Technology		87,232	87,232	87,232
Capital Outlay	-	393,053	393,053	462,768
Total Expenditures and Other Financing Uses	-	480,285	480,285	550,000
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ 69,715	\$ 69,715	\$ -
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	550,000			
Additional Authorization Cost	-			
Revised Authorized Cost	550,000			
Percentage Increase Over Original Authorized Cost	0.00%			
Percentage Completion	87%			
Original Target Completion Date	6/2019			
Revised Target Completion Date	6/2019			

**TOWN OF BOONTON SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS
TEXTBOOKS, COMPUTERS AND TECHNOLOGY
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Lease Purchase Proceeds	-	\$ 555,000	\$ 555,000	\$ 555,000
Total Revenues and Other Financing Sources	-	555,000	555,000	555,000
Expenditures and Other Financing Uses				
Regular Instruction		227,617	227,617	227,617
Capital Outlay	-	327,383	327,383	327,383
Total Expenditures and Other Financing Uses	-	555,000	555,000	555,000
Excess (Deficiency) of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	\$ -	\$ -	\$ -	\$ -
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	550,000			
Additional Authorization Cost	-			
Revised Authorized Cost	550,000			
Percentage Increase Over Original Authorized Cost	0.00%			
Percentage Completion	100%			
Original Target Completion Date	6/2018			
Revised Target Completion Date	6/2018			

PROPRIETARY FUNDS

EXHIBIT G-1

**TOWN OF BOONTON SCHOOL DISTRICT
ENTERPRISE FUNDS - NONMAJOR
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2018**

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, 2018**

THIS STATEMENT IS NOT APPLICABLE

EXHIBIT G-3

**COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

THIS STATEMENT IS NOT APPLICABLE

FIDUCIARY FUNDS

**TOWN OF BOONTON SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2018**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 135,421	\$ 569,578	\$ 704,999
Total Assets	<u>\$ 135,421</u>	<u>\$ 569,578</u>	<u>\$ 704,999</u>
LIABILITIES			
Summer Savings		\$ 548,547	\$ 548,547
Payroll Deductions and Withholdings Payable		(3,399)	(3,399)
Flexible Spending		11,269	11,269
Due to Student Groups	\$ 135,421		135,421
Due to Other Funds			
General Fund		1,510	1,510
Unemployment Compensation Trust	-	11,651	11,651
Total Liabilities	<u>\$ 135,421</u>	<u>\$ 569,578</u>	<u>\$ 704,999</u>

**TOWN OF BOONTON SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018**

	<u>Balance, July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Transfer</u>	<u>Balance, June 30, 2018</u>
Activity Accounts					
School Street School	\$ 586	\$ 4,826	\$ 4,540		\$ 872
John Hill School	25,208	87,072	75,814	\$ 5,879	42,345
Middle School	5,879			(5,879)	
High School	<u>111,465</u>	<u>-</u>	<u>19,513</u>	<u>-</u>	<u>91,952</u>
Total Activity Accounts	<u>143,138</u>	<u>91,898</u>	<u>99,867</u>	<u>-</u>	<u>135,169</u>
Athletic Department					
Athletic Department - Middle School	(43)	5,309	5,204		62
Athletic Department - High School	<u>(1,139)</u>	<u>39,611</u>	<u>38,282</u>	<u>-</u>	<u>190</u>
Total Athletic Departments	<u>(1,182)</u>	<u>44,920</u>	<u>43,486</u>	<u>-</u>	<u>252</u>
Due to(from) Other Funds	<u>(115,000)</u>	<u>115,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 26,956</u>	<u>\$ 251,818</u>	<u>\$ 143,353</u>	<u>\$ -</u>	<u>\$ 135,421</u>

**TOWN OF BOONTON SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Balance, July 1, <u>2017</u>	<u>Additions</u>	<u>Deletions</u>	Balance, June 30, <u>2018</u>
Payroll Deductions and Withholdings	\$ 25,775	\$ 9,103,159	\$ 9,132,333	\$ (3,399)
Accrued Salaries and Wages		10,625,576	10,625,576	
Summer Savings	530,566	560,573	542,592	548,547
Flexible Spending	254	77,671	66,656	11,269
Due to (from) Other Funds	<u>66,588</u>	<u>324,963</u>	<u>378,390</u>	<u>13,161</u>
 Total All Schools	 <u>\$ 623,183</u>	 <u>\$20,691,942</u>	 <u>\$ 20,745,547</u>	 <u>\$ 569,578</u>

LONG-TERM DEBT

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

	Original Amount <u>Issued</u>	<u>Date</u>	Balance, <u>July 1, 2017</u>	<u>Issued</u>	<u>Paid</u>	Balance, <u>June 30, 2018</u>
Copiers	\$ 486,753	7/2013	\$ 114,584		\$ 105,578	\$ 9,006
Smart Boards	515,640	7/2013	111,990		111,990	
Computers	174,388	9/2014	60,078		60,078	
Tablets	96,490	7/2015	32,409		32,409	
Bus	95,482	11/2016	85,250		18,927	66,323
Textbooks, Computers and Technology Equipment	555,000	9/2017		\$ 555,000	108,856	446,144
Various Acquisitions and Improvements	525,000	11/2017		525,000	105,169	419,831
Lighting and Security Equipment	550,000	12/2017	-	550,000	55,033	494,967
			<u>\$ 404,311</u>	<u>\$ 1,630,000</u>	<u>\$ 598,040</u>	<u>\$ 1,436,271</u>

**TOWN OF BOONTON SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<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	\$ 1,087,216		\$ 1,087,216	\$ 1,087,216	
State Sources					
Debt Service State Aid	<u>379,996</u>	<u>-</u>	<u>379,996</u>	<u>379,996</u>	<u>-</u>
Total Revenues	<u>1,467,212</u>	<u>-</u>	<u>1,467,212</u>	<u>1,467,212</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Redemption of Principal	785,000		785,000	785,000	
Interest and Other Charges	<u>700,700</u>	<u>-</u>	<u>700,700</u>	<u>700,700</u>	<u>-</u>
Total Expenditures	<u>1,485,700</u>	<u>-</u>	<u>1,485,700</u>	<u>1,485,700</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,488)</u>	<u>-</u>	<u>(18,488)</u>	<u>(18,488)</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>18,488</u>	<u>-</u>	<u>18,488</u>	<u>18,488</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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)

	2009	2010	2011	2012	2013	2014	2015 (Restated)	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ (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	\$ 5,148,477
Restricted	16,663,278	16,167,036	118,628	141,313	89,834	195,425	195,572	729	27,946	79,175
Unrestricted	(524,984)	(342,396)	90,764	(419,296)	(534,686)	(88,341)	(5,354,528)	(5,796,140)	(7,812,844)	(8,291,092)
Total Governmental Activities Net Position	<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>	<u>\$ (3,063,440)</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 7,449	\$ 18,376	\$ 16,982	\$ 21,446	\$ 59,258	\$ 50,931	\$ 42,604	\$ 34,277	\$ 21,873	\$ 111,266
Unrestricted	32,965	39,576	30,586	20,561	77,693	114,360	254,853	39,890	(1,742)	24,488
Total Business-Type Activities Net Position	<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>	<u>\$ 135,754</u>
District-Wide										
Net Investment in Capital Assets	\$ (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	\$ 5,259,743
Restricted	16,663,278	16,167,036	118,628	141,313	89,834	195,425	195,572	729	27,946	79,175
Unrestricted	(492,019)	(302,820)	121,350	(398,735)	(456,993)	26,019	(5,099,675)	(5,756,250)	(7,814,586)	(8,266,604)
Total District Net Position	<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>	<u>\$ (2,927,686)</u>

Source: District Financial Statements

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 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	\$ 15,328,351
Special Education	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	6,513,612
Other Instruction	427,124	500,647	610,474	819,048	505,841	415,714	198,476	251,937	512,679	928,254
School Sponsored Co-Curricular Activities	759,521	829,232	685,144	787,917	866,832	932,877	1,260,484	1,138,102	1,161,382	1,488,731
Support Services:										
Tuition	1,421,188	1,363,419								
Student & Instruction Related Services	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	6,840,779
General Administration Services	558,643	567,315	579,779	559,059	649,618	670,071	719,094	778,712	721,474	677,356
School Administrative Services	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	1,620,581
Central Services	467,255	349,424	428,354	479,799	503,342	503,207	565,098	733,676	788,336	977,181
Plant Operations and Maintenance	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	3,204,216
Pupil Transportation	471,548	395,462	352,462	323,435	437,726	459,694	636,330	480,238	563,831	500,522
Unallocated Benefits										
Special Schools										
Charter Schools	40,366	33,442								
Interest On Long-Term Debt	1,074,095	1,062,834	1,040,028	1,011,931	984,866	974,470	992,232	756,194	722,693	704,792
Unallocated Depreciation	129,625	119,138	119,138	119,138						
Unallocated Expenditures										
Capital Outlay - Nondepreciable	6,950	508								
Total Governmental Activities Expenses	24,322,739	25,629,914	25,375,936	25,931,827	28,569,266	28,271,946	32,165,119	33,054,130	37,079,760	38,784,375
Business-Type Activities:										
Food Service	423,863	420,046	455,104	482,533	488,813	534,170	516,997	565,946	604,478	602,316
Bridges to Learning				223,765	216,314	289,659	188,429	608,396	492,315	212,316
Academy School										
Total Business-Type Activities Expense	423,863	420,046	455,104	706,298	705,127	823,829	705,426	1,174,342	1,096,793	814,632
Total District Expenses	\$ 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	\$ 39,599,007
Program Revenues										
Governmental Activities:										
Charges For Services:										
Tuition	\$ 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	\$ 6,933,030
Operating Grants And Contributions	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	11,022,395
Capital Grants and Contributions							25,644		14,572	61,750
Total Governmental Activities Program Revenues	7,182,333	7,683,146	7,674,804	8,124,735	10,413,551	10,097,613	12,873,995	13,693,586	15,906,760	18,017,175
Business-Type Activities:										
Charges For Services										
Food Service	\$ 269,706	\$ 256,408	\$ 258,034	\$ 249,198	\$ 263,130	\$ 271,287	\$ 275,111	\$ 295,172	\$ 328,939	\$ 337,605
Bridges to Learning				252,677	246,100	300,170	321,343	392,877	434,997	316,576
Academy School										
Operating Grants And Contributions	154,265	180,373	186,456	198,668	244,455	280,500	240,813	262,526	278,597	275,829
Total Business-Type Activities Program Revenues	423,971	436,781	444,490	700,543	753,685	851,957	837,267	950,575	1,042,533	930,010
Total District Program Revenues	\$ 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	\$ 18,947,185
Net (Expense)/Revenue										
Governmental Activities	\$ (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)	\$ (20,767,200)
Business-Type Activities	108	16,735	(10,614)	(5,755)	48,558	28,128	131,841	(223,767)	(54,260)	115,378
Total District-Wide Net Expense	\$ (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)	\$ (20,651,822)
General Revenues And Other Changes In Net Assets										
Governmental Activities:										
Property Taxes Levied For General Purposes	\$ 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	\$ 18,428,513
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	1,087,216
Federal and State Aid - Unrestricted	1,492,471	1,663,446	72,788	323,288	417,889	513,548	504,439	522,765	514,522	649,103
State Aid - Restricted for Debt Service Principal			144,510	150,904	157,298	164,971	192,993	220,714	190,708	200,779
Tuition										
Investment Earnings	280,826	46,464	18,791	2,640	251	3,191	63	3,168	2,201	3,910
Miscellaneous Income	40,769	432,548	991,740	374,957	145,442	246,285	343,322	541,652	192,235	234,018
State Aid - State Facilities Grant										
Transfers										
SDA Grant-Cancelled	(11,200)									
Total Governmental Activities	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	20,603,539
Business-Type Activities:										
Investment Earnings	862	803	230	194	247	212	325	477	224	245
Transfers										
Total Business-Type Activities	862	803	230	194	247	212	325	477	224	245
Total District-Wide	\$ 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	\$ 20,603,784
Change In Net Position										
Governmental Activities	\$ (193,188)	\$ 461,046	\$ 455,264	\$ (32,346)	\$ (262,348)	\$ 660,932	\$ (52,562)	\$ 392,527	\$ (1,384,442)	\$ (163,661)
Business-Type Activities	970	17,538	(10,384)	(5,561)	48,805	28,340	132,166	(223,290)	(54,036)	115,623
Total District	\$ (192,218)	\$ 478,584	\$ 444,880	\$ (37,907)	\$ (213,543)	\$ 689,272	\$ 79,604	\$ 169,237	\$ (1,438,478)	\$ (48,038)

Source: District Financial Statements

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 812,888	\$ 590,771								
Unreserved	358,609	401,496								
Nonspendable			\$ 264,581	\$ 6,750						
Restricted			113,058	135,743	\$ 89,834	\$ 373,124	\$ 373,271	\$ 729	\$ 730	\$ 732
Assigned			576,840	354,506	184,989	109,559	157,260	238,887	116,911	418,662
Unassigned	-	-	(49,372)	(106,632)	(57,574)	314,144	238,161	276,503	(197,946)	(292,149)
Total General Fund	\$ 1,171,497	\$ 992,267	\$ 905,107	\$ 390,367	\$ 217,249	\$ 796,827	\$ 768,692	\$ 516,119	\$ (80,305)	\$ 127,245
All Other Governmental Funds										
Reserved	\$ 210,763	\$ 1,469,245								
Unreserved	15,639,627	14,107,020								
Restricted			13,532,000	\$ 3,880,341	\$ 125,389	\$ 125,389	\$ 96,295	\$ 123,511	\$ (427,785)	\$ 143,658
Total All Other Governmental Funds	\$ 15,850,390	\$ 15,576,265	\$ 13,532,000	\$ 3,880,341	\$ 125,389	\$ 125,389	\$ 96,295	\$ 123,511	\$ (427,785)	\$ 143,658
Total Governmental Funds										
Reserved	\$ 1,023,651	\$ 2,060,016								
Unreserved	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)	\$ 144,390
Assigned			576,840	354,506	184,989	109,559	157,260	238,887	116,911	418,662
Unassigned	-	-	(49,372)	(106,632)	(57,574)	314,144	238,161	276,503	(197,946)	(292,149)
Total Governmental Funds	\$ 17,021,887	\$ 16,568,532	\$ 14,437,107	\$ 4,270,708	\$ 342,638	\$ 922,216	\$ 864,987	\$ 639,630	\$ (508,090)	\$ 270,903

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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property Tax Levy	\$ 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	\$ 19,515,729
Tuition Charges	4,608,138	4,765,154	4,694,605	4,632,374	6,544,697	6,686,038	6,454,946	6,136,381	6,118,081	6,933,030
Interest Earnings	280,826	46,464	18,791	2,640	251	3,191	63	3,168	2,201	3,910
Miscellaneous	57,532	447,995	995,545	376,806	147,442	250,579	343,322	541,652	193,593	243,313
State Sources	3,575,499	3,642,973	2,547,047	3,332,361	3,875,697	3,614,930	3,896,230	4,502,205	4,855,080	5,590,402
Federal Sources	474,404	923,018	646,645	632,343	566,344	470,850	636,143	731,224	675,896	718,437
Total Revenue	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	33,004,821
Expenditures										
Instruction										
Regular Instruction	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	12,372,690
Special Education Instruction	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	5,562,691
Other Instruction	428,062	503,965	610,474	819,048	505,841	415,714	175,010	212,762	396,983	732,982
School Sponsored Co-Curricular Activ.	680,867	740,734	685,144	787,917	866,832	932,877	1,214,747	1,091,241	1,033,061	1,252,174
Support Services										
Tuition	1,421,188	1,363,419								
Student & Instruction Related Services	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	5,519,763
General Administration Services	523,155	532,845	579,779	559,059	636,429	656,882	647,455	690,160	614,649	601,318
School Administrative Services	872,074	919,032	1,260,609	1,085,056	1,077,998	942,284	969,786	1,070,429	1,194,220	1,188,012
Central Services	421,519	326,920	428,354	479,799	503,342	503,207	560,947	722,784	729,019	841,794
Plant Operations And Maintenance	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	2,127,589
Pupil Transportation	458,753	382,887	352,462	323,435	387,590	409,558	585,328	427,348	537,720	464,085
Allocated Benefits	3,238,830	3,761,189								
Unallocated Benefits	1,396,111	1,515,577								
TPAF Pension/Social Security										
Unallocated Expenditures										
Special Schools										
Charter Schools	40,366	33,442								
Capital Outlay	996,965	302,783	2,049,835	9,651,659	3,801,685	1,053,408	254,048	546,254	639,079	1,084,769
Debt Service:										
Principal	546,000	546,000	629,218	590,000	615,000	839,278	949,132	1,176,289	1,065,929	1,383,040
Interest And Other Charges	1,074,095	1,074,095	1,051,681	1,024,100	997,550	987,773	1,155,340	702,940	747,379	724,921
Total Expenditures	25,933,397	26,544,315	27,962,625	26,065,780	32,234,988	29,409,670	30,055,256	30,701,250	31,979,154	33,855,828
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(1,792,655)	(453,355)	(2,131,425)	(10,166,399)	(3,928,070)	(476,792)	(526,207)	(321,847)	(1,245,411)	(851,007)
Other Financing Sources (Uses)										
Bond Proceeds										
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		96,490	97,691	1,630,000
Transfers In	280,520	36,624	12,604	2,455	160	2	-	245,002	5	177
Transfers Out	(280,520)	(36,624)	(12,604)	(2,455)	(160)	(2)	-	(245,002)	(5)	(177)
Total Other Financing Sources (Uses)	-	-	-	-	-	1,056,370	468,978	96,490	97,691	1,630,000
Net Change In Fund Balances	\$ (1,792,655)	\$ (453,355)	\$ (2,131,425)	\$ (10,166,399)	\$ (3,928,070)	\$ 579,578	\$ (57,229)	\$ (225,357)	\$ (1,147,720)	\$ 778,993
Debt Service As A Percentage Of Noncapital Expenditures	6.50%	6.17%	6.49%	6.11%	5.67%	6.44%	7.06%	6.23%	5.79%	6.43%

* 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>Private Contribution</u>	<u>Prior Year Taxes</u>	<u>Other</u>	<u>Total</u>
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
2018	3,733	6,933,030	155,468					\$ 54,827		23,723	7,170,781

**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
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
2018	6,535,800	857,360,700	252,500	2,000	151,249,100	63,594,600	19,532,200	1,098,526,900		1,098,526,900	1,160,624,884	1.840

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>	
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
2018	1.840	0.833	0.276	2.949

Source: Municipal Tax Assessor

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

Taxpayer	2018		2009	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Boonton Investors, LLC	\$ 25,091,800	2.28%		
UB Boonton 1, LLC	13,795,600	1.26%		
Deer Hill Village, Inc	10,093,300	0.92%		
Dels Holding, LLC	8,367,200	0.76%		
Apts. At Cherry Hill	5,400,000	0.49%		
Daco	5,013,200	0.46%		
Fulton Street Assoc.	4,843,100	0.44%		Information Not Available
Kapalua, Inc	4,747,400	0.43%		
Erasteel, Inc	4,481,600	0.41%		
Subro Realty, LLC	3,500,000	0.32%		
	<u>\$ 85,333,200</u>	<u>7.77%</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		
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
2018	19,515,729	19,515,729		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			
2009	\$ 23,581,000	\$ 125,664	\$23,706,664	8,460	\$ 2,802
2010	23,035,000	64,218	23,099,218	8,352	2,766
2011	22,470,000		22,470,000	8,391	2,678
2012	21,880,000		21,880,000	8,423	2,598
2013	21,265,000		21,265,000	8,424	2,524
2014	20,620,000	862,092	21,482,092	8,412	2,554
2015	20,140,000	827,348	20,967,348	8,415	2,492
2016	19,270,000	617,549	19,887,549	8,389	2,371
2017	18,515,000	404,311	18,919,311	8,354	2,265
2018	17,730,000	1,436,271	19,166,271	8,354 *	2,294

Source: District Records

* - 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		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property		Per Capita ^b
	Obligation Bonds	Deductions				
2009	\$ 23,581,000		\$ 23,581,000	1.82%	\$	2,787
2010	23,035,000		23,035,000	1.78%		2,758
2011	22,470,000		22,470,000	2.01%		2,678
2012	21,880,000		21,880,000	1.97%		2,598
2013	21,265,000		21,265,000	1.93%		2,524
2014	20,620,000		20,620,000	1.87%		2,451
2015	20,140,000		20,140,000	1.82%		2,393
2016	19,270,000		19,270,000	1.74%		2,297
2017	18,515,000		18,515,000	1.67%		2,216
2018	17,730,000		17,730,000	1.61%		2,122

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, 2017
(UNAUDITED)**

	<u>Gross Debt</u>	<u>Deduction</u>	<u>Net Debt</u>
Municipal Debt (1)			
Town of Boonton	\$ 13,387,284	\$ 6,137,794	\$ 7,249,490
Town of Boonton School District	<u>18,515,325</u>	<u>18,515,325</u>	<u>-</u>
	<u>\$ 31,902,609</u>	<u>\$ 24,653,119</u>	7,249,490
Overlapping Debt Apportioned to the Municipality County of Morris (2)			<u>\$ 2,570,079</u>
Total Direct and Overlapping Debt			<u>\$ 9,819,569</u>

Source:

- (1) Town of Boonton's 2017 Annual Debt Statement
- (2) The debt for this entity was apportioned to the Town of Boonton School District by dividing the municipality's 2017 equalized value by the total 2017 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 2018

		Equalized valuation basis									
		2017									
		2016									
		2015									
			\$1,156,412,171								
			1,157,120,280								
			1,115,493,134								
			<u>\$3,429,025,585</u>								
Average equalized valuation of taxable property				<u>\$1,143,008,528</u>							
Debt limit (4 % of average equalization value)				\$ 45,720,341							
Total Net Debt Applicable to Limit				<u>17,730,325</u>							
Legal debt margin				<u>\$ 27,990,016</u>							
<hr/>											
		<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>2018</u>
Debt limit		\$ 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	\$ 45,720,341
Total net debt applicable to limit		<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>	<u>17,730,325</u>
Legal debt margin		<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>	<u>\$ 27,990,016</u>
Total net debt applicable to the limit as a percentage of debt limit		46.01%	44.44%	44.48%	45.14%	45.92%	46.31%	45.42%	43.28%	40.70%	38.78%

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>
2009	8,460	\$ 71,361	12.6%
2010	8,352	74,460	12.7%
2011	8,391	77,207	12.3%
2012	8,423	80,027	12.8%
2013	8,424	80,868	8.4%
2014	8,412	83,687	5.2%
2015	8,415	87,896	4.9%
2016	8,389	89,065	4.2%
2017	8,354	N/A	4.1%
2018	8,354 (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	2018		2009	
	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>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>2018</u>
Instruction										
Regular	98.00	100.00	97.00	97.00	94.00	92.00	92.30	91.00	94.00	111.00
Special education	36.00	37.00	35.00	32.00	45.00	43.00	45.00	55.00	58.00	58.00
Support Services:										
Student & instruction related services:	27.00	28.00	28.00	29.00	38.20	33.00	38.75	44.60	41.00	36.00
General administrative services	2.00	1.00	2.00	2.00	1.80	3.00	3.00	3.00	3.00	3.00
School administrative services	11.00	11.00	8.00	8.00	8.00	7.00	8.15	8.00	8.00	8.00
Business administrative services	5.00	4.00	4.00	4.00	4.00	6.20	4.50	4.10	4.00	4.00
Plant operations and maintenance	17.00	15.00	15.00	15.00	16.00	16.00	16.00	18.00	16.00	18.00
Lunchroom/Playground Aides	2.00	2.00	2.00	8.00	4.00	3.00	1.20	4.00	4.00	6.00
Pupil Transportation	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Total	<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>	<u>246.00</u>

N/A - Not Available

Source: District Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment a	Operating Expenditures b	Cost Per Pupil c	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	Percentage Change in Average Daily Enrollment	Student Attendance Percentage
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%
2018	1,443	30,663,098	21,250	3.85%	169	1:12	1:09	1:10	1,408	1,346	0.28%	95.60%

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>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>2018</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	270	274	316	342	342	122	122	122	141	141
John Hill School, Including Annex Building (Grades 4-8)										
Square Feet	42,296	42,296	42,296	42,296	90,076	90,076	90,076	90,076	90,076	90,076
Capacity (Students)	224	224	224	224	800	800	800	800	800	800
Enrollment	217	206	199	201	410	595	595	595	645	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	724	734	726	727	537	607	607	607	618	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, 2018										
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>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>2018</u>
Boonton High School	\$ 80,934	\$ 74,423	\$ 76,762	\$ 120,087	\$ 196,753	\$ 203,735	\$ 101,934	\$ 74,464	\$ 192,268	\$ 191,662
John Hill School	12,467	36,657	20,816	54,137	40,593	228,957	119,956	91,256	94,976	95,164
School Street School	20,072	23,189	19,536	30,693	16,771	29,706	94,946	13,867	52,281	65,455
Other Facilities	<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>	<u>-</u>
Total School Facilities	<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>	<u>\$ 352,281</u>

**TOWN OF BOONTON SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2018
(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	\$ 500,000	\$ 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	
	Environmental Impairment - Event	1,000,000	250,000
Bob McCloskey Ins.	Student Accident with Full Excess	5,000,000	25,000
	Catastrophic	1,000,000	
New Jersey School Boards Insurance Group	Public Employees' Faithful Performance Blanket: Board Secretary/Business Administrator	250,000	1,000
	Treasurer	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
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
MARK SACO, CPA
SHERYL M. LEIDIG, CPA, PSA
ROBERT LERCH, CPA
CHRIS SOHN, CPA

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 Education
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, 2018 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 January 24, 2019.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify a certain deficiency in internal control, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a material weaknesses.

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 an instance of noncompliance or other matter that is 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 is described in the accompanying schedule of findings and questioned costs as item 2018-001.

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 January 24, 2019.

Town of Boonton School District's Responses to Findings

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 response.

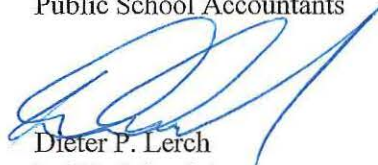
Purpose of this Report

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
January 24, 2019

LMH LERCH, VINCI & HIGGINS, LLP

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM,
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE U.S. UNIFORM GUIDANCE-AND
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY OMB
CIRCULAR 15-08**

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Education
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 Town of Boonton School District's major federal and state programs for the fiscal year ended June 30, 2018. 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 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, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08 and which is described in the accompanying schedule of findings and questioned costs as item 2018-002. Our opinion on each major federal and state program is not modified with respect to these matters.

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 the 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.

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. 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.

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 identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-002 that we consider to be a material weakness.


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 Schedules of Expenditures of Federal Awards Required by the 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, 2018 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 January 24, 2019, 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 the 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
January 24, 2019

TOWN OF BOONTON SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2017	Carryover Amount			Budgetary Expenditures	Adjustment	Repayment of Prior Years' Balances	Balance, June 30, 2018		Memo GAAP Receivable
							Uncarned Revenue	Accounts Receivable	Cash Received				Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture															
Passed-Through State Department of Education:															
Enterprise Fund:															
National School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	\$ 24,052				\$ 19,048	\$ 24,052		\$ (5,004)		\$ 5,004	
National School Breakfast Program	10.553	171NJ304N1099	N/A	7/1/16-6/30/17	28,229	(2,206)			2,206						
National School Lunch Program	10.555		N/A												
Cash Assistance		181NJ304N1099		7/1/17-6/30/18	207,213				167,049	207,213		(40,164)		40,164	
Cash Assistance		171NJ304N1099		7/1/16-6/30/17	199,211	(14,391)			14,391						
Non-Cash Assistance				7/1/17-6/30/18	38,411				38,411	36,923		\$ 1,488			
Non-Cash Assistance				7/1/16-6/30/17	46,101	1,165				1,165					
Child Nutrition Cluster Total						(15,432)			241,105	269,353		(45,168)	1,488	45,168	
Total Enterprise Fund						(15,432)			241,105	269,353		(45,168)	1,488	45,168	
U.S. Department of Health and Human Services															
General Fund															
Medical Assistance Program	93.778	1805NJ5MAP	N/A	7/1/17-6/30/18	36,809				36,809	36,809					
Total General Fund									36,809	36,809					
U.S. Department of Education															
Passed Through State Department of Education:															
Special Revenue Fund															
IDEA															
Part B, Basic	84.027	H027A170100	FT-0450-18	7/1/17-6/30/18	338,045		\$ 35,828	\$ (35,828)	311,784	360,173		(62,089)	13,700	48,389	
Part B, Basic	84.027	H027A160100	FT-0450-17	7/1/16-6/30/17	331,214	(42,480)	(35,828)	35,828	42,480						
Preschool	84.173	H173A170114	PS-0450-18	7/1/17-6/30/18	11,367		4,150	(4,150)	1,939	13,582		(13,578)	1,935	11,643	
Preschool	84.173	H173A160114	PS-0450-17	7/1/16-6/30/17	11,299	(18,202)	(4,150)	4,150	18,202						
Special Education Cluster Total						(60,682)			374,405	373,755		(75,667)	15,635	60,032	
ESEA/NCLB															
Title I	84.010	S010A170030	ESEA-0450-18	7/1/17-6/30/18	210,049		1,537	(1,537)	160,007	194,692		(51,579)	16,894	34,685	
Title I	84.010	S010A160030	NCLB-0450-17	7/1/16-6/30/17	212,158	(107,658)	(1,537)	1,537	107,658						
Title II-A	84.367A	S367A170029	ESEA-0450-18	7/1/17-6/30/18	31,475		2,558	(2,558)	10,128	24,688		(23,905)	9,345	14,560	
Title II-A	84.367A	S367A160029	NCLB-0450-17	7/1/16-6/30/17	23,090	(18,347)	(2,558)	2,558	18,852		(505)				
Title III	84.365A	S365A170030	ESEA-0450-18	7/1/17-6/30/18	13,126		5,552	(5,552)	9,932	15,571		(8,746)	3,107	5,639	
Title III	84.365A	S365A160030	NCLB-0450-17	7/1/16-6/30/17	13,053	(3,704)	(5,552)	5,552	3,704						
Title III - Immigrant	84.365A	S365A170030	ESEA-0450-18	7/1/17-6/30/18	2,885		134	(134)	697	2,209		(2,322)	810	1,512	
Title III - Immigrant	84.365A	S365A160030	NCLB-0450-17	7/1/16-6/30/17	3,717		(134)	134							
Title IV	84.424A	S424A180031	ESEA-0450-18	7/1/17-6/30/18	10,000					9,976		(10,000)	24	9,976	
U.S. Department of Transportation															
Passed Through State Department of Transportation															
Safe Routes to Schools	20.205	STP-8013	2017-DT-BLA1-0	12/29/16-12/29/19	283,720					283,720		(283,720)		283,720	
Total Special Revenue Fund						(190,391)			685,383	904,611	(505)	(455,939)	45,815	410,124	
Total Federal Awards						\$ (205,823)	\$ -	\$ -	\$ 963,297	\$ 1,210,773	\$ (505)	\$ (501,107)	\$ 47,303	\$ 455,292	

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

TOWN OF BOONTON SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2017			Cash Received	Budgetary Expenditures	Adjustment/ Repayment of Prior Years' Balances	June 30, 2018			MEMO	
				Unearned Revenue/ (Accr. Rec.)	Due to Grantor	Carryover Amount				(Accounts Receivable)	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
State Department of Education														
General Fund														
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	\$ 599,367				\$ 548,538	\$ 599,367		\$ (50,829)			\$	599,367
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	599,367	(53,150)			53,150							
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	550,750				504,043	550,750		(46,707)				550,750
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	419,815	(37,228)			37,228							
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	51,622				47,244	51,622		(4,378)				51,622
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	51,622	(4,578)			4,578							
School Choice Aid	18-495-034-5120-058	7/1/17-6/30/18	58,944				55,945	58,944		(4,999)				58,944
School Choice Aid	17-495-034-5120-058	7/1/16-6/30/17	58,944				5,227							
Additional Adjustment Aid	18-495-034-5120-085	7/1/17-6/30/18	14,736				13,486	14,736		(1,250)				14,736
Additional Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	14,736	(1,307)			1,307							
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	10,290				9,418	10,290		(872)				10,290
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	10,290	(912)			912							
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	10,290				9,418	10,290		(872)				10,290
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	10,290	(912)			912							
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	10,750				9,838	10,750		(912)				10,750
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	10,750	(933)			933							
Host District Aid	18-495-034-5120-102	7/1/17-6/30/18	2,508				2,295	2,508		(213)				2,508
Host District Aid	17-495-034-5120-102	7/1/16-6/30/17	1,268	(121)			121							
State Aid - Public Cluster Total				(104,288)			1,302,613	1,309,257		(111,032)				1,309,257
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	13,632				12,476	13,632		(1,156)				13,632
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	13,632	(1,210)			1,210							
Extracurricular Aid	18-100-034-5120-473	7/1/17-6/30/18	310,230					310,230		(310,230)				310,230
Extracurricular Aid	17-100-034-5120-473	7/1/16-6/30/17	191,684	(191,684)										
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	1,648,719				1,648,719	1,648,719						1,648,719
On-Behalf TPAF Non Contributory Insurance Contributions	18-495-034-5094-004	7/1/17-6/30/18	40,010				40,010	40,010						40,010
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	1,090,714				1,090,714	1,090,714						1,090,714
On-Behalf TPAF Long Term Disability Insurance Contributions	18-495-034-5094-004	7/1/17-6/30/18	2,523				2,523	2,523						2,523
Reimbursed TPAF Social Security Contributions	18-495-034-5094-003	7/1/17-6/30/18	856,346				814,346	856,346		(42,000)			\$ 42,000	856,346
Reimbursed TPAF Social Security Contributions	17-495-034-5094-003	7/1/16-6/30/17	854,058	(41,666)			41,666							
Total General Fund				(338,948)			5,145,961	5,271,431		(464,418)				42,000
Special Revenue Fund														
NJ Nonpublic Aid														
Auxiliary Services														
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	6,201				6,201	6,112					\$ 89	6,112
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	6,271		\$ 807				\$ (807)					
ESL	17-100-034-5120-067	7/1/16-6/30/17	822											
Nonpublic Auxiliary Services (Chapter 192) Cluster Total					807		6,201	6,112		(807)			89	6,112
Handicapped Services														
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	27,115				27,115	17,838		(36)			9,241	17,838
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	19,819		2,166				(2,166)					
Consecutive Speech	18-100-034-5120-066	7/1/17-6/30/18	5,357				5,357	4,017		(1)			1,339	4,017
Consecutive Speech	17-100-034-5120-066	7/1/16-6/30/17	7,922		2,651				(2,651)					
Supplemental Instruction	18-100-034-5120-066	7/1/17-6/30/18	6,344				6,344	3,172					3,172	3,172
Supplemental Instruction	17-100-034-5120-066	7/1/16-6/30/17	7,062		3,217				(3,217)					
Nonpublic Handicapped Services (Chapter 193) Cluster Total					8,034		38,616	25,027		(3,071)			13,752	25,027
Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	6,847				6,847	6,847						6,847
Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	8,243		1,922				(1,922)					
Nursing Aid	18-100-034-5120-070	7/1/17-6/30/18	12,125				12,125	12,125						
Nursing Aid	17-100-034-5120-070	7/1/16-6/30/17	12,870		6,030				(6,030)					
Technology Aid	18-100-034-5120-373	7/1/17-6/30/18	4,625				4,625	4,625						4,625
Technology Aid	17-100-034-5120-373	7/1/16-6/30/17	3,718		1,159				(1,159)					
Security Aid	18-100-034-5120-509	7/1/17-6/30/18	9,375				9,375	9,375		685			685	9,375
Security Aid	17-100-034-5120-509	7/1/16-6/30/17	7,150		1,850				(1,850)					
Total Special Revenue Fund					19,802		77,989	64,111		(19,154)			14,526	51,986
Debt Service Fund														
Debt Service Aid - Type II														
Debt Service Aid - Type II	18-495-034-5120-017	7/1/17-6/30/18	379,996				379,996	379,996						379,996
Total Debt Service Fund							379,996	379,996						379,996
Enterprise Fund														
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	6,476				5,201	6,476		(1,275)				6,476
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	5,633	(402)			402							
Total Enterprise Fund				(402)			5,603	6,476		(1,275)				6,476
Total State Awards			\$ (339,350)	\$ 19,802	\$ -	\$ -	\$ 5,609,549	\$ 5,722,014	\$ (19,154)	\$ (465,693)	\$ -	\$ 14,526	\$ 42,000	\$ 5,709,889
Less:														
On-Behalf Assistance Not Included in Single Audit and Major Program Determination														
TPAF Pension Contributions							(1,648,719)	(1,648,719)						
TPAF Non Contributory Insurance Contributions							(40,010)	(40,010)						
TPAF Post Retirement Medical Contributions							(1,090,714)	(1,090,714)						
TPAF Long Term Disability Insurance Contributions							(2,523)	(2,523)						
Total State Financial Assistance Subject to Single Audit and Major Program Determination Calculation							\$ 2,827,583	\$ 2,940,048						

**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, 2018**

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 (RSF) 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 an a decrease of \$125,136 for the general fund and a decrease of \$230,753 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	\$ 36,809	\$ 5,146,295	\$ 5,183,104
Special Revenue Fund	681,628	64,111	745,739
Debt Service Fund		379,996	379,996
Food Service Fund	<u>269,353</u>	<u>6,476</u>	<u>275,829</u>
Total Financial Assistance	<u>\$ 987,790</u>	<u>\$ 5,596,878</u>	<u>\$ 6,584,668</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, 2018**

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 \$856,346 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, 2018. The amount reported as TPAF Pension System Contributions in the amount of \$1,688,729, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,090,714 and TPAF Long-Term Disability Insurance in the amount of \$2,523 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2018.

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

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments 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 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, 2018**

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)? yes X 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>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>National School Breakfast Program</u>
<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? yes X no

**TOWN OF BOONTON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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?

 yes X 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)?

 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 N.J. Circular Letter 15-08?

 X yes no

Identification of major programs:

GMIS Number(s)	Name of State Program
<u>18-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>18-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>18-495-034-5120-084</u>	<u>Security Aid</u>
<u>18-495-034-5120-068</u>	<u>School Choice Aid</u>
<u>18-495-034-5120-085</u>	<u>Additional Adjustment Aid</u>
<u>18-495-034-5120-098</u>	<u>PARCC Readiness Aid</u>
<u>18-495-034-5120-097</u>	<u>Per Pupil Growth Aid</u>
<u>18-495-034-5120-101</u>	<u>Professional Learning Community Aid</u>
<u>18-495-034-5120-102</u>	<u>Host District Aid</u>
<u>18-495-034-5094-003</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, 2018**

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 2018-001:

Our audit indicated that cash balances on the monthly reports of the Treasurer and Board Secretary were not in agreement with the reconciled bank account balance.

Criteria or specific requirement:

Generally Accepted Accounting Principles

Condition:

The cash balances reflected on the year end reports of the Board Secretary and Treasurer were not in agreement with the reconciled bank account balance.

Questioned Costs

None.

Context:

The June 2018 Treasurer of School Monies report reflects a total governmental funds cash balance of \$185,599.83. The June 2018 Board Secretary report reflects total governmental funds cash balances of \$70,657.52. The reconciled operating bank account balance at June 30, 2018 was (\$161,432.48).

Effect:

District financial records do not report an accurate cash balance. The financial statements have been adjusted to reflect the proper account balances.

Cause:

Monthly reconciliations of District reports were not performed.

Recommendation:

The monthly reports of the Board Secretary and Treasurer of School Monies be reconciled with the operating bank account.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated they will review and revise their 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, 2018

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, 2018**

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 2018-002:

Our audit indicated that cash balances on the monthly reports of the Treasurer and Board Secretary were not in agreement with the reconciled bank account balance.

Information on the State Program

Special Education Aid	18-495-034-5120-089;	PARCC Readiness Aid	18-495-034-5120-098
Equalization Aid	18-495-034-5120-078;	Per Pupil Growth Aid	18-495-034-5120-097
Security Aid	18-495-034-5120-084;	Professional Learning Aid	18-495-034-5120-101
School Choice Aid	18-495-034-5120-068;	Host District Aid	18-495-034-5120-102
Additional Adjustment Aid	18-495-034-5120-085		

Criteria or specific requirement:

Generally Accepted Accounting Principles; State Aid-Public Grant Compliance Supplement

Condition:

The cash balances reflected on the year end reports of the Board Secretary and Treasurer were not in agreement with the reconciled bank account balance.

Questioned Costs.

None.

Context:

The June 2018 Treasurer of School Monies report reflects a total governmental funds cash balance of \$185,599.83. The June 2018 Board Secretary report reflects total governmental funds cash balances of \$70,657.52. The reconciled operating bank account balance at June 30, 2018 was (\$161,432.48).

Effect:

District financial records do not report an accurate cash balance. The District is not in compliance with state aid-public grant requirements. The financial statements have been adjusted to reflect the proper account balances.

Cause:

Monthly reconciliations of District reports were not performed.

Recommendation:

The monthly reports of the Board Secretary and Treasurer of School Monies be reconciled with the operating bank account.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated they will review and revise their 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, 2018**

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 2017-001

Capital expenditures financed by a lease were incurred prior to securing financing.

Current Status

Corrective action has been taken.

Finding 2017-002

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

Current Status

Corrective action has been taken.

Finding 2017-003

The District's financial accounting and reporting system was not reconciled to the monthly Treasurer of School monies report.

Current Status

See Finding 2018-001.

Finding 2017-004

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.

Current Status

Corrective action has been taken.

**TOWN OF BOONTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 (Continued)

Finding 2017-005

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 of services rendered exceeded the amount due vendor.

Current Status

Corrective action has been taken.

Finding 2017-006

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

Current Status

Corrective action has been taken.

Finding 2017-007

The District's financial accounts and reporting system was not reconciled to the monthly Treasurer of School Monies report.

Current Status

See Finding 2018-002.

**TOWN OF BOONTON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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 (Continued)

Finding 2017-008

Expenditures were mad for façade 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.

Current Status

Corrective action has been taken.

Finding 2017-009

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

Current Status

Corrective action has been taken.