

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, 2019

Comprehensive Annual
Financial Report

of the

Boonton Township School District
Board of Education

Boonton Township, New Jersey

For Fiscal Year Ended June 30, 2019

Prepared by

Boonton Township School District
Board of Education

BOONTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2019

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal	1
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors.....	7
 FINANCIAL SECTION.....	 8
Independent Auditors' Report.....	9
Required Supplementary Information.....	12
Management's Discussion and Analysis (Unaudited).....	13
Basic Financial Statements (Sections A. and B.).....	21
A. District-Wide Financial Statements.....	22
A-1 Statement of Net Position	23
A-2 Statement of Activities.....	24
B. Fund Financial Statements.....	25
B-1 Balance Sheet – Governmental Funds	26
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	27
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
B-4 Statement of Net Position – Proprietary Funds.....	29
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds	30
B-6 Statement of Cash Flows – Proprietary Funds.....	31
B-7 Statement of Fiduciary Net Position – Fiduciary Funds	32
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds	33
Notes to the Basic Financial Statements	34
Required Supplementary Information (Unaudited)	68
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions (Unaudited).....	69
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System.....	69
L-2 Schedule of District Contributions – Public Employees Retirement System	70
L-3 Schedule of State's Proportionate Share of the Net Pension Liability – Attributable to the District - Teachers' Pension and Annuity Fund	71
L-4 Schedule of State's Contributions – Attributable to the District - Teacher's Pension and Annuity Fund.....	72
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability associated with the District and Related Ratios.....	73
Notes to Required Supplementary Information	74

BOONTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

FINANCIAL SECTION (Cont'd)

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules (Unaudited).....	77
C-1 Budgetary Comparison Schedule – General Fund.....	78
C-2 Budgetary Comparison Schedule – Budgetary Basis - Special Revenue Fund	90
C-3 Budgetary Comparison Schedule – Notes to Required Supplementary Information.....	91

Other Supplementary Schedules (D.-I.)

D. School Level Schedules (Not Applicable)	92
E. Special Revenue Fund	93
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis.....	94
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)	
F. Capital Projects Fund (Not Applicable).....	95
G. Proprietary Funds.....	96
Enterprise Fund:	
G-1 Statement of Net Position	97
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position.....	98
G-3 Statement of Cash Flows	99
H. Fiduciary Funds	100
H-1 Combining Statement of Fiduciary Net Position	101
H-2 Combining Statement of Changes in Fiduciary Net Position	102
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	103
H-4 Student Activity Agency Fund Statement of Activity	104
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements	105
I. Long-Term Debt	106
I-1 Schedule of Serial Bonds	107
I-2 Schedule of Obligations Under Capital Leases (Not Applicable)	108
I-3 Debt Service Fund Budgetary Comparison Schedule.....	109
J. Statistical Section (Unaudited)	110
J-1 Net Position by Component.....	111
J-2 Changes in Net Position.....	112
J-3 Fund Balance – Governmental Funds.....	114
J-4 Changes in Fund Balances – Governmental Funds	115
J-5 General Fund Other Local Revenue by Source	116
J-6 Assessed Value and Actual Value of Taxable Property	117
J-7 Direct and Overlapping Property Taxpayers	118
J-8 Principal Property Taxpayers.....	119
J-9 Property Tax Levies and Collections	120

BOONTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

FINANCIAL SECTION (Cont'd)

J. Statistical Section (Unaudited) (Cont'd)

J-10	Ratio of Outstanding Debt by Type	121
J-11	Ratios of Net General Bonded Debt Outstanding	122
J-12	Ratios of Overlapping Governmental Activities Debt	123
J-13	Legal Debt Margin	124
J-14	Demographic and Economic Statistics	125
J-15	Principal Employers	126
J-16	Full-Time Equivalent District Employees by Function/Program	127
J-17	Operating Statistics	128
J-18	School Building Information	129
J-19	Schedule of Required Maintenance for School Facilities	130
J-20	Insurance Schedule	131

K. Single Audit Section

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	133
K-2	Report on Compliance For Each Major State Program; Report on Internal Control over Compliance	135
K-3	Schedule of Expenditures of Federal Awards	137
K-4	Schedule of Expenditures of State Awards	138
K-5	Notes to the Schedules of Expenditures of Federal and State Awards	139
K-6	Schedule of Findings and Questioned Costs	141
K-7	Summary Schedule of Prior Audit Findings	142

INTRODUCTORY SECTION
(UNAUDITED)

BOONTON TOWNSHIP BOARD OF EDUCATION

11 Valley Road
Boonton Township, New Jersey 07005

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

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

November 8, 2019

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, 2019 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 2018/2019 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 2018/2019.

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 2018/2019 fiscal year with an average daily enrollment of 670 students (which includes the high school students) which is 22 students or 3.2% 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 New Jersey Student Learning Standards. New math and literacy programs were implemented in the past few years and teachers will continue expanding these programs. A blended education course is being offered to select students in 7th and 8th grade mathematics, which provides them with enrichment in both Algebra I and Geometry. 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 to Google Suite and continues to provide training to enhance the infusion of Google into typical classroom instruction. Our district continues to be dedicated to going paperless with all Board of Education members receiving their agenda information and correspondence through their designated Google accounts. In addition, parents in the district now have all information and forms available to them through our Genesis student information system, thereby eliminating the costs and time encumbered by sending out a summer mailing.

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 district remains committed to its one-to-one laptop initiative for students in grades 6-8 with the support of our Education Foundation. 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 5-year Technology Plan. The district's budget includes an allowance for increased bandwidth of 300 mps and a wireless network which was upgraded to 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. 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. 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 2018/2019 school year. An asphalt ramped sidewalk was added to a building exit door to provide safe egress for wheelchair bound individuals during fire and evacuation drills. An outdated phone system was replaced with a new digital technology system to provide improved communication throughout the building. Additional video security cameras were added to increase the security coverage to all areas of the building's interior and exterior as well as the grounds and roadways and parking lots. Several electrical circuits, HVAC systems and security systems were either replaced or upgraded as needed. Additional circulating fans were added to the Upper and Lower Gyms to improve airflow and relief on warmer days. 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, 2019.

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.

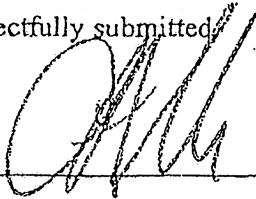
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under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

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.

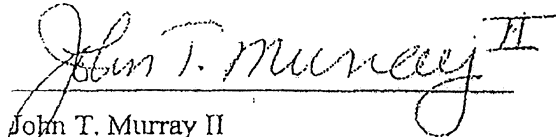
9. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes,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

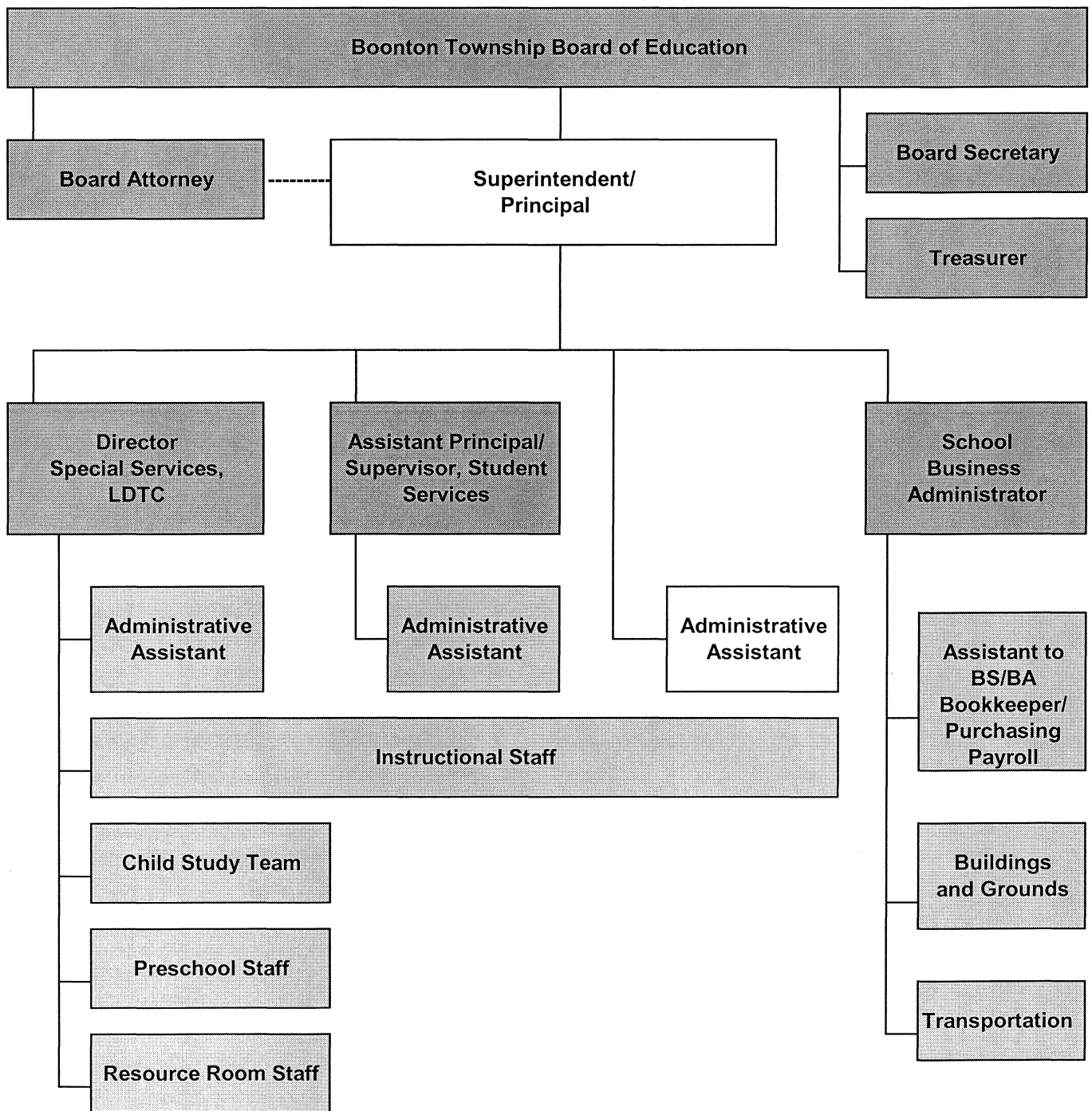


Dr. Christian Angelillo
Superintendent/ Principal



John T. Murray II
Business Administrator/Board Secretary

Boonton Township Board of Education
Organization Chart



Approved: May 26, 2014

BOONTON TOWNSHIP SCHOOL DISTRICT
ROSTER AND OFFICIALS
FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Barry Brantner, President	2019
Patricia Collins, Vice President	2019
Ann Benvolato	2021
Christine Cabana	2020
Charles Eaton	2019
Grace McBride	2020
John Sierchio	2021
Melissa Signore	2021
Katherine Youngman	2020

<u>Other Officials</u>	<u>Title</u>
Dr. Christian Angelillo Ed. D.	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	School Board Attorney
(Cleary, Giacobbe, Alfieri, Jacobs, LLC)	

**BOONTON TOWNSHIP SCHOOL DISTRICT
CONSULTANTS AND ADVISORS
Year Ended June 30, 2019**

Audit Firm

Nisivoccia & Company LLP
200 Valley Road, Suite 300
Mount Arlington, NJ 07856

Board Attorney

Matthew J. Giacobbe, Esq.
Cleary Giacobbe Alfieri Jacobs LLC
169 Ramapo Valley Road, Upper Level 105
Oakland, New Jersey 07436

Special Education Attorney

Robin S. Ballard, Esq.
Schenk, Price, Smith & King, LLP
220 Park Avenue
P.O. Box 991
Florham Park, New Jersey 07932

Bond Attorney

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

Architect of Record

GA Architect
151 Washington Street
Bloomfield, New Jersey 07003

Financial Advisors

Mary Lyons
Phoenix Financial Advisors, LLC
4 West Park Street
Bordentown, New Jersey 08505

Official Depositories

Bank of America
Powerville Road
Boonton Township, New Jersey 07005

State of New Jersey, Cash Management Fund

Morgan Stanley Trust
Harborside Financial Center, Plaza Two
Jersey City, New Jersey 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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary schedules information such as the combining 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 other supplementary schedules 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 other 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 Honorable President and Members
of the Board of Education
Boonton Township School District
Page 3

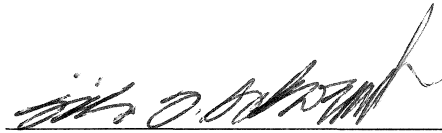
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 8, 2019
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, 2019
(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, 2019. 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.

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

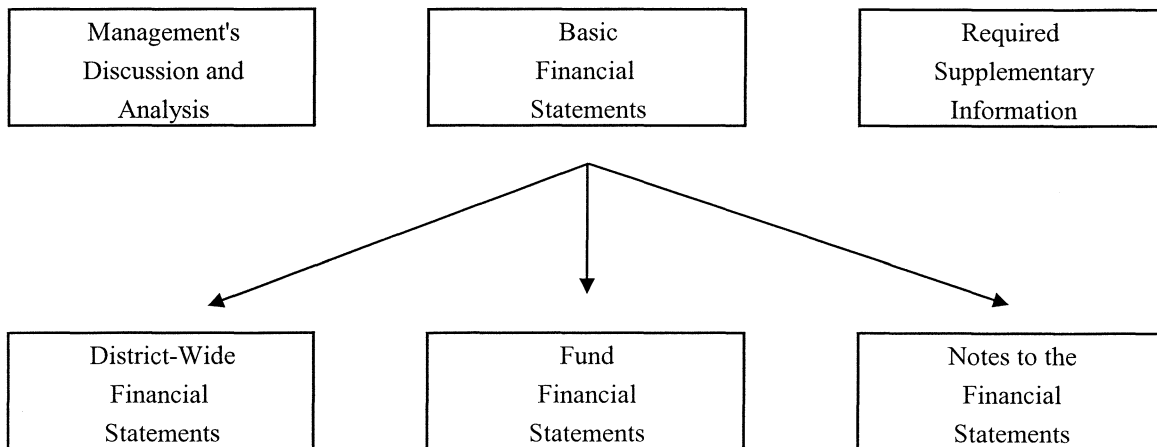


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
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
	2019	2018	2019	2018	2019	2018	Percentage
							Change
Current and Other Assets	\$ 1,875,329	\$ 1,982,739	\$ 5,690	\$ 10,347	\$ 1,881,019	\$ 1,993,086	
Capital Assets, Net	122,806	130,672	12,722	13,705	135,528	144,377	
Total Assets	1,998,135	2,113,411	18,412	24,052	2,016,547	2,137,463	-5.66%
Deferred Outflows of Resources	744,647	1,023,702			744,647	1,023,702	-27.26%
Long-Term Liabilities Outstanding	2,786,854	3,435,580			2,786,854	3,435,580	
Other Liabilities	226,818	229,426			226,818	229,426	
Total Liabilities	3,013,672	3,665,006			3,013,672	3,665,006	-17.77%
Deferred Inflows of Resources	793,708	561,801			793,708	561,801	41.28%
Net Position:							
Net Investment in Capital							
Assets/(Deficit)	(57,194)	(239,328)	12,722	13,705	(44,472)	(225,623)	
Restricted	999,220	1,010,336			999,220	1,010,336	
Unrestricted/(Deficit)	(2,006,624)	(1,860,702)	5,690	10,347	(2,000,934)	(1,850,355)	
Total Net Position/(Deficit)	\$ (1,064,598)	\$ (1,089,694)	\$ 18,412	\$ 24,052	\$ (1,046,186)	\$ (1,065,642)	1.83%

Changes in net position. The District's combined net position was \$(1,046,186) on June 30, 2019, \$19,456 or 1.83% higher than the year before. (See Figure A-3). The net position of the governmental activities increased \$25,096, because of a decrease in restricted net position of \$11,116 and in unrestricted net position of \$145,922, offset by an increase in net investment capital assets net of related debt of \$182,134. The net position of the business-type activities decreased \$5,640 (see Figure A-4).

Figure A-4

Changes in Net Position from Operating Results

	Governmental		Business-Type		Total		Total
	Activities		Activities		School District		Percentage
	2019	2018	2019	2018	2019	2018	Change
Revenue:							
Program Revenue:							
Charges for Services			\$ 3,150	\$ 6,613	\$ 3,150	\$ 6,613	
Operating Grants and Contributions	\$3,298,443	\$3,773,832			3,298,443	3,773,832	
General Revenue:							
Property Taxes	13,377,963	13,128,447			13,377,963	13,128,447	
Unrestricted Federal and State Aid	64,066	86,490			64,066	86,490	
Other	159,042	146,584			159,042	146,584	
Total Revenue	16,899,514	17,135,353	3,150	6,613	16,902,664	17,141,966	-1.40%
Expenses:							
Instruction	7,260,286	7,838,449			7,260,286	7,838,449	
Tuition	5,548,571	5,391,426			5,548,571	5,391,426	
Pupil & Instruction Services	1,355,568	1,016,989			1,355,568	1,016,989	
Administrative and Business	1,069,816	1,061,044			1,069,816	1,061,044	
Maintenance & Operations	780,485	884,360			780,485	884,360	
Transportation	812,440	764,426			812,440	764,426	
Other	47,252	87,088	8,790	12,487	56,042	99,575	
Total Expenses	16,874,418	17,043,782	8,790	12,487	16,883,208	17,056,269	-1.01%
Increase/(Decrease) in Net Position	\$ 25,096	\$ 91,571	\$ (5,640)	\$ (5,874)	\$ 19,456	\$ 85,697	-77.30%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased by approximately \$25,096 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-5 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-5

Net Cost of Governmental Activities

	Total		Net	
	Cost of Services		Cost of Services	
	2019	2018	2019	2018
Instruction	\$ 7,573,384	\$ 7,838,449	\$ 4,448,916	\$ 4,178,623
Tuition	5,548,571	5,391,426	5,548,571	5,391,426
Pupil & Instruction Services	1,391,478	1,016,989	1,120,088	932,483
Administrative and Business	1,086,720	1,061,044	958,966	923,618
Maintenance & Operations	780,485	884,360	780,485	884,360
Transportation	812,440	764,426	671,697	692,352
Other	47,252	87,088	47,252	87,088
Total	<u>\$ 17,240,330</u>	<u>\$ 17,043,782</u>	<u>\$ 13,575,975</u>	<u>\$ 13,089,950</u>

Business-Type Activities

Net position from the District's business-type activity decreased by \$5,640. The revenues for charges for services decreased by \$3,463 from the prior year as enrollment continues to slowly decrease which also lowers milk sales. To compensate the decrease in milk sales the District contracted with a new milk provider to lower the cost of milk which mitigated the decrease in net position. (refer to Figure A-4).

Financial Analysis of the District's Funds

The District's overall financial position went up and district wide net pension liability does not affect fund balance. 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 rates 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-6

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	2019	2018	2019	2018	2019	2018	Change
							2018-2019
Buildings & Improvements		\$ 3				\$ 3	
Machinery and Equipment	\$ 122,806	130,669	\$ 12,722	\$ 13,705	\$ 135,528	144,374	
Total	<u>\$ 122,806</u>	<u>\$ 130,672</u>	<u>\$ 12,722</u>	<u>\$ 13,705</u>	<u>\$ 135,528</u>	<u>\$ 144,377</u>	-6.13%

During the fiscal year, the District acquired \$37,992 in equipment, and depreciated \$46,841 of its capital assets.

Long-Term Liabilities

At year-end, the District had \$2,786,854 in general obligation bonds, net pension liability and other long-term liabilities outstanding – a decrease of \$648,726 from last year due primarily to the decrease in Net Pension Liability – as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-7

Outstanding Long-Term Liabilities

	Total School District		Total Percentage
	2019	2018	Change
			2018-2019
General Obligation Bonds (Financed with Property Taxes)	\$ 180,000	\$ 370,000	
Net Pension Liability	2,374,355	2,798,831	
Other Long Term Liabilities	232,499	266,749	
Total	<u>\$ 2,786,854</u>	<u>\$ 3,435,580</u>	-18.88%

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, 2019

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 717,742	\$ 5,690	\$ 723,432
Receivables from State Government	251,228		251,228
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	555,609		555,609
Maintenance Reserve Account - Cash and Cash Equivalents	350,750		350,750
Depreciable Capital Assets, Net	122,806	12,722	135,528
Total Assets	<u>1,998,135</u>	<u>18,412</u>	<u>2,016,547</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	744,647		744,647
Total Deferred Outflows of Resources	<u>744,647</u>		<u>744,647</u>
<u>LIABILITIES</u>			
Accounts Payable - Vendors	218,592		218,592
Interfund Payable- Fiduciary Fund	431		431
Unearned Revenue	7,795		7,795
Noncurrent Liabilities:			
Due Within One Year	197,000		197,000
Due Beyond One Year	2,589,854		2,589,854
Total Liabilities	<u>3,013,672</u>		<u>3,013,672</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	793,708		793,708
Total Deferred Outflows of Resources	<u>793,708</u>		<u>793,708</u>
<u>NET POSITION/(Deficit)</u>			
Net Investment in Capital Assets/ (Deficit)	(57,194)	12,722	(44,472)
Restricted for:			
Capital Projects	508,445		508,445
Maintenance	350,750		350,750
Excess Surplus	140,025		140,025
Unrestricted/(Deficit)	(2,006,624)	5,690	(2,000,934)
Total Net Position/(Deficit)	<u>\$ (1,064,598)</u>	<u>\$ 18,412</u>	<u>\$ (1,046,186)</u>

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

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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
Governmental Activities:						
Instruction:						
Regular	\$ 5,926,235		\$ 1,981,871	\$ (3,944,364)		\$ (3,944,364)
Special Education	1,284,018		1,023,595	(260,423)		(260,423)
Other Special Instruction	202,996		67,767	(135,229)		(135,229)
School Sponsored/Other Instruction	160,135		51,235	(108,900)		(108,900)
Support Services:						
Tuition	5,548,571			(5,548,571)		(5,548,571)
Student & Instruction Related Services	1,391,478		271,390	(1,120,088)		(1,120,088)
General Administrative Services	303,238			(303,238)		(303,238)
School Administrative Services	471,000		127,754	(343,246)		(343,246)
Central Services	262,702			(262,702)		(262,702)
Administration Information Technology	49,780			(49,780)		(49,780)
Plant Operations and Maintenance	780,485			(780,485)		(780,485)
Pupil Transportation	812,440		140,743	(671,697)		(671,697)
Unallocated Depreciation	31,583			(31,583)		(31,583)
Capital Outlay	869			(869)		(869)
Interest on Long-Term Debt	14,800			(14,800)		(14,800)
Total Governmental Activities	17,240,330		3,664,355	(13,575,975)		(13,575,975)
Business-Type Activities:						
Food Service	8,790	\$ 3,150			\$ (5,640)	(5,640)
Total Business-Type Activities	8,790	3,150			(5,640)	(5,640)
Total Primary Government	\$ 17,249,120	\$ 3,150	\$ 3,664,355	\$ (13,575,975)	\$ (5,640)	\$ (13,581,615)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 13,222,103		\$ 13,222,103
Taxes Levied for Debt Service				155,860		155,860
Federal and State Aid Not Restricted				64,066		64,066
Miscellaneous Income				159,042		159,042
Total General Revenue				13,601,071		13,601,071
Change in Net Position				25,096	\$ (5,640)	19,456
Net Position/(Deficit) - Beginning				(1,089,694)	24,052	(1,065,642)
Net Position/(Deficit) - Ending				\$ (1,064,598)	\$ 18,412	\$ (1,046,186)

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, 2019

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 757,111	\$ 7,795	\$ 764,906
Receivables From State Government	251,228		251,228
Restricted Cash and Cash Equivalents	859,195		859,195
Total Assets	\$ 1,867,534	\$ 7,795	\$ 1,875,329
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable - Vendors	\$ 85,319		\$ 85,319
Interfund Payable - Fiduciary Fund	431		431
Unearned Revenue		\$ 7,795	7,795
Total Liabilities	85,750	7,795	93,545
Fund Balances:			
Restricted:			
Capital Reserve	508,445		508,445
Maintenance Reserve	350,750		350,750
Excess Surplus	47,164		47,164
Excess Surplus - Subsequent Year's Expenditures	92,861		92,861
Assigned:			
Other Purposes	123,024		123,024
Designated for Subsequent Year's Expenditures	190,340		190,340
Unassigned:			
General Fund	469,200		469,200
Total Fund Balances	1,781,784		1,781,784
Total Liabilities and Fund Balances	\$ 1,867,534	\$ 7,795	\$ 1,875,329

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

Total Fund Balances (Above)	\$ 1,781,784
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	122,806
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,374,355)
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	611,374
Deferred Inflows	(793,708)
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.	(412,499)
Net Position/ (Deficit) of Governmental Activities (Exhibit A-1)	\$ (1,064,598)

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, 2019

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 13,222,103		\$ 155,860	\$ 13,377,963
Tuition	55,962			55,962
Transportation Fees from Individuals	2,388			2,388
Miscellaneous	100,692			100,692
Total - Local Sources	13,381,145		155,860	13,537,005
State Sources	2,060,381	\$ 398	48,940	2,109,719
Federal Sources		125,915		125,915
Total Revenue	15,441,526	126,313	204,800	15,772,639
EXPENDITURES:				
Current:				
Regular Instruction	2,998,187	18,551		3,016,738
Special Education Instruction	654,220	107,762		761,982
Other Special Instruction	95,634			95,634
School Sponsored/Other Instruction	83,992			83,992
Support Services and Undistributed Costs:				
Tuition	5,548,571			5,548,571
Student & Instruction Related Services	948,871			948,871
General Administrative Services	266,007			266,007
School Administrative Services	261,706			261,706
Central Services	201,971			201,971
Administration Information Technology	44,180			44,180
Plant Operations and Maintenance	664,531			664,531
Pupil Transportation	792,564			792,564
Unallocated Benefits	2,939,202			2,939,202
Debt Service:				
Principal			190,000	190,000
Interest and Other Charges			14,800	14,800
Capital Outlay	38,861			38,861
Total Expenditures	15,538,497	126,313	204,800	15,869,610
Deficit of Revenue Under Expenditures	(96,971)			(96,971)
Net Change in Fund Balances	(96,971)			(96,971)
Fund Balance - July 1	1,878,755			1,878,755
Fund Balance - June 30	\$ 1,781,784	\$ -0-	\$ -0-	\$ 1,781,784

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, 2019

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (96,971)

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	\$ (45,858)	
	Capital Outlays	37,992	
		(7,866)	

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	424,476	
Change in Deferred Outflows	(286,886)	
Change in Deferred Inflows	(231,907)	

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)		205,828	
		\$ 25,096	

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, 2019

ASSETS:

Current Assets:	
Cash and Cash Equivalents	\$ 5,690
Total Current Assets	<u>5,690</u>
Non-Current Assets:	
Capital Assets	27,068
Less: Accumulated Depreciation	<u>(14,346)</u>
Total Non-Current Assets	<u>12,722</u>
Total Assets	<u>18,412</u>

NET POSITION:

Investment in Capital Assets	12,722
Unrestricted	<u>5,690</u>
Total Net Position	<u>\$ 18,412</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, 2019

Operating Revenue:	
Local Sources:	
Daily Sales:	
Non-Reimbursable Programs	\$ 3,150
	<hr/>
Total Operating Revenue	3,150
	<hr/>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	7,807
Depreciation Expense	983
	<hr/>
Total Operating Expenses	8,790
	<hr/>
Change in Net Position	(5,640)
	<hr/>
Net Position - Beginning of Year	24,052
	<hr/>
Net Position - End of Year	\$ 18,412
	<hr/> <hr/>

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, 2019

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,150
Payments to Suppliers	(7,807)
	<hr/>
Net Cash used for Operating Activities	(4,657)
	<hr/>
Net Decrease in Cash and Cash Equivalents	(4,657)
	<hr/>
Cash and Cash Equivalents, July 1	10,347
	<hr/>
Cash and Cash Equivalents, June 30	\$ 5,690
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (5,640)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	983
	<hr/>
Net Cash used for Operating Activities	\$ (4,657)
	<hr/> <hr/>

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, 2019

	Agency	Unemployment Compensation Trust	Flexible Spending Trust
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 65,079	\$ 28,796	\$ 4,648
Interfund Receivable - General Fund	431		
	65,510	28,796	4,648
Total Assets	65,510	28,796	4,648
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	25,082		
Due to Student Groups	40,428		
	65,510		
Total Liabilities	65,510		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		28,796	
Restricted for Flexible Spending Claims			4,648
		28,796	4,648
Total Net Position	\$ -0-	\$ 28,796	\$ 4,648

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, 2019

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 6,076	\$ 24,363
Total Contributions	<u>6,076</u>	<u>24,363</u>
Investment Earnings:		
Interest	<u>131</u>	
Net Investment Earnings	<u>131</u>	
Total Additions	<u>6,207</u>	<u>24,363</u>
DEDUCTIONS:		
Unemployment Contribution Payments	619	
Flexible Spending Claims		22,926
Administration Expenses		<u>1,824</u>
Total Deductions	<u>619</u>	<u>24,750</u>
Change in Net Position	5,588	(387)
Net Position - Beginning of the Year	<u>23,208</u>	<u>5,035</u>
Net Position - End of the Year	<u>\$ 28,796</u>	<u>\$ 4,648</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, 2019

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, 2019
(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, 2019
(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 Flexible Spending 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, 2019

(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 Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue"		
from the Budgetary Comparison Schedule	\$ 15,446,934	\$ 133,710
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		
Prior Year Encumbrances		398
Current Year Encumbrances		(7,795)
Prior Year State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Statements	49,039	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(54,447)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 15,441,526	\$ 126,313

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,538,497	\$ 133,710
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		398
Current Year Encumbrances		(7,795)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 15,538,497	\$ 126,313

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, 2019
(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, 2019.

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, 2019
(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:

	Estimated Useful Life
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, 2019.

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, 2019
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,781,784 General Fund fund balance at June 30, 2019, \$123,024 is assigned for year-end encumbrances and \$190,340 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020; \$508,445 is restricted in the capital reserve account; \$350,750 is restricted in the maintenance reserve account; \$140,025 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended (\$92,861 is prior fiscal year excess surplus and is included as anticipated revenue for the fiscal year ending June 30, 2020 and the remaining \$47,164 is current fiscal year excess surplus and will be included as anticipated revenue for the fiscal year ending June 30, 2021) and \$469,200 is unassigned fund balance (which is \$54,447 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, 2020).

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2019 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 \$54,447 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 \$2,006,624 in unrestricted net position in the Governmental activities as of June 30, 2019 primarily due to compensated absences payable, ERIP liability, net pension liability and the related deferred inflows and outflows of resources. The District also has a deficit in net investment in capital assets due to serial bonds payable of \$180,000. These 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, 2019 for changes in assumption and proportion in pension, the difference between expected and actual experience in pensions, the net difference between

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

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

R. Net Position (Cont'd):

and the district contribution subsequent to measurement date in pensions.

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, 2019.

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, 2019.

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, 2019

(Continued)

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

T. Revenue - Exchange and Nonexchange Transactions (Cont'd):

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.

U. 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.

V. 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.

W. 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, 2019

(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, 2019
(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, 2019
(Continued)

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

Investments: (Cont'd)

As of June 30, 2019, cash and cash equivalents of the District consisted of the following:

	<u>Restricted</u>		<u>Unrestricted</u>	<u>Total</u>
	<u>Cash and Cash Equivalents</u>	<u>Cash and Cash Equivalents</u>	<u>Cash</u>	
	<u>Capital Reserve</u>	<u>Maintenance Reserve</u>	<u>Equivalents</u>	
Checking & Savings Accounts	\$ 508,445	\$ 350,750	\$ 641,666	\$ 1,500,861
NJ Cash Management Fund			227,453	227,453
	<u>\$ 508,445</u>	<u>\$ 350,750</u>	<u>\$ 869,119</u>	<u>\$ 1,728,314</u>

During the period ended June 30, 2019, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2019 was \$1,728,314 and the bank balance was \$1,903,581. The \$227,453 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, 2018 to June 30, 2019 fiscal year is as follows:

Balance at June 30, 2018	\$ 508,445
Balance at June 30, 2019	<u>\$ 508,445</u>

The Long Range Facilities Plan balance of local support costs of uncompleted projects exceeds the balance in the capital reserve account at June 30, 2019.

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2019, the District transferred \$51,161 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, 2019
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	Balance 6/30/2018	Increases	Decreases	Balance 6/30/2019
Governmental Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 1,867,191			\$ 1,867,191
Machinery and Equipment	1,032,009	\$ 37,992		1,070,001
Total Capital Assets Being Depreciated	<u>2,899,200</u>	<u>37,992</u>		<u>2,937,192</u>
Governmental Activities Capital Assets	<u>2,899,200</u>	<u>37,992</u>		<u>2,937,192</u>
Less Accumulated Depreciated for:				
Buildings and Building Improvements	(1,867,188)	(3)		(1,867,191)
Machinery and Equipment	(901,340)	(45,855)		(947,195)
Total Accumulated Depreciation	<u>(2,768,528)</u>	<u>(45,858)</u>		<u>(2,814,386)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 130,672</u>	<u>\$ (7,866)</u>	<u>\$ -0-</u>	<u>\$ 122,806</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 27,068			\$ 27,068
Less Accumulated Depreciation	<u>(13,363)</u>	<u>(983)</u>		<u>(14,346)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 13,705</u>	<u>\$ (983)</u>	<u>\$ -0-</u>	<u>\$ 12,722</u>

Depreciation expense was charged to governmental functions as follows:

Special Education Instruction	\$ 6,898
Operations and Maintenance of Plant	7,377
General/Unallocated	31,583
	<u>\$ 45,858</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 three years. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 9,540
2021	9,540
2022	<u>5,565</u>
Total Future Minimum Lease Payments	<u>\$ 24,645</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2019, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>06/30/18</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>06/30/19</u>
Bonds Payable	\$ 370,000		\$ 190,000	\$ 180,000
Net Pension Liability	2,798,831		424,476	2,374,355
Compensated Absences Payable	217,109	\$ 6,225	24,647	198,687
ERIP Accrued Liability	<u>49,640</u>		<u>15,828</u>	<u>33,812</u>
	<u>\$ 3,435,580</u>	<u>\$ 6,225</u>	<u>\$ 654,951</u>	<u>\$ 2,786,854</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, 2019 as follows:

<u>Purpose</u>	<u>Final Maturity</u> <u>Date</u>	<u>Serial Bonds</u> <u>Interest Rate</u>	<u>Amount</u>
Refunding Bonds of 2005	05/01/20	4.00%	\$ 180,000
			<u>\$ 180,000</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>	
2020	\$ 180,000	\$ 3,600	\$ 183,600
	<u>\$ 180,000</u>	<u>\$ 3,600</u>	<u>\$ 183,600</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 8. LONG TERM LIABILITIES (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, 2019, 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 portion of compensated absences of \$198,687. 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, 2019 is \$-0- and the long-term portion is \$2,374,355. 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
2020	\$ 17,000
2021	16,812
	\$ 33,812

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, 2019
(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.state.nj.us/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 1/55th 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 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 is being paid by the employer in level annual payments over a period of 15 years, which began 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 \$120,323 for 2019.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the District's liability was \$2,374,355 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.012%, which was equal to its proportion measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the District recognized actual pension expense in the amount of \$216,198. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 18,793	
	2015	5.72	84,821	
	2016	5.57	287,640	
	2017	5.48		\$ (437,695)
	2018	5.63		(321,498)
			391,254	(759,193)
Difference Between Expected and Actual Experience	2015	5.72	23,533	
	2016	5.57	8,729	
	2017	5.48	13,017	
	2018	5.63		(12,243)
			45,279	(12,243)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5.00		14,347
	2016	5.00		80,209
	2017	5.00		(72,192)
	2018	5.00		(44,636)
				(22,272)
				(22,272)
Changes in Proportion	2015	5.72	61,664	
	2016	5.57	34,990	
	2017	5.48	44,092	
	2018	5.63	6,621	
			174,841	
District Contribution Subsequent to the Measurement Date				

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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 Ending June 30,	Total
2019	16,480
2020	(22,817)
2021	(163,608)
2022	(141,818)
2023	(45,412)
	\$ (357,175)

Actuarial Assumptions

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. 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, 2017 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, 2019
(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, 2018) 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, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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%
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 5.66% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046, and the municipal

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2018 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, 2018		
	1% Decrease (4.66%)	Current Discount Rate (5.66%)	1% Increase (6.66%)
District's proportionate share of the Net Pension Liability	\$ 2,985,478	\$ 2,374,355	\$ 1,861,662

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.state.nj.us/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, 2019
(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.

Special Funding Situation

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 2019, the State of New Jersey contributed \$315,882 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,364,002.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2019, the State's proportionate share of the net pension liability associated with the District was \$23,397,664. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. 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, 2018, the District's proportion was 0.036%, which was an increase of 0.003% from its proportion measured as of June 30, 2017.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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		23,397,664
Total	\$	23,397,664

For the fiscal year ended June 30, 2019, the State recognized pension expense on behalf of the District in the amount of \$1,364,002 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2019 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:

	<u>Year of Deferral</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	8.5	\$ 1,076,424,469	
	2015	8.3	3,063,649,492	
	2016	8.3	6,913,685,892	
	2017	8.3		\$ 10,084,192,916
	2018	8.29		5,994,557,085
			11,053,759,853	16,078,750,001
Difference Between Expected and Actual Experience	2014	8.5		10,252,211
	2015	8.3	189,214,650	
	2016	8.3		85,977,601
	2017	8.3	179,419,108	
	2018	8.29	1,051,605,259	
			1,420,239,017	96,229,812
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2015	5		(192,642,062)
	2016	5		(863,710,381)
	2017	5		678,024,787
	2018	5		384,121,486
			\$ 12,473,998,870	\$ 16,180,773,643

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, 2019
(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 Ending June 30,	Total
2019	\$ 401,574,312
2020	208,932,249
2021	(222,922,941)
2022	(149,225,008)
2023	(735,040,983)
Thereafter	(3,210,092,402)
	\$ (3,706,774,773)

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55 – 4.55%
Thereafter	2.00 – 5.45%
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

The actuarial assumptions used in the July 1, 2017 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, 2018) 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, 2018 are summarized in the following table:

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(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>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
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 4.86% as of June 30, 2018. 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 3.87% as of June 30, 2018 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 50% 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 2040. Therefore, the long-term expected rate of return on pension 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.

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, 2018 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, 2019
(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, 2018		
	At 1% Decrease (3.86%)	At Current Discount Rate (4.86%)	At 1% Increase (5.86%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 27,655,594	\$ 23,397,664	\$ 19,867,943

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 \$2,213 for the fiscal year ended June 30, 2019. Employee contributions to DCRP amounted to \$2,451 for the fiscal year ended June 30, 2019.

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a "special funding situation", as described in GASB Codification Section P50, 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.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

General Information about the OPEB Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2017, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	145,050
Active Plan Members	<u>217,131</u>
Total	<u><u>362,181</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2016 which was rolled forward to June 30, 2017.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
----------------	-------

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

General Information about the OPEB Plan (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.55%	2.15 - 4.15%
	based on years of service	based on age
Thereafter	2.00 - 5.45%	3.15 - 5.15%
	based on years of service	based on age

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015 and July 1, 2011 – June 30, 2014 for TPAF and PERS, respectively.

100% of all retirees who currently have healthcare coverage are assumed to continue with that coverage. 100% of active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

Discount Rate

The discount rates for June 30, 2018 and 2017 were 3.87% and 3.58%, respectively, a change of +.29%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

General Information about the OPEB Plan (Cont'd)

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

	Total OPEB Liability
Balance at June 30, 2017	\$17,635,224
Service Cost	676,143
Interest on the Total OPEB Liability	648,472
Difference Between Expected and Actual Experience	(1,342,126)
Changes of Assumptions	(1,772,552)
Member Contributions	14,275
Gross Benefit Payments by the State	(413,031)
Net Changes	(2,188,819)
Balance at June 30, 2018	\$ 15,446,405

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District 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, 2018		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 18,260,795	\$ 15,446,405	\$ 13,209,256

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2018, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 12,703,175	\$ 15,446,405	\$ 19,089,382

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019 the District recognized OPEB expense of \$760,870 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2018 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources:

	Year of Deferral	Original Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ (1,876,227)
Changes in Assumptions	2018	9.51		(1,586,164)
				\$ (3,462,391)
Differences Between Expected and Actual Experience	2018	9.51		(1,499,419)
Changes in Proportion	N/A	N/A	\$ 333,507	(22,938)
			\$ 333,507	\$ (4,984,747)

N/A - Not Available

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2019	\$ (611,420)
2020	(611,420)
2021	(611,420)
2022	(611,420)
2023	(611,420)
Thereafter	(1,904,711)
	\$ (4,961,809)

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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

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

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 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:

<u>Fiscal Year</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2018/2019	\$ 6,207	\$ 619	\$ 28,796
2017/2018	21,529	25,017	23,208
2016/2017	15,256	28,614	26,696

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, 2019
(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, 2019, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 123,024	\$ 7,795	\$ 130,819

On the District's Governmental Funds Balance Sheet as of June 30, 2019, \$0 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$7,795 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2018 to June 30, 2019 fiscal year is as follows:

Balance at June 30, 2018	\$ 350,750
Balance at June 30, 2019	<u>\$ 350,750</u>

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Funds as of June 30, 2019 consisted of the following:

	<u>Governmental Funds</u>		
	General Fund	District Contribution Subsequent to the Measurement Date	Total Governmental Activities
Vendors	\$ 85,319		\$ 85,319
State of New Jersey		\$ 133,273	133,273
	<u>\$ 85,319</u>	<u>\$ 133,273</u>	<u>\$ 218,592</u>

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
District's proportion of the net pension liability	0.0102578214%	0.0113230660%	0.0117048258%	0.0120232965%
District's proportionate share of the net pension liability	\$ 1,920,545	\$ 2,541,801	\$ 3,466,634	\$ 2,798,831
District's covered employee payroll	\$ 799,336	\$ 820,322	\$ 805,456	\$ 858,725
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	240.27%	309.85%	430.39%	325.93%
Plan fiduciary net position as a percentage of the total pension liability for the local group	52.08%	47.93%	40.14%	48.10%
				53.60%

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually required contribution	\$ 85,196	\$ 97,348	\$ 104,691	\$ 114,642	\$ 120,323
Contributions in relation to the contractually required contribution	(85,196)	(97,348)	(104,691)	(114,642)	(120,323)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 704,653	\$ 799,336	\$ 820,322	\$ 805,456	\$ 858,725
Contributions as a percentage of covered employee payroll	12.09%	12.18%	12.76%	14.23%	14.01%

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 FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's proportion of the net pension liability attributable to the District	0.0345934377%	0.0361999168%	0.0356519581%	0.0334630139%	0.0367784558%
State's proportionate share of the net pension liability attributable to the District	\$ 18,489,067	\$ 22,879,884	\$ 28,046,100	\$ 22,561,971	\$ 23,397,664
District's covered employee payroll	\$ 3,453,257	\$ 3,653,694	\$ 3,657,373	\$ 3,810,206	\$ 3,762,618
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%	592.15%	621.85%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.23%	25.41%	26.49%

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 CONTRIBUTIONS ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST FIVE FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,			
	2015	2016	2017	2018
Contractually required contribution	\$ 994,885	\$ 1,397,023	\$ 2,107,274	\$ 1,562,978
Contributions in relation to the contractually required contribution	<u>(195,710)</u>	<u>(285,443)</u>	<u>(363,232)</u>	<u>(358,308)</u>
Contribution deficiency/(excess)	<u>\$ 799,175</u>	<u>\$ 1,111,580</u>	<u>\$ 1,744,042</u>	<u>\$ 1,204,670</u>
District's covered employee payroll	\$ 3,453,257	\$ 3,653,694	\$ 3,657,373	\$ 3,810,206
Contributions as a percentage of covered employee payroll	5.67%	7.81%	9.93%	9.40%
				8.40%

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

PASCACK VALLEY REGIONAL HIGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2017	2018
Total OPEB Liability		
Service Cost	\$ 815,318	\$ 676,143
Interest Cost	560,489	648,472
Difference Between Expected and Actual Experience		(1,342,126)
Changes in Assumptions	(2,393,447)	(1,772,552)
Member Contributions	15,041	14,275
Gross Benefit Payments	(408,469)	(413,031)
Net Change in Total OPEB Liability	(1,411,068)	(2,188,819)
Total OPEB Liability - Beginning	19,046,292	17,635,224
Total OPEB Liability - Ending	<u>\$ 17,635,224</u>	<u>\$ 15,446,405</u>
District's Covered Employee Payroll *	\$ 4,453,030	\$ 4,477,695
Total OPEB Liability as a Percentage of Covered Employee Payroll	396%	345%

* - Covered payroll for the fiscal years ending June 30, 2017 and June 30, 2018 are based on the payroll on the June 30, 2016 and June 30, 2017 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 201

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018. The municipal bond rate changed from 3.58% to 3.87%.

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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 mortality rates utilized in the July 1, 2017 valuation were as follows: 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 Conduent modified 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. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the Conduent 2014 projection scale thereafter. 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).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.25% as of June 30, 2017 to 4.86% as of June 30, 2018. The municipal bond rate changed from 3.58 to 3.87%.

The salary increases in the July 1, 2016 valuation were as follows: 2012-2021 and thereafter – varies based on experience. The salary increases in the July 1, 2017 valuation are as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions (Cont'd)

The mortality rates utilized in the July 1, 2016 valuation were as follows: 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-year average of Social Security data from 1953 to 2013.

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

C. State Health Benefit Local Education Retired Employees OPEB Plan

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

The mortality rates in the valuation as of June 30, 2017 were based on the following:

Preretirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Health Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

C. State Health Benefit Local Education Retired Employees OPEB Plan

Changes of Actuarial Assumptions (Cont'd)

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long term rate after eight years. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The assumed Medicare Advantage trend rate is 4.5% in all future years.

The health care trend rates in the valuation as of June 30, 2017 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

BUDGETARY COMPARISON SCHEDULES

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	<u>Original</u> <u>Budget</u>	<u>Budget</u> <u>Transfers</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,222,103		\$ 13,222,103	13,222,103	
Tuition	53,200		53,200	55,962	\$ 2,762
Transportation Fees from Individuals				2,388	2,388
Miscellaneous	21,750		21,750	100,692	78,942
Total - Local Sources	<u>13,297,053</u>		<u>13,297,053</u>	<u>13,381,145</u>	<u>84,092</u>
State Sources:					
Categorical Transportation Aid	138,307		138,307	138,307	
Categorical Special Education Aid	403,507		403,507	403,507	
Categorical Security Aid	13,027		13,027	13,027	
Extraordinary Aid				228,469	228,469
Nonpublic Transportation				9,860	9,860
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				315,882	315,882
On-Behalf TPAF Pension Contributions (Non-Budgeted)				682,114	682,114
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				14,278	14,278
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				815	815
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				259,530	259,530
Total State Sources	<u>554,841</u>		<u>554,841</u>	<u>2,065,789</u>	<u>1,510,948</u>
TOTAL REVENUES	<u>13,851,894</u>		<u>13,851,894</u>	<u>15,446,934</u>	<u>1,595,040</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 278,674	\$ (1,820)	\$ 276,854	\$ 276,590	\$ 264
Kindergarten - Salaries of Teachers	166,018	800	166,818	166,043	775
Grades 1-5 - Salaries of Teachers	1,337,203	(53,507)	1,283,696	1,283,345	351
Grades 6-8 - Salaries of Teachers	1,017,146	(6,185)	1,010,961	1,010,961	
Regular Programs - Home Instruction:					
Salaries of Teachers	700	1,835	2,535	2,535	
Purchased Professional-Educational Services	1,100	740	1,840	1,320	520
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	6,300	1,100	7,400	7,387	13
Other Purchased Services (400-500 series)	33,730	(2,604)	31,126	28,664	2,462
General Supplies	132,700	46,797	179,497	171,328	8,169
Textbooks	25,000	25,703	50,703	50,014	689
Other Objects	500		500	500	
Total Regular Programs - Instruction	2,999,071	12,859	3,011,930	2,998,187	13,743
Special Education - Instruction:					
Learning and Language Disabilities:					
Salaries of Teachers	80,426	360	80,786	80,786	
Other Salaries for Instruction	32,006	400	32,406	32,406	
General Supplies	650	2,000	2,650	2,649	1
Total Learning and Language Disabilities	113,082	2,760	115,842	115,841	1

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Special Education:					
Salaries of Teachers	\$ 264,506	\$ 17,759	\$ 282,265	282,265	
Other Salaries for Instruction	221,342		221,342	220,308	\$ 1,034
General Supplies	6,622	(2,200)	4,422	3,034	1,388
Total Resource Room/Resource Center	492,470	15,559	508,029	505,607	2,422
Preschool Disabilities - Full Time:					
Salaries of Teachers	31,039	1,733	32,772	32,772	
Total Preschool Disabilities - Full Time	31,039	1,733	32,772	32,772	
Total Special Education - Instruction	636,591	20,052	656,643	654,220	2,423
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	93,518	(28,263)	65,255	59,604	5,651
General Supplies	1,800		1,800	1,165	635
Total Basic Skills/Remedial - Instruction	95,318	(28,263)	67,055	60,769	6,286
Bilingual Education - Instruction:					
Salaries of Teachers	34,865		34,865	34,865	
Total Bilingual Education - Instruction	34,865		34,865	34,865	

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	\$ 31,041	\$ (706)	\$ 30,335	\$ 30,335	
Other Objects	700		700	655	45
Total School-Sponsored Cocurricular Activities - Instruction	<u>31,741</u>	<u>(706)</u>	<u>31,035</u>	<u>30,990</u>	<u>45</u>
School-Sponsored Athletics - Instruction:					
Salaries	37,328	3,760	41,088	41,088	
Supplies and Materials	4,000	1,022	5,022	5,022	
Other Objects	1,875		1,875	1,737	138
Transfer to Cover Deficit	8,778		8,778	5,155	3,623
Total School-Sponsored Athletics - Instruction	<u>51,981</u>	<u>4,782</u>	<u>56,763</u>	<u>53,002</u>	<u>3,761</u>
Total Instruction	<u>3,849,567</u>	<u>8,724</u>	<u>3,858,291</u>	<u>3,832,033</u>	<u>26,258</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	3,722,208		3,722,208	3,722,208	
Tuition to Other LEAs Within the State - Special	972,706	(78,999)	893,707	893,707	
Tuition to County Vocational School District - Regular	36,400	10,478	46,878	46,878	
Tuition to Private Schools for the Handicapped - Within State	951,660	(66,935)	884,725	857,656	27,069
Tuition - Other		28,122	28,122	28,122	
Total Undistributed Expenditures - Instruction	<u>5,682,974</u>	<u>(107,334)</u>	<u>5,575,640</u>	<u>5,548,571</u>	<u>27,069</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Health Services:					
Salaries	\$ 82,566	\$ 5,904	\$ 88,470	\$ 88,470	
Purchased Professional and Technical Services	6,750	(1,500)	5,250	4,395	\$ 855
Supplies and Materials	6,693	(1,000)	5,693	5,181	512
Other Objects	600		600	269	331
Total Health Services	96,609	3,404	100,013	98,315	1,698
Speech, OT, PT & Related Services:					
Salaries	52,705		52,705	52,705	
Purchased Professional - Educational Services	93,218	(4,548)	88,670	80,000	8,670
Supplies and Materials	1,380	5,305	6,685	6,210	475
Total Speech, OT, PT & Related Services	147,303	757	148,060	138,915	9,145
Other Support Services - Students - Extraordinary Services:					
Purchased Professional - Educational Services	66,002	113,439	179,441	147,180	32,261
Total Other Support Services - Students - Extraordinary Services	66,002	113,439	179,441	147,180	32,261
Guidance:					
Salaries of Other Professional Staff	34,380		34,380	33,880	500
Other Purchased Services (400-500 series)	13,600	(1,000)	12,600	11,606	994
Supplies and Materials	3,000	(2,518)	482	482	
Other Objects	750		750		750
Total Guidance	51,730	(3,518)	48,212	45,968	2,244

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 182,969	\$ (2,258)	\$ 180,711	180,711	
Salaries of Secretarial and Clerical Assistants	33,053	(96)	32,957	32,957	
Purchased Professional - Educational Services	64,051	70,124	134,175	118,777	\$ 15,398
Other Purchased Professional and Technical Services	6,000	3,700	9,700	9,207	493
Other Purchased Services (400-500 series other than resid costs)	500		500	323	177
Supplies and Materials	3,992	1,250	5,242	5,150	92
Other Objects	1,500	50	1,550	1,520	30
Total Child Study Teams	292,065	72,770	364,835	348,645	793
Improvement of Instruction Services:					
Salaries of Other Professional Staff	1,600	(1,600)			
Purchased Professional - Educational Services	18,800	3,675	22,475	13,475	9,000
Total Improvement of Instruction Services	20,400	2,075	22,475	13,475	9,000
Educational Media Services/School Library:					
Salaries	31,384	64,994	96,378	96,378	
Salaries of Technology Coordinators	64,994	(64,994)			
Other Purchased Services (400-500 series)	10,924	(4,948)	5,976	5,733	243
Supplies and Materials	10,580	(1,000)	9,580	9,268	312
Other Objects	711		711	711	
Total Educational Media Services/School Library	118,593	(5,948)	112,645	111,379	1,266

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Salaries of Other Professional Staff	\$ 22,627		\$ 22,627	\$ 22,561	\$ 66
Other Purchased Services (400-500 series)	30,000	(7,366)	22,634	22,401	233
Supplies and Materials	2,600	(2,000)	600	32	568
Other Objects	800		800		800
Total Instructional Staff Training Services	<u>56,027</u>	<u>(9,366)</u>	<u>46,661</u>	<u>44,994</u>	<u>1,667</u>
Support Services - General Administration:					
Salaries	166,407	(983)	165,424	153,956	11,468
Legal Services	16,000	2,841	18,841	18,596	245
Audit Fees	22,000		22,000	21,230	770
Architectural/ Engineering Services	2,000	5,000	7,000	6,091	909
Other Purchased Professional Services	2,000	(2,000)			
Purchased Technical Services	7,000	(7,000)			
Communications/Telephone	25,296	(5,225)	20,071	18,933	1,138
BOE Other Purchased Services	2,000		2,000	1,381	619
Miscellaneous Purchased Services (400-500)					
(Other than 530 & 585 Series)	33,183	(1,952)	31,231	28,712	2,519
General Supplies	15,000	(8,495)	6,505	5,478	1,027
BOE In-House Training/Meeting Supplies	2,000		2,000	1,136	864
Miscellaneous Expenditures	5,859	(1,248)	4,611	3,991	620
BOE Membership Dues and Fees	7,000		7,000	6,503	497
Total Support Services - General Administration	<u>305,745</u>	<u>(19,062)</u>	<u>286,683</u>	<u>266,007</u>	<u>20,676</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	\$ 189,825		\$ 189,825	\$ 178,094	\$ 11,731
Salaries of Other Professional Staff	11,307		11,307	11,274	33
Salaries of Secretarial and Clerical Assistants	60,570	\$ (1,200)	59,370	58,599	771
Other Purchased Services (400-500 series)	4,400	500	4,900	3,689	1,211
Supplies and Materials	8,433	(280)	8,153	8,153	
Other Objects	2,700	250	2,950	1,897	1,053
Total Support Services - School Administration	<u>277,235</u>	<u>(730)</u>	<u>276,505</u>	<u>261,706</u>	<u>14,799</u>
Central Services:					
Salaries	180,658	(3,763)	176,895	176,217	678
Miscellaneous Purchased Services (400-500 Series)	22,156	(5,123)	17,033	17,033	
Supplies and Materials	3,600	800	4,400	4,339	61
Miscellaneous Expenditures	4,250	400	4,650	4,382	268
Total Central Services	<u>210,664</u>	<u>(7,686)</u>	<u>202,978</u>	<u>201,971</u>	<u>1,007</u>
Administration Information Technology:					
Salaries	16,249		16,249	16,249	
Purchased Technical Services	6,500	(4,435)	2,065	2,065	
Other Purchased Services (400-500 series)	12,377	4,247	16,624	16,254	370
Supplies and Materials	3,500	4,000	7,500	7,198	302
Other Objects	6,000	(1,560)	4,440	2,414	2,026
Total Administration Information Technology	<u>44,626</u>	<u>2,252</u>	<u>46,878</u>	<u>44,180</u>	<u>2,698</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Required Maintenance for School Facilities:					
Salaries	\$ 55,128	\$	\$ 55,128	55,128	
Cleaning, Repair and Maintenance Services	161,539	21,966	183,505	115,822	\$ 67,683
General Supplies	19,256	2,527	21,783	21,783	
Total Required Maintenance for School Facilities	235,923	24,493	260,416	192,733	67,683
Custodial Services:					
Salaries	275,115	(14,314)	260,801	257,344	3,457
Purchased Professional and Technical Services	7,000	(1,500)	5,500	5,246	254
Cleaning, Repair and Maintenance Services	71,572	(17,810)	53,762	47,653	6,109
Other Purchased Property Services	5,600		5,600	5,412	188
Insurance	34,891	(7,000)	27,891	27,217	674
Miscellaneous Purchased Services	450		450	85	365
General Supplies	22,500	(5,000)	17,500	15,412	2,088
Energy (Electricity)	64,800	(15,800)	49,000	46,125	2,875
Other Objects	700		700	80	620
Energy (Natural Gas)	61,000	(7,000)	54,000	46,344	7,656
Total Custodial Services	543,628	(68,424)	475,204	450,918	24,286
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	21,330		21,330	20,880	450
Total Care and Upkeep of Grounds	21,330		21,330	20,880	450

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries (Between Home & School) - Regular	\$ 47,659	\$ 1,540	\$ 49,199	\$ 49,158	\$ 41
Salaries (Between Home & School) - Special Education	4,825	(1,100)	3,725	3,725	
Salaries (Other Than Between Home & School)	12,000	(7,212)	4,788	4,788	
Cleaning, Repair and Maintenance Services	7,500	(841)	6,659	6,659	
Contracted Services:					
Between Home & School - Vendors	269,795	(10,000)	259,795	259,760	35
Other Than Between Home & School - Vendors	6,500	1,242	7,742	7,326	416
Special Education Students - Vendors	10,000	(10,000)			
Regular Students - ESCs & CTSAAs	42,000	(10,932)	31,068	31,068	
Special Education Students - ESC's & CTSAAs	244,000	143,120	387,120	387,120	
Aid in Lieu of Payments - Non Public School	48,000	(9,811)	38,189	38,189	
Miscellaneous Purchased Services - Transportation	4,000	(3,400)	600	588	12
General Supplies	7,200	(1,990)	5,210	3,568	1,642
Other Objects	800		800	615	185
Total Student Transportation Services	<u>704,279</u>	<u>90,616</u>	<u>794,895</u>	<u>792,564</u>	<u>2,331</u>
Unallocated Benefits:					
Social Security Contributions	88,355	11,628	99,983	99,983	
TPAF Contributions - ERIP	17,000	(1,172)	15,828	15,828	
Other Retirement Contributions - PERS	125,442	(5,050)	120,392	120,323	69
Other Retirement Contributions - Regular	1,800	450	2,250	2,213	37
Unemployment Compensation	9,000	(8,680)	320	320	
Workmen's Compensation	43,874	80	43,954	43,954	
Health Benefits	1,249,998	50,727	1,300,725	1,300,725	

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Unallocated Benefits:					
Tuition Reimbursement	\$ 22,500	\$ 1,750	\$ 24,250	24,250	
Other Employee Benefits	49,100	10,524	59,624	59,307	\$ 317
Total Unallocated Benefits	1,607,069	60,257	1,667,326	1,666,583	743
TPAF Contributions:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				315,882	(315,882)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				682,114	(682,114)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				14,278	(14,278)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				815	(815)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				259,530	(259,530)
Total TPAF Contributions				1,272,619	(1,272,619)
Total Personal Services - Employee Benefits	1,607,069	60,257	1,667,326	2,939,202	(1,271,876)
Total Undistributed Expenses	10,482,202	147,995	10,630,197	11,667,603	(1,052,803)
Total Expenditures - Current Expense	14,331,769	156,719	14,488,488	15,499,636	(1,011,148)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Instruction	6,141	10,833	16,974	11,294	5,680
General Administration		37,758	37,758	18,879	18,879
Central Services	7,982		7,982	7,820	162
Required Maintenance		2,570	2,570		2,570
Total Equipment	14,123	51,161	65,284	37,993	27,291

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	<u>Original</u>	<u>Budget</u>	<u>Final</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
	<u>Budget</u>	<u>Transfers</u>	<u>Budget</u>	<u>Budget</u>	<u>Final to Actual</u>	<u>Final to Actual</u>
Capital Outlay:						
Facilities Acquisition and Construction Services:						
Assessment for Debt Service	\$ 868		\$ 868	868	868	
Total Facilities Acquisition and Construction Services	868		868	868	868	
Total Capital Outlay	14,991	\$ 51,161	66,152	66,152	38,861	\$ 27,291
TOTAL EXPENDITURES	14,346,760	207,880	14,554,640	14,554,640	15,538,497	(983,857)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(494,866)	(207,880)	(702,746)	(702,746)	(91,563)	611,183
Fund Balance, July 1	1,927,794		1,927,794	1,927,794	1,927,794	
Fund Balance, June 30	\$ 1,432,928	\$ (207,880)	\$ 1,225,048	\$ 1,225,048	\$ 1,836,231	\$ 611,183

<u>Recapitulation:</u>	
<u>Restricted:</u>	
Capital Reserve	\$ 508,445
Maintenance Reserve	350,750
Excess Surplus	47,164
Excess Surplus - Subsequent Year's Expenditures	92,861
Assigned:	
Designated for Subsequent Year's Expenditures	190,340
Year-End Encumbrances	123,024
Unassigned:	
Fund Balance	523,647
	1,836,231
Reconciliation to Governmental Funds Statement (GAAP):	
Last Two State Aid Payments not Recognized on GAAP Basis	(54,447)
Fund Balance per Governmental Funds (GAAP)	\$ 1,781,784

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 106,708	\$ 27,002	\$ 133,710	\$ 133,710	
Total Revenues	106,708	27,002	133,710	133,710	
EXPENDITURES:					
Instruction					
Tuition	90,462	20,089	110,551	110,551	
Total Instruction	90,462	20,089	110,551	110,551	
Support Services					
Salaries	11,492	(5,586)	5,906	5,906	
Personal Services - Employee Benefits	452		452	452	
Purchased Professional Educational Services	4,302	12,299	16,601	16,601	
Other Purchased Professional and Technical Services		200	200	200	
Total Support Services	16,246	6,913	23,159	23,159	
Total Expenditures	106,708	27,002	133,710	133,710	
Excess (Deficiency) of 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, 2019
UNAUDITED

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,446,934	\$ 133,710
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas GAAP does not		
Prior Year Encumbrances		398
Current Year Encumbrances		(7,795)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	49,039	
Current Year State Aid Payments Recognized for Budgetary Statements, not Recognized for GAAP Statements	(54,447)	
	<u> </u>	<u> </u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 15,441,526</u>	<u>\$ 126,313</u>
Uses/Outflows of Resources		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,538,497	\$ 133,710
Differences - Budget to GAAP:		
Encumbrances Ordered but not Received are Reported in the Year the Order is Place for Budgetary Purposes, but in the Year they are Received for Financial Reporting Purposes.		
Prior Year Encumbrances		398
Current Year Encumbrances		(7,795)
	<u> </u>	<u> </u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 15,538,497</u>	<u>\$ 126,313</u>

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, 2019

	ESEA Consolidated Grants Title II- Part A	ESEA Consolidated Grants Title IV	IDEA, Part B Basic	IDEA, Part B Preschool	Totals June 30, 2019
REVENUES					
Federal Sources	\$ 8,153	\$ 10,000	\$ 110,551	\$ 5,006	\$ 133,710
Total Revenues	8,153	10,000	110,551	5,006	133,710
EXPENDITURES:					
Instruction:					
Tuition			110,551		110,551
Total Instruction			110,551		110,551
Support Services:					
Salaries	5,906				5,906
Personal Services - Employee Benefits	452				452
Purchased Professional Educational Services	1,795	9,800		5,006	16,601
Supplies and Materials		200			200
Total Support Services	8,153	10,000		5,006	23,159
Total Expenditures	\$ 8,153	\$ 10,000	\$ 110,551	\$ 5,006	\$ 133,710

CAPITAL PROJECTS FUND

(NOT APPLICABLE)

PROPRIETARY FUNDS

BOONTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2019

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 5,690
---------------------------	----------

Total Current Assets	<u>5,690</u>
----------------------	--------------

Non-Current Assets:

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

Less: Accumulated Depreciation	<u>(14,346)</u>
--------------------------------	-----------------

Total Non-Current Assets	<u>12,722</u>
--------------------------	---------------

Total Assets	<u>18,412</u>
--------------	---------------

NET POSITION:

Investment in Capital Assets	12,722
------------------------------	--------

Unrestricted	<u>5,690</u>
--------------	--------------

Total Net Position	<u>\$ 18,412</u>
--------------------	------------------

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, 2019

Operating Revenue:	
Local Sources:	
Daily Sales:	
Special Milk Program	\$ 3,150
	<hr/>
Total Operating Revenue	3,150
	<hr/>
Operating Expenses:	
Cost of Sales	7,807
Depreciation	983
	<hr/>
Total Operating Expenses	8,790
	<hr/>
Change in Net Position	(5,640)
	<hr/>
Net Position - Beginning of Year	24,052
	<hr/>
Net Position - End of Year	\$ 18,412
	<hr/> <hr/>

BOONTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 3,150
Payments to Suppliers	(7,807)
	(4,657)
Net Cash used for Operating Activities	(4,657)
Net Decrease in Cash and Cash Equivalents	(4,657)
Cash and Cash Equivalents, July 1	10,347
Cash and Cash Equivalents, June 30	\$ 5,690
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (5,640)
Adjustment to Reconcile Operating Income to	
Cash Used for Operating Loss:	
Depreciation	983
	(4,657)
Net Cash used for Operating Activities	\$ (4,657)

FIDUCIARY FUNDS

BOONTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2019

	Student Activity	Agency Payroll	Total Agency	Unemployment Compensation Trust	Flexible Spending Trust	Totals
ASSETS:						
Cash and Cash Equivalents	\$ 39,997	\$ 25,082	\$ 65,079	\$ 28,796	\$ 4,648	\$ 98,523
Interfund Receivable - General Fund	431		431			431
Total Assets	40,428	25,082	65,510	28,796	4,648	98,954
LIABILITIES:						
Payroll Deductions and Withholdings Due to Student Groups	40,428	25,082	25,082			25,082
Total Liabilities	40,428	25,082	65,510			65,510
NET POSITION:						
Held in Trust for Unemployment Claims				28,796		28,796
Restricted for Flexible Spending Claims					4,648	4,648
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 28,796	\$ 4,648	\$ 33,444

BOONTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Unemployment Compensation Trust	Flexible Spending Trust	Totals
ADDITIONS:			
Contributions:			
Plan Members	\$ 6,076	\$ 24,363	\$ 30,439
Total Contributions	6,076	24,363	30,439
Investment Earnings:			
Interest	131		131
Net Investment Earnings	131		131
Total Additions	6,207	24,363	6,207
DEDUCTIONS:			
Unemployment Contribution Payments	619		619
Flexible Spending Claims		22,926	22,926
Administration Expenses		1,824	1,824
Total Deductions	619	24,750	25,369
Change in Net Position	5,588	(387)	5,201
Net Position—Beginning of the Year	23,208	5,035	28,243
Net Position—End of the Year	\$ 28,796	\$ 4,648	\$ 33,444

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

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
ASSETS:				
Cash and Cash Equivalents	\$ 44,402	\$ 82,894	\$ 87,298	\$ 39,997
Interfund Receivable - General Fund		431		431
Total Assets	\$ 44,402	\$ 83,325	\$ 87,298	\$ 40,428
LIABILITIES:				
Liabilities:				
Due to Student Groups	\$ 44,402	\$ 83,325	\$ 87,298	\$ 40,428
Total Liabilities	\$ 44,402	\$ 83,325	\$ 87,298	\$ 40,428

BOONTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2018</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2019</u>
Student Activities	\$ 31,646	\$ 29,072	\$ 30,630	\$ 30,087
Athletic Accounts	6,345	17,562	17,088	6,819
8th Grade Account	6,411	36,691	39,580	3,522
Total All Funds	<u>\$ 44,402</u>	<u>\$ 83,325</u>	<u>\$ 87,298</u>	<u>\$ 40,428</u>

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

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
ASSETS:				
Cash and Cash Equivalents	\$ 22,579	\$ 5,513,577	\$ 5,511,074	\$ 25,082
Total Assets	<u>\$ 22,579</u>	<u>\$ 5,513,577</u>	<u>\$ 5,511,074</u>	<u>\$ 25,082</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 22,579	\$ 2,447,226	\$ 2,444,723	\$ 25,082
Net Payroll		<u>3,066,351</u>	<u>3,066,351</u>	
Total Liabilities	<u>\$ 22,579</u>	<u>\$ 5,513,577</u>	<u>\$ 5,511,074</u>	<u>\$ 25,082</u>

LONG-TERM DEBT

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

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

BOONTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOT APPLICABLE

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 155,860		\$ 155,860	\$ 155,860	
State Sources:					
Debt Service Aid Type II	48,940		48,940	48,940	
Total Revenues	204,800		204,800	204,800	
EXPENDITURES:					
Regular Debt Service:					
Interest	14,800		14,800	14,800	
Redemption of Principal	190,000		190,000	190,000	
Total Regular Debt Service	204,800		204,800	204,800	
Total Expenditures	204,800		204,800	204,800	
Excess/(Deficiency) of					
Revenues Over/(Under) Expenditures	-0-	\$ -0-	-0-	-0-	\$ -0-
Fund Balance, July 1	-0-	-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

Exhibit

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net Investment in Capital Assets, (Deficit)	\$ (1,808,707)	\$ (1,574,638)	\$ (1,395,119)	\$ (1,093,396)	\$ (877,219)	\$ (654,042)	\$ (499,372)	\$ (361,668)	\$ (239,328)	\$ (57,194)
Restricted	202,767	318,345	515,283	459,255	731,686	901,550	761,486	757,475	1,010,336	999,220
Unrestricted/(Deficit)	(64,138)	175,381	456,578	426,991	(1,368,767)	(1,303,292)	(1,217,996)	(1,577,072)	(1,860,702)	(2,006,624)
Total Governmental Activities Net Position/(Deficit)	\$ (1,670,078)	\$ (1,080,912)	\$ (423,258)	\$ (207,150)	\$ (1,514,300)	\$ (1,055,784)	\$ (955,882)	\$ (1,181,265)	\$ (1,089,694)	\$ (1,064,598)
Business-Type Activities										
Net Investment in Capital Assets	\$ 821	\$ 410	\$ 15,161	\$ 14,377	\$ 17,618	\$ 16,657	\$ 15,696	\$ 14,689	\$ 13,705	\$ 12,722
Unrestricted	41,768	38,001	27,104	30,656	30,078	22,747	3,205	15,237	10,347	5,690
Total Business-Type Activities Net Position	\$ 42,589	\$ 38,411	\$ 42,265	\$ 45,033	\$ 47,696	\$ 39,404	\$ 18,901	\$ 29,926	\$ 24,052	\$ 18,412
District-wide										
Net Investment in Capital Assets, (Deficit)	\$ (1,807,886)	\$ (1,574,228)	\$ (1,379,958)	\$ (1,079,019)	\$ (859,601)	\$ (637,385)	\$ (483,676)	\$ (346,979)	\$ (225,623)	\$ (44,472)
Restricted	202,767	318,345	515,283	459,255	731,686	901,550	761,486	757,475	1,010,336	999,220
Unrestricted/(Deficit)	(22,370)	213,382	483,682	457,647	(1,338,689)	(1,280,545)	(1,214,791)	(1,561,835)	(1,850,355)	(2,000,934)
Total District Net Position/(Deficit)	\$ (1,627,489)	\$ (1,042,501)	\$ (380,993)	\$ (162,117)	\$ (1,466,604)	\$ (1,016,380)	\$ (936,981)	\$ (1,151,339)	\$ (1,065,642)	\$ (1,046,186)

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 3,643,447	\$ 3,694,191	\$ 3,780,572	\$ 4,330,742	\$ 4,111,012	\$ 4,648,650	\$ 5,409,429	\$ 5,999,606	\$ 5,986,416	\$ 5,666,452
Special Education	740,043	688,188	838,247	783,085	1,217,404	1,447,043	1,063,179	1,333,066	1,428,431	1,246,448
Other Special Education	110,153	119,726	157,340	174,257	115,393	200,686	216,423	269,107	267,703	194,030
Other Instruction	105,914	89,705	97,572	102,106	112,891	133,317	128,000	148,554	155,899	153,356
Support Services:										
Tuition	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	5,548,571
Student and Instruction Related Services	670,741	681,365	747,135	927,397	803,652	883,564	973,397	1,009,029	1,016,989	1,355,568
General Administrative Services	279,715	296,719	263,243	286,197	268,081	295,176	289,630	311,736	282,332	303,238
School Administrative Services	370,172	368,135	328,005	341,420	343,051	434,209	391,927	488,095	463,684	454,096
Central Services	207,725	208,352	220,126	226,173	235,041	234,881	284,745	263,304	255,417	262,702
Administration Information Technology	57,050	38,904	44,455	56,531	45,660	52,025	58,313	62,980	59,611	49,780
Plant Operations and Maintenance	641,801	671,785	687,493	679,598	739,682	764,981	820,522	779,057	884,360	780,485
Pupil Transportation	568,776	455,069	541,214	602,174	632,070	617,890	600,101	719,675	764,426	812,440
Unallocated Depreciation	73,484	73,484	69,419	45,284	44,844	30,579	32,360	35,793	22,600	31,583
Capital Outlay		16,482	172	6,900	867	868	1,017	868	868	869
Interest on Long-Term Debt	149,927	101,407	89,875	77,963	64,314	50,018	38,400	30,400	63,620	14,800
Total Governmental Activities Expenses	<u>12,476,400</u>	<u>12,274,504</u>	<u>12,548,783</u>	<u>13,481,188</u>	<u>13,446,124</u>	<u>14,563,504</u>	<u>15,445,343</u>	<u>16,833,905</u>	<u>17,043,782</u>	<u>16,874,418</u>
Business-Type Activities:										
Food Service	8,533	18,814	8,474	7,708	6,890	15,980	11,644	11,196	12,487	8,790
Total Business-Type Activities Expense	<u>8,533</u>	<u>18,814</u>	<u>8,474</u>	<u>7,708</u>	<u>6,890</u>	<u>15,980</u>	<u>11,644</u>	<u>11,196</u>	<u>12,487</u>	<u>8,790</u>
Total District Expenses	<u>\$ 12,484,933</u>	<u>\$ 12,293,318</u>	<u>\$ 12,557,257</u>	<u>\$ 13,488,896</u>	<u>\$ 13,453,014</u>	<u>\$ 14,579,484</u>	<u>\$ 15,456,987</u>	<u>\$ 16,845,101</u>	<u>\$ 17,056,269</u>	<u>\$ 16,883,208</u>

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

	Fiscal Year Ending June 30,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Operating Grants and Contributions	\$ 1,593,199	\$ 1,174,124	\$ 1,294,688	\$ 1,553,539	\$ 1,448,865	\$ 2,436,503	\$ 2,759,007	\$ 3,507,310	\$ 3,773,832	\$ 3,298,443
Total Governmental Activities Program Revenues	\$ 1,593,199	\$ 1,174,124	\$ 1,294,688	\$ 1,553,539	\$ 1,448,865	\$ 2,436,503	\$ 2,759,007	\$ 3,507,310	\$ 3,773,832	\$ 3,298,443
Business-Type Activities:										
Charges for Services:										
Food Service	14,584	14,636	12,328	10,476	9,553	7,688	6,924	6,439	6,613	3,150
Total Business-Type Activities Program Revenues	14,584	14,636	12,328	10,476	9,553	7,688	6,924	6,439	6,613	3,150
Total District Program Revenues	\$ 1,607,783	\$ 1,188,760	\$ 1,307,016	\$ 1,564,015	\$ 1,458,418	\$ 2,444,191	\$ 2,765,931	\$ 3,513,749	\$ 3,780,445	\$ 3,301,593
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (13,575,975)
Business-Type Activities	6,051	(4,178)	3,854	2,768	2,663	(8,292)	(4,720)	(4,757)	(5,874)	(5,640)
Total District-Wide Net Expense	\$ (10,877,150)	\$ (11,104,558)	\$ (11,250,241)	\$ (11,924,881)	\$ (11,994,596)	\$ (12,135,293)	\$ (12,691,056)	\$ (13,331,352)	\$ (13,275,824)	\$ (13,581,615)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 13,222,103
Taxes Levied for Debt Service	293,121	308,589	298,581	300,904	293,043	278,898	181,430	171,537	165,601	155,860
Unrestricted Grants and Contributions	72,226	62,818	61,793	62,059	61,271	73,500	81,044	88,788	86,490	64,066
Investment Earnings	100	13	66	16	1	136				
Miscellaneous Income	36,624	87,986	40,673	39,929	197,719	17,804	64,281	132,214	146,584	159,042
Total Governmental Activities	\$ 11,046,753	\$ 11,689,546	\$ 11,911,749	\$ 12,143,757	\$ 12,527,700	\$ 12,585,517	\$ 12,786,238	\$ 13,101,212	\$ 13,361,521	\$ 13,601,071
Business-Type Activities:										
Other Item - Cancellation of Prior Year Interfund - General Fund					(15,783)		(15,783)	15,782		
Total Business-Type Activities							(15,783)	15,782		
Total District-Wide	\$ 11,046,753	\$ 11,689,546	\$ 11,911,749	\$ 12,143,757	\$ 12,527,700	\$ 12,585,517	\$ 12,770,455	\$ 13,116,994	\$ 13,361,521	\$ 13,601,071
Change in Net Position:										
Governmental Activities	\$ 163,552	\$ 589,166	\$ 657,654	\$ 216,108	\$ 530,441	\$ 458,516	\$ 99,902	\$ (225,383)	\$ 91,571	\$ 25,096
Business-Type Activities	6,051	(4,178)	3,854	2,768	2,663	(8,292)	(20,503)	11,025	(5,874)	(5,640)
Total District	\$ 169,603	\$ 584,988	\$ 661,508	\$ 218,876	\$ 533,104	\$ 450,224	\$ 79,399	\$ (214,358)	\$ 85,697	\$ 19,456

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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved/Restricted	\$ 246,833	\$ 515,283	\$ 459,255	\$ 731,686	\$ 901,550	\$ 761,486	\$ 761,486	\$ 757,475	\$ 1,010,336	\$ 999,220
Assigned	221,489	550,447	371,495	372,172	426,541	689,788	689,788	500,752	436,586	313,364
Unassigned	432,326	272,034	393,024	389,611	412,809	358,802	358,802	454,685	431,833	469,200
Total General Fund	\$ 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	\$ 1,781,784
All Other Governmental Funds										
Reserved/Restricted	\$ 23									
Total All Other Governmental Funds	\$ 23	\$ -0-	\$ -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,									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Tax Levy	\$ 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	\$ 13,377,963
Tuition Charges			5,542	14,000	168,744	86,990	34,089	46,316	56,100	55,962
Interest Earnings	100	13	66	16	120	136		1		
Miscellaneous	36,602	87,986	35,131	25,929	28,856	17,804	30,192	85,897	90,484	103,080
State Sources	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	2,109,719
Federal Sources	257,223	290,914	175,046	167,717	165,782	134,761	138,280	131,917	133,384	125,915
Total Revenue	12,639,930	12,863,670	13,206,437	13,697,296	13,976,565	14,222,845	14,433,664	14,877,640	15,345,517	15,772,639
Expenditures:										
Instruction										
Regular Instruction	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	3,016,738
Special Education Instruction	566,687	499,776	624,491	519,732	875,062	895,458	641,161	761,381	817,895	761,982
Other Special Instruction	79,109	83,415	108,524	115,972	78,415	116,951	118,122	122,811	122,409	95,634
Other Instruction	79,065	64,728	70,638	73,282	79,579	84,430	75,301	74,999	77,566	83,992
Support Services:										
Tuition	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	5,548,571
Student and Instruction Related Services	566,764	551,169	608,901	760,524	667,572	704,282	677,572	748,365	771,607	948,871
General Administrative Services	2,559,774	2,494,479	2,287,52	2,481,192	2,287,529	2,330,529	2,330,529	2,708,884	2,526,616	2,666,007
School Administrative Services	2,709,972	2,634,420	2,285,500	2,291,120	2,339,923	2,604,489	2,276,622	2,524,403	2,448,831	2,617,706
Central Services	171,609	167,006	176,029	179,147	187,172	186,035	189,836	198,116	198,647	201,971
Administration Information Technology	52,022	33,132	38,255	49,845	38,848	45,084	43,720	52,229	49,750	44,180
Plant Operations and Maintenance	579,920	600,048	608,143	591,972	646,794	666,152	645,401	654,075	773,339	664,531
Pupil Transportation	543,004	439,147	509,755	569,005	598,999	584,745	553,503	680,976	746,938	792,564
Unallocated Benefits	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	2,939,202
Expenditures: (Cont'd)										
Capital Outlay	44,361	98,361	39,987	130,544	14,176	9,771	31,194	22,512	11,194	38,861
Debt Service:										
Principal	250,000	270,000	270,000	285,000	290,000	288,000	200,000	195,000	195,000	190,000
Interest and Other Charges	115,347	101,407	89,875	77,963	64,314	50,018	38,400	30,400	22,600	14,800
Total Expenditures	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	15,869,610
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,760)	326,553	437,093	(113,990)	269,695	247,431	69,176	(97,164)	165,843	(96,971)
Other Financing Sources (Uses)										
Excess Proceeds from Retirement of Debt	22									
Total Other Financing Sources (Uses)	22									
Net Change in Fund Balances	\$ (23,738)	\$ 326,553	\$ 437,093	\$ (113,990)	\$ 269,695	\$ 247,431	\$ 69,176	\$ (97,164)	\$ 165,843	\$ (96,971)
Debt Service as a Percentage of Noncapital Expenditures	2.90 %	2.99 %	2.83 %	2.65 %	2.59 %	2.42 %	1.66 %	1.51 %	1.43 %	1.29 %

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> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Other</u>	<u>Total</u>
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
2019		55,962	103,080	159,042

Source: Boonton Township School District records

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

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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	895,958,000	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	16,734,000	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		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		851,635,300	71,985,500		851,635,300	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	937,374,113
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
2018	11,674,900	799,906,800	21,136,100	251,200	28,805,900	12,342,400		874,117,300	53,699,300		874,117,300	1.49	928,793,968

* Revaluation of Real Property.

^a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

^b 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.

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

Year Ended December 31,	Boonton Township School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Township of Boonton	Morris County	
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
2018	1.47	0.02	1.49	0.46	0.28	2.23

* Revaluation of Real Property.

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

^b 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.

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

	2018		2009	
	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 %	\$ 8,355,600	0.73 %
199 Powerville Road LLC	7,901,600	0.91 %	5,568,700	0.49 %
KIJ MGT LLC	4,190,000	0.48 %	6,737,900	0.59 %
RFL Electronics Inc.	3,923,100	0.45 %	4,292,200	0.38 %
Individual Taxpayer #1	2,543,200	0.29 %	3,348,500	0.29 %
Johanson Associates	2,019,000	0.23 %	3,000,000	0.26 %
Deer Lake Club	1,992,500	0.23 %	3,041,300	0.27 %
Individual Taxpayer #2	1,992,500	0.23 %	2,666,700	0.23 %
Ask Florida, LLC	1,972,500	0.23 %	2,620,400	0.23 %
Individual Taxpayer #3	1,877,300	0.22 %	2,780,300	0.24 %
Total	\$ 43,672,200	5.01 %	\$ 42,411,600	3.71 %

Note : Individual Taxpayers listed may be different in 2018 and 2009.

A revaluation of property was effective in 2010 and 2014.

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
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-
2019	13,377,963	13,377,963	100.00 %	-0-

^a 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 Ended June 30,	<u>Governmental Activities</u>		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Capital Leases			
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
2019	180,000		180,000	0.05 %	41

^a 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.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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
2019	180,000	-0-	180,000	0.02 %	41

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

^b 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, 2018
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Boonton Township	\$ 2,576,119	100.00 %	\$ 2,576,119
Morris County General Obligation Debt	216,647,700	0.98 %	<u>2,123,592</u>
Subtotal, Overlapping Debt			4,699,711
Boonton Township School District Direct Debt			<u>180,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 4,879,711</u></u>

^a 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 2019

Equalized Valuation Basis	
2018	\$ 963,745,645
2017	924,328,209
2016	910,943,339
	\$ 2,799,017,193
Average Equalized Valuation of Taxable Property	\$ 933,005,731
Debt Limit ^a (3% of Average Equalization Value)	27,990,172
Net Bonded School Debt as of June 30, 2019	180,000
Legal Debt Margin	\$ 27,810,172

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 28,566,544	\$ 27,931,425	\$ 27,603,377	\$ 27,473,394	\$ 27,990,172
Total Net Debt Applicable to Limit	1,248,000	960,000	760,000	565,000	180,000
Legal Debt Margin	\$ 30,323,142	\$ 26,971,425	\$ 26,843,377	\$ 26,908,394	\$ 27,810,172
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.37 %	3.44 %	2.75 %	2.06 %	0.64 %

	Fiscal Year				
	2010	2011	2012	2013	2014
Debt Limit	\$ 32,686,142	\$ 32,686,142	\$ 31,066,070	\$ 29,844,395	\$ 29,850,070
Total Net Debt Applicable to Limit	2,363,000	2,363,000	2,093,000	1,823,000	1,538,000
Legal Debt Margin	\$ 30,323,142	\$ 30,323,142	\$ 28,973,070	\$ 28,021,395	\$ 28,312,070
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.23 %	7.23 %	6.74 %	6.11 %	5.15 %

^a 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 ^a	Personal Income (thousands of dollars) ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
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%
2019	4,350 **	389,781,750 ***	89,605 *	4.00%

* - Latest Morris County per capita personal income available (2018) 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 (2018) was used for calculation purposes.

Source:

^a Population information provided by the New Jersey Department of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by county provided by the New Jersey Department of Labor and Workforce Development

^d 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

		2018	2009
Employer	Employees	Percentage of Total Employment	Percentage of Total Employment
Picatinny Arsenal	6,400	N/A	6,300
Atlantic Health System	6,350	N/A	3,575
Novartis	4,607	N/A	3,573
Bayer	2,800	N/A	2,342
ADP	2,242	N/A	2,126
Wyndham Worldwide	1,907	N/A	2,019
Accenture	1,883	N/A	1,941
Honeywell	1,868	N/A	1,500
Allergan	1,700	N/A	1,500
St. Claire's Health System	1,544	N/A	1,395
Total	<u>29,423</u>	<u>N/A</u>	<u>26,271</u>

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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Instruction:										
Regular	48.00	47.00	47.00	49.00	53.00	52.12	54.00	54.00	55.00	55.00
Support Services:										
Student and Instruction Related Services	10.00	9.00	7.60	7.60	7.60	8.60	8.60	8.80	8.80	8.80
School Administrative Services	2.50	2.50	2.70	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	2.30
Business and Other Support Services	2.00	2.20	2.20	2.20	2.20	2.20	2.20	2.60	2.60	2.60
Total	<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>	<u>78.40</u>

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff ^d	Elementary				Student Attendance Percentage
						Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	% Change in Average Daily Enrollment	
2010	809	\$ 12,253,982	\$ 15,147	-0.58 %	52	1:10.23	532	511	3.10 %	96.05 %
2011	802	12,067,349	15,047	-0.66 %	52	1:9.87	513	494	-3.57 %	96.30 %
2012	753	12,369,482	16,427	9.17 %	50	1:9.87	490	473	-4.48 %	96.53 %
2013	744	13,317,779	17,900	8.97 %	49	1:9.84	482	465	-1.63 %	96.47 %
2014	728	13,338,380	18,322	2.36 %	50	1:9.50	475	461	-1.45 %	97.06 %
2015	713	13,627,625	19,126	4.39 %	49	1:9.50	454	439	-4.52 %	97.06 %
2016	724	14,094,894	19,468	1.79 %	51	1:9.50	451	437	-0.56 %	97.05 %
2017	709	14,726,892	20,771	6.69 %	51	1:9.50	448	432	-0.63 %	96.47 %
2018	692	14,950,880	21,605	4.01 %	52	1:9.50	430	413	-4.06 %	96.22 %
2019	670	15,625,949	23,322	7.95 %	52	1:9.50	408	391	-5.12 %	96.22 %

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

^b Operating expenditures equal total expenditures less debt service and capital outlay.

^c 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.

^d Teaching staff includes only full-time equivalents of certificated staff.

^e 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>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	532	513	490	482	475	451	451	444	428	410

Number of Schools at June 30, 2019
 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 #	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Rockaway Valley School	N/A	\$ 113,970	\$ 158,674	\$ 183,487	\$ 151,584	\$ 194,113	\$ 221,321	\$ 168,482	\$ 180,440	\$ 313,791	\$ 192,733
		\$ 113,970	\$ 158,674	\$ 183,487	\$ 151,584	\$ 194,113	\$ 221,321	\$ 168,482	\$ 180,440	\$ 313,791	\$ 192,733

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, 2019
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
NJ Schools Insurance Group		
Commercial Package Policy:		
Property Section:		
Real & Personal Property (per occurrence)	\$500,000,000	\$5,000
Blanket Extra Expense	50,000,000	5,000
Blanket Valuable Paper & Records	10,000,000	5,000
Demolition & Increased Cost of Construction	25,000,000	
Limited Builders Risk	10,000,000	
Fire Dept. Service Charge	10,000	
Arson Reward	10,000	
Pollution Cleanup & Removal	250,000	
Flood/Earthquake		
Flood Zone A & V	25,000,000	500,000
All Other Flood Zones	75,000,000	10,000
Earthquake	50,000,000	5,000
Terrorism	1,000,000	
Electronic Data Processing Equipment		
Blanket Hardware/Software	200,000	1,000
Flood (Deductible for Zone A & Z)		500,000
(Deductible All Other Flood Zones)		10,000
Equipment Breakdown		
Combined Single Limit/Accident for Property Damage & Business Income	100,000,000	5,000
Property Damage	Included	
Off Premises Property Damage	1,000,000	5,000
Extra Expense	10,000,000	5,000
Service Interruption	10,000,000	5,000
Perishable Goods	1,000,000	5,000
Data Restoration	1,000,000	5,000
Demolition	1,000,000	5,000
Ordinance or Law	1,000,000	5,000
Expediting Expense	1,000,000	5,000
Hazardous Substances	1,000,000	5,000
Newly Acquired Locations - 120 Days Notice	1,000,000	5,000
Liability Section:		
Comprehensive General Liability	11,000,000	None
Bodily Injury & Property Damage	11,000,000	
Products & Completed Operations	11,000,000	
Sexual Abuse	11,000,000	
Personal Injury & Advertising Injury	11,000,000	
Employee Benefit Liability	11,000,000	1,000
Premises Medical Payments	10,000 per accident 5,000 per person	
Workers Compensation:		
(A) Statutory Benefits	Included	None
(B) Employers Liability	2,000,000	None
Supplemental Coverage	Included	None
School Board Legal Liability		
Coverage A	11,000,000	5,000
Coverage B	100,000/claim 300,000/agg	5,000 5,000
Automotive Coverage:		
Bodily Injury and Property Damage Comined Single Limit	11,000,000	1,000
Personal Injury Protection	250,000	1,000
Medical Payments	10,000	
Underinsured	1,000,000	
Terrorism	1,000,000	
Garagekeepers	Included	
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
 973-298-8500 | 973-298-8501 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 8, 2019.

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.

November 8, 2019
Mount Arlington, New Jersey

NISIVOCCIA LLP



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



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-298-8500 | 973-298-8501 Fax

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

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, 2019. 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 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 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, 2019.

The Honorable President and Members
of the Board of Education
Boonton Township School District
Page 3

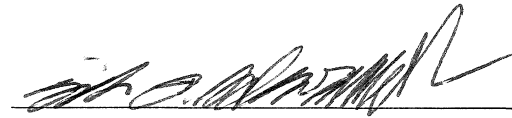
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 8, 2019
Mount Arlington, New Jersey

NISIVOCCIA 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, 2019

Federal Grantor Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) June 30, 2018	Cash Received	Budgetary Expenditures	Balance (Accounts Receivable) June 30, 2019	Amounts Provided to Subrecipients
U.S. Department of Education									
Passed-through State Department of Education:									
Special Revenue Fund:									
ESEA Consolidated Grant:									
Title II - Part A	84.278A	ESEA-0460-19	7/1/18-6/30/19	\$ 8,153		\$ 8,153	\$ (8,153)		
Title IV	84.186A	ESEA-0460-19	7/1/18-6/30/19	10,000		10,000	(10,000)		
						18,153	(18,153)		
Special Education Cluster:									
IDEA Part B, Basic	84.027	IDEA-0460-19	7/1/18-6/30/19	110,551		110,551	(110,551)		
IDEA Part B, Preschool	84.173	IDEA-0460-19	7/1/18-6/30/19	5,006		5,006	(5,006)		
Total Special Education Cluster						115,557	(115,557)		
Total Special Revenue Fund						133,710	(133,710)		
Total U.S. Department of Education						133,710	(133,710)		
Total Federal Financial Awards					\$ -0-	\$ 133,710	\$ (133,710)	\$ -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, 2019

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) June 30, 2018	Cash Received	Budgetary Expenditures	Balance June 30, 2019		Cumulative Total Expenditures
							GAAP (Accounts Receivable)	Budgetary Receivable	
State Department of Education:									
General Fund:									
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	\$ 62,787	\$ (6,149)	\$ 6,149	\$ (138,307)	\$ (13,573)	\$ 62,787	\$ 62,787
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	138,307		124,734				138,307
Special Education Categorical Aid	18-495-034-5120-089	7/1/17-6/30/18	403,507	(39,513)	39,513				403,507
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	403,507		363,911	(403,507)	(39,596)		403,507
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	13,027	(1,276)	1,276				13,027
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	13,027		11,749	(13,027)	(1,278)		13,027
PARCC Readiness Aid	18-495-034-5120-098	7/1/17-6/30/18	7,190	(704)	704				7,190
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	7,190	(704)	704				7,190
Professional Learning Commission Aid	18-495-034-5120-101	7/1/17-6/30/18	7,080	(693)	693				7,080
Extraordinary Special Education Aid	19-495-034-5120-044	7/1/18-6/30/19	228,469		198,598	(228,469)	(228,469)		228,469
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	19-495-034-5120-014	7/1/18-6/30/19	9,860		9,860	(9,860)	(9,860)		9,860
Nonpublic Transportation	18-495-034-5120-014	7/1/17-6/30/18	9,280	(9,280)	9,280				9,280
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	259,530		246,631	(259,530)	(12,899)		259,530
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	315,882		315,882	(315,882)			315,882
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	682,114		682,114	(682,114)			682,114
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	14,278		14,278	(14,278)			14,278
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	815		815	(815)			815
Total General Fund State Aid				(256,917)	2,017,031	(2,065,789)	(251,228)		2,774,448
Debt Service Fund:									
Debt Service Aid Type II	19-495-034-5120-017	7/1/18-6/30/19	48,940		48,940	(48,940)			48,940
Total Debt Service Fund					48,940	(48,940)			48,940
Total State Awards Subject to Single Audit Determination				\$ (256,917)	\$ 2,065,971	\$ (2,114,729)	\$ (251,228)	\$ (305,675)	\$ 2,823,388
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Pension System Contributions:									
On-Behalf TPAF Post Retirement Contributions	19-495-034-5094-001	7/1/18-6/30/19	\$ (315,882)			\$ 315,882			
On-Behalf TPAF Pension Contributions	19-495-034-5094-002	7/1/18-6/30/19	(682,114)			682,114			
On-Behalf TPAF Non-Contributory Insurance	19-495-034-5094-004	7/1/18-6/30/19	(14,278)			14,278			
On-Behalf TPAF Long-Term Disability Insurance	19-495-034-5094-004	7/1/18-6/30/19	(815)			815			
Subtotal - On-Behalf TPAF Pension System Contributions						1,013,089			
Total State Awards Subject to Single Audit Major Program Determination								\$ (1,013,089)	

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, 2019

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, 2019. 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 (\$5,408) for the General Fund and (\$7,397) 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		\$ 2,060,381	\$ 2,060,381
Special Revenue Fund	\$ 125,915	398	126,313
Debt Service Fund		48,940	48,940
Total Financial Awards	<u>\$ 125,915</u>	<u>\$ 2,109,719</u>	<u>\$ 2,235,634</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
(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, 2019.

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, 2019.

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019 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	19-495-034-5120-089	7/1/18-6/30/19	\$ 403,507	\$ 403,507
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	13,027	13,027

- 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, 2019

Status of Prior Year Findings:

There were no findings or questioned costs for the year ended June 30, 2018.