

SCHOOL DISTRICT  
OF  
BOONTON TOWNSHIP

Boonton Township School District  
Board of Education  
Boonton Township, New Jersey

Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018

# Comprehensive Annual Financial Report

of the

Boonton Township School District  
Board of Education

Boonton Township, New Jersey

For Fiscal Year Ended June 30, 2018

Prepared by

Boonton Township School District  
Board of Education

BOONTON TOWNSHIP SCHOOL DISTRICT  
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INTRODUCTORY SECTION  
(UNAUDITED)

# BOONTON TOWNSHIP BOARD OF EDUCATION

11 Valley Road

Boonton Township, New Jersey 07005

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Dr. Christian Angelillo  
Superintendent/ Principal  
Voice (973) 334-4162

John T. Murray II, RSBA  
School Business Administrator/ Board Secretary  
Fax (973) 334-0035

December 11, 2018

The Honorable President and Members  
of the Board of Education  
Boonton Township School District  
County of Morris, New Jersey

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Boonton Township School District (the "District") 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 Boonton Township Board of Education (the "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 organizational chart and a list of principal officials. The financial section includes The Independent Auditors' Report, the management's discussion and analysis, the 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Boonton Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Boonton Township Board of Education and its school constitute the District's reporting entity.

The Boonton Township Board of Education is a Type II District administered by a superintendent and business administrator. Boonton Township has only one public school, known as Rockaway Valley School, which provided learning opportunities for 428 children during the 2017/2018 school year in grades K-8 with two special education preschool programs. The District is in a sending/receiving relationship with Mountain Lakes Board of Education to provide educational services for their high school students. There were 264 Boonton Township High School students attending Mountain Lakes High School during 2017/2018.

A full range of educational services and curriculum appropriate to the elementary grade levels is available at Rockaway Valley School. Regular programs as well as special education for the special needs youngsters are readily provided. The District completed the 2017/2018 fiscal year with an average daily enrollment of 692 students (which includes the high school students) which is 17 students or 2.4% less than the previous year's enrollment.

2. ECONOMIC CONDITION AND OUTLOOK: Boonton Township is a suburban community with a District Factor Group rating of I. It was founded in 1867, partially on land once owned by William Penn. The Township was once famous for its electronics industry, having been the home for Johanson Manufacturing Corp., still in existence today; Radio Frequency Laboratories and its hangar and flying field, and the Aircraft Radio Corp. Electronics played a large part in the history of the Township's World War II hero, General Jimmy Doolittle, who made the first "blind" aircraft landing at Mitchell Field using the company's radio equipment in 1929.

The population of Morris County continues to grow and Boonton Township's growth has slowed a bit in comparison to the County average. Boonton Township's population in 2000 was 4,283. In 2010, the census showed that the population was 4,263 or a decrease of -0.47%. The County growth during the same time frame was 4.7%. The Township labor force equals 2,088 people and 1,994 are employed. The unemployment rate was 4.50% compared to the County average of 6.3%.

3. MAJOR INITIATIVES: Rockaway Valley School maintains a welcoming and nurturing environment for all students. We believe that students must continue to strive toward high academic standards that are aligned with the National Core Content Standards. New math and literacy programs were implemented in the past few years and teachers will continue expanding these programs. The emphasis on infusing literacy in the classroom continues, with a focus on improving teaching strategies in all academic areas, and upgrading the physical plant over the next several years. A comprehensive staff development program was initiated several years ago with a continued focus on implementing the Kim Marshall teacher evaluation program and the Genesis student data base program. This effort will also continue into the next year. The district migrated over to a "Google School" during the 2016-2017 school year and continued throughout 2017-18 to allow shared documents between students and staff and the board in an effort to promote efficiency and paper reduction.

In order to prepare students for 21st Century learning, additional MacBooks and iPads were purchased to either replace outdated units or supplement the existing inventory. The school currently has an inventory of Smart boards in every educational space and MacBook carts available for each grade level and specialty areas. Computers continue to be upgraded for staff and student use as part of the district's multi-year Technology Plan. The district's budget includes an allowance for increased bandwidth of 300 mps and a wireless network which was upgraded improve the delivery of instruction to students through mobile computing and interactive instruction and to meet the demands of the State mandated PARCC test. Laptop computers are used in conjunction with the SMART Boards that are installed in every classroom. Keyboarding continues to be infused into the curriculum to improve students' skills. A new textbook program was purchased for grades 6 through 8 math. As in past years, new books including teacher resource materials were purchased for the library/media center and new novels were purchased for the classrooms. A mini STEAM Lab/Maker Space was created as a "specials" class as an integral part of the Gifted and Talented program for students in grades 6 through 8. A committee was established to develop a comprehensive "STEM" education curriculum for coming years. The budget continues to support the "Apex) Geometry online program to enrich math instruction for accelerated learners.

Over the past few years there has been an increasing emphasis at RVS on fostering a climate of respect for individual student differences. As such the staff has focused on identifying and correcting behaviors that might be considered "bullying" in nature. With the efforts of our school-based Climate Team, the staff will continue to focus this year on fostering a climate of respect and student awareness of the harmful effects of bullying type behavior. This renewed effort is aligned with the State initiatives on Harassment/Intimidation/ and Bullying (HIB.) The Board Policy is referenced in the parent, staff, and student handbooks and is also posted on the school's website. Finally, a major theme on developing "Respect for All" along with a zero tolerance for any bullying type behaviors will rolled out for the students during a State mandated "Week of Respect" in early October. Rockaway Valley School has partnered with the United Way Culture and Climate Initiative that offered staff development and resources to promote a positive school climate.

Several health and safety facility items were addressed during the 2017-18 school year. The roadway entrance was reconfigured to add additional parking spaces and to provide a safer and more efficient traffic pattern for pedestrians and student drop off and pickup. Several electrical circuits, HVAC systems and security systems were either replaced or upgraded as needed. A program of replacing old incandescent, halogen, high pressure sodium and fluorescent fixtures with new energy efficient LED lighting has been implemented. There is also an emphasis on improving building security with projects such as reconfiguration of the administrative offices at the school entrance and upgrade of video monitoring system. Older analog video cameras were replaced with a new digital video surveillance system increasing the security coverage to all areas of the building's interior and exterior as well as the grounds and roadways. A satellite building mapping system was added which allows local and county law enforcement agencies to access critical information to aid in responding to emergency situations. A major focus in the coming years will be to address roof systems for repair or replacement.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 a recipient of federal awards and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

5. 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 Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects 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 cancelled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2018.

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

7. 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 which 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 secured in accordance with the Act.

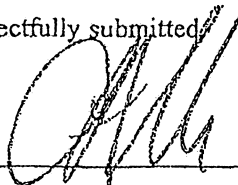
The Honorable President and Members  
of the Board of Education  
Boonton Township School District  
Page 4  
December 11, 2018

8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property, contents, and fidelity bonds. The Board oversees Risk Management for the District. A schedule of insurance coverage is found on Exhibit J-20.

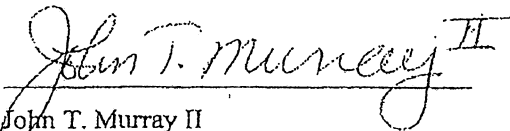
9. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Boonton Township School Board 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,

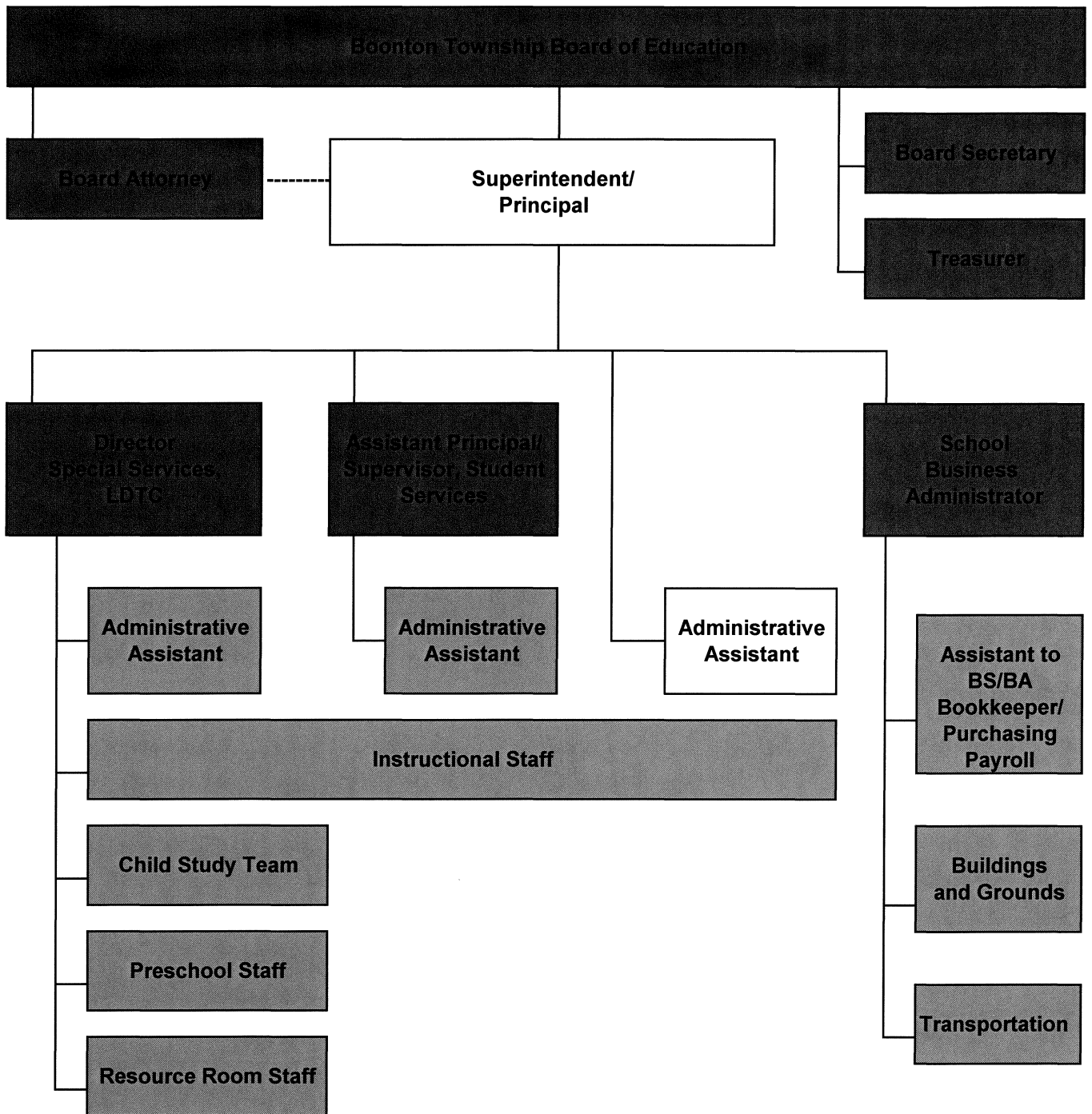


Dr. Christian Angelillo  
Superintendent/ Principal



John T. Murray II  
Business Administrator/Board Secretary

Boonton Township Board of Education  
 Organization Chart



Approved: May 26, 2014

BOONTON TOWNSHIP SCHOOL DISTRICT  
ROSTER OF OFFICIALS  
JUNE 30, 2018

Members of the Board of Education

Term Expires

|                                  |      |
|----------------------------------|------|
| Barry Brantner, President        | 2019 |
| Patricia Collins, Vice President | 2019 |
| Ann Bentrovato                   | 2018 |
| Christine Cabana                 | 2020 |
| Lisa Caswell                     | 2018 |
| Charles Eaton                    | 2019 |
| Grace McBride                    | 2020 |
| John Sierchio                    | 2018 |
| Katherine Youngman               | 2020 |

Other Officials

Title

|   |   |
|---|---|
| Dr. Christian Angelillo   | Superintendent/Principal                      |
| John T. Murray II, RSBA   | School Business Administrator/Board Secretary |
| Lia Lendis  | Assistant Principal                           |
| Christy Voorhees  | Director of Special Services, LDTC            |
| Norman M. Eckstein  | Treasurer of School Monies                    |
| Matthew J. Giacobbe<br>(Cleary, Giacobbe, Alfieri, Jacobs, LLC) | School Board Attorney                         |



# **BOONTON TOWNSHIP SCHOOL DISTRICT**

Consultants and Advisors  
Year Ended June 30, 2018

## **Audit Firm**

Nisivoccia LLP  
Mount Arlington Corporate Center  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856  
and  
Lawrence Business Park  
11 Lawrence Road  
Newton, NJ 07860

## **Board Attorney**

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Cleary Giacobbe Alfieri Jacobs, LLC  
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Oakland, NJ 07436

## **Special Education Attorney**

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Schenk, Price, Smith & King, LLP  
220 Park Avenue  
P.O. Box 991  
Florham Park, NJ 07003

## **Bond Attorney**

Lisa A. Gorab, Esq.  
Wilentz, Goldman, Spitzer  
90 Woodbridge Center Dr., Suite 900, Box 10  
Woodbridge, NJ 07095

## **Architect of Record**

GA Architect  
151 Washington Street  
Bloomfield, NJ 07003

## **Official Depositories**

Bank of America  
Powerville Road  
Boonton Township, NJ 07005

State of New Jersey, Cash Management Fund  
Morgan Stanley Trust  
Harborside Financial Center, Plaza Two  
Jersey City, NJ 07311-3977

FINANCIAL SECTION

## Independent Auditors' Report

The Honorable President and Members  
of the Board of Education  
Boonton Township School District  
County of Morris, 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 Board of Education of the Boonton Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District'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.

### ***Auditors' 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 *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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Boonton Township School District, in the County of Morris, 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***

As discussed in Note 10 to the basic financial statements, the District has not implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. This is due to the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, not providing the information necessary to implement Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* as of the date of this report. The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District. Our opinions are 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, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. The required supplementary information schedule, Schedule of Changes in the State’s Proportionate Share of the Total OPEB Liability Attributable to the District and Related Ratios, is omitted from this report. This is due to the Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, not providing the information necessary to implement Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* as of the date of this report. 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 available 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. Our opinion on the basic financial statements has not been affected for this missing information.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state 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*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

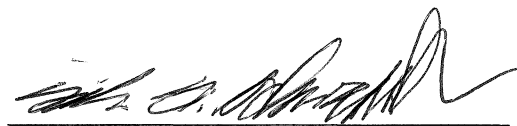
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2018 on our consideration of the 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 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 District's internal control over financial reporting and compliance.

December 11, 2018  
Mount Arlington, New Jersey

NISIVOCCIA LLP



William F. Schroeder  
Licensed Public School Accountant #2112  
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION -  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management's Discussion and Analysis  
For Fiscal Year Ended June 30, 2018  
(Unaudited)**

This section of Boonton Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- The District's financial status had an increase of \$85,697 on a district-wide basis during the year due to an increase in restricted net position of \$252,861, a decrease in unrestricted net position of \$288,520 and an increase in net investment capital assets net of related debt of \$121,356.
- Overall revenue was \$16.36 million; \$270,395 less than prior year.
- Overall expenses were \$16.27 million; \$570,450 less than prior year.

**Overview of the Financial Statements**

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**  
**Organization of Boonton Township School District's Financial Report**

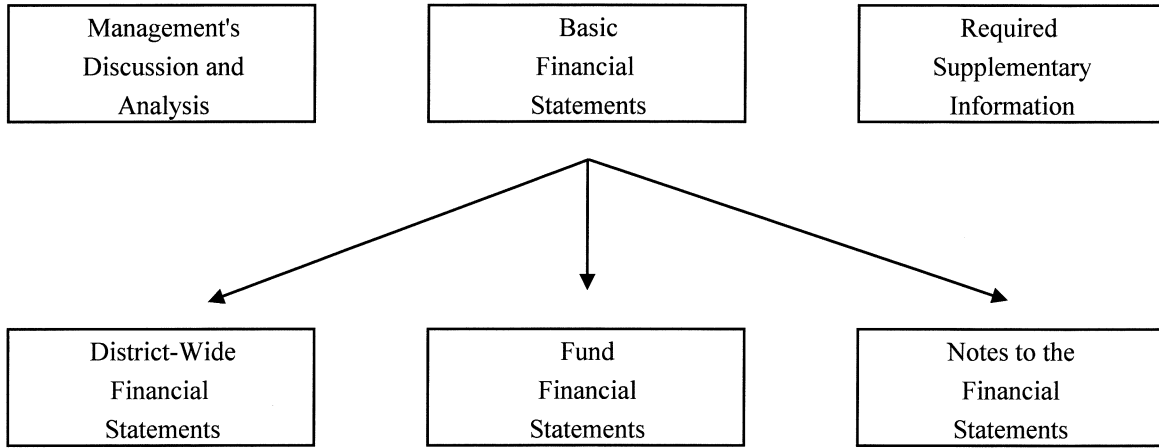


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.



**Figure A-2**

**Major Features of the District-Wide and Fund Financial Statements**

|  | Fund Financial Statements  |  |  |   |
|--|--|--|--|---|
|  | District-Wide Statements   | Governmental Funds   | Proprietary Funds  | Fiduciary Funds   |
| Scope                                  | Entire district (except fiduciary funds)   | The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance   | Activities the district operates similar to private businesses; food services  | Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.      |
| Required Financial Statements          | <ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul> | <ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenue, Expenditures, and Changes in Fund Balances</li> </ul>                                    | <ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul> | <ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul> |
| Accounting basis and measurement focus | Accrual Accounting and Economic Resources focus  | Modified Accrual Accounting and Current Financial Focus  | Accrual Accounting and Economic Resources focus  | Accrual Accounting and Economic Resources focus   |
| Type of Asset/Liability Information    | All Assets and Liabilities, both Financial and Capital, Short-Term and Long-Term                                 | Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included                    | All assets and liabilities, both financial and capital, short-term and long-term   | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can                       |
| Type of Inflow/Outflow Information     | All Revenue and Expenses during the year, regardless of when Cash is Received or Paid                            | Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All Revenue and Expenses during the year, regardless of when cash is received or paid  | All Additions and Deductions during the year, regardless of when cash is received or paid   |

## District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

## Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

## Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the fund financial statements.

### Financial Analysis of the District as a Whole

Net Position. The District's net position is shown in Figure A-3. It is important to note here that depreciation of the District's capital assets is included in total expenses.

**Figure A-3**

#### Condensed Statement of Net Position

|                                   | Governmental Activities |                       | Business-Type Activities |                  | Total School District |                       | Total<br>Percentage<br>Change |
|-----------------------------------|-------------------------|-----------------------|--------------------------|------------------|-----------------------|-----------------------|-------------------------------|
|                                   | 2018                    | 2017                  | 2018                     | 2017             | 2018                  | 2017                  | 2017-2018                     |
|                                   |                         |                       |                          |                  |                       |                       |                               |
| Current and Other Assets          | \$ 1,982,739            | \$ 1,772,178          | \$ 10,347                | \$ 15,237        | \$ 1,993,086          | \$ 1,787,415          | 11.51%                        |
| Capital Assets, Net               | 130,672                 | 203,332               | 13,705                   | 14,689           | 144,377               | 218,021               | -33.78%                       |
| Total Assets                      | <u>2,113,411</u>        | <u>1,975,510</u>      | <u>24,052</u>            | <u>29,926</u>    | <u>2,137,463</u>      | <u>2,005,436</u>      | 6.58%                         |
| Deferred Outflows<br>of Resources | <u>1,023,702</u>        | <u>1,293,146</u>      |                          |                  | <u>1,023,702</u>      | <u>1,293,146</u>      | -20.84%                       |
| Long-Term Liabilities Outstanding | 3,435,580               | 4,273,477             |                          |                  | 3,435,580             | 4,273,477             | -19.61%                       |
| Other Liabilities                 | <u>229,426</u>          | <u>176,444</u>        |                          |                  | <u>229,426</u>        | <u>176,444</u>        | 30.03%                        |
| Total Liabilities                 | <u>3,665,006</u>        | <u>4,449,921</u>      |                          |                  | <u>3,665,006</u>      | <u>4,449,921</u>      | -17.64%                       |
| Deferred Inflows<br>of Resources  | <u>561,801</u>          |                       |                          |                  | <u>561,801</u>        |                       | 100.00%                       |
| Net Position:                     |                         |                       |                          |                  |                       |                       |                               |
| Net Investment in Capital         |                         |                       |                          |                  |                       |                       |                               |
| Assets/(Deficit)                  | (239,328)               | (361,668)             | 13,705                   | 14,689           | (225,623)             | (346,979)             | 34.98%                        |
| Restricted                        | 1,010,336               | 757,475               |                          |                  | 1,010,336             | 757,475               | 33.38%                        |
| Unrestricted/(Deficit)            | <u>(1,860,702)</u>      | <u>(1,577,072)</u>    | <u>10,347</u>            | <u>15,237</u>    | <u>(1,850,355)</u>    | <u>(1,561,835)</u>    | -18.47%                       |
| Total Net Position/(Deficit)      | <u>\$ (1,089,694)</u>   | <u>\$ (1,181,265)</u> | <u>\$ 24,052</u>         | <u>\$ 29,926</u> | <u>\$ (1,065,642)</u> | <u>\$ (1,151,339)</u> | 7.44%                         |

*Changes in net position.* The District's combined net position was \$(1,065,642) on June 30, 2018, \$85,697 or 7.44% higher than the year before. (See Figure A-3). The net position of the governmental activities increased \$91,571, primarily because of an increase in restricted net position of \$252,861, a decrease in unrestricted net position of \$288,520 and an increase in net investment capital assets net of related debt of \$121,356. The net position of the business-type activities decreased \$5,874 (see Figure A-4).

**Figure A-4**

**Changes in Net Position from Operating Results**

|                                     | Governmental      |                   | Business-Type |               | Total             |                   | Total         |
|-------------------------------------|-------------------|-------------------|---------------|---------------|-------------------|-------------------|---------------|
|                                     | Activities        |                   | Activities    |               | School District   |                   | Percentage    |
|                                     | 2018              | 2017              | 2018          | 2017          | 2018              | 2017              | 2017-2018     |
| Revenue:                            |                   |                   |               |               |                   |                   |               |
| Program Revenue:                    |                   |                   |               |               |                   |                   |               |
| Charges for Services                |                   |                   | \$ 6,613      | \$ 6,439      | \$ 6,613          | \$ 6,439          | 2.70%         |
| Operating Grants and Contributions  | \$2,992,214       | \$3,507,310       |               |               | 2,992,214         | 3,507,310         | -14.69%       |
| General Revenue:                    |                   |                   |               |               |                   |                   |               |
| Property Taxes                      | 13,128,447        | 12,880,210        |               |               | 13,128,447        | 12,880,210        | 1.93%         |
| Unrestricted Federal and State Aid  | 86,490            | 88,788            |               |               | 86,490            | 88,788            | -2.59%        |
| Other                               | 146,584           | 132,214           |               | 15,782        | 146,584           | 147,996           | -0.95%        |
| <b>Total Revenue</b>                | <b>16,353,735</b> | <b>16,608,522</b> | <b>6,613</b>  | <b>22,221</b> | <b>16,360,348</b> | <b>16,630,743</b> | <b>-1.63%</b> |
| Expenses:                           |                   |                   |               |               |                   |                   |               |
| Instruction                         | 7,115,292         | 7,750,333         |               |               | 7,115,292         | 7,750,333         | -8.19%        |
| Tuition                             | 5,391,426         | 5,382,635         |               |               | 5,391,426         | 5,382,635         | 0.16%         |
| Pupil & Instruction Services        | 994,729           | 1,009,029         |               |               | 994,729           | 1,009,029         | -1.42%        |
| Administrative and Business         | 1,024,843         | 1,126,115         |               |               | 1,024,843         | 1,126,115         | -8.99%        |
| Maintenance & Operations            | 884,360           | 779,057           |               |               | 884,360           | 779,057           | 13.52%        |
| Transportation                      | 764,426           | 719,675           |               |               | 764,426           | 719,675           | 6.22%         |
| Other                               | 87,088            | 67,061            | 12,487        | 11,196        | 99,575            | 78,257            | 27.24%        |
| <b>Total Expenses</b>               | <b>16,262,164</b> | <b>16,833,905</b> | <b>12,487</b> | <b>11,196</b> | <b>16,274,651</b> | <b>16,845,101</b> | <b>-3.39%</b> |
| Increase/(Decrease) in Net Position | \$ 91,571         | \$ (225,383)      | \$ (5,874)    | \$ 11,025     | \$ 85,697         | \$ (214,358)      | -139.98%      |

*Revenue Sources.* The District’s total revenue for the 2017/2018 school year was \$16,360,348 (See Figure A-4). Property taxes and state formula aid accounted for most of the District’s revenue, with local taxes accounting for \$13,128,447 of the total, or 80.25%. (See Figure A-5). Another 18.81% came from state and federal aid and the remainder from other miscellaneous sources and charges for services. It is important to note that of the Categorical Grants amount of \$2,614,967 there is \$913,885 included in funds that are not paid to the District for Pension Contributions and Post Retirement Medical Benefits that the State of New Jersey is paying on behalf of the District. Boonton Township School District basically conducts its operations from the revenues it receives from its local taxpayers.

**Figure A-5**

**Sources of Revenue for Fiscal Year 2018**

| Sources of Income                    | Amount               | Percentage     |
|--------------------------------------|----------------------|----------------|
| State Formula Aid                    | \$ 463,737           | 2.83%          |
| Property Taxes                       | 13,128,447           | 80.25%         |
| Federal and State Categorical Grants | 2,614,967            | 15.98%         |
| Charges for Services                 | 6,613                | 0.04%          |
| Other                                | 146,584              | 0.90%          |
|                                      | <b>\$ 16,360,348</b> | <b>100.00%</b> |

The total cost of all programs and services was \$16,274,651. The District’s expenses are predominantly related to instructing, tuition, caring for (pupil services) and transporting students (87.66%). (See Figure A-6). The District’s administrative and business activities accounted for 6.30% of total costs.

**Figure A-6**  
**Expenses for Fiscal Year 2018**

| Expense Category             | Amount        | Percentage |
|------------------------------|---------------|------------|
| Instruction                  | \$ 7,115,292  | 43.72%     |
| Tuition                      | 5,391,426     | 33.13%     |
| Pupil & Instruction Services | 994,729       | 6.11%      |
| Administrative and Business  | 1,024,843     | 6.30%      |
| Maintenance & Operations     | 884,360       | 5.43%      |
| Transportation               | 764,426       | 4.70%      |
| Other                        | 99,575        | 0.61%      |
|                              | \$ 16,274,651 | 100.00%    |

Out-of-district tuition costs for special education placements and for students sent to Mountain Lakes High School grades 9 through 12 accounted for about 33.13% of the total budget. Administrative and Business functions included costs for the District’s legal, professional and auditing fees, liability insurance, telephone, postage, technology and internet costs, environmental testing and election expenses.

The increase in operations and maintenance expenses of approximately 5.43% included costs for the upkeep and maintenance of the facility including cleaning, landscaping and maintenance contracts, pest control, utilities and property insurance.

Transportation costs were for regular and special education to and from Rockaway Valley School, Mountain Lakes High School and out-of-district special education placements. The District is also responsible for the transportation costs or the payment of “aid-in-lieu” of transportation for non-public students who reside within the District. The total transportation costs were about 4.70%.

Additionally, Special Revenue Fund expenses from state and federal sources in the amount of \$134,986 and debt service payments for bond interest totaling \$22,600 were paid in 2017/2018.

The 2017/2018 budget is reflective of the District’s desire to provide its students and staff with the best opportunities, in a safe learning environment while being responsible to its taxpayers. Through careful budgeting, prudent planning and internal controls, the use of cooperative purchasing, shared services with Boonton Township and other school districts in areas such as facility services, vehicle maintenance and technology, the District has been successful in maximizing its available resources.

## Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased by approximately \$91,571 in the governmental activities. Maintaining existing programs with regular pupil enrollment and the provision of a multitude of special programs and services for special needs pupils place great demands on the District's resources. Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions continued during the year were:

- A significant number of special needs pupils continue to be educated in programs within the District rather than being sent out-of-District whereby the District would have to pay tuition as well as increased transportation costs. Boonton Township has been cited for its inclusion programs.
- Boonton Township is maximizing its joint purchasing/cooperative agreements. We currently jointly purchase supplies (teaching, custodial, etc.), and insurances (health, property/casualty). It also participates in an energy purchasing consortium (ACES) and a telecommunication services consortium (ACTS).

It is crucial that the District examine its expenses carefully. Increasing parental and student demands for new activities and programs must be evaluated thoroughly. District resources are at their tightest level in a decade.

Figure A-7 presents the cost of seven major District activities: instruction, tuition, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

**Figure A-7**

### Net Cost of Governmental Activities

|                              | Total                |                      | Net                  |                      |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
|                              | Cost of Services     |                      | Cost of Services     |                      |
|                              | 2018                 | 2017                 | 2018                 | 2017                 |
| Instruction                  | \$ 7,115,292         | \$ 7,750,333         | \$ 4,358,624         | \$ 4,520,385         |
| Tuition                      | 5,391,426            | 5,382,635            | 5,391,426            | 5,382,635            |
| Pupil & Instruction Services | 994,729              | 1,009,029            | 932,483              | 934,140              |
| Administrative and Business  | 1,024,843            | 1,126,115            | 923,617              | 996,033              |
| Maintenance & Operations     | 884,360              | 779,057              | 884,360              | 779,057              |
| Transportation               | 764,426              | 719,675              | 692,352              | 647,284              |
| Other                        | 87,088               | 67,061               | 87,088               | 67,061               |
| <b>Total</b>                 | <b>\$ 16,262,164</b> | <b>\$ 16,833,905</b> | <b>\$ 13,269,950</b> | <b>\$ 13,326,595</b> |

- The cost of all governmental activities this year was \$16.26 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$3,078,704).
- Most of the District's costs, however, were financed by District taxpayers (\$13.13 million).
- A portion of governmental activities was financed with \$463,737 in state formula aid.
- The remainder of the funding came from miscellaneous revenue, charges for services and investment earnings (\$146,584).

### Business-Type Activities

Net position from the District’s business-type activity increased by \$5,874, primarily due to revenues for charges for services increased by \$174 from the prior year, while current year expenses continued to increase by \$1,291 from the prior year. (refer to Figure A-4).

### Financial Analysis of the District’s Funds

The District’s financial position increased primarily due to a decrease in net pension liability. The cost of additional teachers, plus benefits, has been a strain on our budget but is necessitated to maintain class sizes at acceptable levels.

Difficult economic times have had a direct impact upon the District’s revenue sources. Interest from investments continued to be significantly lower than in prior years. The District has also reduced its level of using surplus to reduce the tax levy. As overall revenue for the District is strained, the amount of funds generated for this purpose likewise decreases. The ratables in the municipality of the District have not significantly changed, thus generating concern for the local tax levy in the future.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

### General Fund Budgetary Highlights

Over the course of the year, the District revised its annual operating budget several times. These budget amendments were for changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

### Capital Asset and Long-Term Liabilities Administration

**Figure A-8**

**Capital Assets (net of depreciation)**

|                            | Governmental Activities |                   | Business-Type Activities |                  | Total School District |                   | Total          |
|----------------------------|-------------------------|-------------------|--------------------------|------------------|-----------------------|-------------------|----------------|
|                            | 2018                    | 2017              | 2018                     | 2017             | 2018                  | 2017              | Percentage     |
|                            |                         |                   |                          |                  |                       |                   | Change         |
|                            |                         |                   |                          |                  |                       |                   | 2017-2018      |
| Buildings & Improvements   | \$ 3                    | \$ 23,942         |                          |                  | \$ 3                  | \$ 23,942         | -99.99%        |
| Machinery and<br>Equipment | 130,669                 | 179,390           | \$ 13,705                | \$ 14,689        | 144,374               | 194,079           | -25.61%        |
| <b>Total</b>               | <b>\$ 130,672</b>       | <b>\$ 203,332</b> | <b>\$ 13,705</b>         | <b>\$ 14,689</b> | <b>\$ 144,377</b>     | <b>\$ 218,021</b> | <b>-33.78%</b> |

During the fiscal year, the District acquired \$10,326 in equipment, and depreciated \$83,970 of its capital assets.

**Long-Term Liabilities**

At year-end, the District had \$3,435,580 in general obligation bonds, net pension liability and other long-term liabilities outstanding – a decrease of \$837,897 from last year due primarily to the decrease in Net Pension Liability – as shown in Figure A-9. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements.)

**Figure A-9  
Outstanding Long-Term Liabilities**

|   | Total School District |                     | Total Percentage |
|---|-----------------------|---------------------|------------------|
|   | 2018                  | 2016                | Change 2017-2018 |
| General Obligation Bonds (Financed with Property Taxes) | \$ 370,000            | \$ 565,000          | -34.51%          |
| Net Pension Liability                                   | 2,798,831             | 3,466,634           | -19.26%          |
| Other Long Term Liabilities                             | 266,749               | 241,843             | 10.30%           |
| <b>Total</b>  | <b>\$ 3,435,580</b>   | <b>\$ 4,273,477</b> | <b>-19.61%</b>   |

- The District continued to pay down its debt, retiring \$195,000 of general obligation bonds and \$15,828 of ERIP obligations.
- The District had a decrease of \$667,803 in net pension liability.
- The District also had a net increase in Compensated Absences payable of \$40,734.

**Factors Bearing on the District’s Future**

At the time these financial statements were prepared and audited, the District was in a good financial position. S1701, adopted by the State of New Jersey on June 17, 2004, forced the District to cut its allowable unassigned general fund balance to 2%. This leaves the District with very little protection in the event of costly emergencies. This law also placed limits on the District’s ability to transfer funds into capital reserve for the construction and maintenance of school facilities, the ability to transfer available balance as needed and the ability to transfer available funds between appropriation accounts.

**Contacting the District’s Financial Management**

This financial report is designed to provide the District’s citizens, taxpayers, customers and investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 11 Valley Road, Boonton Township, New Jersey 07005.



BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOONTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

|  | Governmental<br>Activities | Business-Type<br>Activities | Total                 |
|--|----------------------------|-----------------------------|-----------------------|
| <b>ASSETS</b>  |                            |                             |                       |
| Cash and Cash Equivalents  | \$ 912,366                 | \$ 10,347                   | \$ 922,713            |
| Receivables from State Government  | 207,878                    |                             | 207,878               |
| Other Receivables  | 3,300                      |                             | 3,300                 |
| Restricted Assets:   |                            |                             |                       |
| Capital Reserve Account - Cash and Cash Equivalents                        | 508,445                    |                             | 508,445               |
| Maintenance Reserve Account - Cash and Cash Equivalents                    | 350,750                    |                             | 350,750               |
| Depreciable Capital Assets, Net  | 130,672                    | 13,705                      | 144,377               |
| Total Assets   | <u>2,113,411</u>           | <u>24,052</u>               | <u>2,137,463</u>      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                      |                            |                             |                       |
| Changes in Proportion - Pensions   | 249,431                    |                             | 249,431               |
| Difference between Expected and Actual Experience - Pensions               | 65,903                     |                             | 65,903                |
| Net Difference between Projected and Actual Investment Earnings - Pensions | 19,058                     |                             | 19,058                |
| Changes in Assumptions - Pensions  | 563,868                    |                             | 563,868               |
| District Contribution Subsequent to Measurement Date - Pensions            | 125,442                    |                             | 125,442               |
| Total Deferred Outflows of Resources                                       | <u>1,023,702</u>           |                             | <u>1,023,702</u>      |
| <b>LIABILITIES</b>   |                            |                             |                       |
| Accounts Payable - Vendors   | 228,928                    |                             | 228,928               |
| Unearned Revenue   | 498                        |                             | 498                   |
| Noncurrent Liabilities:  |                            |                             |                       |
| Due Within One Year  | 207,000                    |                             | 207,000               |
| Due Beyond One Year  | 3,228,580                  |                             | 3,228,580             |
| Total Liabilities  | <u>3,665,006</u>           |                             | <u>3,665,006</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                       |                            |                             |                       |
| Changes in Assumptions - Pensions  | 561,801                    |                             | 561,801               |
| Total Deferred Outflows of Resources                                       | <u>561,801</u>             |                             | <u>561,801</u>        |
| <b>NET POSITION/(Deficit)</b>  |                            |                             |                       |
| Net Investment in Capital Assets/<br>(Deficit)                             | (239,328)                  | 13,705                      | (225,623)             |
| Restricted for:  |                            |                             |                       |
| Capital Projects   | 508,445                    |                             | 508,445               |
| Maintenance  | 350,750                    |                             | 350,750               |
| Excess Surplus   | 151,141                    |                             | 151,141               |
| Unrestricted/(Deficit)   | (1,860,702)                | 10,347                      | (1,850,355)           |
| Total Net Position/(Deficit)   | <u>\$ (1,089,694)</u>      | <u>\$ 24,052</u>            | <u>\$ (1,065,642)</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

BOONION TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

| Functions/Programs                               | Program Revenue      |                      | Net Expense and Changes in Net Position |                         |                          |                        |
|--|----------------------|----------------------|---|-------------------------|--------------------------|------------------------|
|  | Expenses             | Charges for Services | Operating Grants and Contributions      | Governmental Activities | Business-type Activities | Total                  |
| <b>Governmental Activities:</b>                  |                      |                      |   |                         |                          |                        |
| <b>Instruction:</b>                              |                      |                      |   |                         |                          |                        |
| Regular  | \$ 5,402,373         |                      | \$ 1,650,086                            | \$ (3,752,287)          |                          | \$ (3,752,287)         |
| Special Education                                | 1,330,834            |                      | 990,491                                 | (340,343)               |                          | (340,343)              |
| Other Special Instruction                        | 241,009              |                      | 74,642                                  | (166,367)               |                          | (166,367)              |
| School Sponsored/Other Instruction               | 141,076              |                      | 41,449                                  | (99,627)                |                          | (99,627)               |
| <b>Support Services:</b>                         |                      |                      |   |                         |                          |                        |
| Tuition  | 5,391,426            |                      |   | (5,391,426)             |                          | (5,391,426)            |
| Student & Instruction Related Services           | 994,729              |                      | 62,246                                  | (932,483)               |                          | (932,483)              |
| General Administrative Services                  | 282,332              |                      |   | (282,332)               |                          | (282,332)              |
| School Administrative Services                   | 427,483              |                      | 101,226                                 | (326,257)               |                          | (326,257)              |
| Central Services                                 | 255,417              |                      |   | (255,417)               |                          | (255,417)              |
| Administration Information Technology            | 59,611               |                      |   | (59,611)                |                          | (59,611)               |
| Plant Operations and Maintenance                 | 884,360              |                      |   | (884,360)               |                          | (884,360)              |
| Pupil Transportation                             | 764,426              |                      | 72,074                                  | (692,352)               |                          | (692,352)              |
| Unallocated Depreciation                         | 22,600               |                      |   | (22,600)                |                          | (22,600)               |
| Capital Outlay                                   | 868                  |                      |   | (868)                   |                          | (868)                  |
| Interest on Long-Term Debt                       | 63,620               |                      |   | (63,620)                |                          | (63,620)               |
| <b>Total Governmental Activities</b>             | <u>16,262,164</u>    |                      | <u>2,992,214</u>                        | <u>(13,269,950)</u>     |                          | <u>(13,269,950)</u>    |
| <b>Business-Type Activities:</b>                 |                      |                      |   |                         |                          |                        |
| Food Service                                     | 12,487               | \$ 6,613             |   |                         | \$ (5,874)               | (5,874)                |
| <b>Total Business-Type Activities</b>            | <u>12,487</u>        | <u>6,613</u>         |   |                         | <u>(5,874)</u>           | <u>(5,874)</u>         |
| <b>Total Primary Government</b>                  | <u>\$ 16,274,651</u> | <u>\$ 6,613</u>      | <u>\$ 2,992,214</u>                     | <u>\$ (13,269,950)</u>  | <u>\$ (5,874)</u>        | <u>\$ (13,275,824)</u> |
| <b>General Revenues:</b>                         |                      |                      |   |                         |                          |                        |
| <b>Taxes:</b>                                    |                      |                      |   |                         |                          |                        |
| Property Taxes, Levied for General Purposes, Net |                      |                      |   | \$ 12,962,846           |                          | \$ 12,962,846          |
| Taxes Levied for Debt Service                    |                      |                      |   | 165,601                 |                          | 165,601                |
| Federal and State Aid Not Restricted             |                      |                      |   | 86,490                  |                          | 86,490                 |
| Miscellaneous Income                             |                      |                      |   | 146,584                 |                          | 146,584                |
| <b>Total General Revenue</b>                     |                      |                      |   | <u>13,361,521</u>       |                          | <u>13,361,521</u>      |
| Change in Net Position                           |                      |                      |   | 91,571                  | \$ (5,874)               | 85,697                 |
| <b>Net Position/(Deficit) - Beginning</b>        |                      |                      |   | <u>(1,181,265)</u>      | <u>29,926</u>            | <u>(1,151,339)</u>     |
| <b>Net Position/(Deficit) - Ending</b>           |                      |                      |   | <u>\$ (1,089,694)</u>   | <u>\$ 24,052</u>         | <u>\$ (1,065,642)</u>  |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

BOONTON TOWNSHIP SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

|  | General<br>Fund     | Special<br>Revenue<br>Fund | Total<br>Governmental<br>Funds |
|--|---------------------|----------------------------|--------------------------------|
| <b>ASSETS</b>                                      |                     |                            |                                |
| Cash and Cash Equivalents                          | \$ 900,857          | 11,509                     | \$ 912,366                     |
| Receivables From State Government                  | 207,878             |                            | 207,878                        |
| Other Receivables                                  | 3,300               |                            | 3,300                          |
| Restricted Cash and Cash Equivalents               | 859,195             |                            | 859,195                        |
| <b>Total Assets</b>                                | <b>\$ 1,971,230</b> | <b>\$ 11,509</b>           | <b>\$ 1,982,739</b>            |
| <b>LIABILITIES AND FUND BALANCES</b>               |                     |                            |                                |
| <b>Liabilities:</b>                                |                     |                            |                                |
| Accounts Payable - Vendors                         | \$ 92,375           | \$ 11,111                  | \$ 103,486                     |
| Unearned Revenue                                   | 100                 | 398                        | 498                            |
| <b>Total Liabilities</b>                           | <b>92,475</b>       | <b>11,509</b>              | <b>103,984</b>                 |
| <b>Fund Balances:</b>                              |                     |                            |                                |
| <b>Restricted:</b>                                 |                     |                            |                                |
| Capital Reserve                                    | 508,445             |                            | 508,445                        |
| Maintenance Reserve                                | 350,750             |                            | 350,750                        |
| Excess Surplus                                     | 92,861              |                            | 92,861                         |
| Excess Surplus - Subsequent<br>Year's Expenditures | 58,280              |                            | 58,280                         |
| <b>Assigned:</b>                                   |                     |                            |                                |
| Year-End Encumbrances                              | 210,402             |                            | 210,402                        |
| Designated for Subsequent Year's Expenditures      | 226,184             |                            | 226,184                        |
| <b>Unassigned:</b>                                 |                     |                            |                                |
| General Fund                                       | 431,833             |                            | 431,833                        |
| <b>Total Fund Balances</b>                         | <b>1,878,755</b>    |                            | <b>1,878,755</b>               |
| <b>Total Liabilities and Fund Balances</b>         | <b>\$ 1,971,230</b> | <b>\$ 11,509</b>           | <b>\$ 1,982,739</b>            |

Amounts Reported for *Governmental Activities* in the Statement of  
Net Position (Exhibit A-1) are Different Because:

|   |                       |
|---|-----------------------|
| Total Fund Balances (Above)   | \$ 1,878,755          |
| Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$2,899,200, and the accumulated depreciation is \$2,768,528. | 130,672               |
| The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.  | (2,798,831)           |
| Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:  |                       |
| Deferred Outflows:  |                       |
| Changes in Assumptions - Pensions   | 563,868               |
| Difference between Expected and Actual Experience - Pensions  | 65,903                |
| Net Difference between Projected and Actual Investment Earnings - Pensions  | 19,058                |
| Changes in Proportions - Pensions   | 249,431               |
| Deferred Inflows:   |                       |
| Changes in Assumptions - Pensions   | (561,801)             |
| 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.   | (636,749)             |
| <b>Net Position of Governmental Activities (Exhibit A-1)</b>  | <b>\$ (1,089,694)</b> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

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

|  | General<br>Fund | Special<br>Revenue<br>Fund | Debt<br>Service<br>Fund | Total<br>Governmental<br>Funds |
|--|-----------------|----------------------------|-------------------------|--------------------------------|
| <b>REVENUE:</b>                                  |                 |                            |                         |                                |
| <b>Local Sources:</b>                            |                 |                            |                         |                                |
| Local Tax Levy                                   | \$ 12,962,846   |                            | \$ 165,601              | \$ 13,128,447                  |
| Tuition  | 56,100          |                            |                         | 56,100                         |
| Transportation Fees from Individuals             | 1,990           |                            |                         | 1,990                          |
| Miscellaneous                                    | 88,494          |                            |                         | 88,494                         |
| Total - Local Sources                            | 13,109,430      |                            | 165,601                 | 13,275,031                     |
| State Sources                                    | 1,883,501       | \$ 1,602                   | 51,999                  | 1,937,102                      |
| Federal Sources                                  |                 | 133,384                    |                         | 133,384                        |
| Total Revenue                                    | 14,992,931      | 134,986                    | 217,600                 | 15,345,517                     |
| <b>EXPENDITURES:</b>                             |                 |                            |                         |                                |
| <b>Current:</b>                                  |                 |                            |                         |                                |
| Regular Instruction                              | 2,837,410       | 16,941                     |                         | 2,854,351                      |
| Special Education Instruction                    | 699,850         | 118,045                    |                         | 817,895                        |
| Other Special Instruction                        | 122,409         |                            |                         | 122,409                        |
| School Sponsored/Other Instruction               | 77,566          |                            |                         | 77,566                         |
| <b>Support Services and Undistributed Costs:</b> |                 |                            |                         |                                |
| Tuition  | 5,391,426       |                            |                         | 5,391,426                      |
| Student & Instruction Related Services           | 771,607         |                            |                         | 771,607                        |
| General Administrative Services                  | 252,616         |                            |                         | 252,616                        |
| School Administrative Services                   | 244,831         |                            |                         | 244,831                        |
| Central Services                                 | 198,647         |                            |                         | 198,647                        |
| Administration Information Technology            | 49,750          |                            |                         | 49,750                         |
| Plant Operations and Maintenance                 | 773,339         |                            |                         | 773,339                        |
| Pupil Transportation                             | 746,938         |                            |                         | 746,938                        |
| Unallocated Benefits                             | 2,649,505       |                            |                         | 2,649,505                      |
| <b>Debt Service:</b>                             |                 |                            |                         |                                |
| Principal  |                 |                            | 195,000                 | 195,000                        |
| Interest and Other Charges                       |                 |                            | 22,600                  | 22,600                         |
| Capital Outlay                                   | 11,194          |                            |                         | 11,194                         |
| Total Expenditures                               | 14,827,088      | 134,986                    | 217,600                 | 15,179,674                     |
| Excess of Revenue Over Expenditures              | 165,843         |                            |                         | 165,843                        |
| Net Change in Fund Balances                      | 165,843         |                            |                         | 165,843                        |
| Fund Balance - July 1                            | 1,712,912       |                            |                         | 1,712,912                      |
| Fund Balance - June 30                           | \$ 1,878,755    | \$ -0-                     | \$ -0-                  | \$ 1,878,755                   |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

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

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 165,843

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.

|  |                      |             |          |
|--|----------------------|-------------|----------|
|  | Depreciation Expense | \$ (82,986) |          |
|  | Capital Outlays      | 10,326      | (72,660) |

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

|   |           |
|---|-----------|
| Change in Net Pension Liability   | 667,803   |
| Deferred Outflows:  |           |
| Changes in Assumptions  | (154,233) |
| Difference between Expected and Actual Experience   | 1,434     |
| Changes in Proportion   | (11,781)  |
| Change in Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | (113,128) |
| Deferred Inflows:   |           |
| Changes in Assumptions  | (561,801) |

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

Repayment of bond principal and other long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)

|   |         |           |
|---|---------|-----------|
| Change in Net Position of Governmental Activities (Exhibit A-2) | 210,828 | \$ 91,571 |
|---|---------|-----------|

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



BOONTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018

ASSETS:

|                                |                 |
|--------------------------------|-----------------|
| Current Assets:                |                 |
| Cash and Cash Equivalents      | \$ 10,347       |
| Total Current Assets           | <u>10,347</u>   |
| Non-Current Assets:            |                 |
| Capital Assets                 | 27,068          |
| Less: Accumulated Depreciation | <u>(13,363)</u> |
| Total Non-Current Assets       | <u>13,705</u>   |
| Total Assets                   | <u>24,052</u>   |

NET POSITION:

|                              |                  |
|------------------------------|------------------|
| Investment in Capital Assets | 13,705           |
| Unrestricted                 | <u>10,347</u>    |
| Total Net Position           | <u>\$ 24,052</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

BOONTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

|   |                         |
|---|-------------------------|
| Operating Revenue:                        |                         |
| Local Sources:                            |                         |
| Daily Sales:                              |                         |
| Non-Reimbursable Programs                 | \$ <u>6,613</u>         |
| Total Operating Revenue                   | <u>6,613</u>            |
| Operating Expenses:                       |                         |
| Cost of Sales - Non-Reimbursable Programs | 11,503                  |
| Depreciation Expense                      | <u>984</u>              |
| Total Operating Expenses                  | <u>12,487</u>           |
| Change in Net Position                    | (5,874)                 |
| Net Position - Beginning of Year          | <u>29,926</u>           |
| Net Position - End of Year                | <u><u>\$ 24,052</u></u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

BOONTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

|  |                   |
|--|-------------------|
| Cash Flows from Operating Activities:  |                   |
| Receipts from Customers  | \$ 6,613          |
| Payments to Suppliers  | <u>(11,503)</u>   |
| Net Cash used for Operating Activities   | <u>(4,890)</u>    |
| Net Decrease in Cash and Cash Equivalents  | (4,890)           |
| Cash and Cash Equivalents, July 1  | <u>15,237</u>     |
| Cash and Cash Equivalents, June 30   | <u>\$ 10,347</u>  |
| Reconciliation of Operating Loss to Net Cash<br>Used for Operating Activities:   |                   |
| Operating Loss   | \$ (5,874)        |
| Adjustment to Reconcile Operating Loss to<br>Cash Used for Operating Activities: |                   |
| Depreciation   | <u>984</u>        |
| Net Cash used for Operating Activities   | <u>\$ (4,890)</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

BOONTON TOWNSHIP SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2018

|  | Agency           | Unemployment<br>Compensation<br>Trust | Flexible<br>Spending<br>Trust |
|--|------------------|---------------------------------------|-------------------------------|
| <u>ASSETS:</u>   |                  |                                       |                               |
| Cash and Cash Equivalents  | \$ 66,980        | \$ 23,208                             | \$ 5,035                      |
| Total Assets   | 66,980           | 23,208                                | 5,035                         |
| <u>LIABILITIES:</u>  |                  |                                       |                               |
| Payroll Deductions and Withholdings<br>Due to Student Groups                     | 22,579<br>44,401 |                                       |                               |
| Total Liabilities  | 66,980           |                                       |                               |
| <u>NET POSITION:</u>   |                  |                                       |                               |
| Held in Trust for Unemployment Claims<br>Restricted for Flexible Spending Claims |                  | 23,208                                | 5,035                         |
| Total Net Position   | \$ -0-           | \$ 23,208                             | \$ 5,035                      |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

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

|                                      | <u>Unemployment<br/>Compensation<br/>Trust</u> | <u>Flexible<br/>Spending<br/>Trust</u> |
|--------------------------------------|--|--|
| ADDITIONS:                           |  |  |
| Contributions:                       |  |  |
| Plan Members                         | \$ 21,453                                      | \$ 23,393                              |
| Total Contributions                  | <u>21,453</u>                                  | <u>23,393</u>                          |
| Investment Earnings:                 |  |  |
| Interest                             | <u>76</u>                                      |  |
| Net Investment Earnings              | <u>76</u>                                      |  |
| Total Additions                      | <u>21,529</u>                                  | <u>23,393</u>                          |
| DEDUCTIONS:                          |  |  |
| Unemployment Compensation Claims     | 25,017   |  |
| Flexible Spending Claims             |  | 19,428                                 |
| Administration Expenses              |  | <u>1,968</u>                           |
| Total Deductions                     | <u>25,017</u>                                  | <u>21,396</u>                          |
| Change in Net Position               | (3,488)  | 1,997                                  |
| Net Position - Beginning of the Year | <u>26,696</u>                                  | <u>3,038</u>                           |
| Net Position - End of the Year       | <u>\$ 23,208</u>                               | <u>\$ 5,035</u>                        |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE  
AN INTEGRAL PART OF THIS STATEMENT

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Boonton Township School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials 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.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Fund Financial Statements: (Cont'd)

The District reports the following proprietary fund: (Cont'd)

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and includes the Student Activities Fund, Payroll Agency Fund, Unemployment Compensation Insurance Trust Fund and Private Purpose Trust Fund.

C. Measurement Focus and Basis of Accounting:

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.



BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize the payments on the GAAP financial statements.

|   | General<br>Fund | Special<br>Revenue<br>Fund |
|---|-----------------|----------------------------|
| Sources/Inflows of Resources:   |                 |                            |
| Actual Amounts (Budgetary Basis) "Revenue"  |                 |                            |
| from the Budgetary Comparison Schedule  | \$ 14,995,484   | \$ 135,384                 |
| Differences - Budget to GAAP:   |                 |                            |
| Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas GAAP does not |                 |                            |
| Current Year Encumbrances   |                 | (398)                      |
| Prior Year State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Statements  | 46,486          |                            |
| Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements   | (49,039)        |                            |
| Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.                                  | \$ 14,992,931   | \$ 134,986                 |

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

|  | General<br>Fund | Special<br>Revenue<br>Fund |
|--|-----------------|----------------------------|
| Uses/Outflows of Resources:  |                 |                            |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule  | \$ 14,827,088   | \$ 135,384                 |
| Differences - Budget to GAAP:  |                 |                            |
| Encumbrances for supplies and equipment ordered but<br>not received are reported in the year the order is placed for<br>budgetary purposes, but in the year the supplies are received<br>for financial reporting purposes. |                 |                            |
| Current Year Encumbrances  |                 | (398)                      |
| Total Expenditures as Reported on the Statement of Revenue,<br>Expenditures, and Changes in Fund Balances - Governmental Funds   | \$ 14,827,088   | \$ 134,986                 |

E. Cash and Cash Equivalents, and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, 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.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing source/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. Interfund Transactions (Cont'd):

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

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 restricted, 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.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

I. Short-term Interfund Receivables/Payables

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets (Cont'd):

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

|                                     | <u>Estimated Useful Life</u> |
|-------------------------------------|------------------------------|
| Buildings and Building Improvements | 50 Years                     |
| Machinery and Equipment             | 10 to 15 Years               |

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, 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.

M. Accrued Salaries and Wages:

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year, therefore, there are no accrued salaries and wages as of June 30, 2018.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), *Accounting for Compensated Absences*. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the district-wide *Statement of Net Position*, the liabilities, whose average maturities are greater than one year, should be reported in two components - the amount due within one year and the amount due in more than one year.

O. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated:

General Fund: Of the \$1,878,755 General Fund fund balance at June 30, 2018, \$210,402 is assigned for year-end encumbrances and \$226,184 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019; \$508,445 is restricted in the capital reserve account; \$350,750 is restricted in the maintenance reserve account; \$151,141 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended (\$58,280 is prior fiscal year excess surplus and is included as anticipated revenue for the fiscal year ending June 30, 2019 and the remaining \$92,861 is current fiscal year excess surplus and will be included as anticipated revenue for the fiscal year ending June 30, 2020); and \$431,833 is unassigned fund balance (which is \$49,039 less than the calculated maximum unassigned fund balance, on a Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2019).

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2018 is \$-0-.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as indicated above.

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$49,039 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the related state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Deficit Net Position

The District has a deficit in unrestricted net position of \$1,860,702 in governmental activities, which is due to \$217,109 of compensated absences payable, ERIP payable of \$49,640, net pension liability of \$2,798,831, and by the changes in pension assumptions of \$561,801, offset by the changes in proportion in pensions of \$249,431; difference between expected and actual experience in pensions of \$65,903, changes in pension assumptions of \$563,868, net difference between projected and actual investment earnings in pensions of \$19,058, unassigned balance of \$420,496, \$210,402 assigned for encumbrances and \$226,184 of fund balance assigned for subsequent year's expenditures. The District also has a deficit in Net Investment in Capital Assets due to Serial Bonds payable of \$370,000. The deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2018 for changes in assumption and

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position (Cont'd):

proportion in pension, the difference between expected and actual experience in pensions, the net difference between projected and actual investment earnings in pensions, and the district contribution subsequent to measurement date in pensions.

The District had deferred inflows of resources at June 30, 2018 for changes in assumption.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. 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 restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for a capital reserve, a maintenance reserve and excess surplus.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment or resources. The District has no committed resources at June 30, 2018.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not a restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for the 2019/2020 budget and year-end encumbrances at June 30, 2018.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

U. Fund Balance Restrictions, Commitments and Assignments

fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

V. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

W. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

X. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the section entitled Investments.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;



BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (4) 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.
- (5) Bonds or other obligations, having a maturity date 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", P.L. 1983, c.313 (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 local units;
- (6) Local government investment pools;
- (7) 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); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are 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 requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

As of June 30, 2018, cash and cash equivalents of the District consisted of the following:

|                             | Restricted<br>Cash and Cash Equivalents |                        | Unrestricted<br>Cash and<br>Cash | Total        |
|-----------------------------|---|------------------------|----------------------------------|--------------|
|                             | Capital<br>Reserve                      | Maintenance<br>Reserve | Equivalents                      |              |
| Checking & Savings Accounts | \$ 508,445                              | \$ 350,750             | \$ 795,487                       | \$ 1,654,682 |
| NJ Cash Management Fund     |   |                        | 222,449                          | 222,449      |
|                             | \$ 508,445                              | \$ 350,750             | \$ 1,017,936                     | \$ 1,877,131 |

During the period ended June 30, 2018, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2018, was \$1,877,131 and the bank balance was \$1,953,955. The \$222,449 in the NJ Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Boonton Township School District by inclusion of \$1 on June 30, 2001 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account 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-5.1(d)7, the balance in the account 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 July 1, 2017 to June 30, 2018 fiscal year is as follows:

|   |            |
|---|------------|
| Balance at June 30, 2017                    | \$ 348,445 |
| Increases: Board Resolution - June 13, 2018 | 160,000    |
| Balance at June 30, 2018                    | \$ 508,445 |

The Long Range Facilities Plan balance of local support costs of uncompleted projects exceeds the balance in the capital reserve account at June 30, 2018.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2018, the District transferred \$21,153 to the capital outlay accounts for equipment which did not require approval of the County Superintendent.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

|   | <u>Balance</u><br><u>6/30/2017</u> | <u>Increases</u>   | <u>Decreases</u> | <u>Balance</u><br><u>6/30/2018</u> |
|---|------------------------------------|--------------------|------------------|------------------------------------|
| Governmental Activities:  |                                    |                    |                  |                                    |
| Capital Assets Being Depreciated:   |                                    |                    |                  |                                    |
| Buildings and Building Improvements   | \$ 1,867,191                       |                    |                  | \$ 1,867,191                       |
| Machinery and Equipment   | 1,021,683                          | \$ 10,326          |                  | 1,032,009                          |
| Total Capital Assets Being Depreciated                                      | <u>2,888,874</u>                   | <u>10,326</u>      |                  | <u>2,899,200</u>                   |
| Governmental Activities Capital Assets                                      | <u>2,888,874</u>                   | <u>10,326</u>      |                  | <u>2,899,200</u>                   |
| Less Accumulated Depreciated for:   |                                    |                    |                  |                                    |
| Buildings and Building Improvements   | (1,843,249)                        | (23,939)           |                  | (1,867,188)                        |
| Machinery and Equipment   | (842,293)                          | (59,047)           |                  | (901,340)                          |
| Total Accumulated Depreciation  | <u>(2,685,542)</u>                 | <u>(82,986)</u>    |                  | <u>(2,768,528)</u>                 |
| Governmental Activities Capital Assets,<br>Net of Accumulated Depreciation  | <u>\$ 203,332</u>                  | <u>\$ (72,660)</u> | <u>\$ -0-</u>    | <u>\$ 130,672</u>                  |
| Business Type Activities:   |                                    |                    |                  |                                    |
| Capital Assets Being Depreciated:   |                                    |                    |                  |                                    |
| Furniture and Equipment   | \$ 27,068                          |                    |                  | \$ 27,068                          |
| Less Accumulated Depreciation   | (12,379)                           | (984)              |                  | (13,363)                           |
| Business Type Activities Capital Assets,<br>Net of Accumulated Depreciation | <u>\$ 14,689</u>                   | <u>\$ (984)</u>    | <u>\$ -0-</u>    | <u>\$ 13,705</u>                   |

Depreciation expense was charged to governmental functions as follows:

|                                     |                  |
|-------------------------------------|------------------|
| Regular Instruction                 | \$ 3,085         |
| Special Education Instruction       | 8,197            |
| Operations and Maintenance of Plant | 8,084            |
| General/Unallocated                 | 63,620           |
|                                     | <u>\$ 82,986</u> |

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 7. OPERATING LEASES

The District entered into one lease for all of its copiers during the fiscal year ended June 30, 2018. Payments on this lease began in the fiscal year 2018 and will be payable over the next four years. Future minimum lease payments are as follows:

| <u>Year</u>                             | <u>Amount</u>        |
|---|----------------------|
| 2019                                    | \$ 9,540             |
| 2020                                    | 9,540                |
| 2021                                    | 9,540                |
| 2022                                    | <u>5,565</u>         |
| <br>Total Future Minimum Lease Payments | <br><u>\$ 34,185</u> |

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the district-wide financial statements:

|                              | <u>Balance</u><br><u>06/30/17</u> | <u>Accrued</u>   | <u>Retired</u>    | <u>Balance</u><br><u>06/30/18</u> |
|------------------------------|-----------------------------------|------------------|-------------------|-----------------------------------|
| Bonds Payable                | \$ 565,000                        |                  | \$ 195,000        | \$ 370,000                        |
| Net Pension Liability        | 3,466,634                         |                  | 667,803           | 2,798,831                         |
| Compensated Absences Payable | 176,375                           | \$ 44,851        | 4,117             | 217,109                           |
| ERIP Accrued Liability       | <u>65,468</u>                     |                  | <u>15,828</u>     | <u>49,640</u>                     |
|                              | <u>\$ 4,273,477</u>               | <u>\$ 44,851</u> | <u>\$ 882,748</u> | <u>\$ 3,435,580</u>               |

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds:

The District had bonds outstanding as of June 30, 2018 as follows:

| <u>Purpose</u>          | <u>Final Maturity</u><br><u>Date</u> | <u>Serial Bonds</u><br><u>Interest Rate</u> | <u>Amount</u>     |
|-------------------------|--------------------------------------|---|-------------------|
| Refunding Bonds of 2005 | 05/01/20                             | 4.00%                                       | <u>\$ 370,000</u> |
|                         |                                      |   | <u>\$ 370,000</u> |

Principal and interest due on serial bonds outstanding are as follows:

| <u>Year Ending June 30,</u> | <u>Bonds</u>      |                  | <u>Total</u>      |
|-----------------------------|-------------------|------------------|-------------------|
|                             | <u>Principal</u>  | <u>Interest</u>  |                   |
| 2019                        | \$ 190,000        | \$ 11,000        | \$ 201,000        |
| 2020                        | <u>180,000</u>    | <u>3,600</u>     | <u>183,600</u>    |
|                             | <u>\$ 370,000</u> | <u>\$ 14,600</u> | <u>\$ 384,600</u> |

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 8. GENERAL LONG-TERM DEBT (Cont'd)

A. Bonds Payable (Cont'd):

On November 1, 2005, the Boonton Township School District issued refunding school bonds of \$1,990,000 with interest rates ranging from 3.125% to 4.000% to advance refund \$1,837,000 school bonds with an interest rate of 5.50%. The bonds mature on May 1, 2006 through 2020 and May 1, 2011 was the first optional redemption date at 100% of par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on May 1, 2011. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements.

As a result of the advance refunding, the School reduced its total debt service requirement by \$79,239, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$63,018.

B. Bonds Authorized But Not Issued:

As of June 30, 2018, the Board has no bonds authorized but not issued.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and the current portion of the compensated absences balance of the governmental funds is \$-0- and is separated from the long-term liability balance of compensated absences of \$217,109. There is no liability for compensated absences in the District's Enterprise Fund.

D. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$2,798,831. See Note 9 for further information on the PERS.

E. Early Retirement Incentive Program – Accrued Liability:

The District's obligation for principal payments under the Early Retirement Incentive Program ("ERIP") is as follows:

| Year | Amount    |
|------|-----------|
| 2019 | \$ 16,546 |
| 2020 | 16,547    |
| 2021 | 16,547    |
|      | \$ 49,640 |

For additional information regarding the ERIP, See Note 9 – Pension Plans.

The General Fund will be used to liquidate other long-term liabilities which include Compensated Absences Payable, the Net Pension Liability and the ERIP Accrued Liability. The Debt Service Fund will be used to liquidate Bonds Payable.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

Benefits Provided

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:

| <u>Tier</u> | <u>Definition</u>  |
|-------------|--|
| 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 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 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 members 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 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$114,642 for 2018.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Contributions (Cont'd)

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the District's liability was \$2,798,831 for its proportionate share of the 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 July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion 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 members, actuarially determined. At June 30, 2017, the District's proportion was 0.012%, which was an increase of 0.0003% from its proportion measured as of June 30, 2016.

For the fiscal year ended June 30, 2017, the District recognized actual pension expense in the amount of \$283,088. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | <u>Year of<br/>Deferral</u> | <u>Amortization<br/>Period<br/>in Years</u> | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|--|-----------------------------|---|---|--|
| Changes in Assumptions   | 2014                        | 6.44  | \$ 31,749                                     |  |
|  | 2015                        | 5.72  | 133,739                                       |  |
|  | 2016                        | 5.57  | 398,380                                       |  |
|  | 2017                        | 5.48  |   | \$ 561,801                                   |
|  |                             |   | <u>563,868</u>                                | <u>561,801</u>                               |
| Difference Between Expected and Actual Experience  | 2015                        | 5.72  | 37,105  |  |
|  | 2016                        | 5.57  | 12,090  |  |
|  | 2017                        | 5.48  | 16,708  |  |
|  |                             |   | <u>65,903</u>                                 |  |
| Net Difference Between Projected and Actual<br>Investment Earnings on Pension Plan Investments | 2014                        | 5.00  | (33,538)                                      |  |
|  | 2015                        | 5.00  | 28,610  |  |
|  | 2016                        | 5.00  | 119,958                                       |  |
|  | 2017                        | 5.48  | (95,972)                                      |  |
|  |                             |   | <u>19,058</u>                                 |  |
| Changes in Proportion  | 2014                        | 6.44  | 46,559  |  |
|  | 2015                        | 5.72  | 97,509  |  |
|  | 2016                        | 5.57  | 48,601  |  |
|  | 2017                        | 5.48  | 56,762  |  |
|  |                             |   | <u>249,431</u>                                |  |
| District Contribution Subsequent to the Measurement Date                                       | 2017                        | 1.00  | 125,442                                       |  |
|  |                             |   | <u>\$ 1,023,702</u>                           | <u>\$ 561,801</u>                            |

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

| Fiscal Year<br>Ending June 30, | Total     |
|--------------------------------|-----------|
| 2018                           | \$ 65,887 |
| 2019                           | 99,425    |
| 2020                           | 60,247    |
| 2021                           | (80,128)  |
| 2022                           | (58,403)  |
|                                | \$ 87,028 |

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:

|                           |                           |
|---------------------------|---------------------------|
| 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%                     |

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.



BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

| <u>Asset Class</u>               | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of<br/>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 Asset               | 2.50%                        | 11.83%  |
| Equity Related Real Estate       | 6.25%                        | 9.23%   |
| U.S. Equity                      | 30.00%                       | 8.19%   |
| Non-U.S. Developed Market Equity | 11.50%                       | 9.00%   |
| Emerging Markets Equity          | 6.50%                        | 11.64%  |
| Buyouts/Venture Capital          | 8.25%                        | 13.08%  |

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|   | June 30, 2017             |                                     |                           |
|---|---------------------------|-------------------------------------|---------------------------|
|   | 1%<br>Decrease<br>(4.00%) | Current<br>Discount Rate<br>(5.00%) | 1%<br>Increase<br>(6.00%) |
| District's proportionate share of the Net Pension Liability | \$ 3,472,140              | \$ 2,798,831                        | \$ 2,237,882              |

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at [www.nj.gov/treasury/pensions/financial-reports.shtml](http://www.nj.gov/treasury/pensions/financial-reports.shtml).

Benefits Provided

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.

The following represents 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                              |

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 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 reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and to Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. 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 included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$554,761 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,562,978.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$22,561,971. 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 July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion 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 members, actuarially determined. At June 30, 2017, the District's proportion was 0.033%, which was a decrease of 0.002% from its proportion measured as of June 30, 2016.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

|   |    |            |
|---|----|------------|
| District's Proportionate Share of the Net Pension Liability                           | \$ | -0-        |
| State's Proportionate Share of the Net Pension Liability Associated with the District |    | 22,561,971 |
| Total   | \$ | 22,561,971 |

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$1,562,978 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

|  | Year of<br>Deferral | Amortization<br>Period<br>in Years | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|---------------------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions   | 2014                | 8.5                                | \$ 1,383,974,317                     |                                     |
|  | 2015                | 8.3                                | 3,776,126,119                        |                                     |
|  | 2016                | 8.3                                | 8,218,154,928                        |                                     |
|  | 2017                | 8.3                                |                                      | \$ 11,684,858,458                   |
|  |                     |                                    | 13,378,255,364                       | 11,684,858,458                      |
| Difference Between Expected and Actual Experience  | 2014                | 8.5                                |                                      | \$ 13,181,413                       |
|  | 2015                | 8.3                                | 233,218,057                          |                                     |
|  | 2016                | 8.3                                |                                      | 102,199,790                         |
|  | 2017                | 8.3                                | 207,898,332                          |                                     |
|  |                     |                                    | 441,116,389                          | 115,381,203                         |
| Net Difference Between Projected and Actual<br>Investment Earnings on Pension Plan Investments | 2014                | 5                                  | (435,309,142)                        |                                     |
|  | 2015                | 5                                  | 385,284,122                          |                                     |
|  | 2016                | 5                                  | 1,295,565,574                        |                                     |
|  | 2017                | 5                                  | (904,033,050)                        |                                     |
|  |                     |                                    | 341,507,504                          |                                     |
|  |                     | \$ 14,160,879,257                  | \$ 11,800,239,661                    |                                     |

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

| Fiscal Year<br>Ending June 30, | Total            |
|--------------------------------|------------------|
| 2018                           | \$ 740,341,056   |
| 2019                           | 1,175,650,200    |
| 2020                           | 983,008,137      |
| 2021                           | 551,152,948      |
| 2022                           | 624,850,883      |
| Thereafter                     | (1,714,363,628)  |
|                                | \$ 2,360,639,596 |

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.

|                           |                            |
|---------------------------|----------------------------|
| Inflation Rate            | 2.25%                      |
| Salary Increases:         |                            |
| 2012-2021                 | Varies based on experience |
| Thereafter                | Varies based on experience |
| Investment Rate of Return | 7.00%                      |

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60 years 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.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 TPAF's target asset allocation as of June 30, 2017 are summarized in the following table:

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return (Cont'd)

| <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 Asset               | 2.50%                    | 11.83%  |
| Equity Related Real Estate       | 6.25%                    | 9.23%   |
| U.S. Equity                      | 30.00%                   | 8.19%   |
| Non-U.S. Developed Market Equity | 11.50%                   | 9.00%   |
| Emerging Markets Equity          | 6.50%                    | 11.64%  |
| Buyouts/Venture Capital          | 8.25%                    | 13.08%  |

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on 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. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate (Cont'd)

|   | June 30, 2017                |  |                              |
|---|------------------------------|--|------------------------------|
|   | At 1%<br>Decrease<br>(3.25%) | At Current<br>Discount Rate<br>(4.25%) | At 1%<br>Increase<br>(5.25%) |
| State's Proportionate Share of the Net Pension Liability Associated with the District | \$ 26,804,329                | \$ 22,561,971                          | \$ 19,067,097                |

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or PFRS, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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 DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$1,707 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$2,451 for the fiscal year ended June 30, 2018.

NOTE 10. POST-RETIREMENT BENEFITS

P.L. 1987, c.384 and P.L. 1990, c.6 of Public Laws 1990 required the TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding 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 benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 10. POST-RETIREMENT BENEFITS (Cont'd)

TPAF participant retirees

As of June 30, 2017, there were 112,916 retirees receiving post-retirement medical benefits, and the State contributed \$1.39 billion on their behalf.

PERS participant retirees

The State paid \$238.9 million toward Chapter 126 benefits for 20,913 eligible retired members in Fiscal Year 2017.

The State's on behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$358,308, \$313,621 and \$339,883 for 2018, 2017, and 2016, respectively.

The Division of Pensions and Benefits, Department of the Treasury, State of New Jersey, has not provided the information necessary to implement Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB)* including the required note disclosures as of the date of this report. The District is in a "special funding situation", as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

- Ameriprise
- AXA Equitable
- Lincoln Investment
- MetLife

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health Benefits are provided to the employees through the State of New Jersey Health Benefits Plan.

Property, Liability and Health Benefits

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 Schools Insurance Group ("NJSIG"). This public entity risk management pool provided general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The NJSIG is a risk-sharing public entity risk pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage for their members in order to keep local property taxes at a minimum. Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the NJSIG are elected.

As a member of the NJSIG, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the NJSIG were to be exhausted, members would become responsible for their respective shares of the NJSIG's liabilities. The NJSIG can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided amongst the members in the same ratio as their individual assessment relates to the total assessment of the membership body.

Selected financial information for the NJSIG as of June 30, 2018 is as follows:



BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

|                        | New Jersey Schools<br>Insurance Group |
|------------------------|---------------------------------------|
| Total Assets           | \$ 342,337,056                        |
| Net Position           | \$ 82,580,855                         |
| Total Revenue          | \$ 133,258,299                        |
| Total Expenses         | \$ 129,340,074                        |
| Change in Net Position | \$ 3,918,225                          |
| Members Dividends      | \$ -0-                                |

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey School Boards Association Insurance Group  
6000 Midlantic Drive  
Mount Laurel, NJ 08054  
(609) 386-6060  
www.njsig.org

New Jersey Unemployment Compensation Insurance

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 the employee contributions and interest, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Trust Fiduciary Fund for the current and previous two years:

| Fiscal Year | Employee<br>Contributions<br>and Interest | Amount<br>Reimbursed | Ending<br>Balance |
|-------------|---|----------------------|-------------------|
| 2017/2018   | \$ 21,529                                 | \$ 25,017            | \$ 23,208         |
| 2016/2017   | 15,256                                    | 28,614               | 26,696            |
| 2015/2016   | 17,968                                    | 2,598                | 40,054            |

NOTE 13. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 14. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 15. COMMITMENTS AND CONTINGENCIES

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

| General<br>Fund | Special<br>Revenue<br>Fund | Total<br>Governmental<br>Funds |
|-----------------|----------------------------|--------------------------------|
| \$ 210,402      | \$ 398                     | \$ 210,800                     |

On the District's Governmental Funds Balance Sheet as of June 30, 2018, \$398 is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, encumbrances are not recognized and are reflected as either a reduction in grants receivable or an increase in unearned revenue.

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 16. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$165,000 was established by the Boonton Township School District during the year ended June 30, 2012. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess, unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

|                          |            |
|--------------------------|------------|
| Balance at June 30, 2017 | \$ 350,750 |
| Balance at June 30, 2018 | \$ 350,750 |

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Funds as of June 30, 2018 consisted of the following:

|                     | Governmental Funds |                            | District Contribution<br>Subsequent to the<br>Measurement Date | Total<br>Governmental<br>Activities |
|---------------------|--------------------|----------------------------|--|-------------------------------------|
|                     | General<br>Fund    | Special<br>Revenue<br>Fund |  |                                     |
| Vendors             | \$ 92,375          | \$ 11,111                  |  | \$ 103,486                          |
| State of New Jersey |                    |                            | \$ 125,442   | 125,442                             |
|                     | \$ 92,375          | 11,111                     | \$ 125,442   | \$ 228,928                          |

SCHEDULES OF REQUIRED  
SUPPLEMENTARY INFORMATION

BOONTON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FOUR FISCAL YEARS  
UNAUDITED

|   | Fiscal Year Ending June 30, |               |               |
|---|-----------------------------|---------------|---------------|
|   | 2015                        | 2016          | 2017          |
|   | 2015                        | 2016          | 2017          |
| District's proportion of the net pension liability  | 0.0102578214%               | 0.0113230660% | 0.0117048258% |
| District's proportionate share of the net pension liability   | \$ 1,920,545                | \$ 2,541,801  | \$ 3,466,634  |
| District's covered employee payroll   | \$ 799,336                  | \$ 820,322    | \$ 805,456    |
| District's proportionate share of the net pension liability as a percentage of its covered employee payroll | 240.27%                     | 309.85%       | 430.39%       |
| Plan fiduciary net position as a percentage of the total pension liability for the local group              | 52.08%                      | 47.93%        | 40.14%        |
|   |                             |               | 2018          |
|   |                             |               | 0.0120232965% |
|   |                             |               | \$ 2,798,831  |
|   |                             |               | \$ 858,725    |
|   |                             |               | 325.93%       |
|   |                             |               | 48.10%        |

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOONTON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
PUBLIC EMPLOYEES RETIREMENT SYSTEM  
LAST FOUR FISCAL YEARS  
UNAUDITED

|  | Fiscal Year Ending June 30, |                 |                  |                  |
|--|-----------------------------|-----------------|------------------|------------------|
|  | 2015                        | 2016            | 2017             |                  |
|  | 2015                        | 2016            | 2017             | 2018             |
| Contractually required contribution                                  | \$ 85,196                   | \$ 97,348       | \$ 104,691       | \$ 114,642       |
| Contributions in relation to the contractually required contribution | <u>(85,196)</u>             | <u>(97,348)</u> | <u>(104,691)</u> | <u>(114,642)</u> |
| Contribution deficiency/(excess)                                     | <u>\$ -0-</u>               | <u>\$ -0-</u>   | <u>\$ -0-</u>    | <u>\$ -0-</u>    |
| District's covered employee payroll                                  | \$ 704,653                  | \$ 799,336      | \$ 820,322       | \$ 805,456       |
| Contributions as a percentage of covered employee payroll            | 12.09%                      | 12.18%          | 12.76%           | 14.23%           |

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

BOONTON TOWNSHIP SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ATTRIBUTABLE TO THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST FOUR FISCAL YEARS  
UNAUDITED

|   | Fiscal Year Ending June 30, |               |               |
|---|-----------------------------|---------------|---------------|
|   | 2015                        | 2016          | 2017          |
| State's proportion of the net pension liability attributable to the District  | 0.0345934377%               | 0.0361999168% | 0.0356519581% |
| State's proportionate share of the net pension liability attributable to the District   | \$ 18,489,067               | \$ 22,879,884 | \$ 28,046,100 |
| District's covered employee payroll   | \$ 3,453,257                | \$ 3,653,694  | \$ 3,657,373  |
| State's proportionate share of the net pension liability attributable to the district as a percentage of its covered employee payroll | 535.41%                     | 626.21%       | 766.84%       |
| Plan fiduciary net position as a percentage of the total pension liability  | 33.64%                      | 28.71%        | 22.23%        |
|   |                             |               | 2018          |
|   |                             |               | 0.0334630139% |
|   |                             |               | \$ 22,561,971 |
|   |                             |               | \$ 3,810,206  |
|   |                             |               | 592.15%       |
|   |                             |               | 25.41%        |

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

TOWN OF NEWTON SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE'S CONTRIBUTIONS ATTRIBUTABLE TO THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST FOUR FISCAL YEARS  
UNAUDITED

|  | Fiscal Year Ending June 30, |              |              |
|--|-----------------------------|--------------|--------------|
|  | 2015                        | 2016         | 2017         |
| Contractually required contribution                                  | \$ 994,885                  | \$ 1,397,023 | \$ 2,107,274 |
| Contributions in relation to the contractually required contribution | (195,710)                   | (285,443)    | (363,232)    |
| Contribution deficiency/(excess)                                     | \$ 799,175                  | \$ 1,111,580 | \$ 1,744,042 |
| District's covered employee payroll                                  | \$ 3,453,257                | \$ 3,653,694 | \$ 3,657,373 |
| Contributions as a percentage of covered employee payroll            | 5.67%                       | 7.81%        | 9.93%        |
|  |                             |              | 9.40%        |
|  |                             |              | \$ 1,562,978 |
|  |                             |              | \$ 1,204,670 |
|  |                             |              | (358,308)    |

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.



BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget   | Actual            | Variance<br>Final to Actual |
|--|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| <b>REVENUES:</b>   |                    |                     |                   |                   |                             |
| Local Sources:   |                    |                     |                   |                   |                             |
| Local Tax Levy   | \$ 12,962,846      |                     | \$ 12,962,846     | \$ 12,962,846     |                             |
| Tuition  | 46,200             |                     | 46,200            | 56,100            | \$ 9,900                    |
| Transportation Fees from Individuals                         |                    |                     |                   | 1,990             | 1,990                       |
| Miscellaneous  | 21,750             |                     | 21,750            | 88,494            | 66,744                      |
| <b>Total - Local Sources</b>                                 | <b>13,030,796</b>  |                     | <b>13,030,796</b> | <b>13,109,430</b> | <b>78,634</b>               |
| State Sources:   |                    |                     |                   |                   |                             |
| Categorical Transportation Aid                               | 62,787             |                     | 62,787            | 62,787            |                             |
| Categorical Special Education Aid                            | 403,507            |                     | 403,507           | 403,507           |                             |
| Categorical Security Aid                                     | 13,027             |                     | 13,027            | 13,027            |                             |
| Extraordinary Aid  |                    |                     |                   | 198,598           | 198,598                     |
| PARCC Readiness Aid  | 7,190              |                     | 7,190             | 7,190             |                             |
| Per Pupil Growth Aid   | 7,190              |                     | 7,190             | 7,190             |                             |
| Professional Learning Community Aid                          | 7,080              |                     | 7,080             | 7,080             |                             |
| Nonpublic Transportation                                     |                    |                     |                   | 9,280             | 9,280                       |
| On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)  |                    |                     |                   | 358,308           | 358,308                     |
| On-Behalf TPAF Pension Contributions (Non-Budgeted)          |                    |                     |                   | 541,617           | 541,617                     |
| On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)     |                    |                     |                   | 13,144            | 13,144                      |
| On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted) |                    |                     |                   | 816               | 816                         |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) |                    |                     |                   | 263,510           | 263,510                     |
| <b>Total State Sources</b>                                   | <b>500,781</b>     |                     | <b>500,781</b>    | <b>1,886,054</b>  | <b>1,385,273</b>            |
| <b>TOTAL REVENUES</b>  | <b>13,531,577</b>  |                     | <b>13,531,577</b> | <b>14,995,484</b> | <b>1,463,907</b>            |

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual     | Variance<br>Final to Actual |
|---|--------------------|---------------------|-----------------|------------|-----------------------------|
| <b>EXPENDITURES:</b>                          |                    |                     |                 |            |                             |
| Current Expense:                              |                    |                     |                 |            |                             |
| Regular Programs - Instruction:               |                    |                     |                 |            |                             |
| Preschool - Salaries of Teachers              | \$ 272,074         | \$ 750              | \$ 272,824      | \$ 268,029 | \$ 4,795                    |
| Kindergarten - Salaries of Teachers           | 158,938            |                     | 158,938         | 158,605    | 333                         |
| Grades 1-5 - Salaries of Teachers             | 1,289,994          | (11,145)            | 1,278,849       | 1,242,712  | 36,137                      |
| Grades 6-8 - Salaries of Teachers             | 1,033,729          |                     | 1,033,729       | 982,151    | 51,578                      |
| Regular Programs - Home Instruction:          |                    |                     |                 |            |                             |
| Salaries of Teachers                          | 700                |                     | 700             | 141        | 559                         |
| Purchased Professional-Educational Services   | 1,100              | (300)               | 800             |            | 800                         |
| Regular Programs - Undistributed Instruction: |                    |                     |                 |            |                             |
| Purchased Professional-Educational Services   | 6,000              | 1,900               | 7,900           | 7,585      | 315                         |
| Other Purchased Services (400-500 series)     | 35,030             | (687)               | 34,343          | 34,343     |                             |
| General Supplies                              | 81,270             | 121,843             | 203,113         | 140,102    | 63,011                      |
| Textbooks                                     | 25,000             | (9,576)             | 15,424          | 3,742      | 11,682                      |
| Other Objects                                 | 500                |                     | 500             |            | 500                         |
| Total Regular Programs - Instruction          | 2,904,335          | 102,785             | 3,007,120       | 2,837,410  | 169,710                     |
| Special Education - Instruction:              |                    |                     |                 |            |                             |
| Learning and Language Disabilities:           |                    |                     |                 |            |                             |
| Salaries of Teachers                          | 76,550             |                     | 76,550          | 76,460     | 90                          |
| Other Salaries for Instruction                | 31,532             |                     | 31,532          | 31,132     | 400                         |
| General Supplies                              | 451                | 200                 | 651             | 631        | 20                          |
| Total Learning and Language Disabilities      | 108,533            | 200                 | 108,733         | 108,223    | 510                         |

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|   | Original Budget | Budget Transfers | Final Budget | Actual     | Variance Final to Actual |
|---|-----------------|------------------|--------------|------------|--------------------------|
| <b>EXPENDITURES:</b>                      |                 |                  |              |            |                          |
| Current Expense:                          |                 |                  |              |            |                          |
| Special Education:                        |                 |                  |              |            |                          |
| Resource Room/Resource Center:            |                 |                  |              |            |                          |
| Salaries of Teachers                      | \$ 315,534      | \$ 17,856        | \$ 333,390   | \$ 333,390 |                          |
| Other Salaries for Instruction            | 216,024         |                  | 216,024      | 215,374    | \$ 650                   |
| General Supplies                          | 6,622           | 3,015            | 9,637        | 9,613      | 24                       |
| Total Resource Room/Resource Center       | 538,180         | 20,871           | 559,051      | 558,377    | 674                      |
| Preschool Disabilities - Full Time:       |                 |                  |              |            |                          |
| Salaries of Teachers                      | 36,385          |                  | 36,385       | 33,250     | 3,135                    |
| Total Preschool Disabilities - Full Time  | 36,385          |                  | 36,385       | 33,250     | 3,135                    |
| Total Special Education - Instruction     | 683,098         | 21,071           | 704,169      | 699,850    | 4,319                    |
| Basic Skills/Remedial - Instruction:      |                 |                  |              |            |                          |
| Salaries of Teachers                      | 92,768          |                  | 92,768       | 92,588     | 180                      |
| General Supplies                          | 1,800           |                  | 1,800        | 1,217      | 583                      |
| Total Basic Skills/Remedial - Instruction | 94,568          |                  | 94,568       | 93,805     | 763                      |
| Bilingual Education - Instruction:        |                 |                  |              |            |                          |
| Salaries of Teachers                      | 32,603          |                  | 32,603       | 28,604     | 3,999                    |
| Total Bilingual Education - Instruction   | 32,603          |                  | 32,603       | 28,604     | 3,999                    |

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|  | Original Budget | Budget Transfers | Final Budget | Actual    | Variance Final to Actual |
|--|-----------------|------------------|--------------|-----------|--------------------------|
| <b>EXPENDITURES:</b>   |                 |                  |              |           |                          |
| <b>Current Expense:</b>  |                 |                  |              |           |                          |
| <b>School-Sponsored Cocurricular Activities - Instruction:</b> |                 |                  |              |           |                          |
| Salaries   | \$ 30,468       | \$               | \$ 30,468    | \$ 30,383 | \$ 85                    |
| Other Objects  | 700             | 347              | 1,047        | 1,047     |                          |
| Total School-Sponsored Cocurricular Activities - Instruction   | 31,168          | 347              | 31,515       | 31,430    | 85                       |
| <b>School-Sponsored Athletics - Instruction:</b>               |                 |                  |              |           |                          |
| Salaries   | 34,913          | 2,002            | 36,915       | 36,915    |                          |
| Supplies and Materials   | 4,000           |                  | 4,000        | 2,961     | 1,039                    |
| Other Objects  | 1,745           |                  | 1,745        | 1,625     | 120                      |
| Transfer to Cover Deficit                                      | 8,778           |                  | 8,778        | 4,635     | 4,143                    |
| Total School-Sponsored Athletics - Instruction                 | 49,436          | 2,002            | 51,438       | 46,136    | 5,302                    |
| Total Instruction  | 3,795,208       | 126,205          | 3,921,413    | 3,737,235 | 184,178                  |
| <b>Undistributed Expenditures:</b>                             |                 |                  |              |           |                          |
| <b>Instruction:</b>  |                 |                  |              |           |                          |
| Tuition to Other LEAs Within the State - Regular               | 3,649,184       |                  | 3,649,184    | 3,649,184 |                          |
| Tuition to Other LEAs Within the State - Special               | 1,105,765       | (235,049)        | 870,716      | 870,673   | 43                       |
| Tuition to County Vocational School District - Regular         | 36,800          | 10,208           | 47,008       | 47,008    |                          |
| Tuition to Private Schools for the Handicapped - Within State  | 895,630         | (71,069)         | 824,561      | 824,561   |                          |
| Total Undistributed Expenditures - Instruction                 | 5,687,379       | (295,910)        | 5,391,469    | 5,391,426 | 43                       |

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|  | Original Budget | Budget Transfers | Final Budget | Actual     | Variance Final to Actual |
|--|-----------------|------------------|--------------|------------|--------------------------|
| <b>EXPENDITURES:</b>   |                 |                  |              |            |                          |
| <b>Current Expense:</b>  |                 |                  |              |            |                          |
| <b>Health Services:</b>  |                 |                  |              |            |                          |
| Salaries   | \$ 95,365       | \$ 5,700         | \$ 101,065   | \$ 101,065 |                          |
| Purchased Professional and Technical Services                      | 7,300           | (3,039)          | 4,261        | 4,261      |                          |
| Supplies and Materials   | 6,159           | (1,334)          | 4,825        | 4,720      | \$ 105                   |
| Other Objects  | 600             | (266)            | 334          | 334        |                          |
| Total Health Services  | 109,424         | 1,061            | 110,485      | 110,380    | 105                      |
| <b>Speech, OT, PT &amp; Related Services:</b>                      |                 |                  |              |            |                          |
| Salaries   | 50,286          |                  | 50,286       | 50,286     |                          |
| Purchased Professional - Educational Services                      | 70,000          | (55)             | 69,945       | 46,728     | 23,217                   |
| Supplies and Materials   | 1,334           | 4,000            | 5,334        | 4,471      | 863                      |
| Total Speech, OT, PT & Related Services                            | 121,620         | 3,945            | 125,565      | 101,485    | 24,080                   |
| <b>Other Support Services - Students - Extraordinary Services:</b> |                 |                  |              |            |                          |
| Purchased Professional - Educational Services                      | 49,000          | 45,302           | 94,302       | 77,300     | 17,002                   |
| Total Other Support Services - Students - Extraordinary Services   | 49,000          | 45,302           | 94,302       | 77,300     | 17,002                   |
| <b>Guidance:</b>   |                 |                  |              |            |                          |
| Salaries of Other Professional Staff                               | 32,926          |                  | 32,926       | 32,426     | 500                      |
| Other Purchased Services (400-500 series)                          | 3,500           | 10,000           | 13,500       | 12,445     | 1,055                    |
| Supplies and Materials   | 3,000           |                  | 3,000        | 493        | 2,507                    |
| Other Objects  | 750             |                  | 750          | 750        |                          |
| Total Guidance   | 40,176          | 10,000           | 50,176       | 45,364     | 4,812                    |

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|  | Original Budget | Budget Transfers | Final Budget | Actual     | Variance Final to Actual |
|--|-----------------|------------------|--------------|------------|--------------------------|
| <b>EXPENDITURES:</b>   |                 |                  |              |            |                          |
| Current Expense:   |                 |                  |              |            |                          |
| Undistributed Expenditures:                                      |                 |                  |              |            |                          |
| Child Study Teams:   |                 |                  |              |            |                          |
| Salaries of Other Professional Staff                             | \$ 178,379      | \$ (15,942)      | \$ 162,437   | \$ 160,436 | \$ 2,001                 |
| Salaries of Secretarial and Clerical Assistants                  | 32,122          |                  | 32,122       | 32,122     |                          |
| Purchased Professional - Educational Services                    | 20,925          | 125,032          | 145,957      | 99,905     | 46,052                   |
| Other Purchased Professional and Technical Services              | 6,000           | (5,100)          | 900          | 900        |                          |
| Other Purchased Services (400-500 series other than resid costs) | 500             | 500              | 1,000        | 670        | 330                      |
| Supplies and Materials   | 3,914           |                  | 3,914        | 3,059      | 855                      |
| Other Objects  | 1,500           | 8,000            | 9,500        | 9,058      | 442                      |
| Total Child Study Teams  | 243,340         | 112,490          | 355,830      | 306,150    | 3,337                    |
| Improvement of Instruction Services:                             |                 |                  |              |            |                          |
| Salaries of Other Professional Staff                             | 1,600           |                  | 1,600        |            | 1,600                    |
| Purchased Professional - Educational Services                    | 18,800          |                  | 18,800       | 9,600      | 9,200                    |
| Total Improvement of Instruction Services                        | 20,400          |                  | 20,400       | 9,600      | 10,800                   |
| Educational Media Services/School Library:                       |                 |                  |              |            |                          |
| Salaries   | 30,799          |                  | 30,799       | 30,799     |                          |
| Salaries of Technology Coordinators                              | 46,600          |                  | 46,600       | 45,746     | 854                      |
| Other Purchased Services (400-500 series)                        | 10,924          | (5,448)          | 5,476        | 5,016      | 460                      |
| Supplies and Materials   | 10,275          |                  | 10,275       | 9,037      | 1,238                    |
| Other Objects  | 711             |                  | 711          |            | 711                      |
| Total Educational Media Services/School Library                  | 99,309          | (5,448)          | 93,861       | 90,598     | 3,263                    |



BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|   | Original Budget | Budget Transfers | Final Budget | Actual  | Variance Final to Actual |
|---|-----------------|------------------|--------------|---------|--------------------------|
| <b>EXPENDITURES:</b>  |                 |                  |              |         |                          |
| Current Expense:  |                 |                  |              |         |                          |
| Undistributed Expenditures:   |                 |                  |              |         |                          |
| Instructional Staff Training Services:                                      |                 |                  |              |         |                          |
| Salaries of Other Professional Staff  | \$ 21,989       |                  | \$ 21,989    | 21,989  |                          |
| Other Purchased Services (400-500 series)                                   | 30,056          | (4,000)          | 26,056       | 8,741   | \$ 17,315                |
| Supplies and Materials  | 2,600           |                  | 2,600        |         | 2,600                    |
| Other Objects   | 800             |                  | 800          |         | 800                      |
| Total Instructional Staff Training Services                                 | 55,445          | (4,000)          | 51,445       | 30,730  | 20,715                   |
| Support Services - General Administration:                                  |                 |                  |              |         |                          |
| Salaries  | 142,876         | 10,232           | 153,108      | 140,848 | 12,260                   |
| Legal Services  | 19,000          |                  | 19,000       | 16,069  | 2,931                    |
| Audit Fees  | 24,000          |                  | 24,000       | 20,800  | 3,200                    |
| Architectural/ Engineering Services   | 4,000           | 6,800            | 10,800       | 8,705   | 2,095                    |
| Purchased Technical Services  | 4,000           | (1,800)          | 2,200        |         | 2,200                    |
| Communications/Telephone  | 27,200          | 2,000            | 29,200       | 19,426  | 9,774                    |
| BOE Other Purchased Services  | 2,000           |                  | 2,000        | 1,158   | 842                      |
| Miscellaneous Purchased Services (400-500)<br>(Other than 530 & 585 Series) | 33,545          | 4,000            | 37,545       | 30,903  | 6,642                    |
| General Supplies  | 15,679          | 500              | 16,179       | 2,565   | 13,614                   |
| BOE In-House Training/Meeting Supplies                                      | 2,000           |                  | 2,000        | 1,557   | 443                      |
| Miscellaneous Expenditures  | 5,859           | 500              | 6,359        | 4,082   | 2,277                    |
| BOE Membership Dues and Fees  | 7,000           |                  | 7,000        | 6,503   | 497                      |
| Total Support Services - General Administration                             | 287,159         | 22,232           | 309,391      | 252,616 | 56,775                   |

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|   | Original Budget | Budget Transfers | Final Budget | Actual     | Variance Final to Actual |
|---|-----------------|------------------|--------------|------------|--------------------------|
| <b>EXPENDITURES:</b>  |                 |                  |              |            |                          |
| Current Expense:  |                 |                  |              |            |                          |
| Undistributed Expenditures:                                   |                 |                  |              |            |                          |
| Support Services - School Administration:                     |                 |                  |              |            |                          |
| Salaries of Principals/Assistant Principals/Program Directors | \$ 165,583      | \$ 10,232        | \$ 175,815   | \$ 164,354 | \$ 11,461                |
| Salaries of Other Professional Staff                          | 10,989          |                  | 10,989       | 10,988     | 1                        |
| Salaries of Secretarial and Clerical Assistants               | 59,236          |                  | 59,236       | 57,697     | 1,539                    |
| Other Purchased Services (400-500 series)                     | 4,400           | 1,190            | 5,590        | 5,025      | 565                      |
| Supplies and Materials  | 8,908           |                  | 8,908        | 5,095      | 3,813                    |
| Other Objects   | 2,700           |                  | 2,700        | 1,672      | 1,028                    |
| Total Support Services - School Administration                | 251,816         | 11,422           | 263,238      | 244,831    | 18,407                   |
| Central Services:   |                 |                  |              |            |                          |
| Salaries  | 174,751         | 817              | 175,568      | 175,568    |                          |
| Miscellaneous Purchased Services (400-500 Series)             | 22,972          | (817)            | 22,155       | 16,699     | 5,456                    |
| Supplies and Materials  | 3,600           |                  | 3,600        | 2,288      | 1,312                    |
| Miscellaneous Expenditures                                    | 4,200           |                  | 4,200        | 4,092      | 108                      |
| Total Central Services  | 205,523         |                  | 205,523      | 198,647    | 6,876                    |
| Administration Information Technology:                        |                 |                  |              |            |                          |
| Salaries  | 31,067          |                  | 31,067       | 30,497     | 570                      |
| Purchased Technical Services                                  | 6,500           |                  | 6,500        | 5,222      | 1,278                    |
| Other Purchased Services (400-500 series)                     | 11,800          | (1,970)          | 9,830        | 6,187      | 3,643                    |
| Supplies and Materials  | 3,500           | 1,970            | 5,470        | 5,430      | 40                       |
| Other Objects   | 6,000           |                  | 6,000        | 2,414      | 3,586                    |
| Total Administration Information Technology                   | 58,867          |                  | 58,867       | 49,750     | 9,117                    |

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual    | Variance<br>Final to Actual |
|--|--------------------|---------------------|-----------------|-----------|-----------------------------|
| <b>EXPENDITURES:</b>                             |                    |                     |                 |           |                             |
| Current Expense:                                 |                    |                     |                 |           |                             |
| Undistributed Expenditures:                      |                    |                     |                 |           |                             |
| Required Maintenance for School Facilities:      |                    |                     |                 |           |                             |
| Salaries   | \$ 53,597          | \$                  | \$ 53,597       | \$ 53,597 |                             |
| Cleaning, Repair and Maintenance Services        | 164,787            | \$ 115,461          | 280,248         | 248,435   | \$ 31,813                   |
| General Supplies                                 | 18,035             |                     | 18,035          | 11,759    | 6,276                       |
| Total Required Maintenance for School Facilities | 236,419            | 115,461             | 351,880         | 313,791   | 38,089                      |
| Custodial Services:                              |                    |                     |                 |           |                             |
| Salaries   | 263,968            | (2,383)             | 261,585         | 257,437   | 4,148                       |
| Purchased Professional and Technical Services    | 7,000              |                     | 7,000           | 2,127     | 4,873                       |
| Cleaning, Repair and Maintenance Services        | 71,932             | 328                 | 72,260          | 46,965    | 25,295                      |
| Other Purchased Property Services                | 5,600              |                     | 5,600           | 5,544     | 56                          |
| Insurance  | 34,891             | (4,676)             | 30,215          | 30,215    |                             |
| Miscellaneous Purchased Services                 | 450                |                     | 450             | 146       | 304                         |
| General Supplies                                 | 29,480             |                     | 29,480          | 16,037    | 13,443                      |
| Energy (Electricity)                             | 64,800             | (5,000)             | 59,800          | 44,602    | 15,198                      |
| Other Objects                                    | 700                |                     | 700             | 200       | 500                         |
| Energy (Natural Gas)                             | 61,000             | (21,325)            | 39,675          | 39,675    |                             |
| Total Custodial Services                         | 539,821            | (33,056)            | 506,765         | 442,948   | 63,817                      |
| Care and Upkeep of Grounds:                      |                    |                     |                 |           |                             |
| Cleaning, Repair and Maintenance Services        | 21,300             |                     | 21,300          | 16,600    | 4,700                       |
| Total Care and Upkeep of Grounds                 | 21,300             |                     | 21,300          | 16,600    | 4,700                       |

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual         | Variance<br>Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|-----------------------------|
| <b>EXPENDITURES:</b>                                 |                    |                     |                 |                |                             |
| Current Expense:                                     |                    |                     |                 |                |                             |
| Undistributed Expenditures:                          |                    |                     |                 |                |                             |
| Student Transportation Services:                     |                    |                     |                 |                |                             |
| Salaries (Between Home & School) - Regular           | \$ 44,326          | \$ 1,409            | \$ 45,735       | \$ 44,973      | \$ 762                      |
| Salaries (Between Home & School) - Special Education | 4,720              | (1,100)             | 3,620           | 3,620          |                             |
| Salaries (Other Than Between Home & School)          | 12,000             | (2,053)             | 9,947           | 5,491          | 4,456                       |
| Cleaning, Repair and Maintenance Services            | 5,000              | 4,621               | 9,621           | 9,621          |                             |
| Contracted Services:                                 |                    |                     |                 |                |                             |
| Between Home & School - Vendors                      | 265,166            | (1,885)             | 263,281         | 262,298        | 983                         |
| Other Than Between Home & School - Vendors           | 6,500              | 7,900               | 14,400          | 11,100         | 3,300                       |
| Special Education Students - Vendors                 | 25,000             | (8,200)             | 16,800          | 16,800         |                             |
| Regular Students - ESCs & CTSA                       | 42,000             | 26,600              | 68,600          | 68,259         | 341                         |
| Special Education Students - ESC's & CTSA            | 244,000            | 41,577              | 285,577         | 285,577        |                             |
| Aid in Lieu of Payments - Non Public School          | 48,000             | (13,067)            | 34,933          | 34,433         | 500                         |
| Miscellaneous Purchased Services - Transportation    | 4,000              | (3,532)             | 468             | 468            |                             |
| General Supplies                                     | 7,200              |                     | 7,200           | 4,068          | 3,132                       |
| Other Objects  | 800                |                     | 800             | 230            | 570                         |
| Total Student Transportation Services                | <u>708,712</u>     | <u>52,270</u>       | <u>760,982</u>  | <u>746,938</u> | <u>14,044</u>               |
| Unallocated Benefits:                                |                    |                     |                 |                |                             |
| Social Security Contributions                        | 85,521             | 8,624               | 94,145          | 94,145         |                             |
| TPAF Contributions - ERIP                            | 17,000             | (400)               | 16,600          | 15,828         | 772                         |
| Other Retirement Contributions - PERS                | 117,378            | (2,476)             | 114,902         | 114,642        | 260                         |
| Other Retirement Contributions - Regular             | 1,800              | 400                 | 2,200           | 1,707          | 493                         |
| Unemployment Compensation                            | 9,000              |                     | 9,000           | 9,000          |                             |
| Workmen's Compensation                               | 42,159             | (100)               | 42,059          | 39,724         | 2,335                       |
| Health Benefits                                      | 1,171,090          | 17,049              | 1,188,139       | 1,122,062      | 66,077                      |

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|  | Original Budget | Budget Transfers | Final Budget | Actual     | Variance Final to Actual |
|--|-----------------|------------------|--------------|------------|--------------------------|
| <b>EXPENDITURES:</b>   |                 |                  |              |            |                          |
| Current Expense:   |                 |                  |              |            |                          |
| Undistributed Expenditures:                                  |                 |                  |              |            |                          |
| Unallocated Benefits:  |                 |                  |              |            |                          |
| Tuition Reimbursement  | \$ 22,500       | \$ 5,000         | \$ 27,500    | \$ 27,500  |                          |
| Other Employee Benefits                                      | 30,800          | 16,702           | 47,502       | 47,502     |                          |
| Total Unallocated Benefits                                   | 1,497,248       | 44,799           | 1,542,047    | 1,472,110  | \$ 69,937                |
| TPAF Contributions:  |                 |                  |              |            |                          |
| On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)  |                 |                  |              | 358,308    | (358,308)                |
| On-Behalf TPAF Pension Contributions (Non-Budgeted)          |                 |                  |              | 541,617    | (541,617)                |
| On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)     |                 |                  |              | 13,144     | (13,144)                 |
| On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted) |                 |                  |              | 816        | (816)                    |
| Reimbursed TPAF Social Security Contributions (Non-Budgeted) |                 |                  |              | 263,510    | (263,510)                |
| Total TPAF Contributions                                     |                 |                  |              | 1,177,395  | (1,177,395)              |
| Total Personal Services - Employee Benefits                  | 1,497,248       | 44,799           | 1,542,047    | 2,649,505  | (1,107,458)              |
| Total Undistributed Expenses                                 | 10,232,958      | 80,568           | 10,313,526   | 11,078,659 | (811,476)                |
| Total Expenditures - Current Expense                         | 14,028,166      | 206,773          | 14,234,939   | 14,815,894 | (580,955)                |
| Capital Outlay:  |                 |                  |              |            |                          |
| Equipment:   |                 |                  |              |            |                          |
| Undistributed Expenditures:                                  |                 |                  |              |            |                          |
| Instruction  | 3,295           | 4,892            | 8,187        | 2,047      | 6,140                    |
| Special Education  |                 | 2,267            | 2,267        | 2,267      |                          |
| General Admin  |                 | 6,012            | 6,012        | 6,012      |                          |
| Central Services   |                 | 7,982            | 7,982        |            | 7,982                    |
| Total Equipment  | 3,295           | 21,153           | 24,448       | 10,326     | 14,122                   |

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|--|--------------------|---------------------|-----------------|--------------|-----------------------------|
| Capital Outlay:  |                    |                     |                 |              |                             |
| Facilities Acquisition and Construction Services:            |                    |                     |                 |              |                             |
| Assessment for Debt Service                                  | \$ 868             |                     | \$ 868          | \$ 868       |                             |
| Total Facilities Acquisition and Construction Services       | 868                |                     | 868             | 868          |                             |
| Total Capital Outlay   | 4,163              | \$ 21,153           | 25,316          | 11,194       | \$ 14,122                   |
| TOTAL EXPENDITURES   | 14,032,329         | 227,926             | 14,260,255      | 14,827,088   | (566,833)                   |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (500,752)          | (227,926)           | (728,678)       | 168,396      | 897,074                     |
| Fund Balance, July 1   | 1,759,398          |                     | 1,759,398       | 1,759,398    |                             |
| Fund Balance, June 30  | \$ 1,258,646       | \$ (227,926)        | \$ 1,030,720    | \$ 1,927,794 | \$ 897,074                  |

Recapitulation:

Restricted:

|   |            |
|---|------------|
| Capital Reserve                                 | \$ 508,445 |
| Maintenance Reserve                             | 350,750    |
| Excess Surplus                                  | 92,861     |
| Excess Surplus - Subsequent Year's Expenditures | 58,280     |

Assigned:

|   |         |
|---|---------|
| Designated for Subsequent Year's Expenditures | 226,184 |
| Year-End Encumbrances                         | 210,402 |

Unassigned:

|              |           |
|--------------|-----------|
| Fund Balance | 480,872   |
|              | 1,927,794 |

Reconciliation to Governmental Funds Statement (GAAP):

|  |              |
|--|--------------|
| Last Two State Aid Payments not Recognized on GAAP Basis | (49,039)     |
| Fund Balance per Governmental Funds (GAAP)               | \$ 1,878,755 |

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual         | Variance<br>Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|-----------------------------|
| <b>REVENUES:</b>   |                    |                     |                 |                |                             |
| State Sources  |                    | \$ 2,000            | \$ 2,000        | \$ 2,000       |                             |
| Federal Sources  | \$ 113,867         | 19,517              | 133,384         | 133,384        |                             |
| <b>Total Revenues</b>  | <b>113,867</b>     | <b>21,517</b>       | <b>135,384</b>  | <b>135,384</b> |                             |
| <b>EXPENDITURES:</b>   |                    |                     |                 |                |                             |
| Instruction  |                    |                     |                 |                |                             |
| Tuition  | 100,000            | 13,078              | 113,078         | 113,078        |                             |
| General Supplies   | 3,037              | 3,945               | 6,982           | 6,982          |                             |
| <b>Total Instruction</b>                                     | <b>103,037</b>     | <b>17,023</b>       | <b>120,060</b>  | <b>120,060</b> |                             |
| Support Services   |                    |                     |                 |                |                             |
| Salaries   | 5,906              |                     | 5,906           | 5,906          |                             |
| Personal Services - Employee Benefits                        | 452                |                     | 452             | 452            |                             |
| Purchased Professional Educational Services                  | 4,472              | 2,494               | 6,966           | 6,966          |                             |
| Other Purchased Professional and Technical Services          |                    | 2,000               | 2,000           | 2,000          |                             |
| <b>Total Support Services</b>                                | <b>10,830</b>      | <b>4,494</b>        | <b>15,324</b>   | <b>15,324</b>  |                             |
| <b>Total Expenditures</b>                                    | <b>113,867</b>     | <b>21,517</b>       | <b>135,384</b>  | <b>135,384</b> |                             |
| Excess (Deficiency) of<br>Revenues Over (Under) Expenditures | \$ -0-             | \$ -0-              | \$ -0-          | \$ -0-         | \$ -0-                      |

BOONTON TOWNSHIP SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
UNAUDITED

Note A - Explanation of Differences Between Budgetary Inflows and Outflows and  
 GAAP Revenues and Expenditures

|   | General<br>Fund | Special<br>Revenue<br>Fund |
|---|-----------------|----------------------------|
| Sources/Inflows of Resources  |                 |                            |
| Actual Amounts (Budgetary Basis) "Revenue"<br>from the Budgetary Comparison Schedule  | \$ 14,995,484   | \$ 135,384                 |
| Difference - Budget to GAAP:  |                 |                            |
| Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary<br>Basis Recognizes Encumbrances as Expenditures and Revenue, whereas<br>GAAP does not                         |                 |                            |
| Current Year Encumbrances   |                 | (398)                      |
| Prior Year State Aid Payments Recognized for GAAP Statements, not<br>Recognized for Budgetary Statements  | 46,486          |                            |
| Current Year State Aid Payments Recognized for Budgetary Statements, not<br>Recognized for GAAP Statements  | (49,039)        |                            |
|   | \$ 14,992,931   | \$ 134,986                 |
| Total Revenues as Reported on the Statement of Revenues, Expenditures<br>and Changes in Fund Balances - Governmental Funds  |                 |                            |
| Uses/Outflows of Resources  |                 |                            |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the<br>Budgetary Comparison Schedule   | \$ 14,827,088   | \$ 135,384                 |
| Differences - Budget to GAAP:   |                 |                            |
| Encumbrances Ordered but not Received are Reported in the Year<br>the Order is Place for Budgetary Purposes, but in the Year they<br>are Received for Financial Reporting Purposes. |                 |                            |
| Current Year Encumbrances   |                 | (398)                      |
|   | \$ 14,827,088   | \$ 134,986                 |
| Total Expenditures as Reported on the Statement of Revenues,<br>Expenditures and Changes in Fund Balances - Governmental Funds  |                 |                            |

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts 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)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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 generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize the payments on the GAAP financial statements.



SCHOOL LEVEL SCHEDULES

(NOT APPLICABLE)

SPECIAL REVENUE FUND

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

|   | Sustainable Jersey for School Health & Wellness Grant | ESEA Consolidated Grants Title I- Part A | ESEA Consolidated Grants Title II- Part A | IDEA, Part B Basic | IDEA, Part B Preschool | Totals June 30, 2018 |
|---|---|--|---|--------------------|------------------------|----------------------|
| <b>REVENUES</b>                             |   |  |   |                    |                        |                      |
| State Sources                               | \$ 2,000  |  |   |                    |                        | \$ 2,000             |
| Federal Sources                             |   | \$ 6,982                                 | \$ 8,357                                  | \$ 113,078         | \$ 4,967               | 133,384              |
| <b>Total Revenues</b>                       | <b>2,000</b>  | <b>6,982</b>                             | <b>8,357</b>                              | <b>113,078</b>     | <b>4,967</b>           | <b>135,384</b>       |
| <b>EXPENDITURES:</b>                        |   |  |   |                    |                        |                      |
| Instruction:                                |   |  |   |                    |                        |                      |
| Tuition                                     |   |  |   | 113,078            |                        | 113,078              |
| General Supplies                            |   | 6,982                                    |   |                    |                        | 6,982                |
| <b>Total Instruction</b>                    |   | <b>6,982</b>                             |   | <b>113,078</b>     |                        | <b>120,060</b>       |
| Support Services:                           |   |  |   |                    |                        |                      |
| Salaries                                    |   |  | 5,906                                     |                    |                        | 5,906                |
| Personal Services - Employee Benefits       |   |  | 452                                       |                    |                        | 452                  |
| Purchased Professional Educational Services |   |  | 1,999                                     |                    | 4,967                  | 6,966                |
| Supplies and Materials                      | 2,000   |  |   |                    |                        | 2,000                |
| <b>Total Support Services</b>               | <b>2,000</b>  |  | <b>8,357</b>                              |                    | <b>4,967</b>           | <b>15,324</b>        |
| <b>Total Expenditures</b>                   | <b>2,000</b>  | <b>6,982</b>                             | <b>8,357</b>                              | <b>113,078</b>     | <b>4,967</b>           | <b>135,384</b>       |

CAPITAL PROJECTS FUND

(NOT APPLICABLE)

PROPRIETARY FUNDS

BOONTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2018

ASSETS:

## Current Assets:

|                           |           |
|---------------------------|-----------|
| Cash and Cash Equivalents | \$ 10,347 |
|---------------------------|-----------|

|                      |        |
|----------------------|--------|
| Total Current Assets | 10,347 |
|----------------------|--------|

## Non-Current Assets:

|                |        |
|----------------|--------|
| Capital Assets | 27,068 |
|----------------|--------|

|                                |          |
|--------------------------------|----------|
| Less: Accumulated Depreciation | (13,363) |
|--------------------------------|----------|

|                          |        |
|--------------------------|--------|
| Total Non-Current Assets | 13,705 |
|--------------------------|--------|

|              |        |
|--------------|--------|
| Total Assets | 24,052 |
|--------------|--------|

NET POSITION:

|                              |        |
|------------------------------|--------|
| Investment in Capital Assets | 13,705 |
|------------------------------|--------|

|              |        |
|--------------|--------|
| Unrestricted | 10,347 |
|--------------|--------|

|                    |           |
|--------------------|-----------|
| Total Net Position | \$ 24,052 |
|--------------------|-----------|

BOONTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

|                                  |             |
|----------------------------------|-------------|
| Operating Revenue:               |             |
| Local Sources:                   |             |
| Daily Sales:                     |             |
| Special Milk Program             | \$ 6,613    |
|                                  | <hr/>       |
| Total Operating Revenue          | 6,613       |
|                                  | <hr/>       |
| Operating Expenses:              |             |
| Cost of Sales                    | 11,503      |
| Depreciation                     | 984         |
|                                  | <hr/>       |
| Total Operating Expenses         | 12,487      |
|                                  | <hr/>       |
| Change in Net Position           | (5,874)     |
|                                  | <hr/>       |
| Net Position - Beginning of Year | 29,926      |
|                                  | <hr/>       |
| Net Position - End of Year       | \$ 24,052   |
|                                  | <hr/> <hr/> |

BOONTON TOWNSHIP SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

|  |                          |
|--|--------------------------|
| Cash Flows from Operating Activities:        |                          |
| Receipts from Customers                      | \$ 6,613                 |
| Payments to Suppliers                        | <u>(11,503)</u>          |
| Net Cash used for Operating Activities       | <u>(4,890)</u>           |
| Net Decrease in Cash and Cash Equivalents    | (4,890)                  |
| Cash and Cash Equivalents, July 1            | <u>15,237</u>            |
| Cash and Cash Equivalents, June 30           | <u><u>\$ 10,347</u></u>  |
| Reconciliation of Operating Loss to Net Cash |                          |
| Used for Operating Activities:               |                          |
| Operating Loss                               | \$ (5,874)               |
| Adjustment to Reconcile Operating Income to  |                          |
| Cash Used for Operating Loss:                |                          |
| Depreciation                                 | <u>984</u>               |
| Net Cash used for Operating Activities       | <u><u>\$ (4,890)</u></u> |



FIDUCIARY FUNDS

BOONTON TOWNSHIP SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2018

|   |           | Agency    | Total Agency | Unemployment Compensation Trust | Flexible Spending Trust | Totals    |
|---|-----------|-----------|--------------|---------------------------------|-------------------------|-----------|
| ASSETS:   |           | Payroll   | Agency       | Trust                           | Trust                   | Trust     |
| Cash and Cash Equivalents                                 | \$ 44,401 | \$ 22,579 | \$ 66,980    | \$ 23,208                       | \$ 5,035                | \$ 95,223 |
| Total Assets  | 44,401    | 22,579    | 66,980       | 23,208                          | 5,035                   | 95,223    |
| <b>LIABILITIES:</b>                                       |           |           |              |                                 |                         |           |
| Payroll Deductions and Withholdings Due to Student Groups | 44,401    | 22,579    | 22,579       |                                 |                         | 22,579    |
| Total Liabilities   | 44,401    | 22,579    | 66,980       |                                 |                         | 66,980    |
| <b>NET POSITION:</b>                                      |           |           |              |                                 |                         |           |
| Held in Trust for Unemployment Claims                     |           |           |              | 23,208                          |                         | 23,208    |
| Restricted for Flexible Spending Claims                   |           |           |              |                                 | 5,035                   | 5,035     |
| Total Net Position  | \$ -0-    | \$ -0-    | \$ -0-       | \$ 23,208                       | \$ 5,035                | \$ 28,243 |

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

|                                    | Unemployment<br>Compensation<br>Trust | Flexible<br>Spending<br>Trust | Totals    |
|------------------------------------|---------------------------------------|-------------------------------|-----------|
| ADDITIONS:                         |                                       |                               |           |
| Contributions:                     |                                       |                               |           |
| Plan Members                       | \$ 21,453                             | \$ 23,393                     | \$ 44,846 |
| Total Contributions                | 21,453                                | 23,393                        | 44,846    |
| Investment Earnings:               |                                       |                               |           |
| Interest                           | 76                                    |                               | 76        |
| Net Investment Earnings            | 76                                    |                               | 76        |
| Total Additions                    | 21,529                                | 23,393                        | 21,529    |
| DEDUCTIONS:                        |                                       |                               |           |
| Unemployment Compensation Claims   | 25,017                                |                               | 25,017    |
| Flexible Spending Claims           |                                       | 19,428                        | 19,428    |
| Administration Expenses            |                                       | 1,968                         | 1,968     |
| Total Deductions                   | 25,017                                | 21,396                        | 46,413    |
| Change in Net Position             | (3,488)                               | 1,997                         | (1,491)   |
| Net Position—Beginning of the Year | 26,696                                | 3,038                         | 29,734    |
| Net Position—End of the Year       | \$ 23,208                             | \$ 5,035                      | \$ 28,243 |

BOONTON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

|                           | <u>Balance</u><br><u>July 1, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2018</u> |
|---------------------------|---------------------------------------|------------------|------------------|--|
| <b>ASSETS:</b>            |                                       |                  |                  |  |
| Cash and Cash Equivalents | \$ 45,961                             | \$ 95,683        | \$ 97,243        | \$ 44,401                              |
| Total Assets              | <u>\$ 45,961</u>                      | <u>\$ 95,683</u> | <u>\$ 97,243</u> | <u>\$ 44,401</u>                       |
| <br><b>LIABILITIES:</b>   |                                       |                  |                  |  |
| Liabilities:              |                                       |                  |                  |  |
| Due to Student Groups     | \$ 45,961                             | \$ 95,683        | \$ 97,243        | \$ 44,401                              |
| Total Liabilities         | <u>\$ 45,961</u>                      | <u>\$ 95,683</u> | <u>\$ 97,243</u> | <u>\$ 44,401</u>                       |

BOONTON TOWNSHIP SCHOOL DISTRICT  
STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY

|                    | <u>Balance</u><br><u>July 1, 2017</u> | <u>Cash</u><br><u>Receipts</u> | <u>Cash</u><br><u>Disbursements</u> | <u>Balance</u><br><u>June 30, 2018</u> |
|--------------------|---------------------------------------|--------------------------------|-------------------------------------|--|
| Student Activities | \$ 31,710                             | \$ 34,329                      | \$ 34,394                           | \$ 31,645                              |
| Athletic Accounts  | 7,460                                 | 16,783                         | 17,898                              | 6,345                                  |
| 8th Grade Account  | 6,791                                 | 44,571                         | 44,951                              | 6,411                                  |
|                    | <hr/>                                 | <hr/>                          | <hr/>                               | <hr/>                                  |
| Total All Funds    | <u>\$ 45,961</u>                      | <u>\$ 95,683</u>               | <u>\$ 97,243</u>                    | <u>\$ 44,401</u>                       |

BOONTON TOWNSHIP SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

|                                     | <u>Balance</u><br><u>July 1, 2017</u> | <u>Additions</u>    | <u>Deletions</u>    | <u>Balance</u><br><u>June 30, 2018</u> |
|-------------------------------------|---------------------------------------|---------------------|---------------------|--|
| <b>ASSETS:</b>                      |                                       |                     |                     |  |
| Cash and Cash Equivalents           | \$ 33,449                             | \$ 5,719,464        | \$ 5,730,334        | \$ 22,579                              |
| Total Assets                        | <u>\$ 33,449</u>                      | <u>\$ 5,719,464</u> | <u>\$ 5,730,334</u> | <u>\$ 22,579</u>                       |
| <b>LIABILITIES:</b>                 |                                       |                     |                     |  |
| Payroll Deductions and Withholdings | \$ 29,014                             | \$ 2,398,802        | \$ 2,405,237        | \$ 22,579                              |
| Net Payroll                         |                                       | 3,320,662           | 3,320,662           |  |
| Interfund Payable - General Fund    | 4,435                                 |                     | 4,435               |  |
| Total Liabilities                   | <u>\$ 33,449</u>                      | <u>\$ 5,719,464</u> | <u>\$ 5,730,334</u> | <u>\$ 22,579</u>                       |

LONG-TERM DEBT

BOONTON TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS

| Purpose                 | Date of Issue | Original Issue | Maturities of Bonds Outstanding |            | Interest Rate | Balance July 1, 2017 | Matured           | Balance June 30, 2018 |
|-------------------------|---------------|----------------|---------------------------------|------------|---------------|----------------------|-------------------|-----------------------|
|                         |               |                | Date                            | Amount     |               |                      |                   |                       |
| Refunding Bonds of 2005 | 11/01/2005    | \$ 1,990,000   | 05/01/2019                      | \$ 190,000 | 4.000%        | \$ 565,000           | \$ 195,000        | \$ 370,000            |
|                         |               |                | 05/01/2020                      | 180,000    | 4.000%        |                      |                   |                       |
|                         |               |                |                                 |            |               | <u>\$ 565,000</u>    | <u>\$ 195,000</u> | <u>\$ 370,000</u>     |



BOONTON TOWNSHIP SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOT APPLICABLE

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

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual     | Variance<br>Final to Actual |
|--|--------------------|---------------------|-----------------|------------|-----------------------------|
| <b>REVENUES:</b>   |                    |                     |                 |            |                             |
| Local Sources:   |                    |                     |                 |            |                             |
| Local Tax Levy   | \$ 165,601         |                     | \$ 165,601      | \$ 165,601 |                             |
| State Sources:   |                    |                     |                 |            |                             |
| Debt Service Aid Type II                                     | 51,999             |                     | 51,999          | 51,999     |                             |
| Total Revenues   | 217,600            |                     | 217,600         | 217,600    |                             |
| <b>EXPENDITURES:</b>   |                    |                     |                 |            |                             |
| Regular Debt Service:  |                    |                     |                 |            |                             |
| Interest   | 22,600             |                     | 22,600          | 22,600     |                             |
| Redemption of Principal                                      | 195,000            |                     | 195,000         | 195,000    |                             |
| Total Regular Debt Service                                   | 217,600            |                     | 217,600         | 217,600    |                             |
| Total Expenditures   | 217,600            |                     | 217,600         | 217,600    |                             |
| Excess/(Deficiency) of<br>Revenues Over/(Under) Expenditures | - 0 -              | \$ - 0 -            | - 0 -           | - 0 -      | \$ - 0 -                    |
| Fund Balance, July 1   | - 0 -              |                     | - 0 -           | - 0 -      | - 0 -                       |
| Fund Balance, June 30  | - 0 -              | \$ - 0 -            | - 0 -           | - 0 -      | \$ - 0 -                    |

**STATISTICAL SECTION**  
**(UNAUDITED)**

This part of the 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 District's overall financial health.

**Contents**

|   | <b><u>Exhibit</u></b> |
|---|-----------------------|
| <b>Financial Trends</b><br>These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.  | J-1 thru J-5          |
| <b>Revenue Capacity</b><br>These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.   | J-6 thru J-9          |
| <b>Debt Capacity</b><br>These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.   | J-10 thru J-13        |
| <b>Demographic and Economic Information</b><br>These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments. | J-14 thru J-15        |
| <b>Operating Information</b><br>These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.                | J-16 thru J-20        |

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

BOONTON TOWNSHIP SCHOOL DISTRICT  
NET POSITION BY COMPONENT,  
LAST TEN FISCAL YEARS  
(ACCURAL BASIS OF ACCOUNTING)  
UNAUDITED

|   | June 30,              |                       |                       |                     |                     |                       |                       |                     |                       |                       |
|---|-----------------------|-----------------------|-----------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|
|   | 2009                  | 2010                  | 2011                  | 2012                | 2013                | 2014                  | 2015                  | 2016                | 2017                  | 2018                  |
| <b>Governmental Activities</b>                              |                       |                       |                       |                     |                     |                       |                       |                     |                       |                       |
| Net Investment in Capital Assets, (Deficit)                 | \$ (1,940,895)        | \$ (1,808,707)        | \$ (1,574,638)        | \$ (1,395,119)      | \$ (1,093,396)      | \$ (877,219)          | \$ (654,042)          | \$ (499,372)        | \$ (361,668)          | \$ (239,328)          |
| Restricted  | 162,057               | 202,767               | 318,345               | 515,283             | 459,255             | 731,686               | 901,550               | 761,486             | 757,475               | 1,010,336             |
| Unrestricted/(Deficit)                                      | (54,792)              | (64,138)              | 175,381               | 456,578             | 426,991             | (1,368,767)           | (1,303,292)           | (1,217,996)         | (1,577,072)           | (1,860,702)           |
| <b>Total Governmental Activities Net Position/(Deficit)</b> | <b>\$ (1,833,630)</b> | <b>\$ (1,670,078)</b> | <b>\$ (1,080,912)</b> | <b>\$ (423,258)</b> | <b>\$ (207,150)</b> | <b>\$ (1,514,300)</b> | <b>\$ (1,055,784)</b> | <b>\$ (955,882)</b> | <b>\$ (1,181,265)</b> | <b>\$ (1,089,694)</b> |
| <b>Business-Type Activities</b>                             |                       |                       |                       |                     |                     |                       |                       |                     |                       |                       |
| Net Investment in Capital Assets                            | \$ 1,256              | \$ 821                | \$ 410                | \$ 15,161           | \$ 14,377           | \$ 17,618             | \$ 16,657             | \$ 15,696           | \$ 14,689             | \$ 13,705             |
| Unrestricted  | 35,282                | 41,768                | 38,001                | 27,104              | 30,656              | 30,078                | 22,747                | 3,205               | 15,237                | 10,347                |
| <b>Total Business-Type Activities Net Position</b>          | <b>\$ 36,538</b>      | <b>\$ 42,589</b>      | <b>\$ 38,411</b>      | <b>\$ 42,265</b>    | <b>\$ 45,033</b>    | <b>\$ 47,696</b>      | <b>\$ 39,404</b>      | <b>\$ 18,901</b>    | <b>\$ 29,926</b>      | <b>\$ 24,052</b>      |
| <b>District-wide</b>  |                       |                       |                       |                     |                     |                       |                       |                     |                       |                       |
| Net Investment in Capital Assets, (Deficit)                 | \$ (1,939,639)        | \$ (1,807,886)        | \$ (1,574,228)        | \$ (1,379,958)      | \$ (1,079,019)      | \$ (859,601)          | \$ (637,385)          | \$ (483,676)        | \$ (346,979)          | \$ (225,623)          |
| Restricted  | 162,057               | 202,767               | 318,345               | 515,283             | 459,255             | 731,686               | 901,550               | 761,486             | 757,475               | 1,010,336             |
| Unrestricted/(Deficit)                                      | (19,510)              | (22,370)              | 213,382               | 483,682             | 457,647             | (1,338,689)           | (1,280,545)           | (1,214,791)         | (1,561,835)           | (1,850,355)           |
| <b>Total District Net Position/(Deficit)</b>                | <b>\$ (1,797,092)</b> | <b>\$ (1,627,489)</b> | <b>\$ (1,042,501)</b> | <b>\$ (380,993)</b> | <b>\$ (162,117)</b> | <b>\$ (1,466,604)</b> | <b>\$ (1,016,380)</b> | <b>\$ (936,981)</b> | <b>\$ (1,151,339)</b> | <b>\$ (1,065,642)</b> |

Source: School District Financial Reports

BOONTON TOWNSHIP SCHOOL DISTRICT  
CHANGE IN NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS  
UNAUDITED  
(accrual basis of accounting)

|  | Fiscal Year Ending June 30, |               |               |               |               |               |               |               |               |               |
|--|-----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2009                        | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          | 2018          |
| <b>Expenses:</b>                         |                             |               |               |               |               |               |               |               |               |               |
| Governmental Activities                  |                             |               |               |               |               |               |               |               |               |               |
| Instruction:                             |                             |               |               |               |               |               |               |               |               |               |
| Regular                                  | \$ 3,461,816                | \$ 3,643,447  | \$ 3,694,191  | \$ 3,780,572  | \$ 4,330,742  | \$ 4,111,012  | \$ 4,648,650  | \$ 5,409,429  | \$ 5,999,606  | \$ 5,402,373  |
| Special Education                        | 862,649                     | 740,043       | 688,188       | 838,247       | 783,085       | 1,217,404     | 1,447,043     | 1,063,179     | 1,333,066     | 1,330,834     |
| Other Special Education                  | 85,521                      | 110,153       | 119,726       | 157,340       | 174,257       | 115,393       | 200,686       | 216,423       | 269,107       | 241,009       |
| Other Instruction                        | 120,573                     | 105,914       | 89,705        | 97,572        | 102,106       | 112,891       | 133,317       | 128,000       | 148,554       | 141,076       |
| Support Services:                        |                             |               |               |               |               |               |               |               |               |               |
| Tuition                                  | 4,329,429                   | 4,857,452     | 4,770,992     | 4,683,915     | 4,841,361     | 4,712,162     | 4,769,617     | 5,137,900     | 5,382,635     | 5,391,426     |
| Student and Instruction Related Services | 878,069                     | 670,741       | 681,365       | 747,135       | 927,397       | 803,652       | 883,564       | 973,397       | 1,009,029     | 994,729       |
| General Administrative Services          | 340,486                     | 279,715       | 296,719       | 263,243       | 286,197       | 268,081       | 295,176       | 289,630       | 311,736       | 282,332       |
| School Administrative Services           | 291,649                     | 370,172       | 368,135       | 328,005       | 341,420       | 343,051       | 434,209       | 391,927       | 488,095       | 427,483       |
| Central Services                         | 193,987                     | 207,725       | 208,352       | 220,126       | 226,173       | 235,041       | 234,881       | 284,745       | 263,304       | 255,417       |
| Administration Information Technology    | 49,898                      | 57,050        | 38,904        | 44,455        | 56,531        | 45,660        | 52,025        | 58,313        | 62,980        | 59,611        |
| Plant Operations and Maintenance         | 914,540                     | 641,801       | 671,785       | 687,493       | 679,598       | 739,682       | 764,981       | 820,522       | 779,057       | 884,360       |
| Pupil Transportation                     | 621,057                     | 568,776       | 455,069       | 541,214       | 602,174       | 632,070       | 617,890       | 600,101       | 719,675       | 764,426       |
| Unallocated Depreciation                 | 2,311,471                   | 73,484        | 73,484        | 69,419        | 45,284        | 44,844        | 30,579        | 32,360        | 35,793        | 22,600        |
| Charter Schools                          | 9,686                       |               |               |               |               |               |               |               |               |               |
| Capital Outlay                           | 164,384                     | 149,927       | 16,482        | 172           | 6,900         | 867           | 868           | 1,017         | 868           | 868           |
| Interest on Long-Term Debt               |                             |               | 101,407       | 89,875        | 77,963        | 64,314        | 50,018        | 38,400        | 30,400        | 63,620        |
| Total Governmental Activities Expenses   | 14,635,215                  | 12,476,400    | 12,274,504    | 12,548,783    | 13,481,188    | 13,446,124    | 14,563,504    | 15,445,343    | 16,833,905    | 16,262,164    |
| Business-Type Activities:                |                             |               |               |               |               |               |               |               |               |               |
| Food Service                             | 12,780                      | 8,533         | 18,814        | 8,474         | 7,708         | 6,890         | 15,980        | 11,644        | 11,196        | 12,487        |
| Total Business-Type Activities Expense   | 12,780                      | 8,533         | 18,814        | 8,474         | 7,708         | 6,890         | 15,980        | 11,644        | 11,196        | 12,487        |
| Total District Expenses                  | \$ 14,647,995               | \$ 12,484,933 | \$ 12,293,318 | \$ 12,557,257 | \$ 13,488,896 | \$ 13,453,014 | \$ 14,579,484 | \$ 15,456,987 | \$ 16,845,101 | \$ 16,274,651 |

BOONTON TOWNSHIP SCHOOL DISTRICT  
CHANGE IN NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS  
UNAUDITED  
(accrual basis of accounting)

|   | Fiscal Year Ending June 30, |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|---|-----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|   | 2009                        | 2010                   | 2011                   | 2012                   | 2013                   | 2014                   | 2015                   | 2016                   | 2017                   | 2018                   |
| <b>Program Revenues:</b>  |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities:  |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for Services:   |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Tuition   |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Operating Grants and Contributions                                  | \$ 1,497,023                | \$ 1,593,199           | \$ 1,174,124           | \$ 1,294,688           | \$ 1,553,539           | \$ 1,448,865           | \$ 2,436,503           | \$ 2,759,007           | \$ 3,507,310           | \$ 2,992,214           |
| Total Governmental Activities Program Revenues                      | <u>1,497,023</u>            | <u>1,593,199</u>       | <u>1,174,124</u>       | <u>1,294,688</u>       | <u>1,553,539</u>       | <u>1,448,865</u>       | <u>2,436,503</u>       | <u>2,759,007</u>       | <u>3,507,310</u>       | <u>2,992,214</u>       |
| Business-Type Activities:   |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for Services:   |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Food Service  | 13,913                      | 14,584                 | 14,636                 | 12,328                 | 10,476                 | 9,553                  | 7,688                  | 6,924                  | 6,439                  | 6,613                  |
| Total Business-Type Activities Program Revenues                     | <u>13,913</u>               | <u>14,584</u>          | <u>14,636</u>          | <u>12,328</u>          | <u>10,476</u>          | <u>9,553</u>           | <u>7,688</u>           | <u>6,924</u>           | <u>6,439</u>           | <u>6,613</u>           |
| Total District Program Revenues                                     | <u>\$ 1,510,936</u>         | <u>\$ 1,607,783</u>    | <u>\$ 1,188,760</u>    | <u>\$ 1,307,016</u>    | <u>\$ 1,564,015</u>    | <u>\$ 1,458,418</u>    | <u>\$ 2,444,191</u>    | <u>\$ 2,765,931</u>    | <u>\$ 3,513,749</u>    | <u>\$ 2,998,827</u>    |
| Net (Expense)/Revenue:  |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities   | \$ (13,138,192)             | \$ (10,883,201)        | \$ (11,100,380)        | \$ (11,254,095)        | \$ (11,927,649)        | \$ (11,997,259)        | \$ (12,127,001)        | \$ (12,686,336)        | \$ (13,326,595)        | \$ (13,269,950)        |
| Business-Type Activities  | 1,133                       | 6,051                  | (4,178)                | 3,854                  | 2,768                  | 2,663                  | (8,292)                | (4,720)                | (4,757)                | (5,874)                |
| Total District-Wide Net Expense                                     | <u>\$ (13,137,059)</u>      | <u>\$ (10,877,150)</u> | <u>\$ (11,104,558)</u> | <u>\$ (11,250,241)</u> | <u>\$ (11,924,881)</u> | <u>\$ (11,994,596)</u> | <u>\$ (12,135,293)</u> | <u>\$ (12,691,056)</u> | <u>\$ (13,331,352)</u> | <u>\$ (13,275,824)</u> |
| <b>General Revenues and Other Changes in Net Position:</b>          |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities:  |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Property Taxes Levied for General Purposes, Net                     | \$ 10,487,689               | \$ 10,644,682          | \$ 11,230,140          | \$ 11,510,636          | \$ 11,740,849          | \$ 11,975,666          | \$ 12,215,179          | \$ 12,459,483          | \$ 12,708,673          | \$ 12,962,846          |
| Taxes Levied for Debt Service                                       | 295,422                     | 293,121                | 308,589                | 298,581                | 300,904                | 293,043                | 278,898                | 181,430                | 171,537                | 165,601                |
| Unrestricted Grants and Contributions                               | 73,274                      | 72,226                 | 62,818                 | 61,793                 | 62,059                 | 61,271                 | 73,500                 | 81,044                 | 88,788                 | 86,490                 |
| Investment Earnings   | 500                         | 100                    | 13                     | 66                     | 16                     | 1                      | 136                    |                        |                        |                        |
| Miscellaneous Income  | 27,909                      | 36,624                 | 87,986                 | 40,673                 | 39,929                 | 197,719                | 17,804                 | 64,281                 | 132,214                | 146,584                |
| Total Governmental Activities                                       | <u>10,884,794</u>           | <u>11,046,753</u>      | <u>11,689,546</u>      | <u>11,911,749</u>      | <u>12,143,757</u>      | <u>12,527,700</u>      | <u>12,585,517</u>      | <u>12,786,238</u>      | <u>13,101,212</u>      | <u>13,361,521</u>      |
| Business-Type Activities:   |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Other Item - Cancellation of<br>Prior Year Interfund - General Fund |                             |                        |                        |                        |                        |                        |                        | (15,783)               | 15,782                 |                        |
| Total Business-Type Activities                                      |                             |                        |                        |                        |                        |                        |                        | (15,783)               | 15,782                 |                        |
| Total District-Wide   | <u>\$ 10,884,794</u>        | <u>\$ 11,046,753</u>   | <u>\$ 11,689,546</u>   | <u>\$ 11,911,749</u>   | <u>\$ 12,143,757</u>   | <u>\$ 12,527,700</u>   | <u>\$ 12,585,517</u>   | <u>\$ 12,770,455</u>   | <u>\$ 13,116,994</u>   | <u>\$ 13,361,521</u>   |
| Change in Net Position:   |                             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental Activities   | \$ (2,253,398)              | \$ 163,552             | \$ 589,166             | \$ 657,654             | \$ 216,108             | \$ 530,441             | \$ 458,516             | \$ 99,902              | \$ (225,383)           | \$ 91,571              |
| Business-Type Activities  | 1,133                       | 6,051                  | (4,178)                | 3,854                  | 2,768                  | 2,663                  | (8,292)                | (20,503)               | 11,025                 | (5,874)                |
| Total District  | <u>\$ (2,252,265)</u>       | <u>\$ 169,603</u>      | <u>\$ 584,988</u>      | <u>\$ 661,508</u>      | <u>\$ 218,876</u>      | <u>\$ 533,104</u>      | <u>\$ 450,224</u>      | <u>\$ 79,399</u>       | <u>\$ (214,358)</u>    | <u>\$ 85,697</u>       |

Source: School District Financial Reports

BOONTON TOWNSHIP SCHOOL DISTRICT  
 FUND BALANCES, GOVERNMENT FUNDS  
 LAST TEN FISCAL YEARS  
 UNAUDITED  
 (modified accrual basis of accounting)

|                                    | June 30,   |            |            |              |              |              |              |              |              |              |              |
|------------------------------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                    | 2008       | 2009       | 2010       | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         | 2018         |
| General Fund                       |            |            |            |              |              |              |              |              |              |              |              |
| Reserved/Restricted                | \$ 162,056 | \$ 202,744 | \$ 246,833 | \$ 515,283   | \$ 459,255   | \$ 731,686   | \$ 901,550   | \$ 761,486   | \$ 761,486   | \$ 757,475   | \$ 1,010,336 |
| Assigned                           |            | 221,489    | 221,489    | 550,447      | 371,495      | 372,172      | 426,541      | 689,788      | 689,788      | 500,752      | 436,586      |
| Unassigned                         |            |            | 432,326    | 272,034      | 393,024      | 389,611      | 412,809      | 358,802      | 358,802      | 454,685      | 431,833      |
| Unreserved                         | 435,799    | 371,351    |            |              |              |              |              |              |              |              |              |
| Total General Fund                 | \$ 597,855 | \$ 574,095 | \$ 900,648 | \$ 1,337,764 | \$ 1,223,774 | \$ 1,493,469 | \$ 1,740,900 | \$ 1,810,076 | \$ 1,810,076 | \$ 1,712,912 | \$ 1,878,755 |
| All Other Governmental Funds       |            |            |            |              |              |              |              |              |              |              |              |
| Reserved/Restricted                |            |            | \$         |              |              |              |              |              |              |              |              |
| Unreserved, Reported in:           |            |            |            |              |              |              |              |              |              |              |              |
| Debt Service Fund                  | \$ 1       | \$ 23      |            |              |              |              |              |              |              |              |              |
| Total All Other Governmental Funds | \$ 1       | \$ 23      | \$ 23      | \$ -0-       | \$ -0-       | \$ -0-       | \$ -0-       | \$ -0-       | \$ -0-       | \$ -0-       | \$ -0-       |

Source: School District Financial Reports

BOONTON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENT FUNDS,

LAST TEN FISCAL YEARS

UNAUDITED

*(modified accrual basis of accounting)*

|  | Fiscal Year Ending June 30, |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|--|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2009                        | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              | 2017              | 2018              |
| <b>Revenues:</b>                         |                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Tax Levy                                 | \$ 10,783,111               | \$ 10,937,803     | \$ 11,538,729     | \$ 11,809,217     | \$ 12,041,753     | \$ 12,268,709     | \$ 12,494,077     | \$ 12,640,913     | \$ 12,880,210     | \$ 13,128,447     |
| Tuition Charges                          |                             |                   |                   | 5,542             | 14,000            | 168,744           | 86,990            | 34,089            | 46,316            | 56,100            |
| Interest Earnings                        | 500                         | 100               | 13                | 66                | 16                | 120               | 136               | 1                 |                   |                   |
| Miscellaneous                            | 27,909                      | 36,602            | 87,986            | 35,131            | 25,929            | 28,856            | 17,804            | 30,192            | 85,897            | 90,484            |
| State Sources                            | 1,401,152                   | 1,408,202         | 946,028           | 1,181,435         | 1,447,881         | 1,344,354         | 1,489,077         | 1,590,190         | 1,733,299         | 1,937,102         |
| Federal Sources                          | 169,145                     | 257,223           | 290,914           | 175,046           | 167,717           | 165,782           | 134,761           | 138,280           | 131,917           | 133,384           |
| <b>Total Revenue</b>                     | <b>12,381,817</b>           | <b>12,639,930</b> | <b>12,863,670</b> | <b>13,206,437</b> | <b>13,697,296</b> | <b>13,976,565</b> | <b>14,222,845</b> | <b>14,433,664</b> | <b>14,877,640</b> | <b>15,345,517</b> |
| <b>Expenditures:</b>                     |                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Instruction</b>                       |                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Regular Instruction                      | 2,601,525                   | 2,647,095         | 2,612,338         | 2,637,653         | 2,997,596         | 2,903,012         | 2,846,813         | 3,096,794         | 2,955,833         | 2,854,351         |
| Special Education Instruction            | 671,401                     | 566,687           | 499,776           | 624,491           | 519,732           | 875,062           | 895,458           | 641,161           | 761,381           | 817,895           |
| Other Special Instruction                | 62,487                      | 79,109            | 83,415            | 108,524           | 115,972           | 78,415            | 116,951           | 118,122           | 122,811           | 122,409           |
| Other Instruction                        | 89,936                      | 79,065            | 64,728            | 70,638            | 73,282            | 79,579            | 84,430            | 75,301            | 74,999            | 77,566            |
| <b>Support Services:</b>                 |                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Tuition                                  | 4,329,429                   | 4,857,452         | 4,770,992         | 4,683,915         | 4,841,361         | 4,712,162         | 4,769,617         | 5,137,900         | 5,382,635         | 5,391,426         |
| Student and Instruction Related Services | 698,932                     | 566,764           | 551,169           | 608,901           | 760,524           | 667,572           | 704,282           | 677,572           | 748,365           | 771,607           |
| General Administrative Services          | 330,849                     | 255,974           | 249,479           | 228,752           | 248,192           | 227,529           | 250,238           | 233,059           | 270,884           | 252,616           |
| School Administrative Services           | 217,138                     | 270,972           | 263,420           | 228,500           | 229,120           | 233,923           | 260,489           | 227,622           | 252,403           | 244,831           |
| Central Services                         | 162,103                     | 171,609           | 167,006           | 176,029           | 179,147           | 187,172           | 186,035           | 189,836           | 198,116           | 198,647           |
| Administration Information Technology    | 44,350                      | 52,022            | 33,132            | 38,255            | 49,845            | 38,848            | 45,084            | 43,720            | 52,229            | 49,750            |
| Plant Operations and Maintenance         | 644,449                     | 579,920           | 600,048           | 608,143           | 591,972           | 646,794           | 666,152           | 645,401           | 654,075           | 773,339           |
| Pupil Transportation                     | 610,932                     | 543,004           | 439,147           | 509,755           | 569,005           | 598,999           | 584,745           | 553,503           | 680,976           | 746,938           |
| Unallocated Benefits                     | 1,500,265                   | 1,584,309         | 1,732,699         | 1,845,926         | 2,142,031         | 2,089,313         | 2,217,331         | 2,454,903         | 2,572,185         | 2,649,505         |



BOONTON TOWNSHIP SCHOOL DISTRICT  
CHANGES IN FUND BALANCES, GOVERNMENT FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

*(modified accrual basis of accounting)*

|  | Fiscal Year Ending June 30, |             |            |            |              |            |            |            |             |            |
|--|-----------------------------|-------------|------------|------------|--------------|------------|------------|------------|-------------|------------|
|  | 2009                        | 2010        | 2011       | 2012       | 2013         | 2014       | 2015       | 2016       | 2017        | 2018       |
| Expenditures: (Cont'd)                                       |                             |             |            |            |              |            |            |            |             |            |
| Capital Outlay   | \$ 176,293                  | \$ 44,361   | \$ 98,361  | \$ 39,987  | \$ 130,544   | \$ 14,176  | \$ 9,771   | \$ 31,194  | \$ 22,512   | \$ 11,194  |
| Charter Schools  | 9,686                       |             |            |            |              |            |            |            |             |            |
| Debt Service:  |                             |             |            |            |              |            |            |            |             |            |
| Principal  | 240,000                     | 250,000     | 270,000    | 270,000    | 285,000      | 290,000    | 288,000    | 200,000    | 195,000     | 195,000    |
| Interest and Other Charges                                   | 128,696                     | 115,347     | 101,407    | 89,875     | 77,963       | 64,314     | 50,018     | 38,400     | 30,400      | 22,600     |
| Total Expenditures   | 12,520,480                  | 12,663,690  | 12,537,117 | 12,769,344 | 13,811,286   | 13,706,870 | 13,975,414 | 14,364,488 | 14,974,804  | 15,179,674 |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (138,663)                   | (23,760)    | 326,553    | 437,093    | (113,990)    | 269,695    | 247,431    | 69,176     | (97,164)    | 165,843    |
| Other Financing Sources (Uses)                               |                             |             |            |            |              |            |            |            |             |            |
| Capital Leases (Non-Budgeted)                                | 121,000                     |             |            |            |              |            |            |            |             |            |
| Excess Proceeds from Retirement of Debt                      |                             | 22          |            |            |              |            |            |            |             |            |
| Total Other Financing Sources (Uses)                         | 121,000                     | 22          |            |            |              |            |            |            |             |            |
| Net Change in Fund Balances                                  | \$ (17,663)                 | \$ (23,738) | \$ 326,553 | \$ 437,093 | \$ (113,990) | \$ 269,695 | \$ 247,431 | \$ 69,176  | \$ (97,164) | \$ 165,843 |
| Debt Service as a Percentage of<br>Noncapital Expenditures   | 2.99 %                      | 2.90 %      | 2.99 %     | 2.83 %     | 2.65 %       | 2.59 %     | 2.42 %     | 1.66 %     | 1.51 %      | 1.43 %     |

Source: School District Financial Reports

BOONTON TOWNSHIP SCHOOL DISTRICT  
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
UNAUDITED  
*(modified accrual basis of accounting)*

| <u>Fiscal Year</u><br><u>Ending June 30,</u> | <u>Interest on</u><br><u>Investments</u> | <u>Tuition</u> | <u>Other</u> | <u>Total</u> |
|--|--|----------------|--------------|--------------|
| 2009   | \$ 9,542                                 |                | \$ 18,367    | \$ 27,909    |
| 2010   | 617                                      | \$ 19,031      | 16,954       | 36,602       |
| 2011   | 110                                      | 12,877         | 74,999       | 87,986       |
| 2012   | 66                                       | 20,138         | 20,535       | 40,739       |
| 2013   | 16                                       | 14,000         | 25,929       | 39,945       |
| 2014   | 120                                      | 168,744        | 28,856       | 197,720      |
| 2015   | 136                                      | 86,990         | 17,804       | 104,930      |
| 2016   |  | 34,089         | 30,192       | 64,281       |
| 2017   |  | 46,316         | 85,898       | 132,214      |
| 2018   |  | 56,100         | 90,484       | 146,584      |

Source: Boonton Township School District records

**BOONTON TOWNSHIP SCHOOL DISTRICT**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
 LAST TEN YEARS  
UNAUDITED

| Year Ended<br>December 31, | Vacant Land   | Residential      | Farm Regular  | Farm Qualified | Commercial    | Industrial    | Apartment  | Total Assessed Value | Tax-Exempt<br>Property | Public Utilities <sup>a</sup> | Net Valuation Taxable | Total Direct<br>School Tax<br>Rate <sup>b</sup> | Estimated Actual<br>(County Equalized<br>Value) |
|----------------------------|---------------|------------------|---------------|----------------|---------------|---------------|------------|----------------------|------------------------|-------------------------------|-----------------------|---|---|
| 2008                       | \$ 27,245,200 | \$ 1,050,841,100 | \$ 24,936,100 | \$ 257,400     | \$ 16,901,200 | \$ 18,460,900 | \$ 571,000 | \$ 1,139,212,900     | \$ 81,940,900          | \$ 959,168                    | \$ 1,140,172,068      | 0.95  | \$ 1,099,395,626                                |
| 2009                       | 23,894,100    | 1,052,547,600    | 24,066,000    | 258,200        | 16,697,700    | 18,168,900    | 571,000    | 1,136,203,500        | 82,700,000             | 1,112,082                     | 1,137,315,582         | 0.95  | 1,100,787,205                                   |
| * 2010                     | 17,802,300    | 895,938,000      | 22,097,600    | 253,000        | 15,475,400    | 14,311,400    | 496,800    | 966,394,500          | 75,975,900             | 1,206,835                     | 967,601,335           | 1.16  | 1,080,125,540                                   |
| 2011                       | 16,754,000    | 895,851,300      | 22,286,500    | 253,000        | 15,475,400    | 14,061,400    | 496,800    | 965,178,400          | 76,600,700             | 914,199                       | 966,092,599           | 1.16  | 1,018,768,215                                   |
| 2012                       | 16,713,900    | 893,580,300      | 22,089,700    | 244,500        | 15,475,400    | 14,061,400    | 496,800    | 962,662,000          | 76,600,700             | 914,199                       | 966,092,599           | 1.16  | 1,018,768,215                                   |
| 2013                       | 15,926,100    | 890,011,900      | 22,249,900    | 234,200        | 14,962,400    | 14,061,400    | 496,800    | 957,942,700          | 78,834,500             |                               | 957,942,700           | 1.16  | 954,418,176                                     |
| * 2014                     | 12,736,700    | 791,081,700      | 19,328,000    | 233,100        | 13,771,500    | 12,342,400    | 496,800    | 849,493,400          | 71,896,700             |                               | 849,493,400           | 1.46  | 927,103,178                                     |
| 2015                       | 11,143,400    | 793,744,500      | 20,393,000    | 240,500        | 13,771,500    | 12,342,400    |            | 851,635,500          | 71,985,500             |                               | 851,635,500           | 1.46  | 925,140,690                                     |
| 2016                       | 11,610,200    | 795,957,400      | 20,575,800    | 250,900        | 29,032,000    | 12,342,400    |            | 869,768,700          | 53,698,100             |                               | 869,768,700           | 1.47  | 937,574,113                                     |
| 2017                       | 11,905,100    | 797,398,000      | 21,111,400    | 250,900        | 28,911,000    | 12,342,400    |            | 871,918,800          | 53,699,300             |                               | 871,918,800           | 1.49  | 915,416,511                                     |

\* Revaluation of Real Property.

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

<sup>b</sup> Tax Rates are per \$100 of Assessed Value.

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation.

Source: Municipal Tax Assessor

BOONTON TOWNSHIP SCHOOL DISTRICT  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN YEARS  
UNAUDITED  
*(RATE PER \$100 OF ASSESSED VALUE)*

| Year Ended<br>December 31, | Boonton Township School District Direct Rate |  |                 | Overlapping Rates      |                  | Total Direct<br>and<br>Overlapping<br>Tax Rate |
|----------------------------|--|--|-----------------|------------------------|------------------|--|
|                            | Basic Rate <sup>a</sup>                      | General<br>Obligation Debt<br>Service <sup>b</sup> | Total<br>Direct | Township<br>of Boonton | Morris<br>County |  |
| 2008                       | 0.92   | 0.03   | 0.95            | 0.27                   | 0.18             | 1.41   |
| 2009                       | 0.92   | 0.03   | 0.95            | 0.29                   | 0.22             | 1.46   |
| 2010                       | * 1.13                                       | 0.03   | 1.16            | 0.36                   | 0.25             | 1.78   |
| 2011                       | 1.13   | 0.03   | 1.16            | 0.35                   | 0.25             | 1.76   |
| 2012                       | 1.13   | 0.03   | 1.16            | 0.38                   | 0.25             | 1.79   |
| 2013                       | 1.13   | 0.03   | 1.16            | 0.39                   | 0.25             | 1.80   |
| 2014                       | * 1.43                                       | 0.03   | 1.46            | 0.45                   | 0.28             | 2.18   |
| 2015                       | 1.44   | 0.02   | 1.46            | 0.44                   | 0.27             | 2.18   |
| 2016                       | 1.45   | 0.02   | 1.47            | 0.45                   | 0.27             | 2.19   |
| 2017                       | 1.47   | 0.02   | 1.49            | 0.46                   | 0.27             | 2.22   |

\* Revaluation of Real Property.

<sup>a</sup> The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

<sup>b</sup> Rates for debt service are based on each year's requirements.

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

Source: Municipal Tax Collector and School Business Administrator

BOONTON TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

|                         | 2017                   |  | 2008                   |  |
|-------------------------|------------------------|--|------------------------|--|
|                         | Taxable Assessed Value | % of Total District Net Assessed Value | Taxable Assessed Value | % of Total District Net Assessed Value |
| MPT of Morris LLC       | \$ 15,260,500          | 1.75 %                                 | \$ 9,125,600           | 0.80 %                                 |
| 199 Powerville Road LLC | 7,901,600              | 0.91 %                                 | 6,931,000              | 0.61 %                                 |
| KIJ MGT LLC             | 4,190,000              | 0.48 %                                 | 8,350,000              | 0.73 %                                 |
| RFL Electronics Inc.    | 3,923,100              | 0.45 %                                 | 5,000,000              | 0.44 %                                 |
| Individual Taxpayer #1  | 2,543,200              | 0.29 %                                 | 5,257,400              | 0.46 %                                 |
| Johanson Associates     | 2,019,000              | 0.23 %                                 | 4,790,400              | 0.42 %                                 |
| Deer Lake Club          | 1,992,500              | 0.23 %                                 | 3,374,800              | 0.30 %                                 |
| Individual Taxpayer #2  | 1,992,500              | 0.23 %                                 | 3,167,100              | 0.10 %                                 |
| Ask Florida, LLC        | 1,972,500              | 0.23 %                                 | 3,100,000              | 0.28 %                                 |
| Individual Taxpayer #3  | 1,877,300              | 0.22 %                                 | 1,182,500              | 0.27 %                                 |
| Total                   | \$ 43,672,200          | 5.01 %                                 | \$ 50,278,800          | 4.41 %                                 |

Note : Individual Taxpayers listed may be different in 2017 and 2008.

A revaluation of property was effective in 2010 and 2014.

Source: Municipal Tax Assessor

BOONTON TOWNSHIP SCHOOL DISTRICT  
PROPERTY TAX LEVIES AND COLLECTIONS,  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal Year Ended<br>June 30, | Taxes Levied for<br>the Fiscal Year | Collected within the Fiscal Year of the<br>Levy <sup>a</sup> |                       | Collections in<br>Subsequent Years |
|-------------------------------|-------------------------------------|--|-----------------------|------------------------------------|
|                               |                                     | Amount   | Percentage of<br>Levy |                                    |
| 2009                          | \$ 10,783,111                       | \$ 10,783,111  | 100.00 %              | -0-                                |
| 2010                          | 10,937,803                          | 10,937,803   | 100.00 %              | -0-                                |
| 2011                          | 11,538,729                          | 11,538,729   | 100.00 %              | -0-                                |
| 2012                          | 11,809,217                          | 11,809,217   | 100.00 %              | -0-                                |
| 2013                          | 12,041,753                          | 12,041,753   | 100.00 %              | -0-                                |
| 2014                          | 12,268,709                          | 12,268,709   | 100.00 %              | -0-                                |
| 2015                          | 12,494,077                          | 12,494,077   | 100.00 %              | -0-                                |
| 2016                          | 12,640,913                          | 12,640,913   | 100.00 %              | -0-                                |
| 2017                          | 12,880,210                          | 12,880,210   | 100.00 %              | -0-                                |
| 2018                          | 13,128,447                          | 13,128,447   | 100.00 %              | -0-                                |

<sup>a</sup> School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: Boonton Township School District records including the Certificate and Report of School Taxes (A4F form)

BOONTON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal Year<br>Ended June<br>30, | <u>Governmental Activities</u> |                   | Total District | Percentage of<br>Personal<br>Income <sup>a</sup> | Per Capita <sup>a</sup> |
|----------------------------------|--------------------------------|-------------------|----------------|--|-------------------------|
|                                  | General<br>Obligation<br>Bonds | Capital<br>Leases |                |  |                         |
| 2009                             | \$ 2,613,000                   | \$ 115,314        | \$ 2,728,314   | 0.90 %   | 610                     |
| 2010                             | 2,363,000                      | 74,933            | 2,437,933      | 0.83 %   | 571                     |
| 2011                             | 2,093,000                      | 50,834            | 2,143,834      | 0.69 %   | 498                     |
| 2012                             | 1,823,000                      | 25,867            | 1,848,867      | 0.58 %   | 427                     |
| 2013                             | 1,538,000                      |                   | 1,538,000      | 0.47 %   | 354                     |
| 2014                             | 1,248,000                      |                   | 1,248,000      | 0.38 %   | 287                     |
| 2015                             | 960,000                        |                   | 960,000        | 0.27 %   | 220                     |
| 2016                             | 760,000                        |                   | 760,000        | 0.20 %   | 174                     |
| 2017                             | 565,000                        |                   | 565,000        | 0.15 %   | 130                     |
| 2018                             | 370,000                        |                   | 370,000        | 0.09 %   | 85                      |

<sup>a</sup> See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

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

Source: School District Financial Reports

BOONTON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal Year<br>Ended June<br>30, | General Bonded Debt Outstanding |            |   | Percentage of<br>Actual Taxable<br>Value <sup>a</sup> of<br>Property | Per Capita <sup>b</sup> |
|----------------------------------|---------------------------------|------------|---|--|-------------------------|
|                                  | General<br>Obligation<br>Bonds  | Deductions | Net General<br>Bonded Debt<br>Outstanding |  |                         |
| 2009                             | \$ 2,613,000                    | \$ -0-     | \$ 2,613,000                              | 0.23 %   | 585                     |
| 2010                             | 2,363,000                       | -0-        | 2,363,000                                 | 0.21 %   | 553                     |
| 2011                             | 2,093,000                       | -0-        | 2,093,000                                 | 0.22 %   | 486                     |
| 2012                             | 1,823,000                       | -0-        | 1,823,000                                 | 0.19 %   | 421                     |
| 2013                             | 1,538,000                       | -0-        | 1,538,000                                 | 0.16 %   | 354                     |
| 2014                             | 1,248,000                       | -0-        | 1,248,000                                 | 0.13 %   | 287                     |
| 2015                             | 960,000                         | -0-        | 960,000                                   | 0.11 %   | 220                     |
| 2016                             | 760,000                         | -0-        | 760,000                                   | 0.09 %   | 174                     |
| 2017                             | 565,000                         | -0-        | 565,000                                   | 0.06 %   | 130                     |
| 2018                             | 370,000                         | -0-        | 370,000                                   | 0.04 %   | 85                      |

<sup>a</sup> See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

<sup>b</sup> See Exhibit J-14 for population data. This ratio is calculated using population for the prior calendar year.

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



BOONTON TOWNSHIP SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2017  
UNAUDITED

| <u>Governmental Unit</u>                     | <u>Debt Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable<sup>a</sup></u> | <u>Estimated Share of<br/>Overlapping Debt</u> |
|--|-------------------------|--|--|
| Debt Repaid With Property Taxes              |                         |  |  |
| Boonton Township                             | \$ 2,576,119            | 100.00 %   | \$ 2,576,119                                   |
| Morris County General Obligation Debt        | 217,187,521             | 0.98 %   | <u>2,131,465</u>                               |
| Subtotal, Overlapping Debt                   |                         |  | 4,707,584                                      |
| Boonton Township School District Direct Debt |                         |  | <u>370,000</u>                                 |
| Total Direct and Overlapping Debt            |                         |  | <u><u>\$ 5,077,584</u></u>                     |

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable equalized property values. Applicable percentages were estimated by determining the portion of another governmental unit's equalized property value that is within the district's boundaries and dividing it by each unit's total equalized property value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Boonton. This process recognizes that, when considering the District's ability to issue and repay long-term, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping unit.

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

BOONTON TOWNSHIP SCHOOL DISTRICT  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2018

|  |                         |
|--|-------------------------|
| <u>Equalized Valuation Basis</u>                           |                         |
| 2017   | \$ 924,328,209          |
| 2016   | 910,943,339             |
| 2015   | 915,835,359             |
|  | <u>\$ 2,751,106,907</u> |
| Average Equalized Valuation of Taxable Property            | \$ 917,035,636          |
| Debt Limit <sup>a</sup> (3% of Average Equalization Value) | 27,511,069              |
| Net Bonded School Debt as of June 30, 2018                 | 370,000                 |
| Legal Debt Margin  | <u>\$ 27,141,069</u>    |

|   | <u>Fiscal Year</u>   |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          | <u>2017</u>          | <u>2018</u>          |
| Debt Limit  | \$ 28,566,544        | \$ 27,931,425        | \$ 27,603,377        | \$ 27,473,394        | \$ 27,511,069        |
| Total Net Debt Applicable to Limit                                      | <u>1,248,000</u>     | <u>960,000</u>       | <u>760,000</u>       | <u>565,000</u>       | <u>370,000</u>       |
| Legal Debt Margin   | <u>\$ 30,323,142</u> | <u>\$ 26,971,425</u> | <u>\$ 26,843,377</u> | <u>\$ 26,908,394</u> | <u>\$ 27,141,069</u> |
| Total Net Debt Applicable to the Limit<br>as a Percentage of Debt Limit | 4.37 %               | 3.44 %               | 2.75 %               | 2.06 %               | 1.34 %               |

|   | <u>Fiscal Year</u>   |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | <u>2009</u>          | <u>2010</u>          | <u>2011</u>          | <u>2012</u>          | <u>2013</u>          |
| Debt Limit  | \$ 32,686,142        | \$ 32,686,142        | \$ 31,066,070        | \$ 29,844,395        | \$ 29,850,070        |
| Total Net Debt Applicable to Limit                                      | <u>2,363,000</u>     | <u>2,363,000</u>     | <u>2,093,000</u>     | <u>1,823,000</u>     | <u>1,538,000</u>     |
| Legal Debt Margin   | <u>\$ 30,323,142</u> | <u>\$ 30,323,142</u> | <u>\$ 28,973,070</u> | <u>\$ 28,021,395</u> | <u>\$ 28,312,070</u> |
| Total Net Debt Applicable to the Limit<br>as a Percentage of Debt Limit | 7.23 %               | 7.23 %               | 6.74 %               | 6.11 %               | 5.15 %               |

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts.

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

BOONTON TOWNSHIP SCHOOL DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

| Year | Population <sup>a</sup> | Personal Income<br>(thousands of<br>dollars) <sup>b</sup> | Morris County Per<br>Capita Personal<br>Income <sup>c</sup> | Unemployment<br>Rate <sup>d</sup> |
|------|-------------------------|---|---|-----------------------------------|
| 2009 | 4,469                   | \$ 301,854,136  | \$ 67,544   | 7.50 %                            |
| 2010 | 4,273                   | 293,661,925   | 68,725  | 7.60 %                            |
| 2011 | 4,307                   | 309,815,431   | 71,933  | 7.40%                             |
| 2012 | 4,326                   | 320,370,582   | 74,057  | 7.70%                             |
| 2013 | 4,350                   | 326,484,900   | 75,054  | 5.20%                             |
| 2014 | 4,355                   | 326,860,170   | 75,054  | 5.20%                             |
| 2015 | 4,363                   | 361,300,030   | 82,810  | 5.20%                             |
| 2016 | 4,362                   | 377,670,684   | 86,582  | 4.50%                             |
| 2017 | 4,350                   | 376,631,700   | 86,582  | 4.00%                             |
| 2018 | 4,350 **                | 389,781,750 ***   | 89,605 *  | 4.00%                             |

\* - Latest Morris County per capita personal income available (2016) was used for calculation purposes.

\*\* - Latest population data available (2017) was used for calculation purposes.

\*\*\* - Latest available population data (2017) and latest available Morris County per capita personal income (2016) was used for calculation purposes.

Source:

<sup>a</sup> Population information provided by the New Jersey Department of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per capita personal income by county provided by the New Jersey Department of Labor and Workforce Development

<sup>d</sup> Unemployment data provided by the New Jersey Department of Labor and Workforce Development

BOONTON TOWNSHIP SCHOOL DISTRICT  
PRINCIPAL EMPLOYERS - MORRIS COUNTY  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

| Employer                   | 2017          |                                | 2008      |                                |
|----------------------------|---------------|--------------------------------|-----------|--------------------------------|
|                            | Employees     | Percentage of Total Employment | Employees | Percentage of Total Employment |
| Picatinny Arsenal          | 6,000         | N/A                            |           |                                |
| Atlantic Health System     | 5,455         | N/A                            |           |                                |
| Novartis                   | 4,220         | N/A                            |           |                                |
| Bayer                      | 2,800         | N/A                            |           |                                |
| ADP                        | 2,266         | N/A                            |           |                                |
| Honeywell                  | 1,838         | N/A                            |           |                                |
| County of Morris           | 1,817         | N/A                            |           |                                |
| Wyndham Worldwide          | 1,708         | N/A                            |           |                                |
| St. Claire's Health System | 1,688         | N/A                            |           |                                |
| Accenture                  | 1,631         | N/A                            |           |                                |
| <b>Total</b>               | <b>29,423</b> | <b>N/A</b>                     |           |                                |

Information is Not Available

N/A - Total amount of employment is not available in order to do the percentage calculation.

Note - Information is for Morris County

Source: Morris County Economic Development Corporation

BOONTON TOWNSHIP SCHOOL DISTRICT  
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,  
LAST TEN FISCAL YEARS  
UNAUDITED

| <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                                  | 48.00        | 48.00        | 47.00        | 47.00        | 49.00        | 53.00        | 52.12        | 54.00        | 54.00        | 55.00        |
| Support Services:                        |              |              |              |              |              |              |              |              |              |              |
| Student and Instruction Related Services | 10.00        | 10.00        | 9.00         | 7.60         | 7.60         | 7.60         | 8.60         | 8.60         | 8.80         | 8.80         |
| School Administrative Services           | 2.50         | 2.50         | 2.50         | 2.70         | 2.70         | 2.70         | 2.70         | 2.70         | 2.70         | 2.70         |
| General Administrative Services          | 2.00         | 2.00         | 2.00         | 2.00         | 2.00         | 2.00         | 2.00         | 2.00         | 2.00         | 2.00         |
| Plant Operations and Maintenance         | 5.00         | 5.00         | 5.00         | 5.00         | 5.00         | 5.00         | 5.00         | 5.00         | 5.00         | 5.00         |
| Pupil Transportation                     |              |              | 2.30         | 2.30         | 2.30         | 2.30         | 2.30         | 2.30         | 2.30         | 2.30         |
| Business and Other Support Services      | 2.00         | 2.00         | 2.20         | 2.20         | 2.20         | 2.20         | 2.20         | 2.20         | 2.60         | 2.60         |
| <b>Total</b>                             | <u>69.50</u> | <u>69.50</u> | <u>70.00</u> | <u>68.80</u> | <u>70.80</u> | <u>74.80</u> | <u>74.92</u> | <u>76.80</u> | <u>77.40</u> | <u>78.40</u> |

Source: District Personnel Records

BOONTON TOWNSHIP SCHOOL DISTRICT  
OPERATING STATISTICS,  
LAST TEN FISCAL YEARS  
UNAUDITED

| Fiscal Year | Enrollment <sup>a</sup> | Operating Expenditures <sup>b</sup> | Cost Per Pupil <sup>c</sup> | Percentage Change | Teaching Staff <sup>d</sup> | Elementary          |   |   |                          | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|-------------------------------------|-----------------------------|-------------------|-----------------------------|---------------------|---|---|--------------------------|--------------------------------------|-------------------------------|
|             |                         |                                     |                             |                   |                             | Pupil/Teacher Ratio | Average Daily Enrollment (ADE) <sup>e</sup> | Average Daily Attendance (ADA) <sup>e</sup> | Average Daily Attendance |                                      |                               |
| 2009        | 786                     | \$ 11,975,491                       | \$ 15,236                   | 3.30 %            | 52                          | 1:9.92              | 516   | 496   | 496                      | -1.71 %                              | 96.12 %                       |
| 2010        | 809                     | 12,253,982                          | 15,147                      | -0.58 %           | 52                          | 1:10.23             | 532   | 511   | 511                      | 3.10 %                               | 96.05 %                       |
| 2011        | 802                     | 12,067,349                          | 15,047                      | -0.66 %           | 52                          | 1:9.87              | 513   | 494   | 494                      | -3.57 %                              | 96.30 %                       |
| 2012        | 753                     | 12,369,482                          | 16,427                      | 9.17 %            | 50                          | 1:9.87              | 490   | 473   | 473                      | -4.48 %                              | 96.53 %                       |
| 2013        | 744                     | 13,317,779                          | 17,900                      | 8.97 %            | 49                          | 1:9.84              | 482   | 465   | 465                      | -1.63 %                              | 96.47 %                       |
| 2014        | 728                     | 13,338,380                          | 18,322                      | 2.36 %            | 50                          | 1:9.50              | 475   | 461   | 461                      | -1.45 %                              | 97.06 %                       |
| 2015        | 713                     | 13,627,625                          | 19,126                      | 4.39 %            | 49                          | 1:9.50              | 454   | 439   | 439                      | -4.52 %                              | 97.06 %                       |
| 2016        | 724                     | 14,094,894                          | 19,468                      | 1.79 %            | 51                          | 1:9.50              | 451   | 437   | 437                      | -0.56 %                              | 97.05 %                       |
| 2017        | 709                     | 14,726,892                          | 20,771                      | 6.69 %            | 51                          | 1:9.50              | 448   | 432   | 432                      | -0.63 %                              | 96.47 %                       |
| 2018        | 692                     | 14,950,880                          | 21,605                      | 4.01 %            | 52                          | 1:9.50              | 430   | 413   | 413                      | -4.06 %                              | 96.22 %                       |

<sup>a</sup> Enrollment includes grades 9-12 students attending Mountain Lakes High School and Out of District S/E placements.

<sup>b</sup> Operating expenditures equal total expenditures less debt service and capital outlay.

<sup>c</sup> Cost per pupil is the sum as operating expenditures divided by enrollment. This cost per pupil may be different from the State's per pupil calculations.

<sup>d</sup> Teaching staff includes only full-time equivalents of certificated staff.

<sup>e</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Note: Enrollment based on annual October district count.

Source: Boonton Township School District records

BOONTON TOWNSHIP SCHOOL DISTRICT  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS

| <u>District Building</u> | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   |
|--------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Rockaway Valley School   |        |        |        |        |        |        |        |        |        |        |
| Square Feet              | 61,320 | 61,320 | 61,320 | 61,320 | 61,320 | 61,320 | 61,320 | 61,320 | 61,320 | 61,320 |
| Capacity (Students)      | 537    | 537    | 537    | 537    | 537    | 537    | 537    | 537    | 537    | 537    |
| Enrollment               | 516    | 532    | 513    | 490    | 482    | 475    | 451    | 451    | 444    | 428    |

Number of Schools at June 30, 2018  
 Elementary = 1

Note: Enrollment is based on the annual October district count.

Source: Boonton Township School District Facilities Office

BOONTON TOWNSHIP SCHOOL DISTRICT  
SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
ACCOUNT #11-000-261-xxx

| School Facility        | Project # | 2009              | 2010              | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              | 2017              | 2018              |
|------------------------|-----------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Rockaway Valley School | N/A       | \$ 152,352        | \$ 113,970        | \$ 158,674        | \$ 183,487        | \$ 151,584        | \$ 194,113        | \$ 221,321        | \$ 168,482        | \$ 180,440        | \$ 313,791        |
|                        |           | <u>\$ 152,352</u> | <u>\$ 113,970</u> | <u>\$ 158,674</u> | <u>\$ 183,487</u> | <u>\$ 151,584</u> | <u>\$ 194,113</u> | <u>\$ 221,321</u> | <u>\$ 168,482</u> | <u>\$ 180,440</u> | <u>\$ 313,791</u> |

N/A - Not Applicable

\* School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Boonton Township School District records



BOONTON TOWNSHIP SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2018  
UNAUDITED

|  | <u>Coverage</u>  | <u>Deductible</u> |
|--|------------------|-------------------|
| NJ Schools Insurance Group             |                  |                   |
| Commercial Package Policy:             |                  |                   |
| Property Section:                      |                  |                   |
| Blanket Building and Contents          | \$ 500,000,000   | \$ 5,000          |
| Accounts Receivable                    | 250,000          | 5,000             |
| Automobile Physical Damage             | In Blanket Limit | 1,000             |
| Electronic Data Processing Equipment   | 200,000          | 1,000             |
| Liability Section:                     |                  |                   |
| Comprehensive General Liability        | 11,000,000       | None              |
| Automotive Liability                   | 11,000,000       | None              |
| Employee Benefit Liability             | 11,000,000       | 1,000             |
| Workers Compensation:                  |                  |                   |
| (A) Statutory Benefits                 | Included         | None              |
| (B) Employers Liability                | 5,000,000        | None              |
| Supplemental Coverage                  | Included         | None              |
| School Board Legal Liability           | 11,000,000       | 5,000             |
| Crime:                                 |                  |                   |
| Blanket Employee Dishonesty            | 50,000           | 500               |
| Forgery                                | 25,000           | 500               |
| Money & Securities                     | 25,000           | 500               |
| Money Orders/Counterfeit               | 25,000           | 500               |
| Computer Fraud                         | 25,000           | 500               |
| Environmental Impairment Liability:    |                  |                   |
| Limit of Liability - Per Incident      | 1,000,000        | 100,000           |
| Fund Annual Aggregate                  | 11,000,000       | None              |
| Surety Bond Coverage                   |                  |                   |
| Business Administrator/Board Secretary | 185,000          | None              |
| Treasurer of School Monies             | 185,000          | None              |

Source: District records

SINGLE AUDIT SECTION



Mount Arlington Corporate Center  
 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center  
 11 Lawrence Road  
 Newton, NJ 07860  
 973-383-6699 | 973-383-6555 Fax

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 Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Boonton Township School District  
 County of Morris, 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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Boonton, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 11, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members  
of the Board of Education  
Boonton Township School District  
Page 2

**Compliance and Other Matters**

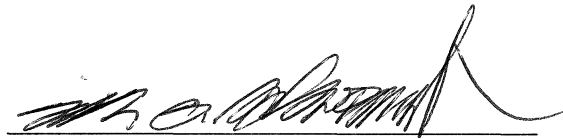
As part of obtaining reasonable assurance about whether the District’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 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 District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 11, 2018  
Mount Arlington, New Jersey

NISIVOCCIA LLP



William F. Schroeder  
Licensed Public School Accountant #2112  
Certified Public Accountant



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 200 Valley Road, Suite 300  
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Report on Compliance For Each Major State Program;  
 Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members  
 of the Board of Education  
 Boonton Township School District  
 County of Morris, New Jersey

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Township of Boonton's (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major state programs for the fiscal year ended June 30, 2018. The District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the 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; the audit requirements of 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's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 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 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 state program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major State Program***

In our opinion, the 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 state programs for the fiscal year ended June 30, 2018.

The Honorable President and Members  
of the Board of Education  
Boonton Township School District  
Page 2

### Report on Internal Control Over Compliance

Management of the 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major 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 state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 District's internal control over compliance.

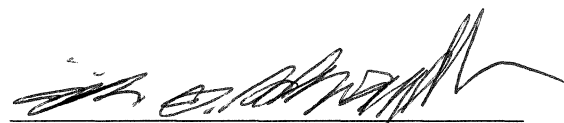
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

December 11, 2018  
Mount Arlington, New Jersey

NISIVOCIA LLP



William F. Schroeder  
Licensed Public School Accountant #2112  
Certified Public Accountant

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

| Federal Grantor<br>Pass Through Grantor/<br>Program/Cluster Title             | Federal<br>CFDA<br>Number | Grant or<br>State Project<br>Number | Grant<br>Period | Award<br>Amount | Balance<br>(Accounts<br>Receivable)<br>June 30, 2017 | Cash<br>Received | Budgetary<br>Expenditures | Balance<br>(Accounts<br>Receivable)<br>June 30, 2018 | Amounts<br>Provided to<br>Subrecipients |
|---|---------------------------|-------------------------------------|-----------------|-----------------|--|------------------|---------------------------|--|---|
| U.S. Department of Education<br>Passed-through State Department of Education: |                           |                                     |                 |                 |  |                  |                           |  |   |
| Special Revenue Fund:   |                           |                                     |                 |                 |  |                  |                           |  |   |
| ESEA Consolidated Grant:  |                           |                                     |                 |                 |  |                  |                           |  |   |
| Title I - Part A  | 84.010A                   | ESEA-0460-18                        | 7/1/17-6/30/18  | \$ 6,982        | \$   | 6,982            | \$ (6,982)                |  |   |
| Title II - Part A   | 84.278A                   | ESEA-0460-18                        | 7/1/17-6/30/18  | 8,357           |  | 8,357            | (8,357)                   |  |   |
| Title II - Part A   | 84.278A                   | ESEA-0460-17                        | 7/1/16-6/30/17  | 8,559           | \$ (3,053)   | 3,053            |                           |  |   |
|   |                           |                                     |                 |                 | (3,053)  | 18,392           | (15,339)                  |  |   |
| Special Education Cluster:  |                           |                                     |                 |                 |  |                  |                           |  |   |
| IDEA Part B, Basic  | 84.027                    | IDEA-0460-18                        | 7/1/17-6/30/18  | 113,078         |  | 113,078          | (113,078)                 |  |   |
| IDEA Part B, Preschool  | 84.173                    | IDEA-0460-18                        | 7/1/17-6/30/18  | 4,967           |  | 4,967            | (4,967)                   |  |   |
| IDEA Part B, Basic  | 84.027                    | IDEA-0460-17                        | 7/1/16-6/30/17  | 113,557         | (23,870)   | 23,870           |                           |  |   |
| IDEA Part B, Preschool  | 84.173                    | IDEA-0460-17                        | 7/1/16-6/30/17  | 4,979           | (1,649)  | 1,649            |                           |  |   |
| Total Special Education Cluster   |                           |                                     |                 |                 | (25,519)   | 143,564          | (118,045)                 |  |   |
| Total Special Revenue Fund  |                           |                                     |                 |                 | (28,572)   | 161,956          | (133,384)                 |  |   |
| Total U.S. Department of Education  |                           |                                     |                 |                 | (28,572)   | 161,956          | (133,384)                 |  |   |
| Total Federal Financial Awards  |                           |                                     |                 |                 | \$ (28,572)  | \$ 161,956       | \$ (133,384)              | \$ -0-   | \$ -0-                                  |

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

**BOONTON TOWNSHIP SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| State Grantor/Program Title   | Grant or State Project Number | Grant Period   | Award Amount     | Balance                             |                     | Balance                                  |                        | Memo                 |                               |
|---|-------------------------------|----------------|------------------|-------------------------------------|---------------------|--|------------------------|----------------------|-------------------------------|
|   |                               |                |                  | (Accounts Receivable) June 30, 2017 | Cash Received       | GAAP (Accounts Receivable) June 30, 2018 | Budgetary Expenditures | Budgetary Receivable | Cumulative Total Expenditures |
| <b>State Department of Education:</b>   |                               |                |                  |                                     |                     |  |                        |                      |                               |
| <b>General Fund:</b>  |                               |                |                  |                                     |                     |  |                        |                      |                               |
| Transportation Aid  | 17-495-034-5120-014           | 7/1/16-6/30/17 | \$ 62,787        | \$ (6,156)                          | \$ 6,156            | \$ (6,149)                               | \$ 62,787              |                      | \$ 62,787                     |
| Transportation Aid  | 18-495-034-5120-014           | 7/1/17-6/30/18 | 62,787           |                                     | 56,638              |  |                        |                      | 62,787                        |
| Special Education Categorical Aid   | 17-495-034-5120-089           | 7/1/16-6/30/17 | 376,860          | (36,949)                            | 36,949              |  |                        |                      | 376,860                       |
| Special Education Categorical Aid   | 18-495-034-5120-089           | 7/1/17-6/30/18 | 403,507          |                                     | 363,994             | (39,513)                                 |                        |                      | 403,507                       |
| Security Aid  | 17-495-034-5120-084           | 7/1/16-6/30/17 | 13,027           | (1,277)                             | 1,277               |  |                        |                      | 13,027                        |
| Security Aid  | 18-495-034-5120-084           | 7/1/17-6/30/18 | 13,027           |                                     | 11,751              | (1,276)                                  |                        |                      | 13,027                        |
| PARCC Readiness Aid   | 17-495-034-5120-098           | 7/1/16-6/30/17 | 7,190            | (705)                               | 705                 |  |                        |                      | 7,190                         |
| PARCC Readiness Aid   | 18-495-034-5120-098           | 7/1/17-6/30/18 | 7,190            |                                     | 6,486               | (704)                                    |                        |                      | 7,190                         |
| Per Pupil Growth Aid  | 17-495-034-5120-097           | 7/1/16-6/30/17 | 7,190            | (705)                               | 705                 |  |                        |                      | 7,190                         |
| Per Pupil Growth Aid  | 18-495-034-5120-097           | 7/1/17-6/30/18 | 7,190            |                                     | 6,486               | (704)                                    |                        |                      | 7,190                         |
| Professional Learning Commission Aid  | 17-495-034-5120-101           | 7/1/16-6/30/17 | 7,080            | (694)                               | 694                 |  |                        |                      | 7,080                         |
| Professional Learning Commission Aid  | 18-495-034-5120-101           | 7/1/17-6/30/18 | 7,080            |                                     | 6,387               | (693)                                    |                        |                      | 7,080                         |
| Extraordinary Special Education Aid   | 17-495-034-5120-044           | 7/1/16-6/30/17 | 220,269          | (220,269)                           | 220,269             |  |                        |                      | 220,269                       |
| Extraordinary Special Education Aid   | 18-495-034-5120-044           | 7/1/17-6/30/18 | 198,598          |                                     | 198,598             | (198,598)                                |                        |                      | 198,598                       |
| Nonpublic Transportation  | 17-495-034-5120-014           | 7/1/16-6/30/17 | 7,656            | (7,656)                             | 7,656               |  |                        |                      | 7,656                         |
| Nonpublic Transportation  | 18-495-034-5120-014           | 7/1/17-6/30/18 | 9,280            |                                     |                     | (9,280)                                  |                        |                      | 9,280                         |
| Reimbursed TPAF Social Security Contributions                                     | 17-495-034-5094-003           | 7/1/16-6/30/17 | 264,471          | (12,589)                            | 12,589              |  |                        |                      | 264,471                       |
| Reimbursed TPAF Social Security Contributions                                     | 18-495-034-5094-003           | 7/1/17-6/30/18 | 263,510          |                                     | 263,510             |  |                        |                      | 263,510                       |
| On-Behalf TPAF Post Retirement Contributions                                      | 18-495-034-5094-001           | 7/1/17-6/30/18 | 358,308          |                                     | 358,308             |  |                        |                      | 358,308                       |
| On-Behalf TPAF Pension Contributions  | 18-495-034-5094-002           | 7/1/17-6/30/18 | 541,617          |                                     | 541,617             |  |                        |                      | 541,617                       |
| On-Behalf TPAF Non-Contributory Insurance   | 18-495-034-5094-004           | 7/1/17-6/30/18 | 13,144           |                                     | 13,144              |  |                        |                      | 13,144                        |
| On-Behalf TPAF Long-Term Disability Insurance                                     | 18-495-034-5094-004           | 7/1/17-6/30/18 | 816              |                                     | 816                 |  |                        |                      | 816                           |
| <b>Total General Fund State Aid</b>   |                               |                | <b>(287,000)</b> |                                     | <b>1,916,137</b>    | <b>(207,878)</b>                         |                        | <b>(256,917)</b>     | <b>2,852,584</b>              |
| <b>State Department of Health:</b>  |                               |                |                  |                                     |                     |  |                        |                      |                               |
| <b>Special Revenue Fund:</b>  |                               |                |                  |                                     |                     |  |                        |                      |                               |
| Sustainable Jersey for Schools Health & Wellness Grant                            | Not Available                 | 7/1/17-6/30/18 | 2,000            |                                     | 2,000               |  |                        |                      | 2,000                         |
| <b>Total Special Revenue Fund</b>   |                               |                |                  |                                     | <b>2,000</b>        |  |                        | <b>(2,000)</b>       | <b>2,000</b>                  |
| <b>Debt Service Fund:</b>   |                               |                |                  |                                     |                     |  |                        |                      |                               |
| Debt Service Aid Type II  | 18-495-034-5120-017           | 7/1/17-6/30/18 | 51,999           |                                     | 51,999              |  |                        |                      | 51,999                        |
| <b>Total Debt Service Fund</b>  |                               |                |                  |                                     | <b>51,999</b>       |  |                        | <b>(51,999)</b>      | <b>51,999</b>                 |
| <b>Total State Awards Subject to Single Audit Determination</b>                   |                               |                |                  |                                     | <b>\$ 1,970,136</b> |  |                        | <b>\$ (207,878)</b>  | <b>\$ 2,906,583</b>           |
| <b>Less: State Awards Not Subject to Single Audit Major Program Determination</b> |                               |                |                  |                                     |                     |  |                        |                      |                               |
| On-Behalf TPAF Pension System Contributions:                                      |                               |                |                  |                                     |                     |  |                        |                      |                               |
| On-Behalf TPAF Post Retirement Contributions                                      | 18-495-034-5094-001           | 7/1/17-6/30/18 | (358,308)        |                                     |                     |  |                        |                      | 358,308                       |
| On-Behalf TPAF Pension Contributions  | 18-495-034-5094-002           | 7/1/17-6/30/18 | (541,617)        |                                     |                     |  |                        |                      | 541,617                       |
| On-Behalf TPAF Non-Contributory Insurance   | 18-495-034-5094-004           | 7/1/17-6/30/18 | (13,144)         |                                     |                     |  |                        |                      | 13,144                        |
| On-Behalf TPAF Long-Term Disability Insurance                                     | 18-495-034-5094-004           | 7/1/17-6/30/18 | (816)            |                                     |                     |  |                        |                      | 816                           |
| <b>Subtotal - On-Behalf TPAF Pension System Contributions</b>                     |                               |                |                  |                                     |                     |  |                        |                      | <b>913,885</b>                |
| <b>Total State Awards Subject to Single Audit Major Program Determination</b>     |                               |                |                  |                                     |                     |  |                        |                      | <b>\$ (1,026,168)</b>         |

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS



BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Boonton Township School District Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2018. 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* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the General and Special Revenue Funds on the GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General and Special Revenue Funds 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 the modified accrual basis with the exception of the revenue recognition of the last two 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 budget year due to the state deferral and recording of the last two 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 revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$2,553) for the General Fund and (\$398) for the Special Revenue Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the General and Special Revenue Funds, respectively.

Revenue from federal and state awards are reported in the Board’s basic financial statements on a GAAP basis as presented below:

|                        | <u>Federal</u>    | <u>State</u>        | <u>Total</u>        |
|------------------------|-------------------|---------------------|---------------------|
| General Fund           |                   | \$ 1,883,501        | \$ 1,883,501        |
| Special Revenue Fund   | \$ 133,384        | 1,602               | 134,986             |
| Debt Service Fund      |                   | 51,999              | 51,999              |
|                        | <u>          </u> | <u>          </u>   | <u>          </u>   |
| Total Financial Awards | <u>\$ 133,384</u> | <u>\$ 1,937,102</u> | <u>\$ 2,070,486</u> |

BOONTON TOWNSHIP SCHOOL DISTRICT  
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018  
(Continued)

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. FEDERAL AND STATE LOANS OUTSTANDING

Boonton Township School District had no loan balances outstanding at June 30, 2018.

NOTE 7. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2018.

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in *the Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The District was not subject to the single audit provisions of the Uniform Guidance for the fiscal year ended June 30, 2018 as federal grant expenditures were less than the single audit threshold of \$750,000 identified in the Uniform Guidance.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

|                                      | <u>Grant Number</u> | <u>Grant Period</u> | <u>Award Amount</u> | <u>Budgetary Expenditures</u> |
|--------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| State Aid - Public:                  |                     |                     |                     |                               |
| Special Education Categorical Aid    | 18-495-034-5120-089 | 7/1/17-6/30/18      | \$ 403,507          | \$ 403,507                    |
| Security Aid                         | 18-495-034-5120-084 | 7/1/17-6/30/18      | 13,027              | 13,027                        |
| PARCC Readiness Aid                  | 18-495-034-5120-098 | 7/1/17-6/30/18      | 7,190               | 7,190                         |
| Per Pupil Growth Aid                 | 18-495-034-5120-097 | 7/1/17-6/30/18      | 7,190               | 7,190                         |
| Professional Learning Commission Aid | 18-495-034-5120-101 | 7/1/17-6/30/18      | 7,080               | 7,080                         |

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The District was determined to be a "low-risk" auditee for state programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- Not applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any finding or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance or NJOMB 15-08.

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

Status of Prior Year Findings:

There were no findings or questioned costs for the year ended June 30, 2017.