

**BOUND BROOK
SCHOOL DISTRICT**

**Bound Brook Borough Board of Education
Bound Brook, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011**

**Comprehensive Annual
Financial Report**

of the

BOROUGH OF BOUND BROOK SCHOOL DISTRICT

Bound Brook, New Jersey

For the Fiscal Year Ended June 30, 2011

Prepared by

**Bound Brook Borough Board of Education
Finance Department**

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INTRODUCTORY SECTION

**BOUND BROOK BOARD OF EDUCATION
LAMONTE BUILDING, WEST SECOND STREET
BOUND BROOK, NJ 08805**

Phone: (732) 652-7928
Fax: (732) 271-9097

Carole S. Deddy
Business Administrator/ Board Secretary

November 4, 2011

The Honorable President and
Members of the Board of Education
of the Borough of Bound Brook School District
County of Somerset
Bound Brook, New Jersey 08805

Dear Honorable President and Board Members:

The Comprehensive Annual Financial Report of the Borough of Bound Brook School District (the "District") for the fiscal year ended June 30, 2011 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 Borough of Bound Brook School District (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 New Jersey's OMB Circular NJOMB 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:** The Borough of Bound Brook School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) Codification Section 2100. All funds of the District are included in this report. The Borough of Bound Brook Board of Education and its schools constitute the District's reporting entity.

The District continues to provide a full range of educational services appropriate to grade levels Preschool Handicapped through Grade 12. These include regular, pre-vocational and special education programs.

The Honorable President and Members
of the Board of Education
Borough of Bound Brook School District
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The District completed the 2010-2011 school year with an average daily enrollment of 1,493 students. The following details the changes in the student enrollment over the last ten years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2010/2011	1,493	0.00%
2009/2010	1,493	-1.26%
2008/2009	1,512	-0.53%
2007/2008	1,520	3.12%
2006/2007	1,474	-1.60%
2005/2006	1,498	-3.29%
2004/2005	1,549	0.19%
2003/2004	1,546	-3.50%
2002/2003	1,602	-0.68%
2001/2002	1,613	5.91%

2. **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 are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal 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.

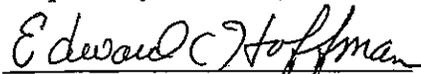
3. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2011.

The Honorable President and Members
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4. 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.
5. DEBT ADMINISTRATION: On July 15, 1997 the Bound Brook School District sold bonds in the amount of \$3,930,000. At June 30, 2011, the District has \$2,095,000 of outstanding bonded debt. The District also has \$845,000 of certificates of participation payable.
6. 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.
7. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, auto liability and comprehensive/collision, hazard and theft insurance on property and contents, workers' compensation, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.
8. 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 Nonprofit Organizations*, and New Jersey's OMB Circular NJOMB 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.
9. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Bound Brook Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

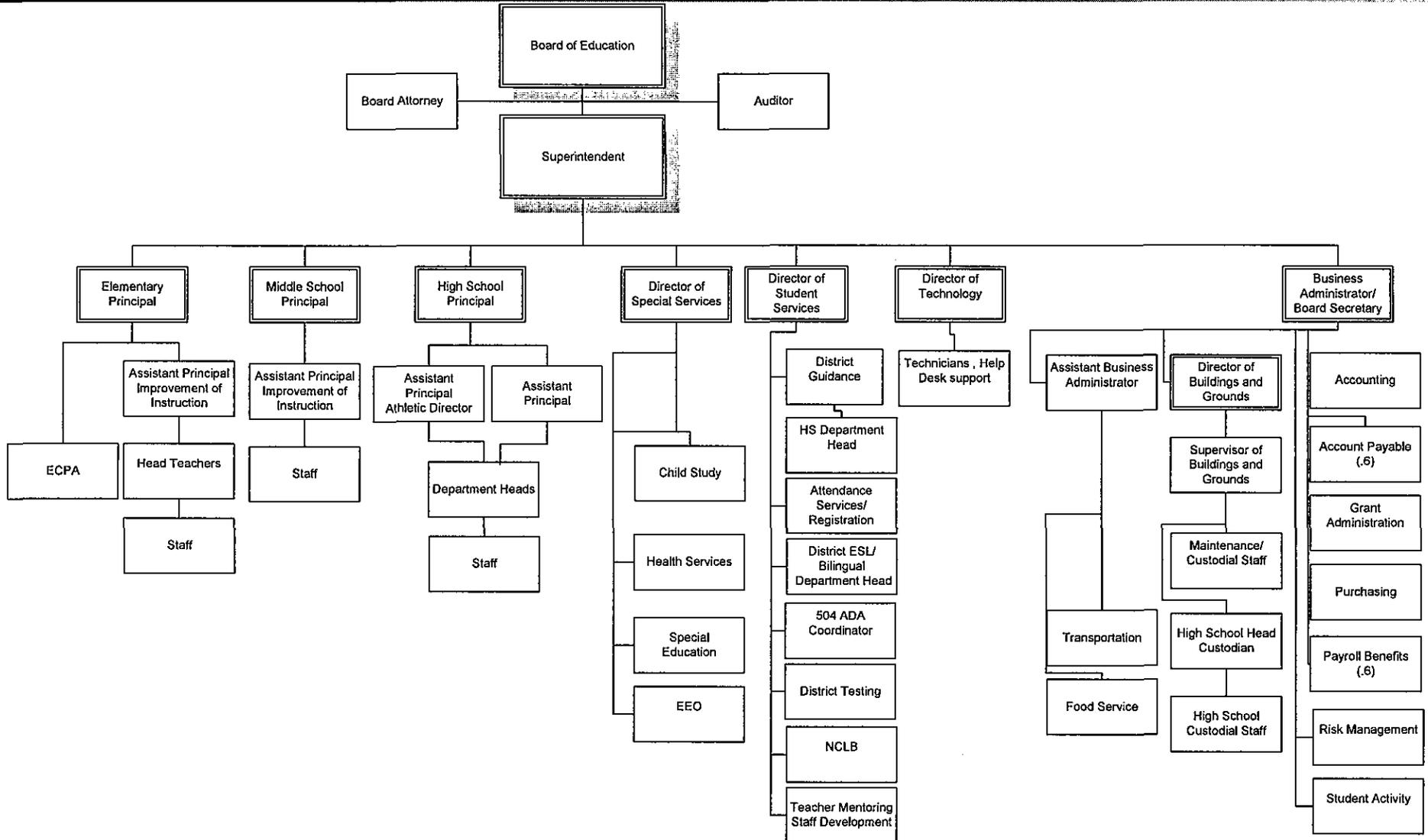


Edward C Hoffman, Ed. D.
Superintendent of Schools



Carole S. Deddy
Business Administrator/Board Secretary

Bound Brook Board Of Education



**Bound Brook Board of Education
Roster of Officials
June 30, 2011**

<u>Members of The Board of Education</u>	<u>Term Expires</u>
Terrence Hoben, President	2013
Martin Gleason, Vice President	2013
Michele DeFazio	2012
Nicholas DelVecchio	2013
Shawn Hasting	2014
Robert Murray	2014
Camilla Stevens	2012
Joseph "Jay" Tomaselli	2012
Deborah Triana	2014
Peter Allen, South Bound Brook Representative	2013

Other Officials

Dr. Edward Hoffman, Superintendent

Carole S. Deddy, Business Administrator/Board Secretary

Thomas A. Venanzi, Treasurer

Russell Weiss, Esq., School Attorney

**Borough of Bound Brook School District
Consultants and Advisors**

Architect

Laurence E. Parisi, P.C., Architect
One Marine Plaza
North Bergen, NJ 07047

Audit Firm

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

Attorney

Parker, McCay, P.A.
1009 Lenox Drive
Building 4 East, Suite 102A
Lawrenceville, NJ 08648

Official Depository

TD Bank, N.A.
452 Union Avenue
Bridgewater, NJ 08807

FINANCIAL SECTION



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

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

Independent Auditors' Report

The Honorable President and Members
 of the Board of Education
 Borough of Bound Brook School District
 County of Somerset, New Jersey

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 Borough of Bound Brook School District in the County of Somerset as of and for the fiscal year ended June 30, 2011 which collectively comprise the District's basic financial statements, as listed in the foregoing table of contents. These financial statements are the responsibility of the Board of Education's management. 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 Division of Finance and Regulatory Compliance, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Borough of Bound Brook School District in the County of Somerset as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

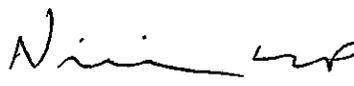
In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2011 on our consideration of the Board of Education of the Borough of Bound Brook School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Honorable President and Members
of the Board of Education
Borough of Bound Brook School District
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The Management's Discussion and Analysis and the Budgetary Comparison Information listed on Exhibits C-1 through C-3 and I-3 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of the Borough of Bound Brook School District's basic financial statements. The accompanying introductory section, other supplementary information such as the combining and individual fund financial statements, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*; and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and are not a required part of the basic financial statements. The supplementary combining fund and individual fund financial statements, supplementary schedules and schedules of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

November 4, 2011
Mount Arlington, New Jersey



NISIVOCIA LLP



John D. Cassells
Licensed Public School Accountant #105



David H. Evans
Licensed Public School Accountant #740
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis

(Unaudited)

This section of Borough of Bound Brook School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2011. 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 is strong, in spite of minimal increases in state aid for several years.
- Overall revenue was \$25.66 million.
- Actual revenue was more than expected, primarily in miscellaneous income, transportation fees and additional state aid from extraordinary special education costs aid.
- Enrollment in the District has been slightly decreasing for the last several years and 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 K-12 School District's Financial Report

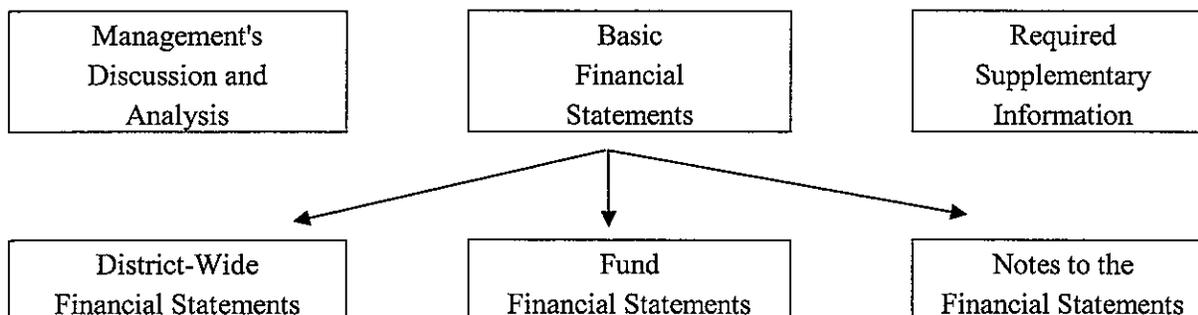


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial 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
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenue, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources 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 assets includes all of the District's assets 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 assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets 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 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. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *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.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets change increased \$2,595,691. The net assets from governmental activities increased \$2,574,033 and the net assets from business activities increased \$21,658. Net assets invested in capital assets increased by \$1,207,131, due to capital asset additions of \$1,238,945 and redemption of outstanding debt of \$409,983 offset by \$114,156 of capital deletions net of accumulated depreciation, depreciation expense of \$314,391 and debt issuance of \$13,250. Restricted net assets increased by \$215,142, due to an increase in year-end encumbrances of \$355,413, an increase in the tuition reserve of \$129,253, an increase in the maintenance reserve of \$200,000, a net increase in the capital reserve of \$141,799 and a decrease in the special revenue fund deficit of \$3,325, offset by a decrease in excess surplus of \$337,219, a decrease in the capital projects fund fund balance of \$255,292 and a decrease in the debt service fund fund balance of \$22,137. Unrestricted net assets increased by \$1,173,418, due to an increase in fund balance designated for subsequent year's expenditures in the general fund of \$829,429, a decrease in the compensated absences liability of \$128,749, a decrease in accrued interest of \$4,772, an increase in the unrestricted fund balance in general fund of \$193,916 and an increase in the unrestricted food service fund balance of \$16,552.

Changes in Net Assets. The District's combined net assets were \$5,593,248 on June 30, 2011, or \$2,595,691 more than they were the year before. (See Figure A-3). The net assets of the Governmental Activities increased \$2,574,033 and the net assets of the Business-Type Activities increased \$21,658.

Figure A-3
Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	
Current and Other Assets	\$ 4,064,693	\$ 3,021,158	\$ 205,195	\$ 129,609	\$ 4,269,888	\$ 3,150,767	35.52%
Capital Assets	5,861,896	5,056,604	244,022	238,916	6,105,918	5,295,520	15.30%
Total Assets	<u>9,926,589</u>	<u>8,077,762</u>	<u>449,217</u>	<u>368,525</u>	<u>10,375,806</u>	<u>8,446,287</u>	22.84%
Long-Term Debt Outstanding	3,436,475	3,961,957			3,436,475	3,961,957	-13.26%
Other Liabilities	1,251,623	1,451,347	94,460	35,426	1,346,083	1,486,773	-9.46%
Total Liabilities	<u>4,688,098</u>	<u>5,413,304</u>	<u>94,460</u>	<u>35,426</u>	<u>4,782,558</u>	<u>5,448,730</u>	-12.23%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	2,918,629	1,716,604	244,022	238,916	3,162,651	1,955,520	61.73%
Restricted	2,025,830	1,810,688			2,025,830	1,810,688	11.88%
Unrestricted/(Deficit)	294,032	(862,834)	110,735	94,183	404,767	(768,651)	152.66%
Total Net Assets	<u>\$ 5,238,491</u>	<u>\$ 2,664,458</u>	<u>\$ 354,757</u>	<u>\$ 333,099</u>	<u>\$ 5,593,248</u>	<u>\$ 2,997,557</u>	86.59%

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,224,395	\$ 1,430,266	\$ 198,194	\$ 200,931	\$ 1,422,589	\$ 1,631,197	-12.79%
Operating Grants & Contributions	4,285,627	5,699,175	484,746	464,616	4,770,373	6,163,791	-22.61%
Capital Grants and Contributions	1,043,671	151,415	171	101,187	1,043,842	252,602	313.24%
General Revenue:							
Property Taxes	12,429,898	12,633,422			12,429,898	12,633,422	-1.61%
Federal and State Aid	5,851,606	4,841,513			5,851,606	4,841,513	20.86%
Other	94,896	146,152	31,382	32,281	126,278	178,433	-29.23%
Total Revenue	24,930,093	24,901,943	714,493	799,015	25,644,586	25,700,958	-0.22%
Expenses:							
Instruction	13,165,412	13,798,609			13,165,412	13,798,609	-4.59%
Pupil and Instruction Services	3,572,632	4,749,572			3,572,632	4,749,572	-24.78%
Administrative and Business	2,539,084	2,812,020			2,539,084	2,812,020	-9.71%
Maintenance and Operations	2,504,012	2,746,671			2,504,012	2,746,671	-8.83%
Transportation	403,748	691,361			403,748	691,361	-41.60%
Other	171,172	176,622	692,835	720,678	864,007	897,300	-3.71%
Total Expenses	22,356,060	24,974,855	692,835	720,678	23,048,895	25,695,533	-10.30%
Increase/(Decrease) in Net Assets	\$ 2,574,033	\$ (72,912)	\$ 21,658	\$ 78,337	\$ 2,595,691	\$ 5,425	47746.84%

Revenue Sources. The District's total revenue for the 2010-2011 school year was \$25,644,586, (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$12,429,898 of the total, or 48.47 percent. (See Figure A-5). Approximately 41.42 percent came from state and federal aid and the remainder from miscellaneous sources and capital grants and contributions.

Figure A-5
Sources of School District Revenue - Fiscal Year 2011

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 6,544,872	25.52%
Property Taxes	12,429,898	48.47%
Federal and State Categorical Grants	4,077,107	15.90%
Capital Grants and Contributions	1,043,842	4.07%
Charges for Services	1,422,589	5.55%
Other	126,278	0.49%
	\$ 25,644,586	100.00%

The total cost of all programs and services was \$23,048,895. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (74.36 percent). (See Figure A-6). The District's administrative and maintenance and operations activities accounted for 21.88 percent of total costs. The most significant contributors to the costs of Maintenance and Operations were higher fuel and supply costs and maintenance items deferred from prior years. It is important to remember that \$314,391 in depreciation is included in expenses for the year.

Figure A-6
Sources of School District Expenses - Fiscal Year 2011

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 13,165,412	57.11%
Pupil and Instruction Services	3,572,632	15.50%
Administrative and Business	2,539,084	11.02%
Maintenance and Operations	2,504,012	10.86%
Transportation	403,748	1.75%
Other	864,007	3.76%
	<u>\$ 23,048,895</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. Maintaining existing programs and the provision of a multitude of special programs and services for disabled 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 implemented during the year were:

- Participation in an insurance pool operated by New Jersey School Board's Association Insurance Group resulting in low cost property, liability and workers compensation insurance.
- Participation in a group health plan with Horizon – which saved significantly as compared to the State Health Benefits Program.
- Participation in Joint Transportation Agreements.
- Participation in joint purchasing agreements.

It is crucial that the District examine its expenditures 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 six major District activities: instruction, 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 obligation placed on the District's taxpayers by each of these functions:

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories:

- Changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.
- Changes in budgetary line accounts to more accurately reflect current requirements.

Capital Asset and Debt Administration

Figure A-8
Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2010/2011	2009/2010	2010/2011	2009/2010	2010/2011	2009/2010	
Building and Building Improvements	\$ 4,358,315	\$ 4,355,844	\$ 194,419	\$ 195,411	\$ 4,552,734	\$ 4,551,255	0.03%
Machinery and Equipment	567,581	700,760	49,603	43,505	617,184	744,265	-17.07%
Construction in Progress	936,000				936,000		100.00%
Total Capital Assets (Net of Depreciation)	<u>\$ 5,861,896</u>	<u>\$ 5,056,604</u>	<u>\$ 244,022</u>	<u>\$ 238,916</u>	<u>\$ 6,105,918</u>	<u>\$ 5,295,520</u>	<u>15.30%</u>

Long-term Debt

At year-end, the District had \$2,095,000 in general obligation bonds outstanding as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9
Outstanding Long-Term Debt

	Total School District		Percentage Change
	2010/2011	2009/2010	
General Obligation Bonds (Financed with Property Taxes)	\$ 2,095,000	\$ 2,310,000	-9.31%
Certificates of Participation	845,000	1,030,000	-17.96%
Capital Leases	3,267		100.00%
Compensated Absences	493,208	621,957	-20.70%
	<u>\$ 3,436,475</u>	<u>\$ 3,961,957</u>	<u>-13.26%</u>

- The District continued to pay down its debt, retiring \$215,000 of outstanding bonds..
- Compensated absences payable decreased by a net amount of \$128,749 and certificates of participation by \$185,000 due to the retirement of outstanding principal.
- The District entered into a capital lease for the purchase of floor scrubbers. The lease was issued for \$13,250 and the district paid down \$9,983.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- There are two primary revenue sources available to school districts: state aid and local taxes. The state aid revenue stream had been frozen for a number of years. This means all inflationary pressures and related cost increases for salary, benefits, supplies, and materials have to be born by the local tax base. Effective for 2011 however, legislation was passed to place a 2% cap on the increase to the local tax levy.
- The District entered into an easement with the County of Somerset for the construction of a recreational facility. The County subsidized the majority of the construction costs of the facility. To date, the project is approximately 90% complete and is expected to be open in the 2011-2012 school year.

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 Carole S. Deddy, Business Administrator/Board Secretary at the Board of Education Office at the Lamonte Building, 337 West Second Street, Bound Brook, NJ 08805.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 2,653,770	\$ 169,119	\$ 2,822,889
Receivable from State Government	125,439	892	126,331
Receivable from Federal Government	452,589	22,185	474,774
Other Accounts Receivable	6,205		6,205
Inventories		12,999	12,999
Restricted Assets:			
Capital Reserve Account - Cash	310,991		310,991
Maintenance Reserve Account - Cash	349,546		349,546
Tuition Reserve Account - Cash	166,153		166,153
Capital Assets:			
Construction-in-Progress	936,000		936,000
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	4,925,896	244,022	5,169,918
Total Assets	<u>9,926,589</u>	<u>449,217</u>	<u>10,375,806</u>
LIABILITIES			
Accounts Payable - Vendors	622,947	92,757	715,704
Payable to Federal Government	50,837		50,837
Payable to State Government	29,756		29,756
Payable to Local Government	100,000		100,000
Accrued Interest Payable	42,189		42,189
Deferred Revenue	405,894	1,703	407,597
Noncurrent Liabilities:			
Due Within One Year	423,267		423,267
Due Beyond One Year	3,013,208		3,013,208
Total Liabilities	<u>4,688,098</u>	<u>94,460</u>	<u>4,782,558</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	2,918,629	244,022	3,162,651
Restricted for:			
Special Revenue / (Deficit)	(35,249)		(35,249)
Capital Projects	614,464		614,464
Debt Service	2		2
Other Purposes	1,446,613		1,446,613
Unrestricted	294,032	110,735	404,767
Total Net Assets	<u>\$ 5,238,491</u>	<u>\$ 354,757</u>	<u>\$ 5,593,248</u>

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 9,101,265	\$ 1,192,531	\$ 1,870,059	\$ 359,014	\$ (5,679,661)		\$ (5,679,661)
Special Education	2,994,967		1,994,872	84,481	(915,614)		(915,614)
Other Instruction	1,069,180		87,054	163,532	(818,594)		(818,594)
Support Services:							
Tuition	1,178,899				(1,178,899)		(1,178,899)
Student & Instruction Related Services	2,393,733		178,359	87,886	(2,127,488)		(2,127,488)
General Administrative Services	644,922		22,537	19,535	(602,850)		(602,850)
School Administrative Services	1,231,592		104,053	92,210	(1,035,329)		(1,035,329)
Central Services and Administrative Information Technology	662,570		18,673	136,797	(507,100)		(507,100)
Plant Operations and Maintenance	2,504,012			100,216	(2,403,796)		(2,403,796)
Pupil Transportation	403,748	31,864	10,020		(361,864)		(361,864)
Interest and Other Charges	136,223				(136,223)		(136,223)
Transfer to Charter School	34,949				(34,949)		(34,949)
Total Governmental Activities	22,356,060	1,224,395	4,285,627	1,043,671	(15,802,367)		(15,802,367)

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 692,835	\$ 198,194	\$ 484,746	\$ 171		\$ (9,724)	\$ (9,724)
Total Business-Type Activities	692,835	198,194	484,746	171		(9,724)	(9,724)
Total Primary Government	\$ 23,048,895	\$ 1,422,589	\$ 4,770,373	\$ 1,043,842	\$ (15,802,367)	(9,724)	(15,812,091)
General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					12,072,744		12,072,744
Taxes Levied for Debt Service					357,154		357,154
Federal and State Aid not Restricted					5,851,606		5,851,606
Interest					139		139
Miscellaneous Income					94,757	31,382	126,139
Total General Revenue					18,376,400	31,382	18,407,782
Change in Net Assets					2,574,033	21,658	2,595,691
Net Assets - Beginning					2,664,458	333,099	2,997,557
Net Assets - Ending					\$ 5,238,491	\$ 354,757	\$ 5,593,248

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

FUND FINANCIAL STATEMENTS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 2,259,983	\$ 130,129	\$ 263,656	\$ 2	\$ 2,653,770
Receivables From Federal Government	9,318	443,271			452,589
Receivables From State Government	124,177		1,262		125,439
Other Receivables	4,445	1,760			6,205
Restricted Cash and Cash Equivalents	826,690				826,690
Total Assets	\$ 3,224,613	\$ 575,160	\$ 264,918	\$ 2	\$ 4,064,693
<u>LIABILITIES AND FUND BALANCES:</u>					
Liabilities:					
Accounts Payable - Vendors	\$ 448,188	\$ 174,759			\$ 622,947
Payable to Federal Government	50,837				50,837
Payable to State Government		29,756			29,756
Payable to Local Government	100,000				100,000
Deferred Revenue		405,894			405,894
Total Liabilities	599,025	610,409			1,209,434
Fund Balances:					
Restricted:					
Excess Surplus	432,781				432,781
Tuition Reserve Restricted for 2011-2012	36,900				36,900
Tuition Reserve Restricted for 2012-2013	129,253				129,253
Capital Reserve Account	349,546				349,546
Maintenance Reserve	310,991				310,991
Debt Service				\$ 2	2

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances:					
Committed			\$ 264,918		\$ 264,918
Assigned:					
Year-End Encumbrances	\$ 536,688				536,688
Designated for Subsequent Year's Expenditures	829,429				829,429
Unassigned / (Deficit)		\$ (35,249)			(35,249)
Total Fund Balances	2,625,588	(35,249)	264,918	\$ 2	2,855,259
Total Liabilities and Fund Balances	\$ 3,224,613	\$ 575,160	\$ 264,918	\$ 2	

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

Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$11,222,513 and the Accumulated Depreciation is \$5,360,617.	5,861,896
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(42,189)
Long-Term Liabilities, Including Bonds Payable and Compensated Absences, Are Not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds	(3,436,475)
Net Assets of Governmental Activities	\$ 5,238,491

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,072,744			\$ 357,154	\$ 12,429,898
Tuition Charges	1,192,531				1,192,531
Interest Earned on Capital Reserve	139				139
Transportation Fees	31,864				31,864
Miscellaneous	94,757	\$ 67,564	\$ 936,000		1,098,321
Total - Local Sources	13,392,035	67,564	936,000	357,154	14,752,753
State Sources	7,924,057	322,756	107,671	161,704	8,516,188
Federal Sources	32,462	1,628,690			1,661,152
Total Revenues	21,348,554	2,019,010	1,043,671	518,858	24,930,093
EXPENDITURES:					
Current:					
Regular Instruction	5,765,383	1,152,502			6,917,885
Special Education Instruction	1,389,788	863,183			2,252,971
Other Instruction	699,269				699,269
Support Services and Undistributed Costs:					
Tuition	1,178,899				1,178,899
Student and Other Instruction Related Services	1,661,981				1,661,981
General Administration Services	553,276				553,276
School Administration Services	888,028				888,028
Central Services & Administrative Information Technology	460,025				460,025
Plant Operations and Maintenance	2,186,347				2,186,347
Student Transportation	319,762				319,762
Unallocated Benefits	4,891,356				4,891,356

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Debt Service:					
Principal				\$ 400,000	\$ 400,000
Interest and Other Charges				140,995	140,995
Capital Outlay	\$ 144,399		\$ 974,714		1,119,113
Transfer of Funds to Charter School	34,949				34,949
Total Expenditures	<u>20,173,462</u>	<u>\$ 2,015,685</u>	<u>974,714</u>	<u>540,995</u>	<u>23,704,856</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>1,175,092</u>	<u>3,325</u>	<u>68,957</u>	<u>(22,137)</u>	<u>1,225,237</u>
OTHER FINANCING SOURCES/(USES):					
Capital Leases (Non-Budgeted)	13,250				13,250
Transfers In	56,660				56,660
Transfers Out			(56,660)		(56,660)
Total Other Financing Sources/(Uses)	<u>69,910</u>		<u>(56,660)</u>		<u>13,250</u>
Net Change in Fund Balances	<u>1,245,002</u>	<u>3,325</u>	<u>12,297</u>	<u>(22,137)</u>	<u>1,238,487</u>
Fund Balance / (Deficit) - July 1	<u>1,380,586</u>	<u>(38,574)</u>	<u>252,621</u>	<u>22,139</u>	<u>1,616,772</u>
Fund Balance / (Deficit) - June 30	<u>\$ 2,625,588</u>	<u>\$ (35,249)</u>	<u>\$ 264,918</u>	<u>\$ 2</u>	<u>\$ 2,855,259</u>

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

BOROUGH OF BOUND BROOK 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, 2011

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 1,238,487

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 capital outlays exceeded depreciation and disposal of assets with carrying value in the period.

	Depreciation Expense	\$ (302,115)	
	Disposals of Assets with Carrying Value	(114,327)	
	Capital outlays	<u>1,221,734</u>	805,292

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

128,749

Capital leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

(13,250)

Repayment of certificates of participation, serial bonds and capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.

	Certificates of Participation and Serial Bonds Principal	400,000	
	Capital Lease Principal	<u>9,983</u>	409,983

In the Statement of Activities, interest on long term debt in the Statement of Activities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due.

4,772

Change in Net Assets of Governmental Activities

\$ 2,574,033

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds Food Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 169,119
Intergovernmental Accounts Receivable:	
Federal	22,185
State	892
Inventory	<u>12,999</u>
Total Current Assets	<u>205,195</u>
Non-Current Assets:	
Capital Assets	559,056
Less: Accumulated Depreciation	<u>(315,034)</u>
Total Non-Current Assets	<u>244,022</u>
Total Assets	<u>449,217</u>
LIABILITIES:	
Current Liabilities:	
Deferred Revenue	1,703
Accounts Payable - Vendors	<u>92,757</u>
Total Current Liabilities	<u>94,460</u>
NET ASSETS:	
Investment in Capital Assets Net of Related Debt	244,022
Unrestricted	<u>110,735</u>
Total Net Assets	<u>\$ 354,757</u>

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable and Non-Reimbursable Programs	\$ 191,330
Special Events	6,864
	198,194
Total Operating Revenue	
Operating Expenses:	
Cost of Sales	300,921
Salaries, Benefits & Payroll Taxes	234,534
Supplies, Insurance & Other Costs	111,437
Management Fee	33,667
Depreciation Expense	12,276
	692,835
Total Operating Expenses	
Operating Loss	(494,641)
Non-Operating Income:	
Local Sources:	
Board Share of Food Service Company's Profits	31,382
State Sources:	
State School Lunch Program	8,810
Federal Sources:	
National School Lunch Program	59,830
National School Breakfast Program	373,191
Food Distribution Program	42,915
	516,128
Total Non-Operating Income	
Change in Net Assets	21,487
Capital Adjustments - Adjustments	171
	21,658
Change in Net Assets after Capital Adjustments	
Net Assets - Beginning of Year	333,099
	354,757
Net Assets - End of Year	\$ 354,757

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 198,194
Payments to Employees/Vendors	(234,534)
Payments to Food Service Vendor	<u>(349,514)</u>
Net Cash Used for Operating Activities	<u>(385,854)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	<u>(17,211)</u>
Net Cash Provided used for Investing Activities	<u>(17,211)</u>
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Board Share of Profits	44,231
State Sources:	
State School Breakfast and Lunch Program	9,366
Federal Sources:	
National School Breakfast and Lunch Program	<u>443,781</u>
Net Cash Provided by Noncapital Financing Activities	<u>497,378</u>
Net Increase in Cash and Cash Equivalents	94,313
Cash and Cash Equivalents, July 1	<u>74,806</u>
Cash and Cash Equivalents, June 30	<u>\$ 169,119</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (494,641)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	12,276
Food Distribution Program	42,915
Changes in Assets and Liabilities:	
(Increase) in Inventory	(5,438)
Increase in Deferred Revenue	694
Increase in Accounts Payable	<u>58,340</u>
Net Cash Used for Operating Activities	<u>\$ (385,854)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$43,609 and utilized \$42,915 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2011.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	Agency	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Totals
ASSETS:				
Cash and Cash Equivalents	\$ 352,035	\$ 392,994	\$ 1,865	\$ 746,894
Interfund Receivable - Payroll Agency		7,822		7,822
Total Assets	352,035	400,816	1,865	754,716
LIABILITIES:				
Interfund Payable - Unemployment Trust	7,822			7,822
Due to Student Groups	33,875			33,875
Due to Athletics	1,295			1,295
Accrued Payroll - Summer Savings	197,650			197,650
Payroll Deductions and Withholdings	111,393			111,393
Total Liabilities	352,035			352,035
NET ASSETS:				
Held in Trust for Unemployment Claims		400,816		400,816
Reserved for Scholarships			1,865	1,865
Total Net Assets	\$ -0-	\$ 400,816	\$ 1,865	\$ 402,681

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Totals
Additions:			
Contributions:			
Plan Contributions	\$ 17,500		\$ 17,500
Board Contributions	348,000		348,000
Total Contributions	365,500		365,500
Investment Earnings:			
Interest	705	\$ 3	708
Net Investment Earnings	705	3	708
Total Additions	366,205	3	366,208
Deductions			
Unemployment Compensation Claims	247,414		247,414
Scholarships Awarded		100	100
Total Deductions	247,414	100	247,514
Change in Net Assets	118,791	(97)	118,694
Net Assets - Beginning of the Year	282,025	1,962	283,937
Net Assets - End of the Year	\$ 400,816	\$ 1,865	\$ 402,631

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of Borough of Bound Brook 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, 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 significances) 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 three elementary schools, one middle school and one senior high school located in the Borough of Bound Brook. 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 assets 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 government 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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 fixed 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 expenses 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 expenditures for principal and interest.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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 the Private Purpose Scholarship 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. Nonexchange 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 resource 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 assets 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

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

Reports for the District's Food Service Fund are prepared following the Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989; Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with Governmental Accounting Standards Board (GASB) pronouncements.

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 voted upon at the annual school election on the third Tuesday in April. 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 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 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 and Special Revenue Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

The Capital Projects Fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of School Development Authority (SDA) grants receivable. SDA grants are recognized on the budgetary basis in full when they are awarded but are recognized on the GAAP basis as they are expended and requested for reimbursement.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 21,244,537	\$ 2,087,000
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(71,315)
Prior Year State Aid Payment Recognized for GAAP Statements	743,431	38,574
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(639,414)</u>	<u>(35,249)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 21,348,554</u>	<u>\$ 2,019,010</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 20,173,462	\$ 2,087,000
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(71,315)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 20,173,462</u>	<u>\$ 2,015,685</u>
	<u>Capital Projects Fund</u>	
	<u>Revenue</u>	<u>Fund Balance</u>
Amount per Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance (Budgetary Basis) (per Exhibit F-1)	\$ 1,126,144	\$ 569,692
Reconciliation to Governmental Funds Statements (GAAP):		
Prior Year SDA Grant Revenue/Receivable Recognized on GAAP Basis	222,301	
SDA Grant Revenue/Receivable not Recognized on GAAP Basis	(240,774)	(240,774)
County Open Space Grants not Recognized on GAAP Basis	<u>(64,000)</u>	<u>(64,000)</u>
Amount per Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds(GAAP Basis) (per Exhibit B-2)	<u>\$ 1,043,671</u>	<u>\$ 264,918</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

E. Cash and Cash Equivalents:

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

New Jersey school districts are limited as to the 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 sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets, 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 deferred revenue at fiscal year end.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

H. Encumbrances: (Cont'd)

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, 2011.

K. Capital Assets:

Capital assets acquired or constructed 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. Land has been recorded at estimated historical cost. 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:

	<u>Estimated Useful Life</u>
Buildings	20 to 50 years
Site Improvements	10 to 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net assets, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds. Bond issuance costs, as well as applicable 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 premiums as revenue and bond discounts and bond issuance costs 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Accrued Salaries and Wages:

The District allows employees who provide services to the District over a ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year. The District had accrued salaries and wages of \$197,650 as of June 30, 2011.

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. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Assets*, 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. Deferred Revenue:

Deferred 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$2,625,588 General Fund fund balance at June 30, 2011, \$536,688 is assigned for encumbrances; \$310,991 is restricted in a Maintenance Reserve; \$349,546 is restricted in the capital reserve account; \$432,781 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2013; \$166,153 is restricted in a Tuition Reserve; and \$829,429, is assigned fund balance and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2012 which is \$170,571 less than the calculated assigned fund balance, on a GAAP basis, due to a portion of the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2012; and unassigned fund balance is \$0 which is \$468,843 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the remaining portion of the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2012.

Special Revenue Fund: The deficit fund balance of \$35,249 in Special Revenue Fund at June 30, 2011 is unassigned. This deficit is due to the last two June state aid payments, which are not recognized until the fiscal year ended June 30, 2012.

Capital Projects Fund: Of the \$264,918 Capital Projects Fund fund balance at June 30, 2011, \$312,710 is committed for encumbrances; and \$47,792 is a deficit in committed fund balance which is \$304,774 less than the committed fund balance, on a GAAP basis, due to the difference in the recognition of the SDA grant revenue of \$240,774 and the difference in recognition of the County Open Space grant revenue of \$64,000.

Debt Service Fund: The \$2 Debt Service Fund fund balance at June 30, 2011 is entirely restricted.

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 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 has excess surplus as noted above.

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment 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 June state aid payments in the subsequent fiscal year, the school district cannot recognize the June 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 June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

Q. Deficit Fund Balances/Net Assets

The District has a deficit in unassigned Special Revenue fund balance and restricted net assets due to \$35,249 of June State Aid payments not recognized on a GAAP basis.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

Q. Deficit Fund Balances/Net Assets

The District has a deficit in the Capital Projects Fund fund balance due to \$240,774 of the School Development Authority grant revenue and the \$64,000 of the County Open Space grant revenue not recognized on a GAAP basis.

These deficits do not mean that the District is facing financial difficulties and is a permitted practice by generally accepted accounting principles.

R. Fund Balance Restrictions, Commitments and Assignments:

The District implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the current fiscal year. The objective of this standard is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions (as detailed in Note 1B). This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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 excess surplus, a capital reserve, a tuition reserve, and a maintenance reserve and Debt Service.

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 of resources. The District has committed resources in the Capital Projects Fund at June 30, 2011.

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 as 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 year-end encumbrances and for amounts designated for subsequent year's expenditures in the General Fund at June 30, 2011.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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 below and on the following page.

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;

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

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

- (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;
 - (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, 2011, cash and cash equivalents and investments of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>	<u>Restricted Cash and Cash Equivalents</u>	<u>Total</u>
Checking Accounts	<u>\$ 3,569,783</u>	<u>\$ 826,690</u>	<u>\$ 4,396,473</u>
	<u>\$ 3,569,783</u>	<u>\$ 826,690</u>	<u>\$ 4,396,473</u>

During the period ended June 30, 2011, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2011, was \$4,396,473 and the bank balance was \$4,603,265.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account in the amount of \$1 was established by Board resolution on October 10, 2000 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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-14.1(g), 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, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010		\$	207,747
Deposits:			
Transferred by Board resolution June 13, 2011	\$		200,000
Transferred from Capital Projects Fund -			
Unexpended balances on Completed Projects			56,660
Interest Earnings			139
			256,799
			464,546
Withdrawals:			
Commissioner Approved Withdrawals			115,000
			115,000
Ending Balance, June 30, 2011		\$	349,546

The balance in the capital reserve account at June 30, 2011 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawals from the capital reserve account were for use in a DOE approved facilities projects, consistent with the District's Long Range Facilities Plan.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$175,000 was established by the Borough of Bound Brook School District during the year ended June 30, 2008. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to 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 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be reserved 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, 2010 to June 30, 2011 fiscal year is as follows:

Beginning Balance, July 1, 2010	\$ 110,991
Deposits:	
Transferred by Board resolution June 13, 2011	200,000
	200,000
Ending Balance, June 30, 2011	\$ 310,991

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2011 were as follows:

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Construction in Progress		\$ 936,000		\$ 936,000
Total Capital Assets Not Being Depreciated		936,000		936,000
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 8,018,200	154,462		8,172,662
Machinery and Equipment	2,168,613	131,272	\$ (186,034)	2,113,851
Total Capital Assets Being Depreciated	10,186,813	285,734	(186,034)	10,286,513
Governmental Activities Capital Assets	10,186,813	1,221,734	(186,034)	11,222,513
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(3,662,356)	(151,991)		(3,814,347)
Machinery and Equipment	(1,467,853)	(150,124)	71,707	(1,546,270)
	(5,130,209)	(302,115)	71,707	(5,360,617)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 5,056,604	\$ 919,619	\$ (114,327)	\$ 5,861,896
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 297,921	\$ 5,941	\$ (630)	\$ 303,232
Machinery and Equipment	269,973	11,270	(25,419)	255,824
Less Accumulated Depreciation	(328,978)	(12,276)	26,220	(315,034)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 238,916	\$ 4,935	\$ 171	\$ 244,022

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 6. CAPITAL ASSETS

The District has \$569,692 of outstanding construction projects as of June 30, 2011.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 97,975
Special Education	23,055
Other Instruction	44,628
Student and Instruction Related Services	23,984
General Administration	5,331
School Administration	25,164
Central Services & Administrative Information Tehnology	37,332
Operations and Maintenance of Plant	27,349
Pupil Transportation	17,297
	<u>\$ 302,115</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2011, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>Beginning Balance</u>	<u>Accrued</u>	<u>Retired</u>	<u>Ending Balance</u>
Serial Bonds Payable	\$ 2,310,000		\$ 215,000	\$ 2,095,000
Certificates of Participation Payable	1,030,000		185,000	845,000
Capital Leases		\$ 13,250	9,983	3,267
Compensated Absences Payable	621,957	16,541	145,290	493,208
	<u>\$ 3,961,957</u>	<u>\$ 29,791</u>	<u>\$ 555,273</u>	<u>\$ 3,436,475</u>

A. Bonds Payable, Certificates of Participation (COPS)

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable, Certificates of Participation (COPS) (Cont'd)

The District had bonds outstanding as of June 30, 2011 as follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
School Refunding Bonds	7/15/2011	4.00%	\$ 225,000
	7/15/2012	4.00%	230,000
	7/15/2013	4.00%	245,000
	7/15/2014	4.00%	255,000
	7/15/2015	4.00%	270,000
	7/15/2016	4.00%	275,000
	7/15/2017	4.00%	290,000
	7/15/2018	4.00%	305,000
			<u>\$ 2,095,000</u>

On December 1, 1999, the District issued \$2,365,000 of Certificates of Participation in the Lease Purchase Agreement between the Board and FFL Services Corp. (the Lessor). Proceeds from the sale of the Certificates were used for various improvements, including roof replacement/repair and masonry improvements to school buildings within the District. The Lessor has assigned its interest to the Bank of New York (NJ) (the Agent), who distributed the proceeds and collects principal and interest payments, or basic rent, from the District.

The District had certificates of participation as of June 30, 2011 as follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
Masonry and General	12/1/2011	5.073%	\$ 95,000
Improvements (COPS)	6/1/2012	5.073%	100,000
	12/1/2012	5.073%	100,000
	6/1/2013	5.073%	105,000
	12/1/2013	5.073%	105,000
	6/1/2014	5.073%	110,000
	12/1/2014	5.073%	115,000
	6/1/2015	5.073%	115,000
			<u>\$ 845,000</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 420,000	\$ 122,126	\$ 542,126
2013	435,000	102,420	537,420
2014	460,000	81,777	541,777
2015	485,000	59,963	544,963
2016	270,000	40,200	310,200
2017-2019	870,000	53,400	923,400
	<u>\$ 2,940,000</u>	<u>\$ 459,886</u>	<u>\$ 3,399,886</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2011, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

During the 2010-2011 school year, the District entered into a capital lease agreement for the purchase of floor scrubbers. The lease is for a term of 2 years. The following is a schedule of future minimum lease payments under these capital leases. The future minimum lease obligations as of June 30, 2011 were as follows.

<u>Year Ending</u>	<u>Amount</u>
June 30, 2012	\$ 3,780
Less: amount representing interest	513
Present value of future minimum lease payments	<u>\$ 3,267</u>

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the long-term liabilities as there is no current portion. The long-term liability balance of compensated absences is \$493,208.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2011, no liability existed for compensated absences in the Food Service Fund.

The General Fund will be used to liquidate Compensated Absences Payable and the Capital Lease Payable. The Debt Service Fund will be used to liquidate the Serial Bonds and the Certificates of Participation.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 8. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2011, the District transferred \$187,475 to the capital outlay accounts. \$72,475 of the transfers was related to equipment and thus did not require the approval of the County Superintendent. The remaining \$115,000 was an appropriation of the Capital Reserve Fund fund balance that was transferred to the Capital Projects fund. The amount was approved by the Commissioner of the Department of Education for an other State Project.

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). The TPAF and the PERS 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. Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or the PERS, the employee may be eligible to enroll in the DCRP.

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 DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

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. Employee contributions are based on percentages of 5.50% for TPAF and 5.50% for PERS and DCRP of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in the PERS and TPAF.

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits, and post-retirement medical premiums. Under current statute, the District is a noncontributing employer of the TPAF. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

District Contributions to PERS amounted to \$219,131, \$171,889 and \$152,965 for the fiscal years ended June 30, 2011, 2010 and 2009, respectively.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

District and employee contributions to DCRP amounted to \$3,660 and \$9,651 for the fiscal year ended June 30, 2011. There were no contributions in 2009 or 2010.

During the fiscal years ended June 30, 2011, 2010 and 2009 the State of New Jersey contributed \$-0-, \$-0- and \$-0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

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, 2010, there were 87,288 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992 c. 126, which provides free 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 \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

The State on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$602,527, \$586,603 and \$544,921 for 2011, 2010 and 2009 respectively.

NOTE 11. RISK MANAGEMENT

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. 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 obtained from Horizon Blue Cross / Blue Shield of New Jersey.

Property and Liability Insurance

The Borough of Bound Brook School District is a member of the New Jersey School Board's Association Insurance Group (NJSBAIG) (the "Group"). This public entity risk management pool provides 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 Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

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

The audit report for the fiscal year ended June 30, 2011 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2010 is as follows:

	New Jersey School Boards Association Insurance Group (NJSBAIG)
Total Assets	\$ 241,084,120
Total Net Assets	\$ 57,984,070
Total Revenue	\$ 85,691,374
Total Expenses	\$ 76,772,944
Change in Net Assets	\$ 8,918,430
Net Assets Distribution to Participating Members	\$ -0-

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

NJ School Boards Association Insurance Group
450 Veterans Drive
Burlington, NJ 08016
(609) 386-6060

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 earned, 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:

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2011	\$ 348,000	\$ 18,205	\$ 247,414	\$ 400,816
2010	149,669	28,218	124,363	282,025
2009	50,000	20,774	79,387	228,501

NOTE 12. 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 13. DEFERRED COMPENSATION

The Board offers its employees a choice of the following approved service providers created in accordance with Internal Revenue Code Section 403(b). The plan, which is administered by The Omni Group, permits participants to defer a portion of their salary until future years. Amounts deferred under the plan are not available to employees until termination, retirement, or death. The approved service providers are as follows:

AIG Valic	Lincoln Financial Group
Fidelity Management Trust Co.	Primerica Financial Services
Franklin Templeton Bank & Trust	Siracusa Benefits Programs
FTJ Fundchoice, Inc.	

FTJ Fundchoice, Inc. is the plan administrator for the District's Internal Revenue Code Section 457 plan.

NOTE 14. 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 claims and lawsuits arising from operations. 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 14. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2011, there were encumbrances as detailed below in the governmental funds:

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 536,688	\$ 109,605	\$ 312,710	\$ 959,003

On the District's Governmental Funds Balance Sheet as of June 30, 2011, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$109,605 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in deferred revenue in the Special Revenue Fund. On the District's Governmental Funds Balance Sheet as of June 30, 2011, \$264,918 is a committed fund balance, which is \$47,792 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, the SDA Grant Revenue not recognized reduces the committed fund balance of the capital projects fund. If the amount of the reduction exceeds the fund balance committed for other purposes as stated on the budgetary basis, the remaining reduction must reduce the committed fund balance for year-end encumbrances.

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 mutually agreed-upon schedule.

NOTE 16. INTERFUNDS

As of June 30, 2011 there is an interfund between the Payroll Agency Fund and the Unemployment Compensation Trust for \$7,822. The interfund is comprised entirely of unemployment withholdings in the Payroll Agency Fund that are due to the Unemployment Compensation Trust.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

NOTE 17. OPERATING LEASES

The District had operating leases for the use of copiers as of June 30, 2011 as detailed below:

<u>Year</u>	<u>Amount</u>
2011-2012	\$ 20,768
2012-2013	20,767
2013-2014	20,768
2014-2015	3,461
Total Minimum Lease Payments	<u>65,764</u>
Less: Amount Representing Interest	<u>5,374</u>
Present Value of Net Minimum Lease Payments	<u>\$ 60,390</u>

NOTE 18. TUITION RESERVE

A tuition reserve account may be established in accordance with N.J.A.C. 6A:23-3.1(f) for tuition between two Boards of Education that are in a formal sending/receiving relationship. The maximum amount that may be restricted at year end is 10% of the estimated contract year. Upon certification of tuition rates in the third year following the contract year, full appropriation of the applicable year's reserve must be liquidated and any remaining balance related to that year must be reserved and budgeted for tax relief.

The District established a \$36,900 tuition reserve during fiscal year ending June 30, 2010 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2012.

The District established a \$129,253 tuition reserve during fiscal year ending June 30, 2011 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2013.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,072,744		\$ 12,072,744	\$ 12,072,744	
Tuition to Other LEA's	1,292,531		1,292,531	1,192,531	\$ (100,000)
Interest Earned on Capital Reserve				139	139
Transportation Fees	10,000		10,000	31,864	21,864
Miscellaneous	40,525		40,525	94,757	54,232
Total - Local Sources	13,415,800		13,415,800	13,392,035	(23,765)
State Sources:					
Categorical Special Education Aid	378,020	438,340	816,360	816,360	
Equalization Aid	6,062,835	\$ (438,340)	5,624,495	5,624,495	
Extraordinary Aid				91,395	91,395
TPAF Pension Non-Contributory Group Insurance (Non-Budgeted)				28,368	28,368
TPAF Post Retirement Medical Benefits (Non-Budgeted)				602,527	602,527
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				656,895	656,895
Total State Sources	6,440,855		6,440,855	7,820,040	1,379,185
Federal Sources:					
Medicaid Reimbursement	21,255		21,255	32,462	11,207
Total Federal Sources	21,255		21,255	32,462	11,207
TOTAL REVENUES	19,877,910		19,877,910	21,244,537	1,366,627
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	384,965	(51,000)	333,965	324,032	9,933
Grades 1-5 - Salaries of Teachers	1,572,929	201,000	1,773,929	1,745,970	27,959
Grades 6-8 - Salaries of Teachers	1,026,312	31,000	1,057,312	995,403	61,909
Grades 9-12 - Salaries of Teachers	2,087,211	(51,200)	2,036,011	1,964,149	71,862

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Home Instruction:					
Salaries of Teachers	\$ 32,000	\$ 2,700	\$ 34,700	\$ 34,654	\$ 46
Purchased Professional - Educational Services	25,000	(2,700)	22,300	9,439	12,861
Regular Programs - Undistributed Instruction:					
Other Purchased Services (400-500 series)	86,341	(7,041)	79,300	63,832	15,468
General Supplies	278,932	377,092	656,024	587,241	68,783
Textbooks	34,068	1,066	35,134	34,070	1,064
Other Objects	12,055	(5,461)	6,594	6,593	1
Total Regular Programs - Instruction	5,539,813	495,456	6,035,269	5,765,383	269,886
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	124,940	23,750	148,690	148,549	141
Other Salaries for Instruction	58,511	(5,000)	53,511	34,464	19,047
General Supplies	650	(203)	447	446	1
Total Learning and/or Language Disabilities	184,101	18,547	202,648	183,459	19,189
Behavioral Disabilities:					
Salaries of Teachers	129,782		129,782	118,053	11,729
Other Salaries for Instruction	39,393		39,393	36,713	2,680
General Supplies	3,970	(140)	3,830	2,671	1,159
Total Behavioral Disabilities	173,145	(140)	173,005	157,437	15,568
Resource Room/Resource Center:					
Salaries of Teachers	848,282	(47,350)	800,932	800,872	60
Other Salaries for Instruction	141,587	(68,000)	73,587	69,384	4,203
General Supplies	2,223	(2,092)	131	109	22
Total Resource Room/Resource Center	992,092	(117,442)	874,650	870,365	4,285

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Preschool Disabilities - Part-Time:					
Salaries of Teachers	\$ 72,750	\$ 36,000	\$ 108,750	\$ 107,008	\$ 1,742
Other Salaries for Instruction	33,000	39,000	72,000	71,519	481
Purchased Professional - Educational Services	40,000	(40,000)			
General Supplies	2,500	(2,500)			
Total Preschool Disabilities - Part-Time	148,250	32,500	180,750	178,527	2,223
Total Special Education Instruction	1,497,588	(66,535)	1,431,053	1,389,788	41,265
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	225	(24)	201	201	
Total Basic Skills/Remedial - Instruction	225	(24)	201	201	
Bilingual Education - Instruction:					
Salaries of Teachers	314,040	(80,400)	233,640	225,962	7,678
General Supplies	355	(105)	250	250	
Total Bilingual Education - Instruction	314,395	(80,505)	233,890	226,212	7,678
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	56,676		56,676	54,663	2,013
Purchased Services (300-500 series)	4,645	(2,000)	2,645	2,231	414
Other Objects	1,675	(849)	826	826	
Total School-Sponsored Cocurricular Activities - Instruction	62,996	(2,849)	60,147	57,720	2,427
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	241,343	44,000	285,343	268,121	17,222
Purchased Services (300-500 series)	55,102	(23,593)	31,509	30,030	1,479
Supplies and Materials	34,685	6,961	41,646	30,844	10,802
Other Objects	14,009	2,632	16,641	14,033	2,608
Total School-Sponsored Cocurricular Athletics - Instruction	345,139	30,000	375,139	343,028	32,111

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Alternative Education Program - Instruction:					
Salaries of Teachers	\$ 45,000		\$ 45,000	\$ 43,183	\$ 1,817
Other Purchased Services (400-500 series)	32,000		32,000	28,925	3,075
Total Alternative Education Program - Instruction	<u>77,000</u>		<u>77,000</u>	<u>72,108</u>	<u>4,892</u>
Total Instruction	<u>7,837,156</u>	\$ 375,543	<u>8,212,699</u>	<u>7,854,440</u>	<u>358,259</u>
Undistributed Expenditures:					
Instuction:					
Tuition to Other LEAs Within the State - Regular	58,950		58,950	13,833	45,117
Tuition to Other LEAs Within the State - Special	451,953	35,000	486,953	427,812	59,141
Tuition to County Vocational School District - Regular	15,320		15,320		15,320
Tuition to County Vocational School District - Special	6,360		6,360		6,360
Tuition to CSSD & Regional Day Schools	36,900	34,150	71,050	71,050	
Tuition to Private Schools for the Disabled - Within State	1,136,995	(240,150)	896,845	635,454	261,391
Tuition - State Facilities	30,750		30,750	30,750	
Total Undistributed Expenditures - Instruction	<u>1,737,228</u>	<u>(171,000)</u>	<u>1,566,228</u>	<u>1,178,899</u>	<u>387,329</u>
Attendance & Social Work:					
Salaries	58,583	3,000	61,583	60,559	1,024
Other Purchased Services (400-500 series)	200		200		200
Supplies and Materials	200		200	92	108
Other Objects	200		200		200
Total Attendance & Social Work	<u>59,183</u>	<u>3,000</u>	<u>62,183</u>	<u>60,651</u>	<u>1,532</u>
Health Services:					
Salaries	236,590	3,000	239,590	237,524	2,066
Purchased Professional and Technical Services	10,500	(1,585)	8,915	6,900	2,015
Other Purchased Services (400-500 series)	17,808	1,180	18,988	18,859	129
Supplies and Materials	4,424	204	4,628	4,317	311
Total Health Services	<u>269,322</u>	<u>2,799</u>	<u>272,121</u>	<u>267,600</u>	<u>4,521</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	\$ 67,435		\$ 67,435	\$ 67,435	
Purchased Professional - Educational Services	259,325	\$ (18,000)	241,325	169,051	\$ 72,274
Supplies and Materials	3,528	(500)	3,028	749	2,279
Total Other Support Services - Speech, OT, PT and Related Services	330,288	(18,500)	311,788	237,235	74,553
Other Support Services - Guidance:					
Salaries of Other Professional Staff	336,793	28,000	364,793	335,161	29,632
Salaries of Secretarial and Clerical Assistants	57,418		57,418	54,714	2,704
Purchased Professional - Educational Services	3,140		3,140	2,425	715
Other Purchased Services (400-500)	16,696	(3,377)	13,319	9,725	3,594
Supplies and Materials	7,219	(2,494)	4,725	4,687	38
Other Objects	2,105	(605)	1,500	670	830
Total Other Support Services - Students - Guidance	423,371	21,524	444,895	407,382	37,513
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	77,547	83,800	161,347	160,300	1,047
Salaries of Secretarial and Clerical Assistants	50,897	6,510	57,407	55,973	1,434
Purchased Professional - Educational Services	17,520	600	18,120	16,988	1,132
Misc. Pur. Serv. (400-500 series) Other Than Residential Costs	10,335	(600)	9,735	7,122	2,613
Supplies and Materials	6,249	(3,250)	2,999	2,981	18
Other Objects	6,703	(3,260)	3,443	2,613	830
Total Other Support Services - Students - Child Study Teams	169,251	83,800	253,051	245,977	7,074
Improvement of Instructional Services:					
Other Salaries	51,463	2,200	53,663	53,607	56
Other Purchased Services (400-500)	2,000	(1,000)	1,000	705	295
Supplies and Materials	450		450		450
Other Objects	3,500	(3,000)	500	450	50
Total Improvement of Instructional Services	57,413	(1,800)	55,613	54,762	851

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 361,443	\$ (3,200)	\$ 358,243	\$ 355,941	\$ 2,302
Other Purchased Services (400-500)	985	(135)	850	850	
Supplies and Materials	28,721	(1,683)	27,038	24,638	2,400
Total Educational Media Services/School Library	391,149	(5,018)	386,131	381,429	4,702
Instructional Staff Training Services:					
Other Salaries	3,000		3,000	395	2,605
Purchased Professional - Educational Services	1,000	(1,000)			
Other Purchased Services (400-500 series)	2,500	6,000	8,500	6,550	1,950
Total Instructional Staff Training Services	6,500	5,000	11,500	6,945	4,555
Support Services - General Administration:					
Salaries	223,683		223,683	217,540	6,143
Legal Services	108,247	(14,000)	94,247	46,931	47,316
Audit Fees	26,500	(2,300)	24,200	23,750	450
Other Purchased Professional Services	99,488	(1,845)	97,643	68,532	29,111
Communications/Telephone	126,809	1,410	128,219	121,485	6,734
BOE Other Purchased Services	3,000		3,000	342	2,658
Miscellaneous Purchased Services (400-500 series)	28,925	(4,999)	23,926	23,597	329
General Supplies	7,236	(4,000)	3,236	2,354	882
BOE in-house Meeting/Training Supplies	2,800		2,800	390	2,410
Judgments Against the School District	37,100		37,100	37,100	
Miscellaneous Expenditures	4,250		4,250	1,230	3,020
Board of Education Membership Dues and Fees	11,600		11,600	10,025	1,575
Total Support Services - General Administration	679,638	(25,734)	653,904	553,276	100,628

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 492,356	\$ 100	\$ 492,456	\$ 481,246	\$ 11,210
Salaries of Other Professional Staff	158,657	30,200	188,857	188,578	279
Salaries of Secretarial and Clerical Assistants	192,488	13,900	206,388	202,362	4,026
Other Purchased Services (400-500 series)	5,958	(2,600)	3,358	3,183	175
Supplies and Materials	9,495	(1,022)	8,473	7,399	1,074
Other Objects	5,485	(200)	5,285	5,260	25
Total Support Services - School Administration	864,439	40,378	904,817	888,028	16,789
Support Services - Central Services:					
Salaries	362,669	(2,230)	360,439	342,144	18,295
Purchased Professional Services	1,810		1,810		1,810
Purchased Technical Services	34,403	(30)	34,373	20,350	14,023
Miscellaneous Purchased Services (400-500 series)	36,478	2,260	38,738	27,231	11,507
Supplies and Materials	15,700	9,000	24,700	15,118	9,582
Miscellaneous Expenditures	3,450		3,450	1,575	1,875
Total Support Services - Central Services	454,510	9,000	463,510	406,418	57,092
Support Services - Administration Information Technology:					
Salaries	56,463		56,463	53,607	2,856
Total Support Services - Administration Information Technology	56,463		56,463	53,607	2,856
Required Maintenance of School Facilities:					
Salaries	426,305	(50,000)	376,305	238,531	137,774
Cleaning, Repair and Maintenance Services	673,121	(18,780)	654,341	477,980	176,361
General Supplies	229,015	(1)	229,014	180,956	48,058
Total Required Maintenance of School Facilities	1,328,441	(68,781)	1,259,660	897,467	362,193

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services:					
Salaries	\$ 649,557	\$ (15,001)	\$ 634,556	\$ 511,498	\$ 123,058
Cleaning, Repair and Maintenance Services	19,665		19,665	16,295	3,370
Rental of Land and Building Other than Lease Purchase Agreements	115,000	(56,165)	58,835	57,500	1,335
Other Purchased Property Services	32,512		32,512	30,229	2,283
Insurance	118,935		118,935	98,694	20,241
Miscellaneous Purchased Services	7,000		7,000	3,800	3,200
General Supplies	97,848	18,780	116,628	66,289	50,339
Energy (Electricity)	370,776	(60,000)	310,776	291,979	18,797
Other Objects	6,800		6,800	3,120	3,680
Energy (Natural Gas)	355,000	(73,000)	282,000	206,599	75,401
Energy (Oil)	18,250	(5,000)	13,250	2,877	10,373
Total Custodial Services	1,791,343	(190,386)	1,600,957	1,288,880	312,077
Student Transportation Services:					
Salaries of Non-Instructional Aides	7,250		7,250	3,568	3,682
Salaries for Transportation - (Between Home & School) - Special	133,288	18,000	151,288	107,765	43,523
Salaries for Transportation - (Other Than Between Home & School)	54,500	6,000	60,500	37,462	23,038
Cleaning, Repair and Maintenance Services	24,500		24,500	16,729	7,771
Contracted Services:					
Other than Between Home and School - Vendors	15,000		15,000	12,139	2,861
Special Education Students - Joint Agreements	325,410	(85,650)	239,760	102,970	136,790
Aid in Lieu of Payments - Charter School	4,570		4,570	2,652	1,918
Miscellaneous Purchased Services - Transportation	10,325	1,650	11,975	11,972	3
General Supplies	31,000		31,000	23,909	7,091
Other Objects	3,250		3,250	596	2,654
Total Student Transportation Services	609,093	(60,000)	549,093	319,762	229,331

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 234,520		\$ 234,520	\$ 228,327	\$ 6,193
Other Retirement Contributions	193,982	\$ 31,000	224,982	222,791	2,191
Unemployment Compensation	150,000		150,000	150,000	
Workmen's Compensation	161,186		161,186	132,661	28,525
Health Benefits	3,003,574	(61,000)	2,942,574	2,724,822	217,752
Tuition Reimbursement	123,144	(36,200)	86,944	85,662	1,282
Other Employee Benefits	61,500	(2,100)	59,400	59,303	97
Total Unallocated Benefits	3,927,906	(68,300)	3,859,606	3,603,566	256,040
On-Behalf Contributions:					
TPAF Pension Non-Contributory Group Insurance (Non-Budgeted)				28,368	(28,368)
TPAF Post Retirement Medical Benefits (Non-Budgeted)				602,527	(602,527)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				656,895	(656,895)
Total On-Behalf Contributions				1,287,790	(1,287,790)
Total Personal Services - Employee Benefits	3,927,906	(68,300)	3,859,606	4,891,356	(1,031,750)
Total Undistributed Expenses	13,155,538	(444,018)	12,711,520	12,139,674	571,846
TOTAL CURRENT EXPENSE	20,992,694	(68,475)	20,924,219	19,994,114	930,105
CAPITAL OUTLAY					
Equipment:					
Instruction - Grades 9-12		25,000	25,000	24,974	26
School Buses - Regular	42,500	43,330	85,830	74,260	11,570
Undistributed Expenditures - Non-Instructional Services		4,145	4,145	4,145	
Total Equipment	42,500	72,475	114,975	103,379	11,596

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Construction Services		\$ 115,000	\$ 115,000	\$ 24,683	\$ 90,317
Other Objects	\$ 3,087		3,087	3,087	
Total Facilities Acquisition and Construction Services	3,087	115,000	118,087	27,770	90,317
Assets Acquired Under Capital Leases (non-budgeted):					
Custodial Services				13,250	(13,250)
Total Assets Acquired Under Capital Leases (non-budgeted)				13,250	(13,250)
TOTAL CAPITAL OUTLAY	45,587	187,475	233,062	144,399	88,663
Transfer of Funds to Charter Schools	58,493	(4,000)	54,493	34,949	19,544
TOTAL EXPENDITURES	21,096,774	115,000	21,211,774	20,173,462	1,038,312
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,218,864)	(115,000)	(1,333,864)	1,071,075	2,404,939
Other Financing Sources/(Uses):					
Capital Leases (Non-Budgeted)				13,250	13,250
Capital Reserve - Transfer from Capital Projects Fund				56,660	56,660
Total Other Financing Sources/(Uses)				69,910	69,910
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(1,218,864)	(115,000)	(1,333,864)	1,140,985	2,474,849
Fund Balance, July 1	2,124,017		2,124,017	2,124,017	
Fund Balance, June 30	\$ 905,153	\$ (115,000)	\$ 790,153	\$ 3,265,002	\$ 2,474,849

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Recapitulation:

Restricted:

Excess Surplus	\$ 432,781
Tuition Reserve Restricted for 2011-2012 School Year	36,900
Tuition Reserve Restricted for 2012-2013 School Year	129,253
Maintenance Reserve	310,991
Capital Reserve	349,546

Assigned:

Year-End Encumbrances	536,688
Designated for Subsequent Year's Expenditures	1,000,000

Unassigned

468,843
<u>3,265,002</u>

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payments not Recognized on GAAP Basis	<u>(639,414)</u>
--	------------------

Fund Balance per Governmental Funds (GAAP)

<u>\$ 2,625,588</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources	\$ 1,266,579	\$ 1,028,047	\$ 2,294,626	\$ 1,691,672	\$ (602,954)
State Sources	470,281	151,540	621,821	331,205	(290,616)
Local Sources		99,040	99,040	64,123	(34,917)
Total Revenues	<u>1,736,860</u>	<u>1,278,627</u>	<u>3,015,487</u>	<u>2,087,000</u>	<u>(928,487)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	920,357	(249,898)	670,459	584,414	86,045
Other Salaries for Instruction	37,269	95,859	133,128	28,120	105,008
Purchased Professional - Education Services	38,070	171,963	210,033	21,200	188,833
Other Purchased Services	462,075	(155,170)	306,905	252,077	54,828
General Supplies	11,002	345,204	356,206	228,095	128,111
Textbooks	21,283	(13,380)	7,903	7,903	
Other Objects		1,000	1,000		1,000
Total Instruction	<u>1,490,056</u>	<u>195,578</u>	<u>1,685,634</u>	<u>1,121,809</u>	<u>563,825</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services:					
Salaries of Other Professional Staff	\$ 37,168	\$ 339,820	\$ 376,988	\$ 283,641	\$ 93,347
Salaries of Secretaries and Clerical Assistants	17,990	(17,990)			
Other Salaries		84,347	84,347	64,216	20,131
Personal Services - Employee Benefits	87,663	357,787	445,450	328,218	117,232
Purchased Professional and Technical Services		320,965	320,965	218,258	102,707
Other Purchased Professional Services	103,983	(52,112)	51,871	41,461	10,410
Supplies and Materials		22,115	22,115	17,519	4,596
Other Objects		12,499	12,499	11,878	621
Total Support Services	<u>246,804</u>	<u>1,067,431</u>	<u>1,314,235</u>	<u>965,191</u>	<u>349,044</u>
Facilities Acquisition and Construction Services:					
Instructional Equipment		15,618	15,618		15,618
Total Facilities Acquisition and Construction Services		<u>15,618</u>	<u>15,618</u>		<u>15,618</u>
Total Expenditures	<u>\$ 1,736,860</u>	<u>\$ 1,278,627</u>	<u>\$ 3,015,487</u>	<u>\$ 2,087,000</u>	<u>\$ 928,487</u>

Exhibit C-3

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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	\$ 21,244,537	\$ 2,087,000
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(71,315)
Prior Year State Aid Payment Recognized for GAAP Statements, not Recognized for Budgetary Statements	743,431	38,574
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(639,414)	(35,249)
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 21,348,554	 \$ 2,019,010
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 20,173,462	\$ 2,087,000
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(71,315)
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 20,173,462	 \$ 2,015,685

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 voted upon at the annual school election on the third Tuesday in April. 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are 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 and Special Revenue Fund budgetary revenue differs from the GAAP revenue due to a difference in recognition of the June state aid payments for the current year. Since the State is recording the June state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	No Child Left Behind						
	Title I	Title I, Carryover	Title I ARRA	Title I, SIA ARRA	Title II, Part A	Title II, Part A, Carryover	Title II, Part D
REVENUE:							
Local Sources							
State Sources							
Federal Sources	\$ 489,615	\$ 241,733	\$ 221,368	\$ 8,129	\$ 77,418	\$ 2,181	\$ 1,690
Total Revenue	489,615	241,733	221,368	8,129	77,418	2,181	1,690
EXPENDITURES:							
Instruction:							
Salaries of Teachers	199,012	150,000	59,992		48,789		
Other Salaries for Instruction							
Purchased Professional - Educational Services	125	7,459	9,994				
Other Purchased Services							
General Supplies	55,135		95,035				
Textbooks							
Total Instruction	254,272	157,459	165,021		48,789		
Support Services:							
Salaries of Other Professional Staff	25,327	4,828	25,327				
Other Salaries	24,287	9,082	3,337				
Personal Services - Employee Benefits	145,829	33,034	15,805		25,692		
Purchased Professional and Technical Services	38,773	36,707	5,588	8,129	2,937	2,181	1,690
Other Purchased Professional Services	674		3,837				
Supplies and Materials	453	623	2,453				
Other Objects							
Total Support Services	235,343	84,274	56,347	8,129	28,629	2,181	1,690
Total Expenditures	\$ 489,615	\$ 241,733	\$ 221,368	\$ 8,129	\$ 77,418	\$ 2,181	\$ 1,690

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	No Child Left Behind			IDEA Part B			
	Title II, Part D Carryover	Title III	Title III, Carryover	Title IV, Carryover	Basic	Basic, Carryover	Basic ARRA
REVENUE:							
Local Sources							
State Sources							
Federal Sources	\$ 1,155	\$ 41,391	\$ 20,312	\$ 1,380	\$ 212,215	\$ 102,679	\$ 253,315
Total Revenue	1,155	41,391	20,312	1,380	212,215	102,679	253,315
EXPENDITURES:							
Instruction:							
Salaries of Teachers		32,354			553	1,423	
Other Salaries for Instruction					204	525	3,067
Purchased Professional - Educational Services			3,622				
Other Purchased Services	399					93,179	158,499
General Supplies	756		7,958	265	4,425	2,686	17,087
Textbooks							
Total Instruction	1,155	32,354	11,580	265	5,182	97,813	178,653
Support Services:							
Salaries of Other Professional Staff					125,797	3,310	64,335
Other Salaries			6,943	1,036		1,072	
Personal Services - Employee Benefits		8,907	779	79	43,483	484	10,327
Purchased Professional and Technical Services					36,805		
Other Purchased Professional Services		78	10		365		
Supplies and Materials		52	1,000		583		
Other Objects							
Total Support Services		9,037	8,732	1,115	207,033	4,866	74,662
Total Expenditures	\$ 1,155	\$ 41,391	\$ 20,312	\$ 1,380	\$ 212,215	\$ 102,679	\$ 253,315

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>IDEA Part B</u>			<u>Preschool Education Aid</u>	<u>Nonpublic Handicapped Services</u>		
	<u>Preschool</u>	<u>Preschool, Carryover</u>	<u>Preschool ARRA</u>		<u>Exam and Classification</u>	<u>Supplementary Instruction</u>	<u>Corrective Speech</u>
REVENUE:							
Local Sources							
State Sources				\$ 248,950	\$ 10,988	\$ 9,132	\$ 18,706
Federal Sources	\$ 4,558	\$ 8,400	\$ 4,133				
Total Revenue	<u>4,558</u>	<u>8,400</u>	<u>4,133</u>	<u>248,950</u>	<u>10,988</u>	<u>9,132</u>	<u>18,706</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers	1,107	1,344		89,840			
Other Salaries for Instruction	755	1,079		18,405			
Purchased Professional - Educational Services							
Other Purchased Services							
General Supplies	2,554	5,792	4,133	32,269			
Textbooks							
Total Instruction	<u>4,416</u>	<u>8,215</u>	<u>4,133</u>	<u>140,514</u>			
Support Services:							
Salaries of Other Professional Staff				34,717			
Other Salaries				17,459			
Personal Services - Employee Benefits	142	185		43,472			
Purchased Professional and Technical Services				11,096	10,988	9,132	18,706
Other Purchased Professional Services							
Supplies and Materials				1,692			
Other Objects							
Total Support Services	<u>142</u>	<u>185</u>		<u>108,436</u>	<u>10,988</u>	<u>9,132</u>	<u>18,706</u>
Total Expenditures	<u>\$ 4,558</u>	<u>\$ 8,400</u>	<u>\$ 4,133</u>	<u>\$ 248,950</u>	<u>\$ 10,988</u>	<u>\$ 9,132</u>	<u>\$ 18,706</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Nonpublic Textbooks</u>	<u>Nonpublic Nursing</u>	<u>Nonpublic Auxiliary Services Comprehensive Education</u>	<u>Empower Grant Middle School</u>	<u>Empower Grant High School</u>	<u>Robotics Donation</u>	<u>MSG Varsity Grant</u>
REVENUE:							
Local Sources				\$ 7,724	\$ 8,939	\$ 26,568	\$ 2,821
State Sources	\$ 7,903	\$ 9,698	\$ 25,828				
Federal Sources							
Total Revenue	<u>7,903</u>	<u>9,698</u>	<u>25,828</u>	<u>7,724</u>	<u>8,939</u>	<u>26,568</u>	<u>2,821</u>
EXPENDITURES:							
Instruction:							
Salaries of Teachers							
Other Salaries for Instruction				2,085	2,000		
Purchased Professional - Educational Services							
Other Purchased Services							
General Supplies							
Textbooks	7,903						
Total Instruction	<u>7,903</u>			<u>2,085</u>	<u>2,000</u>		
Support Services:							
Salaries of Other Professional Staff							
Other Salaries							1,000
Personal Services - Employee Benefits							
Purchased Professional and Technical Services		9,698	25,828				
Other Purchased Professional Services				3,115	3,000	17,568	
Supplies and Materials				1,142	2,443		1,821
Other Objects				1,382	1,496	9,000	
Total Support Services		<u>9,698</u>	<u>25,828</u>	<u>5,639</u>	<u>6,939</u>	<u>26,568</u>	<u>2,821</u>
Total Expenditures	<u>\$ 7,903</u>	<u>\$ 9,698</u>	<u>\$ 25,828</u>	<u>\$ 7,724</u>	<u>\$ 8,939</u>	<u>\$ 26,568</u>	<u>\$ 2,821</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	NJSBAIG Grant	Totals
REVENUE:		
Local Sources	\$ 18,071	\$ 64,123
State Sources		331,205
Federal Sources		1,691,672
Total Revenue	18,071	2,087,000
EXPENDITURES:		
Instruction:		
Salaries of Teachers		584,414
Other Salaries for Instruction		28,120
Purchased Professional - Educational Services		21,200
Other Purchased Services		252,077
General Supplies		228,095
Textbooks		7,903
Total Instruction		1,121,809
Support Services:		
Salaries of Other Professional Staff		283,641
Other Salaries		64,216
Personal Services - Employee Benefits		328,218
Purchased Professional and Technical Services		218,258
Other Purchased Professional Services	12,814	41,461
Supplies and Materials	5,257	17,519
Other Objects		11,878
Total Support Services	18,071	965,191
Total Expenditures	\$ 18,071	\$ 2,087,000

Exhibit E-2

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 130,123	\$ 89,840	\$ 40,283
Other Salaries for Instruction	37,269	18,405	18,864
General Supplies	<u>32,283</u>	<u>32,269</u>	<u>14</u>
Total Instruction	<u>199,675</u>	<u>140,514</u>	<u>59,161</u>
Support Services:			
Salaries of Other Professional Staff	37,668	34,717	2,951
Salaries of Secretary and Clerical Assistants	17,490	17,459	31
Personal Services - Employee Benefits	87,663	43,472	44,191
Purchased Professional and Technical Services	11,100	11,096	4
Supplies and Materials	<u>1,700</u>	<u>1,692</u>	<u>8</u>
Total Support Services	<u>155,621</u>	<u>106,744</u>	<u>47,177</u>
Total Expenditures	<u>\$ 355,296</u>	<u>\$ 247,258</u>	<u>\$ 106,338</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2010-2011 Preschool Education Aid Allocation	\$ 355,296
Add: Actual Preschool Education Aid Carryover (June 30, 2010)	152,249
Add: Budgeted Transfer from the General Fund 2010-2011	<u>-0-</u>
Total Preschool Education Aid Funds Available for 2010-2011 Budget	507,545
Less: 2010-2011 Budgeted Preschool Education Aid (Including Prior year budget carryover)	<u>(355,296)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2011	152,249
Add: June 30, 2011 Unexpended Preschool Education Aid	<u>106,338</u>
2010-2011 Carryover for Preschool Programs	<u>\$ 258,587</u>
2010-2011 Preschool Education Aid Carryover Budgeted for Preschool Programs 2011-2012	<u>\$ -0-</u>

CAPITAL PROJECTS FUND

Exhibit F-1

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Revenue and Other Financing Sources:	
State Sources - SDA Grant	\$ 242,036
County Sources - Open Space Grant	1,000,000
	<hr/>
Total Revenue and Other Financing Sources	1,242,036
	<hr/>
Expenditures and Other Financing Uses:	
Purchased Professional and Technical Services	1,262
Construction Services	973,452
Prior Year SDA Grant Receivable Canceled	115,892
Operating Transfer Out:	
Transfer to General Fund - Capital Reserve Fund	56,660
	<hr/>
Total Expenditures and Other Financing Uses	1,147,266
	<hr/>
Excess/(Deficit) of Revenue and Other Financing Sources	
Over/(Under) Expenditures and Other Financing Uses	94,770
	<hr/>
Fund Balance - Beginning of Year	474,922
	<hr/>
Fund Balance - End of Year	\$ 569,692
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed to:	
Year-end Encumbrances	\$ 312,710
Other Purposes	256,982
	<hr/>
	569,692
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grants not Recognized on GAAP Basis	(240,774)
County Open Space Grants not Recognized on GAAP Basis	(64,000)
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 264,918
	<hr/> <hr/>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BOUND BROOK HIGH SCHOOL - INSTALL NEW WATER FEED
DISTRIBUTION SYSTEM INTO BOILER ROOM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 60,285	\$ (26,932)	\$ 33,353	\$ 60,285
Transfer from Capital Reserve	41,753		41,753	41,753
Total Revenue and Other Financing Sources	102,038	(26,932)	75,106	102,038
Expenditures and Other Financing Uses:				
Legal Services				5,000
Purchased Professional and Technical Services				10,413
Construction Services	29,500	15,291	44,791	82,500
Other Objects				4,125
Total Expenditures and Other Financing Uses	29,500	15,291	44,791	102,038
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses				
	\$ 72,538	\$ (42,223)	\$ 30,315	\$ -0-
Additional Project Information:				
Project Number(s)	SDA-0490-020-09-0ZBD			
Grant Date(s)	04/03/09			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 102,038			
Percentage Completion	43.90%			
Original Target Completion Date	06/30/10			
Revised Target Completion Date	09/01/10			

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
LAFAYETTE ELEMENTARY SCHOOL - ELECTRICAL SERVICE UPGRADE
WITH NEW SUB MAIN DISTRIBUTION BOARD
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 52,435		\$ 52,435	\$ 52,435
Transfer from Capital Reserve	51,690		51,690	51,690
	104,125		104,125	104,125
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	8,554		8,554	10,000
Construction Services	72,048	\$ 22,161	94,209	90,375
Other Objects				3,750
	80,602	22,161	102,763	104,125
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	\$ 23,523	\$ (22,161)	\$ 1,362	\$ -0-
Additional Project Information:				
Project Number(s)	SDA- 0490-030-09-0ZBE			
Grant Date(s)	04/03/09			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 88,750			
Additional Funds	\$ 15,375			
Revised Authorized Cost	\$ 104,125			
Change Order Percentage	17.32%			
Percentage Completion	98.69%			
Original Target Completion Date	06/30/10			
Revised Target Completion Date	09/1/10			

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
LAFAYETTE ELEMENTARY SCHOOL - POWER AND DATA
MODIFICATION AND WIRING FOR ELECTRICAL EQUIPMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 64,842	\$ (46,279)	\$ 18,563	\$ 64,842
Transfer from Capital Reserve	44,909		44,909	44,909
	<u>109,751</u>	<u>(46,279)</u>	<u>63,472</u>	<u>109,751</u>
Total Revenue and Other Financing Sources				
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	2,717		2,717	10,000
Construction Services	27,600		27,600	95,001
Other Objects				4,750
	<u>30,317</u>		<u>30,317</u>	<u>109,751</u>
Total Expenditures and Other Financing Uses				
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 79,434</u>	<u>\$ (46,279)</u>	<u>\$ 33,155</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	SDA-0490-030-09-0ZBF			
Grant Date(s)	04/03/09			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 109,751			
Percentage Completion	27.62%			
Original Target Completion Date	06/30/10			
Revised Target Completion Date	09/01/10			

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
LaMONTE ELEMENTARY SCHOOL - ROOF STRUCTURE REPAIR AND
CEILING DESIGN
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 131,312		\$ 131,312	\$ 131,312
Transfer from Capital Reserve	90,944		90,944	90,944
Total Revenue and Other Financing Sources	<u>222,256</u>		<u>222,256</u>	<u>222,256</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	19,491		19,491	27,811
Construction Services	193,956		193,956	185,186
Other Objects				9,259
Total Expenditures and Other Financing Uses	<u>213,447</u>		<u>213,447</u>	<u>222,256</u>
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 8,809</u>	<u>\$ -0-</u>	<u>\$ 8,809</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	SDA-0490-030-09-0ZBG			
Grant Date(s)	04/03/09			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 222,256			
Percentage Completion	96.04%			
Original Target Completion Date	06/30/10			
Revised Target Completion Date	09/01/10			

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
SMALLEY ELEMENTARY SCHOOL - POWER AND DATA MODIFICATION AND
WIRING FOR ELECTRICAL EQUIPMENT
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 64,842	\$ (42,681)	\$ 22,161	\$ 64,842
Transfer from Capital Reserve	44,908		44,908	44,908
	109,750	(42,681)	67,069	109,750
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services	2,007		2,007	10,000
Construction Services	34,400		34,400	95,000
Other Objects				4,750
	36,407		36,407	109,750
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	\$ 73,343	\$ (42,681)	\$ 30,662	\$ -0-
Additional Project Information:				
Project Number(s)		SDA-0490-030-09-0ZBH		
Grant Date(s)		04/03/09		
Bond Authorization Date		N/A		
Original Authorized Cost		\$ 109,750		
Percentage Completion		33.17%		
Original Target Completion Date		06/30/10		
Revised Target Completion Date		09/01/10		

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BOUND BROOK HIGH SCHOOL - UPGRADE OF TWO SCIENCE CLASSROOMS WITH
NEW FURNISHINGS AND UPDATED MECHANICAL SYSTEMS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 194,627	\$ 194,627	\$ 194,627
Transfer from Capital Reserve	\$ 80,637	(44,665)	35,972	35,972
Transfer from Capital Outlay	93,183		93,183	93,183
Total Revenue and Other Financing Sources	<u>173,820</u>	<u>149,962</u>	<u>323,782</u>	<u>323,782</u>
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services		1,262	1,262	51,262
Construction Services				252,400
Other Objects				20,120
Total Expenditures and Other Financing Uses		<u>1,262</u>	<u>1,262</u>	<u>323,782</u>
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 173,820</u>	<u>\$ 148,700</u>	<u>\$ 322,520</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	SDA-0490-050-10-GOAW			
Grant Date(s)	02/15/11			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 323,782			
Percentage Completion	0.39%			
Original Target Completion Date	12/31/10			
Revised Target Completion Date	08/31/11			

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
SMALLEY SCHOOL - CONVERSION OF ART CLASSROOM
TO A SCIENCE CLASSROOM
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenue and Other Financing Sources:				
State Sources - SDA Grant		\$ 47,409	\$ 47,409	\$ 47,409
Transfer from Capital Reserve	\$ 20,159	(11,995)	8,164	8,164
Transfer from Capital Outlay	23,296		23,296	23,296
Total Revenue and Other Financing Sources	43,455	35,414	78,869	78,869
Expenditures and Other Financing Uses:				
Purchased Professional and Technical Services				15,303
Construction Services				60,539
Other Objects				3,027
Total Expenditures and Other Financing Uses				78,869
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses				
	\$ 43,455	\$ 35,414	\$ 78,869	\$ -0-
Additional Project Information:				
Project Number(s)	SDA-0490-050-10-GOAW			
Grant Date(s)	02/15/11			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 78,869			
Percentage Completion	0.00%			
Original Target Completion Date	12/31/10			
Revised Target Completion Date	06/30/12			

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ATHLETIC FIELDS AND RECREATIONAL FACILITY
RENOVATIONS AND IMPROVEMENTS
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Costs</u>
Revenue and Other Financing Sources:				
County Sources - Open Space Grant		\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Transfer from Capital Outlay				40,000
				<u>1,040,000</u>
Total Revenue and Other Financing Sources		<u>1,000,000</u>	<u>1,000,000</u>	<u>1,040,000</u>
Expenditures and Other Financing Uses:				
Construction Services		936,000	936,000	1,040,000
				<u>1,040,000</u>
Total Expenditures and Other Financing Uses		<u>936,000</u>	<u>936,000</u>	<u>1,040,000</u>
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ -0-</u>	<u>\$ 64,000</u>	<u>\$ 64,000</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)		N/A		
Grant Date(s)		N/A		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost		\$ 1,040,000		
Percentage Completion		90.00%		
Original Target Completion Date		06/30/12		

PROPRIETARY FUNDS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 169,119
Intergovernmental Accounts Receivable:	
Federal	22,185
State	892
Inventories	12,999

Total Current Assets	<u>205,195</u>
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Non-Current Assets:

Capital Assets	559,056
Less: Accumulated Depreciation	<u>(315,034)</u>

Total Non-Current Assets	<u>244,022</u>
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Total Assets	<u>449,217</u>
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LIABILITIES:

Current Liabilities:

Deferred Revenue	1,703
Accounts Payable - Vendors	<u>92,757</u>

Total Current Liabilities	<u>94,460</u>
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NET ASSETS:

Investment in Capital Assets Net of Related Debt	244,022
Unrestricted	<u>110,735</u>

Total Net Assets	<u>\$ 354,757</u>
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BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 191,330
Special Events	6,864
	<hr/>
Total Operating Revenue	198,194
	<hr/>
Operating Expenses:	
Cost of Sales	300,921
Salaries, Benefits & Payroll Taxes	234,534
Supplies, Insurance & Other Costs	111,437
Management Fee	33,667
Depreciation Expense	12,276
	<hr/>
Total Operating Expenses	692,835
	<hr/>
Operating Loss	(494,641)
Non-Operating Income:	
Local Sources:	
Board Share of Food Service Company Profits	31,382
State Sources:	
State School Lunch Program	8,810
Federal Sources:	
National School Breakfast Program	59,830
National School Lunch Program	373,191
Food Distribution Program	42,915
	<hr/>
Total Non-Operating Income	516,128
	<hr/>
Change in Net Assets	21,487
Capital Assets - Adjustments	171
	<hr/>
Change in Net Assets after Capital Adjustments	21,658
Net Assets - Beginning of Year	333,099
	<hr/>
Net Assets - End of Year	\$ 354,757
	<hr/> <hr/>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 198,194
Payments to Employees/Vendors	(234,534)
Payments to Food Service Vendor	(349,514)
	<hr/>
Net Cash Used for Operating Activities	(385,854)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(17,211)
	<hr/>
Net Cash Provided used for Investing Activities	(17,211)
Cash Flows from Noncapital Financing Activities:	
Local Sources:	
Net Board Share of Profits	44,231
State Sources:	
State School Breakfast and Lunch Program	9,366
Federal Sources:	
National School Breakfast and Lunch Program	443,781
	<hr/>
Net Cash Provided by Noncapital Financing Activities	497,378
	<hr/>
Net Increase in Cash and Cash Equivalents	94,313
Cash and Cash Equivalents, July 1	74,806
	<hr/>
Cash and Cash Equivalents, June 30	\$ 169,119
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (494,641)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	12,276
Food Distribution Program	42,915
Changes in Assets and Liabilities:	
(Increase) in Inventory	(5,438)
Increase in Deferred Revenue	694
Increase in Accounts Payable	58,340
	<hr/>
Net Cash Used for Operating Activities	\$ (385,854)
	<hr/> <hr/>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$43,609 and utilized \$42,915 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2011

FIDUCIARY FUNDS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30,2011

	Student Activities	Payroll Agency	Total Agency	Unemployment Compensation Trust	Private Purpose Scholarship Trust
ASSETS:					
Cash and Cash Equivalents	\$ 35,170	\$ 316,865	\$ 352,035	\$ 392,994	\$ 1,865
Interfund Receivable - Payroll Agency Fund				7,822	
Total Assets	35,170	316,865	352,035	400,816	1,865
LIABILITIES:					
Interfund Payable - Unemployment Trust		7,822	7,822		
Due to Student Groups	33,875		33,875		
Due to Athletics	1,295		1,295		
Accrued Payroll - Summer Savings		197,650	197,650		
Payroll Deductions and Withholdings		111,393	111,393		
Total Liabilities	35,170	316,865	352,035		
NET ASSETS:					
Held in Trust for Unemployment Claims				400,816	
Reserved for Scholarships					1,865
Total Net Assets	\$ -0-	\$ -0-	\$ -0-	\$ 400,816	\$ 1,865

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Totals
Additions:			
Contributions:			
Plan Contributions	\$ 17,500		\$ 17,500
Board Contributions	348,000		348,000
Total Contributions	365,500		365,500
Investment Earnings:			
Interest	705	\$ 3	708
Net Investment Earnings	705	3	708
Total Additions	366,205	3	366,208
Deductions			
Unemployment Compensation Claims	247,414		247,414
Scholarships Awarded		100	100
Total Deductions	247,414	100	247,514
Change in Net Assets	118,791	(97)	118,694
Net Assets - Beginning of the Year	282,025	1,962	283,937
Net Assets - End of the Year	\$ 400,816	\$ 1,865	\$ 402,631

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
ASSETS:				
Cash and Cash Equivalents	\$ 34,540	\$ 104,630	\$ 104,000	\$ 35,170
Total Assets	<u>\$ 34,540</u>	<u>\$ 104,630</u>	<u>\$ 104,000</u>	<u>\$ 35,170</u>
LIABILITIES				
Due to Athletics	\$ 46	\$ 2,502	\$ 1,253	\$ 1,295
Due to Student Groups	<u>34,494</u>	<u>102,128</u>	<u>102,747</u>	<u>33,875</u>
Total Liabilities	<u>\$ 34,540</u>	<u>\$ 104,630</u>	<u>\$ 104,000</u>	<u>\$ 35,170</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2011</u>
High School	\$ 26,243	\$ 80,179	\$ 82,009	\$ 24,413
Middle School	3,263	13,358	14,643	1,978
Elementary School	4,988	8,591	6,095	7,484
Athletic Fund	46	2,502	1,253	1,295
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Schools	<u>\$ 34,540</u>	<u>\$ 104,630</u>	<u>\$ 104,000</u>	<u>\$ 35,170</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 364,768	\$ 13,397,963	\$ 13,445,866	\$ 316,865
Total Assets	<u>\$ 364,768</u>	<u>\$ 13,397,963</u>	<u>\$ 13,445,866</u>	<u>\$ 316,865</u>
<u>LIABILITIES:</u>				
Accrued Payroll - Summer Savings	\$ 230,187	\$ 197,650	\$ 230,187	\$ 197,650
Interfund Payable - Unemployment Trust	19,111	7,822	19,111	7,822
Payroll Deduction and Withholdings	115,470	13,192,491	13,196,568	111,393
Total Liabilities	<u>\$ 364,768</u>	<u>\$ 13,397,963</u>	<u>\$ 13,445,866</u>	<u>\$ 316,865</u>

LONG-TERM DEBT

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
LONG TERM DEBT
STATEMENT OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2011		Interest Rate	Balance July 1, 2010	Retired or Matured	Balance June 30, 2011
			Date	Amount				
Refunding Bonds	9/22/2005	\$ 2,920,000	7/15/2011	\$ 225,000	4.00%	\$ 2,310,000	\$ 215,000	\$ 2,095,000
			7/15/2012	230,000	4.00%			
			7/15/2013	245,000	4.00%			
			7/15/2014	255,000	4.00%			
			7/15/2015	270,000	4.00%			
			7/15/2016	275,000	4.00%			
			7/15/2017	290,000	4.00%			
			7/15/2018	305,000	4.00%			
						<u>\$ 2,310,000</u>	<u>\$ 215,000</u>	<u>\$ 2,095,000</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Issued</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2011</u>
Floor Scrubbers	N/A	\$ 13,250	<u>\$ 13,250</u>	<u>\$ 9,983</u>	<u>\$ 3,267</u>

N/A - Not Available

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARSION SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 357,154		\$ 357,154	\$ 357,154	
State Sources:					
Debt Service Aid Type II	161,704		161,704	161,704	
Total Revenues	<u>518,858</u>		<u>518,858</u>	<u>518,858</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	140,995		140,995	140,995	
Redemption of Principal	400,000		400,000	400,000	
Total Regular Debt Service	<u>540,995</u>		<u>540,995</u>	<u>540,995</u>	
Total Expenditures	<u>540,995</u>		<u>540,995</u>	<u>540,995</u>	
(Deficiency) of Revenues (Under) Expenditures	(22,137)		(22,137)	(22,137)	
Fund Balance, July 1	<u>22,139</u>		<u>22,139</u>	<u>22,139</u>	
Fund Balance, June 30	<u>\$ 2</u>	<u>\$ -0-</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -0-</u>
<u>Recapitulation:</u>					
Restricted for Subsequent Year's Expenditures				<u>\$ 2</u>	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF CERTIFICATES OF PARTICIPATION PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2011		Interest Rate	Balance July 1, 2010	Retired or Matured	Balance June 30, 2011
			Date	Amount				
Masonry and General Improvements	12/10/1999	\$ 2,365,000	12/1/2011	\$ 95,000	5.073%	\$ 1,030,000	\$ 185,000	\$ 845,000
			6/1/2012	100,000	5.073%			
			12/1/2012	100,000	5.073%			
			6/1/2013	105,000	5.073%			
			12/1/2013	105,000	5.073%			
			6/1/2014	110,000	5.073%			
			12/1/2014	115,000	5.073%			
			6/1/2015	115,000	5.073%			
					\$ 1,030,000	\$ 185,000	\$ 845,000	

STATISTICAL SECTION

This part of the School'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 School's overall financial health.

Contents

	<u>Exhibit</u>
<p>Financial Trends</p> <p>These schedules contain trend information to help the reader understand how the School's financial performance and well-being have changed over time.</p>	J-1 thru J-5
<p>Revenue Capacity</p> <p>These schedules contain information to help the reader assess the factors affecting the School's ability to generate its property taxes.</p>	J-6 thru J-9
<p>Debt Capacity</p> <p>These schedules present information to help the reader assess the affordability of the School's current levels of outstanding debt and the School's ability to issue additional debt in the future.</p>	J-10 thru J-13
<p>Demographic and Economic Information</p> <p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place and to help make comparisons over time and with other governments.</p>	J-14 thru J-15
<p>Operating Information</p> <p>These schedules contain information about the School's operations and resources to help the reader understand how the School's financial information relates to the services the School provides and the activities it performs.</p>	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 School implemented Statement 34 in a previous fiscal year. Schedules presenting government-wide information include information beginning in the fiscal year ended June 30, 2006.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NET ASSETS BY COMPONENT,
LAST NINE FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Activities									
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ (2,351,507)	\$ (1,729,758)	\$ (1,460,807)	\$ (762,990)	\$ (333,536)	\$ 1,756,290	\$ 1,112,918	\$ 1,716,604	\$ 2,918,629
Restricted	119,533	719,833	1,436,633	1,924,873	2,606,906	2,547,711	2,395,714	1,810,688	2,025,830
Unrestricted/(Deficit)	31,639	(9,524)	(281,422)	(145,785)	(250,558)	(1,664,862)	(771,262)	(862,834)	294,032
Total Governmental Activities Net Assets	\$ (2,200,335)	\$ (1,019,449)	\$ (305,595)	\$ 1,016,098	\$ 2,022,812	\$ 2,639,139	\$ 2,737,370	\$ 2,664,458	\$ 5,238,491
Business-type Activities									
Invested in Capital Assets, Net of Related Debt	\$ 23,455	\$ 21,367	\$ 40,105	\$ 21,504	\$ 180,793	\$ 171,638	\$ 153,461	\$ 238,916	\$ 244,022
Unrestricted	43,072	39,985	34,968	50,665	62,758	76,288	101,301	94,183	110,735
Total Business-type Activities Net Assets	\$ 66,527	\$ 61,352	\$ 75,072	\$ 72,169	\$ 243,550	\$ 247,927	\$ 254,762	\$ 333,099	\$ 354,757
District-wide									
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ (2,328,051)	\$ (1,708,391)	\$ (1,420,702)	\$ (741,486)	\$ (152,744)	\$ 1,927,929	\$ 1,266,379	\$ 1,955,520	\$ 3,162,651
Restricted	119,533	719,833	1,436,633	1,924,873	2,606,906	2,547,711	2,395,714	1,810,688	2,025,830
Unrestricted/(Deficit)	74,711	30,461	(246,454)	(95,120)	(187,800)	(1,588,574)	(669,961)	(768,651)	404,767
Total District Net Assets	\$ (2,133,808)	\$ (958,097)	\$ (230,523)	\$ 1,088,267	\$ 2,266,362	\$ 2,887,066	\$ 2,992,132	\$ 2,997,557	\$ 5,593,248

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

Source: School District Financial Reports

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST NINE FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental Activities									
Instruction									
Regular	\$ 6,595,465	\$ 6,953,657	\$ 7,366,595	\$ 7,817,365	\$ 8,729,503	\$ 8,958,668	\$ 8,781,177	\$ 9,471,006	\$ 9,101,265
Special Education	2,351,266	1,837,684	2,123,640	1,990,611	2,198,403	1,614,382	2,136,723	3,210,096	2,994,967
Other Instruction	911,673	1,240,249	1,448,662	1,134,253	1,108,426	966,231	963,039	1,117,507	1,069,180
Support Services									
Tuition	1,450,738	1,557,704	1,728,663	1,389,187	1,562,380	1,616,083	1,709,374	2,019,496	1,178,899
Student & Instruction Related Services	2,129,078	2,539,353	2,775,693	2,575,993	2,690,014	3,210,903	3,384,761	2,730,076	2,393,733
General and Business Administrative Services	1,027,080	1,036,917	1,171,098	1,126,029	1,166,831	578,153	1,264,738	1,541,863	644,922
School Administrative Services	1,136,678	1,176,381	1,310,226	1,348,187	1,403,920	1,491,351	652,135	591,904	1,231,592
Central Services & Administrative Information Technology						637,272	565,175	678,253	662,570
Plant Operations and Maintenance	1,591,491	1,488,990	1,877,914	2,193,838	2,963,093	3,331,127	3,230,031	2,746,671	2,504,012
Pupil Transportation	500,613	603,623	622,776	676,585	676,893	598,333	589,008	691,361	403,748
Special Schools	217,316	219,623	5,835						
Charter Schools					22,876	29,770	63,454	43,870	34,949
Capital Outlay							18,672		
Interest on long-term debt	292,556	278,183	312,422	194,415	198,925	208,873	166,966	132,752	136,223
Total Governmental Activities Expenses	<u>18,203,954</u>	<u>18,932,364</u>	<u>20,743,523</u>	<u>20,446,464</u>	<u>22,721,265</u>	<u>23,241,146</u>	<u>23,525,253</u>	<u>24,974,855</u>	<u>22,356,060</u>
Business-type Activities									
Food Service	442,954	487,052	522,202	487,334	520,391	589,857	639,604	720,678	692,835
Total Business-type Activities Expense	<u>442,954</u>	<u>487,052</u>	<u>522,202</u>	<u>487,334</u>	<u>520,391</u>	<u>589,857</u>	<u>639,604</u>	<u>720,678</u>	<u>692,835</u>
Total District Expenses	<u>\$ 18,646,909</u>	<u>\$ 19,419,417</u>	<u>\$ 21,265,726</u>	<u>\$ 20,933,799</u>	<u>\$ 23,241,656</u>	<u>\$ 23,831,004</u>	<u>\$ 24,164,857</u>	<u>\$ 25,695,533</u>	<u>\$ 23,048,895</u>
Program Revenues									
Governmental Activities									
Charges for Services									
Tuition & Pupil Transportation	\$ 26,766	\$ 53,328	\$ 14,761	\$ 46,508	\$ 25,120	\$ 6,761	\$ 28,549	\$ 1,430,266	\$ 1,224,395
Operating Grants and Contributions	5,138,567	3,779,735	3,490,916	5,568,315	6,358,381	3,386,488	4,086,428	5,699,175	4,285,627
Capital Grants and Contributions								151,415	1,043,671
Total Governmental Activities Program Revenues	<u>5,165,333</u>	<u>3,833,063</u>	<u>3,505,678</u>	<u>5,614,822</u>	<u>6,383,501</u>	<u>3,393,249</u>	<u>4,114,977</u>	<u>7,280,856</u>	<u>6,553,693</u>
Business-type Activities:									
Charges for Services									
Food Service	181,922	197,520	207,283	212,521	206,861	221,508	216,200	200,931	198,194
Operating Grants and Contributions	254,386	277,827	320,242	271,910	312,128	370,112	416,890	464,616	484,746
Capital Grants and Contributions								101,187	171
Total Business-type Activities Program Revenues	<u>436,308</u>	<u>475,347</u>	<u>527,525</u>	<u>484,431</u>	<u>518,989</u>	<u>591,620</u>	<u>633,090</u>	<u>766,734</u>	<u>683,111</u>
Total District Program Revenues	<u>\$ 5,601,641</u>	<u>\$ 4,308,409</u>	<u>\$ 4,033,202</u>	<u>\$ 6,099,254</u>	<u>\$ 6,902,490</u>	<u>\$ 3,984,869</u>	<u>\$ 4,748,067</u>	<u>\$ 8,047,590</u>	<u>\$ 7,236,804</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CHANGES IN NET ASSETS, LAST NINE FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (Expense)/Revenue									
Governmental Activities	\$ (13,038,621)	\$ (15,099,302)	\$ (17,237,846)	\$ (14,831,642)	\$ (16,337,764)	\$ (19,847,898)	\$ (19,410,276)	\$ (17,693,999)	\$ (15,802,367)
Business-type Activities	(6,647)	(11,706)	5,322	(2,903)	(1,402)	1,763	(6,514)	46,056	(9,724)
Total District-wide Net Expense	<u>\$ (13,045,268)</u>	<u>\$ (15,111,007)</u>	<u>\$ (17,232,523)</u>	<u>\$ (14,834,545)</u>	<u>\$ (16,339,166)</u>	<u>\$ (19,846,135)</u>	<u>\$ (19,416,790)</u>	<u>\$ (17,647,943)</u>	<u>\$ (15,812,091)</u>
General Revenues and Other Changes in Net Assets									
Governmental Activities									
Property Taxes Levied for General Purposes, Net	\$ 8,018,019	\$ 10,289,111	\$ 10,987,770	\$ 11,546,001	\$ 12,385,567	\$ 12,054,424	\$ 12,102,757	\$ 12,284,744	\$ 12,072,744
Taxes Levied for Debt Service	227,478	382,587	355,475	353,516	299,659	345,497	347,983	348,678	357,154
Federal and State aid not restricted	2,465,978	4,435,464	5,045,085	2,742,761	2,894,411	6,058,553	6,874,372	4,841,513	5,851,606
Tuition	1,020,236	1,099,008	1,151,300	1,338,232	1,576,467				
Investment Earnings	38,449	23,028	52,863	142,316	211,961	162,440	40,613	14,981	139
Miscellaneous Income	43,741	52,354	74,747	133,455	9,612	206,722	142,782	131,171	94,757
Prior Year Adjustment - Capital Assets				(102,946)	41,800				
NJ Economic Authority Grants		88,250	215,950						
Refunding Bond Proceeds					(75,000)				
Total Governmental Activities	<u>11,813,901</u>	<u>16,369,802</u>	<u>17,883,190</u>	<u>16,153,335</u>	<u>17,419,477</u>	<u>18,827,636</u>	<u>19,508,507</u>	<u>17,621,087</u>	<u>18,376,400</u>
Business-type Activities									
Investment Earnings		6,530	8,398			2,614			
Miscellaneous							13,350	32,281	31,382
Prior Year Adjustment - Capital Assets					172,783				
Total Business-type Activities		<u>6,530</u>	<u>8,398</u>		<u>172,783</u>	<u>2,614</u>	<u>13,350</u>	<u>32,281</u>	<u>31,382</u>
Total District-wide	<u>\$ 11,813,901</u>	<u>\$ 16,376,333</u>	<u>\$ 17,891,588</u>	<u>\$ 16,153,335</u>	<u>\$ 17,592,260</u>	<u>\$ 18,830,250</u>	<u>\$ 19,521,857</u>	<u>\$ 17,653,368</u>	<u>\$ 18,407,782</u>
Change in Net Assets									
Governmental Activities	\$ (1,224,720)	\$ 1,270,501	\$ 645,344	\$ 1,321,693	\$ 1,081,714	\$ (1,020,262)	\$ 98,231	\$ (72,912)	\$ 2,574,033
Business-type Activities	(6,647)	(5,175)	13,721	(2,903)	171,381	4,377	6,836	78,337	21,658
Total District	<u>\$ (1,231,367)</u>	<u>\$ 1,265,325</u>	<u>\$ 659,065</u>	<u>\$ 1,318,790</u>	<u>\$ 1,253,094</u>	<u>\$ (1,015,885)</u>	<u>\$ 105,067</u>	<u>\$ 5,425</u>	<u>\$ 2,595,691</u>

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

Source: School District Financial Reports

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST NINE FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 214,822	\$ 785,857	\$ 1,103,105	\$ 1,894,176	\$ 2,629,534	\$ 2,680,601	\$ 2,403,319	\$ 1,574,502	
Unreserved / (Deficit)	472,986	364,684	141,526	350,591	258,550	247,229	(150,502)	(193,916)	
Restricted									\$ 1,259,471
Assigned									1,366,117
Total General Fund	\$ 687,808	\$ 1,150,541	\$ 1,244,631	\$ 2,244,767	\$ 2,888,085	\$ 2,927,830	\$ 2,252,817	\$ 1,380,586	\$ 2,625,588
All Other Governmental Funds									
Reserved			\$ 392,423	\$ 28,716				\$ 45,121	
Unreserved/(Deficit), Reported in:									
Special Revenue Fund	\$ (70,798)					\$ (89,460)	\$ (29,940)	(38,574)	
Capital Projects Fund		\$ 19,715	24,326	26,686	\$ 37,417	37,417		207,500	
Debt Service Fund	(24,491)	126	317	379,886	(2,082)	(1,885)	22,335	22,139	
Restricted									\$ 2
Committed									264,918
Unassigned / (Deficit)									(35,249)
Total All Other Governmental Funds/(Deficit)	\$ (95,289)	\$ 19,841	\$ 417,066	\$ 435,288	\$ 35,335	\$ (53,929)	\$ (7,605)	\$ 236,186	\$ 229,671
Total Governmental Funds	\$ 592,519	\$ 1,170,382	\$ 1,661,697	\$ 2,680,055	\$ 2,923,419	\$ 2,873,901	\$ 2,245,212	\$ 1,616,772	\$ 2,855,259

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

Source: School District Financial Reports

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST NINE FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Tax Levy	\$ 8,346,473	\$ 10,671,698	\$ 11,343,245	\$ 11,901,522	\$ 12,706,817	\$ 12,399,921	\$ 12,450,740	\$ 12,633,422	\$ 12,429,898
Tuition Charges	1,020,236	1,099,008	1,151,300	1,338,232	1,576,467	1,696,589	1,326,393	1,376,405	1,192,531
Interest Earnings	38,449	23,028	52,863	142,316	211,961	162,440	40,613	14,981	139
Transportation Fees	26,766	53,328	14,761	46,508	25,120	6,761	28,549	53,861	31,864
Miscellaneous	73,008	52,354	74,747	156,137	144,307	131,754	84,801	131,171	1,098,321
Other Sources						74,968	57,981	37,525	
State Sources	6,670,155	7,228,019	7,531,303	7,257,727	8,100,018	8,577,021	8,764,081	7,653,140	8,516,188
Federal Sources	804,147	987,181	1,004,698	1,028,662	996,488	868,020	870,325	3,001,438	1,661,152
Total Revenue	16,979,235	20,114,615	21,172,918	21,871,103	23,761,178	23,917,474	23,623,483	24,901,943	24,930,093
Expenditures									
Instruction									
Regular Instruction	5,394,988	5,177,433	5,357,570	6,100,975	6,339,932	6,859,374	6,562,247	7,122,471	6,917,885
Special Education Instruction	1,609,822	1,488,848	1,637,179	1,395,112	1,460,876	1,325,240	1,592,340	2,432,265	2,252,971
Other Instruction	652,458	900,138	1,006,531	840,830	766,246	655,306	709,730	790,606	699,269
Support Services									
Tuition	1,450,738	1,557,704	1,728,663	1,389,187	1,562,380	1,616,083	1,709,374	2,019,496	1,178,899
Student & Other Instruction Related Services	1,658,035	1,910,831	2,150,242	2,043,856	2,054,278	2,588,084	2,728,543	1,896,259	1,661,981
School Administrative Services	892,371	901,973	895,097	1,034,340	1,000,681	1,005,631	574,639	527,667	553,276
General & Business Administrative Services	984,428	870,157	991,762	957,509	924,588	482,085	1,019,785	1,072,503	888,028
Central Services and Admin Information Technology						423,735	421,694	458,074	460,025
Plant Operations and Maintenance	1,414,910	1,296,516	1,638,403	1,997,886	2,698,679	2,800,796	2,848,858	2,371,655	2,186,347
Pupil Transportation	448,478	542,050	558,749	625,706	624,305	520,124	503,541	610,852	319,762
Unallocated Benefits	3,027,160	3,642,705	4,123,465	3,651,882	4,837,734	4,558,499	4,259,998	5,135,998	4,891,356
Special Schools	182,343	181,956	4,355						
Charter School					22,876	29,770	63,454	43,870	34,949
Capital Outlay	851,062	602,768	374,870	717,898	344,687	569,391	724,408	510,510	1,119,113
Debt Service:									
Principal	249,964	269,993	280,000	295,000	335,000	345,000	360,000	380,000	400,000
Interest and Other Charges	295,265	281,929	267,784	215,262	203,652	187,874	173,562	158,157	140,995
Total Expenditures	19,112,021	19,625,002	21,014,671	21,265,443	23,175,914	23,966,992	24,252,173	25,530,383	23,704,856
Excess/(Deficit) of Revenues									
Over/(Under) Expenditures	(2,132,787)	489,613	158,247	605,661	585,264	(49,519)	(628,690)	(628,440)	1,225,237

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST NINE FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Other Financing Sources/(Uses)									
Capital Leases (Non-budgeted)			\$ 117,117						\$ 13,250
NJ Economic Development Authority Grants		\$ 88,250	215,950						
Transfers in	\$ 423,131	112,485	316,775				\$ 37,417	\$ 491,479	56,660
Transfers out	(423,131)	(112,485)	(316,775)				(37,417)	(491,479)	(56,660)
Total Other Financing Sources/(Uses)		88,250	333,067						13,250
Net Change in Fund Balances	\$ (2,132,787)	\$ 577,863	\$ 491,314	\$ 605,661	\$ 585,264	\$ (49,519)	\$ (628,690)	\$ (628,440)	\$ 1,238,487
Debt Service as a Percentage of Noncapital Expenditures	2.99%	2.90%	2.65%	2.48%	2.36%	2.28%	2.27%	2.15%	2.40%

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

Source: School District Financial Reports

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Transportation</u>	<u>Miscellaneous</u>	<u>Total</u>
2002	\$ 67,157	\$ 1,392,766	\$ 28,679	\$ 438,324	\$ 1,926,926
2003	35,302	1,020,236	26,766	73,008	1,155,312
2004	23,028	1,099,008	53,328	42,893	1,218,257
2005	52,853	1,151,300	14,761	27,814	1,246,728
2006	142,316	1,338,232	46,508	135,553	1,662,609
2007	211,961	1,576,467	25,120	13,905	1,827,453
2008	162,440	1,696,589	6,761	131,754	1,997,544
2009	40,613	1,326,393	28,549	84,801	1,480,356
2010	14,981	1,376,405	53,861	131,171	1,576,418
2011	8,483	1,192,531	31,864	86,413	1,319,291

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY,
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2001	\$ 2,831,700	\$ 331,309,800	\$ 56,135,900	\$ 763,300	\$ 24,166,500	\$ 415,207,200	\$ 6,767,970	\$ 421,975,170	\$ 1.880	\$ 471,439,253
2002	2,650,200	334,985,900	56,131,300	763,300	24,242,500	418,773,200	7,241,189	426,014,389	1.891	470,485,470
2003	2,362,900	335,024,800	57,432,400	763,300	21,572,500	417,155,900	6,401,631	423,557,531	2.201	520,452,069
2004	2,226,300	338,391,200	59,003,000	763,300	20,969,900	421,353,700	5,484,822	426,838,522	2.545	604,719,927
2005	2,141,600	340,058,500	59,077,400	763,300	21,287,200	423,328,000	4,901,049	428,229,049	2.667	673,585,765
2006	2,324,100	341,068,600	60,394,500	763,300	20,417,200	424,967,700	4,335,940	429,303,640	2.830	767,017,333
2007	3,086,800	340,292,000	59,082,200	763,300	20,245,400	423,469,700	3,353,867	426,823,567	2.912	906,908,307
2008	5,338,400	340,622,200	58,997,500	763,300	18,315,400	424,036,800	3,488,832	427,525,632	2.860	951,441,066
2009 *	8,740,100	657,399,000	138,026,200	1,881,600	45,839,400	851,886,300	8,160,111	860,046,411	1.437	1,019,642,469
2010	8,862,900	655,580,700	136,924,900	1,881,600	45,839,400	849,089,500	7,937,422	857,026,922	1.445	936,106,441

* Revaluation Year

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

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

b Tax rates are per \$100 of assessed value.

Source: Municipal Tax Assessor

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(Rate per \$100 of Assessed Value)

Year Ended December 31,	School District of the Borough of Bound Brook Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	County	Less: REAP Credit	
2001	\$ 1.800	\$ 0.080	\$ 1.880	\$ 0.617	\$ 0.478	\$ 0.017	\$ 2.958
2002	1.811	0.080	1.891	0.746	0.458		3.095
2003	2.121	0.080	2.201	0.838	0.460		3.499
2004	2.465	0.080	2.545	1.202	0.517		4.264
2005	2.587	0.080	2.667	1.293	0.540		4.500
2006	2.771	0.059	2.830	1.355	0.642		4.827
2007	2.828	0.084	2.912	1.424	0.720		5.056
2008	2.769	0.091	2.860	1.438	0.751		5.049
2009 *	1.392	0.045	1.437	0.743	0.393		2.573
2010	1.403	0.042	1.445	0.822	0.363		2.630

* Revaluation Year

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.

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.

Source: Municipal Tax Collector and School Business Administrator

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS.
CURRENT YEAR AND NINE YEARS AGO

<u>Fiscal Year Ended June 30,</u>	<u>2010</u>		<u>2001</u>	
	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>% of Total District Net Assessed Value</u>
Bound Brook LLC	\$ 23,520,000	2.74%	\$ 14,670,000	3.48%
Middle Brook Center, LLC	17,500,000	2.04%	9,029,000	2.14%
Bell Atlantic	7,937,422	0.93%	6,767,970	1.60%
Garfield Park Associates, LLC	4,260,000	0.50%	2,000,000	0.47%
Bragg-Norton, LLC	4,011,800	0.47%		
Tomur Realty LLC	3,712,300	0.43%		
Somerset Savings and Loan	3,107,500	0.36%	2,015,800	0.48%
Tomvic Realty LLC	2,873,600	0.34%	1,060,700	0.25%
Bound Brook Holdings LLC	2,808,000	0.33%	1,193,400	0.28%
East High Street Properties	2,370,000	0.28%		
La Maison Ville			1,055,000	0.25%
Individual Taxpayer #1			943,300	0.22%
First Union Bank			703,100	0.17%
Bound Brook Investment Co.			1,222,100	0.29%
Total	<u>\$ 72,100,622</u>	<u>8.41%</u>	<u>\$ 40,660,370</u>	<u>9.63%</u>

Note: A revaluation was performed and became effective in 2009.

Source: Municipal Tax Assessor

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST NINE FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the</u> <u>Fiscal Year of the Levy^a</u>	
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>
2003	\$ 8,346,473	\$ 8,346,473	100.00%
2004	10,671,698	10,671,698	100.00%
2005	11,343,245	11,343,245	100.00%
2006	11,901,522	11,901,522	100.00%
2007	12,706,817	12,706,817	100.00%
2008	12,399,921	12,399,921	100.00%
2009	12,450,740	12,450,740	100.00%
2010	12,633,422	12,633,422	100.00%
2011	12,429,898	12,429,898	100.00%

- 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.

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

Source: School District of the Borough of Bound Brook records including the Certificate and Report of School Taxes (A4F form)

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Obligations Under Lease-Purchase Agreement	Bond Anticipation Notes (BANs)				
2002	\$ 3,580,000	\$ 2,200,000	\$ -0-	\$ -0-	\$ -0-	\$ 5,780,000	1.03%	\$ 103
2003	3,450,000	2,080,000	472,311	-0-	-0-	6,002,311	1.05%	106
2004	3,310,000	1,950,000	163,818	-0-	-0-	5,423,818	0.90%	90
2005	3,165,000	1,815,000	222,498	-0-	-0-	5,202,498	0.83%	84
2006	3,010,000	1,675,000	131,922	-0-	-0-	4,816,922	0.71%	71
2007	2,900,000	1,525,000	51,931	-0-	-0-	4,476,931	0.62%	63
2008	2,710,000	1,370,000	27,804	-0-	-0-	4,107,804	0.54%	56
2009	2,515,000	1,205,000	6,455	-0-	-0-	3,726,455	0.51%	54
2010	2,310,000	1,030,000	-0-	-0-	-0-	3,340,000	0.46%	48
2011	2,095,000	845,000	3,267	-0-	-0-	2,943,267	0.41%	42

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

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.

Source: School District Financial Reports

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2002	\$ 3,580,000	\$ - 0 -	\$ 3,580,000	0.84%	356
2003	3,450,000	- 0 -	3,450,000	0.81%	343
2004	3,310,000	- 0 -	3,310,000	0.78%	329
2005	3,165,000	- 0 -	3,165,000	0.74%	314
2006	3,010,000	- 0 -	3,010,000	0.70%	298
2007	2,900,000	- 0 -	2,900,000	0.68%	285
2008	2,710,000	- 0 -	2,710,000	0.63%	261
2009	2,515,000	- 0 -	2,515,000	0.59%	241
2010	2,310,000	- 0 -	2,310,000	0.27%	221
2011	2,095,000	- 0 -	2,095,000	0.24%	201

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

a See Exhibit J-6 for property tax data. 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2010
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Borough of Bound Brook	\$ 17,839,882	100.00%	\$ 17,839,882
Somerset County General Obligation Debt	135,950,155	1.60%	<u>2,172,126</u>
Subtotal, Overlapping Debt			20,012,008
Bound Brook School District Direct Debt			<u>2,940,000</u>
Total Direct and Overlapping Debt			<u>\$ 22,952,008</u>

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 Bound Brook. 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.

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.

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION,
LAST NINE FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2011

		Equalized valuation basis
	2008	\$ 1,005,064,707
	2009	926,870,090
	2010	874,989,180
		<u>\$ 2,806,923,977</u>
Average Equalized Valuation of Taxable Property		\$ 935,641,326
Debt Limit (4% of average equalization value)		37,425,653 ^a
Net Bonded School Debt		<u>2,940,000</u>
Legal Debt Margin		<u>\$ 34,485,653</u>

	Fiscal Year				
	2003	2004	2005	2006	2007
Debt Limit	\$ 18,702,679	\$ 20,950,173	\$ 23,553,933	\$ 26,804,235	\$ 30,909,308
Total Net Debt Applicable to Limit	<u>5,530,000</u>	<u>5,260,000</u>	<u>3,167,005</u>	<u>3,012,006</u>	<u>2,902,007</u>
Legal Debt Margin	<u>\$ 13,172,679</u>	<u>\$ 15,690,173</u>	<u>\$ 20,386,928</u>	<u>\$ 23,792,229</u>	<u>\$ 28,007,301</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	29.57%	25.11%	13.45%	11.24%	9.39%

	Fiscal Year			
	2008	2009	2010	2011
Debt Limit	\$ 34,639,398	\$ 34,238,985	\$ 34,988,727	\$ 37,425,653
Total Net Debt Applicable to Limit	<u>4,080,000</u>	<u>3,720,000</u>	<u>3,340,000</u>	<u>2,940,000</u>
Legal Debt Margin	<u>\$ 30,559,398</u>	<u>\$ 30,518,985</u>	<u>\$ 31,648,727</u>	<u>\$ 34,485,653</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	11.78%	10.86%	9.55%	7.86%

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

^a Limit set by NJSA 18A:24-19 for a K through 12 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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Borough of Bound Brook Personal Income ^b	Somerset County Per Capita Personal Income ^c	Unemployment Rate ^d
2002	10,078	\$ 563,239,264	\$ 55,888	4.30%
2003	10,050	570,960,600	56,812	4.10%
2004	10,042	601,837,144	59,932	4.00%
2005	10,012	623,226,976	62,248	4.90%
2006	10,001	674,617,455	67,455	5.40%
2007	10,119	724,156,116	71,564	4.80%
2008	10,329	756,051,813	73,197	6.40%
2009	10,433	723,893,705	69,385	11.1%
2010	10,433 **	723,893,705 ***	69,385 *	11.1%
2011	10,433 **	723,893,705 ***	69,385 *	N/A

* - Latest Somerset County per capita personal income available (2009) was used for calculation purposes.

** - Latest population data available (2009) was used for calculation purposes.

*** - Latest Borough personal income available (2009) was used for calculation purposes.

N/A - Not Available

Source:

^a Population information provided by the NJ Dept 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 municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF SOMERSET
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	2011		Percentage of Total Employment
	Employees	Rank	
AT&T	N/A	N/A	N/A
ABC Limousine	N/A	N/A	N/A
Alpharma Inc.	N/A	N/A	N/A
Avaya Inc.	N/A	N/A	N/A
Bloomberg	N/A	N/A	N/A
Catalent Pharma Solutions, Inc.	N/A	N/A	N/A
Cegedim Dendrite	N/A	N/A	N/A
Conva Tec	N/A	N/A	N/A
Courier News	N/A	N/A	N/A
Coworx Staffing Svc.	N/A	N/A	N/A
Devereux	N/A	N/A	N/A
Drug Fair Group Inc.	N/A	N/A	N/A
Ehticon Inc.	N/A	N/A	N/A
Fedders Corp.	N/A	N/A	N/A
Hooper Holmes Inc.	N/A	N/A	N/A
I3	N/A	N/A	N/A
ICI Americas Inc.	N/A	N/A	N/A
In Ventiv Health Inc.	N/A	N/A	N/A
Independence Technology LLC	N/A	N/A	N/A
Johnson & Johnson Consumer Products	N/A	N/A	N/A
Johnson & Johnson Research and Development	N/A	N/A	N/A
Life Sciences Research Inc.	N/A	N/A	N/A
Met Life	N/A	N/A	N/A
Ortho Biotech Products LP	N/A	N/A	N/A
Ortho-Clinical Diagnostics Inc.	N/A	N/A	N/A
Ortho-McNeil Pharmaceutical	N/A	N/A	N/A
Philips Lighting Company	N/A	N/A	N/A
Sanofi-Aventis Us LLC	N/A	N/A	N/A
Tekni-Plex Inc.	N/A	N/A	N/A
Verizon Wireless	N/A	N/A	N/A

2002 Information was not available

N/A - Information is not available

Source: Somerset County Business Partnership Website

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST EIGHT FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction								
Regular	91.2	92.7	90.7	94.0	88.1	87.0	86.3	83.8
Special education	21.0	21.0	30.5	19.0	9.0	21.6	17.3	18.2
Other special education	5.0	6.0	6.0	21.0	15.0	13.0	10.5	13.5
Other instruction	17.0	19.0	15.0	13.0	21.4	7.4	10.5	10.9
Adult/continuing education programs	1.8							
Support Services:								
Student and instruction related services	44.0	40.1	39.0	24.5	24.5	26.0	27.5	25.5
General administrative services	3.5	3.0	3.0	2.0	2.0	2.0	2.0	2.0
School administrative services	12.8	12.8	12.0	12.5	13.5	11.9	12.0	10.0
Business administrative services	5.5	5.2	5.2	5.2	6.1	5.0	5.0	5.3
Plant operations and maintenance	17.0	17.5	16.4	15.0	31.5	16.0	16.0	15.0
Pupil transportation	5.0	5.0	5.0	4.0	3.0	3.5	3.5	4.0
Total	<u>223.8</u>	<u>222.3</u>	<u>222.8</u>	<u>210.2</u>	<u>214.1</u>	<u>193.4</u>	<u>190.6</u>	<u>188.2</u>

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

Source: School District of the Borough of Bound Brook Personnel Records

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle/High				
2002	1,613	\$ 15,812,318	\$ 9,803	1.28%	109	1:18.1	1:12.1	1,613.0	1,526.0	5.91%	94.61%
2003	1,600	17,715,731	11,072	12.95%	117	1:13.2	1:13.1	1,602.0	1,516.0	-0.68%	94.63%
2004	1,608	18,470,312	11,487	3.74%	115	1:12.5	1:12.2	1,546.0	1,461.0	-3.50%	94.50%
2005	1,535	20,092,017	13,089	13.95%	122	1:12.1	1:12.3	1,549.0	1,473.0	0.19%	95.09%
2006	1,515	20,037,283	13,226	1.04%	122	1:12.8	1:12	1,498.0	1,415.0	-3.29%	94.46%
2007	1,469	22,292,574	15,175	14.74%	126	1:13.2	1:10.6	1,474.0	1,380.0	-1.60%	93.62%
2008	1,508	22,864,727	15,162	-0.09%	119	1:13.9	1:11.7	1,519.6	1,431.0	3.09%	94.17%
2009	1,535	22,994,203	14,980	-1.20%	116	1:16.5	1:10.9	1,512.3	1,421.6	-0.48%	94.00%
2010	1,513	24,481,716	16,181	8.02%	114	1:17.5	1:10.7	1,492.9	1,413.9	-1.28%	94.71%
2011	1,532	22,044,748	14,390	-11.07%	113	1:15.9	1:11.8	1,492.9	1,417.6	0.00%	94.96%

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment.
This Cost Per Pupil may be different from other Cost Per Pupil calculations.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>District Building</u>										
<u>Elementary</u>										
LaMonte Elementary (1913)										
Square Feet	28,800	28,800	28,800	28,800	28,800	28,800	28,800	28,800	28,800	28,800
Capacity (students)	139	139	139	139	139	139	139	139	139	139
Enrollment	212	189	174	175	175	199	201	140	159	150
LaMonte Annex (2006)										
Square Feet					30,240	30,240	30,240	30,240	30,240	30,240
Capacity (students)					256	256	256	256	256	256
Enrollment						214	228	250	284	304
Lafayette Elementary (1962)										
Square Feet	39,640	39,640	39,640	39,640	39,640	39,640	39,640	39,640	39,640	39,640
Capacity (students)	226	226	226	226	226	226	226	226	226	226
Enrollment	240	241	239	216	203	259	275	279	320	323
<u>Middle School</u>										
Smalley Middle School (1957)										
Square Feet	42,877	42,877	42,877	42,877	42,877	42,877	42,877	42,877	42,877	42,877
Capacity (students)	356	356	356	356	356	356	356	356	356	356
Enrollment	353	369	367	335	332	328	308	304	255	270
Smalley Trailers										
Square Feet	12,500	12,500	12,500	12,500	12,500					
Capacity (students)	100	100	100	100	100					
Enrollment	106	92	97	100	84					
<u>High School</u>										
Bound Brook High School (1907)										
Square Feet	110,389	110,389	110,389	118,025	118,025	118,025	118,025	118,025	118,025	118,025
Capacity (students)	731	731	731	869	869	869	869	869	869	869
Enrollment	702	709	731	709	721	469	496	493	495	485

Number of Schools at June 30, 2011

 Elementary = 3

 Middle School = 1

 Senior High School = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of alterations and additions. Enrollment is based on the annual October district count.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

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

Fiscal Year Ended June 30,	Bound Brook High School	Lafayette School	LaMonte School	Smalley Middle School	LaMonte School Annex	Total
2002	\$ 168,114	\$ 45,204	\$ 38,837	\$ 61,439		\$ 313,594
2003	211,532	61,018	52,883	81,359		406,792
2004	167,362	47,566	52,461	56,276		323,665
2005	303,829	61,680	77,970	86,208		529,687
2006	284,373	103,675	99,718	131,552	\$ 50,000	669,318
2007	605,090	158,391	151,551	172,206	132,215	1,219,453
2008	478,912	198,729	157,075	301,382	123,342	1,259,440
2009	470,628	232,675	138,989	328,415	87,580	1,258,287
2010	449,584	160,128	95,586	150,442	92,617	948,357
2011	421,404	131,206	133,411	142,114	69,332	897,467

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

Source: District Records

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
INSURANCE SCHEDULE
AS OF JUNE 30, 2011
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
New Jersey School Board Association Insurance Group		
Package Policy:		
Blanket Real and Personal Property	\$ 63,215,075	\$ 5,000
Comprehensive General Liability	11,000,000	
Comprehensive Blanket Excess Liability		
Computer Equipment	1,873,737	\$ 1,000
Energy Systems	100,000,000	5,000
Crime Coverage:		
Faithful Performance	1,000,000	1,000
Money and Securities	50,000	1,000
Automobile	11,000,000	1,000
School Board Legal Liability	11,000,000	5,000
Workers Compensation	2,000,000	
Supplemental Indemnity (Chubb Insurance Company)	1,750/ week	
Flood: (Selective Insurance Company)		
330 W 2nd Street	500,000	1,000
High St & Lafayette	500,000	1,000
2nd St. & Vosseler	500,000	1,000
Catastrophe Umbrella (Firemans Fund)	50,000,000	
Environmental Liability (each incident/total aggregate)	1 mil/ 3 mil	10,000
Student Accident Insurance (Bollinger)	1,000,000	
Selective Insurance Company		
Surety Bonds:		
Board Secretary/Business Administrator	225,000	
Treasurer of School Moneys	225,000	

SINGLE AUDIT SECTION



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

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

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*

The Honorable President and Members
 of the Board of Education
 Borough of Bound Brook School District
 County of Somerset, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Bound Brook School District, in the County of Somerset (the "Board") as of, and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated November 4, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

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 Board's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

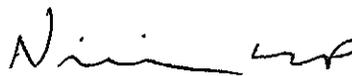
The Honorable President and Members
of the Board of Education
Borough of Bound Brook School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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* and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. However, we noted certain matters that we have reported to the Board in the *Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance* dated November 4, 2011.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other state and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

November 4, 2011
Mount Arlington, New Jersey



NISIVOCCIA LLP



John D. Cassells
Licensed Public School Accountant #105



David H. Evans
Licensed Public School Accountant #740
Certified Public Accountant



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

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 Newton, NJ 07860
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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04

The Honorable President and Members
 of the Board of Education
 Borough of Bound Brook School District
 County of Somerset, New Jersey

Compliance

We have audited the compliance of the Board of Education of the Borough of Bound Brook School District in the County of Somerset (the "Board") with the types of compliance requirements described in the U.S. Office of Management and Budget (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 its major federal and state programs for the fiscal year ended June 30, 2011. The Board's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal and state programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; audit requirements prescribed by the Division of Finance and Regulatory Compliance,, Department of Education, State of New Jersey (the "Department"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*; and Federal Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey's OMB Circular NJOMB 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the Board'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. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011.

The Honorable President and Members
of the Board of Education
Borough of Bound Brook School District
Page 2

Internal Control Over Compliance

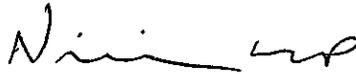
The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *New Jersey State Aid/ Grant Compliance Supplement*, but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

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

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the members of the Board of Education, and to meet the requirements for filing with the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities, and is not intended to be and should not be, used by anyone other than these specified parties.

November 4, 2011
Mount Arlington, New Jersey


NISIVOCIA LLP



John D. Cassells
Licensed Public School Accountant #105



David H. Evans
Licensed Public School Accountant #740
Certified Public Accountant

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrance	Balance at June 30, 2011	
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Adjustments				Budgetary Accounts Receivable	Budgetary Deferred Revenue
U.S. Department of Education Passed-through State Department of Education:												
Special Revenue Fund:												
No Child Left Behind Consolidated Grant:												
Title I	84.010A	NCLB184010	9/1/09-8/31/11	\$ 764,031	\$(134,961)		\$ 151,897	\$ (177,384)	\$ 1,121		\$(159,327)	
Title I - Carryover	84.010A	NCLB184009	9/1/08-8/31/11	648,132				(64,349)			(64,349)	
Title I, SIA	84.010A	NCLB184009	9/1/08-8/31/10	9,431	(2,749)		2,749					
Title II, Part A	84.367A	NCLB184010	9/1/09-8/31/11	78,133	(17,545)		17,545	(2,181)			(2,181)	
Title II, Part A - Carryover	84.367A	NCLB184009	9/1/08-8/31/10	79,278	(4,943)		4,943					
Title II, Part D	84.318A	NCLB184010	9/1/09-8/31/11	7,773	(2,520)		2,919	(1,155)			(756)	
Title III	84.365A	NCLB184010	9/1/09-8/31/11	38,070	(16,892)		24,820	(20,312)	179		(12,205)	
Title IV	84.186A	NCLB184010	9/1/09-8/31/11	11,289	(2,230)		3,602	(1,380)	8			
Title IV - Carryover	84.186A	NCLB184009	9/1/08-8/31/10	10,194	(1,799)		1,799					
Title I	84.010A	NCLB184011	9/1/10-8/31/11	724,585			371,886	(489,615)			(117,729)	
Title II, Part A	84.367A	NCLB184011	9/1/10-8/31/11	79,147			60,585	(77,418)			(16,833)	
Title II, Part D	84.318A	NCLB184011	9/1/10-8/31/11	1,690			1,690	(1,690)				
Title III	84.365A	NCLB184011	9/1/10-8/31/11	45,307			36,956	(41,391)			(4,435)	
Title I - ARRA	84.389	NCLB184010	7/1/09-8/31/11	433,854	(42,190)		244,890	(221,368)	58		(18,610)	
Title I - SIA - ARRA	84.389	NCLB184010	7/1/09-8/31/11	8,129			8,129	(8,129)				
IDEA Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA184011	9/1/10-8/31/11	502,485		\$ 87	211,771	(212,215)			(357)	
I.D.E.A. Part B, Basic	84.027	IDEA184010	9/1/09-8/31/10	362,432	(28,898)		28,898					
I.D.E.A. Part B, Basic, Carryover	84.027	IDEA184009	9/1/08-8/31/11	363,070		\$ 9,830	92,849	(102,679)				
I.D.E.A. Part B, Preschool	84.173	IDEA184011	9/1/10-8/31/11	18,688			520	(4,558)			(4,038)	
I.D.E.A. Part B, Preschool	84.173	IDEA184010	9/1/09-8/31/11	13,737	(625)		3,234	(2,609)				
I.D.E.A. Part B, Preschool, Carryover	84.173	IDEA184019	9/1/08-8/31/11	13,741			5,791	(5,791)				
I.D.E.A. Part B, Basic - ARRA	84.391	IDEA184010	7/1/09-8/31/11	428,452	(21,188)		232,052	(253,315)			(42,451)	
I.D.E.A. Part B, Preschool - ARRA	84.392	IDEA184010	7/1/09-8/31/11	15,405	(2,198)		6,246	(4,133)	85			
Total IDEA Special Education Cluster					(52,909)	9,830	581,361	(585,300)	85		(46,846)	
Total Special Revenue Fund					(278,738)	9,830	1,515,771	(1,691,672)	1,366		(443,271)	
Total U.S. Department of Education					(278,738)	9,830	1,515,771	(1,691,672)	1,451		(443,271)	
U.S. Department of Health and Human Services:												
Medicaid Assistance Program	93.778	N/A	7/1/10-6/30/11	32,462			23,144	(32,462)			(9,318)	
Medicaid Assistance Program	93.778	N/A	7/1/09-6/30/10	46,001	(11,558)		11,558					
					(11,558)		34,702	(32,462)			(9,318)	
Total U.S. Department of Health and Human Services					(11,558)		34,702	(32,462)			(9,318)	

**BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumb.	Balance at June 30, 2011	
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Adjustments				Budgetary Accounts Receivable	Budgetary Deferred Revenue
U.S. Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/10-6/30/11	\$ 43,609			\$ 43,609	\$ (41,906)			\$ 1,703	
Food Distribution Program	10.555	N/A	7/1/09-6/30/10	51,134		\$ 1,009		(1,009)				
School Breakfast Program	10.553	N/A	7/1/10-6/30/11	59,830			56,775	(59,830)		\$ (3,055)		
School Breakfast Program	10.553	N/A	7/1/09-6/30/10	50,560	\$ (4,292)		4,292					
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	373,191			354,061	(373,191)		(19,130)		
National School Lunch Program	10.555	N/A	7/1/09-6/30/10	345,498	(28,653)		28,653					
Total Child Nutrition Cluster					(32,945)	1,009	487,390	(475,936)		(22,185)	1,703	
Total U.S. Department of Agriculture					(32,945)	1,009	487,390	(475,936)		(22,185)	1,703	
Total Federal Awards					\$(323,241)	\$ 10,839	\$ 87	\$2,037,863	\$(2,200,070)	\$ 1,451	\$(474,774)	\$ 1,703

N/A - Not Applicable

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Cancellation of Prior Year Receivable	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011			MEMO	
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor					GAAP Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education															
General Fund:															
Categorical Special Education Aid	10-495-034-5120-089	7/1/09 - 6/30/10	\$ 754,572	\$ (109,634)				\$ 109,634						\$ 754,572	
Equalization Aid	10-495-034-5120-078	7/1/09 - 6/30/10	5,826,795	(582,246)				582,246						5,826,795	
Categorical Security Aid	10-495-034-5120-084	7/1/09 - 6/30/10	430,180	(41,531)				41,531						430,180	
Categorical Transportation Aid	10-495-034-5120-014	7/1/09 - 6/30/10	98,381	(10,020)				10,020						98,381	
Extraordinary Aid	10-100-034-5120-473	7/1/09 - 6/30/10	120,453	(120,453)				120,453						120,453	
Reimbursed TPAF Social Security Contributions	10-495-034-5095-002	7/1/09 - 6/30/10	682,269	(69,425)				69,425						682,269	
Categorical Special Education Aid	11-495-034-5120-089	7/1/10 - 6/30/11	816,360					735,316	\$ (816,360)					\$ (81,044)	816,360
Equalization Aid	11-495-034-5120-078	7/1/10 - 6/30/11	5,624,495					5,066,125	(5,624,495)					(558,370)	5,624,495
Extraordinary Aid	11-100-034-5120-473	7/1/10 - 6/30/11	91,395						(91,395)			\$ (91,395)		(91,395)	91,395
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10 - 6/30/11	656,895					624,113	(656,895)			(32,782)		(32,782)	656,895
Total General Fund				<u>(933,309)</u>				<u>7,358,863</u>	<u>(7,189,145)</u>			<u>(124,177)</u>		<u>(763,591)</u>	<u>15,101,795</u>
Special Revenue Fund															
Preschool Education Aid	11-495-034-5120-025	7/1/10 - 6/30/11	355,296					320,047	(248,950)			\$ 106,346		(35,249)	248,950
Preschool Education Aid	10-495-034-5120-025	7/1/09 - 6/30/10	333,090	(38,574)	\$ 4,439			38,574				4,439		328,651	
Preschool Education Aid	09-495-034-5120-025	7/1/08 - 6/30/09	327,685		2,837							2,837		324,848	
Early Childhood Program Aid	08-495-034-5120-025	7/1/07 - 6/30/08	837,762		38,794							38,794		798,968	
Early Childhood Program Aid	07-495-034-5120-025	7/1/06 - 6/30/07	837,762		40,570							40,570		797,192	
Early Childhood Program Aid	06-495-034-5120-025	7/1/05 - 6/30/06	837,762		62,843							62,843		774,919	
Early Childhood Program Aid	05-495-034-5120-025	7/1/04 - 6/30/05	837,762		2,766							2,766		834,996	
Distance Learning Network	02-495-034-5120-348	7/1/01 - 6/30/02	65,538		663							663		64,875	
Character Education	06-100-034-5120-053	7/1/05 - 6/30/06	4,000		1,603							1,603		2,397	
New Jersey Nonpublic Aid:															
Textbook Aid	10-100-034-5120-064	7/1/09 - 6/30/10	11,002			\$ 398					\$ (398)				10,604
Auxiliary Services:															
Compensatory Education	10-100-034-5120-067	7/1/09 - 6/30/10	8,480				1,854				(1,854)			6,626	
English as a Second Language	10-100-034-5120-067	7/1/09 - 6/30/10	1,957				1,023				(1,023)			934	
Handicapped Services:															
Examination and Classification	10-100-034-5120-066	7/1/09 - 6/30/10	18,462				6,057				(6,057)			12,405	
Corrective Speech	10-100-034-5120-066	7/1/09 - 6/30/10	13,539				623				(623)			12,916	
Supplementary Instruction	10-100-034-5120-066	7/1/09 - 6/30/10	17,037				758				(758)			16,279	
Textbook Aid	11-100-034-5120-064	7/1/10 - 6/30/11	8,185					8,185	(7,903)				\$ 282	7,903	
Nursing Services	11-100-034-5120-070	7/1/10 - 6/30/11	9,698					9,698	(9,698)					9,698	
Auxiliary Services:															
Compensatory Education	11-100-034-5120-067	7/1/10 - 6/30/11	43,538					43,538	(25,828)				17,710	25,828	
Handicapped Services:															
Examination and Classification	11-100-034-5120-066	7/1/10 - 6/30/11	19,454					19,454	(10,988)				8,466	10,988	
Supplementary Instruction	11-100-034-5120-066	7/1/10 - 6/30/11	11,812					11,812	(9,132)				2,680	9,132	
Corrective Speech	11-100-034-5120-066	7/1/10 - 6/30/11	19,324					19,324	(18,706)				618	18,706	
Total Special Revenue Fund				<u>(38,574)</u>	<u>154,515</u>	<u>10,713</u>		<u>470,632</u>	<u>(331,205)</u>	<u>(10,713)</u>		<u>260,861</u>	<u>29,756</u>	<u>(35,249)</u>	<u>4,317,815</u>
Capital Projects Fund:															
N.J. School Development Authority Grants:															
High School Water Feed	SDA-0490-020-09-02BD	4/3/09 - 6/30/11	60,285	(45,128)			26,932	18,196							33,353
Lafayette Electrical Upgrade	SDA-0490-030-09-02BE	4/3/09 - 6/30/11	52,435	(52,435)				52,435							52,435
Lafayette Power Modification	SDA-0490-030-09-02BF	4/3/09 - 6/30/11	64,842	(64,842)			46,279	18,563						18,563	
LaMonte Roof Structure Repair	SDA-0490-030-09-02BG	4/3/09 - 6/30/11	131,312	(65,000)				65,000						131,312	
Smalley Power Modification	SDA-0490-030-09-02BH	4/3/09 - 6/30/11	64,842	(64,842)			42,681	22,161						22,161	
Upgrade Two Science Classrooms	SDA-0490-050-10-GOAW	2/15/11 - 8/31/11	194,627						(194,627)			(1,262)		(194,627)	1,262
Conversion of an Art Classroom	SDA-0490-050-10-GOAX	2/15/11 - 6/30/12	47,409						(47,409)					(47,409)	
Total Capital Projects Fund				<u>(292,247)</u>			<u>115,892</u>	<u>176,355</u>	<u>(242,036)</u>			<u>(1,262)</u>		<u>(242,036)</u>	<u>259,086</u>
Debt Service Fund:															
Type II Aid	11-100-034-5120-125	7/1/10 - 6/30/11	161,704					161,704	(161,704)						161,704
Total Debt Service Fund								<u>161,704</u>	<u>(161,704)</u>						<u>161,704</u>
Total New Jersey Department of Education				<u>(1,264,130)</u>	<u>154,515</u>	<u>10,713</u>	<u>115,892</u>	<u>8,167,554</u>	<u>(7,924,090)</u>	<u>(10,713)</u>	<u>(125,439)</u>	<u>260,861</u>	<u>29,756</u>	<u>(1,040,876)</u>	<u>19,840,400</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2010			Cancellation of Prior Year Encumbrance	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2011			MEMO	
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor					GAAP Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Agriculture: Enterprise Fund:															
State School Breakfast Program	10-100-010-3360-096	7/1/09 - 6/30/10	\$ 3,158	\$ (266)			\$ 266							\$ 3,158	
State School Lunch Program	11-100-010-3350-023	7/1/10 - 6/30/11	8,810				7,918	\$ (8,810)		\$ (892)			\$ (892)	8,810	
State School Lunch Program	10-100-010-3350-023	7/1/09 - 6/30/10	14,266	(1,182)			1,182							14,266	
Total Enterprise Fund				(1,448)			9,366	(8,810)		(892)			(892)	26,234	
Total New Jersey Department of Agriculture				(1,448)			9,366	(8,810)		(892)			(892)	26,234	
Total State Awards				<u>\$(1,265,578)</u>	<u>\$ 154,515</u>	<u>\$ 10,713</u>	<u>\$ 115,892</u>	<u>\$ 8,176,920</u>	<u>\$ (7,932,900)</u>	<u>\$ (10,713)</u>	<u>\$ (126,331)</u>	<u>\$ 260,861</u>	<u>\$ 29,756</u>	<u>\$ (1,041,768)</u>	<u>\$ 19,866,634</u>

N/A - Not Available

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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, Ogdensburg Borough School District under programs of the federal and state governments for the fiscal year ended June 30, 2011. 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 NJOMB 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 with the exception of programs recorded in the Food Service Fund, which are presented using the accrual basis of accounting. These bases of accounting are 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 state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The special revenue fund also recognizes the June state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2. The capital projects fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition. For GAAP purposes, that revenue is not recognized until the project is completed and the final expenditure report is submitted to the School Development Authority for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$104,017 for the general fund, (\$67,990) for the special revenue fund (of which \$3,441 is for local assistance not included in the table below) and (\$82,473) for the capital projects fund (which includes \$115,892 of prior year budgetary grant receivable balances cancelled which is not included in the table below). See Note 1 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue, and capital projects funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Non-Contributory Insurance and Post-Retirement Medical Contributions revenue of \$28,368 and \$602,527, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page:

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 32,462	\$ 7,924,057	\$ 7,956,519
Special Revenue Fund	1,628,690	322,756	1,951,446
Capital Projects Fund		107,671	107,671
Debt Service Fund		161,704	161,704
Food Service Fund	475,936	8,810	484,746
Total Financial Assistance	<u>\$ 2,137,088</u>	<u>\$ 8,524,998</u>	<u>\$ 10,662,086</u>

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. 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, 2011. Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Summary of Auditors' Results:

- An unqualified report was issued on the District's financial statements.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District.
- The audit did not disclose any noncompliance which is material in relation to the financial statements of the District.
- The audit did not disclose any material weaknesses or significant deficiencies in the internal controls of the District's major federal and state programs.
- An unqualified report was issued on the District's compliance for major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported under Federal OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and New Jersey's OMB Circular NJOMB 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's major federal and state programs for the current fiscal year consisted of the following:

	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
N.C.L.B. - Title I	84.010A	9/1/10-8/31/11	\$ 724,585	\$ 489,615
N.C.L.B. - Title I	84.010A	9/1/09-8/31/11	764,031	177,384
N.C.L.B. - Title I - Carryover	84.010A	9/1/08-8/31/11	648,132	64,349
N.C.L.B. - Title I - SIA ARRA	84.389	7/1/09-8/31/11	8,129	8,129
N.C.L.B. - Title I - ARRA	84.389	7/1/09-8/31/11	433,854	221,369
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	9/1/10-8/31/11	502,485	212,215
I.D.E.A. Part B, Basic - Carryover	84.027	9/1/08-8/31/11	363,070	102,679
I.D.E.A. Part B, Preschool	84.173	9/1/10-8/31/11	18,688	4,558
I.D.E.A. Part B, Preschool	84.173	9/1/09-8/31/11	13,737	2,608
I.D.E.A. Part B, Preschool - Carryover	84.391	9/1/08-8/31/11	13,741	5,791
I.D.E.A. Part B, Basic - ARRA	84.391	7/1/09-8/31/11	428,452	253,315
I.D.E.A. Part B, Preschool - ARRA	84.392	7/1/09-8/31/11	15,405	4,133
<u>State:</u>				
General Fund State Aid:				
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	\$ 5,624,495	\$ 5,624,495
Special Education Categorical Aid	11-495-034-5120-089	7/1/10-6/30/11	816,360	816,360

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

- The threshold for distinguishing Type A and Type B federal programs was \$300,000.
- The threshold for distinguishing Type A and Type B state programs was \$300,000.
- The single audit thresholds identified in Federal OMB Circular A-133 and New Jersey's OMB Circular NJOMB 04-04 were \$500,000
- The District qualified as a "low-risk" auditee under the provisions of section 530 of the federal Circular.

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:

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

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

Status of Prior Year Findings:

The District had no prior year audit findings.