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, 2014

Comprehensive Annual Financial Report

of the

Boonton Township School District
Board of Education

Boonton Township, New Jersey

For Fiscal Year Ended June 30, 2014

Prepared by

Boonton Township School District
Board of Education

BOONTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2014

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal 1
Organizational Chart 5
Roster of Officials 6
Consultants and Advisors 7

FINANCIAL SECTION 8

Independent Auditors' Report 9

Required Supplementary Information 12
Management's Discussion and Analysis (Unaudited) 13

Basic Financial Statements (Sections A. and B.) 23

A. District-Wide Financial Statements 24
A-1 Statement of Net Position 25
A-2 Statement of Activities 26

B. Fund Financial Statements 27
B-1 Balance Sheet – Governmental Funds 28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds 29
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 30
B-4 Statement of Net Position – Proprietary Funds 31
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds 32
B-6 Statement of Cash Flows – Proprietary Funds 33
B-7 Statement of Fiduciary Net Position – Fiduciary Funds 34
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds 35

Notes to the Basic Financial Statements 36

Supplementary Schedules (Sections C. to I.)

C. Budgetary Comparison Schedules (Unaudited) 58
C-1 Budgetary Comparison Schedule – General Fund 59
C-2 Budgetary Comparison Schedule – Budgetary Basis - Special Revenue Fund 72
C-3 Budgetary Comparison Schedule – Notes to Required Supplementary Information 73

BOONTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

FINANCIAL SECTION (Cont'd)

D. School Level Schedules (Not Applicable)

E. Special Revenue Fund 74
E-1 Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis 75
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis (Not Applicable)

F. Capital Projects Fund (Not Applicable) 76

G. Proprietary Funds 77
Enterprise Fund:
G-1 Statement of Net Position 78
G-2 Statement of Revenue, Expenses and Changes in Fund Net Position 79
G-3 Statement of Cash Flows 80

H. Fiduciary Funds 81
H-1 Combining Statement of Fiduciary Net Position 82
H-2 Combining Statement of Changes in Fiduciary Net Position 83
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements 84
H-4 Student Activity Agency Fund Statement of Activity 85
H-5 Payroll Agency Fund Schedule of Receipts and Disbursements 86

I. Long-Term Debt 87
I-1 Schedule of Serial Bonds 88
I-2 Schedule of Obligations Under Capital Leases (Not Applicable) 89
I-3 Debt Service Fund Budgetary Comparison Schedule 90
I-4 Schedule of Loans Payable (Not Applicable)

J. Statistical Section (Unaudited) 91
J-1 Net Position by Component 93
J-2 Changes in Net Position 94
J-3 Fund Balance – Governmental Funds 97

BOONTON TOWNSHIP SCHOOL DISTRICT
TABLE OF CONTENTS
FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

J-4 Changes in Fund Balances – Governmental Funds 98
J-5 General Fund Other Local Revenue by Source 100
J-6 Assessed Value and Actual Value of Taxable Property 101
J-7 Direct and Overlapping Property Taxpayers 102
J-8 Principal Property Taxpayers 103
J-9 Property Tax Levies and Collections 104
J-10 Ratio of Outstanding Debt by Type 105
J-11 Ratios of Net General Bonded Debt Outstanding 106
J-12 Ratios of Overlapping Governmental Activities Debt 107
J-13 Legal Debt Margin 108
J-14 Demographic and Economic Statistics 109
J-15 Principal Employers 110
J-16 Full-Time Equivalent District Employees by Function/Program 111
J-17 Operating Statistics 112
J-18 School Building Information 113
J-19 Schedule of Required Maintenance for School Facilities 114
J-20 Insurance Schedule 115

K. Single Audit Section 116

K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 117
K-2 Report on Compliance For Each Major State Program; Report on Internal Control over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circular 04-04 119
Schedule of Expenditures of Federal Awards 121
Schedule of Expenditures of State Awards 122
Notes to the Schedules of Expenditures of Federal and State Awards 123
Schedule of Findings and Questioned Costs 125
Summary Schedule of Prior Audit Findings 126

INTRODUCTORY SECTION
(UNAUDITED)

BOONTON TOWNSHIP BOARD OF EDUCATION
11 Valley Road
Boonton Township, New Jersey 07005

Dr. Gayle Strauss, Ph.D.
Superintendent/ Principal
Voice (973) 334-4162

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

August 8, 2014

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, 2014 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 the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*, and the New Jersey's OMB Circular 04-04, *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 Board administered by a superintendent and business administrator. Boonton Township has only one public school, known as Rockaway Valley School, which provided learning opportunities for 475 children during the 2013/2014 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 253 Boonton Township High School students attending Mountain Lakes High School during 2013/2014.

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 2013/2014 fiscal year with an average enrollment of 728 students (which includes the high school students) which is 13 students or 1.75% 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 7.7% compared to the County average of 6.3%.

3. MAJOR INITIATIVES: Rockaway Valley School maintains a welcoming and nurturing environment for all students. We believe that students must continue to strive toward high academic standards that are aligned with the National Core Content Standards. There is an emphasis on infusing literacy in the classroom, a focus on improving teaching strategies in all academic areas, and upgrading the physical plant over the next several years. New math and literacy programs were implemented in the past few years and teachers will continue expanding these programs. Teachers were trained on implementing a teacher evaluation program and student data base program, Genesis. This effort will also continue into the next year.

In order to prepare students for 21st Century learning, more than 80 MacBooks as well as iPads were purchased to either replace outdated units or supplement the existing inventory. All computers were upgraded for staff and student use as part of the district's multi-year Technology Plan. The district upgraded the wireless network improve the delivery of instruction to students through mobile computing and interactive instruction. Laptop computers are often used in conjunction with the SMART Boards that are in every classroom. As New Jersey moves to P ARCC and computerized testing, keyboarding has been infused more into the curriculum. As in past years new books, including teacher resource materials, were purchased for the library/media center. New textbooks were purchased, the associated curriculum was rewritten and new novels were purchased for the classrooms.

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. 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 newly adopted Board Policy is referenced in the parent, staff, and student handbooks are 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.

Several health and safety facility items were addressed during the 2013-14 school year. The front driveway loop was upgraded to provide safer parking for visitors and allowed better navigation for school buses. Several plumbing issues were resolved in the fresh water and HV AC water systems. Several electrical controls for the heating system and other electrical circuits were replaced and upgraded as needed. A leaking section of the boiler was replaced to restore it to operational status. Windows were replaced in two classrooms, the library/Media Center and other non-instructional areas to provide increased safety and efficiency. Poorly functioning interior hallway and exterior entrance doors were replaced for improved safety and efficiency.

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 municipality. 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, 2014.

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.

The Honorable President and Members
of the Board of Education
Boonton Township School District
Page 4
August 8, 2014

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 the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid.* The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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

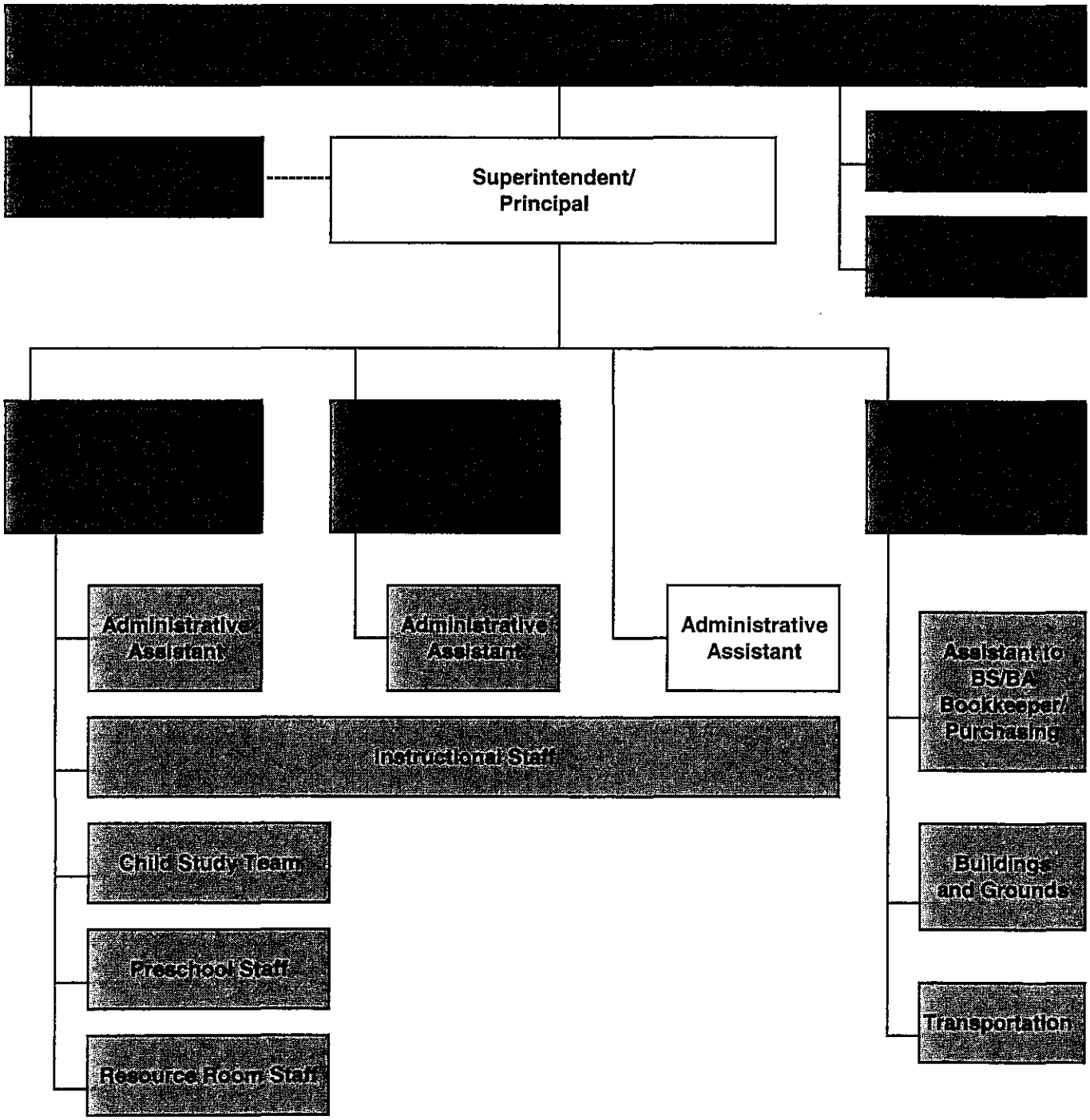
Respectfully submitted,

Dr. Gayle Strauss
Superintendent/ Principal

John T. Murray II
Business Administrator/Board Secretary

BOONTON TOWNSHIP BOARD OF EDUCATION Boonton Township, New Jersey 07005 EXHIBIT	File Code 2121E

Boonton Township Board of Education
Organization Chart



Approved: May 2, 2006

BOONTON TOWNSHIP SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2014

Members of the Board of Education	Term Expires
Barry Brantner, President	2016
Patricia Collins, Vice President	2016
Ann Bentrovato	2015
Christine Cabana	2014
Adrienne Charlton	2016
William Dodero	2015
John Sierchio	2015
Jennifer Sowa	2014
Catherine Youngman	2014

Other Officials	Title
Dr. Gayle Strauss	Superintendent/Principal
John T. Murray II, RSBA	School Business Administrator/Board Secretary
Dr. Lia Lendis	Assistant Principal
Corde Reed	Director of Special Services, LDTC
Norman M. Eckstein	Treasurer of School Monies
Matthew J. Giacobbe (Cleary, Giacobbe, Alfieri, Jacobs,LLC)	School Board Attorney

BOONTON TOWNSHIP SCHOOL DISTRICT

Consultants and Advisors
Year Ended June 30, 2014

Audit Firm

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

Attorney

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

Special Education Attorney

Robin S. Ballard, Esq.
Schenck, Price, Smith & King, LLP
220 Park Avenue
P.O. Box 991
Florham Park, NJ 07003

Architect

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

NISIVOCCIA LLP
Certified Public Accountants & Advisors

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

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

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, 2014, 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, 2014, 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, and the budgetary comparison information in Exhibits C-1 through C-3 and I-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 supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The 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 August 8, 2014 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

August 8, 2014
Mount Arlington, New Jersey

NISIVOCCIA LLP

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

REQUIRED SUPPLEMENTARY INFORMATION - MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2014
(Unaudited)

This section of Boonton Township School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2014. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved by $533,104 on a district-wide basis and over $530,441 of that was within the Governmental Activities, in spite of reduced state aid for several years.
- Overall revenue was $13.99 million.
- Actual General Fund revenue (net of TPAF Pension, Post Retirement Contributions and Social Security) was over $358,933 higher than expected, primarily in tuition, extraordinary state aid and non public transportation.
- Enrollment in the District decreased in 2013/2014; however, cost per pupil remains relatively stable.

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

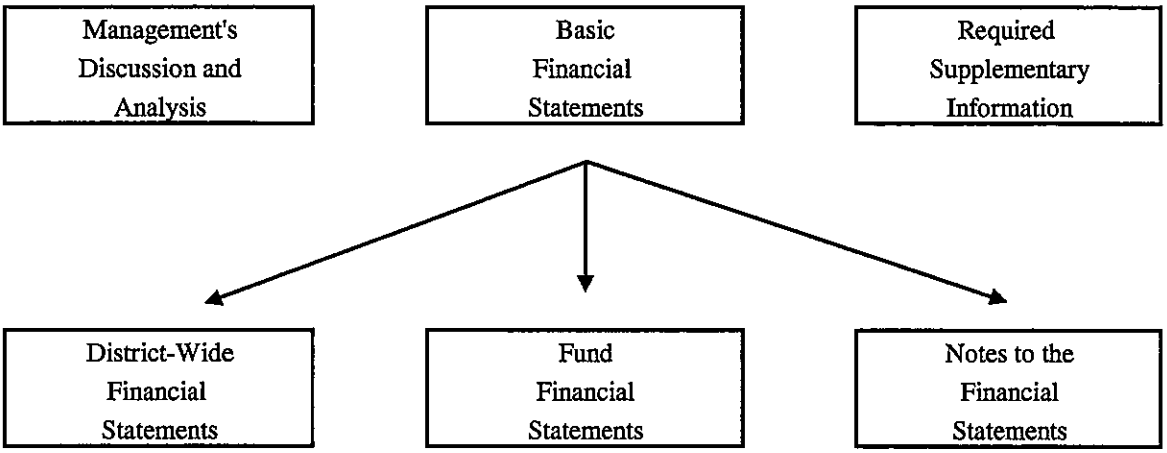


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents 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	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenue, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows	• 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 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 financial statements can be found immediately following the fund financial statements.

Financial Analysis of the District as a Whole

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

Figure A-3

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014	2013	2014	2013	2014	2013	2013-2014
Current and Other Assets	$ 1,758,479	$ 1,314,534	$ 30,078	$ 30,656	$ 1,788,557	$ 1,345,190	32.96%
Capital Assets	370,781	444,604	17,618	14,377	388,399	458,981	-15.38%
Total Assets	2,129,260	1,759,138	47,696	45,033	2,176,956	1,804,171	20.66%
Long-Term Debt Outstanding	1,540,959	1,875,528			1,540,959	1,875,528	-17.84%
Other Liabilities	265,010	90,760			265,010	90,760	191.99%
Total Liabilities	1,805,969	1,966,288			1,805,969	1,966,288	-8.15%
Net Position:							
Net Investment in Capital Assets/(Deficit)	(877,219)	(1,093,396)	17,618	14,377	(859,601)	(1,079,019)	20.33%
Restricted	731,686	459,255			731,686	459,255	59.32%
Unrestricted	468,824	426,991	30,078	30,656	498,902	457,647	9.01%
Total Net Position/ (Deficit)	$ 323,291	$ (207,150)	$ 47,696	$ 45,033	$ 370,987	$ (162,117)	328.84%

Changes in net position. The District's *combined position* was 370,987 on June 30, 2014, $533,104 or 328.84% higher than the year before. (See Figure A-3). The depreciation expense reduced the net position of the District by $87,916. The net position of the business-type activities increased $2,663 or 5.91% (see Figure A-4).

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014	2013	2014	2013	2014	2013	2013-2014
Revenue:							
Program Revenue:							
Charges for Services			$ 9,553	$ 10,476	$ 9,553	$ 10,476	-8.81%
Operating Grants and Contributions	$ 1,448,865	$ 1,553,539			1,448,865	1,553,539	-6.74%
General Revenue:							
Property Taxes	12,268,709	12,041,753			12,268,709	12,041,753	1.88%
Unrestricted Federal and State Aid	61,271	62,059			61,271	62,059	-1.27%
Other	197,720	39,945			197,720	39,945	394.98%
Total Revenue	13,976,565	13,697,296	9,553	10,476	13,986,118	13,707,772	2.03%
Expenses:							
Instruction	5,556,700	5,390,190			5,556,700	5,390,190	3.09%
Tuition	4,712,162	4,841,361			4,712,162	4,841,361	-2.67%
Pupil & Instruction Services	803,652	927,397			803,652	927,397	-13.34%
Administrative and Business	891,833	910,321			891,833	910,321	-2.03%
Maintenance & Operations	739,682	679,598			739,682	679,598	8.84%
Transportation	632,070	602,174			632,070	602,174	4.96%
Other	110,025	130,147	6,890	7,708	116,915	137,855	-15.19%
Total Expenses	13,446,124	13,481,188	6,890	7,708	13,453,014	13,488,896	-0.27%
Increase in Net Position	$ 530,441	$ 216,108	$ 2,663	$ 2,768	$ 533,104	$ 218,876	143.56%

Revenue Sources. The District's total revenue for the 2013/2014 school year was $13,986,118. (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for $12,268,709 of the total, or 87.72%. (See Figure A-5). Another 10.80% came from state and federal aid and the remainder from miscellaneous sources. It is important to note that of the Categorical Grants amount of $1,059,853, there is $649,837 included in funds that are not paid to the District for Pension Contributions and Post Retirement Medical Benefits that the State of New Jersey is paying on behalf of the District. Boonton Township School District basically conducts its operations from the revenues it receives from its local taxpayers.

Figure A-5

Sources of Revenue for Fiscal Year 2014

Sources of Income		Amount	Percentage
State Formula Aid	$	450,283	3.22%
Property Taxes		12,268,709	87.72%
Federal and State Categorical Grants		1,059,853	7.58%
Charges for Services		9,553	0.07%
Other		197,720	1.41%
	$	13,986,118	100.00%

The total cost of all programs and services was $13,453,014. The District's expenses are predominantly related to instructing, tuition, caring for (pupil services) and transporting students (87.00%). (See Figure A-6). The District's administrative and business activities accounted for 6.63% of total costs.

Figure A-6

Expenses for Fiscal Year 2014

Expense Category		Amount	Percentage
Instruction	$	5,556,700	41.30%
Tuition		4,712,162	35.03%
Pupil & Instruction Services		803,652	5.97%
Administrative and Business		891,833	6.63%
Maintenance & Operations		739,682	5.50%
Transportation		632,070	4.70%
Other		116,915	0.87%
	$	13,453,014	100.00%

Expenditures for 2013/2014 included salaries and benefits for employees which were approximately 53.43% of the total budget. Out-of-district tuition costs for special education placements and for students sent to Mountain Lakes High School grades 9 through 12 accounted for about 35.03% of the total budget. Administrative and Business functions included costs for the district's legal, professional and auditing fees, liability insurance, telephone, postage, technology and internet costs, environmental testing and election expenses.

Operations and maintenance expenses of approximately 5.50% included costs for the upkeep and maintenance of the facility including cleaning, landscaping and maintenance contracts, pest control, utilities and property insurance. Improvement projects for 2013/2014 included Classroom cabinetry replacement in the Pre-school Handicap classroom. In addition, two pedestrian walkways were added at the front and rear of the school to improve the safety of students who walk to school.

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

Additionally, Special Revenue Fund expenses from state and federal sources in the amount of $165,782 and debt service payments for bond principal and interest totaling $354,314 were paid in 2013/2014.

The 2013/2014 budget is reflective of the District's desire to provide its students and staff with the best opportunities, in a safe learning environment while being responsible to its taxpayers. Through careful budgeting, prudent planning and internal controls, the use of cooperative purchasing, shared services with Boonton Township and other school districts in areas such as facility services, vehicle maintenance and technology, the District has been successful in maximizing its available resources.

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved by approximately $533,104 on a district-wide basis and over $530,441 of that was within the Governmental Activities. Maintaining existing programs with increased regular pupil enrollment and the provision of a multitude of special programs and services for special needs pupils place great demands on the District's resources. Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions continued during the year were:

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

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

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

Figure A-7

Net Cost of Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction	$ 5,556,700	$ 5,390,190	$ 4,227,409	$ 3,968,915
Tuition	4,712,162	4,841,361	4,712,162	4,841,361
Pupil & Instruction Services	803,652	927,397	787,343	914,444
Administrative and Business	891,833	910,321	853,574	858,535
Maintenance & Operations	739,682	679,598	739,682	679,598
Transportation	632,070	602,174	567,064	534,649
Other	110,025	130,147	110,025	130,147
Total	$ 13,446,124	$ 13,481,188	$ 11,997,259	$ 11,927,649

- The cost of all governmental activities this year was $13.45 million.
- The federal and state governments subsidized certain programs with grants and contributions ($1,059,853).
- Most of the District's costs, however, were financed by District taxpayers ($12.27 million).
- A portion of governmental activities was financed with $450,283 in state aid.
- The remainder of the funding came from miscellaneous revenue, charges for services and investment earnings ($207,273).

Business-Type Activities

Net position from the District's business-type activity increased by $2,663, primarily due to a decrease in purchases of lunch room supplies (refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position increased due to significant budget reductions, difficult economic times, and changes in student population. The cost of these additional teachers, plus benefits, has been a strain on our budget but is necessitated to maintain class sizes at acceptable levels.

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

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

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Figure A-8

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014	2013	2014	2013	2014	2013	2013-2014
Buildings & Improvements	$ 101,774	$ 127,718			$ 101,774	$ 127,718	-20.31%
Furniture, Machinery and Equipment	269,007	316,886	$ 17,618	$ 14,377	286,625	331,263	-13.48%
Total	$ 370,781	$ 444,604	$ 17,618	$ 14,377	$ 388,399	$ 458,981	-15.38%

During the fiscal year, the District acquired $17,334 in equipment and depreciated $87,916 of its capital assets.

Long-Term Debt

At year-end, the District had $1,540,959 in general obligation bonds and other long-term debt outstanding – a reduction of $334,569 from last year – as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 8 to the financial statements.)

Figure A-9

Outstanding Long-Term Debt

	Total School District		Total Percentage Change
	2014	2013	2013-2014
General Obligation Bonds (Financed with Property Taxes)	$ 1,248,000	$ 1,538,000	-18.86%
Other Long Term Debt	292,959	337,528	-13.20%
Total	$ 1,540,959	$ 1,875,528	-17.84%

- The District continued to pay down its debt, retiring $290,000 of general obligation bonds and $16,229 of ERIP obligations.
- The District also had a net decrease in Compensated Absences payable of $28,340.

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

Exhibit A-1

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	$ 958,440	$ 30,078	$ 988,518
Receivables from Federal Government	154,988		154,988
Receivables from State Government	195,992		195,992
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	98,309		98,309
Maintenance Reserve Account - Cash and Cash Equivalents	350,750		350,750
Capital Assets, Net	370,781	17,618	388,399
Total Assets	2,129,260	47,696	2,176,956
LIABILITIES			
Accounts Payable - Vendors	254,485		254,485
Interfund Payable	10,525		10,525
Noncurrent Liabilities:			
Due Within One Year	304,229		304,229
Due Beyond One Year	1,236,730		1,236,730
Total Liabilities	1,805,969		1,805,969
NET POSITION			
Net Investment in Capital Assets/ (Deficit)	(877,219)	17,618	(859,601)
Restricted for:			
Capital Projects	98,309		98,309
Other Purposes	633,377		633,377
Unrestricted	468,824	30,078	498,902
Total Net Position/ (Deficit)	$ 323,291	$ 47,696	$ 370,987

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

Exhibit A-2

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net Expense and Changes in Net Position: Governmental Activities	Net Expense and Changes in Net Position: Business-type Activities	Net Expense and Changes in Net Position: Total
Governmental Activities:						
Instruction:						
Regular	$ 4,111,012		$ 471,851	$ (3,639,161)		$ (3,639,161)
Special Education	1,217,404		831,938	(385,466)		(385,466)
Other Special Instruction	115,393		13,416	(101,977)		(101,977)
School Sponsored/Other Instruction	112,891		12,086	(100,805)		(100,805)
Support Services:						
Tuition	4,712,162			(4,712,162)		(4,712,162)
Student & Instruction Related Services	803,652		16,309	(787,343)		(787,343)
General Administrative Services	268,081			(268,081)		(268,081)
School Administrative Services	343,051		38,259	(304,792)		(304,792)
Central Services	235,041			(235,041)		(235,041)
Administration Information Technology	45,660			(45,660)		(45,660)
Plant Operations and Maintenance	739,682			(739,682)		(739,682)
Pupil Transportation	632,070		65,006	(567,064)		(567,064)
Unallocated Depreciation	44,844			(44,844)		(44,844)
Capital Outlay	867			(867)		(867)
Interest on Long-Term Debt	64,314			(64,314)		(64,314)
Total Governmental Activities	13,446,124		1,448,865	(11,997,259)		(11,997,259)
Business-Type Activities:						
Food Service	6,890	$ 9,553			$ 2,663	2,663
Total Business-Type Activities	6,890	9,553			2,663	2,663
Total Primary Government	$ 13,453,014	$ 9,553	$ 1,448,865	$ (11,997,259)	$ 2,663	$ (11,994,596)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				$ 11,975,666		$ 11,975,666
Taxes Levied for Debt Service				293,043		293,043
Federal and State Aid Not Restricted				61,271		61,271
Interest Earned on Capital Reserve Funds				1		1
Miscellaneous Income				197,719		197,719
Total General Revenue				12,527,700		12,527,700
Change in Net Position				530,441	$ 2,663	533,104
Net Position - Beginning/(Deficit)				(207,150)	45,033	(162,117)
Net Position - Ending				$ 323,291	$ 47,696	$ 370,987

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

FUND FINANCIAL STATEMENTS

Exhibit B-1

BOONTON TOWNSHIP SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$ 958,440			$ 958,440
Receivables From Federal Government		$ 154,988		154,988
Receivables From State Government	195,992			195,992
Interfund Receivable	154,988			154,988
Restricted Cash and Cash Equivalents	449,059			449,059
Total Assets	$ 1,758,479	$ 154,988	$ -0-	$ 1,913,467
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable - Vendors	$ 254,485			$ 254,485
Interfund Payable	10,525	$ 154,988		165,513
Total Liabilities	265,010	154,988		419,998
Fund Balances:				
Restricted:				
Capital Reserve	98,309			98,309
Maintenance Reserve	350,750			350,750
Excess Surplus	140,064			140,064
Excess Surplus - Subsequent Year's Expenditures	142,563			142,563
Assigned:				
Year-End Encumbrances	200,673			200,673
Designated for Subsequent Year's Expenditures	171,499			171,499
Unassigned:				
General Fund	389,611			389,611
Total Fund Balances	1,493,469			1,493,469
Total Liabilities and Fund Balances	$ 1,758,479	$ 154,988	$ -0-	$ 1,913,467

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

Total Fund Balances (Above)	$ 1,493,469
Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of the assets is $2,828,150, and the accumulated depreciation is $2,457,369.	370,781
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.	(1,540,959)
Net Position of Governmental Activities (Exhibit A-1)	$ 323,291

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

Exhibit B-2

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	$ 11,975,666		$ 293,043	$ 12,268,709
Tuition	168,744			168,744
Interest Earned on Capital Reserve Funds	120			120
Miscellaneous	28,856			28,856
Total - Local Sources	12,173,386		293,043	12,466,429
State Sources	1,283,083		61,271	1,344,354
Federal Sources		$ 165,782		165,782
Total Revenue	13,456,469	165,782	354,314	13,976,565
EXPENDITURES:				
Current:				
Regular Instruction	2,889,201	13,811		2,903,012
Special Education Instruction	723,091	151,971		875,062
Other Special Instruction	78,415			78,415
School Sponsored/Other Instruction	79,579			79,579
Support Services and Undistributed Costs:				
Tuition	4,712,162			4,712,162
Student & Instruction Related Services	667,572			667,572
General Administrative Services	227,529			227,529
School Administrative Services	233,923			233,923
Central Services	187,172			187,172
Administration Information Technology	38,848			38,848
Plant Operations and Maintenance	646,794			646,794
Pupil Transportation	598,999			598,999
Unallocated Benefits	2,089,313			2,089,313
Debt Service:				
Principal			290,000	290,000
Interest and Other Charges			64,314	64,314
Capital Outlay	14,176			14,176
Total Expenditures	13,186,774	165,782	354,314	13,706,870
Excess of Revenue Over Expenditures	269,695			269,695
Net Change in Fund Balances	269,695			269,695
Fund Balance - July 1	1,223,774			1,223,774
Fund Balance - June 30	$ 1,493,469	$ -0-	$ -0-	$ 1,493,469

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, 2014

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2)			$ 269,695
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:			
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation differs from capital outlays in the period.			
Depreciation Expense	$ (87,132)		
Capital Outlays	13,309		(73,823)
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).			28,340
Repayment of bond principal and other long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. (+)			306,229
Change in Net Position of Governmental Activities (Exhibit A-2)			$ 530,441

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

Exhibit B-4

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

ASSETS:		
Current Assets:		
Cash and Cash Equivalents	$	30,078
Total Current Assets		30,078
Non-Current Assets:		
Capital Assets		27,068
Less: Accumulated Depreciation		(9,450)
Total Non-Current Assets		17,618
Total Assets		47,696
NET POSITION:		
Net Investment in Capital Assets		17,618
Unrestricted		30,078
Total Net Position	$	47,696

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

Exhibit B-5

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Operating Revenue:	
Local Sources:	
Daily Sales:	
Special Milk Program	$ 9,553
Total Operating Revenue	9,553
Operating Expenses:	
Cost of Sales	6,098
Miscellaneous Expense	8
Depreciation Expense	784
Total Operating Expenses	6,890
Change in Net Position	2,663
Net Position - Beginning of Year	45,033
Net Position - End of Year	$ 47,696

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

Exhibit B-6

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Cash Flows from Operating Activities:		
Receipts from Customers	$	9,553
Payments to Suppliers		(6,106)
Net Cash Provided by Operating Activities		3,447
Cash Flows from Capital and Related Financing Activities:		
Capital Purchase of Capital Assets		(4,025)
Net Cash Used for Capital and Related Financing Activities		(4,025)
Net Decrease in Cash and Cash Equivalents		(578)
Cash and Cash Equivalents, July 1		30,656
Cash and Cash Equivalents, June 30	$	30,078
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$	2,663
Adjustment to Reconcile Operating Income to Cash Used for Operating Activities:		
Depreciation		784
Net Cash Provided by Operating Activities	$	3,447

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

Exhibit B-7

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

	Agency	Unemployment Compensation Trust	Flexible Spending Trust
ASSETS:			
Cash and Cash Equivalents	$ 127,992	$ 22,465	$ 492
Interfund Receivable - General Fund	525	10,000	
Total Assets	128,517	32,465	492
LIABILITIES:			
Payroll Deductions and Withholdings	73,644		
Due to Student Groups	54,873		
Total Liabilities	128,517		
NET POSITION:			
Held in Trust for Unemployment Claims		32,465	
Flexible Spending Claims			492
Total Net Position	$ -0-	$ 32,465	$ 492

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

Exhibit B-8

BOONTON TOWNSHIP SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Trust
ADDITIONS:			
Contributions:			
Plan Members	$ 7,033	$ 22,250	
Total Contributions	7,033	22,250	
Investment Earnings:			
Interest	3		
Net Investment Earnings	3		
Total Additions	7,036	22,250	
DEDUCTIONS:			
Unemployment Compensation Claims	7,842		
Flexible Spending Claims		21,758	
Other Expenses			$ 4,834
Total Deductions	7,842	21,758	4,834
Change in Net Position	(806)	492	(4,834)
Net Position - Beginning of the Year	33,271		4,834
Net Position - End of the Year	$ 32,465	$ 492	$ -0-

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, 2014

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 publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include an elementary school located in the Township of Boonton. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

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

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

B. Basis of Presentation: (Cont'd)

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

B. Basis of Presentation: (Cont'd)

The District reports the following proprietary fund:

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting:

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

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

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

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the County office and are approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget Amendments/Transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	$13,456,729	$ 165,782
Differences - Budget to GAAP:		
Prior Year State Aid Payment Recognized for GAAP Statements	43,831	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(44,091)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	$13,456,469	$ 165,782

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$13,186,774	$ 165,782
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	$13,186,774	$ 165,782

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.

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

F. Interfund Transactions:

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

F. Interfund Transactions (Cont'd):

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2014.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

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 their estimated fair market value on the date received. 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:

	Estimated Useful Life
Buildings	50 Years
Site Improvements	20 Years
Furniture and Equipment	10 to 15 Years
Computer and Related Technology	5 Years
Vehicles	8 Years

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Fixed 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 government activities, business-type activities, or enterprise funds. Bond premium 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, governmental fund types recognize bond discounts as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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, 2014.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

N. Compensated Absences:

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

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

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the $1,493,469 General Fund fund balance at June 30, 2014, $200,673 is assigned for year-end encumbrances; $98,309 is restricted in the capital reserve account; $350,750 is restricted in the maintenance reserve account; $142,563 is prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2015 in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701); $140,064 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the year ended June 30, 2016; $171,499 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2015; and $389,611 is unassigned fund balance (which is $44,091 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final state aid payments, which are not recognized until the subsequent fiscal year ended June 30, 2015).

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2014 is $-0-.

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

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis by $44,091 as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the related state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

Q. Net Position:

The District implemented GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, during the prior fiscal year. This statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. This Statement provides guidance for reporting net position within a framework that includes deferred outflows of resources and deferred inflows of resources, in addition to assets and liabilities.

The District implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities*, during the current fiscal year. The District implemented GASB No. 65, *Items Previously Reported as Assets and Liabilities*, during the current fiscal year. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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 did not have any deferred inflows or outflows of resources at June 30, 2014.

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.

R. 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, 2014.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

R. Fund Balance Restrictions, Commitments and Assignments (Cont'd):

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 2014/2015 budget and year-end encumbrances at June 30, 2014.

S. 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.

T. 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.

U. 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.

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.

Investments are stated at cost, which approximates market. 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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures,* 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.

Deposits:

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

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

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

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

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

Investments:

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

(1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;

(2) Government money market mutual funds;

(3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;

(4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

(5) Local government investment pools;

(6) Deposits with the State of New Jersey Cash Management Fund; or

(7) Agreements for the repurchase of fully collateralized securities if:

    (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;

    (b) the custody of collateral is transferred to a third party;

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

Investments: (Cont'd)

(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 statute; and

(e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2014, cash and cash equivalents and investments of the District consisted of the following:

	Restricted Cash and Cash Equivalents		Unrestricted Cash and Cash Equivalents	
	Capital Reserve	Maintenance Reserve		Total
Checking & Savings Accounts	$ 98,308	$ 350,750	$ 921,788	$ 1,370,846
NJ Cash Management Fund			217,680	217,680
	$ 98,308	$ 350,750	$ 1,139,468	$ 1,588,526

During the period ended June 30, 2014, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2014, was $1,588,526 and the bank balance was $1,747,650. The $217,680 in the NJ Cash Management Fund is uninsured and unregistered.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal year is as follows:

Balance at June 30, 2013	$ 48,308
Increases: Interest	1
Increases: Board Transfer- June 9, 2014	50,000
Balance at June 30, 2014	$ 98,309

The Long Range Facilities Plan balance of local support costs of uncompleted projects exceeds the balance in the capital reserve account at June 30, 2014.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 5: TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2014, the District transferred $13,308 to the capital outlay accounts for equipment which did not require approval of the County Superintendent.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2014 were as follows:

	Balance 06/30/13	Increases	Decreases	Balance 06/30/14
Governmental Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	$ 1,867,191			$ 1,867,191
Machinery and Equipment	947,650	$ 13,309		960,959
Total Capital Assets Being Depreciated	2,814,841	13,309		2,828,150
Governmental Activities Capital Assets	2,814,841	13,309		2,828,150
Less Accumulated Depreciated for:				
Buildings and Building Improvements	(1,739,473)	(25,944)		(1,765,417)
Machinery and Equipment	(630,764)	(61,188)		(691,952)
Total Accumulated Depreciation	(2,370,237)	(87,132)		(2,457,369)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	$ 444,604	$ (73,823)	$ -0-	$ 370,781
Business Type Activites:				
Capital Assets Being Depreciated:				
Furniture and Equipment	$ 23,043	$ 4,025		$ 27,068
Less Accumulated Depreciation	(8,666)	(784)		(9,450)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	$ 14,377	$ 3,241	$ -0-	$ 17,618

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	$ 7,438
Special Education Instruction	8,197
General Administrative Services	1,053
Operations and Maintenance of Plant	7,225
Transportation	18,375
General/Unallocated	44,844
	$ 87,132

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 7. OPERATING LEASES

The District has a commitment to lease copiers under operating leases which expires in March 2017. Total operating lease payments made during the year ended June 30, 2014 were $19,500. Future minimum lease payments are as follows:

Year Ended	Amount
June 30, 2015	$ 19,500
	$ 19,500

NOTE 8. GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2014, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance 06/30/13	Accrued	Retired	Balance 06/30/14
Bonds Payable	$ 1,538,000		$ 290,000	$ 1,248,000
Compensated Absences Payable	207,696	$ 15,473	43,813	179,356
ERIP Accrued Liability	129,832		16,229	113,603
	$ 1,875,528	$ 15,473	$ 350,042	$ 1,540,959

A. Bonds Payable:

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

The District had bonds outstanding as of June 30, 2014 as follows:

Final Maturity Date	Serial Bonds Interest Rate	Amount
07/15/14	5.95%	$ 88,000
05/01/20	4.00-4.50%	1,160,000
		$ 1,248,000

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

A. Bonds Payable (Cont'd):

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

	Bonds		
Year Ending June 30,	Principal	Interest	Total
2015	$ 288,000	$ 50,018	$ 338,018
2016	200,000	38,400	238,400
2017	195,000	30,400	225,400
2018	195,000	30,000	225,000
2019	190,000	11,000	201,000
2020	180,000	3,600	183,600
	$ 1,248,000	$ 163,418	$ 1,411,418

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

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

B. Bonds Authorized But Not Issued:

As of June 30, 2014, the Board has no bonds authorized but not issued.

C. Compensated Absences Payable:

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and the current portion of the compensated absences balance of the governmental funds is $-0- and is separated from the long-term liability balance of compensated absences of $179,356. There is no liability for compensated absences in the District's Enterprise Fund.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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

D. Early Retirement Incentive Program:

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

Year	Amount
2015	$ 16,229
2016	16,229
2017	16,229
2018	16,229
2019	16,229
2020	16,229
2021	16,229
	$ 113,603

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

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

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. These systems are sponsored and administered by the State of New Jersey. The TPAF is considered a cost-sharing, multiple employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other non-contribution employers. The PERS is also considered a cost-sharing, multiple-employer plan.

Employees who are members of TPAF or PERS and retire at a specified age according to the relevant tier category for that employee are entitled to a retirement benefit based upon a formula which takes "final average salary" during years of creditable service. Vesting occurs after 8 to 10 years of service.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be obtained by writing to the State of New Jersey, Department of Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

The contribution policy is set by New Jersey State Statutes and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey regulation. For PERS and TPAF, the contribution rate was 6.64% effective July 1, 2012 and increased to 6.78% effective July 1, 2013. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018. Employers are required to contribute at an actuarially determined rate. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

Under current statute, the District is a noncontributing employer of the TPAF. District contributions to PERS amounted to $73,520, $69,160 and $71,730 for 2014, 2013 and 2012, respectively.

During the fiscal years ended June 30, 2014, 2013 and 2012 the State of New Jersey contributed $146,344, $227,789 and $347,592, respectively, to the TPAF for normal pension benefits on-behalf of the District.

Legislation enacted during 1993 provided early retirement incentives for certain members of the TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1993 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; (c) an additional $500 per month for two years for employees at least age 60 with 10 but less than 20 years of service.

The Board elected the early retirement incentive program ("ERIP") on June 30, 1993 for TPAF.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits, and the State contributed $1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

The State's on behalf Post Retirement Medical Contributions for TPAF for the District were $239,949, $257,572 and $230,975 for 2014, 2013 and 2012, respectively.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

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
Metropolitan Life Securities First
Metropolitan Life Resources
John Hancock
Lincoln Financial

NOTE 12. RISK MANAGEMENT

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

Property, Liability and Health Benefits

A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

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

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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 12. RISK MANAGEMENT (Cont'd)

The audit report for the fiscal year ended June 30, 2014 was not available as of the date of this report. Selected financial information for the NJSIG as of June 30, 2013 is as follows:

	New Jersey Schools Insurance Group
Total Assets	$ 277,741,572
Net Position	$ 65,389,322
Total Revenue	$ 114,969,485
Total Expenses	$ 113,723,547
Change in Net Position	$ 1,245,938
Members Dividends	$ -0-

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

New Jersey Schools Insurance Group
450 Veterans Drive
Burlington, NJ 08016
(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 District's contributions, 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
2013/2014		$ 7,036	$ 7,842	$ 32,465
2012/2013		6,808	10,975	33,271
2011/2012	$ 15,605	6,526	22,339	37,438

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(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. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2014:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 154,988	$ 10,525
Special Revenue		154,988
Payroll Agency Fund	525	
Unemployment Compensation Fund	10,000	
	$ 165,513	$ 165,513

The interfund between General Fund and the Unemployment Compensation Fund represents the District's prior year contribution to the Unemployment Compensation Trust and Payroll Agency Fund. The interfund between General Fund and Special Revenue Fund represents the deficit in cash while awaiting collection of federal grant receivable in Special Revenue Fund.

NOTE 15. 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.

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 16. 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, 2014, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds.

General Fund	Total Governmental Funds
$ 200,673	$ 200,673

NOTE 17. 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

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 17. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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, 2013 to June 30, 2014 fiscal year is as follows:

Balance at June 30, 2013	$ 165,000
Increases: Board Transfer- June 9, 2014	185,750
Balance at June 30, 2014	$ 350,750

BUDGETARY COMPARISON SCHEDULES

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 11,975,666		$ 11,975,666	$ 11,975,666	
Tuition				168,744	$ 168,744
Interest Earned on Capital Reserve Funds				120	120
Miscellaneous	21,750		21,750	28,856	7,106
Total - Local Sources	11,997,416		11,997,416	12,173,386	175,970
State Sources:					
Categorical Transportation Aid	56,215	$ (1,351)	54,864	54,864	
Categorical Special Education Aid	383,021	1,180	384,201	384,201	
Categorical Security Aid	11,307	171	11,478	11,478	
Extraordinary Aid				172,821	172,821
Nonpublic Transportation				10,142	10,142
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				146,344	146,344
TPAF Post Retirement Medical Contributions (On-Behalf - Non-Budgeted)				239,949	239,949
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				263,544	263,544
Total State Sources	450,543		450,543	1,283,343	832,800
TOTAL REVENUES	12,447,959		12,447,959	13,456,729	1,008,770

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	$ 135,041	$ 3,790	$ 138,831	$ 137,956	$ 875
Grades 1-5 - Salaries of Teachers	1,405,644	(48,967)	1,356,677	1,355,857	820
Grades 6-8 - Salaries of Teachers	1,128,848	(20,745)	1,108,103	1,107,307	796
Regular Programs - Home Instruction:					
Salaries of Teachers	2,211	(2,000)	211	211	
Purchased Professional-Educational Services		3,000	3,000	2,900	100
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	5,000	375	5,375	5,375	
Other Purchased Services (400-500 series)	2,820	(570)	2,250	2,250	
General Supplies	79,898	215,939	295,837	250,781	45,056
Textbooks	30,000	27,979	57,979	26,522	31,457
Other Objects	100		100	42	58
Total Regular Programs - Instruction	2,789,563	178,800	2,968,363	2,889,201	79,162
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	57,205	(5,040)	52,165	48,816	3,349
Other Salaries for Instruction	27,519		27,519	27,519	
General Supplies	1,000	3,536	4,536	4,449	87
Total Multiple Disabilities	85,724	(1,504)	84,220	80,784	3,436

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Special Education:					
Resource Room/Resource Center:					
Salaries of Teachers	$ 183,460	$ 53,634	$ 237,094	$ 224,494	$ 12,600
Other Salaries for Instruction	140,395	20,027	160,422	160,422	
General Supplies	1,400	(550)	850	840	10
Total Resource Room/Resource Center	325,255	73,111	398,366	385,756	12,610
Preschool Disabilities - Full Time:					
Salaries of Teachers	113,146	2,628	115,774	115,774	
Other Salaries for Instruction	133,578	7,096	140,674	140,674	
General Supplies	154	41	195	103	92
Total Preschool Disabilities - Full Time	246,878	9,765	256,643	256,551	92
Total Special Education - Instruction	657,857	81,372	739,229	723,091	16,138
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	93,393	(42,288)	51,105	51,080	25
General Supplies	2,465	(2,202)	263	263	
Total Basic Skills/Remedial - Instruction	95,858	(44,490)	51,368	51,343	25
Bilingual Education - Instruction:					
Salaries of Teachers	27,842	(770)	27,072	27,072	
Total Bilingual Education - Instruction	27,842	(770)	27,072	27,072	

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	$ 23,255	$ 10,588	$ 33,843	$ 33,843	
Other Objects	200	60	260	260	
Total School-Sponsored Cocurricular Activities - Instruction	23,455	10,648	34,103	34,103	
School-Sponsored Athletics - Instruction:					
Salaries	37,693	(1,133)	36,560	36,560	
Supplies and Materials	3,406	(2,199)	1,207	1,207	
Other Objects	1,850	20	1,870	1,870	
Transfer to Cover Deficit	8,558	(200)	8,358	5,839	$ 2,519
Total School-Sponsored Athletics - Instruction	51,507	(3,512)	47,995	45,476	2,519
Total Instruction	3,646,082	222,048	3,868,130	3,770,286	97,844
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	3,371,424		3,371,424	3,371,424	
Tuition to Other LEAs Within the State - Special	991,888	(26,835)	965,053	918,781	46,272
Tuition to County Vocational School District - Regular	66,374		66,374	51,216	15,158
Tuition to Private Schools for the Handicapped - Within State	691,230	(129,743)	561,487	358,776	202,711
Tuition to Private Schools for the Handicapped - Out of State		11,965	11,965	11,965	
Total Undistributed Expenditures - Instruction	5,120,916	(144,613)	4,976,303	4,712,162	264,141

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Health Services:					
Salaries	$ 90,432	$ 2,400	$ 92,832	$ 92,832	
Purchased Professional and Technical Services	8,825	(3,557)	5,268	5,268	
Supplies and Materials	5,250	1,975	7,225	6,012	$ 1,213
Other Objects	650		650	430	220
Total Health Services	105,157	818	105,975	104,542	1,433
Speech, OT, PT & Related Services:					
Salaries	41,289	2,075	43,364	43,364	
Purchased Professional - Educational Services	116,677	51,570	168,246	124,099	44,147
Supplies and Materials	1,336	8,169	9,505	8,602	903
Total Speech, OT, PT & Related Services	159,301	61,814	221,115	176,065	45,050
Other Support Services - Students - Extraordinary Services:					
Salaries		10,995	10,995	8,419	2,576
Total Other Support Services - Students - Extraordinary Services		10,995	10,995	8,419	2,576
Guidance:					
Salaries of Other Professional Staff	24,382	228	24,610	24,210	400
Other Purchased Professional and Technical Services		8,130	8,130	8,123	7
Supplies and Materials	2,600	(242)	2,358	2,322	36
Other Objects		750	750	369	381
Total Guidance	26,982	8,866	35,848	35,024	824

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Child Study Teams:					
Salaries of Other Professional Staff	$ 116,246	$ 164	$ 116,410	$ 116,410	
Salaries of Secretarial and Clerical Assistants	21,073		21,073	21,073	
Purchased Professional - Educational Services	34,072	17,186	51,258	47,658	$ 3,600
Other Purchased Professional and Technical Services	11,095	(11,095)			
Other Purchased Services (400-500 series other than resid costs)	500		500	295	205
Supplies and Materials	3,442	6,760	10,202	8,858	1,344
Other Objects	1,500		1,500	1,195	305
Total Child Study Teams	187,928	13,015	200,943	195,489	5,454
Improvement of Instruction Services:					
Salaries of Other Professional Staff	3,200		3,200	3,200	
Purchased Professional - Educational Services	11,200	2,137	13,337	5,554	7,783
Total Improvement of Instruction Services	14,400	2,137	16,537	8,754	7,783
Educational Media Services/School Library:					
Salaries	37,999	33,607	71,606	71,606	
Salaries of Technology Coordinators	34,570	(34,570)			
Other Purchased Services (400-500 series)	12,211	(390)	11,821	6,925	4,896
Supplies and Materials	9,287	390	9,677	8,747	930
Other Objects	80		80	25	55
Total Educational Media Services/School Library	94,147	(963)	93,184	87,303	5,881

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Instructional Staff Training Services:					
Salaries of Other Professional Staff	$ 20,196		$ 20,196	$ 20,196	
Other Purchased Services (400-500 series)	38,000		38,000	31,668	$ 6,332
Supplies and Materials	500		500	112	388
Other Objects	800		800		800
Total Instructional Staff Training Services	59,496		59,496	51,976	7,520
Support Services - General Administration:					
Salaries	147,762	$ 1	147,763	134,577	13,186
Legal Services	19,071		19,071	16,155	2,916
Audit Fees	27,000	(5,000)	22,000	20,000	2,000
Architectural/ Engineering Services	1,900	2,000	3,900	1,933	1,967
Purchased Technical Services	2,000	(2,000)			
Communications/Telephone	28,850	(6,300)	22,550	15,213	7,337
BOE Other Purchased Services	2,000		2,000	400	1,600
Miscellaneous Purchased Services (400-500) (Other than 530&585 Series)	36,636	(7,864)	28,772	20,310	8,462
General Supplies	8,600	800	9,400	5,975	3,425
BOE In-House Training/Meeting Supplies	2,000		2,000	1,625	375
Miscellaneous Expenditures	5,744	1,250	6,994	4,838	2,156
BOE Membership Dues and Fees	7,000		7,000	6,503	497
Total Support Services - General Administration	288,563	(17,113)	271,450	227,529	43,921

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals/Program Directors	$ 168,534	$ (100)	$ 168,434	$ 156,148	$ 12,286
Salaries of Other Professional Staff	11,590		11,590	11,589	1
Salaries of Secretarial and Clerical Assistants	53,791	1,339	55,130	55,130	
Other Purchased Services (400-500 series)	4,350	365	4,715	3,309	1,406
Supplies and Materials	6,240	300	6,540	6,184	356
Other Objects	2,200		2,200	1,563	637
Total Support Services - School Administration	246,705	1,904	248,609	233,923	14,686
Central Services:					
Salaries	162,452		162,452	161,962	490
Miscellaneous Purchased Services (400-500 Series)	10,600	3,806	14,406	14,406	
Supplies and Materials	4,500	61	4,561	4,315	246
Miscellaneous Expenditures	4,000	2,489	6,489	6,489	
Total Central Services	181,552	6,356	187,908	187,172	736
Administration Information Technology:					
Salaries	23,046	1	23,047	23,047	
Purchased Technical Services	6,802	61	6,863	2,363	4,500
Other Purchased Services (400-500 series)	11,800	90	11,890	6,890	5,000
Supplies and Materials	5,310	300	5,610	5,568	42
Other Objects	6,455	(4,300)	2,155	980	1,175
Total Administration Information Technology	53,413	(3,848)	49,565	38,848	10,717

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Required Maintenance for School Facilities:					
Salaries	$ 47,691	$ 891	$ 48,582	$ 48,426	$ 156
Cleaning, Repair and Maintenance Services	61,378	81,393	142,770	126,284	16,486
General Supplies	19,093	3,500	22,593	19,403	3,190
Total Required Maintenance for School Facilities	128,161	85,784	213,945	194,113	19,832
Custodial Services:					
Salaries	239,533	7,434	246,967	237,334	9,633
Purchased Professional and Technical Services	7,000		7,000	2,787	4,213
Cleaning, Repair and Maintenance Services	67,870	(20,989)	46,881	42,077	4,804
Other Purchased Property Services	5,200	311	5,511	5,511	
Insurance	29,000	571	29,571	29,571	
Miscellaneous Purchased Services	450		450	139	311
General Supplies	23,122	(9,082)	14,040	13,916	124
Energy (Electricity)	70,000	47,996	117,996	106,895	11,101
Other Objects	69,952	(69,952)			
Energy (Natural Gas)	700	80	780	80	700
Total Custodial Services	512,827	(43,631)	469,196	438,310	30,886
Care and Upkeep of Grounds:					
Cleaning, Repair and Maintenance Services	16,500	(2,129)	14,371	14,371	
Total Care and Upkeep of Grounds	16,500	(2,129)	14,371	14,371	

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries (Between Home & School) - Regular	$ 40,722	$ 1,092	$ 41,814	$ 41,814	
Salaries (Between Home & School) - Special Education	4,325		4,325	3,711	$ 614
Salaries (Other Than Between Home & School)	10,000	(5,801)	4,199	4,199	
Cleaning, Repair and Maintenance Services	5,000	(1,667)	3,333	3,333	
Contracted Services:					
Between Home & School - Vendors	205,216	(925)	204,291	204,096	195
Other Than Between Home & School - Vendors	6,000	4,827	10,827	10,827	
Special Education Students - Vendors	15,000	1,531	16,531	16,531	
Regular Students - ESCs & CTSAs	17,000	23,956	40,956	40,956	
Special Education Students - ESC's & CTSAs	195,000	18,808	213,808	212,945	863
Aid in Lieu of Payments - Non Public School	54,000	(3,037)	50,963	50,963	
Miscellaneous Purchased Services - Transportation	4,000	(3,144)	856	856	
General Supplies	10,029		10,029	8,618	1,411
Other Objects	1,000		1,000	150	850
Total Student Transportation Services	567,292	35,640	602,932	598,999	3,933
Unallocated Benefits:					
Social Security Contributions	75,000	16,031	91,031	91,031	
TPAF Contributions - ERIP	17,000	(1,047)	15,953	15,953	
Other Retirement Contributions - PERS	71,011	2,929	73,940	73,520	420
Unemployment Compensation	10,000	(9,400)	600		600
Workmen's Compensation	42,000		42,000	41,353	647
Health Benefits	1,232,700	(117,339)	1,115,361	1,115,361	

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current Expense:					
Undistributed Expenditures:					
Unallocated Benefits:					
Tuition Reimbursement	$ 27,500		$ 27,500	$ 20,570	$ 6,930
Other Employee Benefits	24,900	$ 56,788	81,688	81,688	
Total Unallocated Benefits	1,500,111	(52,038)	1,448,073	1,439,476	8,597
TPAF Contributions:					
TPAF Pension Contributions (On-Behalf - Non-Budgeted)				146,344	(146,344)
TPAF Post Retirement Medical Contributions (On-Behalf - Non-Budgeted)				239,949	(239,949)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				263,544	(263,544)
Total On-Behalf Contributions				649,837	(649,837)
Total Personal Services - Employee Benefits	1,500,111	(52,038)	1,448,073	2,089,313	(641,240)
Total Undistributed Expenses	9,263,452	(37,007)	9,226,445	9,402,312	(175,867)
Total Expenditures - Current Expense	12,909,534	185,041	13,094,575	13,172,598	(78,023)
Capital Outlay:					
Equipment:					
Undistributed Expenditures:					
Instruction		9,014	9,014	9,014	
Required Maintenance for School Facilities		4,294	4,294	4,294	
Total Equipment		13,308	13,308	13,308	

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital Outlay:					
Facilities Acquisition and Construction Services:					
Assessment for Debt Service	$ 1,339		$ 1,339	$ 868	$ 471
Total Facilities Acquisition and Construction Services	1,339		1,339	868	471
Total Expenditures - Capital Outlay	1,339	$ 13,308	14,647	14,176	471
Transfer of Fund to Charter Schools	11,965	(11,965)			
TOTAL EXPENDITURES	12,922,838	186,384.21	13,109,222	13,186,774	(77,552)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(474,879)	(186,384)	(661,263)	269,955	931,218
Fund Balance, July 1	1,267,605		1,267,605	1,267,605	
Fund Balance, June 30	$ 792,726	$ (186,384)	$ 606,342	$ 1,537,560	$ 931,218

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

Recapitulation:		
Restricted:		
Capital Reserve	$	98,309
Maintenance Reserve		350,750
Excess Surplus		140,064
Excess Surplus - Subsequent Year's Expenditures		142,563
Assigned:		
Year-End Encumbrances		200,673
Designated for Subsequent Year's Expenditures		171,499
Unassigned:		
Fund Balance		433,702
		1,537,560
Reconciliation to Governmental Funds Statement (GAAP):		
Last Two State Aid Payments not Recognized on GAAP Basis		(44,091)
Fund Balance per Governmental Funds (GAAP)	$	1,493,469

Exhibit C-2

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Federal Sources	$ 165,782		$ 165,782	$ 165,782	
Total Revenues	165,782		165,782	165,782	
EXPENDITURES:					
Instruction					
Other Purchased Services (400-500 Series)	4,599	$ 3,184	7,783	7,783	
Tuition	146,701		146,701	146,701	
Total Instruction	151,300	3,184	154,484	154,484	
Support Services					
Salaries	5,602		5,602	5,602	
Personal Services - Employee Benefits	3,184	(2,758)	426	426	
Purchased Professional Educational Services	5,696	(426)	5,270	5,270	
Total Support Services	14,482	(3,184)	11,298	11,298	
Total Expenditures	165,782		165,782	165,782	
Excess (Deficiency) of Revenues Over (Under) Expenditures	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-

Exhibit C-3

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

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	$ 13,456,729	$ 165,782
Difference - Budget to GAAP:		
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	43,831	
Current Year State Aid Payments Recognized for Budgetary Statements, not Recognized for GAAP Statements	(44,091)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 13,456,469	$ 165,782
Uses/Outflows of Resources		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	$ 13,186,774	$ 165,782
Total Expenditures as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	$ 13,186,774	$ 165,782

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

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, 2014

	NCLB Consolidated Grants Title I- Part A	NCLB Consolidated Grants Title II- Part A	IDEA, Part B Basic	IDEA, Part B Preschool	Totals June 30, 2014
REVENUES					
Federal Sources	$ 4,599	$ 9,212	$ 146,701	$ 5,270	$ 165,782
Total Revenues	4,599	9,212	146,701	5,270	165,782
EXPENDITURES:					
Instruction:					
Other Purchased Services (400-500 Series)	4,599	3,184			7,783
Tuition			146,701		146,701
Total Instruction	4,599	3,184	146,701		154,484
Support Services:					
Salaries		5,602			5,602
Personal Services - Employee Benefits		426			426
Purchased Professional Educational Services				5,270	5,270
Total Support Services		6,028		5,270	11,298
Total Expenditures	$ 4,599	$ 9,212	$ 146,701	$ 5,270	$ 165,782

CAPITAL PROJECTS FUND

(NOT APPLICABLE)

PROPRIETARY FUNDS

Exhibit G-1

BOONTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS:	
Current Assets:	
Cash and Cash Equivalents	$ 30,078
Total Current Assets	30,078
Non-Current Assets:	
Capital Assets	27,068
Accumulated Depreciation	(9,450)
Total Non-Current Assets	17,618
Total Assets	47,696
NET POSITION:	
Net Investment in Capital Assets	17,618
Unrestricted	30,078
Total Net Position	$ 47,696

Exhibit G-2

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, 2014

Operating Revenue:	
Local Sources:	
Daily Sales:	
Special Milk Program	$ 9,553
Total Operating Revenue	9,553
Operating Expenses:	
Cost of Sales	6,098
Miscellaneous	8
Depreciation	784
Total Operating Expenses	6,890
Change in Net Position	2,663
Net Position - Beginning of Year	45,033
Net Position - End of Year	$ 47,696

Exhibit G-3

BOONTON TOWNSHIP SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Cash Flows from Operating Activities:		
Receipts from Customers	$	9,553
Payments to Suppliers		(6,106)
Net Cash Provided by Operating Activities		3,447
Cash Flows from Capital and Related Financing Activities:		
Capital Purchase of Capital Assets		(4,025)
Net Cash Used for Capital and Related Financing Activities		(4,025)
Net Decrease in Cash and Cash Equivalents		(578)
Cash and Cash Equivalents, July 1		30,656
Cash and Cash Equivalents, June 30	$	30,078
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	$	2,663
Adjustment to Reconcile Operating Income to Cash Used for Operating Activities:		
Depreciation		784
Net Cash Provided by Operating Activities	$	3,447

FIDUCIARY FUNDS

Exhibit H-1

BOONTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2014

	Agency			Unemployment Compensation Trust	Flexible Spending Trust	Totals
	Student Activity	Payroll	Total Agency			
ASSETS:						
Cash and Cash Equivalents	$ 54,873	$ 73,119	$ 127,992	$ 22,465	$ 492	$ 150,949
Interfund Receivable - General Fund		525	525	10,000		10,525
Total Assets	54,873	73,644	128,517	32,465	492	161,474
LIABILITIES:						
Payroll Deductions and Withholdings		73,644	73,644			73,644
Due to Student Groups	54,873		54,873			54,873
Total Liabilities	54,873	73,644	128,517			128,517
NET POSITION:						
Held in Trust for Unemployment Claims				32,465		32,465
Flexible Spending Claims					492	492
Total Net Position	$ -0-	$ -0-	$ -0-	$ 32,465	$ 492	$ 32,957

Exhibit H-2

BOONTON TOWNSHIP SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Trust	Totals
ADDITIONS:				
Contributions:				
Plan Members	$ 7,033	$ 22,250		$ 29,283
Total Contributions	7,033	22,250		29,283
Investment Earnings:				
Reversed Bank Error			$ 18	18
Interest	3			3
Net Investment Earnings	3		18	21
Total Additions	7,036	22,250	18	7,054
DEDUCTIONS:				
Unemployment Compensation Claims	7,842			7,842
Flexible Spending Claims		21,758		21,758
Other Expenses			4,852	4,852
Total Deductions	7,842	21,758	4,852	34,452
Change in Net Position	(806)	492	(4,834)	(5,640)
Net Position—Beginning of the Year	33,271		4,834	38,105
Net Position—End of the Year	$ 32,465	$ 492	$ -0-	$ 32,465

Exhibit H-3

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

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
ASSETS:				
Cash and Cash Equivalents	$ 50,367	$ 128,335	$ 123,829	$ 54,873
Total Assets	$ 50,367	$ 128,335	$ 123,829	$ 54,873
LIABILITIES:				
Liabilities:				
Due to Student Groups	$ 50,367	$ 128,335	$ 123,829	$ 54,873
Total Liabilities	$ 50,367	$ 128,335	$ 123,829	$ 54,873

Exhibit H-4

BOONTON TOWNSHIP SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	Balance July 1, 2013	Cash Receipts	Cash Disbursements	Balance June 30, 2014
Student Activities	$ 26,038	$ 42,771	$ 38,074	$ 30,735
Athletic Accounts	9,167	22,764	23,054	8,877
8th Grade Account	15,162	62,800	62,701	15,261
Total All Funds	$ 50,367	$ 128,335	$ 123,829	$ 54,873

Exhibit H-5

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

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
ASSETS:				
Cash and Cash Equivalents	$ 61,304	$ 5,295,075	$ 5,283,260	$ 73,119
Interfund Receivable - General Fund	525			525
Total Assets	$ 61,829	$ 5,295,075	$ 5,283,260	$ 73,644
LIABILITIES:				
Payroll Deductions and Withholdings	$ 61,829	$ 2,181,639	$ 2,169,824	$ 73,644
Net Payroll		3,113,436	3,113,436	
Total Liabilities	$ 61,829	$ 5,295,075	$ 5,283,260	$ 73,644

LONG-TERM DEBT

Exhibit I-1

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2014 Date	Amount	Interest Rate	Balance July 1, 2013	Matured	Balance June 30, 2014
Elementary School	07/15/1994	$ 1,358,000	07/15/14	$ 88,000	5.95%	$ 178,000	$ 90,000	$ 88,000
Refunding Bonds of 2005	11/01/2005	1,990,000	05/01/2015	200,000	4.500%			
			05/01/2016	200,000	4.000%			
			05/01/2017	195,000	4.000%			
			05/01/2018	195,000	4.000%			
			05/01/2019	190,000	4.000%			
			05/01/2020	180,000	4.000%	1,360,000	200,000	1,160,000
						$ 1,538,000	$ 290,000	$ 1,248,000

Exhibit I-2

BOONTON TOWNSHIP SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

NOT APPLICABLE

Exhibit I-3

BOONTON TOWNSHIP SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
UNAUDITED

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	$ 293,043		$ 293,043	$ 293,043	
State Sources:					
Debt Service Aid Type II	61,271		61,271	61,271	
Total Revenues	354,314		354,314	354,314	
EXPENDITURES:					
Regular Debt Service:					
Interest	64,314		64,314	64,314	
Redemption of Principal	290,000		290,000	290,000	
Total Regular Debt Service	354,314		354,314	354,314	
Total Expenditures	354,314		354,314	354,314	
Excess/(Deficiency) of Revenues Over/(Under) Expenditures					
Fund Balance, July 1	-0-	$ - 0 -	-0-	-0-	$ - 0 -
Fund Balance, June 30	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -	$ - 0 -

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The District implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2005.

Exhibit J-1

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Invested in Capital Assets,										
Net of Related Debt/(Deficit)	$ (83,746)	$ (68,223)	$ 64,182	$ 125,197	$ (1,940,895)	$ (1,808,707)	$ (1,574,638)	$(1,395,119)	$(1,093,396)	$ (877,219)
Restricted	320,693	314,443	475,871	250,731	162,057	202,767	318,345	515,283	459,255	731,686
Unrestricted/(Deficit)	(519,212)	(306,847)	(198,216)	43,840	(54,792)	(64,138)	175,381	456,578	426,991	468,824
Total Governmental Activities Net Position/(Deficit)	$ (282,265)	$ (60,627)	$ 341,837	$ 419,768	$ (1,833,630)	$ (1,670,078)	$ (1,080,912)	$ (423,258)	$ (207,150)	$ 323,291
Business-Type Activities										
Invested in Capital Assets,										
Net of Related Debt	$ 3,448	$ 2,825	$ 2,201	$ 1,710	$ 1,256	$ 821	$ 410	$ 15,161	$ 14,377	$ 17,618
Unrestricted	22,734	30,057	32,575	33,695	35,282	41,768	38,001	27,104	30,656	30,078
Total Business-Type Activities Net Position	$ 26,182	$ 32,882	$ 34,776	$ 35,405	$ 36,538	$ 42,589	$ 38,411	$ 42,265	$ 45,033	$ 47,696
District-wide										
Invested in Capital Assets,										
Net of Related Debt/(Deficit)	$ (80,298)	$ (65,398)	$ 66,383	$ 126,907	$ (1,939,639)	$ (1,807,886)	$ (1,574,228)	$(1,379,958)	$(1,079,019)	$ (859,601)
Restricted	320,693	314,443	475,871	250,731	162,057	202,767	318,345	515,283	459,255	731,686
Unrestricted/(Deficit)	(496,478)	(276,790)	(165,641)	77,535	(19,510)	(22,370)	213,382	483,682	457,647	498,902
Total District Net Position/(Deficit)	$ (256,083)	$ (27,745)	$ 376,613	$ 455,173	$ (1,797,092)	$ (1,627,489)	$ (1,042,501)	$ (380,993)	$ (162,117)	$ 370,987

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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental Activities										
Instruction:										
Regular	$ 3,099,588	$ 3,094,272	$ 3,411,560	$ 3,525,489	$ 3,461,816	$ 3,643,447	$ 3,694,191	$ 3,780,572	$ 4,330,742	$ 4,111,012
Special Education	795,598	1,002,069	986,973	874,225	862,649	740,043	688,188	838,247	783,085	1,217,404
Other Special Education	156,486	164,089	168,835	157,017	85,521	110,153	119,726	157,340	174,257	115,393
Other Instruction	81,606	75,966	100,274	129,604	120,573	105,914	89,705	97,572	102,106	112,891
Support Services:										
Tuition	3,972,452	3,877,036	3,542,528	3,950,465	4,329,429	4,857,452	4,770,992	4,683,915	4,841,361	4,712,162
Student and Instruction Related Services	732,485	689,364	855,848	877,505	878,069	670,741	681,365	747,135	927,397	803,652
General Administrative Services	301,976	315,615	338,292	338,123	340,486	279,715	296,719	263,243	286,197	268,081
School Administrative Services	166,840	208,252	257,393	272,356	291,649	370,172	368,135	328,005	341,420	343,051
Central Services	184,973	282,550	256,044	184,382	193,987	207,725	208,352	220,126	226,173	235,041
Administration Information Technology				62,064	49,898	57,050	38,904	44,455	56,531	45,660
Plant Operations and Maintenance	623,802	646,605	745,739	807,337	914,540	641,801	671,785	687,493	679,598	739,682
Pupil Transportation	548,122	563,583	532,219	598,319	621,057	568,776	455,069	541,214	602,174	632,070
Unallocated Depreciation		261,596	39,523	17,799	2,311,471	73,484	73,484	69,419	45,284	44,844
Charter Schools			4,306	4,478	9,686					
Capital Outlay							16,482	172	6,900	867
Interest on Long-Term Debt	196,420	205,867	184,135	171,927	164,384	149,927	101,407	89,875	77,963	64,314
Total Governmental Activities Expenses	10,860,348	11,386,864	11,423,669	11,971,090	14,635,215	12,476,400	12,274,504	12,548,783	13,481,188	13,446,124
Business-Type Activities:										
Food Service	10,262	9,883	8,944	9,487	12,780	8,533	18,814	8,474	7,708	6,890
Total Business-Type Activities Expense	10,262	9,883	8,944	9,487	12,780	8,533	18,814	8,474	7,708	6,890
Total District Expenses	$ 10,870,610	$ 11,396,747	$ 11,432,613	$ 11,980,577	$ 14,647,995	$ 12,484,933	$ 12,293,318	$ 12,557,257	$ 13,488,896	$ 13,453,014

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Tuition	$ 167,695	$ 157,632	$ 96,059							
Operating Grants and Contributions	1,290,231	1,316,687	1,523,316	$ 1,616,616	$ 1,497,023	$ 1,593,199	$ 1,174,124	$ 1,294,688	$ 1,553,539	$ 1,448,865
Capital Grants and Contributions		194,231								
Total Governmental Activities Program Revenues	1,457,926	1,668,550	1,619,375	1,616,616	1,497,023	1,593,199	1,174,124	1,294,688	1,553,539	1,448,865
Business-Type Activities:										
Charges for Services:										
Food Service	10,742	10,664	10,838	10,116	13,913	14,584	14,636	12,328	10,476	9,553
Total Business-Type Activities Program Revenues	10,742	10,664	10,838	10,116	13,913	14,584	14,636	12,328	10,476	9,553
Total District Program Revenues	$ 1,468,668	$ 1,679,214	$ 1,630,213	$ 1,626,732	$ 1,510,936	$ 1,607,783	$ 1,188,760	$ 1,307,016	$ 1,564,015	$ 1,458,418
Net (Expense)/Revenue:										
Governmental Activities	$ (9,402,422)	$ (9,718,314)	$ (9,804,294)	$ (10,354,474)	$ (13,138,192)	$ (10,883,201)	$ (11,100,380)	$ (11,254,095)	$ (11,927,649)	$ (11,997,259)
Business-Type Activities	480	781	1,894	629	1,133	6,051	(4,178)	3,854	2,768	2,663
Total District-Wide Net Expense	$ (9,401,942)	$ (9,717,533)	$ (9,802,400)	$ (10,353,845)	$ (13,137,059)	$ (10,877,150)	$ (11,104,558)	$ (11,250,241)	$ (11,924,881)	$ (11,994,596)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	$ 9,152,004	$ 9,472,330	$ 9,732,135	$ 10,001,370	$ 10,487,689	$ 10,644,682	$ 11,230,140	$ 11,510,636	$ 11,740,849	$ 11,975,666
Taxes Levied for Debt Service	307,516	306,122	300,989	293,324	295,422	293,121	308,589	298,581	300,904	293,043
Unrestricted Grants and Contributions	74,898	95,648	73,260	73,785	73,274	72,226	62,818	61,793	62,059	61,271
Investment Earnings			2,518	500	500	100	13	66	16	1
Miscellaneous Income	36,318	66,147	97,856	63,426	27,909	36,624	87,986	40,673	39,929	197,719
Cancellation of State Receivable		(295)								
Total Governmental Activities	9,570,736	9,939,952	10,206,758	10,432,405	10,884,794	11,046,753	11,689,546	11,911,749	12,143,757	12,527,700

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-Type Activities:										
Unrestricted Grants and Contributions	$ 6,578	$ 5,919								
Total Business-Type Activities	6,578	5,919								
Total District-Wide	$ 9,577,314	$ 9,945,871	$ 10,206,758	$ 10,432,405	$ 10,884,794	$ 11,046,753	$ 11,689,546	$ 11,911,749	$ 12,143,757	$ 12,527,700
Change in Net Position:										
Governmental Activities	$ 168,314	$ 221,638	$ 402,464	$ 77,931	$ (2,253,398)	$ 163,552	$ 589,166	$ 657,654	$ 216,108	$ 530,441
Business-Type Activities	7,058	6,700	1,894	629	1,133	6,051	(4,178)	3,854	2,768	2,663
Total District	$ 175,372	$ 228,338	$ 404,358	$ 78,560	$ (2,252,265)	$ 169,603	$ 584,988	$ 661,508	$ 218,876	$ 533,104

Source: School District Financial Reports

Exhibit J-3

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved/Restricted	$ 262,423	$ 308,673	$ 534,936	$ 250,730	$ 162,056	$ 202,744	$ 246,833	$ 515,283	$ 459,255	$ 731,686
Assigned							221,489	550,447	371,495	372,172
Unassigned							432,326	272,034	393,024	389,611
Unreserved	224,421	217,989	212,460	362,779	435,799	371,351				
Total General Fund	$ 486,844	$ 526,662	$ 747,396	$ 613,509	$ 597,855	$ 574,095	$ 900,648	$ 1,337,764	$ 1,223,774	$ 1,493,469
All Other Governmental Funds										
Reserved/Restricted	$ 85,606						$ 23			
Unreserved, Reported in:										
Capital Projects Fund/(Deficit)	(85,606)									
Debt Service Fund	762	$ 5,770	$ 5,242	$ 1	$ 1	$ 23				
Total All Other Governmental Funds	$ 762	$ 5,770	$ 5,242	$ 1	$ 1	$ 23	$ 23	$ -0-	$ -0-	$ -0-

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Tax Levy	$ 9,459,520	$ 9,778,452	$ 10,033,124	$ 10,294,694	$ 10,783,111	$ 10,937,803	$ 11,538,729	$ 11,809,217	$ 12,041,753	$ 12,268,709
Tuition Charges	167,695	157,632	96,059					5,542	14,000	168,744
Interest Earnings			2,518	500	500	100	13	66	16	120
Miscellaneous	36,318	197,053	97,856	63,426	27,909	36,602	87,986	35,131	25,929	28,856
State Sources	1,199,808	1,318,117	1,434,375	1,525,564	1,401,152	1,408,202	946,028	1,181,435	1,447,881	1,344,354
Federal Sources	165,321	157,543	162,201	164,837	169,145	257,223	290,914	175,046	167,717	165,782
Total Revenue	11,028,662	11,608,797	11,826,133	12,049,021	12,381,817	12,639,930	12,863,670	13,206,437	13,697,296	13,976,565
Expenditures:										
Instruction										
Regular Instruction	2,286,286	2,354,252	2,428,430	2,489,169	2,601,525	2,647,095	2,612,338	2,637,653	2,997,596	2,903,012
Special Education Instruction	681,040	741,973	742,333	634,128	671,401	566,687	499,776	624,491	519,732	875,062
Other Special Instruction	114,891	120,158	114,054	105,426	62,487	79,109	83,415	108,524	115,972	78,415
Other Instruction	68,685	61,574	82,007	91,036	89,936	79,065	64,728	70,638	73,282	79,579
Support Services:										
Tuition	3,972,452	3,877,036	3,542,528	3,950,465	4,329,429	4,857,452	4,770,992	4,683,915	4,841,361	4,712,162
Student and Instruction Related Services	563,646	520,968	640,098	702,863	698,932	566,764	551,169	608,901	760,524	667,572
General Administrative Services	272,773	282,498	316,504	316,114	330,849	255,974	249,479	228,752	248,192	227,529
School Administrative Services	128,467	167,464	184,199	187,838	217,138	270,972	263,420	228,500	229,120	233,923
Central Services	150,446	243,933	191,869	150,105	162,103	171,609	167,006	176,029	179,147	187,172
Administration Information Technology				54,021	44,350	52,022	33,132	38,255	49,845	38,848
Plant Operations and Maintenance	504,300	523,896	610,675	680,090	644,449	579,920	600,048	608,143	591,972	646,794
Pupil Transportation	523,966	551,011	528,599	592,047	610,932	543,004	439,147	509,755	569,005	598,999
Unallocated Benefits	1,267,978	1,469,770	1,807,267	1,824,878	1,500,265	1,584,309	1,732,699	1,845,926	2,142,031	2,089,313

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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenditures: (Cont'd)										
Capital Outlay	$ 14,124	$ 398,139	$ 39,523	$ 34,164	$ 176,293	$ 44,361	$ 98,361	$ 39,987	$ 130,544	$ 14,176
Charter Schools			4,306	4,478	9,686					
Debt Service:										
Principal	185,000	200,000	220,000	230,000	240,000	250,000	270,000	270,000	285,000	290,000
Interest and Other Charges	196,420	175,267	153,535	141,327	128,696	115,347	101,407	89,875	77,963	64,314
Total Expenditures	10,932,479	11,689,945	11,607,934	12,190,157	12,518,471	12,663,690	12,537,117	12,769,344	13,811,286	13,706,870
Excess (Deficiency) of Revenues Over (Under) Expenditures	96,183	(81,148)	218,199	(141,136)	(136,654)	(23,760)	326,553	437,093	(113,990)	269,695
Other Financing Sources (Uses)										
Long-Term Debt Issued		1,990,000								
Payments to Escrow Agent		(1,990,000)								
Capital Leases (Non-Budgeted)		124,263			121,000					
Cancellation of Prior Year Receivable		(295)								
Excess Proceeds from Retirement of Debt						22				
Total Other Financing Sources (Uses)		123,968			121,000	22				
Net Change in Fund Balances	$ 96,183	$ 42,820	$ 218,199	$ (141,136)	$ (15,654)	$ (23,738)	$ 326,553	$ 437,093	$ (113,990)	$ 269,695
Debt Service as a Percentage of Noncapital Expenditures	3.49 %	3.32 %	3.23 %	3.05 %	2.99 %	2.90 %	2.99 %	2.83 %	2.65 %	2.59 %

Source: School District Financial Reports

Exhibit J-5

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

Fiscal Year Ending June 30,	Interest on Investments	Tuition	Other	Total
2005	$ 26,541	$ 167,695	$ 9,777	$ 204,013
2006	52,221	157,632	13,926	223,779
2007	67,076	96,059	33,298	196,433
2008	48,135		15,291	63,426
2009	9,542		18,367	27,909
2010	617	19,031	16,954	36,602
2011	110	12,877	74,999	87,986
2012	66	20,138	20,535	40,739
2013	16	14,000	25,929	39,945
2014	120	168,744	28,856	197,720

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)
2004	$ 12,247,500	$ 461,121,721	##########	$ 329,900	$ 7,999,800	$ 9,487,200	$ 183,800	$ 504,168,221	$ 46,501,479	$ 662,906	$ 504,831,127	$ 1.78	$ 745,090,975
2005	12,281,800	471,876,321	12,336,700	337,700	8,049,800	9,487,200	183,800	514,553,321	46,578,779	566,000	515,119,321	1.87	835,412,201
2006	10,874,700	481,795,295	11,916,000	279,700	8,050,200	9,487,200	183,800	522,586,895	47,194,979	471,378	523,058,273	1.89	940,967,402
* 2007	29,126,600	1,049,570,100	23,985,000	264,400	16,901,200	18,460,900	571,000	1,138,879,200	78,510,000	912,981	1,139,792,181	0.89	1,066,429,005
2008	27,245,200	1,050,841,100	24,936,100	257,400	16,901,200	18,460,900	571,000	1,139,212,900	81,940,900	959,168	1,140,172,068	0.95	1,099,395,626
2009	23,894,100	1,052,547,600	24,066,000	258,200	16,697,700	18,168,900	571,000	1,136,203,500	82,700,000	1,112,082	1,137,315,582	0.95	1,100,787,205
* 2010	17,802,300	895,958,000	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		957,942,700	1.16	954,418,176

* 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

Exhibit J-7

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

	Boonton Township School District Direct Rate			Overlapping Rates		
Year Ended December 31,	Basic Rate [a]	General Obligation Debt Service [b]	Total Direct	Township of Boonton	Morris County	Total Direct and Overlapping Tax Rate
2004	$ 1.71	$ 0.07	$ 1.78	$ 0.46	$ 0.42	$ 2.66
2005	1.81	0.06	1.87	0.49	0.44	2.80
2006	1.83	0.06	1.89	0.52	0.46	2.87
2007	* 0.86	0.03	0.89	0.27	0.22	1.38
2008	0.92	0.03	0.95	0.27	0.18	1.41
2009	0.92	0.03	0.95	0.29	0.22	1.46
2010	* 1.13	0.03	1.16	0.36	0.25	1.78
2011	1.13	0.03	1.16	0.35	0.25	1.76
2012	1.13	0.03	1.16	0.38	0.25	1.79
2013	1.13	0.03	1.16	0.39	0.25	1.80

* 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.

Source: Municipal Tax Collector and School Business Administrator

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

	2013			2004	
Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
199 Powerville Road LLC	$ 7,901,600	0.93 %	Satin Realty Co. Inc.	$ 4,636,600	0.95 %
KIJ Mgt LLC (Shamrock Village)	4,720,300	0.56 %	Witman at Stonehenge LLC	3,893,600	0.67 %
RFL Electronics	3,923,100	0.46 %	RFL Electronics, Inc.	3,264,200	0.53 %
Witman at Stonehenge	3,717,200	0.44 %	MSM Boonton & Shamrock Village	3,225,100	0.49 %
Torre, Joe & Ingrid	2,543,200	0.30 %	Johanson Associates	2,500,000	0.42 %
Johanson Associates	2,019,000	0.24 %	Individual Taxpayer #1	2,059,400	0.36 %
Deer Lake	2,013,600	0.24 %	Individual Taxpayer #2	1,970,800	0.35 %
Lenz, Rudi & Lunita	1,992,500	0.23 %	Individual Taxpayer #3	1,930,200	0.32 %
Khubani, Ashok Trustee of Ashok	1,972,500	0.23 %	Fulton Street Associates	1,852,600	0.30 %
Rammnarain, Odit & Bibi	1,877,300	0.22 %	Individual Taxpayer #4	1,683,900	0.27 %
Total	$ 32,680,300	3.85 %	Total	$ 27,016,400	4.65 %

Note : Individual Taxpayers listed may be different in 2013 and 2004.

A revaluation of property was effective in 2007.

Source: Municipal Tax Assessor

Exhibit J-9

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	
2005	$ 9,459,520	$ 9,459,520	100.00 %	-0-
2006	9,778,452	9,778,452	100.00 %	-0-
2007	10,033,124	10,033,124	100.00 %	-0-
2008	10,294,694	10,294,694	100.00 %	-0-
2009	10,783,111	10,783,111	100.00 %	-0-
2010	10,937,803	10,937,803	100.00 %	-0-
2011	11,538,729	11,538,729	100.00 %	-0-
2012	11,809,217	11,809,217	100.00 %	-0-
2013	12,041,753	12,041,753	100.00 %	-0-
2014	12,268,709	12,268,709	100.00 %	-0-

[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)

Exhibit J-10

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

	Governmental Activities				
Fiscal Year Ended June 30,	General Obligation Bonds	Capital Leases	Total District	Percentage of Personal Income [a]	Per Capita [a]
2005	$ 3,350,000		$ 3,350,000	1.26 %	$ 782
2006	3,303,000	$ 93,890	3,396,890	1.18 %	791
2007	3,083,000	64,307	3,147,307	1.03 %	723
2008	2,853,000	33,586	2,886,586	0.90 %	647
2009	2,613,000	115,314	2,728,314	0.90 %	610
2010	2,363,000	74,933	2,437,933	0.83 %	572
2011	2,093,000	50,834	2,143,834	0.70 %	500
2012	1,823,000	25,867	1,848,867	0.57 %	420
2013	1,538,000		1,538,000	0.48 %	353
2014	1,248,000		1,248,000	0.39 %	287

[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.

Source: School District Financial Reports

Exhibit J-11

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

	General Bonded Debt Outstanding				
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value [a] of Property	Per Capita [b]
2005	$ 3,350,000	$ -0-	$ 3,350,000	0.66 %	$ 782
2006	3,303,000	-0-	3,303,000	0.64 %	769
2007	3,083,000	-0-	3,083,000	0.59 %	708
2008	2,853,000	-0-	2,853,000	0.25 %	639
2009	2,613,000	-0-	2,613,000	0.23 %	585
2010	2,363,000	-0-	2,363,000	0.21 %	554
2011	2,093,000	-0-	2,093,000	0.22 %	488
2012	1,823,000	-0-	1,823,000	0.19 %	414
2013	1,538,000	-0-	1,538,000	0.16 %	353
2014	1,248,000	-0-	1,248,000	0.13 %	287

[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.

Source: School District Financial Reports

Exhibit J-12

BOONTON TOWNSHIP SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2013
UNAUDITED

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Overlapping Debt
Debt Repaid With Property Taxes			
Boonton Township	$ 1,689,396	100.00 %	$ 1,689,396
Morris County General Obligation Debt	246,098,950	1.05 %	2,587,362
Subtotal, Overlapping Debt			4,276,758
Boonton Township School District Direct Debt			1,248,000
Total Direct and Overlapping Debt			$ 5,524,758

[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.

Exhibit J-13

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

Legal Debt Margin Calculation for Fiscal Year 2014	
Equalized Valuation Basis	
2013	$ 923,941,647
2012	948,640,126
2011	984,072,594
	$ 2,856,654,367
Average Equalized Valuation of Taxable Property	$ 952,218,122
Debt Limit [a] (3% of Average Equalization Value)	28,566,544
Net Bonded School Debt as of June 30, 2014	1,248,000
Legal Debt Margin	$ 27,318,544

	Fiscal Year				
	2010	2011	2012	2013	2014
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	$ 29,751,363	$ 30,323,142	$ 28,021,395	$ 28,312,070	$ 27,318,544
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.23 %	6.74 %	6.11 %	5.15 %	4.37 %

	Fiscal Year				
	2005	2006	2007	2008	2009
Debt Limit	$ 21,983,378	$ 24,691,379	$ 27,808,447	$ 30,603,786	$ 32,364,363
Total Net Debt Applicable to Limit	3,350,000	3,303,000	3,083,000	2,853,000	2,613,000
Legal Debt Margin	$ 18,633,378	$ 21,388,379	$ 24,725,447	$ 27,750,786	$ 27,750,786
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	15.24 %	13.38 %	11.09 %	9.32 %	8.07 %

[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

Exhibit J-14

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]
2005	4,285	$ 266,784,100	$ 62,260	3.50 %
2006	4,296	287,088,792	66,827	3.70 %
2007	4,356	304,484,400	69,900	3.30 %
2008	4,463	321,291,370	71,990	4.40 %
2009	4,469	301,854,136	67,544	7.50 %
2010	4,265	293,112,125	68,725	7.60 %
2011	4,286	308,304,838	71,933	7.40%
2012	4,400	325,850,800	74,057	7.70%
2013	4,355	322,518,235	74,057 *	N/A
2014	4,355 **	322,518,235 ***	74,057 *	N/A

* - Latest Morris County per capita personal income available (2012) was used for calculation purposes.
** - Latest population data available (2013) was used for calculation purposes.
*** - Latest available population data (2013) and latest available Morris County per capita personal income (2012) was used for calculation purposes.
N/A - Information Unavailable.

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

	2013			2004	
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
U.S. Army Armament Research and Development	5,841	N/A			
Novartis Corporation	5,035	N/A			
Atlantic Health System	4,463	N/A			
Automatic Data Processing, Inc.	2,060	N/A	Information is Not Available		
Bayer Healthcare, LLC	1,900	N/A			
County of Morris	1,674	N/A			
Wyndham Worldwide Coporation	1,653	N/A			
St. Clare's	1,642	N/A			
BASF Corporation	1,500	N/A			
Accenture	1,480	N/A			
Total	27,248	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

Exhibit J-16

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

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Instruction:										
Regular	44.0	48.0	48.0	48.0	48.0	48.0	47.0	47.0	49.0	53.0
Support Services:										
Student and Instruction Related Services	8.0	10.5	10.5	10.5	10.0	10.0	9.0	7.6	7.6	7.6
School Administrative Services	1.0	2.0	2.0	2.0	2.5	2.5	2.5	2.7	2.7	2.7
General Administrative Services	1.0	1.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Pupil Transportation	1.0						2.3	2.3	2.3	2.3
Business and Other Support Services	2.0	2.0	2.0	2.0	2.0	2.0	2.2	2.2	2.2	2.2
Total	61.0	69.0	69.5	69.5	69.5	69.5	70.0	68.8	70.8	74.8

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

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 Pupil/ Teacher Ratio	Elementary Average Daily Enrollment (ADE)[e]	Elementary Average Daily Attendance (ADA)[e]	% Change in Average Daily Enrollment	Student Attendance Percentage
2005	791	$ 10,536,935	$ 13,321	-1.25 %	52	1:9.87	513	492	-1.25 %	95.91 %
2006	793	10,916,539	13,766	0.25 %	52	1:10.02	521	502	1.56 %	96.35 %
2007	792	11,194,876	14,135	-0.13 %	52	1:10.09	524	507	0.58 %	96.76 %
2008	799	11,784,666	14,749	0.88 %	52	1:1.10	525	504	0.19 %	96.00 %
2009	786	11,973,482	15,233	-1.63 %	52	1:9.92	516	496	-1.71 %	96.12 %
2010	809	12,253,982	15,147	2.93 %	52	1:10.23	532	511	3.10 %	96.05 %
2011	802	12,067,349	15,047	-0.87 %	52	1:9.87	513	494	-3.57 %	96.30 %
2012	753	12,369,482	16,427	-6.11 %	50	1:9.87	490	473	-4.48 %	96.53 %
2013	744	13,317,779	17,900	1.20 %	49	1:9.84	482	465	-1.63 %	96.47 %
2014	728	13,338,380	18,322	1.20 %	50	1:9.50	475	461	-1.46 %	97.06 %

[a] Enrollment includes grades 9-12 students attending Mountain Lakes High School.

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

[c] Cost per pupil is the sum as operating expendtures 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

Exhibit J-18

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

District Building	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Rockaway Valley School										
Square Feet	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320	61,320
Capacity (Students)	537	537	537	537	537	537	537	537	537	537
Enrollment	513	521	524	525	516	532	513	490	482	475

Number of Schools at June 30, 2014
Elementary = 1

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

Source: Boonton Township School District Facilities Office

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

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

School Facility	Project #	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Rockaway Valley School	N/A	$ 50,616	$ 37,271	$ 108,903	$ 206,945	$ 152,352	$ 113,970	$ 158,674	$ 183,487	$ 151,584	$ 194,113
		$ 50,616	$ 37,271	$ 108,903	$ 206,945	$ 152,352	$ 113,970	$ 158,674	$ 183,487	$ 151,584	$ 194,113

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

Exhibit J-20

BOONTON TOWNSHIP SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2014
UNAUDITED

	Coverage	Deductible
NJ Schools Insurance Group		
Commercial Package Policy:		
Property Section:		
Blanket Building and Contents	$ 350,000,000	$ 5,000
Extra Expense	50,000,000	5,000
Valuable Papers	10,000,000	5,000
Electronic Data Processing Equipment	100,000	1,000
Liability Section:		
Comprehensive General Liability	11,000,000	None
Automotive Liability	11,000,000	None
Employee Benefit Liability	11,000,000	1,000
Workers Compensation:		
(A) Statutory Benefits	Included	None
(B) Employers Liability	5,000,000	None
Supplemental Coverage	Included	None
School Board Legal Liability	11,000,000	5,000
Crime:		
Blanket Employee Dishonesty	25,000	500
Theft/Disappearance/Destruction:		
Inside	50,000	500
Outside	50,000	500
Computer Fraud	25,000	500
Environmental Impairment Liability:		
Limit of Liability - Per Incident	1,000,000	25,000
Fund Annual Aggregate	25,000,000	
Surety Bond Coverage		
Business Adminstrator/Board Secretary	185,000	
Treasurer of School Monies	185,000	

Source: District records

SINGLE AUDIT SECTION

NISIVOCCIA LLP
Certified Public Accountants & Advisors

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

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

Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Township of Boonton, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated August 8, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

August 8, 2014
Mount Arlington, New Jersey

NISIVOCCIA LLP

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

NISIVOCCIA LLP
Certified Public Accountants & Advisors

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

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

Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance Required by OMB Circular A-133
and New Jersey's OMB Circular 04-04

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 *OMB Circular A-133 Compliance Supplement* and 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, 2014. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.* Those standards, OMB Circular A-133 and New Jersey's OMB Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the fiscal year ended June 30, 2014.

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 OMB Circular A-133 and NJOMB 04-04, 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 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 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 that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04. Accordingly, this report is not suitable for any other purpose.

August 8, 2014
Mount Arlington, New Jersey

NISIVOCCIA LLP

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

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Grantor Pass Through Grantor/ Program/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) June 30, 2013	Adjustment	Cash Received	Budgetary Expenditures	Balance (Accounts Receivable) June 30, 2014
U.S. Department of Education									
Passed-through State Department of Education:									
Special Revenue Fund:									
NCLB Consolidated Grant:									
Title I - Part A	84.010A	NCLB-0460-14	7/1/13-6/30/14	$ 4,599			$ 4,599	$ (4,599)	
Title II - Part A	84.278A	NCLB-0460-13	9/1/12-8/31/13	9,073	$ (9,073)		9,073		
Title II - Part A	84.278A	NCLB-0460-14	7/1/13-6/30/14	9,212			6,195	(9,212)	$ (3,017)
					(9,073)		19,867	(13,811)	(3,017)
Special Education Cluster:									
IDEA Part B, Basic	84.027	IDEA-0460-14	7/1/13-6/30/14	146,701				(146,701)	(146,701)
IDEA Part B, Preschool	84.173	IDEA-0460-14	7/1/13-6/30/14	5,270				(5,270)	(5,270)
IDEA Part B, Basic	84.027	IDEA-0460-13	9/1/12-8/31/13	152,596	(34,383)		34,383		
IDEA Part B, Preschool	84.173	IDEA-0460-13	9/1/12-8/31/13	5,608	(5,608)		5,608		
Total Special Education Cluster					(39,991)		39,991	(151,971)	(151,971)
Total Special Revenue Fund					(49,064)		59,858	(165,782)	(154,988)
Total U.S. Department of Education					(49,064)		59,858	(165,782)	(154,988)
Total Federal Financial Awards					$ (49,064)	$ -0-	$ 59,858	$ (165,782)	$ (154,988)

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

Schedule B

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) June 30, 2013	Cash Received	Budgetary Expenditures	Balance June 30, 2014 GAAP (Accounts Receivable)	Memo Budgetary Receivable	Memo Cumulative Total Expenditures
State Department of Education:									
General Fund:									
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	$ 54,864		$ 49,468	$ (54,864)		$ (5,396)	$ 54,864
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	56,215	$ (5,469)	5,469				56,215
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	384,201		345,978	(384,201)		(38,223)	384,201
Special Education Categorical Aid	13-495-034-5120-089	7/1/12-6/30/13	383,021	(37,262)	37,262				383,021
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	11,478		11,006	(11,478)		(472)	11,478
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	11,307	(1,100)	1,100				11,307
Extraordinary Special Education Aid	14-100-034-5120-473	7/1/13-6/30/14	172,821			(172,821)	(172,821)	(172,821)	172,821
Extraordinary Special Education Aid	13-100-034-5120-473	7/1/12-6/30/13	175,074	(175,074)	175,074				175,074
Nonpublic Transportation	14-495-034-5120-014	7/1/13-6/30/14	10,142			(10,142)	(10,142)	(10,142)	10,142
Nonpublic Transportation	13-495-034-5120-014	7/1/12-6/30/13	11,310	(11,310)	11,310				11,310
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13-6/30/14	263,544		250,515	(263,544)	(13,029)	(13,029)	263,544
Reimbursed TPAF Social Security Contributions	13-495-034-5095-002	7/1/12-6/30/13	271,678	(12,991)	12,991				271,678
Total General Fund State Aid				(243,206)	900,173	(897,050)	(195,992)	(240,083)	1,805,655
Debt Service Fund:									
Debt Service Aid Type II	14-495-034-5120-017	7/1/13-6/30/14	61,271		61,271	(61,271)			61,271
Total Debt Service Fund					61,271	(61,271)			61,271
Total State Financial Awards				$ (243,206)	$ 961,444	$ (958,321)	$ (195,992)	$ (240,083)	$ 1,866,926

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, 2014

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 under programs of the federal and state governments for the fiscal year ended June 30, 2014. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circular 04-04, *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 assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on 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 Board's basic financial statements. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments for the prior year and for the last two payments of the current budget year, which is mandated pursuant to P.L. 2003, C.97. For GAAP purposes, the current year 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 and the final payments for the prior year are recognized in the current 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 ($260) for the general fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. The schedule of expenditures of state awards does not include the TPAF Pension and Post Retirement Medical Contributions paid by the state on behalf of the District of $146,344 and $239,949, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	Federal	State	Total
General Fund		$ 1,283,083	$ 1,283,083
Special Revenue Fund	$ 165,782		165,782
Debt Service Fund		61,271	61,271
Total Financial Awards	$ 165,782	$ 1,344,354	$ 1,510,136

BOONTON TOWNSHIP SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)

NOTE 4. 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 5. FEDERAL AND STATE LOANS OUTSTANDING

Boonton Township School District had no loan balances outstanding at June 30, 2014.

NOTE 6. 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 year ended June 30, 2014.

BOONTON TOWNSHIP SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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 Required by OMB Circular A-133 and New Jersey's OMB Circular 04-04.*
- The auditor's report on compliance for the major state programs for the District expresses an unmodified opinion on all major state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 04-04 or Section 510(a) of Federal OMB Circular A-133.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 for fiscal year end June 30, 2014 as federal grant expenditures were less than the single audit threshold of $500,000 identified in the Circular.
- The District's programs tested as major state programs for the current fiscal year consisted of the following state aid:

	Grant Number	Grant Period	Award Amount	Budgetary Expenditures
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	$ 384,201	$ 384,201
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	11,478	11,478

- The threshold used for distinguishing between Type A and Type B state programs was $300,000.
- The District was determined to be a "low-risk" auditee for state programs.

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular or NJ OMB 04-04.

BOONTON TOWNSHIP SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Status of Prior Year Findings:

There were no findings or questioned costs for the year ended June 30, 2013.