

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, 2020

Comprehensive Annual
Financial Report

of the

Boonton Township School District
Board of Education

Boonton Township, New Jersey

For Fiscal Year Ended June 30, 2020

Prepared by

Boonton Township School District
Board of Education

BOONTON TOWNSHIP SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

BOONTON TOWNSHIP BOARD OF EDUCATION

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School Business Administrator/ Board Secretary
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December 14, 2020

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, 2020 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 401 children during the 2019/2020 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 241 Boonton Township High School students attending Mountain Lakes High School during 2019/2020.

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 2019/2020 fiscal year with an average daily enrollment of 651 students (which includes the high school students) which is 19 students 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: The Boonton Township School District faced many challenges related to the world-wide Covid-19 Pandemic beginning in March of 2020. The District switched to a virtual environment and provided online instruction for the remainder of the school year. Employee salaries and transportation contracts for special education and regular to and from routes continued to be paid for the remainder of the school year in accordance with New Jersey law. In anticipation of returning to in-person instruction which never came, the district purchased higher than normal amounts of hand sanitizer, personal protective equipment, cleaning and disinfecting supplies and equipment, new hands free towel dispensers, social distancing signage and acrylic sneeze guards for classrooms and offices. Beginning on March 16, 2020, the District switched to a virtual learning environment as per the Governor's executive order for the remainder of the school year. Despite the challenges of the pandemic and the lack of guidance from the Governor's office and the New Jersey Department of Education, the District adapted to the "new norm" with the anticipation that in-person instruction would resume before the end of the school year. Unfortunately that return to school never came. The District purchased more than 200 Chromebooks to provide students with offsite access to the new virtual learning environment in order to bridge the digital divide. Due to the unanticipated world-wide demand for these items and the closure of manufacturing facilities and distribution streams, suppliers anticipated that Chromebooks would not be available until at least November or December of 2020. Prior to March 16, 2020, Rockaway Valley School continued to provide 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. Math and literacy programs implemented in the past few years continued to be expanded. A blended education course is offered to select students in 7th and 8th grade mathematics, which provides enrichment in both Algebra I and Geometry. The emphasis on infusing literacy in the classroom continues to 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 and continues to focus on implementing the Kim Marshall teacher evaluation program and the Genesis student database program. This effort is expected to continue into the next year. The District continues to provide Google Suite training to staff to enhance the infusion of Google into typical classroom instruction. The District continues its commitment to go paperless with all Board of Education members receiving their agenda information and correspondence through their designated Google accounts. With each passing year, additional information and forms are made available to parents 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 NJSLA 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 "specials" class continues to be 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 and facility items were addressed during the 2019/2020 school year. The front display sign was replaced with a new digital LED model to provide the school community with vital school information, student recognition and upcoming events. New LED parking lot lighting was installed to provide employees and visitors with safer passage after dark. Additional video security cameras were added to increase the security coverage in the building. A new "Share 911" online notification system was purchased to provide the administration and staff with a "real time" notification system in the event of building emergencies or intruders which is linked directly to local law enforcement. All wall padding in the Upper and Lower Gyms was replaced to provide an added level of safety for students and athletes. Several electrical circuits and HVAC systems were either replaced or upgraded as needed. With the retirement of the district's long-term debt, a major focus in the coming years will be to plan for a referendum to address the building envelope including electrical, HVAC systems, air conditioning and roof 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, 2020.

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.

The Honorable President and Members
of the Board of Education
Boonton Township School District
Page 5
December 14, 2020

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,

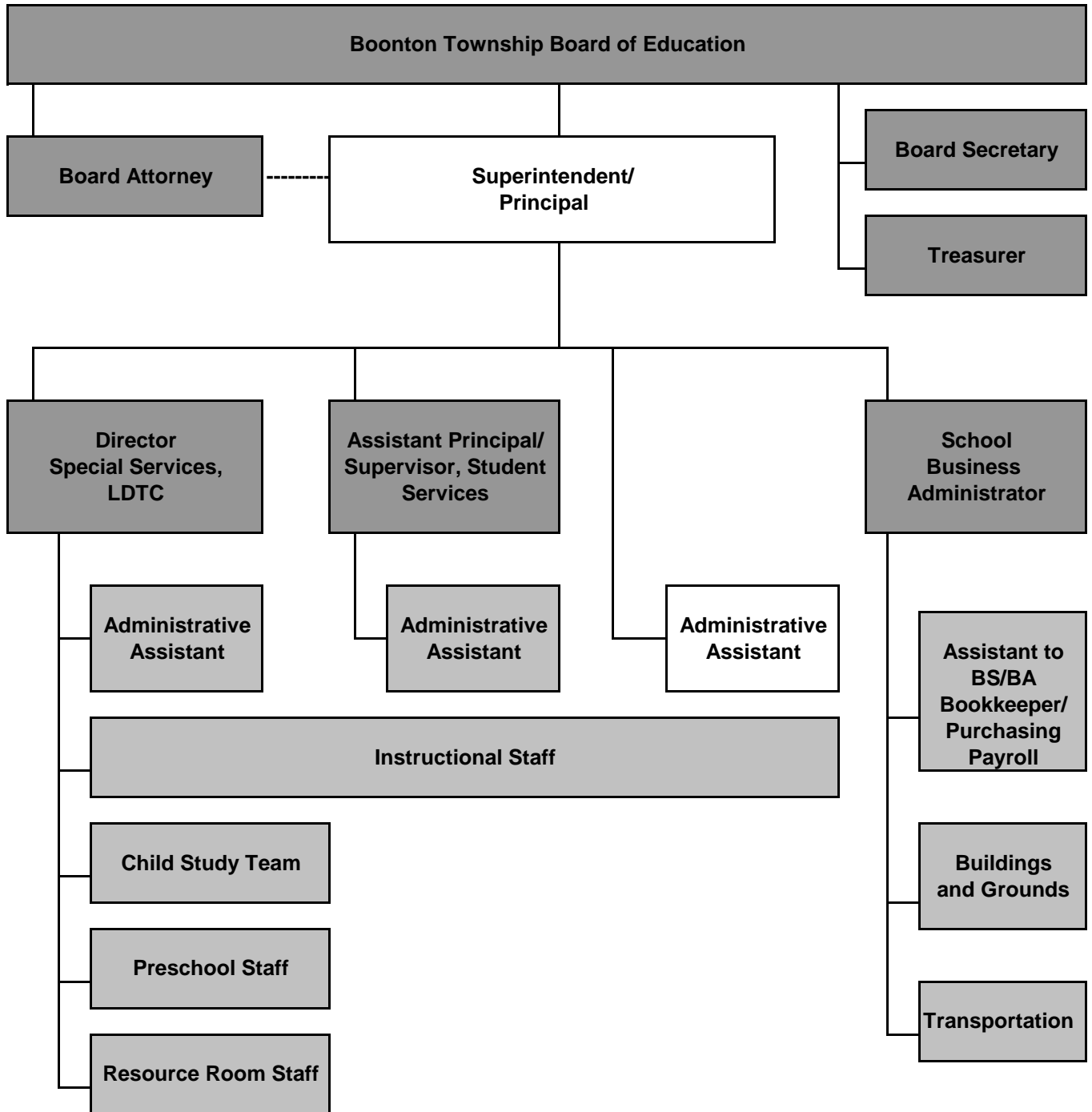


Christian Angelillo, Ed.D.
Superintendent/ Principal



John T. Murray II, RSBA
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, 2020
(Continued)

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Barry Brantner, President	2022
Christine Cabana, Vice President	2020
Ann Benvolato	2021
Charles Eaton	2022
Jonathan LeVar	2021
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, 2020

Audit Firm

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Special Education Attorney

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Schenck, Price, Smith & King, LLP
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Florham Park, NJ 07003

Bond Attorney

Lisa A. Gorab, Esq.
Wilentz, Goldman, Spitzer
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Woodbridge, NJ 07095

Architect of Record

GA Architect
151 Washington Street
Bloomfield, NJ 07003

Official Depositories

Bank of America
Powerville Road
Boonton Township, NJ 07005

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

FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Boonton Township School District (the "District") in the County of Morris, as of and for the fiscal year ended June 30, 2020, 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, 2020, 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 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 December 14, 2020 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.

December 14, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION -
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management’s Discussion and Analysis
For Fiscal Year Ended June 30, 2020**

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, 2020. 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**

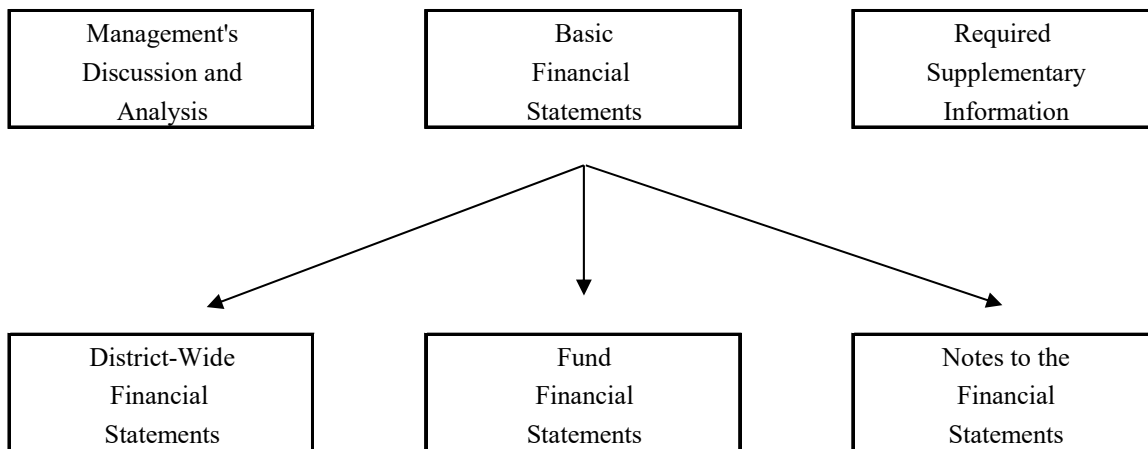


Figure A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis highlights that structure and contents 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 combined net position was \$(724,206) on June 30, 2020, \$321,980 or 30.78% higher than the year before. (See Figure A-3). The net position of the governmental activities increased \$325,977 and net position from business-type activities decreased by \$3,997.

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total
							Percentage
	2020	2019	2020	2019	2020	2019	Change
Current and Other Assets	\$ 2,080,116	\$ 1,875,329	\$ 2,677	\$ 5,690	\$ 2,082,793	\$ 1,881,019	
Capital Assets, Net	152,629	122,806	11,738	12,722	164,367	135,528	
Total Assets	<u>2,232,745</u>	<u>1,998,135</u>	<u>14,415</u>	<u>18,412</u>	<u>2,247,160</u>	<u>2,016,547</u>	11.44%
Deferred Outflows of Resources	513,154	744,647			513,154	744,647	-31.09%
Other Liabilities	254,467	226,818			254,467	226,818	
Long-Term Liabilities	2,421,831	2,786,854			2,421,831	2,786,854	
Total Liabilities	<u>2,676,298</u>	<u>3,013,672</u>			<u>2,676,298</u>	<u>3,013,672</u>	-11.19%
Deferred Inflows of Resources	808,222	793,708			808,222	793,708	1.83%
Net Position:							
Net Investment in Capital							
Assets/(Deficit)	152,629	(57,194)	11,738	12,722	164,367	(44,472)	
Restricted	906,359	999,220			906,359	999,220	
Unrestricted/(Deficit)	<u>(1,797,609)</u>	<u>(2,006,624)</u>	<u>2,677</u>	<u>5,690</u>	<u>(1,794,932)</u>	<u>(2,000,934)</u>	
Total Net Position/(Deficit)	<u>\$ (738,621)</u>	<u>\$ (1,064,598)</u>	<u>\$ 14,415</u>	<u>\$ 18,412</u>	<u>\$ (724,206)</u>	<u>\$ (1,046,186)</u>	30.78%

Changes in net position. Net investment in capital assets increased by \$208,839, primarily due to the maturity of \$180,000 of serial bonds payable and \$86,476 in capital assets additions; offset by \$57,637 in depreciation expense. Restricted net position decreased by \$92,861 mainly due to a decrease in excess surplus. Unrestricted net position increased by \$206,002, primarily due to an increase in encumbrances and the changes in net pension liability and related deferred outflows and inflows of resources.

Figure A-4

Changes in Net Position from Operating Results

	Governmental		Business-Type		Total		Total Percentage Change
	Activities		Activities		School District		
	2020	2019	2020	2019	2020	2019	
Revenue:							
Program Revenue:							
Charges for Services	\$ 79,161	\$ 58,350	\$ 7,192	\$ 3,150	\$ 86,353	\$ 61,500	
Operating Grants and Contributions	2,834,043	3,298,443			2,834,043	3,298,443	
General Revenue:							
Property Taxes	13,629,010	13,377,963			13,629,010	13,377,963	
Unrestricted Federal and State Aid	57,756	64,066			57,756	64,066	
Other	57,240	100,692			57,240	100,692	
Total Revenue	16,657,210	16,899,514	7,192	3,150	16,664,402	16,902,664	-1.41%
Expenses:							
Instruction	6,672,595	7,260,286			6,672,595	7,260,286	
Tuition	5,642,389	5,548,571			5,642,389	5,548,571	
Pupil & Instruction Services	1,238,279	1,355,568			1,238,279	1,355,568	
Administrative and Business	1,075,324	1,069,816			1,075,324	1,069,816	
Maintenance & Operations	768,046	780,485			768,046	780,485	
Transportation	926,532	812,440			926,532	812,440	
Other	8,068	47,252	11,189	8,790	19,257	56,042	
Total Expenses	16,331,233	16,874,418	11,189	8,790	16,342,422	16,883,208	-3.20%
Increase/(Decrease) in Net Position	\$ 325,977	\$ 25,096	\$ (3,997)	\$ (5,640)	\$ 321,980	\$ 19,456	1554.91%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased by approximately \$325,977 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 Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	\$ 6,672,595	\$ 7,260,286	\$ 4,164,972	\$ 4,448,916
Tuition	5,642,389	5,548,571	5,642,389	5,548,571
Pupil & Instruction Services	1,238,279	1,355,568	1,066,973	1,120,088
Administrative and Business	1,075,324	1,069,816	981,762	958,966
Maintenance & Operations	768,046	780,485	768,046	780,485
Transportation	926,532	812,440	785,819	671,697
Other	8,068	47,252	8,068	47,252
Total	\$ 16,331,233	\$ 16,874,418	\$ 13,418,029	\$ 13,575,975

Business-Type Activities

Net position from the District's business-type activity decreased by \$3,997. The revenues for charges for services increased by \$4,042 from the prior year; however, costs increased by \$2,399 from the prior year. (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. The District has also reduced its level of using surplus to reduce the tax levy. As overall revenue for the District is strained, the amount of funds generated for this purpose likewise decreases. The ratables in the municipality of the District have not significantly changed, thus generating concern for the local tax levy in the future.

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

General Fund Budgetary Highlights

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

Capital Asset and Long-Term Liabilities Administration

Figure A-6
Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020	2019	2020	2019	2020	2019	
Machinery and Equipment	\$ 152,629	\$ 122,806	\$ 11,738	\$ 12,722	\$ 164,367	\$ 135,528	
Total	\$ 152,629	\$ 122,806	\$ 11,738	\$ 12,722	\$ 164,367	\$ 135,528	21.28%

During the fiscal year, the District acquired \$86,476 in equipment, and depreciated \$57,637 of its capital assets.

Long-Term Liabilities

At year-end, the District had \$2,421,831 in net pension liability and other long-term liabilities outstanding – a decrease of \$365,023 from last year due primarily to the decrease in general obligation bonds and 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 Change
	2020	2019	
General Obligation Bonds (Financed with Property Taxes)		\$ 180,000	
Net Pension Liability	\$ 2,200,440	2,374,355	
Other Long Term Liabilities	221,391	232,499	
Total	\$ 2,421,831	\$ 2,786,854	-13.10%

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, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 923,102	\$ 2,677	\$ 925,779
Receivables from State Government	297,819		297,819
Restricted Cash and Cash Equivalents	859,195		859,195
Depreciable Capital Assets, Net	152,629	11,738	164,367
Total Assets	<u>2,232,745</u>	<u>14,415</u>	<u>2,247,160</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	<u>513,154</u>		<u>513,154</u>
Total Deferred Outflows of Resources	<u>513,154</u>		<u>513,154</u>
<u>LIABILITIES</u>			
Accounts Payable - Vendors	254,467		254,467
Noncurrent Liabilities:			
Due Within One Year	17,000		17,000
Due Beyond One Year	2,404,831		2,404,831
Total Liabilities	<u>2,676,298</u>		<u>2,676,298</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	<u>808,222</u>		<u>808,222</u>
Total Deferred Outflows of Resources	<u>808,222</u>		<u>808,222</u>
<u>NET POSITION/(Deficit)</u>			
Net Investment in Capital Assets	152,629	11,738	164,367
Restricted for:			
Capital Projects	508,445		508,445
Maintenance	350,750		350,750
Excess Surplus	47,164		47,164
Unrestricted/(Deficit)	<u>(1,797,609)</u>	<u>2,677</u>	<u>(1,794,932)</u>
Total Net Position/(Deficit)	<u>\$ (738,621)</u>	<u>\$ 14,415</u>	<u>\$ (724,206)</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, 2020

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	\$ 5,259,075	\$ 76,693	\$ 1,336,495	\$ (3,845,887)		\$ (3,845,887)
Special Education	1,118,822		1,020,609	(98,213)		(98,213)
Other Special Instruction	156,937		39,744	(117,193)		(117,193)
School Sponsored/Other Instruction	137,761		34,082	(103,679)		(103,679)
Support Services:						
Tuition	5,642,389			(5,642,389)		(5,642,389)
Student & Instruction Related Services	1,238,279		171,306	(1,066,973)		(1,066,973)
General Administrative Services	325,564			(325,564)		(325,564)
School Administrative Services	460,665		93,562	(367,103)		(367,103)
Central Services	261,410			(261,410)		(261,410)
Administration Information Technology	27,685			(27,685)		(27,685)
Plant Operations and Maintenance	768,046			(768,046)		(768,046)
Pupil Transportation	926,532	2,468	138,245	(785,819)		(785,819)
Capital Outlay	868			(868)		(868)
Interest on Long-Term Debt	7,200			(7,200)		(7,200)
Total Governmental Activities	16,331,233	79,161	2,834,043	(13,418,029)		(13,418,029)
Business-Type Activities:						
Food Service	11,189	7,192			\$ (3,997)	(3,997)
Total Business-Type Activities	11,189	7,192			(3,997)	(3,997)
Total Primary Government	\$ 16,342,422	\$ 86,353	\$ 2,834,043	\$ (13,418,029)	\$ (3,997)	\$ (13,422,026)

General Revenues:

Taxes:						
Property Taxes, Levied for General Purposes, Net			\$ 13,486,545			\$ 13,486,545
Taxes Levied for Debt Service			142,465			142,465
Federal and State Aid Not Restricted			57,756			57,756
Miscellaneous Income			57,240			57,240
Total General Revenue			13,744,006			13,744,006
Change in Net Position			325,977	\$ (3,997)		321,980
Net Position/(Deficit) - Beginning			(1,064,598)		18,412	(1,046,186)
Net Position/(Deficit) - Ending			\$ (738,621)	\$ 14,415		\$ (724,206)

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, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 923,102			\$ 923,102
Receivables From Federal Government		\$ 22,092		22,092
Receivables From State Government	275,727			275,727
Interfund Receivable	22,092			22,092
Restricted Cash and Cash Equivalents	859,195			859,195
Total Assets	\$ 2,080,116	\$ 22,092	\$ -0-	\$ 2,102,208
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable - Vendors	\$ 120,755			\$ 120,755
Interfund Payable - General Fund		\$ 22,092		22,092
Total Liabilities	120,755	22,092		142,847
Fund Balances:				
Restricted:				
Capital Reserve	508,445			508,445
Maintenance Reserve	350,750			350,750
Excess Surplus - 2020-2021	47,164			47,164
Assigned:				
Other Purposes	336,248			336,248
Designated for Subsequent Year's Expenditures	276,823			276,823
Unassigned	439,931			439,931
Total Fund Balances	1,959,361			1,959,361
Total Liabilities and Fund Balances	\$ 2,080,116	\$ 22,092	\$ -0-	\$ 2,102,208

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

Total Fund Balances (Above)	\$ 1,959,361
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	152,629
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(2,200,440)
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	379,442
Deferred Inflows	(808,222)
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.	(221,391)
Net Position/ (Deficit) of Governmental Activities (Exhibit A-1)	\$ (738,621)

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, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 13,486,545		\$ 142,465	\$ 13,629,010
Tuition	76,693			76,693
Transportation Fees from Individuals	2,468			2,468
Miscellaneous	57,240			57,240
Total - Local Sources	13,622,946		142,465	13,765,411
State Sources	2,180,739		44,735	2,225,474
Federal Sources		\$ 140,235		140,235
Total Revenue	15,803,685	140,235	187,200	16,131,120
EXPENDITURES:				
Current:				
Regular Instruction	2,845,329	121,807		2,967,136
Special Education Instruction	668,702	18,428		687,130
Other Special Instruction	82,767			82,767
School Sponsored/Other Instruction	79,346			79,346
Support Services and Undistributed Costs:				
Tuition	5,642,389			5,642,389
Student & Instruction Related Services	885,973			885,973
General Administrative Services	281,768			281,768
School Administrative Services	273,203			273,203
Central Services	199,454			199,454
Administration Information Technology	25,474			25,474
Plant Operations and Maintenance	648,503			648,503
Pupil Transportation	901,569			901,569
Unallocated Benefits	3,001,288			3,001,288
Debt Service:				
Principal			180,000	180,000
Interest and Other Charges			7,200	7,200
Capital Outlay	90,343			90,343
Total Expenditures	15,626,108	140,235	187,200	15,953,543
Net Change in Fund Balances	177,577			177,577
Fund Balance - July 1	1,781,784	-0-	-0-	1,781,784
Fund Balance - June 30	\$ 1,959,361	\$ -0-	\$ -0-	\$ 1,959,361

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, 2020

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)	\$	177,577
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in the 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 capital outlays exceeded depreciation in the period.		
Depreciation Expense	\$	(56,653)
Capital Outlays		86,476
		29,823
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		173,915
Change in Deferred Outflows		(231,932)
Change in Deferred Inflows		(14,514)
In the Statement of Activities, certain operating expenses, e.g., compensated absences 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 a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(4,654)
Repayment of debt service principal and other long-term obligation 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.		195,762
Change in Net Position of Governmental Activities (Exhibit A-2)	\$	325,977

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, 2020

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 2,677
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Total Current Assets	2,677
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Non-Current Assets:

Capital Assets	27,068
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Less: Accumulated Depreciation	(15,330)
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Total Non-Current Assets	11,738
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Total Assets	14,415
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NET POSITION:

Investment in Capital Assets	11,738
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Unrestricted	2,677
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Total Net Position	\$ 14,415
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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, 2020

Operating Revenue:	
Local Sources:	
Daily Sales:	
Non-Reimbursable Programs	\$ 7,192
	<hr/>
Total Operating Revenue	7,192
	<hr/>
Operating Expenses:	
Cost of Sales - Non-Reimbursable Programs	10,205
Depreciation Expense	984
	<hr/>
Total Operating Expenses	11,189
	<hr/>
Change in Net Position	(3,997)
	<hr/>
Net Position - Beginning of Year	18,412
	<hr/>
Net Position - End of Year	<u>\$ 14,415</u>

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

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 7,192
Payments to Suppliers	<u>(10,205)</u>
Net Cash Used for Operating Activities	<u>(3,013)</u>
Net Decrease in Cash and Cash Equivalents	(3,013)
Cash and Cash Equivalents, July 1	<u>5,690</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 2,677</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (3,997)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	<u>984</u>
Net Cash used for Operating Activities	<u><u>\$ (3,013)</u></u>

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

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 120,242	\$ 27,453	\$ 4,872
Total Assets	<u>120,242</u>	<u>27,453</u>	<u>4,872</u>
<u>LIABILITIES:</u>			
Payroll Deductions and Withholdings	74,199		
Due to Student Groups	<u>46,043</u>		
Total Liabilities	<u>120,242</u>		
<u>NET POSITION:</u>			
Held in Trust for Unemployment Claims		27,453	
Restricted for Flexible Spending Claims			<u>4,872</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 27,453</u>	<u>\$ 4,872</u>

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, 2020

	Unemployment Compensation Trust	Flexible Spending Trust
	<u> </u>	<u> </u>
ADDITIONS:		
Contributions:		
Plan Members	\$ 16,866	\$ 21,800
Total Contributions	<u>16,866</u>	<u>21,800</u>
Investment Earnings:		
Interest	131	
Net Investment Earnings	<u>131</u>	
Total Additions	<u>16,997</u>	<u>21,800</u>
DEDUCTIONS:		
Unemployment Contribution Payments	18,340	
Flexible Spending Claims		19,825
Administration Expenses		1,751
Total Deductions	<u>18,340</u>	<u>21,576</u>
Change in Net Position	(1,343)	224
Net Position - Beginning of the Year	<u>28,796</u>	<u>4,648</u>
Net Position - End of the Year	<u>\$ 27,453</u>	<u>\$ 4,872</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, 2020

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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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.

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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements: (Cont'd)

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.

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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

C. Measurement Focus and Basis of Accounting: (Cont'd)

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.

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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,808,147	\$ 140,566
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		7,795
Current Year Encumbrances		(8,126)
Prior Year State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Statements	54,447	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(58,909)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 15,803,685	\$ 140,235
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,626,108	\$ 140,566
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		7,795
Current Year Encumbrances		(8,126)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 15,626,108	\$ 140,235

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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.

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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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, 2020.

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.

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

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

K. Capital Assets (Cont'd):

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, 2020.

N. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. 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, 2020
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$1,959,361 General Fund fund balance at June 30, 2020, \$336,248 is assigned for year-end encumbrances; \$276,823 is assigned and has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2021; \$508,445 is restricted in the capital reserve account; \$350,750 is restricted in the maintenance reserve account; \$47,164 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended (\$47,164 is prior fiscal year excess surplus and is included as anticipated revenue for the fiscal year ending June 30, 2021); and \$439,931 is unassigned fund balance (which is \$58,909 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, 2021).

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2020 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.

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

Q. Deficit Net Position:

The District has a deficit in unrestricted net position of \$1,797,609 in unrestricted net position in the Governmental activities as of June 30, 2020 primarily due to compensated absences payable, ERIP liability, net pension liability and the related deferred inflows and outflows of resources. This deficit does 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, 2020 for changes in assumption and proportion in pension, the difference between expected and actual experience in pensions, the net difference between and the district contribution subsequent to measurement date in pensions.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

R. Net Position (Cont'd):

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, 2020.

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 2020/2021 budget and year-end encumbrances at June 30, 2020.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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 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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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.

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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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;
- (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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

Investments: (Cont'd)

- (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.

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	Restricted		Unrestricted	
	Cash and Cash Equivalents		Cash and	
	Capital	Maintenance	Cash	Total
	Reserve	Reserve	Equivalents	
Checking & Savings Accounts	\$ 508,445	\$ 350,750	\$ 847,504	\$ 1,706,699
NJ Cash Management Fund			230,842	230,842
	<u>\$ 508,445</u>	<u>\$ 350,750</u>	<u>\$ 1,078,346</u>	<u>\$ 1,937,541</u>

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020 was \$1,937,541 and the bank balance was \$2,801,675. The \$230,842 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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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, 2019 to June 30, 2020 fiscal year is as follows:

Balance at June 30, 2019	\$ 508,445
Balance at June 30, 2020	<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, 2020.

NOTE 5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Balance</u> <u>6/30/2019</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Balance</u> <u>6/30/2020</u>
Governmental Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 1,867,191			\$ 1,867,191
Machinery and Equipment	<u>1,070,001</u>	\$ 86,476		<u>1,156,477</u>
Total Capital Assets Being Depreciated	<u>2,937,192</u>	<u>86,476</u>		<u>3,023,668</u>
Governmental Activities Capital Assets	<u>2,937,192</u>	<u>86,476</u>		<u>3,023,668</u>
Less Accumulated Depreciated for:				
Buildings and Building Improvements	(1,867,191)			(1,867,191)
Machinery and Equipment	<u>(947,195)</u>	<u>(56,653)</u>		<u>(1,003,848)</u>
Total Accumulated Depreciation	<u>(2,814,386)</u>	<u>(56,653)</u>		<u>(2,871,039)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 122,806</u>	<u>\$ 29,823</u>	<u>\$ -0-</u>	<u>\$ 152,629</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 27,068			\$ 27,068
Less Accumulated Depreciation	<u>(14,346)</u>	\$ (984)		<u>(15,330)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,722</u>	<u>\$ (984)</u>	<u>\$ -0-</u>	<u>\$ 11,738</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$	21,059
Special Education Instruction		5,013
Student & Instructional Related Services		7,019
General Administration		2,005
School Administration		2,005
Central Services		1,504
Admin Information Technology		501
Operations and Maintenance of Plant		11,531
Transportation		6,016
	<u>\$</u>	<u>56,653</u>

NOTE 6: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, the District transferred \$24,348 to the capital outlay accounts for equipment which did not require approval of the County Superintendent.

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 two years. Future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 9,540
2022	5,565
Total Future Minimum Lease Payments	<u>\$ 15,105</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2020, the following changes occurred in liabilities reported in the district-wide financial statements:

	<u>Balance</u> <u>06/30/19</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance</u> <u>06/30/20</u>
Bonds Payable	\$ 180,000		\$ 180,000	
Net Pension Liability	2,374,355		173,915	\$ 2,200,440
Compensated Absences Payable	198,687	\$ 15,143	10,489	203,341
ERIP Accrued Liability	33,812		15,762	18,050
	<u>\$ 2,786,854</u>	<u>\$ 15,143</u>	<u>\$ 380,166</u>	<u>\$ 2,421,831</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 8. LONG TERM LIABILITIES (Cont'd)

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 liquidated its bond payable during the current year and has no outstanding as of June 30, 2020.

B. Bonds Authorized But Not Issued:

As of June 30, 2020, 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 \$203,341. 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, 2020 is \$-0- and the long-term portion is \$2,200,440. 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
2021	\$ 18,050
	\$ 18,050

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.

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 tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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/annual-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. The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to 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 will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$119,089 for 2020. The employee contribution rate was 7.50% effective July 1, 2018.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

At June 30, 2020, the District's liability was \$2,200,440 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.0122%, which was a decrease of 0.0001% from its proportion measured as of June 30, 2018.

For the fiscal year ended June 30, 2020, the District recognized actual pension expense in the amount of \$191,317. At June 30, 2020, the District reported deferred outflows and 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	\$ 5,815	
	2015	5.72	35,957	
	2016	5.57	177,950	
	2017	5.48		\$ 315,881
	2018	5.63		255,261
	2019	5.21		192,624
			<u>219,722</u>	<u>763,766</u>
Difference Between Expected and Actual Experience	2015	5.72	9,976	
	2016	5.57	5,400	
	2017	5.48	9,395	
	2018	5.63		9,721
	2019	5.21	14,724	
			<u>39,495</u>	<u>9,721</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		(40,614)
	2017	5.00		48,740
	2018	5.00		33,902
	2019	5.00		(7,293)
				<u>34,735</u>
Changes in Proportion	2014	6.44	8,392	
	2015	5.72	25,816	
	2016	5.57	21,378	
	2017	5.48	31,421	
	2018	5.63	5,190	
	2019	5.21	28,028	
			<u>120,225</u>	
District Contribution Subsequent to the Measurement Date	2019	1.00	133,712	
			<u>\$ 513,154</u>	<u>\$ 808,222</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense, and Deferred Outflows and 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
2020	\$ (63,539)
2021	(206,118)
2022	(184,052)
2023	(86,422)
2024	(8,874)
	\$ (549,005)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00 – 6.00% based on years of service
Thereafter	3.00 – 7.00% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019) 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Management Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equit	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 on 100% of actuarially determined contributions for the local employers. 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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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, 2019 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, 2019		
	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 2,798,849	\$ 2,200,440	\$ 1,724,402

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/annual-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. 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, 2020
(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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, 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 2020, the State of New Jersey contributed \$758,645 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$1,255,430.

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

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$21,284,733. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. 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, 2019, the District's proportion was 0.034%, which was a decrease of 0.002% from its proportion measured as of June 30, 2018.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Pension Liabilities, Pension Expense, and Deferred Outflows and 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	<u>21,284,733</u>
Total	<u>\$ 21,284,733</u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$1,255,430 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

The State reported collective deferred outflows and inflows of resources (excluding employer specific amounts) 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	8.5	\$ 768,874,621	
	2015	8.3	2,351,172,865	
	2016	8.3	5,609,216,856	
	2017	8.3		\$ 8,483,527,374
	2018	8.29		5,172,258,445
	2019	8.04		3,507,345,617
			<u>8,729,264,342</u>	<u>17,163,131,436</u>
Difference Between Expected and Actual Experience	2014	8.5		7,323,009
	2015	8.3	145,211,243	
	2016	8.3		69,755,412
	2017	8.3	150,939,884	
	2018	8.29	907,352,137	
	2019	8.04		136,265,890
			<u>1,203,503,264</u>	<u>213,344,311</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5		(431,855,192)
	2017	5		452,016,524
	2018	5		288,091,115
	2019	5		(144,882,771)
			<u>163,369,676</u>	
			<u>\$ 9,932,767,606</u>	<u>\$ 17,539,845,423</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2020	\$ (272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	(2,402,153,865)
	\$ (7,607,077,817)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 – 4.45% based on years of service
Thereafter	2.75 – 5.65% based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (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, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment 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, 2019 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 Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
U.S. Equity	28.00%	8.26%
Non-U.S. Developed Market Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 on 70% of the actuarially determined contributions for the State. 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 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2019 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:

	June 30, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net			
Pension Liability Associated with the District	\$ 25,099,411	\$ 21,284,733	\$ 18,119,754

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 TPAF, 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 \$2,852 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$4,053 for the fiscal year ended June 30, 2020.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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

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, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018.

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%		
			TPAF/ABP	PERS
Salary Increases:				
Through 2026			1.55 - 3.05%	2.00 - 6.00%
			based on service	based on service
			years	years
Thereafter			1.55 - 3.05%	3.00 - 7.00%
			based on service	based on service
			years	years

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 – June 30, 2018 for TPAF and PERS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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)

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	Total OPEB Liability
Balance at June 30, 2018	\$15,446,405
Service Cost	564,405
Interest on the Total OPEB Liability	611,817
Difference Between Expected and Actual Experience	(2,755,153)
Changes of Assumptions	203,734
Member Contributions	12,434
Gross Benefit Payments by the State	(419,450)
Net Changes	(1,782,213)
Balance at June 30, 2019	\$ 13,664,192

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, 2019, 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, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
	Total OPEB Liability Attributable to the District	\$ 16,142,810	\$ 13,664,192

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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)

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, 2019, 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, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 11,258,685	\$ 13,664,192	\$ 16,848,589

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$315,793 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, 2019 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	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,590,789
	2018	9.51		1,368,293
	2019	9.29	\$ 181,804	2,959,082
			181,804	2,959,082
Differences Between Expected and Actual Experience	2018	9.51		1,293,463
	2019	9.29		2,139,840
				3,433,303
Changes in Proportion	N/A	N/A	294,317	429,492
			\$ 476,121	\$ 6,821,877

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(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)

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
2020	\$ (833,859)
2021	(833,861)
2022	(833,861)
2023	(833,861)
2024	(833,861)
Thereafter	(2,041,278)
	\$ (6,210,581)

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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

Each member appoints an official to represent their respective district for the purpose of creating a governing body from which officers for the NJSIG are elected.

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

Selected financial information for the NJSIG as of June 30, 2020 is as follows:

Total Assets	\$ 384,022,002
Net Position	\$ 139,233,105
Total Revenue	\$ 144,445,665
Total Expenses	\$ 113,037,156
Change in Net Position	\$ 31,408,509
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:

Fiscal Year	District Contributions	Employee Contributions and Interest	Amount Reimbursed	Ending Balance
2019/2020	\$ -0-	\$ 16,997	\$ 18,340	\$ 27,453
2018/2019	-0-	6,207	619	28,796
2017/2018	-0-	21,529	25,017	23,208

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

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.

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, 2020, 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
\$ 336,248	\$ 8,126	\$ 344,374

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 15. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2020, \$0 is assigned for year-end encumbrances in the Special Revenue Fund, which is \$8,126 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.

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, 2019 to June 30, 2020 fiscal year is as follows:

Balance at June 30, 2019	<u>\$ 350,750</u>
Balance at June 30, 2020	<u><u>\$ 350,750</u></u>

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District’s Governmental Funds as of June 30, 2020 consisted of the following:

	Governmental Funds	District Contribution Subsequent to the Measurement Date	Total Governmental Activities
	General Fund		
Vendors	\$ 120,755		\$ 120,755
State of New Jersey		\$ 133,712	133,712
	\$ 120,755	\$ 133,712	\$ 254,467

NOTE 18. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District’s normal financial operations. Though the impact on the District’s operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District’s state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey.

Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District’s 2020-21 budget related to COVID-19.

Additionally, the District’s cash flow in the Governmental Funds may be affected by the timing of the collection of the District’s tax levy as well as certain State aid payments.

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 SIX FISCAL YEARS

	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	\$ 704,653	\$ 799,336	\$ 820,322	\$ 805,456
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	272.55%	317.99%	422.59%	347.48%
Plan fiduciary net position as a percentage of the total pension liability for the local group	52.08%	47.93%	40.14%	48.10%
				276.50%
				\$ 2,374,355
				\$ 858,725
				\$ 2,200,440
				\$ 858,463
				256.32%
				53.60%
				56.27%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 85,196	\$ 97,348	\$ 104,691	\$ 114,642	\$ 120,323	\$ 119,089
Contributions in relation to the contractually required contribution	(85,196)	(97,348)	(104,691)	(114,642)	(120,323)	(119,089)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 799,336	\$ 820,322	\$ 805,456	\$ 858,725	\$ 858,463	\$ 879,326
Contributions as a percentage of covered employee payroll	10.66%	11.87%	13.00%	13.35%	14.02%	13.54%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.0345934377%	0.0361999168%	0.0356519581%	0.0334630139%	0.0367784558%	0.0346821008%
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	\$ 21,284,733
District's covered employee payroll	\$ 3,493,986	\$ 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	529.17%	662.56%	767.61%	616.89%	614.08%	565.69%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.23%	25.41%	26.49%	26.95%

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 994,885	\$ 1,397,023	\$ 2,107,274	\$ 1,562,978	\$ 1,364,002	\$ 1,255,430
Contributions in relation to the contractually required contribution	(195,710)	(285,443)	(363,232)	(541,617)	(682,114)	(758,645)
Contribution deficiency/(excess)	<u>\$ 799,175</u>	<u>\$ 1,111,580</u>	<u>\$ 1,744,042</u>	<u>\$ 1,021,361</u>	<u>\$ 681,888</u>	<u>\$ 496,785</u>
District's covered employee payroll	\$ 3,453,257	\$ 3,653,694	\$ 3,657,373	\$ 3,810,206	\$ 3,762,618	\$ 3,809,200
Contributions as a percentage of covered employee payroll	5.67%	7.81%	9.93%	14.21%	18.13%	19.92%

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 CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Years Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 815,318	\$ 676,143	\$ 564,405
Interest Cost	560,489	648,472	611,817
Difference Between Expected and Actual Experience		(1,342,126)	(2,755,153)
Changes in Assumptions	(2,393,447)	(1,772,552)	203,734
Member Contributions	15,041	14,275	12,434
Gross Benefit Payments	(408,469)	(413,031)	(419,450)
Net Change in Total OPEB Liability	(1,411,068)	(2,188,819)	(1,782,213)
Total OPEB Liability - Beginning	19,046,292	17,635,224	15,446,405
Total OPEB Liability - Ending	\$ 17,635,224	\$ 15,446,405	\$ 13,664,192
District's Covered Employee Payroll *	\$ 4,474,016	\$ 4,462,829	\$ 4,668,931
Total OPEB Liability as a Percentage of Covered Employee Payroll	394%	346%	293%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 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, 2018.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.66% as of June 30, 2018 to 6.28% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%.

The inflation rate was 2.25% as of June 30, 2018. As of June 30, 2019, the inflation rate was as follows – Price – 2.75% and Wage – 3.25%. The salary increases as of June 30, 2018 were as follows: Through 2026 – 1.65% - 4.15% based on age and Thereafter – 2.65% - 5.15% based on age. The salary increases as of June 30, 2019 are as follows: Through 2026 – 2.00% - 6.00% based on years of service and Thereafter – 3.00% - 7.00% based on years of service.

The July 1, 2017 actuarial valuation utilized the following mortality rate assumptions:

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 plan actuary's modified MP-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 July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 4.86% as of June 30, 2018 to 5.60% as of June 30, 2019. The municipal bond rate changed from 3.87% to 3.50%. The inflation rate as of June 30, 2018 was 2.25%. The inflation rate as of June 30, 2019 was as follows: Price – 2.75% and Wage – 3.25%.

The salary increases in the July 1, 2018 valuation were as follows: Through 2026 - 1.55 – 4.45% based on years of service and thereafter - 2.75 – 5.65% based on years of service. The salary increases in the July 1, 2017 valuation were as follows: 2011-2026 – 1.55% - 4.55% and thereafter – 2% - 5.45%.

The mortality rates utilized in the July 1, 2018 valuation were as follows: Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019.

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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

C. State Health Benefit Local Education Retired Employees OPEB Plan (Cont'd)

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

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 Healthy 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 mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Post-retirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.

The health care trend rates in the valuation as of June 30, 2018 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.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.7% and decreases to a 4.5% long term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2020 is reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BUDGETARY COMPARISON SCHEDULES

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,486,545		\$ 13,486,545	\$ 13,486,545	
Tuition	70,000		70,000	76,693	\$ 6,693
Transportation Fees from Individuals				2,468	2,468
Interest Earned on Capital Reserve Funds	1		1	(1)	(1)
Miscellaneous	21,750		21,750	57,240	35,490
Total - Local Sources	13,578,296		13,578,296	13,622,946	44,650
State Sources:					
Categorical Transportation Aid	138,307		138,307	138,307	
Categorical Special Education Aid	446,220		446,220	446,220	
Categorical Security Aid	13,027		13,027	13,027	
Extraordinary Aid				262,947	262,947
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				286,488	286,488
On-Behalf TPAF Pension Contributions (Non-Budgeted)				758,645	758,645
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				13,598	13,598
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				659	659
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				265,310	265,310
Total State Sources	597,554		597,554	2,185,201	1,587,647
TOTAL REVENUES	14,175,850		14,175,850	15,808,147	1,632,297

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 153,307	\$ 142,518	\$ 295,825	\$ 295,330	\$ 495
Kindergarten - Salaries of Teachers	168,511	496	169,007	169,007	
Grades 1-5 - Salaries of Teachers	1,367,397	(130,922)	1,236,475	1,236,475	
Grades 6-8 - Salaries of Teachers	1,019,802	9,187	1,028,989	1,028,989	
Regular Programs - Home Instruction:					
Salaries of Teachers	700	(700)			
Purchased Professional-Educational Services	1,100	(1,100)			
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	132,179	(132,179)			
Purchased Professional-Educational Services	6,300	694	6,994	5,036	1,958
Other Purchased Services (400-500 series)	36,192		36,192	20,293	15,899
General Supplies	81,566	87,030	168,596	88,886	79,710
Textbooks	25,000	(2,089)	22,911	1,313	21,598
Other Objects	500		500		500
Total Regular Programs - Instruction	2,992,554	(27,065)	2,965,489	2,845,329	120,160
Special Education - Instruction:					
Learning and Language Disabilities:					
Salaries of Teachers	84,330	1,128	85,458	85,368	90
Other Salaries for Instruction	33,255	165	33,420	33,420	
General Supplies	930	1,100	2,030	1,931	99
Total Learning and Language Disabilities	118,515	2,393	120,908	120,719	189
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	272,095	12,820	284,915	284,735	180
Other Salaries for Instruction	227,285	(2,169)	225,116	225,116	
General Supplies	6,622		6,622	6,389	204
Total Resource Room/Resource Center	506,002	10,651	516,653	516,240	384

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Special Education:					
Preschool Disabilities - Full Time:					
Salaries of Teachers	\$ 35,957		\$ 35,957	\$ 31,743	\$ 4,214
Total Preschool Disabilities - Full Time	<u>35,957</u>		<u>35,957</u>	<u>31,743</u>	<u>4,214</u>
Total Special Education - Instruction	660,474	\$ 13,044	673,518	668,702	4,787
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	60,846	442	61,288	61,108	180
General Supplies	1,800		1,800	454	989
Total Basic Skills/Remedial - Instruction	<u>62,646</u>	<u>442</u>	<u>63,088</u>	<u>61,562</u>	<u>1,169</u>
Bilingual Education - Instruction:					
Salaries of Teachers	34,865	(13,660)	21,205	21,205	
Total Bilingual Education - Instruction	<u>34,865</u>	<u>(13,660)</u>	<u>21,205</u>	<u>21,205</u>	
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	30,418	(2,330)	28,088	28,088	
Other Objects	700	100	800	525	275
Total School-Sponsored Cocurricular Activities - Instruction	<u>31,118</u>	<u>(2,230)</u>	<u>28,888</u>	<u>28,613</u>	<u>275</u>
School-Sponsored Athletics - Instruction:					
Salaries	41,977	520	42,497	42,497	
Supplies and Materials	4,000		4,000	3,529	471
Other Objects	1,645		1,645	1,425	220
Transfer to Cover Deficit	8,778	(3,754)	5,024	3,282	1,742
Total School-Sponsored Athletics - Instruction	<u>56,400</u>	<u>(3,234)</u>	<u>53,166</u>	<u>50,733</u>	<u>2,433</u>
Total Instruction	<u>3,838,057</u>	<u>(32,703)</u>	<u>3,805,354</u>	<u>3,676,144</u>	<u>129,210</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 3,627,086		\$ 3,627,086	\$ 3,627,086	
Tuition to Other LEAs Within the State - Special	991,918	\$ (87,408)	904,510	895,104	\$ 9,406
Tuition to County Vocational School District - Regular	36,400	13,650	50,050	38,871	11,179
Tuition to Private Schools for the Handicapped - Within State	1,248,288	(85,470)	1,162,818	1,052,163	110,655
Tuition - Other		29,165	29,165	29,165	
Total Undistributed Expenditures - Instruction	<u>5,903,692</u>	<u>(130,063)</u>	<u>5,773,629</u>	<u>5,642,389</u>	<u>131,240</u>
Health Services:					
Salaries	90,342	(1,454)	88,888	88,888	
Purchased Professional and Technical Services	6,950	(500)	6,450	4,847	1,603
Supplies and Materials	7,750	(3,280)	4,470	3,662	808
Other Objects	600		600	234	366
Total Health Services	<u>105,642</u>	<u>(5,234)</u>	<u>100,408</u>	<u>97,631</u>	<u>2,777</u>
Speech, OT, PT & Related Services:					
Salaries	56,003	267	56,270	56,270	
Purchased Professional - Educational Services	78,670	(5,494)	73,176	40,729	32,447
Supplies and Materials	1,878	8,391	10,269	10,269	
Total Speech, OT, PT & Related Services	<u>136,551</u>	<u>3,164</u>	<u>139,715</u>	<u>107,268</u>	<u>32,447</u>
Other Support Services - Students - Extraordinary Services:					
Purchased Professional - Educational Services	52,410	159,871	212,281	138,214	74,067
Total Other Support Services - Students - Extraordinary Services	<u>52,410</u>	<u>159,871</u>	<u>212,281</u>	<u>138,214</u>	<u>74,067</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Guidance:					
Salaries of Other Professional Staff	\$ 35,590	\$ 176	\$ 35,766	\$ 35,266	\$ 500
Other Purchased Services (400-500 series)	13,600	(2,626)	10,974	9,174	1,800
Supplies and Materials	3,000	(2,532)	468	468	
Other Objects	750		750		750
Total Guidance	52,940	(4,982)	47,958	44,908	3,050
Child Study Teams:					
Salaries of Other Professional Staff	185,310	(10,693)	174,617	174,361	256
Salaries of Secretarial and Clerical Assistants	33,814	65	33,879	33,879	
Purchased Professional - Educational Services	33,397	77,062	110,459	96,532	13,927
Other Purchased Professional and Technical Services	6,000	5,200	11,200	11,122	78
Other Purchased Services (400-500 series)	500		500	305	195
Supplies and Materials	3,700	1,400	5,100	4,314	786
Other Objects	1,500	600	2,100	1,950	150
Total Child Study Teams	264,221	73,634	337,855	322,463	7,086
Improvement of Instruction Services:					
Salaries of Other Professional Staff	1,600	(1,538)	62	62	
Purchased Professional - Educational Services	18,800	3,641	22,441	19,267	3,174
Total Improvement of Instruction Services	20,400	2,103	22,503	19,267	3,236
Educational Media Services/School Library:					
Salaries	32,016	3,700	35,716	35,716	
Salaries of Technology Coordinators	75,020		75,020	75,020	
Other Purchased Services (400-500 series)	15,420	(9,948)	5,472	4,933	539
Supplies and Materials	10,580		10,580	9,158	1,422
Other Objects	711		711		711
Total Educational Media Services/School Library	133,747	(6,248)	127,499	124,827	2,672

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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	\$ 23,148	\$ 45	\$ 23,193	\$ 23,193	
Other Purchased Services (400-500 series)	30,000	(5,000)	25,000	8,127	\$ 16,873
Supplies and Materials	2,600		2,600	75	2,525
Other Objects	800		800		800
Total Instructional Staff Training Services	<u>56,548</u>	<u>(4,955)</u>	<u>51,593</u>	<u>31,395</u>	<u>20,198</u>
Support Services - General Administration:					
Salaries	169,626	(667)	168,959	168,959	
Legal Services	16,245		16,245	11,048	5,197
Audit Fees	22,000		22,000	21,655	345
Architectural/ Engineering Services	2,000	4,199	6,199	6,199	
Other Purchased Professional Services	2,000	(2,000)			
Purchased Technical Services	7,000	(7,000)			
Communications/Telephone	25,308	(2,800)	22,508	21,922	586
BOE Other Purchased Services	2,000	(1,138)	862	862	
Miscellaneous Purchased Services (400-500)	24,850	6,644	31,494	29,438	2,056
General Supplies	15,000	(4,179)	10,821	10,821	
BOE In-House Training/Meeting Supplies	2,000	(1,159)	841	737	104
Miscellaneous Expenditures	5,859		5,859	3,624	2,235
BOE Membership Dues and Fees	7,000		7,000	6,503	497
Total Support Services - General Administration	<u>300,888</u>	<u>(8,100)</u>	<u>292,788</u>	<u>281,768</u>	<u>11,020</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	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	\$ 193,591	\$ 182	\$ 193,773	\$ 193,773	
Salaries of Other Professional Staff	11,567	23	11,590	11,590	
Salaries of Secretarial and Clerical Assistants	60,708	(1,060)	59,648	59,648	
Other Purchased Services (400-500 series)	4,956	(2,980)	1,976	1,476	\$ 500
Supplies and Materials	8,265	(3,060)	5,205	4,448	757
Other Objects	2,700	210	2,910	2,268	642
Total Support Services - School Administration	<u>281,787</u>	<u>(6,685)</u>	<u>275,102</u>	<u>273,203</u>	<u>1,899</u>
Central Services:					
Salaries	176,054	286	176,340	176,340	
Miscellaneous Purchased Services (400-500 Series)	17,460	(1,477)	15,983	15,808	175
Supplies and Materials	3,600	(2,521)	1,079	1,079	
Miscellaneous Expenditures	4,250	3,500	7,750	6,227	1,523
Total Central Services	<u>201,364</u>	<u>(212)</u>	<u>201,152</u>	<u>199,454</u>	<u>1,698</u>
Administration Information Technology:					
Salaries	8,336	(3,318)	5,018	5,018	
Purchased Technical Services	9,000	(8,830)	170	170	
Other Purchased Services (400-500 series)	6,800	3,015	9,815	8,947	868
Supplies and Materials	3,500	5,500	9,000	8,737	263
Other Objects	5,026	(2,424)	2,602	2,602	
Total Administration Information Technology	<u>32,662</u>	<u>(6,057)</u>	<u>26,605</u>	<u>25,474</u>	<u>1,131</u>
Required Maintenance for School Facilities:					
Salaries	57,759	45	57,804	57,410	394
Cleaning, Repair and Maintenance Services	87,146	34,012	121,158	116,818	4,340
General Supplies	18,035	8,345	26,380	12,950	13,430
Total Required Maintenance for School Facilities	<u>162,940</u>	<u>42,402</u>	<u>205,342</u>	<u>187,178</u>	<u>18,164</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Custodial Services:					
Salaries	\$ 285,123	\$ (15,958)	\$ 269,165	\$ 257,432	\$ 11,733
Purchased Professional and Technical Services	7,000	160	7,160	7,160	
Cleaning, Repair and Maintenance Services	74,153	(24,678)	49,475	43,124	6,351
Other Purchased Property Services	5,600		5,600	5,383	217
Insurance	43,224	(13,241)	29,983	29,184	799
Miscellaneous Purchased Services	450		450	24	426
General Supplies	22,500	405	22,905	15,640	7,265
Energy (Electricity)	64,800	(9,800)	55,000	45,017	9,983
Other Objects	700		700	80	620
Energy (Natural Gas)	64,177	(8,927)	55,250	46,844	8,406
Total Custodial Services	<u>567,727</u>	<u>(72,039)</u>	<u>495,688</u>	<u>449,888</u>	<u>45,800</u>
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	21,300	(8,734)	12,566	11,437	1,129
Total Care and Upkeep of Grounds	<u>21,300</u>	<u>(8,734)</u>	<u>12,566</u>	<u>11,437</u>	<u>1,129</u>
Undistributed Expenditures:					
Student Transportation Services:					
Salaries (Between Home & School) - Regular	48,730	1,094	49,824	49,138	686
Salaries (Between Home & School) - Special Education	4,911	(1,093)	3,818	3,818	
Salaries (Other Than Between Home & School)	12,000	(9,334)	2,666	2,666	
Cleaning, Repair and Maintenance Services	7,500	(1,900)	5,600	1,547	4,053
Contracted Services:					
Between Home & School - Vendors	272,566	(10,036)	262,530	255,637	6,893
Other Than Between Home & School - Vendors	6,890	1,900	8,790	2,005	6,785
Regular Students - ESCs & CTSA's	42,000	(2,000)	40,000	39,086	914
Special Education Students - ESC's & CTSA's	280,000	236,904	516,904	516,904	
Aid in Lieu of Payments - Non Public School	42,000	(13,000)	29,000	28,000	1,000

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Student Transportation Services: (Cont'd)					
Miscellaneous Purchased Services - Transportation	\$ 4,000	\$ (3,428)	\$ 572	\$ 572	
General Supplies	8,842	(3,914)	4,928	2,196	\$ 2,732
Other Objects	800		800		800
Total Student Transportation Services	<u>730,239</u>	<u>195,193</u>	<u>925,432</u>	<u>901,569</u>	<u>23,863</u>
Unallocated Benefits:					
Social Security Contributions	90,920	8,747	99,667	99,667	
TPAF Contributions - ERIP	17,000	(1,238)	15,762	15,762	
Other Retirement Contributions - PERS	133,273	(14,184)	119,089	119,089	
Other Retirement Contributions - Regular	1,800	1,052	2,852	2,852	
Unemployment Compensation	9,000		9,000	9,000	
Workmen's Compensation	43,874	1,932	45,806	45,806	
Health Benefits	1,260,930	2,149	1,263,079	1,263,079	
Tuition Reimbursement	22,500	1,696	24,196	24,196	
Other Employee Benefits	44,500	52,637	97,137	97,137	
Total Unallocated Benefits	<u>1,623,797</u>	<u>52,791</u>	<u>1,676,588</u>	<u>1,676,588</u>	
TPAF Contributions:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				286,488	(286,488)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				758,645	(758,645)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				13,598	(13,598)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				659	(659)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				265,310	(265,310)
Total TPAF Contributions				<u>1,324,700</u>	<u>(1,324,700)</u>
Total Personal Services - Employee Benefits	<u>1,623,797</u>	<u>52,791</u>	<u>1,676,588</u>	<u>3,001,288</u>	<u>(1,324,700)</u>
Total Undistributed Expenses	<u>10,648,855</u>	<u>275,849</u>	<u>10,924,704</u>	<u>11,859,621</u>	<u>(943,223)</u>
Total Expenditures - Current Expense	<u>14,486,912</u>	<u>243,146</u>	<u>14,730,058</u>	<u>15,535,765</u>	<u>(805,707)</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Instruction	\$ 5,680		\$ 5,680	\$ 5,680	
General Administration	18,879	\$ 9,578	28,457	28,455	\$ 2
Required Maintenance	2,570	17,102	19,672	19,672	
School Buses	38,000	(2,332)	35,668	35,668	
Total Equipment	<u>65,129</u>	<u>24,348</u>	<u>89,477</u>	<u>89,475</u>	<u>2</u>
Facilities Acquisition and Construction Services:					
Assessment for Debt Service	868		868	868	
Total Facilities Acquisition and Construction Services	<u>868</u>		<u>868</u>	<u>868</u>	
Total Capital Outlay	<u>65,997</u>	<u>24,348</u>	<u>90,345</u>	<u>90,343</u>	<u>2</u>
Transfer of Funds to Charter Schools	29,165	(29,165)			
TOTAL EXPENDITURES	<u>14,582,074</u>	<u>238,329</u>	<u>14,820,403</u>	<u>15,626,108</u>	<u>(805,705)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(406,224)</u>	<u>(238,329)</u>	<u>(644,553)</u>	<u>182,039</u>	<u>826,592</u>
Fund Balance, July 1	1,836,231		1,836,231	1,836,231	
Fund Balance, June 30	<u>\$ 1,430,007</u>	<u>\$ (238,329)</u>	<u>\$ 1,191,678</u>	<u>\$ 2,018,270</u>	<u>\$ 826,592</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Recapitulation:</u>	
Restricted:	
Capital Reserve	\$ 508,445
Maintenance Reserve	350,750
Excess Surplus - 2020-2021	47,164
Assigned:	
Year-End Encumbrances	336,248
Designated for Subsequent Year's Expenditures	232,535
Designated for Subsequent Year's Expenditures - July 1, 2020 - August 1, 2020	44,288
Unassigned	498,840
	2,018,270
Reconciliation to Governmental Funds Statement (GAAP):	
Last Two State Aid Payments not Recognized on GAAP Basis	(58,909)
Fund Balance per Governmental Funds (GAAP)	\$ 1,959,361

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	\$ 131,710	\$ 8,856	\$ 140,566	\$ 140,566	
Total Revenues	131,710	8,856	140,566	140,566	
EXPENDITURES:					
Instruction					
Tuition	110,551	(1,558)	108,993	108,993	
Total Instruction	110,551	(1,558)	108,993	108,993	
Support Services					
Salaries	6,231		6,231	6,231	
Personal Services - Employee Benefits	477	(1)	476	476	
Purchased Professional Educational Services	14,291	(7,769)	6,522	6,522	
Supplies and Materials	160	18,184	18,344	18,344	
Total Support Services	21,159	10,414	31,573	31,573	
Total Expenditures	131,710	8,856	140,566	140,566	
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, 2020

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 15,808,147	\$ 140,566
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Current Year Encumbrances		7,795
Prior Year Encumbrances		(8,126)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	54,447	
Current Year State Aid Payments Recognized for Budgetary Statements, not Recognized for GAAP Statements	(58,909)	
	\$ 15,803,685	\$ 140,235
Uses/Outflows of Resources		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 15,626,108	\$ 140,566
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		7,795
Current Year Encumbrances		(8,126)
	\$ 15,626,108	\$ 140,235

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. 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 not 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 these 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, 2020

	Cares	ESEA Consolidated Grants	IDEA, Part B	Totals
REVENUES	Emergency Relief Grant	Title IA	Basic	Preschool
Federal Sources	Title IIA	\$	\$	June 30, 2020
	8,126	10,218	108,993	5,019
	8,126	10,218	108,993	5,019
Total Revenues				140,566
EXPENDITURES:				
Instruction:				
Tuition			108,993	108,993
Total Instruction			108,993	108,993
Support Services:				
Salaries		6,231		6,231
Personal Services - Employee Benefits		476		476
Purchased Professional Educational Services		1,503		6,522
Supplies and Materials	8,126	10,218		18,344
Total Support Services	8,126	10,218		31,573
Total Expenditures	8,126	10,218	108,993	140,566

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

BOONTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 2,677
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Total Current Assets	2,677
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Non-Current Assets:

Capital Assets	27,068
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Less: Accumulated Depreciation	(15,330)
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Total Non-Current Assets	11,738
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Total Assets	14,415
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NET POSITION:

Investment in Capital Assets	11,738
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Unrestricted	2,677
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Total Net Position	\$ 14,415
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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, 2020

Operating Revenue:	
Local Sources:	
Daily Sales:	
Special Milk Program	\$ 7,192
	<hr/>
Total Operating Revenue	7,192
	<hr/>
Operating Expenses:	
Cost of Sales	10,205
Depreciation	984
	<hr/>
Total Operating Expenses	11,189
	<hr/>
Change in Net Position	(3,997)
Net Position - Beginning of Year	18,412
	<hr/>
Net Position - End of Year	\$ 14,415
	<hr/> <hr/>

BOONTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 7,192
Payments to Suppliers	<u>(10,205)</u>
Net Cash Used for Operating Activities	<u>(3,013)</u>
Net Decrease in Cash and Cash Equivalents	(3,013)
Cash and Cash Equivalents, July 1	<u>5,690</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 2,677</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (3,997)
Adjustment to Reconcile Operating Income to Cash Used for Operating Loss:	
Depreciation	<u>984</u>
Net Cash used for Operating Activities	<u><u>\$ (3,013)</u></u>

FIDUCIARY FUNDS

BOONTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2020

	Student Activity	Agency Payroll	Agency Total	Unemployment Compensation Trust	Flexible Spending Trust	Totals
ASSETS:						
Cash and Cash Equivalents	\$ 46,043	\$ 74,199	\$ 120,242	\$ 27,453	\$ 4,872	\$ 152,567
Total Assets	46,043	74,199	120,242	27,453	4,872	152,567
LIABILITIES:						
Payroll Deductions and Withholdings Due to Student Groups	46,043	74,199	74,199	46,043		74,199
Total Liabilities	46,043	74,199	120,242			46,043
NET POSITION:						
Held in Trust for Unemployment Claims				27,453		27,453
Restricted for Flexible Spending Claims					4,872	4,872
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 27,453	\$ 4,872	\$ 32,325

BOONTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Unemployment Compensation Trust	Flexible Spending Trust	Totals
ADDITIONS:			
Contributions:			
Plan Members	\$ 16,866	\$ 21,800	\$ 38,666
Total Contributions	16,866	21,800	38,666
Investment Earnings:			
Interest	131		131
Net Investment Earnings	131		131
Total Additions	16,997	21,800	16,997
DEDUCTIONS:			
Unemployment Contribution Payments	18,340		18,340
Flexible Spending Claims		19,825	19,825
Administration Expenses		1,751	1,751
Total Deductions	18,340	21,576	39,916
Change in Net Position	(1,343)	224	(1,119)
Net Position—Beginning of the Year	28,796	4,648	33,444
Net Position—End of the Year	\$ 27,453	\$ 4,872	\$ 32,325

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 39,997	\$ 63,465	\$ 57,419	\$ 46,043
Interfund Receivable - General Fund	431	336	767	
Total Assets	<u>\$ 40,428</u>	<u>\$ 63,801</u>	<u>\$ 58,186</u>	<u>\$ 46,043</u>
LIABILITIES:				
Due to Student Groups	<u>\$ 40,428</u>	<u>\$ 63,801</u>	<u>\$ 58,186</u>	<u>\$ 46,043</u>
Total Liabilities	<u>\$ 40,428</u>	<u>\$ 63,801</u>	<u>\$ 58,186</u>	<u>\$ 46,043</u>

BOONTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2019</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2020</u>
Student Activities	\$ 30,087	\$ 25,476	\$ 20,922	\$ 34,641
Athletic Accounts	6,819	8,448	6,483	8,784
8th Grade Account	3,522	29,877	30,781	2,618
	<hr/>	<hr/>	<hr/>	<hr/>
Total All Funds	<u>\$ 40,428</u>	<u>\$ 63,801</u>	<u>\$ 58,186</u>	<u>\$ 46,043</u>

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

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 25,082	\$ 5,645,643	\$ 5,596,526	\$ 74,199
Total Assets	<u>\$ 25,082</u>	<u>\$ 5,645,643</u>	<u>\$ 5,596,526</u>	<u>\$ 74,199</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 25,082	\$ 2,476,317	\$ 2,427,200	\$ 74,199
Net Payroll		<u>3,169,326</u>	<u>3,169,326</u>	
Total Liabilities	<u>\$ 25,082</u>	<u>\$ 5,645,643</u>	<u>\$ 5,596,526</u>	<u>\$ 74,199</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, 2019	Matured	Balance June 30, 2020
			Date	Outstanding June 30, 2020 Amount				
Refunding Bonds of 2005	11/01/05	\$ 1,990,000	05/01/20	\$ 180,000	4.000%	\$ 180,000	\$ 180,000	\$ -0-
						\$ 180,000	\$ 180,000	\$ -0-

BOONTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOT APPLICABLE

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 142,465		\$ 142,465	\$ 142,465	
State Sources:					
Debt Service Aid Type II	44,735		44,735	44,735	
Total Revenues	187,200		187,200	187,200	
EXPENDITURES:					
Regular Debt Service:					
Interest	7,200		7,200	7,200	
Redemption of Principal	180,000		180,000	180,000	
Total Regular Debt Service	187,200		187,200	187,200	
Total Expenditures	187,200		187,200	187,200	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	-0-	\$ -0-	-0-	-0-	\$ -0-
Fund Balance, July 1	-0-		-0-	-0-	-0-
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Net Investment in Capital Assets/(Deficit)	\$ (1,574,638)	\$ (1,395,119)	\$ (1,093,396)	\$ (877,219)	\$ (654,042)	\$ (499,372)	\$ (361,668)	\$ (239,328)	\$ (57,194)	\$ 152,629
Restricted	318,345	515,283	459,255	731,686	901,550	761,486	757,475	1,010,336	999,220	906,359
Unrestricted/(Deficit)	175,381	456,578	426,991	(1,368,767)	(1,303,292)	(1,217,996)	(1,577,072)	(1,860,702)	(2,006,624)	(1,797,609)
Total Governmental Activities Net Position/(Deficit)	\$ (1,080,912)	\$ (423,258)	\$ (207,150)	\$ (1,514,300)	\$ (1,055,784)	\$ (955,882)	\$ (1,181,265)	\$ (1,089,694)	\$ (1,064,598)	\$ (738,621)
Business-Type Activities										
Net Investment in Capital Assets	\$ 410	\$ 15,161	\$ 14,377	\$ 17,618	\$ 16,657	\$ 15,696	\$ 14,689	\$ 13,705	\$ 12,722	\$ 11,738
Unrestricted	38,001	27,104	30,656	30,078	22,747	3,205	15,237	10,347	5,690	2,677
Total Business-Type Activities Net Position	\$ 38,411	\$ 42,265	\$ 45,033	\$ 47,696	\$ 39,404	\$ 18,901	\$ 29,926	\$ 24,052	\$ 18,412	\$ 14,415
District-wide										
Net Investment in Capital Assets/(Deficit)	\$ (1,574,228)	\$ (1,379,958)	\$ (1,079,019)	\$ (859,601)	\$ (637,385)	\$ (483,676)	\$ (346,979)	\$ (225,623)	\$ (44,472)	\$ 164,367
Restricted	318,345	515,283	459,255	731,686	901,550	761,486	757,475	1,010,336	999,220	906,359
Unrestricted/(Deficit)	213,382	483,682	457,647	(1,338,689)	(1,280,545)	(1,214,791)	(1,561,835)	(1,850,355)	(2,000,934)	(1,794,932)
Total District Net Position/(Deficit)	\$ (1,042,501)	\$ (380,993)	\$ (162,117)	\$ (1,466,604)	\$ (1,016,380)	\$ (936,981)	\$ (1,151,339)	\$ (1,065,642)	\$ (1,046,186)	\$ (724,206)

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental Activities										
Instruction:										
Regular	\$ 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	\$ 5,259,075
Special Education	688,188	838,247	783,085	1,217,404	1,447,043	1,063,179	1,333,066	1,428,431	1,246,448	1,118,822
Other Special Education	119,726	157,340	174,257	115,393	200,686	216,423	269,107	267,703	194,030	156,937
Other Instruction	89,705	97,572	102,106	112,891	133,317	128,000	148,554	155,899	153,356	137,761
Support Services:										
Tuition	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	5,642,389
Student and Instruction Related Services	681,365	747,135	927,397	803,652	883,564	973,397	1,009,029	1,016,989	1,355,568	1,238,279
General Administrative Services	296,719	263,243	286,197	268,081	295,176	289,630	311,736	282,332	303,238	325,564
School Administrative Services	368,135	328,005	341,420	343,051	434,209	391,927	488,095	463,684	454,096	460,665
Central Services	208,352	220,126	226,173	235,041	234,881	284,745	263,304	255,417	262,702	261,410
Administration Information Technology	38,904	44,455	56,531	45,660	52,025	58,313	62,980	59,611	49,780	27,685
Plant Operations and Maintenance	671,785	687,493	679,598	739,682	764,981	820,522	779,057	884,360	780,485	708,046
Pupil Transportation	455,069	541,214	602,174	632,070	617,890	600,101	719,675	764,426	812,440	926,532
Unallocated Depreciation	73,484	69,419	45,284	44,844	30,579	32,360	35,793	22,600	31,583	868
Capital Outlay	16,482	172	6,900	867	868	1,017	868	868	869	868
Interest on Long-Term Debt	101,407	89,875	77,963	64,314	50,018	38,400	30,400	63,620	14,800	7,200
Total Governmental Activities Expenses	12,274,504	12,548,783	13,481,188	13,446,124	14,563,504	15,445,343	16,833,905	17,043,782	16,874,418	16,331,233
Business-Type Activities:										
Food Service	18,814	8,474	7,708	6,890	15,980	11,644	11,196	12,487	8,790	11,189
Total Business-Type Activities Expense	18,814	8,474	7,708	6,890	15,980	11,644	11,196	12,487	8,790	11,189
Total District Expenses	\$ 12,293,318	\$ 12,557,257	\$ 13,488,896	\$ 13,453,014	\$ 14,579,484	\$ 15,456,987	\$ 16,845,101	\$ 17,056,269	\$ 16,883,208	\$ 16,342,422
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition										\$ 76,693
Pupil transportation										2,468
Operating Grants and Contributions	\$ 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	\$ 2,834,043
Total Governmental Activities Program Revenues	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	2,913,204
Business-Type Activities:										
Charges for Services:										
Food Service	14,636	12,328	10,476	9,553	7,688	6,924	6,439	6,613	3,150	7,192
Total Business-Type Activities Program Revenues	14,636	12,328	10,476	9,553	7,688	6,924	6,439	6,613	3,150	7,192
Total District Program Revenues	\$ 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	\$ 2,920,396
Net (Expense)/Revenue:										
Governmental Activities	\$ (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)	\$ (13,418,029)
Business-Type Activities	(4,178)	3,854	2,768	2,663	(8,292)	(4,720)	(4,757)	(5,874)	(5,640)	(3,997)
Total District-Wide Net Expense	\$ (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)	\$ (13,422,026)

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

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 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	\$ 13,486,545
Taxes Levied for Debt Service	308,589	298,581	300,904	293,043	278,898	181,430	171,537	165,601	155,860	142,465
Unrestricted Grants and Contributions	62,818	61,793	62,059	61,271	73,500	81,044	88,788	86,490	64,066	57,756
Investment Earnings	13	66	16	1	136					
Miscellaneous Income	87,986	40,673	39,929	197,719	17,804	64,281	132,214	146,584	159,042	57,240
Total Governmental Activities	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	13,744,006
Business-Type Activities:										
Other Item - Cancellation of						(15,783)	15,782			
Prior Year Interfund - General Fund						(15,783)	15,782			
Total Business-Type Activities										
Total District-Wide	\$ 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	\$ 13,744,006
Change in Net Position:										
Governmental Activities	\$ 589,166	\$ 657,654	\$ 216,108	\$ 530,441	\$ 458,516	\$ 99,902	\$ (225,383)	\$ 91,571	\$ 25,096	\$ 325,977
Business-Type Activities	(4,178)	3,854	2,768	2,663	(8,292)	(20,503)	11,025	(5,874)	(5,640)	(3,997)
Total District	\$ 584,988	\$ 661,508	\$ 218,876	\$ 533,104	\$ 450,224	\$ 79,399	\$ (214,358)	\$ 85,697	\$ 19,456	\$ 321,980

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 515,283	\$ 459,255	\$ 731,686	\$ 901,550	\$ 761,486	\$ 761,486	\$ 757,475	\$ 1,010,336	\$ 999,220	\$ 906,359
Assigned	550,447	371,495	372,172	426,541	689,788	689,788	500,752	436,586	313,364	613,071
Unassigned	272,034	393,024	389,611	412,809	358,802	358,802	454,685	431,833	469,200	439,931
Total General Fund	\$ 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	\$ 1,959,361
All Other Governmental Funds										
Restricted	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total All Other Governmental Funds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Tax Levy	\$ 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	\$ 13,629,010
Tuition Charges		5,542	14,000	168,744	86,990	34,089	46,316	56,100	55,962	76,693
Interest Earnings	13	66	16	120	136	1				
Miscellaneous	87,986	35,131	25,929	28,856	17,804	30,192	85,897	90,484	103,080	59,708
State Sources	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	2,225,474
Federal Sources	290,914	175,046	167,717	165,782	134,761	138,280	131,917	133,384	125,915	140,235
Total Revenue	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	16,131,120
Expenditures:										
Instruction										
Regular Instruction	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	2,967,136
Special Education Instruction	499,776	624,491	519,732	875,062	895,458	641,161	761,381	817,895	761,982	687,130
Other Special Instruction	83,415	108,524	115,972	78,415	116,951	118,122	122,811	122,409	95,634	82,767
Other Instruction	64,728	70,638	73,282	79,579	84,430	75,301	74,999	77,566	83,992	79,346
Support Services:										
Tuition	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	5,642,389
Student and Instruction Related Services	551,169	608,901	760,524	667,572	704,282	677,572	748,365	771,607	948,871	885,973
General Administrative Services	249,479	228,752	248,192	227,529	250,238	233,059	270,884	252,616	266,007	281,768
School Administrative Services	263,420	228,500	229,120	233,923	260,489	227,622	252,403	244,831	261,706	273,203
Central Services	167,006	176,029	179,147	187,172	186,035	189,836	198,116	198,647	201,971	199,454
Administration Information Technology	33,132	38,255	49,845	38,848	45,084	43,720	52,229	49,750	44,180	25,474
Plant Operations and Maintenance	600,048	608,143	591,972	646,794	666,152	645,401	654,075	773,339	664,531	648,503
Pupil Transportation	439,147	509,755	569,005	598,999	584,745	553,503	680,976	746,938	792,564	901,569
Unallocated Benefits	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	3,001,288
Capital Outlay	98,361	39,987	130,544	14,176	9,771	31,194	22,512	11,194	38,861	90,343
Debt Service:										
Principal	270,000	270,000	285,000	290,000	288,000	200,000	195,000	195,000	190,000	180,000
Interest and Other Charges	101,407	89,875	77,963	64,314	50,018	38,400	30,400	22,600	14,800	7,200
Total Expenditures	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	15,953,543
Excess (Deficiency) of Revenues Over (Under) Expenditures	326,553	437,093	(113,990)	269,695	247,431	69,176	(97,164)	165,843	(96,971)	177,577
Net Change in Fund Balances	\$ 326,553	\$ 437,093	\$ (113,990)	\$ 269,695	\$ 247,431	\$ 69,176	\$ (97,164)	\$ 165,843	\$ (96,971)	\$ 177,577
Debt Service as a Percentage of Noncapital Expenditures	2.99 %	2.83 %	2.65 %	2.59 %	2.42 %	1.66 %	1.51 %	1.43 %	1.29 %	1.18 %

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>
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
2020		76,693	59,708	136,401

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)
* 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	16,754,000	895,851,300	22,286,500	253,000	15,475,400	14,061,400	496,800	965,178,400	76,600,700	914,199	966,092,599	1.16	1,018,768,215
2012	16,713,900	893,580,300	22,089,700	244,500	15,475,400	14,061,400	496,800	962,662,000	76,600,700	914,199	966,092,599	1.16	1,018,768,215
2013	15,926,100	890,011,900	22,249,900	234,200	14,962,400	14,061,400	496,800	957,942,700	78,834,500	-0-	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	-0-	849,493,400	71,896,700	-0-	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	-0-	851,635,300	71,985,500	-0-	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	-0-	869,768,700	53,698,100	-0-	869,768,700	1.47	937,574,113
2017	11,905,100	797,398,000	21,111,400	250,900	28,911,000	12,342,400	-0-	871,918,800	53,699,300	-0-	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	-0-	874,117,300	53,699,300	-0-	874,117,300	1.49	928,793,968
2019	11,181,500	800,465,700	22,230,100	251,400	28,805,900	12,342,400	-0-	875,277,000	54,321,600	-0-	875,277,000	1.49	967,153,757

* 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.

Source: Municipal Tax Assessor

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

Year Ended December 31,	<u>Boonton Township School District Direct Rate</u>			<u>Overlapping Rates</u>		Total Direct and Overlapping Tax Rate
	<u>Basic Rate ^a</u>	<u>General Obligation Debt Service ^b</u>	<u>Total Direct</u>	<u>Township of Boonton</u>	<u>Morris County</u>	
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
2019	1.47	0.02	1.49	0.48	0.29	2.26

* 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 TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value
MPT of Morris LLC	\$ 15,260,500	1.74 %	199 Powerville Rd. Associates	\$ 8,355,600
Highbidge Boonton Realty LLC	7,901,600	0.90 %	Shamrock Village LC MSM	6,737,900
KIJ MGT LLC	4,720,300	0.54 %	Witman at Stonehenge LLC	5,568,700
RFL Electronics Inc.	3,923,100	0.45 %	RFL Electronics	4,292,200
Witman at Stonehenge LLC	3,469,200	0.40 %	Individual Taxpayer #1	3,348,500
NETA NJ LLC	2,673,500	0.31 %	Deer Lake Club	2,780,300
Individual Taxpayer #1	2,543,200	0.29 %	Johanson Associates	2,750,000
Johanson Associates	2,109,000	0.24 %	Individual Taxpayer #2	2,666,700
Deer Lake Club	2,013,600	0.23 %	Individual Taxpayer #3	2,620,400
Individual Taxpayer #2	1,992,500	0.23 %	Individual Taxpayer #4	2,482,800
Total	\$ 46,606,500	5.32 %	Total	\$ 41,603,100

Note : Individual Taxpayers listed may be different in 2019 and 2010

A revaluation of property was effective in 2010 and 2014.

Source: Municipal Tax Assessor

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

Fiscal Year Ended 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	
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-
2020	13,629,010	13,629,010	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			
2011	\$ 2,093,000	\$ 50,834	\$ 2,143,834	0.65 %	\$ 499
2012	1,823,000	25,867	1,848,867	0.54 %	429
2013	1,538,000	-0-	1,538,000	0.44 %	356
2014	1,248,000	-0-	1,248,000	0.34 %	289
2015	960,000	-0-	960,000	0.25 %	222
2016	760,000	-0-	760,000	0.19 %	176
2017	565,000	-0-	565,000	0.14 %	131
2018	370,000	-0-	370,000	0.09 %	86
2019	180,000	-0-	180,000	0.04 %	42
2020	-0-	-0-	-0-	0.00 %	-0-

^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			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions				
2011	\$ 2,093,000	\$ -0-		\$ 2,093,000	0.22 %	487
2012	1,823,000	-0-		1,823,000	0.19 %	423
2013	1,538,000	-0-		1,538,000	0.16 %	356
2014	1,248,000	-0-		1,248,000	0.13 %	289
2015	960,000	-0-		960,000	0.11 %	222
2016	760,000	-0-		760,000	0.09 %	176
2017	565,000	-0-		565,000	0.06 %	131
2018	370,000	-0-		370,000	0.04 %	86
2019	180,000	-0-		180,000	0.02 %	42
2020	-0-	-0-		-0-	0.00 %	-0-

^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, 2019
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	\$ 2,638,824	100.00 %	\$ 2,638,824
Morris County General Obligation Debt	216,220,009	1.01 %	<u>2,176,255</u>
Subtotal, Overlapping Debt			4,815,079
Boonton Township School District Direct Debt			<u>180,000</u>
Total Direct and Overlapping Debt			<u>\$ 4,995,079</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 2020

Equalized Valuation Basis	
2019	\$ 973,503,504
2018	963,745,645
2017	924,328,209
	\$ 2,861,577,358
Average Equalized Valuation of Taxable Property	\$ 953,859,119
Debt Limit ^a (3% of Average Equalization Value)	28,615,774
Net Bonded School Debt as of June 30, 2020	-0-
Legal Debt Margin	\$ 28,615,774

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 27,931,425	\$ 27,603,377	\$ 27,473,394	\$ 27,990,172	\$ 28,615,774
Total Net Debt Applicable to Limit	960,000	760,000	565,000	180,000	-0-
Legal Debt Margin	\$ 26,971,425	\$ 26,843,377	\$ 26,908,394	\$ 27,810,172	\$ 28,615,774
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	3.44 %	2.75 %	2.06 %	0.64 %	0.00 %

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 32,686,142	\$ 31,066,070	\$ 29,844,395	\$ 29,850,070	\$ 28,566,544
Total Net Debt Applicable to Limit	2,363,000	2,093,000	1,823,000	1,538,000	1,248,000
Legal Debt Margin	\$ 30,323,142	\$ 28,973,070	\$ 28,021,395	\$ 28,312,070	\$ 30,323,142
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.23 %	6.74 %	6.11 %	5.15 %	4.37 %

^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
2011	4,300	\$ 329,926,100	\$ 76,727	7.40 %
2012	4,312	343,946,680	79,765	7.70%
2013	4,326	349,562,430	80,805	5.20%
2014	4,318	363,834,680	84,260	5.20%
2015	4,318	380,929,642	88,219	5.20%
2016	4,322	392,666,666	90,853	4.50%
2017	4,300	402,286,500	93,555	4.00%
2018	4,287	423,735,654	98,842	4.00%
2019	4,237	418,793,554 ***	98,842 *	3.40%
2020	4,237 **	418,793,554 ***	98,842 *	N/A

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

** - Latest population data available (2019) was used for calculation purposes.

*** - Latest available population data (2019) 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

	2019		2010			
	Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System		6,140	N/A	Novartis	4,990	N/A
Picatinny Arsenal		6,000	N/A	Atlantic Health System	4,933	N/A
Novartis		4,900	N/A	Picatinny Arsenal	4,442	N/A
ADP		2,690	N/A	UPS	2,332	N/A
Bayer		2,400	N/A	County of Morris	1,959	N/A
Accenture		1,865	N/A	ADP	1,924	N/A
Barclays		1,800	N/A	AT&T	1,550	N/A
Honeywell		1,704	N/A	St. Claire's Health System	1,531	N/A
Allergan		1,627	N/A	BASF Corporation	1,400	N/A
St. Claire's Health System		1,565	N/A	Avis Budget Group, Inc.	1,378	N/A
Total		30,691	N/A	Total	26,439	N/A

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction:									
Regular	47.00	49.00	53.00	52.12	54.00	54.00	55.00	55.00	53.00
Support Services:									
Student and Instruction Related Services	7.60	7.60	7.60	8.60	8.60	8.80	8.80	8.80	8.80
School Administrative Services	2.70	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
Plant Operations and Maintenance	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	2.20	2.20	2.20	2.20	2.20	2.60	2.60	2.60	2.60
Total	68.80	70.80	74.80	74.92	76.80	77.40	78.40	78.40	76.40

Source: District Personnel Records

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				% Change in Average Daily Enrollment	Student Attendance Percentage
						Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^e	Average Daily Attendance (ADA) ^e	Average Daily Enrollment		
2011	802	\$ 12,067,349	\$ 15,047	-0.66 %	52	1:9.87	513	494	494	-3.57 %	96.30 %
2012	753	12,369,482	16,427	9.17 %	50	1:9.87	490	473	473	-4.48 %	96.53 %
2013	744	13,317,779	17,900	8.97 %	49	1:9.84	482	465	465	-1.63 %	96.47 %
2014	728	13,338,380	18,322	2.36 %	50	1:9.50	475	461	461	-1.45 %	97.06 %
2015	713	13,627,625	19,126	4.39 %	49	1:9.50	454	439	439	-4.52 %	97.06 %
2016	724	14,094,894	19,468	1.79 %	51	1:9.50	451	437	437	-0.56 %	97.05 %
2017	709	14,726,892	20,771	6.69 %	51	1:9.50	448	432	432	-0.63 %	96.47 %
2018	692	14,950,880	21,605	4.01 %	52	1:9.50	430	413	413	-4.06 %	96.22 %
2019	670	15,625,949	23,322	7.95 %	52	1:9.50	408	391	391	-5.12 %	96.22 %
2020	651	15,676,000	24,080	3.25 %	51	1:9.50	401	391	391	-1.72 %	97.42 %

^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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<u>District Building</u>										
Rockaway Valley School	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320
Square Feet	537	537	537	537	537	537	537	537	537	537
Capacity (Students)	513	490	482	475	451	451	444	428	410	400
Enrollment										

Number of Schools at June 30, 2020
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 #111-000-261-xxx

School Facility	Project #	June 30,									
		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Rockaway Valley School	N/A	\$ 158,674	\$ 183,487	\$ 151,584	\$ 194,113	\$ 221,321	\$ 168,482	\$ 180,440	\$ 313,791	\$ 192,733	\$ 187,178
		<u>\$ 158,674</u>	<u>\$ 183,487</u>	<u>\$ 151,584</u>	<u>\$ 194,113</u>	<u>\$ 221,321</u>	<u>\$ 168,482</u>	<u>\$ 180,440</u>	<u>\$ 313,791</u>	<u>\$ 192,733</u>	<u>\$ 187,178</u>

N/A - Not Applicable

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

Source: Boonton Township School District records

BOONTON TOWNSHIP SCHOOL DISTRICTINSURANCE SCHEDULEJUNE 30, 2020UNAUDITED

	<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
Crime Coverage		
Public Employee Dishonesty	50,000	500
Theft, Disappearance & Destruction/Money Orders & Counterfeit	25,000	500
Forgery or Alteration	25,000	500
Computer Fraud	25,000	500

BOONTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2020
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
NJ Schools Insurance Group:		
Liability Section:		
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
Terrorism	1,000,000	
Premises Medical Payments	10,000 per accident 5,000 per person	
Workers Compensation:		
(A) Statutory Benefits	Included	None
(B) Employers Liability		
Bodily Injury by Accident	2,000,000	
Bodily Injury by Disease	2,000,000	
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 Adminstrator/Board Secretary	185,000	None
Treasurer of School Monies	185,000	None

Source: District records

SINGLE AUDIT SECTION

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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 14, 2020.

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) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

December 14, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

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, 2020. 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.

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

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, 2020.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

December 14, 2020
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Man C Lee

Man C. Lee
Licensed Public School Accountant #2527
Certified Public Accountant

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal Grantor Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at		Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable	Balance at June 30, 2020	Amounts Provided to Subrecipients
					June 30, 2019	June 30, 2020					
U.S. Department of Education											
Passed-through State Department of Education:											
Special Revenue Fund:											
ESEA Consolidated Grant:											
Title I - Part A	84.010	ESEA-0460-20	7/1/19-9/30/20	\$ 10,218		\$ 10,218	\$ (10,218)				
Total Title I						10,218	(10,218)				
Title II - Part A	84.367A	ESEA-0460-20	7/1/19-9/30/20	8,210		4,857	(8,210)		\$ (3,353)		
Total Title II						4,857	(8,210)		(3,353)		
COVID 19 - CARES Emergency Relief Grant	84.425D	CARES-0460-20	7/1/19-9/30/20	8,126			(8,126)		(8,126)		
Special Education Cluster:											
IDEA Part B, Basic	84.027	IDEA-0460-20	7/1/19-9/30/20	108,993		90,254	(108,993)		(18,739)		
IDEA Part B, Preschool	84.173	IDEA-0460-20	7/1/19-9/30/20	5,019		5,019	(5,019)				
Total Special Education Cluster						95,273	(114,012)		(18,739)		
Total Special Revenue Fund						110,348	(140,566)		(30,218)		
Total U.S. Department of Education						110,348	(140,566)		(30,218)		
Total Federal Financial Awards						\$ -0-	\$ (140,566)		\$ (30,218)	\$ -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, 2020

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2019		Balance at June 30, 2020		Memo	
				Budgetary Accounts Receivable	Cash Received	GAAP (Accounts Receivable)	Budgetary Receivable	Budgetary Expenditures	Cumulative Total Expenditures
State Department of Education:									
General Fund:									
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	\$ 138,307	\$ (13,573)	\$ 13,573	\$ (138,307)	\$ (13,635)	\$ 138,307	
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	138,307		124,672			138,307	
Special Education Categorical Aid	19-495-034-5120-089	7/1/18-6/30/19	403,507	(39,596)	39,596			403,507	
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	446,220		402,230		(43,990)	446,220	
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	13,027	(1,278)	1,278			13,027	
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	13,027		11,743		(1,284)	13,027	
Extraordinary Special Education Aid	19-495-034-5120-044	7/1/18-6/30/19	228,469	(228,469)	228,469			228,469	
Extraordinary Special Education Aid	20-495-034-5120-044	7/1/19-6/30/20	262,947			(262,947)	(262,947)	262,947	
Nonpublic Transportation	19-495-034-5120-014	7/1/18-6/30/19	9,860	(9,860)	9,860			9,860	
Reimbursed TPAF Social Security Contributions	19-495-034-5094-003	7/1/18-6/30/19	259,530	(12,899)	12,899			259,530	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003	7/1/19-6/30/20	265,310		252,530		(12,780)	265,310	
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	286,488		286,488			286,488	
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	758,645		758,645			758,645	
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	13,598		13,598			13,598	
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	659		659			659	
Total General Fund State Aid			(305,675)		2,156,240		(275,727)	(334,636)	3,237,901
Debt Service Fund:									
Debt Service Aid Type II	20-495-034-5120-017	7/1/19-6/30/20	44,735		44,735			44,735	
Total Debt Service Fund					44,735			(44,735)	44,735
Total State Awards Subject to Single Audit Determination			\$ (305,675)		\$ 2,200,975		\$ (275,727)	\$ (334,636)	\$ 3,282,636
Less: State Awards Not Subject to Single Audit Major Program Determination									
On-Behalf TPAF Pension System Contributions:									
On-Behalf TPAF Post Retirement Contributions	20-495-034-5094-001	7/1/19-6/30/20	(286,488)		(286,488)			286,488	
On-Behalf TPAF Pension Contributions	20-495-034-5094-002	7/1/19-6/30/20	(758,645)		(758,645)			758,645	
On-Behalf TPAF Non-Contributory Insurance	20-495-034-5094-004	7/1/19-6/30/20	(13,598)		(13,598)			13,598	
On-Behalf TPAF Long-Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	(659)		(659)			659	
Subtotal - On-Behalf TPAF Pension System Contributions			(1,059,390)		(1,059,390)			1,059,390	
Total State Awards Subject to Single Audit Major Program Determination			\$ 1,141,585		\$ (1,170,546)			\$ (1,170,546)	

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, 2020

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, 2020. 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 elected not 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 (\$4,462) for the General Fund and (\$331) 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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

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		\$ 2,180,739	\$ 2,180,739
Special Revenue Fund	\$ 140,235		140,235
Debt Service Fund		44,735	44,735
Total Financial Awards	<u>\$ 140,235</u>	<u>\$ 2,225,474</u>	<u>\$ 2,365,709</u>

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, 2020.

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, 2020.

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020 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	20-495-034-5120-089	7/1/19-6/30/20	\$ 446,220	\$ 446,220
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	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.

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020

Status of Prior Year Findings:

There were no findings or questioned costs for the year ended June 30, 2019.