

**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, 2012**

**Comprehensive Annual
Financial Report**

of the

BOROUGH OF BOUND BROOK SCHOOL DISTRICT

Bound Brook, New Jersey

For the Fiscal Year Ended June 30, 2012

Prepared by

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
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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

October 16, 2012

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, 2012 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 Non-Profit Organizations*, and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** 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 2011-2012 school year with an average daily enrollment of 1,524 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>
2011/2012	1,524	2.08%
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%

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.

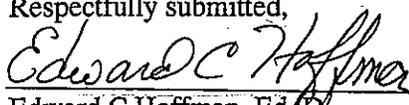
3. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated 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, 2012.

The Honorable President and Members
of the Board of Education
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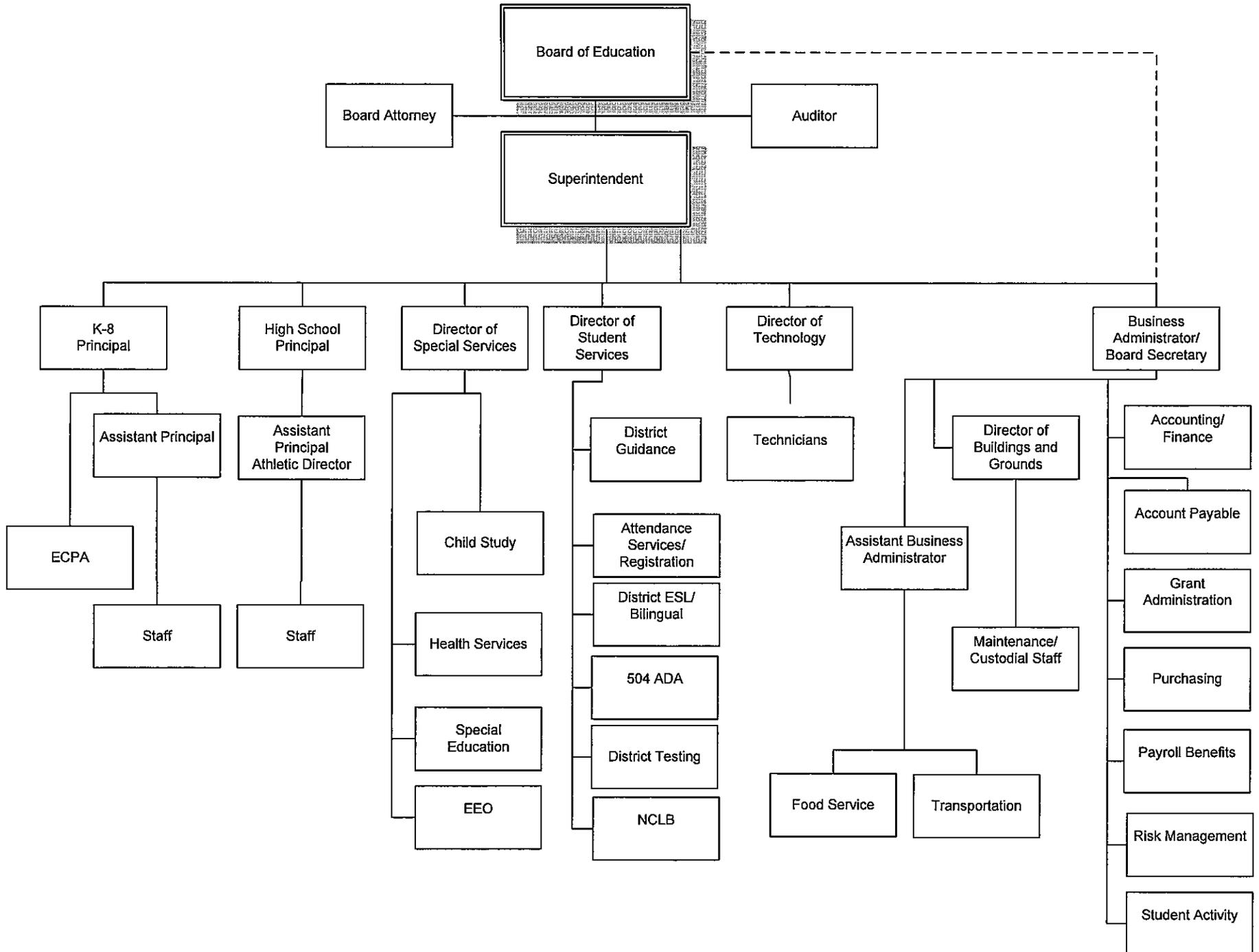
4. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to 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, 2012, the District has \$1,870,000 of outstanding bonded debt. The District also has \$650,000 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 Non-Profit Organizations*, and New Jersey's OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.
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, 2012**

<u>Members of The Board of Education</u>	<u>Term Expires</u>
Terrence Hoben, President	2013
Martin Gleason, Vice President	2013
William Boehm	2012
Michele DeFazio	2012
Nicholas DelVecchio	2013
Shawn Hasting	2014
Robert Murray	2014
Camilla Stevens	2012
Joseph "Jay" Tomaselli	2012
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, 2012 which collectively comprise the Board of Education's basic financial statements as listed in the 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 Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2012, and the respective changes in financial position and, where applicable, cash flows 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 October 16, 2012, 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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Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report, and Budgetary Comparison Information in Exhibits C-1 through C-3 and I-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 financial statements. The accompanying supplementary information schedules such as the combining and individual nonmajor fund financial statements and the Schedules of Expenditures of Federal and State Awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information such as the combining and individual nonmajor fund financial statements and the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the financial statements as a whole. The accompanying other information, such as the introductory and statistical sections, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

October 16, 2012
Mount Arlington, New Jersey


NISIVOCIA LLP


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, 2012. 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 \$26.43 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 remained relatively stable 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

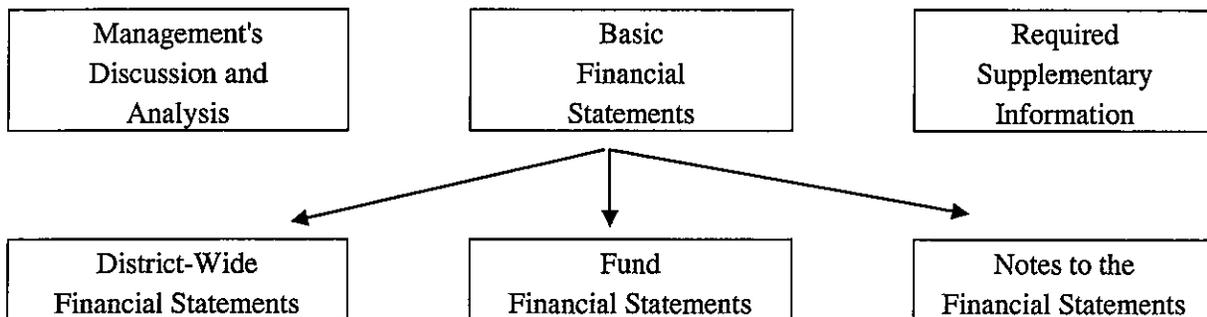


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Notes to the Basic Financial Statements: The notes provide basic information that is essential to a full understanding of the data provided in the District-wide and Fund financial statements. The notes to the basic financial statements can be found immediately following the Fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The District's combined net assets change increased \$1,737,427. The net assets from governmental activities increased \$1,700,925 and the net assets from business activities increased \$36,502. Net assets invested in capital assets increased by \$825,202, due to capital asset additions of \$650,398, capital adjustments of \$111,480 and redemption of outstanding debt of \$423,267 offset by depreciation expense of \$359,943. Restricted net assets increased by \$1,593,751, due to an increase in the tuition reserve of \$63,100, an increase in the maintenance reserve of \$165,034, a net increase in the capital reserve of \$176,774 and an increase in excess surplus of \$1,188,845, offset by a decrease in the debt service fund fund balance of \$2. Unrestricted net assets decreased by \$681,526, due to a decrease of \$14,430 in year-end encumbrances, a decrease in capital projects fund committed fund balance of \$129,155, a decrease of \$552,929 in the general fund assigned fund balance designated for subsequent year's expenditures and an increase in the compensated absences liability of \$24,584 offset by a decrease of \$2,048 in the special revenue fund deficit fund balance, an increase of \$32,527 in the food service fund net assets, and a decrease in accrued interest of \$4,997.

Figure A-3
Condensed Statement of Net Assets

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	
Current and Other Assets	\$ 4,719,439	\$ 4,064,693	\$ 211,990	\$ 205,195	\$ 4,931,429	\$ 4,269,888	15.49%
Capital Assets	6,259,856	5,861,896	247,997	244,022	6,507,853	6,105,918	6.58%
Total Assets	<u>10,979,295</u>	<u>9,926,589</u>	<u>459,987</u>	<u>449,217</u>	<u>11,439,282</u>	<u>10,375,806</u>	10.25%
Other Liabilities	1,002,087	1,251,623	68,728	94,460	1,070,815	1,346,083	-20.45%
Long-Term Debt Outstanding	3,037,792	3,436,475			3,037,792	3,436,475	-11.60%
Total Liabilities	<u>4,039,879</u>	<u>4,688,098</u>	<u>68,728</u>	<u>94,460</u>	<u>4,108,607</u>	<u>4,782,558</u>	-14.09%
Net Assets:							
Invested in Capital Assets, Net of Related Debt	3,739,856	2,918,629	247,997	244,022	3,987,853	3,162,651	26.09%
Restricted	2,853,224	1,259,473			2,853,224	1,259,473	126.54%
Unrestricted	346,336	1,060,389	143,262	110,735	489,598	1,171,124	-58.19%
Total Net Assets	<u>\$ 6,939,416</u>	<u>\$ 5,238,491</u>	<u>\$ 391,259</u>	<u>\$ 354,757</u>	<u>\$ 7,330,675</u>	<u>\$ 5,593,248</u>	31.06%

Changes in Net Assets. The District's combined net assets were \$7,330,675 on June 30, 2012, or \$1,737,427 more than they were the year before. (See Figure A-3). The net assets of the Governmental Activities increased \$1,700,925 and the net assets of the Business-Type Activities increased \$36,502.

Figure A-4
Changes in Net Assets from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,522,518	\$ 1,224,395	\$ 202,479	\$ 198,194	\$ 1,724,997	\$ 1,422,589	21.26%
Operating Grants & Contributions	4,669,370	4,285,627	550,763	484,746	5,220,133	4,770,373	9.43%
Capital Grants and Contributions	257,365	1,043,671		171	257,365	1,043,842	-75.34%
General Revenue:							
Property Taxes	12,694,170	12,429,898			12,694,170	12,429,898	2.13%
Federal and State Aid	6,365,605	5,851,606			6,365,605	5,851,606	8.78%
Other	170,963	94,896		31,382	170,963	126,278	35.39%
Total Revenue	25,679,991	24,930,093	753,242	714,493	26,433,233	25,644,586	3.08%
Expenses:							
Instruction	14,143,486	13,165,412			14,143,486	13,165,412	7.43%
Pupil and Instruction Services	3,900,476	3,572,632			3,900,476	3,572,632	9.18%
Administrative and Business	2,525,811	2,539,084			2,525,811	2,539,084	-0.52%
Maintenance and Operations	2,781,499	2,504,012			2,781,499	2,504,012	11.08%
Transportation	478,755	403,748			478,755	403,748	18.58%
Other	149,039	171,172	716,740	692,835	865,779	864,007	0.21%
Total Expenses	23,979,066	22,356,060	716,740	692,835	24,695,806	23,048,895	7.15%
Increase/(Decrease) in Net Assets	\$ 1,700,925	\$ 2,574,033	\$ 36,502	\$ 21,658	\$ 1,737,427	\$ 2,595,691	-33.06%

Revenue Sources. The District's total revenue for the 2011-2012 school year was \$26,433,233, (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$12,694,170 of the total, or 48.02 percent. (See Figure A-5). Approximately 43.83 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 2012

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 7,019,634	26.56%
Property Taxes	12,694,170	48.02%
Federal and State Categorical Grants	4,566,104	17.27%
Capital Grants and Contributions	257,365	0.97%
Charges for Services	1,724,997	6.53%
Other	170,963	0.65%
	\$ 26,433,233	100.00%

The total cost of all programs and services was \$24,695,806. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (75.00 percent). (See Figure A-6). The District's administrative and maintenance and operations activities accounted for 21.49 percent of total costs. The most significant contributors to the costs of Maintenance and Operations were aggressive energy sustainability and supply costs and maintenance items deferred from prior years. It is important to remember that \$359,943 in depreciation is included in expenses for the year.

Figure A-6
Sources of School District Expenses - Fiscal Year 2012

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 14,143,486	57.27%
Pupil and Instruction Services	3,900,476	15.79%
Administrative and Business	2,525,811	10.23%
Maintenance and Operations	2,781,499	11.26%
Transportation	478,755	1.94%
Other	865,779	3.51%
	<u>\$ 24,695,806</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:

Figure A-7
Net Cost of Governmental Activities

	Total Costs of Services		Net Cost of Services	
	2011/2012	2010/2011	2011/2012	2010/2011
Instruction	\$ 14,143,486	\$ 13,165,412	\$ 8,173,625	\$ 7,413,869
Pupil and Instruction Services	3,900,476	3,572,632	3,682,084	3,306,387
Administrative and Business	2,525,811	2,539,084	2,300,278	2,145,279
Maintenance and Operations	2,781,499	2,504,012	2,760,194	2,403,796
Transportation	478,755	403,748	464,593	361,864
Other	149,039	171,172	149,039	171,172
	<u>\$ 23,979,066</u>	<u>\$ 22,356,060</u>	<u>\$ 17,529,813</u>	<u>\$ 15,802,367</u>

- The cost of all governmental activities this year was \$23.98 million.
- The federal and state governments subsidized certain programs with grants and contributions was \$11.03 million
- Approximately \$12.69 million of the District's costs were financed by District taxpayers.
- The remainder of the funding came from tuition charges, capital contributions, miscellaneous revenue and investment earnings.

Business-Type Activities

Net assets from the District's business-type activity increased by \$36,502 (Refer to Figure A-4). Factors contributing to these results included:

- Food services revenue exceeded expenses by \$32,527, in addition to capital asset additions of \$17,262, offset by capital asset deletions of \$1,524 and depreciation expense of \$11,763 accounting for all of the increase in the net assets of the business-type activities.

Financial Analysis of the District's Funds

The District's financial position improved despite significant changes in the student clientele and difficult economic times. Expenditures during the recent year decreased significantly as a result of the district bringing in-house a large number of pupils with disabilities.

A continued increase in enrollment of disabled students has also forced the District to expand its classroom teaching staff, special education aides and special transportation. Fringe benefit costs for all staff have increased dramatically in the past several years. The Board changed to a different Health Benefits carrier in order to reduce costs in this area. Special transportation costs have been minimalized based upon reorganization of transportation routes.

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

General Fund Budgetary Highlights

Over the course of the year, the District revised 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
	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011	
Building and Building Improvements	\$ 5,811,852	\$ 4,358,315	\$ 188,693	\$ 194,419	\$ 6,000,545	\$ 4,552,734	31.80%
Machinery and Equipment	448,004	567,581	59,304	49,603	507,308	617,184	-17.80%
Construction in Progress		936,000				936,000	-100.00%
Total Capital Assets (Net of Depreciation)	<u>\$ 6,259,856</u>	<u>\$ 5,861,896</u>	<u>\$ 247,997</u>	<u>\$ 244,022</u>	<u>\$ 6,507,853</u>	<u>\$ 6,105,918</u>	<u>6.58%</u>

Long-term Debt

At year-end, the District had \$1,870,000 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
	2011/2012	2010/2011	
General Obligation Bonds (Financed with Property Taxes)	\$ 1,870,000	\$ 2,095,000	-10.74%
Certificates of Participation	650,000	845,000	-23.08%
Capital Leases		3,267	-100.00%
Compensated Absences	517,792	493,208	4.98%
	<u>\$ 3,037,792</u>	<u>\$ 3,436,475</u>	<u>-11.60%</u>

- The District continued to pay down its debt, retiring \$225,000 of outstanding bonds..
- Compensated absences payable increased by a net amount of \$24,584 and certificates of participation decreased by \$195,000 due to the retirement of outstanding principal.
- The District paid down the remaining \$3,267 of the capital lease balance.

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.

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, 2012

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 2,927,254	\$ 164,434	\$ 3,091,688
Receivable from Federal Government	327,046	35,139	362,185
Receivable from State Government	228,996	522	229,518
Other Accounts Receivable	4,545		4,545
Inventories		11,895	11,895
Restricted Assets:			
Tuition Reserve Account - Cash	229,253		229,253
Maintenance Reserve Account - Cash	476,025		476,025
Capital Reserve Account - Cash	526,320		526,320
Capital Assets:			
Depreciable Buildings and Building Improvements and Furniture, Machinery and Equipment	6,259,856	247,997	6,507,853
Total Assets	<u>10,979,295</u>	<u>459,987</u>	<u>11,439,282</u>
LIABILITIES			
Accounts Payable - Vendors	438,042	67,028	505,070
Payable to Federal Government	50,837		50,837
Payable to State Government	19,197		19,197
Payable to Local Government	125,000		125,000
Accrued Interest Payable	37,192		37,192
Deferred Revenue	331,819	1,700	333,519
Noncurrent Liabilities:			
Due Within One Year	435,000		435,000
Due Beyond One Year	2,602,792		2,602,792
Total Liabilities	<u>4,039,879</u>	<u>68,728</u>	<u>4,108,607</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	3,739,856	247,997	3,987,853
Restricted for:			
Capital Projects	526,320		526,320
Other Purposes	2,326,904		2,326,904
Unrestricted	346,336	143,262	489,598
Total Net Assets	<u>\$ 6,939,416</u>	<u>\$ 391,259</u>	<u>\$ 7,330,675</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, 2012

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	\$ 9,925,886	\$ 1,508,356	\$ 2,277,318	\$ 77,419	\$ (6,062,793)		\$ (6,062,793)
Special Education	3,018,139		1,914,414	18,367	(1,085,358)		(1,085,358)
Other Instruction	729,552		106,574	67,413	(555,565)		(555,565)
School-Sponsored Instruction	469,909				(469,909)		(469,909)
Support Services:							
Tuition	1,498,550				(1,498,550)		(1,498,550)
Student & Instruction Related Services	2,401,926		198,211	20,181	(2,183,534)		(2,183,534)
General Administrative Services	595,606		26,139	4,121	(565,346)		(565,346)
School Administrative Services	1,251,606		123,688	20,455	(1,107,463)		(1,107,463)
Central Services and Administrative							
Information Technology	678,599		23,026	28,104	(627,469)		(627,469)
Plant Operations and Maintenance	2,781,499			21,305	(2,760,194)		(2,760,194)
Pupil Transportation	478,755	14,162			(464,593)		(464,593)
Interest and Other Charges	117,129				(117,129)		(117,129)
Transfer to Charter School	31,910				(31,910)		(31,910)
Total Governmental Activities	23,979,066	1,522,518	4,669,370	257,365	(17,529,813)		(17,529,813)

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012
(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	\$ 716,740	\$ 202,479	\$ 550,763		\$ 36,502	\$ 36,502	
Total Business-Type Activities	716,740	202,479	550,763		36,502	36,502	
Total Primary Government	\$ 24,695,806	\$ 1,724,997	\$ 5,220,133	\$ 257,365	\$ (17,529,813)	\$ 36,502	(17,493,311)
General Revenue:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					12,314,062		12,314,062
Taxes Levied for Debt Service					380,108		380,108
Federal and State Aid not Restricted					6,365,605		6,365,605
Interest					324		324
Miscellaneous Income					170,639		170,639
Total General Revenue					19,230,738		19,230,738
Change in Net Assets					1,700,925	36,502	1,737,427
Net Assets - Beginning					5,238,491	354,757	5,593,248
Net Assets - Ending					\$ 6,939,416	\$ 391,259	\$ 7,330,675

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, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 2,693,388	\$ 137,028	\$ 96,838		\$ 2,927,254
Receivables From Federal Government	6,108	320,938			327,046
Receivables From State Government	190,071		38,925		228,996
Other Receivables	3,258	1,287			4,545
Restricted Cash and Cash Equivalents	1,231,598				1,231,598
Total Assets	\$ 4,124,423	\$ 459,253	\$ 135,763	\$ -0-	\$ 4,719,439
<u>LIABILITIES AND FUND BALANCES:</u>					
Liabilities:					
Accounts Payable - Vendors	\$ 296,604	\$ 141,438			\$ 438,042
Payable to Federal Government	50,837				50,837
Payable to State Government		19,197			19,197
Payable to Local Government	125,000				125,000
Deferred Revenue		331,819			331,819
Total Liabilities	472,441	492,454			964,895
Fund Balances:					
Restricted:					
Excess Surplus	1,188,845				1,188,845
Excess Surplus - Designated for Subsequent Year's Expenditures	432,781				432,781
Tuition Reserve Restricted for 2012-2013	129,253				129,253
Tuition Reserve Restricted for 2013-2014	100,000				100,000
Maintenance Reserve	476,025				476,025
Capital Reserve Account	526,320				526,320

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances:					
Committed			\$ 135,763		\$ 135,763
Assigned:					
Year-End Encumbrances	\$ 522,258				522,258
Designated for Subsequent Year's Expenditures	276,500				276,500
Unassigned / (Deficit)		\$ (33,201)			(33,201)
Total Fund Balances	3,651,982	(33,201)	135,763		3,754,544
Total Liabilities and Fund Balances	\$ 4,124,423	\$ 459,253	\$ 135,763	\$ -0-	

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 \$11,924,332 and the Accumulated Depreciation is \$5,664,476.	6,259,856
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(37,192)
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	(3,037,792)
Net Assets of Governmental Activities	\$ 6,939,416

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,314,062			\$ 380,108	\$ 12,694,170
Tuition Charges	1,508,356				1,508,356
Interest Earned on Capital Reserve	324				324
Transportation Fees	14,162				14,162
Miscellaneous	170,639	\$ 104,948	\$ 64,000		339,587
Total - Local Sources	14,007,543	104,948	64,000	380,108	14,556,599
State Sources	8,698,651	309,313	193,365	162,016	9,363,345
Federal Sources	284,163	1,475,884			1,760,047
Total Revenues	22,990,357	1,890,145	257,365	542,124	25,679,991
EXPENDITURES:					
Current:					
Regular Instruction	6,386,505	1,147,978			7,534,483
Special Education Instruction	1,505,982	712,026			2,218,008
Other Instruction	337,901				337,901
School-Sponsored/Other Instruction	469,909				469,909
Support Services and Undistributed Costs:					
Tuition	1,498,550				1,498,550
Student and Other Instruction Related Services	1,712,488				1,712,488
General Administration Services	502,522				502,522
School Administration Services	932,555				932,555
Central Services & Administrative Information Technology	492,200				492,200
Plant Operations and Maintenance	2,411,793				2,411,793
Student Transportation	368,176				368,176
Unallocated Benefits	5,149,196				5,149,196

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Debt Service:					
Interest and Other Charges				\$ 122,126	\$ 122,126
Principal				420,000	420,000
Capital Outlay	\$ 121,924	\$ 28,093	\$ 428,872		578,889
Transfer of Funds to Charter School	31,910				31,910
Total Expenditures	21,921,611	\$ 1,888,097	428,872	542,126	24,780,706
Excess/(Deficit) of Revenue Over/(Under) Expenditures	1,068,746	2,048	(171,507)	(2)	899,285
OTHER FINANCING SOURCES/(USES):					
Transfers In			42,352		42,352
Transfers Out	(42,352)				(42,352)
Total Other Financing Sources/(Uses)	(42,352)		42,352		
Net Change in Fund Balances	1,026,394	2,048	(129,155)	(2)	899,285
Fund Balance / (Deficit) - July 1	2,625,588	(35,249)	264,918	2	2,855,259
Fund Balance / (Deficit) - June 30	\$ 3,651,982	\$ (33,201)	\$ 135,763	\$ -0-	\$ 3,754,544

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, 2012

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ 899,285
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	\$ (359,943)
	Capital Adjustments	113,004
	Capital outlays	<u>644,899</u>
		397,960
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 (+).		
		(24,584)
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	420,000
	Capital Lease Principal	<u>3,267</u>
		423,267
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.		
		<u>4,997</u>
Change in Net Assets of Governmental Activities		<u>\$ 1,700,925</u>

Exhibit B-4

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012

	Business-type Activities - Enterprise Funds Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 164,434
Intergovernmental Accounts Receivable:	
Federal	35,139
State	522
Inventory	11,895
Total Current Assets	211,990
Non-Current Assets:	
Capital Assets	546,211
Less: Accumulated Depreciation	(298,214)
Total Non-Current Assets	247,997
Total Assets	459,987
 LIABILITIES:	
Current Liabilities:	
Deferred Revenue	1,700
Accounts Payable - Vendors	67,028
Total Current Liabilities	68,728
 NET ASSETS:	
Investment in Capital Assets Net of Related Debt	247,997
Unrestricted	143,262
Total Net Assets	\$ 391,259

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

Exhibit B-5

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, 2012

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable and Non-Reimbursable Programs	\$ 197,176
Special Events	<u>5,303</u>
Total Operating Revenue	<u>202,479</u>
Operating Expenses:	
Cost of Sales	333,477
Salaries, Benefits & Payroll Taxes	257,869
Supplies, Insurance & Other Costs	74,917
Management Fee	37,191
Depreciation Expense	<u>11,762</u>
Total Operating Expenses	<u>715,216</u>
Operating Loss	(512,737)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	9,720
Federal Sources:	
National School Lunch Program	424,056
National School Breakfast Program	66,344
Food Distribution Program	<u>50,643</u>
Total Non-Operating Revenue	<u>550,763</u>
Change in Net Assets	38,026
Capital Deletions, Net of Accumulated Depreciation	<u>(1,524)</u>
Change in Net Assets after Capital Adjustments	36,502
Net Assets - Beginning of Year	<u>354,757</u>
Net Assets - End of Year	<u>\$ 391,259</u>

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, 2012

	<u>Business-type Activities - Enterprise Funds Food Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 202,479
Payments to Employees/Vendors	(257,869)
Payments to Food Service Vendor	(419,570)
	(474,960)
Net Cash Used for Operating Activities	(474,960)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(17,261)
	(17,261)
Net Cash Provided used for Investing Activities	(17,261)
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Breakfast and Lunch Program	10,090
Federal Sources:	
National School Breakfast and Lunch Program	477,446
	487,536
Net Cash Provided by Noncapital Financing Activities	487,536
Net Decrease in Cash and Cash Equivalents	(4,685)
Cash and Cash Equivalents, July 1	169,119
Cash and Cash Equivalents, June 30	\$ 164,434
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (512,737)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	11,762
Food Distribution Program	50,643
Changes in Assets and Liabilities:	
Decrease in Inventory	1,104
(Decrease) in Deferred Revenue	(3)
(Decrease) in Accounts Payable	(25,729)
	(474,960)
Net Cash Used for Operating Activities	\$ (474,960)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$50,640 and utilized \$50,643 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2012.

Exhibit B-7

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Totals</u>
ASSETS:				
Cash and Cash Equivalents	\$ 384,370	\$ 359,177	\$ 1,767	\$ 745,314
Interfund Receivable - Payroll Agency		9,221		9,221
 Total Assets	 <u>384,370</u>	 <u>368,398</u>	 <u>1,767</u>	 <u>754,535</u>
LIABILITIES:				
Interfund Payable - Unemployment Trust	9,221			9,221
Due to Student Groups	37,724			37,724
Due to Athletics	1,297			1,297
Accrued Payroll - Summer Savings	212,348			212,348
Payroll Deductions and Withholdings	123,780			123,780
 Total Liabilities	 <u>384,370</u>			 <u>384,370</u>
NET ASSETS:				
Held in Trust for Unemployment Claims		368,398		368,398
Restricted for Scholarships			1,767	1,767
 Total Net Assets	 <u>\$ -0-</u>	 <u>\$ 368,398</u>	 <u>\$ 1,767</u>	 <u>\$ 370,165</u>

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

Exhibit B-8

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Totals
Additions:			
Contributions:			
Plan Contributions	\$ 20,584		\$ 20,584
Board Contributions	65,768		65,768
Total Contributions	86,352		86,352
Investment Earnings:			
Interest	388	\$ 2	390
Net Investment Earnings	388	2	390
Total Additions	86,740	2	86,742
Deductions			
Unemployment Compensation Claims	119,158		119,158
Scholarships Awarded		100	100
Total Deductions	119,158	100	119,258
Change in Net Assets	(32,418)	(98)	(32,516)
Net Assets - Beginning of the Year	400,816	1,865	402,681
Net Assets - End of the Year	\$ 368,398	\$ 1,767	\$ 370,165

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, 2012

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, 2012
(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, 2012
(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 resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net 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, 2012
(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 budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the annual school election on the fourth Wednesday in April, 2011. 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, 2012
(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:

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 23,057,180	\$ 1,805,221
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.		82,876
Prior Year State Aid Payments Recognized for GAAP Statements	639,414	35,249
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(706,237)	(33,201)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 22,990,357	\$ 1,890,145
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 21,921,611	\$ 1,805,221
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.		82,876
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 21,921,611	\$ 1,888,097
	Capital Projects Fund	
	Revenue	Fund Balance
Amount per Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance (Budgetary Basis) (per Exhibit F-1)	\$ -0-	\$ 183,172
Reconciliation to Governmental Funds Statements (GAAP):		
Prior Year SDA Grant Revenue/Receivable Recognized on GAAP Basis	240,774	
SDA Grant Revenue/Receivable not Recognized on GAAP Basis	(47,409)	(47,409)
County Open Space Grants not Recognized on GAAP Basis	64,000	
Amount per Summary Schedule of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds(GAAP Basis) (per Exhibit B-2)	\$ 257,365	\$ 135,763

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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, 2012
(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, 2012.

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. 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, 2012
(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 \$212,348 as of June 30, 2012.

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, 2012
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$3,651,982 General Fund fund balance at June 30, 2012, \$522,258 is assigned for encumbrances; \$476,025 is restricted in a Maintenance Reserve; \$526,320 is restricted in the capital reserve account; \$1,188,845 is restricted as current year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2014; \$432,781 is restricted as prior year excess surplus and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2013; \$229,253 is restricted in a Tuition Reserve; and \$276,500, is assigned fund balance and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2013 which is \$174,878 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, 2013; and unassigned fund balance is \$0 which is \$531,359 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, 2013.

Special Revenue Fund: The deficit fund balance of \$33,201 in Special Revenue Fund at June 30, 2012 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, 2013.

Capital Projects Fund: Of the \$135,763 Capital Projects Fund fund balance at June 30, 2012, \$135,763 is committed for other purposes which is \$47,409 less than the committed fund balance, on a GAAP basis, due to the difference in the recognition of the SDA grant revenue.

Debt Service Fund: The Debt Service Fund did not have fund balance at June 30, 2012.

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 \$33,201 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, 2012
(Continued)

Q. Deficit Fund Balances/Net Assets

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 prior 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 have been restricted, committed or assigned.

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

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, 2012.

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, 2012.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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, 2012
(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, 2012
(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, 2012, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Capital, Tuition & Maintenance Reserve Account	Total
Checking Accounts	\$ 3,837,002	\$ 1,231,598	\$ 5,068,600
	\$ 3,837,002	\$ 1,231,598	\$ 5,068,600

During the period ended June 30, 2012, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2012, was \$5,068,600 and the bank balance was \$5,628,186.

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, 2012
(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, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011		\$	349,546
Deposits:			
Transferred by Board resolution June 11, 2012	\$		200,000
Transferred from Capital Projects Fund -			
Unexpended balances on Completed Projects			2,288
Interest Earnings			324
			202,612
			552,158
Withdrawals:			
Approved Withdrawals - Budgeted			25,838
Ending Balance, June 30, 2012		\$	526,320

The balance in the capital reserve account at June 30, 2012 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 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, 2012
(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 restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	\$ 310,991
Deposits:	
Transferred by Board resolution June 11, 2012	165,034
Ending Balance, June 30, 2012	\$ 476,025

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2012 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	8,172,662	\$ 458,089	1,683,833	\$10,314,584
Machinery and Equipment	2,113,851	186,810	(690,913)	1,609,748
Total Capital Assets Being Depreciated	10,286,513	644,899	992,920	11,924,332
Governmental Activities Capital Assets	11,222,513	644,899	56,920	11,924,332
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(3,814,347)	(213,425)	(474,960)	(4,502,732)
Machinery and Equipment	(1,546,270)	(146,518)	531,044	(1,161,744)
	(5,360,617)	(359,943)	56,084	(5,664,476)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 5,861,896	\$ 284,956	\$ 113,004	\$ 6,259,856
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 347,074		\$ 629	\$ 347,703
Machinery and Equipment	211,982	\$ 17,262	(30,736)	198,508
Less Accumulated Depreciation	(315,034)	(11,763)	28,583	(298,214)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 244,022	\$ 5,499	\$ (1,524)	\$ 247,997

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 6. CAPITAL ASSETS

The District does not have any outstanding construction projects as of June 30, 2012.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 101,055
Special Education	23,975
Other Instruction	87,995
Student and Instruction Related Services	26,342
General Administration	5,379
School Administration	26,700
Central Services & Administrative Information Tehnology	36,685
Operations and Maintenance of Plant	27,810
Pupil Transportation	24,002
	<u>\$ 359,943</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2012, 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	\$ 2,095,000		\$ 225,000	\$ 1,870,000
Certificates of Participation Payable	845,000		195,000	650,000
Capital Leases	3,267		3,267	
Compensated Absences Payable	493,208	\$ 82,072	57,488	517,792
	<u>\$ 3,436,475</u>	<u>\$ 82,072</u>	<u>\$ 480,755</u>	<u>\$ 3,037,792</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, 2012
(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, 2012 as follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
School Refunding Bonds	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>\$ 1,870,000</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, 2012 as follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
Masonry and General	12/1/2012	5.073%	\$ 100,000
Improvements (COPS)	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>\$ 650,000</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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>
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	275,000	29,300	304,300
2018-2019	595,000	24,100	619,100
	<u>\$ 2,520,000</u>	<u>\$ 337,760</u>	<u>\$ 2,857,760</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2012, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2012, the Board had no capital leases payable.

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 \$517,792.

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, 2012, 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.

NOTE 8. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2012, the District transferred \$2,198 to the capital outlay accounts. The entire transfer was related to equipment and thus did not require the approval of the County Superintendent.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 9. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP). 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. Effective with the first payroll to be paid on or after October 1, 2011 the employee contributions for PERS went from 5.5% to 6.5% of employees' annual compensation as defined. Employee contributions are based on percentages of 5.50% for 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 \$225,227, \$219,131 and \$171,889 for the fiscal years ended June 30, 2012, 2011 and 2010, respectively.

District and employee contributions to DCRP amounted to \$5,871 and \$11,862 for the fiscal year ended June 30, 2012. 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 2010.

During the fiscal years ended June 30, 2012, 2011 and 2010 the State of New Jersey contributed \$292,179, \$0- and \$0-, respectively, to the TPAF for normal pension benefits on-behalf of the District.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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, 2011, there were 93,323 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 \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

The State on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$587,354, \$602,527 and \$586,603 for 2012, 2011 and 2010 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.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The audit report for the fiscal year ended June 30, 2012 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2011 is as follows:

	New Jersey School Boards Association Insurance Group (NJSBAIG)
Total Assets	\$ 253,890,161
Total Net Assets	\$ 62,802,257
Total Revenue	\$ 83,993,678
Total Expenses	\$ 79,175,491
Change in Net Assets	\$ 4,818,187
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:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012	\$ 65,768	\$ 20,972	\$ 119,158	\$ 368,398
2011	348,000	18,205	247,414	400,816
2010	149,669	28,218	124,363	282,025

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

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, Inc., 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 approved service provider for the District's Internal Revenue Code Section 457 plan, which is administered by the Omni Group, Inc.

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, 2012
(Continued)

NOTE 14. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances

At June 30, 2012, 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>
\$ 522,258	\$ 26,729	\$ -0-	\$ 548,987

On the District's Governmental Funds Balance Sheet as of June 30, 2012, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$26,729 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.

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, 2012 there is an interfund between the Payroll Agency Fund and the Unemployment Compensation Trust for \$9,221. 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, 2012
(Continued)

NOTE 17. OPERATING LEASES

The District had operating leases for the use of copiers as of June 30, 2012 as detailed below:

<u>Year</u>	<u>Amount</u>
2012-2013	\$ 25,864
2013-2014	25,865
2014-2015	8,558
2016 and Beyond	3,805
Total Minimum Lease Payments	<u>64,092</u>
Less: Amount Representing Interest	<u>4,734</u>
Present Value of Net Minimum Lease Payments	<u>\$ 59,358</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 \$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.

The District established a \$100,000 tuition reserve during fiscal year ending June 30, 2012 which will be used to pay for any tuition adjustments for the fiscal year ending June 30, 2014.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,314,062		\$ 12,314,062	\$ 12,314,062	
Tuition to Other LEA's	1,533,356		1,533,356	1,508,356	\$ (25,000)
Interest Earned on Capital Reserve				324	324
Transportation Fees	10,000		10,000	14,162	4,162
Miscellaneous	40,525		40,525	170,639	130,114
Total - Local Sources	13,897,943		13,897,943	14,007,543	109,600
State Sources:					
Categorical Special Education Aid	816,360		816,360	816,360	
Equalization Aid	5,843,358	\$ 218,863	6,062,221	6,062,221	
School Choice Aid		207,876	207,876	207,876	
Extraordinary Aid				123,196	123,196
TPAF Pension (Non-Budgeted)				292,179	292,179
TPAF Post Retirement Medical Benefits (Non-Budgeted)				587,354	587,354
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				676,288	676,288
Total State Sources	6,659,718	426,739	7,086,457	8,765,474	1,679,017
Federal Sources:					
Medicaid Reimbursement	29,274		29,274	34,484	5,210
Education Jobs Funds	249,679		249,679	249,679	
Total Federal Sources	278,953		278,953	284,163	5,210
TOTAL REVENUES	20,836,614	426,739	21,263,353	23,057,180	1,793,827

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 328,482	\$ 93,000	\$ 421,482	\$ 377,788	\$ 43,694
Grades 1-5 - Salaries of Teachers	1,878,896	131,500	2,010,396	1,971,761	38,635
Grades 6-8 - Salaries of Teachers	1,062,902	(48,000)	1,014,902	975,255	39,647
Grades 9-12 - Salaries of Teachers	2,067,930	43,500	2,111,430	2,046,645	64,785
Regular Programs - Home Instruction:					
Salaries of Teachers	32,000	28,000	60,000	59,958	42
Purchased Professional - Educational Services	25,000		25,000	17,084	7,916
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services		31,500	31,500	31,470	30
Other Purchased Services (400-500 series)	85,382		85,382	72,184	13,198
General Supplies	703,544	82,410	785,954	744,027	41,927
Textbooks	40,000	48,367	88,367	82,897	5,470
Other Objects	20,350	(12,914)	7,436	7,436	
Total Regular Programs - Instruction	6,244,486	397,363	6,641,849	6,386,505	255,344
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	122,935	(9,800)	113,135	110,099	3,036
Other Salaries for Instruction	68,392	(10,000)	58,392	36,337	22,055
General Supplies	100		100	100	
Total Learning and/or Language Disabilities	191,427	(19,800)	171,627	146,436	25,191
Behavioral Disabilities:					
Salaries of Teachers	128,097	500	128,597	121,243	7,354
Other Salaries for Instruction	35,561	6,000	41,561	38,015	3,546
General Supplies	5,600		5,600	5,600	
Total Behavioral Disabilities	169,258	6,500	175,758	159,258	16,500

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center:					
Salaries of Teachers	\$ 832,272	\$ 99,400	\$ 931,672	\$ 903,263	\$ 28,409
Other Salaries for Instruction	94,202	22,000	116,202	104,702	11,500
General Supplies	120		120	99	21
Total Resource Room/Resource Center	926,594	121,400	1,047,994	1,008,064	39,930
Preschool Disabilities - Part-Time:					
Salaries of Teachers	103,760	4,500	108,260	108,252	8
Other Salaries for Instruction	64,111	17,400	81,511	81,472	39
Purchased Professional - Educational Services	30,000	(3,065)	26,935		26,935
General Supplies	2,500		2,500	2,500	
Total Preschool Disabilities - Part-Time	200,371	18,835	219,206	192,224	26,982
Total Special Education Instruction	1,487,650	126,935	1,614,585	1,505,982	108,603
Bilingual Education - Instruction:					
Salaries of Teachers	217,906	43,500	261,406	251,298	10,108
General Supplies	200		200	182	18
Total Bilingual Education - Instruction	218,106	43,500	261,606	251,480	10,126
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	56,974	(700)	56,274	55,492	782
Purchased Services (300-500 series)	6,150	700	6,850	6,847	3
Supplies and Materials		17,414	17,414	17,367	47
Other Objects	1,700		1,700	1,391	309
Total School-Sponsored Cocurricular Activities - Instruction	64,824	17,414	82,238	81,097	1,141

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	\$ 270,571	\$ 3,400	\$ 273,971	\$ 273,961	\$ 10
Purchased Services (300-500 series)	54,075	(9,400)	44,675	43,420	1,255
Supplies and Materials	54,354	6,000	60,354	57,794	2,560
Other Objects	21,461		21,461	13,637	7,824
Total School-Sponsored Cocurricular Athletics - Instruction	400,461		400,461	388,812	11,649
Alternative Education Program - Instruction:					
Salaries of Teachers	45,000	9,400	54,400	54,361	39
Other Purchased Services (400-500 series)	38,075	(2,000)	36,075	32,060	4,015
Total Alternative Education Program - Instruction	83,075	7,400	90,475	86,421	4,054
Total Instruction	8,498,602	592,612	9,091,214	8,700,297	390,917
Undistributed Expenditures:					
Instuction:					
Tuition to Other LEAs Within the State - Regular	51,509		51,509	23,536	27,973
Tuition to Other LEAs Within the State - Special	578,647	(91,000)	487,647	413,904	73,743
Tuition to County Vocational School District - Regular	92,012	(15,500)	76,512		76,512
Tuition to CSSD & Regional Day Schools	44,437		44,437	37,260	7,177
Tuition to Private Schools for the Disabled - Within State	1,156,022	(19,000)	1,137,022	1,023,850	113,172
Tuition - State Facilities	35,000	(35,000)			
Total Undistributed Expenditures - Instruction	1,957,627	(160,500)	1,797,127	1,498,550	298,577

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Attendance & Social Work:					
Salaries	\$ 58,476	\$ 1,500	\$ 59,976	\$ 57,900	\$ 2,076
Other Purchased Services (400-500 series)	380	(80)	300		300
Supplies and Materials	100		100	48	52
Other Objects	100		100		100
Total Attendance & Social Work	59,056	1,420	60,476	57,948	2,528
Health Services:					
Salaries	237,748	10,100	247,848	245,167	2,681
Purchased Professional and Technical Services	15,776	(7,946)	7,830	7,607	223
Other Purchased Services (400-500 series)	20,008	980	20,988	20,736	252
Supplies and Materials	5,400	(518)	4,882	2,970	1,912
Total Health Services	278,932	2,616	281,548	276,480	5,068
Speech, OT, PT and Related Services:					
Salaries	67,435	2,000	69,435	69,050	385
Purchased Professional - Educational Services	207,100	11,776	218,876	183,532	35,344
Supplies and Materials	3,500	2,765	6,265	6,211	54
Total Speech, OT, PT and Related Services	278,035	16,541	294,576	258,793	35,783
Guidance:					
Salaries of Other Professional Staff	391,093	18,000	409,093	386,847	22,246
Salaries of Secretarial and Clerical Assistants	57,417	30,000	87,417	83,762	3,655
Purchased Professional - Educational Services	2,225	6,500	8,725	8,501	224
Other Purchased Services (400-500)	9,306	(1,672)	7,634	6,843	791
Supplies and Materials	4,780	(1,876)	2,904	2,904	
Other Objects	600	(600)			
Total Guidance	465,421	50,352	515,773	488,857	26,916

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 3,500	\$ 26,350	\$ 29,850	\$ 27,858	\$ 1,992
Salaries of Secretarial and Clerical Assistants	50,897	500	51,397	49,759	1,638
Purchased Professional - Educational Services	54,097	19,000	73,097	56,152	16,945
Misc. Pur. Serv. (400-500 series) Other Than Residential Costs	14,160	(3,950)	10,210	5,454	4,756
Supplies and Materials	6,000		6,000	3,305	2,695
Other Objects	6,704		6,704	2,162	4,542
Total Child Study Teams	135,358	41,900	177,258	144,690	32,568
Improvement of Instructional Services:					
Salaries of Other Professional Staff	62,110	(15,000)	47,110		47,110
Other Salaries	56,176		56,176	55,913	263
Other Purchased Services (400-500)	32,000		32,000	1,589	30,411
Supplies and Materials	950		950	299	651
Other Objects	3,500		3,500	450	3,050
Total Improvement of Instructional Services	154,736	(15,000)	139,736	58,251	81,485
Educational Media Services/School Library:					
Salaries	396,529	19,500	416,029	402,302	13,727
Purchased Professional and Technical Services	400		400	220	180
Other Purchased Services (400-500)	1,235	(185)	1,050	450	600
Supplies and Materials	23,352	(5,079)	18,273	17,685	588
Total Educational Media Services/School Library	421,516	14,236	435,752	420,657	15,095
Instructional Staff Training Services:					
Other Salaries	3,000		3,000	1,786	1,214
Purchased Professional - Educational Services	1,000		1,000	1,000	
Other Purchased Services (400-500 series)	4,200		4,200	4,026	174
Total Instructional Staff Training Services	8,200		8,200	6,812	1,388

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<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 - General Administration:					
Salaries	\$ 217,540	\$ 3,800	\$ 221,340	\$ 221,330	\$ 10
Legal Services	85,645	(28,000)	57,645	37,484	20,161
Audit Fees	26,500	(1,300)	25,200	23,750	1,450
Other Purchased Professional Services	103,872	(2,000)	101,872	57,061	44,811
Communications/Telephone	121,926	5,685	127,611	123,368	4,243
BOE Other Purchased Services	1,500		1,500	777	723
Miscellaneous Purchased Services (400-500 series)	30,720	(3,685)	27,035	25,255	1,780
General Supplies	7,200		7,200	1,418	5,782
BOE in-house Meeting/Training Supplies	2,800		2,800	29	2,771
Miscellaneous Expenditures	4,250		4,250	2,025	2,225
Board of Education Membership Dues and Fees	11,600		11,600	10,025	1,575
Total Support Services - General Administration	613,553	(25,500)	588,053	502,522	85,531
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	514,303	(10,500)	503,803	501,488	2,315
Salaries of Other Professional Staff	196,502	14,500	211,002	208,976	2,026
Salaries of Secretarial and Clerical Assistants	194,219	15,000	209,219	205,785	3,434
Other Purchased Services (400-500 series)	3,300	1,552	4,852	4,368	484
Supplies and Materials	11,450	(2,969)	8,481	7,938	543
Other Objects	4,625	(111)	4,514	4,000	514
Total Support Services - School Administration	924,399	17,472	941,871	932,555	9,316

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<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 - Central Services:					
Salaries	\$ 361,435	\$ 6,000	\$ 367,435	\$ 358,443	\$ 8,992
Purchased Professional Services	2,685		2,685	700	1,985
Purchased Technical Services	41,295	(4,200)	37,095	24,600	12,495
Miscellaneous Purchased Services (400-500 series)	41,585	5,275	46,860	29,327	17,533
Supplies and Materials	27,808		27,808	21,309	6,499
Miscellaneous Expenditures	3,475		3,475	1,908	1,567
Total Support Services - Central Services	478,283	7,075	485,358	436,287	49,071
Support Services - Administration Information Technology:					
Salaries	56,176		56,176	55,913	263
Total Support Services - Administration Information Technology	56,176		56,176	55,913	263
Required Maintenance of School Facilities:					
Salaries	368,033	(47,500)	320,533	245,771	74,762
Cleaning, Repair and Maintenance Services	626,627	(8,500)	618,127	510,047	108,080
General Supplies	218,308	7,000	225,308	212,893	12,415
Total Required Maintenance of School Facilities	1,212,968	(49,000)	1,163,968	968,711	195,257
Custodial Services:					
Salaries	640,063	31,000	671,063	618,426	52,637
Cleaning, Repair and Maintenance Services	10,390		10,390	7,005	3,385
Rental of Land and Building Other than Lease Purchase Agreements	125,000		125,000	125,000	
Other Purchased Property Services	32,000		32,000	29,649	2,351
Insurance	124,257	(10,000)	114,257	107,420	6,837
Miscellaneous Purchased Services	8,095		8,095	4,593	3,502
General Supplies	98,416	10,000	108,416	75,678	32,738
Energy (Electricity)	370,776		370,776	283,264	87,512
Other Objects	6,525		6,525	4,040	2,485
Energy (Natural Gas)	355,000	(112,500)	242,500	147,960	94,540

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Custodial Services (Cont'd):					
Energy (Oil)	\$ 3,500		\$ 3,500	\$ 2,644	\$ 856
Total Custodial Services	1,774,022	\$ (81,500)	1,692,522	1,405,679	286,843
Security:					
Purchased Professional and Technical Services		37,500	37,500	37,403	97
Total Security		37,500	37,500	37,403	97
Student Transportation Services:					
Salaries of Non-Instructional Aides	4,438		4,438	3,083	1,355
Salaries for Transportation - (Between Home & School) - Special	143,288		143,288	116,013	27,275
Salaries for Transportation - (Other Than Between Home & School)	50,648		50,648	42,349	8,299
Cleaning, Repair and Maintenance Services	24,500		24,500	11,735	12,765
Contracted Services:					
Other than Between Home and School - Vendors	15,000	1,825	16,825	11,902	4,923
Special Education Students - Joint Agreements	195,000	(15,000)	180,000	144,736	35,264
Aid in Lieu of Payments - Charter School	4,570		4,570	3,536	1,034
Miscellaneous Purchased Services - Transportation	10,525		10,525	6,286	4,239
General Supplies	31,000	5,000	36,000	27,726	8,274
Other Objects	3,250		3,250	810	2,440
Total Student Transportation Services	482,219	(8,175)	474,044	368,176	105,868
Unallocated Benefits:					
Social Security Contributions	253,903		253,903	242,509	11,394
Other Retirement Contributions - Regular	256,000	(10,000)	246,000	231,098	14,902
Unemployment Compensation	150,000		150,000	90,768	59,232
Workmen's Compensation	177,508		177,508	142,300	35,208
Health Benefits	3,408,856	(245,174)	3,163,682	2,792,271	371,411
Tuition Reimbursement	100,000		100,000	56,930	43,070
Other Employee Benefits	48,000		48,000	37,499	10,501
Total Unallocated Benefits	4,394,267	(255,174)	4,139,093	3,593,375	545,718

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
On-Behalf Contributions:					
TPAF Pension (Non-Budgeted)				\$ 292,179	\$ (292,179)
TPAF Post Retirement Medical Benefits (Non-Budgeted)				587,354	(587,354)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				676,288	(676,288)
Total On-Behalf Contributions				1,555,821	(1,555,821)
Total Personal Services - Employee Benefits	\$ 4,394,267	\$ (255,174)	\$ 4,139,093	5,149,196	(1,010,103)
Total Undistributed Expenses	13,694,768	(405,737)	13,289,031	13,067,480	221,551
TOTAL CURRENT EXPENSE	22,193,370	186,875	22,380,245	21,767,777	612,468
CAPITAL OUTLAY					
Equipment:					
Instruction - Grades 9-12	48,357	21,000	69,357	35,846	33,511
School Buses - Regular	44,570		44,570	44,570	
Undistributed Expenditures - Non-Instructional Services	9,500		9,500	9,149	351
Total Equipment	102,427	21,000	123,427	89,565	33,862
Facilities Acquisition and Construction Services:					
Construction Services	76,262	(18,802)	57,460	29,216	28,244
Other Objects	3,143		3,143	3,143	
Total Facilities Acquisition and Construction Services	79,405	(18,802)	60,603	32,359	28,244
TOTAL CAPITAL OUTLAY	181,832	2,198	184,030	121,924	62,106
Transfer of Funds to Charter Schools	35,000		35,000	31,910	3,090
TOTAL EXPENDITURES	22,410,202	189,073	22,599,275	21,921,611	677,664
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,573,588)	237,666	(1,335,922)	1,135,569	2,471,491

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing (Uses):					
Capital Reserve - Transfer to Capital Projects Fund		\$ (44,640)	\$ (44,640)	\$ (42,352)	\$ 2,288
Total Other Financing (Uses)		(44,640)	(44,640)	(42,352)	2,288
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing (Uses)	\$ (1,573,588)	193,026	(1,380,562)	1,093,217	2,473,779
Fund Balance, July 1	3,265,002		3,265,002	3,265,002	
Fund Balance, June 30	\$ 1,691,414	\$ 193,026	\$ 1,884,440	\$ 4,358,219	\$ 2,473,779
 <u>Recapitulation:</u>					
Restricted:					
Excess Surplus				\$ 1,188,845	
Excess Surplus - Designated for Subsequent Year's Expenditures				432,781	
Tuition Reserve Designated for 2012-2013 School Year				129,253	
Tuition Reserve Designated for 2013-2014 School Year				100,000	
Maintenance Reserve				476,025	
Capital Reserve				526,320	
Assigned:					
Year-End Encumbrances				522,258	
Designated for Subsequent Year's Expenditures				451,378	
Unassigned				531,359	
				4,358,219	
Reconciliation to Governmental Funds Statements (GAAP):					
State Aid Payments not Recognized on GAAP Basis				(706,237)	
Fund Balance per Governmental Funds (GAAP)				\$ 3,651,982	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources		\$ 134,978	\$ 134,978	\$ 103,984	\$ (30,994)
State Sources	\$ 450,719	221,071	671,790	295,491	(376,299)
Federal Sources	1,266,579	542,332	1,808,911	1,405,746	(403,165)
Total Revenues	<u>1,717,298</u>	<u>898,381</u>	<u>2,615,679</u>	<u>1,805,221</u>	<u>(810,458)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	563,953	149,640	713,593	617,338	96,255
Other Salaries for Instruction	45,212	20,099	65,311	38,793	26,518
Purchased Professional - Education Services	106,627	(98,238)	8,389	8,389	
Tuition	166,215	(147,526)	18,689	18,689	
Other Purchased Services		26,955	26,955	18,047	8,908
General Supplies	144,169	148,436	292,605	155,962	136,643
Textbooks	11,002	(7,776)	3,226	3,091	135
Other Objects	1,000	10,000	11,000	670	10,330
Total Instruction	<u>1,038,178</u>	<u>101,590</u>	<u>1,139,768</u>	<u>860,979</u>	<u>278,789</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<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	\$ 350,621	\$ 71,567	\$ 422,188	\$ 313,781	\$ 108,407
Other Salaries	17,459	86,925	104,384	64,774	39,610
Personal Services - Employee Benefits	219,416	165,107	384,523	338,042	46,481
Purchased Professional and Technical Services	75,905	363,104	439,009	159,764	279,245
Other Purchased Professional Services	7,219	50,616	57,835	20,134	37,701
Supplies and Materials	8,500	14,615	23,115	10,470	12,645
Other Objects		16,853	16,853	9,286	7,567
Total Support Services	<u>679,120</u>	<u>768,787</u>	<u>1,447,907</u>	<u>916,251</u>	<u>531,656</u>
Facilities Acquisition:					
Non-Instructional Equipment		28,004	28,004	27,991	13
Total Facilities Acquisition		<u>28,004</u>	<u>28,004</u>	<u>27,991</u>	<u>13</u>
Total Expenditures	<u>\$ 1,717,298</u>	<u>\$ 898,381</u>	<u>\$ 2,615,679</u>	<u>\$ 1,805,221</u>	<u>\$ 810,458</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, 2012

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	\$ 23,057,180	\$ 1,805,221
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		82,876
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	639,414	35,249
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(706,237)	(33,201)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 22,990,357	\$ 1,890,145
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 21,921,611	\$ 1,805,221
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.		82,876
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 21,921,611	\$ 1,888,097

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2012 was submitted to the County office and was voted upon at the annual school election on the fourth Wednesday in April, 2011. 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). 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, 2012

	No Child Left Behind					Title III, Carryover
	Title I	Title I, Carryover	Title I ARRA	Title II, Part A	Title III	
REVENUE:						
Local Sources						
State Sources						
Federal Sources	\$ 749,610	\$ 149,565	\$ 12,397	\$ 66,511	\$ 21,430	\$ 4,359
Total Revenue	749,610	149,565	12,397	66,511	21,430	4,359
EXPENDITURES:						
Instruction:						
Salaries of Teachers	395,389	42,493	10,849	48,950	14,684	3,542
Other Salaries for Instruction						
Purchased Professional - Educational Services		8,389				
Tuition						
Other Purchased Services	16,093				1,518	
General Supplies	8,296	64,575				140
Textbooks						
Other Objects						
Total Instruction	419,778	115,457	10,849	48,950	16,202	3,682
Support Services:						
Salaries of Other Professional Staff	52,419	10,484				
Other Salaries	28,467	5,932	667			
Personal Services - Employee Benefits	179,725	3,704	881	17,561	4,100	271
Purchased Professional and Technical Services	66,699	12,785				
Other Purchased Professional Services	834				149	
Supplies and Materials	1,688	1,203			979	406
Other Objects						
Total Support Services	329,832	34,108	1,548	17,561	5,228	677
Facilities Acquisition:						
Non-Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 749,610	\$ 149,565	\$ 12,397	\$ 66,511	\$ 21,430	\$ 4,359

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	IDEA Part B				Preschool Education Aid	Nonpublic Textbooks
	Basic	Basic, Carryover	Preschool	Preschool, Carryover		
REVENUE:						
Local Sources						
State Sources					\$ 292,400	\$ 3,091
Federal Sources	\$ 344,686	\$ 46,304	\$ 3,734	\$ 7,150		
Total Revenue	344,686	46,304	3,734	7,150	292,400	3,091
EXPENDITURES:						
Instruction:						
Salaries of Teachers	553	2,174	553	3,043	95,108	
Other Salaries for Instruction	198	649	628	2,077	35,241	
Purchased Professional - Educational Services						
Tuition		18,689				
Other Purchased Services						
General Supplies	5,041	2,119	2,463		33,453	
Textbooks						3,091
Other Objects	250				420	
Total Instruction	6,042	23,631	3,644	5,120	164,222	3,091
Support Services:						
Salaries of Other Professional Staff	202,011	8,516		1,522	38,829	
Other Salaries	221	1,408			23,739	
Personal Services - Employee Benefits	85,461	974	90	508	43,767	
Purchased Professional and Technical Services	47,531	11,775			20,974	
Other Purchased Professional Services	1,050				397	
Supplies and Materials	2,370				472	
Other Objects						
Total Support Services	338,644	22,673	90	2,030	128,178	
Facilities Acquisition:						
Non-Instructional Equipment						
Total Facilities Acquisition						
Total Expenditures	\$ 344,686	\$ 46,304	\$ 3,734	\$ 7,150	\$ 292,400	\$ 3,091

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Empower Grant Middle School	Empower Grant High School	Robotics Donation	Scoreboard Donation	MSG Varsity Grant	PLTW Grant
REVENUE:						
Local Sources	\$ 4,655	\$ 7,051	\$ 21,821	\$ 15,618	\$ 2,092	\$ 24,875
State Sources						
Federal Sources						
Total Revenue	<u>4,655</u>	<u>7,051</u>	<u>21,821</u>	<u>15,618</u>	<u>2,092</u>	<u>24,875</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Professional - Educational Services						
Tuition						
Other Purchased Services						
General Supplies						24,875
Textbooks						
Other Objects						
Total Instruction						<u>24,875</u>
Support Services:						
Salaries of Other Professional Staff						
Other Salaries	2,340	2,000				
Personal Services - Employee Benefits					1,000	
Purchased Professional and Technical Services						
Other Purchased Professional Services	1,696	1,772	14,173			
Supplies and Materials	419	1,841			1,092	
Other Objects	200	1,438	7,648			
Total Support Services	<u>4,655</u>	<u>7,051</u>	<u>21,821</u>		<u>2,092</u>	
Facilities Acquisition:						
Non-Instructional Equipment				15,618		
Total Facilities Acquisition				<u>15,618</u>		
Total Expenditures	<u>\$ 4,655</u>	<u>\$ 7,051</u>	<u>\$ 21,821</u>	<u>\$ 15,618</u>	<u>\$ 2,092</u>	<u>\$ 24,875</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, 2012

	DOW Chemical Grant	Target Grant	NJSBAIG Grant	Totals
REVENUE:				
Local Sources	\$ 15,000	\$ 436	\$ 12,436	\$ 103,984
State Sources				295,491
Federal Sources				1,405,746
Total Revenue	<u>15,000</u>	<u>436</u>	<u>12,436</u>	<u>1,805,221</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				617,338
Other Salaries for Instruction				38,793
Purchased Professional - Educational Services				8,389
Tuition				18,689
Other Purchased Services		436		18,047
General Supplies	15,000			155,962
Textbooks				3,091
Other Objects				670
Total Instruction	<u>15,000</u>	<u>436</u>		<u>860,979</u>
Support Services:				
Salaries of Other Professional Staff				313,781
Other Salaries				64,774
Personal Services - Employee Benefits				338,042
Purchased Professional and Technical Services				159,764
Other Purchased Professional Services			63	20,134
Supplies and Materials				10,470
Other Objects				9,286
Total Support Services			<u>63</u>	<u>916,251</u>
Facilities Acquisition:				
Non-Instructional Equipment			12,373	27,991
Total Facilities Acquisition			<u>12,373</u>	<u>27,991</u>
Total Expenditures	<u>\$ 15,000</u>	<u>\$ 436</u>	<u>\$ 12,436</u>	<u>\$ 1,805,221</u>

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, 2012

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 142,795	\$ 95,108	\$ 47,687
Other Salaries for Instruction	54,500	35,241	19,259
General Supplies	150,582	33,453	117,129
Other Objects	10,000	420	9,580
Total Instruction	<u>357,877</u>	<u>164,222</u>	<u>193,655</u>
Support Services:			
Salaries of Other Professional Staff	38,831	38,829	2
Other Salaries	44,038	23,739	20,299
Personal Services - Employee Benefits	81,521	43,767	37,754
Purchased Professional and Technical Services	59,500	20,974	38,526
Other Purchased Professional Services	10,000	397	9,603
Supplies and Materials	6,692	472	6,220
Other Objects	5,000		5,000
Total Support Services	<u>245,582</u>	<u>128,178</u>	<u>117,404</u>
Total Expenditures	<u>\$ 603,459</u>	<u>\$ 292,400</u>	<u>\$ 311,059</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2011-2012 Preschool Education Aid Allocation	\$ 344,872
Add: Actual Preschool Education Aid Carryover (June 30, 2011)	258,587
Add: Budgeted Transfer from the General Fund 2011-2012	-0-
Total Preschool Education Aid Funds Available for 2011-2012 Budget	<u>603,459</u>
Less: 2011-2012 Budgeted Preschool Education Aid (Including Prior year budget carryover)	<u>(603,459)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2012	-0-
Add: June 30, 2012 Unexpended Preschool Education Aid	311,059
2011-2012 Carryover for Preschool Education Aid Programs	<u>\$ 311,059</u>

Preschool Education Aid Carryover Budgeted for Preschool Education Aid Programs 2012-2013 \$ 24,854

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, 2012

Revenue and Other Financing Sources:	
Transfer from Capital Outlay	\$ 42,352
	<hr/>
Total Revenue and Other Financing Sources	42,352
	<hr/>
Expenditures:	
Purchased Professional and Technical Services	7,522
Construction Services	421,350
	<hr/>
Total Expenditures	428,872
	<hr/>
Excess/(Deficit) of Revenue and Other Financing Sources	
Over/(Under) Expenditures	(386,520)
	<hr/>
Fund Balance - Beginning of Year	569,692
	<hr/>
Fund Balance - End of Year	\$ 183,172
	<hr/> <hr/>
<u>Recapitulation:</u>	
Committed to:	
Other Purposes	\$ 183,172
	<hr/>
	183,172
Reconciliation to Governmental Funds Statement (GAAP):	
SDA Grants not Recognized on GAAP Basis	(47,409)
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 135,763
	<hr/> <hr/>

F-1A

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, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 33,353		\$ 33,353	\$ 33,353
Transfer from Capital Reserve	41,753		41,753	41,753
	75,106		75,106	75,106
Total Revenue and Other Financing Sources				
	75,106		75,106	75,106
Expenditures:				
Legal Services				5,000
Purchased Professional and Technical Services	703		703	10,413
Construction Services	44,088		44,088	55,568
Other Objects				4,125
	44,791		44,791	75,106
Total Expenditures				
	44,791		44,791	75,106
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses				
	\$ 30,315	\$ -0-	\$ 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			
Additional Funds	\$ (26,932)			
Revised Authorized Cost	\$ 75,106			
Percentage Completion	59.64%			
Original Target Completion Date	06/30/10			
Revised Target Completion Date	09/01/11			

F-1B

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, 2012

	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
Total Revenue and Other Financing Sources				
	104,125		104,125	104,125
Expenditures:				
Purchased Professional and Technical Services	10,763		10,763	10,763
Construction Services	92,000		92,000	92,000
Other Objects				1,362
	102,763		102,763	104,125
Total Expenditures				
	102,763		102,763	104,125
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses				
	\$ 1,362	\$ -0-	\$ 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			

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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, 2012

	<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	\$ 18,563		\$ 18,563	\$ 18,563
Transfer from Capital Reserve	44,909		44,909	44,909
	<u>63,472</u>		<u>63,472</u>	<u>63,472</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Purchased Professional and Technical Services	2,717		2,717	10,000
Construction Services	27,600		27,600	48,722
Other Objects				4,750
	<u>30,317</u>		<u>30,317</u>	<u>63,472</u>
Total Expenditures				
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses				
	<u>\$ 33,155</u>	<u>\$ -0-</u>	<u>\$ 33,155</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	SDA-0490-035-09-0ZBF			
Grant Date(s)	04/03/09			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 109,751			
Additional Funds	\$ (46,279)			
Revised Authorized Cost	\$ 63,472			
Percentage Completion	47.76%			
Original Target Completion Date	06/30/10			
Revised Target Completion Date	09/01/10			

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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, 2012

	Prior Periods	Current Year	Totals	Authorized Costs
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	222,256		222,256	222,256
Expenditures:				
Purchased Professional and Technical Services	19,491		19,491	27,811
Construction Services	193,956		193,956	193,956
Other Objects				489
Total Expenditures	213,447		213,447	222,256
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	\$ 8,809	\$ -0-	\$ 8,809	\$ -0-
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			

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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, 2012

	Prior Periods	Current Year	Totals	Revised Authorized Costs
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 22,161		\$ 22,161	\$ 22,161
Transfer from Capital Reserve	44,908		44,908	44,908
	67,069		67,069	67,069
Expenditures:				
Purchased Professional and Technical Services	2,007		2,007	10,000
Construction Services	34,400		34,400	52,319
Other Objects				4,750
	36,407		36,407	67,069
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses				
	\$ 30,662	\$ -0-	\$ 30,662	\$ -0-
Additional Project Information:				
Project Number(s)	SDA-0490-050-09-0ZBH			
Grant Date(s)	04/03/09			
Bond Authorization Date	N/A			
Original Authorized Cost	\$ 109,750			
Additional Funds	\$ (42,681)			
Revised Authorized Cost	\$ 67,069			
Percentage Completion	54.28%			
Original Target Completion Date	06/30/10			
Revised Target Completion Date	09/01/10			

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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, 2012

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Authorized</u> <u>Costs</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 194,627		\$ 194,627	\$ 194,627
Transfer from Capital Reserve	35,972		35,972	35,972
Transfer from Capital Outlay	93,183		93,183	93,183
	<u>323,782</u>		<u>323,782</u>	<u>323,782</u>
Total Revenue and Other Financing Sources				
Expenditures:				
Purchased Professional and Technical Services	1,262	\$ 7,522	8,784	8,784
Construction Services		314,998	314,998	314,998
	<u>1,262</u>	<u>322,520</u>	<u>323,782</u>	<u>323,782</u>
Total Expenditures				
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses				
	<u>\$ 322,520</u>	<u>\$ (322,520)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
Additional Project Information:				
Project Number(s)	SDA-0490-020-10-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	100.00%			
Original Target Completion Date	12/31/10			
Revised Target Completion Date	08/31/11			

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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, 2012

	Prior Periods	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 47,409		\$ 47,409	\$ 47,409
Transfer from Capital Reserve	8,164		8,164	8,164
Transfer from Capital Outlay	23,296		23,296	23,296
Total Revenue and Other Financing Sources	78,869		78,869	78,869
Expenditures:				
Purchased Professional and Technical Services				15,303
Construction Services				60,539
Other Objects				3,027
Total Expenditures				78,869
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses				
	\$ 78,869	\$ -0-	\$ 78,869	\$ -0-
Additional Project Information:				
Project Number(s)	SDA-0490-050-10-GOAX			
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	06/30/13			

F-1H

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, 2012

	<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		\$ 42,352	42,352	42,352
Total Revenue and Other Financing Sources	<u>1,000,000</u>	<u>42,352</u>	<u>1,042,352</u>	<u>1,042,352</u>
Expenditures:				
Construction Services	936,000	106,352	1,042,352	1,042,352
Total Expenditures	<u>936,000</u>	<u>106,352</u>	<u>1,042,352</u>	<u>1,042,352</u>
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	<u>\$ 64,000</u>	<u>\$ (64,000)</u>	<u>\$ -0-</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			
Additional Funds	\$ 2,352			
Revised Authorized Cost	\$ 1,042,352			
Percentage Completion	100.00%			
Original Target Completion Date	12/14/2011			

PROPRIETARY FUNDS

Exhibit G-1

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 164,434
Intergovernmental Accounts Receivable:	
Federal	35,139
State	522
Inventories	<u>11,895</u>

Total Current Assets	<u>211,990</u>
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Non-Current Assets:

Capital Assets	546,211
Less: Accumulated Depreciation	<u>(298,214)</u>

Total Non-Current Assets	<u>247,997</u>
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Total Assets	<u>459,987</u>
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LIABILITIES:

Current Liabilities:

Deferred Revenue	1,700
Accounts Payable - Vendors	<u>67,028</u>

Total Current Liabilities	<u>68,728</u>
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NET ASSETS:

Investment in Capital Assets Net of Related Debt	247,997
Unrestricted	<u>143,262</u>

Total Net Assets	<u>\$ 391,259</u>
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Exhibit G-2

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, 2012

Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Programs	\$ 197,176
Special Events	5,303
	<hr/>
Total Operating Revenue	202,479
	<hr/>
Operating Expenses:	
Cost of Sales	333,477
Salaries, Benefits & Payroll Taxes	257,869
Supplies, Insurance & Other Costs	74,917
Management Fee	37,191
Depreciation Expense	11,762
	<hr/>
Total Operating Expenses	715,216
	<hr/>
Operating Loss	(512,737)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	9,720
Federal Sources:	
National School Lunch Program	424,056
National School Breakfast Program	66,344
Food Distribution Program	50,643
	<hr/>
Total Non-Operating Revenue	550,763
	<hr/>
Change in Net Assets	38,026
Capital Assets - Deletions, Net of Accumulated Depreciation	(1,524)
	<hr/>
Change in Net Assets after Capital Adjustments	36,502
Net Assets - Beginning of Year	354,757
	<hr/>
Net Assets - End of Year	\$ 391,259
	<hr/> <hr/>

Exhibit G-3

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 202,479
Payments to Employees/Vendors	(257,869)
Payments to Food Service Vendor	(419,570)
	<hr/>
Net Cash Used for Operating Activities	(474,960)
	<hr/>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(17,261)
	<hr/>
Net Cash Provided used for Investing Activities	(17,261)
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Breakfast and Lunch Program	10,090
Federal Sources:	
National School Breakfast and Lunch Program	477,446
	<hr/>
Net Cash Provided by Noncapital Financing Activities	487,536
	<hr/>
Net Decrease in Cash and Cash Equivalents	(4,685)
	<hr/>
Cash and Cash Equivalents, July 1	169,119
	<hr/>
Cash and Cash Equivalents, June 30	\$ 164,434
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (512,737)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	11,762
Food Distribution Program	50,643
Changes in Assets and Liabilities:	
Decrease in Inventory	1,104
(Decrease) in Deferred Revenue	(3)
(Decrease) in Accounts Payable	(25,729)
	<hr/>
Net Cash Used for Operating Activities	\$ (474,960)
	<hr/> <hr/>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$50,640 and utilized \$50,643 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2012.

FIDUCIARY FUNDS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2012

	<u>Student Activities</u>	<u>Payroll Agency</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>
ASSETS:					
Cash and Cash Equivalents	\$ 39,021	\$ 345,349	\$ 384,370	\$ 359,177	\$ 1,767
Interfund Receivable - Payroll Agency Fund				9,221	
Total Assets	<u>39,021</u>	<u>345,349</u>	<u>384,370</u>	<u>368,398</u>	<u>1,767</u>
LIABILITIES:					
Interfund Payable - Unemployment Trust		9,221	9,221		
Due to Student Groups	37,724		37,724		
Due to Athletics	1,297		1,297		
Accrued Payroll - Summer Savings		212,348	212,348		
Payroll Deductions and Withholdings		123,780	123,780		
Total Liabilities	<u>39,021</u>	<u>345,349</u>	<u>384,370</u>		
NET ASSETS:					
Held in Trust for Unemployment Claims				368,398	
Restricted for Scholarships					1,767
Total Net Assets	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 368,398</u>	<u>\$ 1,767</u>

Exhibit H-2

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Totals
Additions:			
Contributions:			
Plan Contributions	\$ 20,584		\$ 20,584
Board Contributions	65,768		65,768
Total Contributions	86,352		86,352
Investment Earnings:			
Interest	388	\$ 2	390
Net Investment Earnings	388	2	390
Total Additions	86,740	2	86,742
Deductions			
Unemployment Compensation Claims	119,158		119,158
Scholarships Awarded		100	100
Total Deductions	119,158	100	119,258
Change in Net Assets	(32,418)	(98)	(32,516)
Net Assets - Beginning of the Year	400,816	1,865	402,681
Net Assets - End of the Year	\$ 368,398	\$ 1,767	\$ 370,165

Exhibit H-3

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
ASSETS:				
Cash and Cash Equivalents	\$ 35,170	\$ 66,536	\$ 62,685	\$ 39,021
Total Assets	<u>\$ 35,170</u>	<u>\$ 66,536</u>	<u>\$ 62,685</u>	<u>\$ 39,021</u>
LIABILITIES				
Due to Athletics	\$ 1,295	\$ 2		\$ 1,297
Due to Student Groups	<u>33,875</u>	<u>66,534</u>	<u>\$ 62,685</u>	<u>37,724</u>
Total Liabilities	<u>\$ 35,170</u>	<u>\$ 66,536</u>	<u>\$ 62,685</u>	<u>\$ 39,021</u>

Exhibit H-4

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2012</u>
High School	\$ 24,413	\$ 42,732	\$ 41,608	\$ 25,537
Middle School	1,978	14,365	13,745	2,598
Elementary School	7,484	9,437	7,332	9,589
Athletic Fund	1,295	2		1,297
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total All Schools	<u>\$ 35,170</u>	<u>\$ 66,536</u>	<u>\$ 62,685</u>	<u>\$ 39,021</u>

Exhibit H-5

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 316,865	\$ 13,887,606	\$ 13,859,122	\$ 345,349
Total Assets	<u>\$ 316,865</u>	<u>\$ 13,887,606</u>	<u>\$ 13,859,122</u>	<u>\$ 345,349</u>
<u>LIABILITIES:</u>				
Accrued Payroll - Summer Savings	\$ 197,650	\$ 212,348	\$ 197,650	\$ 212,348
Interfund Payable - Unemployment Trust	7,822	9,221	7,822	9,221
Payroll Deductions and Withholdings	<u>111,393</u>	<u>13,666,037</u>	<u>13,653,650</u>	<u>123,780</u>
Total Liabilities	<u>\$ 316,865</u>	<u>\$ 13,887,606</u>	<u>\$ 13,859,122</u>	<u>\$ 345,349</u>

LONG-TERM DEBT

Exhibit I-2

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

<u>Purpose</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Balance July 1, 2011</u>	<u>Retired or Matured</u>
Floor Scrubbers	N/A	\$ 13,250	<u>\$ 3,267</u>	<u>\$ 3,267</u>

N/A - Not Available

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(UNAUDITED)

	<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	\$ 380,108		\$ 380,108	\$ 380,108	
State Sources:					
Debt Service Aid Type II	162,016		162,016	162,016	
Total Revenues	<u>542,124</u>		<u>542,124</u>	<u>542,124</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	122,126		122,126	122,126	
Redemption of Principal	420,000		420,000	420,000	
Total Regular Debt Service	<u>542,126</u>		<u>542,126</u>	<u>542,126</u>	
Total Expenditures	<u>542,126</u>		<u>542,126</u>	<u>542,126</u>	
(Deficiency) of Revenues (Under) Expenditures	(2)		(2)	(2)	
Fund Balance, July 1	<u>2</u>		<u>2</u>	<u>2</u>	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

STATISTICAL SECTION
(UNAUDITED)

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 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 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 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 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 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 TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
Governmental Activities					
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ (2,351,507)	\$ (1,729,758)	\$ (1,460,807)	\$ (762,990)	\$ (333,536)
Restricted	119,533	719,833	1,436,633	1,924,873	2,606,906
Unrestricted/(Deficit)	31,639	(9,524)	(281,422)	(145,785)	(250,558)
Total Governmental Activities Net Assets	<u>\$ (2,200,335)</u>	<u>\$ (1,019,449)</u>	<u>\$ (305,595)</u>	<u>\$ 1,016,098</u>	<u>\$ 2,022,812</u>
Business-type Activities					
Invested in Capital Assets, Net of Related Debt	\$ 23,455	\$ 21,367	\$ 40,105	\$ 21,504	\$ 180,793
Unrestricted	43,072	39,985	34,968	50,665	62,758
Total Business-type Activities Net Assets	<u>\$ 66,527</u>	<u>\$ 61,352</u>	<u>\$ 75,072</u>	<u>\$ 72,169</u>	<u>\$ 243,550</u>
District-wide					
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ (2,328,051)	\$ (1,708,391)	\$ (1,420,702)	\$ (741,486)	\$ (152,744)
Restricted	119,533	719,833	1,436,633	1,924,873	2,606,906
Unrestricted/(Deficit)	74,711	30,461	(246,454)	(95,120)	(187,800)
Total District Net Assets	<u>\$ (2,133,808)</u>	<u>\$ (958,097)</u>	<u>\$ (230,523)</u>	<u>\$ 1,088,267</u>	<u>\$ 2,266,362</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NET ASSETS BY COMPONENT,
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Governmental Activities					
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ 1,756,290	\$ 1,112,918	\$ 1,716,604	\$ 2,918,629	\$ 3,739,856
Restricted	2,547,711	2,395,714	1,810,688	1,259,473	2,853,224
Unrestricted/(Deficit)	(1,664,862)	(771,262)	(862,834)	1,060,389	346,336
Total Governmental Activities Net Assets	\$ 2,639,139	\$ 2,737,370	\$ 2,664,458	\$ 5,238,491	\$ 6,939,416
Business-type Activities					
Invested in Capital Assets, Net of Related Debt Unrestricted	\$ 171,638	\$ 153,461	\$ 238,916	\$ 244,022	\$ 247,997
Unrestricted	76,288	101,301	94,183	110,735	143,262
Total Business-type Activities Net Assets	\$ 247,927	\$ 254,762	\$ 333,099	\$ 354,757	\$ 391,259
District-wide					
Invested in Capital Assets, Net of Related Debt/(Deficit)	\$ 1,927,929	\$ 1,266,379	\$ 1,955,520	\$ 3,162,651	\$ 3,987,853
Restricted	2,547,711	2,395,714	1,810,688	1,259,473	2,853,224
Unrestricted/(Deficit)	(1,588,574)	(669,961)	(768,651)	1,171,124	489,598
Total District Net Assets	\$ 2,887,066	\$ 2,992,132	\$ 2,997,557	\$ 5,593,248	x

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 6,595,465	\$ 6,953,657	\$ 7,366,595	\$ 7,817,365	\$ 8,729,503
Special Education	2,351,266	1,837,684	2,123,640	1,990,611	2,198,403
Other Instruction	911,673	1,240,249	1,448,662	1,134,253	1,108,426
Support Services					
Tuition	1,450,738	1,557,704	1,728,663	1,389,187	1,562,380
Student & Instruction Related Services	2,129,078	2,539,353	2,775,693	2,575,993	2,690,014
General and Business Administrative Services	1,027,080	1,036,917	1,171,098	1,126,029	1,166,831
School Administrative Services	1,136,678	1,176,381	1,310,226	1,348,187	1,403,920
Central Services & Administrative Information Technology					
Plant Operations and Maintenance	1,591,491	1,488,990	1,877,914	2,193,838	2,963,093
Pupil Transportation	500,613	603,623	622,776	676,585	676,893
Special Schools	217,316	219,623	5,835		
Charter Schools					22,876
Capital Outlay					
Interest on long-term debt	292,556	278,183	312,422	194,415	198,925
Total Governmental Activities Expenses	18,203,954	18,932,364	20,743,523	20,446,464	22,721,265
Business-type Activities					
Food Service	442,954	487,052	522,202	487,334	520,391
Total Business-type Activities Expense	442,954	487,052	522,202	487,334	520,391
Total District Expenses	\$ 18,646,909	\$ 19,419,417	\$ 21,265,726	\$ 20,933,799	\$ 23,241,656
Program Revenues					
Governmental Activities					
Charges for Services					
Tuition & Pupil Transportation	\$ 26,766	\$ 53,328	\$ 14,761	\$ 46,508	\$ 25,120
Operating Grants and Contributions	5,138,567	3,779,735	3,490,916	5,568,315	6,358,381
Capital Grants and Contributions					
Total Governmental Activities Program Revenues	5,165,333	3,833,063	3,505,678	5,614,822	6,383,501
Business-type Activities:					
Charges for Services					
Food Service	181,922	197,520	207,283	212,521	206,861
Operating Grants and Contributions	254,386	277,827	320,242	271,910	312,128
Capital Grants and Contributions					
Total Business-type Activities Program Revenues	436,308	475,347	527,525	484,431	518,989
Total District Program Revenues	\$ 5,601,641	\$ 4,308,409	\$ 4,033,202	\$ 6,099,254	\$ 6,902,490

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

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
Net (Expense)/Revenue					
Governmental Activities	\$ (13,038,621)	\$ (15,099,302)	\$ (17,237,846)	\$ (14,831,642)	\$ (16,337,764)
Business-type Activities	(6,647)	(11,706)	5,322	(2,903)	(1,402)
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>
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
Taxes Levied for Debt Service	227,478	382,587	355,475	353,516	299,659
Federal and State aid not restricted	2,465,978	4,435,464	5,045,085	2,742,761	2,894,411
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
Miscellaneous Income	43,741	52,354	74,747	133,455	9,612
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>
Business-type Activities					
Investment Earnings		6,530	8,398		
Miscellaneous					
Prior Year Adjustment - Capital Assets					172,783
Total Business-type Activities		<u>6,530</u>	<u>8,398</u>		<u>172,783</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>
Change in Net Assets					
Governmental Activities	\$ (1,224,720)	\$ 1,270,501	\$ 645,344	\$ 1,321,693	\$ 1,081,714
Business-type Activities	(6,647)	(5,175)	13,721	(2,903)	171,381
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>

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

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 8,958,668	\$ 8,781,177	\$ 9,471,006	\$ 9,101,265	\$ 9,925,886
Special Education	1,614,382	2,136,723	3,210,096	2,994,967	3,018,139
Other Instruction	966,231	963,039	1,117,507	1,069,180	1,199,461
Support Services					
Tuition	1,616,083	1,709,374	2,019,496	1,178,899	1,498,550
Student & Instruction Related Services	3,210,903	3,384,761	2,730,076	2,393,733	2,401,926
General and Business Administrative Services	578,153	1,264,738	1,541,863	644,922	595,606
School Administrative Services	1,491,351	652,135	591,904	1,231,592	1,251,606
Central Services & Administrative					
Information Technology	637,272	565,175	678,253	662,570	678,599
Plant Operations and Maintenance	3,331,127	3,230,031	2,746,671	2,504,012	2,781,499
Pupil Transportation	598,333	589,008	691,361	403,748	478,755
Special Schools					
Charter Schools	29,770	63,454	43,870	34,949	31,910
Capital Outlay		18,672			
Interest on long-term debt	208,873	166,966	132,752	136,223	117,129
Total Governmental Activities Expenses	<u>23,241,146</u>	<u>23,525,253</u>	<u>24,974,855</u>	<u>22,356,060</u>	<u>23,979,066</u>
Business-type Activities					
Food Service	589,857	639,604	720,678	692,835	716,740
Total Business-type Activities Expense	<u>589,857</u>	<u>639,604</u>	<u>720,678</u>	<u>692,835</u>	<u>716,740</u>
Total District Expenses	<u>\$ 23,831,004</u>	<u>\$ 24,164,857</u>	<u>\$ 25,695,533</u>	<u>\$ 23,048,895</u>	<u>\$ 24,695,806</u>
Program Revenues					
Governmental Activities					
Charges for Services					
Tuition & Pupil Transportation	\$ 6,761	\$ 28,549	\$ 1,430,266	\$ 1,224,395	\$ 1,522,518
Operating Grants and Contributions	3,386,488	4,086,428	5,699,175	4,285,627	4,669,370
Capital Grants and Contributions			151,415	1,043,671	257,365
Total Governmental Activities Program Revenues	<u>3,393,249</u>	<u>4,114,977</u>	<u>7,280,856</u>	<u>6,553,693</u>	<u>6,449,253</u>
Business-type Activities:					
Charges for Services					
Food Service	221,508	216,200	200,931	198,194	202,479
Operating Grants and Contributions	370,112	416,890	464,616	484,746	550,763
Capital Grants and Contributions			101,187	171	
Total Business-type Activities Program Revenues	<u>591,620</u>	<u>633,090</u>	<u>766,734</u>	<u>683,111</u>	<u>753,242</u>
Total District Program Revenues	<u>\$ 3,984,869</u>	<u>\$ 4,748,067</u>	<u>\$ 8,047,590</u>	<u>\$ 7,236,804</u>	<u>\$ 7,202,495</u>

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

	2008	2009	2010	2011	2012
Net (Expense)/Revenue					
Governmental Activities	\$ (19,847,898)	\$ (19,410,276)	\$ (17,693,999)	\$ (15,802,367)	\$ (17,529,813)
Business-type Activities	1,763	(6,514)	46,056	(9,724)	36,502
Total District-wide Net Expense	<u>\$ (19,846,135)</u>	<u>\$ (19,416,790)</u>	<u>\$ (17,647,943)</u>	<u>\$ (15,812,091)</u>	<u>\$ (17,493,311)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Property Taxes Levied for General Purposes, Net	\$ 12,054,424	\$ 12,102,757	\$ 12,284,744	\$ 12,072,744	\$ 12,314,062
Taxes Levied for Debt Service	345,497	347,983	348,678	357,154	380,108
Federal and State aid not restricted	6,058,553	6,874,372	4,841,513	5,851,606	6,365,605
Tuition					
Investment Earnings	162,440	40,613	14,981	139	324
Miscellaneous Income	206,722	142,782	131,171	94,757	170,639
Prior Year Adjustment - Capital Assets					
NJ Economic Authority Grants					
Refunding Bond Proceeds					
Total Governmental Activities	<u>18,827,636</u>	<u>19,508,507</u>	<u>17,621,087</u>	<u>18,376,400</u>	<u>19,230,738</u>
Business-type Activities					
Investment Earnings	2,614				
Miscellaneous		13,350	32,281	31,382	
Prior Year Adjustment - Capital Assets					
Total Business-type Activities	<u>2,614</u>	<u>13,350</u>	<u>32,281</u>	<u>31,382</u>	<u>-0-</u>
Total District-wide	<u>\$ 18,830,250</u>	<u>\$ 19,521,857</u>	<u>\$ 17,653,368</u>	<u>\$ 18,407,782</u>	<u>\$ 19,230,738</u>
Change in Net Assets					
Governmental Activities	\$ (1,020,262)	\$ 98,231	\$ (72,912)	\$ 2,574,033	\$ 1,700,925
Business-type Activities	4,377	6,836	78,337	21,658	36,502
Total District	<u>\$ (1,015,885)</u>	<u>\$ 105,067</u>	<u>\$ 5,425</u>	<u>\$ 2,595,691</u>	<u>\$ 1,737,427</u>

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

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
General Fund					
Reserved	\$ 214,822	\$ 785,857	\$ 1,103,105	\$ 1,894,176	\$ 2,629,534
Unreserved / (Deficit)	472,986	364,684	141,526	350,591	258,550
Restricted					
Assigned					
Total General Fund	\$ 687,808	\$ 1,150,541	\$ 1,244,631	\$ 2,244,767	\$ 2,888,085
All Other Governmental Funds					
Reserved			\$ 392,423	\$ 28,716	
Unreserved/(Deficit), Reported in:					
Special Revenue Fund	\$ (70,798)				
Capital Projects Fund		\$ 19,715	24,326	26,686	\$ 37,417
Debt Service Fund	(24,491)	126	317	379,886	(2,082)
Restricted					
Committed					
Unassigned / (Deficit)					
Total All Other Governmental Funds/(Deficit)	\$ (95,289)	\$ 19,841	\$ 417,066	\$ 435,288	\$ 35,335
Total Governmental Funds	\$ 592,519	\$ 1,170,382	\$ 1,661,697	\$ 2,680,055	\$ 2,923,419

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
MODIFIED ACCRUAL BASIS OF ACCOUNTING
UNAUDITED
(Continued)

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
General Fund					
Reserved	\$ 2,680,601	\$ 2,403,319	\$ 1,574,502		
Unreserved / (Deficit)	247,229	(150,502)	(193,916)		
Restricted				\$ 1,259,471	\$ 2,853,224
Assigned				1,366,117	798,758
Total General Fund	<u>\$ 2,927,830</u>	<u>\$ 2,252,817</u>	<u>\$ 1,380,586</u>	<u>\$ 2,625,588</u>	<u>\$ 3,651,982</u>
All Other Governmental Funds					
Reserved			\$ 45,121		
Unreserved/(Deficit), Reported in:					
Special Revenue Fund	\$ (89,460)	\$ (29,940)	(38,574)		
Capital Projects Fund	37,417		207,500		
Debt Service Fund	(1,885)	22,335	22,139		
Restricted				\$ 2	
Committed				264,918	\$ 135,763
Unassigned / (Deficit)				(35,249)	(33,201)
Total All Other Governmental Funds/(Deficit)	<u>\$ (53,929)</u>	<u>\$ (7,605)</u>	<u>\$ 236,186</u>	<u>\$ 229,671</u>	<u>\$ 102,562</u>
Total Governmental Funds	<u>\$ 2,873,901</u>	<u>\$ 2,245,212</u>	<u>\$ 1,616,772</u>	<u>\$ 2,855,259</u>	<u>\$ 3,754,544</u>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
Revenues					
Tax Levy	\$ 8,346,473	\$ 10,671,698	\$ 11,343,245	\$ 11,901,522	\$ 12,706,817
Tuition Charges	1,020,236	1,099,008	1,151,300	1,338,232	1,576,467
Interest Earnings	38,449	23,028	52,863	142,316	211,961
Transportation Fees	26,766	53,328	14,761	46,508	25,120
Miscellaneous	73,008	52,354	74,747	156,137	144,307
Other Sources					
State Sources	6,670,155	7,228,019	7,531,303	7,257,727	8,100,018
Federal Sources	804,147	987,181	1,004,698	1,028,662	996,488
Total Revenue	16,979,235	20,114,615	21,172,918	21,871,103	23,761,178
Expenditures					
Instruction					
Regular Instruction	5,394,988	5,177,433	5,357,570	6,100,975	6,339,932
Special Education Instruction	1,609,822	1,488,848	1,637,179	1,395,112	1,460,876
Other Instruction	652,458	900,138	1,006,531	840,830	766,246
Support Services					
Tuition	1,450,738	1,557,704	1,728,663	1,389,187	1,562,380
Student & Other Instruction Related Services	1,658,035	1,910,831	2,150,242	2,043,856	2,054,278
School Administrative Services	892,371	901,973	895,097	1,034,340	1,000,681
General & Business Administrative Services	984,428	870,157	991,762	957,509	924,588
Central Services and Administrative					
Information Technology					
Plant Operations and Maintenance	1,414,910	1,296,516	1,638,403	1,997,886	2,698,679
Pupil Transportation	448,478	542,050	558,749	625,706	624,305
Unallocated Benefits	3,027,160	3,642,705	4,123,465	3,651,882	4,837,734

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

UNAUDITED

(Continued)

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
Expenditures					
Special Schools	\$ 182,343	\$ 181,956	\$ 4,355		
Charter School					\$ 22,876
Capital Outlay	851,062	602,768	374,870	\$ 717,898	344,687
Debt Service:					
Principal	249,964	269,993	280,000	295,000	335,000
Interest and Other Charges	295,265	281,929	267,784	215,262	203,652
Total Expenditures	<u>19,112,021</u>	<u>19,625,002</u>	<u>21,014,671</u>	<u>21,265,443</u>	<u>23,175,914</u>
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	<u>(2,132,787)</u>	<u>489,613</u>	<u>158,247</u>	<u>605,661</u>	<u>585,264</u>
Other Financing Sources/(Uses)					
Capital Leases (Non-budgeted)			117,117		
NJ Economic Development Authority Grants		88,250	215,950		
Transfers in	423,131	112,485	316,775		
Transfers out	<u>(423,131)</u>	<u>(112,485)</u>	<u>(316,775)</u>		
Total Other Financing Sources/(Uses)		<u>88,250</u>	<u>333,067</u>		
Net Change in Fund Balances	<u>\$ (2,132,787)</u>	<u>\$ 577,863</u>	<u>\$ 491,314</u>	<u>\$ 605,661</u>	<u>\$ 585,264</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>2.99%</u>	<u>2.90%</u>	<u>2.65%</u>	<u>2.48%</u>	<u>2.36%</u>

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

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Revenues					
Tax Levy	\$ 12,399,921	\$ 12,450,740	\$ 12,633,422	\$ 12,429,898	\$ 12,694,170
Tuition Charges	1,696,589	1,326,393	1,376,405	1,192,531	1,508,356
Interest Earnings	162,440	40,613	14,981	139	324
Transportation Fees	6,761	28,549	53,861	31,864	14,162
Miscellaneous	131,754	84,801	131,171	1,098,321	170,639
Other Sources	74,968	57,981	37,525		168,948
State Sources	8,577,021	8,764,081	7,653,140	8,516,188	9,363,345
Federal Sources	868,020	870,325	3,001,438	1,661,152	1,760,047
Total Revenue	23,917,474	23,623,483	24,901,943	24,930,093	25,679,991
Expenditures					
Instruction					
Regular Instruction	6,859,374	6,562,247	7,122,471	6,917,885	7,534,483
Special Education Instruction	1,325,240	1,592,340	2,432,265	2,252,971	2,218,008
Other Instruction	655,306	709,730	790,606	699,269	807,810
Support Services					
Tuition	1,616,083	1,709,374	2,019,496	1,178,899	1,498,550
Student & Other Instruction Related Services	2,588,084	2,728,543	1,896,259	1,661,981	1,712,488
School Administrative Services	1,005,631	574,639	527,667	553,276	502,522
General & Business Administrative Services	482,085	1,019,785	1,072,503	888,028	932,555
Central Services and Administrative					
Information Technology	423,735	421,694	458,074	460,025	492,200
Plant Operations and Maintenance	2,800,796	2,848,858	2,371,655	2,186,347	2,411,793
Pupil Transportation	520,124	503,541	610,852	319,762	368,176
Unallocated Benefits	4,558,499	4,259,998	5,135,998	4,891,356	5,149,196

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

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
Expenditures					
Special Schools					
Charter School	\$ 29,770	\$ 63,454	\$ 43,870	\$ 34,949	\$ 31,910
Capital Outlay	569,391	724,408	510,510	1,119,113	578,889
Debt Service:					
Principal	345,000	360,000	380,000	400,000	420,000
Interest and Other Charges	187,874	173,562	158,157	140,995	122,126
Total Expenditures	<u>23,966,992</u>	<u>24,252,173</u>	<u>25,530,383</u>	<u>23,704,856</u>	<u>24,780,706</u>
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	<u>(49,519)</u>	<u>(628,690)</u>	<u>(628,440)</u>	<u>1,225,237</u>	<u>899,285</u>
Other Financing Sources/(Uses)					
Capital Leases (Non-budgeted)				13,250	
NJ Economic Development Authority Grants					
Transfers in		37,417	491,479	56,660	42,352
Transfers out		(37,417)	(491,479)	(56,660)	(42,352)
Total Other Financing Sources/(Uses)				<u>13,250</u>	
Net Change in Fund Balances	<u>\$ (49,519)</u>	<u>\$ (628,690)</u>	<u>\$ (628,440)</u>	<u>\$ 1,238,487</u>	<u>\$ 899,285</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>2.28%</u>	<u>2.27%</u>	<u>2.15%</u>	<u>2.40%</u>	<u>2.24%</u>

Source: School District Financial Reports

Exhibit J-5

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>
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
2012	5,954	1,508,356	14,162	165,009	1,693,481

Source: School District of the Borough of Bound Brook records

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

<u>Year Ended</u> <u>December 31,</u>	<u>Vacant</u> <u>Land</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total</u> <u>Assessed</u> <u>Value</u>	<u>Public</u> <u>Utilities</u> ^a	<u>Net Valuation</u> <u>Taxable</u>	<u>Total Direct</u> <u>School Tax</u> <u>Rate</u> ^b	<u>Estimated Actual</u> <u>(County</u> <u>Equalized Value)</u>
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
2011	8,921,000	647,153,900	134,746,700	1,881,600	45,437,300	838,140,500	9,023,902	847,164,402	1.466	876,640,196

* 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

Exhibit J-7

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	
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
2011	1.422	0.044	1.466	0.819	0.367	2.652

* 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>2011</u>		<u>2002</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%	\$ 12,670,000	3.03%
Middle Brook Center, LLC	16,500,000	1.93%	9,029,000	2.16%
Bell Atlantic	8,747,378	1.02%	7,241,139	1.73%
Tomur Realty LLC	6,585,900	0.77%		
MF Carriage Park, LLC	4,320,000	0.50%		
Garfield Park Association	4,260,000	0.50%	2,000,000	0.48%
Bragg-Norton, LLC	3,520,000	0.41%		
Somerset Savings and Loan	3,107,500	0.36%	2,015,800	0.48%
Bound Brook Holdings LLC	2,808,000	0.33%	1,193,400	0.29%
East High Street Properties	2,370,000	0.28%		
Bound Brook Investment Co.			1,773,300	0.42%
Blair House			1,300,000	0.31%
Efinger Holding Co.			1,060,000	0.25%
La Maison Ville			1,055,000	0.25%
Total	<u>\$ 75,738,778</u>	<u>8.84%</u>	<u>\$ 39,337,639</u>	<u>9.40%</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 TEN 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%
2012	12,694,170	12,694,170	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.

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)				
2003	\$ 3,450,000	\$ 2,080,000	\$ 472,311	\$ -0-	\$ -0-	\$ 6,002,311	1.05%	\$ 105
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%	83
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	0.61%	62
2008	2,710,000	1,370,000	27,804	-0-	-0-	4,107,804	0.54%	55
2009	2,515,000	1,205,000	6,455	-0-	-0-	3,726,455	0.52%	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	0.40%	42
2012	1,870,000	650,000	-0-	-0-	-0-	2,520,000	0.35%	36

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		
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%	222
2011	2,095,000	- 0 -	2,095,000	0.24%	200
2012	1,870,000	- 0 -	1,870,000	0.22%	179

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, 2011
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	\$ 22,683,548	100.00%	\$ 22,683,548
Somerset County General Obligation Debt	174,753,720	1.53%	<u>2,665,266</u>
Subtotal, Overlapping Debt			25,348,814
Bound Brook School District Direct Debt			<u>2,520,000</u>
Total Direct and Overlapping Debt			<u>\$ 27,868,814</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 TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2012

	Equalized valuation basis
	2009 \$ 926,870,090
	2010 874,989,180
	2011 812,466,557
	\$ 2,614,325,827
Average Equalized Valuation of Taxable Property	\$ 871,441,942
Debt Limit (4% of average equalization value)	34,857,678 ^a
Net Bonded School Debt	2,520,000
Legal Debt Margin	\$ 32,337,678

	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	5,530,000	5,260,000	4,980,000	4,685,000	4,425,000
Legal Debt Margin	\$ 13,172,679	\$ 15,690,173	\$ 18,573,933	\$ 22,119,235	\$ 26,484,308
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	29.57%	25.11%	21.14%	17.48%	14.32%

	Fiscal Year				
	2008	2009	2010	2011	2012
Debt Limit	\$ 34,639,398	\$ 34,238,985	\$ 34,988,727	\$ 37,425,653	\$ 34,857,678
Total Net Debt Applicable to Limit	4,080,000	3,720,000	3,340,000	2,940,000	2,520,000
Legal Debt Margin	\$ 30,559,398	\$ 30,518,985	\$ 31,648,727	\$ 34,485,653	\$ 32,337,678
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	11.78%	10.86%	9.55%	7.86%	7.23%

^a 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
2003	10,050	\$ 573,322,350	\$ 57,047	4.10%
2004	10,042	605,221,298	60,269	4.00%
2005	10,012	627,852,520	62,710	4.90%
2006	10,001	680,468,040	68,040	5.40%
2007	10,119	728,719,785	72,015	4.80%
2008	10,329	766,370,484	74,196	6.40%
2009	10,433	717,300,049	68,753	11.1%
2010	10,422	728,351,892	69,886	11.1%
2011	10,449	730,238,814 ***	69,886 *	10.9%
2012	10,449 **	730,238,814 ***	69,886 *	N/A

* - Latest Somerset County per capita personal income available (2010) was used for calculation purposes.

** - Latest population data available (2011) was used for calculation purposes.

*** - Latest Borough personal income available (2010) 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

Exhibit J-15

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

Employer	2012		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

2003 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 NINE 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>	<u>2012</u>
Instruction									
Regular	91.2	92.7	90.7	94.0	88.1	87.0	86.3	83.8	92.1
Special education	21.0	21.0	30.5	19.0	9.0	21.6	17.3	18.2	20.2
Other special education	5.0	6.0	6.0	21.0	15.0	13.0	10.5	13.5	14.0
Other instruction	17.0	19.0	15.0	13.0	21.4	7.4	10.5	10.9	9.6
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	25.0
General administrative services	3.5	3.0	3.0	2.0	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	10.0
Business administrative services	5.5	5.2	5.2	5.2	6.1	5.0	5.0	5.3	5.3
Plant operations and maintenance	17.0	17.5	16.4	15.0	31.5	16.0	16.0	15.0	17.8
Pupil transportation	5.0	5.0	5.0	4.0	3.0	3.5	3.5	4.0	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>	<u>200</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				
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%
2012	1,535	23,659,691	15,413	7.12%	122	1:13.6	1:11.7	1,524.0	1,453.1	2.08%	95.35%

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

	<u>2003</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>	<u>2012</u>
<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	189	174	175	175	199	201	140	159	150	140
LaMonte Annex (2006)										
Square Feet				30,240	30,240	30,240	30,240	30,240	30,240	30,240
Capacity (students)				256	256	256	256	256	256	256
Enrollment					214	228	250	284	304	307
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	241	239	216	203	259	275	279	320	323	361
<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	369	367	335	332	328	308	304	255	270	262
Smalley Trailers										
Square Feet	12,500	12,500	12,500	12,500						
Capacity (students)	100	100	100	100						
Enrollment	92	97	100	84						
<u>High School</u>										
Bound Brook High School (1907)										
Square Feet	110,389	110,389	118,025	118,025	118,025	118,025	118,025	118,025	118,025	118,025
Capacity (students)	731	731	869	869	869	869	869	869	869	869
Enrollment	709	731	709	721	469	496	493	495	485	465

Number of Schools at June 30, 2012

 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
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
2012	427,132	178,873	133,536	155,374	73,796	968,711

* 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, 2012
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, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 16, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements as prescribed by the Office of School Finance, 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.

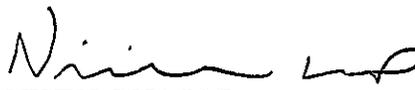
The Honorable President and Members
of the Board of Education
Borough of Bound Brook School District
Page 2

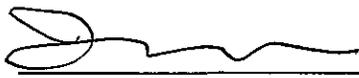
Compliance and Other Matters

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 Office of School Finance, 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 October 16, 2012.

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.

October 16, 2012
Mount Arlington, New Jersey


NISIVOC CIA LLP



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



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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 OMB's Circular 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, 2012. 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 Office of School Finance, 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 OMB's Circular 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 Non-Profit Organizations*. Those standards, Federal OMB Circular A-133, and New Jersey OMB's Circular 04-04 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2012.

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

Internal Control Over Compliance

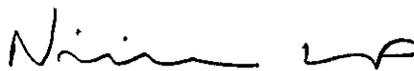
The management of the Board is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Board's internal control 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.

October 16, 2012
Mount Arlington, New Jersey


NISIVOCIA LLP



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, 2012

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, 2011			Cash Received	Budgetary Expenditures	Balance at June 30, 2012	
					Budgetary Accounts Receivable	Budgetary Deferred Revenue	Adjustments			Budgetary Accounts Receivable	Budgetary Deferred Revenue
U.S. Department of Education Passed-through State Department of Education:											
General Fund:											
Education Jobs Funds	84.394	N/A	7/1/10-9/30/12	\$ 249,679				\$ 249,679	\$ (249,679)		
								249,679	(249,679)		
Special Revenue Fund:											
No Child Left Behind Consolidated Grant:											
Title I	84.010A	NCLB184012	9/1/11-8/31/12	846,178				525,969	(749,610)	\$ (223,641)	
Title I	84.010A	NCLB184011	9/1/10-8/31/11	639,180	\$ (117,729)			267,294	(149,565)		
Title I	84.010A	NCLB184010	9/1/09-8/31/10	764,031	(159,327)			159,327			
Title I - Carryover	84.010A	NCLB184009	9/1/08-8/31/10	648,132	(64,349)			64,349			
Title I - ARRA	84.389	NCLB184010	7/1/09-8/31/11	433,854	(18,610)		\$ (58)	31,065	(12,397)		
Title II, Part A	84.367A	NCLB184012	9/1/11-8/31/12	76,115				51,775	(66,511)	(14,736)	
Title II, Part A	84.367A	NCLB184011	9/1/10-8/31/11	77,418	(16,833)			16,833			
Title II, Part A	84.367A	NCLB184010	9/1/09-8/31/10	77,364	(2,181)			2,181			
Title II, Part D	84.318A	NCLB184010	9/1/09-8/31/10	7,773	(756)			756			
Title III	84.365A	NCLB184012	9/1/11-8/31/12	38,690				15,338	(21,430)	(6,092)	
Title III	84.365A	NCLB184011	9/1/10-8/31/11	42,751	(4,435)			5,795	(1,360)		
Title III - Carryover	84.365A	NCLB184010	9/1/09-8/31/11	38,070	(12,205)			15,204	(2,999)		
IDEA Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA184012	9/1/11-8/31/12	605,326			(173)	245,755	(344,686)	(99,104)	
I.D.E.A. Part B, Basic	84.027	IDEA184011	9/1/10-8/31/11	258,519	(357)			46,661	(46,304)		
I.D.E.A. Part B, Preschool	84.173	IDEA184012	9/1/11-8/31/12	21,138				1,180	(3,734)	(2,554)	
I.D.E.A. Part B, Preschool	84.173	IDEA184011	9/1/10-8/31/11	11,708	(4,038)			11,188	(7,150)		
I.D.E.A. Part B, Basic - ARRA	84.391	IDEA184010	7/1/09-8/31/11	428,452	(42,451)			42,451			
Total IDEA Special Education Cluster					(46,846)		(173)	347,235	(401,874)	(101,658)	
Total Special Revenue Fund					(443,271)		(231)	1,503,121	(1,405,746)	(346,127)	
Total U.S. Department of Education					(443,271)		(231)	1,752,800	(1,655,425)	(346,127)	
U.S. Department of Health and Human Services:											
Medicaid Assistance Program	93.778	N/A	7/1/11-6/30/12	34,484				28,376	(34,484)	(6,108)	
Medicaid Assistance Program	93.778	N/A	7/1/10-6/30/11	32,462	(9,318)			9,318			
					(9,318)			37,694	(34,484)	(6,108)	
Total U.S. Department of Health and Human Services					(9,318)			37,694	(34,484)	(6,108)	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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, 2011			Cash Received	Budgetary Expenditures	Balance at June 30, 2012	
					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	7/1/11-6/30/12	\$ 50,640			\$ 50,640	\$ (48,940)		\$ 1,700	
Food Distribution Program	10.555	N/A	7/1/10-6/30/12	43,609		\$ 1,703		(1,703)			
School Breakfast Program	10.553	N/A	7/1/11-6/30/12	66,344			54,163	(66,344)	\$ (12,181)		
School Breakfast Program	10.553	N/A	7/1/10-6/30/11	59,830	\$ (3,055)		3,055				
National School Lunch Program	10.555	N/A	7/1/11-6/30/12	424,056			401,098	(424,056)	(22,958)		
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	373,191	(19,130)		19,130				
Total Child Nutrition Cluster					(22,185)	1,703	528,086	(541,043)	(35,139)	1,700	
Total U.S. Department of Agriculture					(22,185)	1,703	528,086	(541,043)	(35,139)	1,700	
Total Federal Awards					<u>\$(474,774)</u>	<u>\$ 1,703</u>	<u>\$2,318,580</u>	<u>\$(2,230,952)</u>	<u>\$(387,374)</u>	<u>\$ 1,700</u>	

N/A - Not Applicable

**BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011				Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2012			MEMO		
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Cancellation				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	11-495-034-5120-089	7/1/10 - 6/30/11	816,360	\$ (81,044)			\$ 81,044							\$ 816,360		
Equalization Aid	11-495-034-5120-078	7/1/10 - 6/30/11	5,624,495	(558,370)			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		
Reimbursed TPAF Social Security Contributions	11-495-034-5095-002	7/1/10 - 6/30/11	656,895	(32,782)			32,782							656,895		
Categorical Special Education Aid	12-495-034-5120-089	7/1/11 - 6/30/12	816,360				735,001	\$ (816,360)					\$ (81,359)	816,360		
Equalization Aid	12-495-034-5120-078	7/1/11 - 6/30/12	6,062,221				5,458,060	(6,062,221)					(604,161)	6,062,221		
School Choice Aid	12-495-034-5120-068	7/1/11 - 6/30/12	207,876				187,159	(207,876)					(20,717)	207,876		
Extraordinary Aid	12-100-034-5120-473	7/1/11 - 6/30/12	123,196					(123,196)				\$ (123,196)	(123,196)	123,196		
Reimbursed TPAF Social Security Contributions	12-495-034-5095-002	7/1/11 - 6/30/12	676,288				609,413	(676,288)				(66,875)	(66,875)	676,288		
Total General Fund				(763,591)			7,753,224	(7,885,941)				(190,071)		(896,308)	15,075,086	
Special Revenue Fund																
Preschool Education Aid	12-495-034-5120-025	7/1/11 - 6/30/12	333,090				299,889	(292,400)				\$ 40,690	(33,201)	292,400		
Preschool Education Aid	11-495-034-5120-025	7/1/10 - 6/30/11	355,296	(35,249)	\$ 106,346		35,249					106,346		248,950		
Preschool Education Aid	10-495-034-5120-025	7/1/09 - 6/30/10	333,090		4,439							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									65,538		
Character Education	06-100-034-5120-053	7/1/05 - 6/30/06	4,000		1,603				\$ (663)				(1,603)	4,000		
New Jersey Nonpublic Aid:																
Textbook Aid	11-100-034-5120-064	7/1/10 - 6/30/11	8,185							\$ (282)				7,903		
Auxiliary Services:																
Compensatory Education	11-100-034-5120-067	7/1/10 - 6/30/11	43,538										(17,710)	25,828		
Handicapped Services:																
Examination and Classification	11-100-034-5120-066	7/1/10 - 6/30/11	19,454											10,988		
Corrective Speech	11-100-034-5120-066	7/1/10 - 6/30/11	11,812											9,132		
Supplementary Instruction	11-100-034-5120-066	7/1/10 - 6/30/11	19,324											18,706		
Textbook Aid	12-100-034-5120-064	7/1/11 - 6/30/12	3,226				3,226	(3,091)						3,091		
Nursing Services	12-100-034-5120-070	7/1/11 - 6/30/12	4,608				4,608							4,608		
Auxiliary Services:																
Compensatory Education	12-100-034-5120-067	7/1/11 - 6/30/12	32,968				6,593							6,593		
English as a Second Language	12-100-034-5120-067	7/1/11 - 6/30/12	862				172							172		
Handicapped Services:																
Examination and Classification	12-100-034-5120-066	7/1/11 - 6/30/12	10,631				2,126							2,126		
Supplementary Instruction	12-100-034-5120-066	7/1/11 - 6/30/12	11,224				2,245							2,245		
Corrective Speech	12-100-034-5120-066	7/1/11 - 6/30/12	16,587				3,318							3,318		
Total Special Revenue Fund				(35,249)	260,861	29,756	(2,266)	357,426	(295,491)	(29,756)			299,285	19,197	(33,201)	4,546,110
Capital Projects Fund:																
N.J. School Development Authority Grants:																
Upgrade Two Science Classrooms	SDA-0490-050-10-GOAW	2/15/11 - 6/30/12	194,627	(194,627)			155,702	(193,365)				(38,925)		(38,925)	194,627	
Conversion of an Art Classroom	SDA-0490-050-10-GOAX	2/15/11 - 6/30/11	47,409	(47,409)										(47,409)		
Total Capital Projects Fund				(242,036)			155,702	(193,365)				(38,925)		(86,334)	194,627	
Debt Service Fund:																
Type II Aid	12-100-034-5120-125	7/1/11 - 6/30/12	162,016				162,016	(162,016)						162,016		
Total Debt Service Fund							162,016	(162,016)						162,016		
Total New Jersey Department of Education				(1,040,876)	260,861	29,756	(2,266)	8,428,368	(8,536,813)	(29,756)		(228,996)	299,285	19,197	(1,015,843)	19,977,839

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2011				Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2012			MEMO	
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Cancellation				GAAP Accounts Receivable	Budgetary Deferred Revenue	Due to Grantor	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Agriculture:															
Enterprise Fund:															
State School Lunch Program	12-100-010-3350-023	7/1/11 - 6/30/12	\$ 9,720					\$ 9,198	\$ (9,720)		\$ (522)			\$ (522)	\$ 9,720
State School Lunch Program	11-100-010-3350-023	7/1/10 - 6/30/11	8,810	\$ (892)				892							8,810
Total Enterprise Fund				(892)				10,090	(9,720)		(522)			(522)	18,530
Total New Jersey Department of Agriculture				(892)				10,090	(9,720)		(522)			(522)	18,530
Total State Awards				\$ (1,041,768)	\$ 260,861	\$ 29,756	\$ (2,266)	\$ 8,438,458	\$ (8,546,533)	\$ (29,756)	\$ (229,518)	\$ 299,285	\$ 19,197	\$ (1,016,365)	\$ 19,996,369

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, 2012

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, Borough of Bound Brook School District under programs of the federal and state governments for the fiscal year ended June 30, 2012. 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 OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net assets or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting 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 June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. The 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 recognized when expenditures are submitted to the School Development Authority for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$66,823 for the general fund, \$84,924 for the special revenue fund (of which \$964 is for local assistance not included in the table below) and \$193,365 for the capital projects fund. See Note 1D 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 Pension and Post-Retirement Medical Contributions revenue of \$292,179 and \$587,354, 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, 2012
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 284,163	\$ 8,698,651	\$ 8,982,814
Special Revenue Fund	1,475,884	309,313	1,785,197
Capital Projects Fund		193,365	193,365
Debt Service Fund		162,016	162,016
Food Service Fund	541,043	9,720	550,763
Total Awards	<u>\$ 2,301,090</u>	<u>\$ 9,373,065</u>	<u>\$ 11,674,155</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, 2012. 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, 2012

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 Non-Profit Organizations* and New Jersey OMB's Circular 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>				
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/11-6/30/12	\$ 50,640	\$ 48,940
Food Distribution Program	10.555	7/1/10-6/30/12	43,609	1,703
School Breakfast Program	10.553	7/1/11-6/30/12	66,344	66,344
National School Lunch Program	10.555	7/1/11-6/30/12	424,056	424,056
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	9/1/11-8/31/12	605,326	344,686
I.D.E.A. Part B, Basic	84.027	9/1/10-8/31/11	258,519	46,304
I.D.E.A. Part B, Preschool	84.173	9/1/11-8/31/12	21,138	3,734
I.D.E.A. Part B, Preschool	84.173	9/1/10-8/31/11	11,708	7,150
<u>State:</u>				
General Fund State Aid:				
Equalization Aid	12-495-034-5120-078	7/1/11-6/30/12	\$ 6,062,221	\$ 6,062,221
Categorical Special Education Aid	12-495-034-5120-089	7/1/11-6/30/12	816,360	816,360
School Choice Aid	12-495-034-5120-068	7/1/11-6/30/12	207,876	207,876

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(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, 2012

Status of Prior Year Findings:

The District had no prior year audit findings.