

**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, 2015**

**Comprehensive Annual
Financial Report**

of the

**BOROUGH OF BOUND BROOK
SCHOOL DISTRICT**

Bound Brook, New Jersey

For the Fiscal Year Ended June 30, 2015

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
111 WEST UNION AVENUE
BOUND BROOK, NJ 08805

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

Vincent McFadden
 Interim Business Administrator/ Board Secretary

December 1, 2015

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, 2015 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 Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** 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 District completed the 2014-2015 school year with an average daily enrollment of 1,803 students, which is 121 students more than last year.

The Honorable President and Members
of the Board of Education
Borough of Bound Brook School District
Page 2
December 1, 2015

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

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

As a recipient of federal 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.

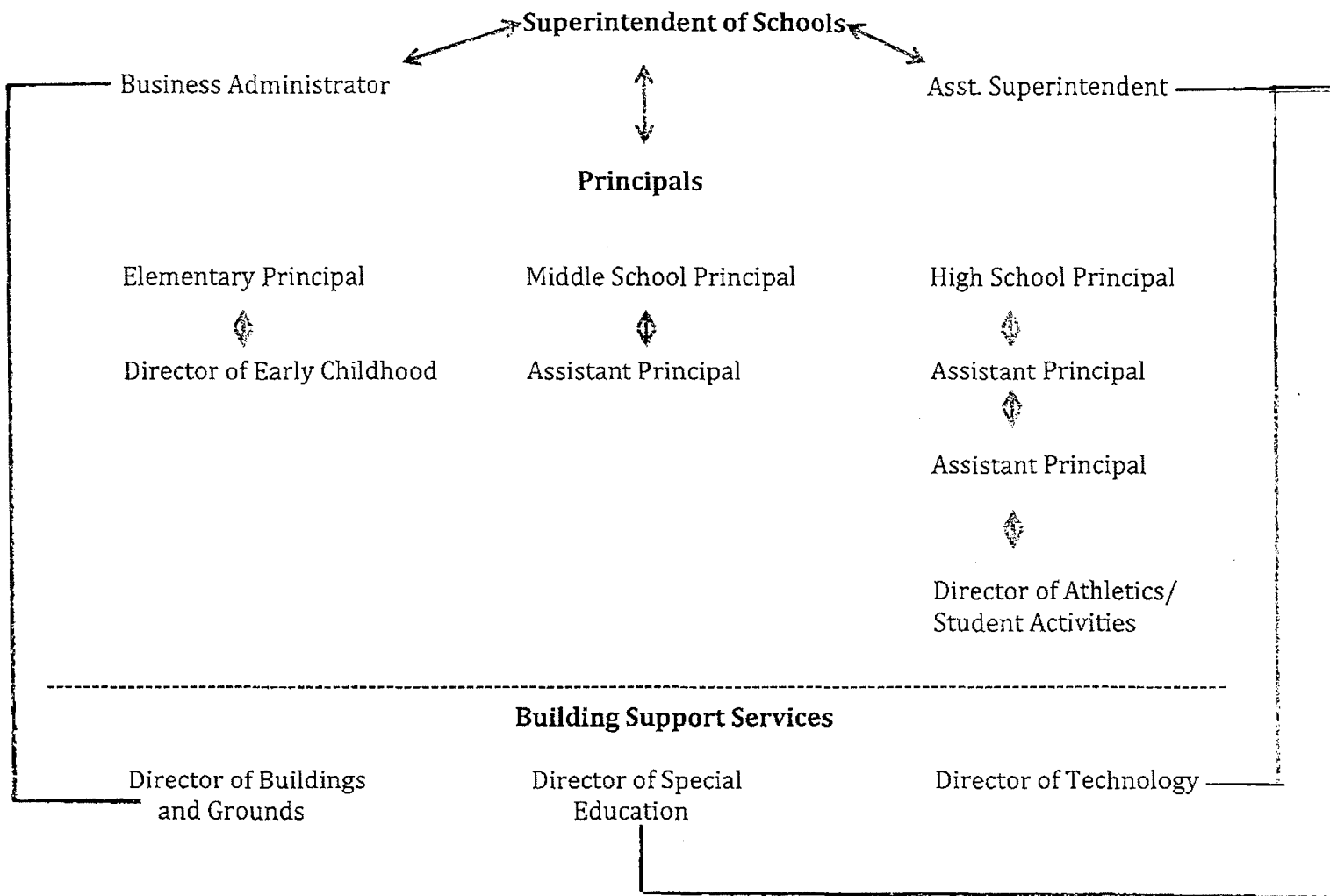
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts 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 fiscal year-end are either cancelled or are included as reappropriations of fund balance in the subsequent fiscal year. Those amounts to be reappropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2015.

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. 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.
6. 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.

Borough of Bound Brook
Organizational Chart
Fiscal Year Ended June 30, 2015



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

**ROSTER OF OFFICIALS
JUNE 30, 2015**

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Terrence Hoben, President	2016
Michele DeFazio, Vice President	2015
William Boehm	2017
Nicholas DelVecchio	2016
Shawn Hasting	2017
Gabriel Gleason	2017
Camilla Stevens	2015
Joseph "Jay" Tomaselli	2015
Roger Zupko	2016
Heidi Shallop, South Bound Brook Representative	2015

OTHER OFFICIALS

Dr. Daniel Gallagher, Superintendent

Vincent McFadden, Interim Business Administrator/Board Secretary

Thomas A. Venanzi, Treasurer

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

Architects

Design Resources Group Architects
371 Hoes Lane, Suite 301
Piscataway, NJ 08854

Audit Firm

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

Attorney

Apruzzese, McDermott, Mastro & Murphy
25 Independence Blvd.
Warren, NJ 07059

Official Depository

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

Clerk of the Works

Summit Management Solutions, LLC
14 Main Street, Suite 305
Madison, NJ 07940-0310

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Bound Brook School District (the "District") in the County of Somerset, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable President and Members
of the Board of Education
Borough of Bound Brook School District
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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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 9 to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 17 to the basic financial statements.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members
of the Board of Education
Borough of Bound Brook School District
Page 3

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 1, 2015
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Borough of Bound Brook School District
Management Discussion and Analysis
For This Fiscal Year Ended June 30, 2015
(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, 2015. 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 \$31.01 million.
- Overall expenses were \$31.73 million.
- Enrollment in the District has increased significantly in the last three years and cost per pupil has increased.
- The District issued \$27,140,000 of school bonds on December 23, 2014 for various improvements and renovations to various district buildings and to acquire the Lamonte School Annex and the Community School and to make the necessary improvements and renovations to each.
- The District had its first tax increase in years, \$614,000 to cover the contractual obligations and reduce carryover.

Overview of the Financial Statements

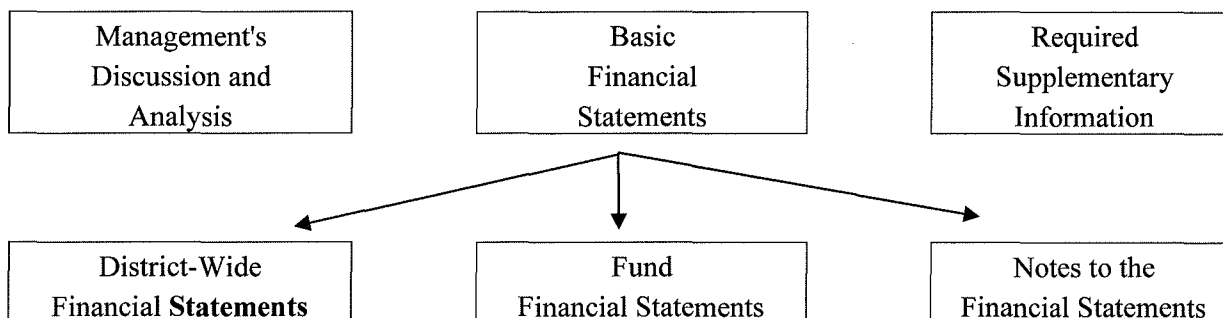
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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**



**Borough of Bound Brook School District
Management Discussion and Analysis
For This Fiscal Year Ended June 30, 2015
(Unaudited)**

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

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 position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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

**Borough of Bound Brook School District
Management Discussion and Analysis
For This Fiscal Year Ended June 30, 2015
(Unaudited)**

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows, and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows, and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is 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.

**Borough of Bound Brook School District
Management Discussion and Analysis
For This Fiscal Year Ended June 30, 2015
(Unaudited)**

- *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 Position. The District's combined net position at June 30, 2015 decreased \$714,458 from the previous year. The net position from governmental activities decreased \$814,027 and the net position from business activities increased \$99,569. The net investment in capital assets increased by \$458,749, due to capital asset additions of \$4,082,288, redemption of outstanding debt of \$485,000 offset by depreciation expense of \$400,264 and issuance of debt adjusted to the extent of the \$3,708,276 of construction in progress. Restricted net position decreased by \$1,450,689 due to an increase in the capital reserve of \$300,000, a decrease in excess surplus of \$1,658,929, and an increase in the debt service fund of \$8,240. Unrestricted net position increased by \$277,482.

**Figure A-3
Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/2015	2013/2014 *	2014/2015	2013/2014	2014/2015	2013/2014 *	
Current and Other Assets	\$27,676,568	\$4,684,583	\$ 369,468	\$ 266,463	\$28,046,036	\$4,951,046	466.47%
Capital Assets, Net	10,198,699	6,561,220	288,615	244,069	10,487,314	6,805,289	54.11%
Total Assets	<u>37,875,267</u>	<u>11,245,803</u>	<u>658,083</u>	<u>510,532</u>	<u>38,533,350</u>	<u>11,756,335</u>	227.77%
Deferred Outflows of Resources	<u>340,841</u>				<u>340,841</u>		100%
Other Liabilities	1,243,479	698,886	72,006	24,024	1,315,485	722,910	81.97%
Long-Term Debt Outstanding	34,933,121	8,050,051			34,933,121	8,050,051	333.95%
Total Liabilities	<u>36,176,600</u>	<u>8,748,937</u>	<u>72,006</u>	<u>24,024</u>	<u>36,248,606</u>	<u>8,772,961</u>	313.19%
Deferred Inflows of Resources	<u>356,669</u>				<u>356,669</u>		100%
Net Position:							
Net Investment in							
Capital Assets	5,350,423	4,936,220	288,615	244,069	5,639,038	5,180,289	8.86%
Restricted	2,187,690	3,638,379			2,187,690	3,638,379	-39.87%
Unrestricted / (Deficit)	(5,855,274)	(6,077,733)	297,462	242,439	(5,557,812)	(5,835,294)	4.76%
Total Net Position	<u>\$ 1,682,839</u>	<u>\$2,496,866</u>	<u>\$ 586,077</u>	<u>\$ 486,508</u>	<u>\$ 2,268,916</u>	<u>\$2,983,374</u>	-23.95%

* - As Restated

**Borough of Bound Brook School District
Management Discussion and Analysis
For This Fiscal Year Ended June 30, 2015
(Unaudited)**

**Figure A-4
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,644,174	\$ 1,618,263	\$ 214,846	\$ 206,447	\$ 1,859,020	\$ 1,824,710	1.88%
Operating Grants & Contributions	7,359,245	4,988,209	995,174	844,829	8,354,419	5,833,038	43.23%
General Revenue:							
Property Taxes	13,215,312	12,951,182			13,215,312	12,951,182	2.04%
Unrestricted Federal & State Aid	7,349,935	7,258,883			7,349,935	7,258,883	1.25%
Other	186,339	104,788	49,481	13,714	235,820	118,502	99.00%
Total Revenue	<u>29,755,005</u>	<u>26,921,325</u>	<u>1,259,501</u>	<u>1,064,990</u>	<u>31,014,506</u>	<u>27,986,315</u>	10.82%
Expenses:							
Instruction	16,804,397	15,239,858			16,804,397	15,239,858	10.27%
Pupil & Instruction Services	6,298,755	5,177,925			6,298,755	5,177,925	21.65%
Administrative & Business	3,249,576	2,984,828			3,249,576	2,984,828	8.87%
Maintenance & Operations	3,004,402	3,107,572			3,004,402	3,107,572	-3.32%
Transportation	629,387	573,206			629,387	573,206	9.80%
Other	582,515	132,324	1,159,932	981,456	1,742,447	1,113,780	56.44%
Total Expenses	<u>30,569,032</u>	<u>27,215,713</u>	<u>1,159,932</u>	<u>981,456</u>	<u>31,728,964</u>	<u>28,197,169</u>	12.53%
Change in Net Position	<u>\$ (814,027)</u>	<u>\$ (294,388)</u>	<u>\$ 99,569</u>	<u>\$ 83,534</u>	<u>\$ (714,458)</u>	<u>\$ (210,854)</u>	238.84%

Revenue Sources. The District's total revenue for the 2014-2015 school year was \$31,014,506, (See Figure A-4). Property taxes and state formula aid accounted for most of the District's revenue, with local taxes accounting for \$13,215,312 of the total, or 42.61 percent. (See Figure A-5). Approximately 50.64 percent came from state and federal aid and the remainder from miscellaneous sources and charges for services.

**Figure A-5
Sources of School District Revenue - Fiscal Year 2015**

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 8,091,036	26.09%
Property Taxes	13,215,312	42.61%
Federal and State Categorical Grants	7,613,318	24.55%
Charges for Services	1,859,020	5.99%
Other	235,820	0.76%
	<u>\$ 31,014,506</u>	<u>100.00%</u>

**Borough of Bound Brook School District
Management Discussion and Analysis
For This Fiscal Year Ended June 30, 2015
(Unaudited)**

The total cost of all programs and services was \$31,728,967. The District's expenses are predominantly related to instructing and caring for pupil services (74.79 percent). (See Figure A-6). The District's administrative and maintenance and operations activities accounted for 19.71 percent of total costs. The most significant contributors to the costs of Maintenance and Operations were snow removal costs. It is important to remember that depreciation and accrued interest are included in expenses for the year.

**Figure A-6
Sources of School District Expenses - Fiscal Year 2015**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 16,804,397	52.96%
Pupil and Instruction Services	6,298,755	19.85%
Administrative and Business	3,249,576	10.24%
Maintenance and Operations	3,004,402	9.47%
Transportation	629,387	1.98%
Other	1,742,447	5.50%
	<u>\$ 31,728,964</u>	<u>100.00%</u>

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District decreased from the prior year. Once again, the state aid remained flat, however there was an increase in the tax levy to cover the contractual obligations and reduce carryover. The District is over \$6 million below adequacy, which causes a severe strain on maintaining the budget. At the same time there was a settled contract, which resulted in an increase of over \$800,000 more than the previous year. Additionally there were over \$500,000 in additional Special Education costs for students who entered the District after December. Such things as improving technology or handling maintenance projects were put on hold. Actual other income only covered \$100,000 of the additional costs. Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented or continued during the year were:

- Participation in an insurance pool operated by New Jersey Schools Insurance Group resulting in low cost property, liability and workers compensation insurance.
- Participation in a group health plan with Horizon – which resulted in significant savings as compared to the State Health Benefits Program.
- Participation in Joint Transportation Agreements.
- Participation in joint purchasing agreements.
- A referendum was passed during the current year to allow the District to enhance the infrastructure of various District buildings and allowed them to acquire two additional school buildings to fulfill enrollment and curriculum demands.

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

**Borough of Bound Brook School District
Management Discussion and Analysis
For This Fiscal Year Ended June 30, 2015
(Unaudited)**

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	
	2014/2015	2013/2014	2014/2015	2013/2014
Instruction	\$ 16,804,397	\$ 15,239,858	\$ 9,009,729	\$ 9,133,293
Pupil and Instruction Services	6,298,755	5,177,925	5,501,590	4,908,604
Administrative and Business	3,249,576	2,984,828	2,902,271	2,817,515
Maintenance and Operations	3,004,402	3,107,572	3,004,402	3,107,572
Transportation	629,387	573,206	565,106	509,933
Other	582,515	132,324	582,515	132,324
	<u>\$ 30,569,032</u>	<u>\$ 27,215,713</u>	<u>\$ 21,565,613</u>	<u>\$ 20,609,241</u>

- Fortunately, the health benefits were only a 4% increase over the previous year. This is due to the District's staff being younger than many districts.
- The following school year the District will most likely have another year of tax increase to cover contract costs. The District continues to reduce its level of using surplus to cover projected costs.
- The District continues to experience increased enrollment, which requires increased instructional costs. The District is attempting to bring some Special Education Students back into the District to reduce these extraordinary costs.
- The cost of all governmental activities this year was \$30.57 million.
- The federal and state governments subsidized certain programs with grants and contributions of \$14.71 million.
- Approximately \$13.22 million of the District's costs were financed by District taxpayers.
- The remainder of the funding came from tuition charges, miscellaneous revenue and investment earnings.

Business-Type Activities

Net position from the District's business-type activity increased by \$99,569 (Refer to Figure A-4). Factors contributing to these results included:

- Food services revenue increased from prior year which was related to non-operating revenue from federal and state subsidies, mainly because the District offered a summer food program in the current year. This increase was offset by an increase in expense especially in the area of cost of sales.

Financial Analysis of the District's Funds

Difficult economic times have had a direct impact upon the District's revenue sources. Interest from investments continues to be significantly lower than in prior years. The District has also reduced its level of using surplus to reduce the tax levy. As overall revenue for the District is strained, the amount of funds generated for this purpose likewise decreases.

**Borough of Bound Brook School District
Management Discussion and Analysis
For This Fiscal Year Ended June 30, 2015
(Unaudited)**

A significant increase in enrollment has required 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.

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. For instance, the District had to cover over \$500,000 in Special Education costs for Students entering after December. Also, monies were spent to cover a needed telecommunications upgrade, as well as a new bus to lower future costs for athletics and field trips.
- Changes in budgetary line accounts to more accurately reflect current requirements. Of these current requirements, there is a contractual obligation of an increase in salary of over \$800,000.

Capital Asset and Debt Administration

At year-end, the District had \$10,487,314 in capital assets as shown in Figure A-8. Capital Assets had a net increase of \$3,682,024 or 54.11% over the prior year, caused by \$4,082,288 of additions offset by \$400,264 of depreciation expense.

**Figure A-8
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	
Construction in Progress	\$ 3,968,174	451,776			\$ 3,968,174	451,776	778.35%
Buildings and Building Improvements	5,649,122	\$ 5,433,099	\$ 225,856	\$ 183,970	5,874,978	\$ 5,617,069	4.59%
Machinery and Equipment	581,403	676,345	62,759	60,099	644,162	736,444	-12.53%
Total Capital Assets (Net of Depreciation)	\$ 10,198,699	\$ 6,561,220	\$ 288,615	\$ 244,069	\$ 10,487,314	\$ 6,805,289	54.11%

**Borough of Bound Brook School District
Management Discussion and Analysis
For This Fiscal Year Ended June 30, 2015
(Unaudited)**

Long-term Debt

At year-end, the District had \$28,280,000 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
	2014/2015	2013/2014 *	
General Obligation Bonds (Financed with Property Taxes)	\$ 28,280,000	\$ 1,395,000	1927.24%
Certificates of Participation		230,000	-100.00%
Net Pension Liability	5,984,930	5,928,656	0.95%
Compensated Absences	668,191	496,395	34.61%
	<u>\$ 34,933,121</u>	<u>\$ 8,050,051</u>	<u>333.95%</u>

* Restated

- During the 2014/2015 school year, the District issued \$27,140,000 of school bonds with vote of the taxpayers through a referendum. The funds will be used to repair the infrastructure of its buildings and acquire two additional school buildings to fulfill enrollment and curriculum demands.
- The District continued to pay down its debt, retiring \$255,000 of outstanding bonds and \$230,000 of certificates of participation.
- Compensated absences payable increased by a net amount of \$171,796 from the prior year.
- The Net Pension Liability decreased by a net of \$56,274 from the prior year.

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 or very limited 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.
- The school district enrollment has increased significantly over the past three years, with over 300 new students to educate; this has placed an additional burden on the capped revenue source.
- The District is continuing its goal of eliminating the need of carryover surplus to cover projected costs. To that end, it would probably need at least another year of an increase to the tax levy to cover contract costs.
- As stated previously, the District is over \$6 million under adequacy.

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 Vincent McFadden, Interim Business Administrator/Board Secretary at the Board of Education Office at 111 West Union Ave, Bound Brook, NJ 08805.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 25,385,784	\$ 280,342	\$ 25,666,126
Receivable from Federal Government	265,190	68,514	333,704
Receivable from State Government	212,337	778	213,115
Receivable from Other Governments	101,328		101,328
Other Accounts Receivable		1,420	1,420
Interfund Accounts Receivable	19,010		19,010
Accrued Interest Receivable	21,141		21,141
Inventories		18,414	18,414
Restricted Assets:			
Maintenance Reserve Account - Cash and Cash Equivalents	359,178		359,178
Capital Reserve Account - Cash and Cash Equivalents	1,312,600		1,312,600
Capital Assets:			
Construction in Progress	3,968,174		3,968,174
Depreciable Buildings and Building Improvements and Machinery and Equipment	<u>6,230,525</u>	<u>288,615</u>	<u>6,519,140</u>
Total Assets	<u>37,875,267</u>	<u>658,083</u>	<u>38,533,350</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in Assumptions - Pensions	188,198		188,198
Changes in Proportions - Pensions	<u>152,643</u>		<u>152,643</u>
Total Deferred Outflows of Resources	<u>340,841</u>		<u>340,841</u>
LIABILITIES			
Accounts Payable - Vendors	442,356	67,791	510,147
Payable to Local Government	125,073		125,073
Accrued Interest Payable	472,226		472,226
Unearned Revenue	203,824	4,215	208,039
Noncurrent Liabilities:			
Due Within One Year	980,000		980,000
Due Beyond One Year	<u>33,953,121</u>		<u>33,953,121</u>
Total Liabilities	<u>36,176,600</u>	<u>72,006</u>	<u>36,248,606</u>
DEFERRED INFLOWS OF RESOURCES			
Investment Gains - Pensions	<u>356,669</u>		<u>356,669</u>
Total Deferred Inflows of Resources	<u>356,669</u>		<u>356,669</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net Investment in Capital Assets	\$ 5,350,423	\$ 288,615	\$ 5,639,038
Restricted for:			
Capital Projects	1,312,600		1,312,600
Debt Service	8,241		8,241
Other Purposes	866,849		866,849
Unrestricted/(Deficit)	(5,855,274)	297,462	(5,557,812)
Total Net Position	\$ 1,682,839	\$ 586,077	\$ 2,268,916

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 FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 11,846,786	\$ 1,603,297	\$ 3,445,920		\$ (6,797,569)		\$ (6,797,569)
Special Education	3,351,241		2,455,455		(895,786)		(895,786)
Other Instruction	1,065,461				(1,065,461)		(1,065,461)
School-Sponsored Instruction	540,909		289,995		(250,914)		(250,914)
Support Services:							
Tuition	2,263,257				(2,263,257)		(2,263,257)
Student & Instruction Related Services	4,035,498		797,165		(3,238,333)		(3,238,333)
General Administrative Services	950,061		97,384		(852,677)		(852,677)
School Administrative Services	1,539,137		249,922		(1,289,215)		(1,289,215)
Central Services and Administrative							
Information Technology	760,378				(760,378)		(760,378)
Plant Operations and Maintenance	3,004,402				(3,004,402)		(3,004,402)
Pupil Transportation	629,387	40,877	23,404		(565,106)		(565,106)
Interest and Other Charges	505,583				(505,583)		(505,583)
Capital Outlay	9,836				(9,836)		(9,836)
Transfer to Charter School	67,096				(67,096)		(67,096)
Total Governmental Activities	30,569,032	1,644,174	7,359,245		(21,565,613)		(21,565,613)

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:							
Food Service	\$ 1,159,932	\$ 214,846	\$ 995,174			\$ 50,088	\$ 50,088
Total Business-Type Activities	1,159,932	214,846	995,174			50,088	50,088
Total Primary Government	<u>\$ 31,728,964</u>	<u>\$ 1,859,020</u>	<u>\$ 8,354,419</u>	<u>\$ -0-</u>	\$ (21,565,613)	50,088	(21,515,525)
General Revenue, Transfers and Special Items:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					12,833,220		12,833,220
Taxes Levied for Debt Service					382,092		382,092
Federal and State Aid not Restricted:					7,349,935		7,349,935
Miscellaneous Income:					235,820		235,820
Transfers					(49,481)	49,481	
Total General Revenue, Transfers and Special Items:					20,751,586	49,481	20,801,067
Change in Net Position					(814,027)	99,569	(714,458)
Net Position - Beginning - (Restated)					2,496,866	486,508	2,983,374
Net Position - Ending					<u>\$ 1,682,839</u>	<u>\$ 586,077</u>	<u>\$ 2,268,916</u>

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, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 1,841,359	\$ 119,702	\$ 23,424,719	\$ 4	\$ 25,385,784
Receivables From Federal Government	14,465	250,725			265,190
Receivables From State Government	212,337				212,337
Receivables From Other Governments	101,328				101,328
Accrued Interest Receivable			21,141		21,141
Interfund Receivable	24,909			8,237	33,146
Restricted Cash and Cash Equivalents	1,671,778				1,671,778
Total Assets	<u>\$ 3,866,176</u>	<u>\$ 370,427</u>	<u>\$ 23,445,860</u>	<u>\$ 8,241</u>	<u>\$ 27,690,704</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
Liabilities:					
Interfund Payable			\$ 14,136		\$ 14,136
Accounts Payable - Vendors	\$ 236,560	\$ 205,796			442,356
Payable to Local Government	125,073				125,073
Unearned Revenue		203,824			203,824
Total Liabilities	<u>361,633</u>	<u>409,620</u>	<u>14,136</u>		<u>785,389</u>
Fund Balances:					
Restricted:					
Excess Surplus	283,548				283,548
Excess Surplus - For Subsequent Year's Expenditures	224,123				224,123
Tuition Reserve For 2014-2015					
Tuition Reserve For 2014-2015					
Maintenance Reserve	359,178				359,178
Capital Reserve Account	1,312,600				1,312,600
Capital Projects			23,431,724		23,431,724
Debt Service				8,241	8,241

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Fund Balances:					
Assigned:					
Year-End Encumbrances	\$ 373,903				\$ 373,903
For Subsequent Year's Expenditures	932,698				932,698
For Subsequent Year's Expenditures - SEMI/ARRA	18,493				18,493
Unassigned / (Deficit)		\$ (39,193)			(39,193)
Total Fund Balances/(Deficit)	3,504,543	(39,193)	\$ 23,431,724	\$ 8,241	26,905,315
Total Liabilities and Fund Balances	\$ 3,866,176	\$ 370,427	\$ 23,445,860	\$ 8,241	

Amounts Reported for Governmental Activities in the Statement of Net Position (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 \$16,879,260 and the Accumulated Depreciation is \$6,680,561.

\$ 10,198,699

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(472,226)

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

(28,948,191)

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

The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.

(5,984,930)

Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.

 Changes in Assumptions - Pensions

188,198

 Investments in Gains - Pensions

(356,669)

 Changes in Proportions - Pensions

152,643

Net Position of Governmental Activities

\$ 1,682,839

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 12,833,220			\$ 382,092	\$ 13,215,312
Tuition Charges	1,603,297				1,603,297
Transportation Fees	40,877				40,877
Miscellaneous	227,583	\$ 42,970	\$ 8,237		278,790
Total - Local Sources	<u>14,704,977</u>	<u>42,970</u>	<u>8,237</u>	<u>382,092</u>	<u>15,138,276</u>
State Sources	10,338,697	406,262		162,872	10,907,831
Federal Sources	87,223	1,477,279			1,564,502
Total Revenues	<u>25,130,897</u>	<u>1,926,511</u>	<u>8,237</u>	<u>544,964</u>	<u>27,610,609</u>
EXPENDITURES:					
Current:					
Regular Instruction	6,857,000	1,097,520			7,954,520
Special Education Instruction	1,533,406	826,761			2,360,167
Other Instruction	427,749				427,749
School-Sponsored	540,909				540,909
Support Services and Undistributed Costs:					
Tuition	2,263,257				2,263,257
Student and Other Instruction Related Services	2,615,307				2,615,307
General Administration Services	726,162				726,162
School Administration Services	981,259				981,259
Central Services & Administrative Information Technology	541,686				541,686
Plant Operations and Maintenance	2,492,118				2,492,118
Student Transportation	545,229				545,229
Unallocated Benefits	5,709,500				5,709,500

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Debt Service:					
Interest and Other Charges				\$ 59,961	\$ 59,961
Principal				485,000	485,000
Capital Outlay	\$ 329,918		\$ 3,708,276		4,038,194
Transfer of Funds to Charter School	67,096				67,096
Total Expenditures	<u>25,630,596</u>	<u>\$ 1,924,281</u>	<u>3,708,276</u>	<u>544,961</u>	<u>31,808,114</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>(499,699)</u>	<u>2,230</u>	<u>(3,700,039)</u>	<u>3</u>	<u>(4,197,505)</u>
OTHER FINANCING SOURCES/(USES):					
Bond Proceeds			27,140,000		27,140,000
Transfers In/(Out)	(49,481)		(8,237)	8,237	(49,481)
Total Other Financing Sources/(Uses)	<u>(49,481)</u>		<u>27,131,763</u>	<u>8,237</u>	<u>27,090,519</u>
Net Change in Fund Balances	(549,180)	2,230	23,431,724	8,240	22,893,014
Fund Balance / (Deficit) - July 1	4,053,723	(41,423)		1	4,012,301
Fund Balance / (Deficit) - June 30	<u>\$ 3,504,543</u>	<u>\$ (39,193)</u>	<u>\$ 23,431,724</u>	<u>\$ 8,241</u>	<u>\$ 26,905,315</u>

THE ACCOMPANYING NOTES TO THE BASIC 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, 2015

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 22,893,014

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 differ from depreciation.

Depreciation Expense	\$ (386,077)	
Capital outlays	<u>4,023,556</u>	
		3,637,479

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 (+). (171,796)

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position. (27,140,000)

Repayment of certificates of participation and serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities. 485,000

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. (445,622)

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, 2015

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Changes in Net Pension Liability	\$ (56,274)
Deferred Outflows:	
Changes in Assumptions	188,198
Changes in Proportions	152,643
Deferred Inflows:	
Net Difference between projected and actual investment earnings on Pension Plan Investments	<u>(356,669)</u>
Change in Net Position of Governmental Activities (Exhibit A-2)	<u>\$ (814,027)</u>

Exhibit B-4

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Business-type Activities - Enterprise Funds</u> <u>Food Service</u> <u>Major Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 280,342
Intergovernmental Accounts Receivable:	
Federal	68,514
State	778
Other Accounts Receivable	1,420
Inventory	18,414
Total Current Assets	<u>369,468</u>
Non-Current Assets:	
Capital Assets	608,840
Less: Accumulated Depreciation	<u>(320,225)</u>
Total Non-Current Assets	<u>288,615</u>
Total Assets	<u>658,083</u>
LIABILITIES:	
Current Liabilities:	
Unearned Revenue	4,215
Accounts Payable - Vendors	<u>67,791</u>
Total Current Liabilities	<u>72,006</u>
NET POSITION:	
Net Investment in Capital Assets	288,615
Unrestricted	<u>297,462</u>
Total Net Position	<u>\$ 586,077</u>

THE ACCOMPANYING NOTES TO THE BASIC 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 POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities - <u>Enterprise Funds</u> <u>Food Service</u> <u>Major Fund</u>
Operating Revenue:	
Local Sources:	
Daily Sales	\$ 191,586
Other Income	23,260
	214,846
Total Operating Revenue	214,846
Operating Expenses:	
Cost of Sales	617,923
Salaries, Benefits & Payroll Taxes	357,018
Supplies, Insurance & Other Costs	127,508
Management Fee	42,596
Equipment	700
Depreciation Expense	14,187
	1,159,932
Total Operating Expenses	1,159,932
Operating Loss	(945,086)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	11,705
Federal Sources:	
National School Lunch Program	565,706
School Breakfast Program	358,300
Food Distribution Program	59,463
	995,174
Total Non-Operating Revenue	995,174
Change in Net Position Before Other Item	50,088
Other Item:	
Transfer from General Fund- Capital Contribution	49,481
	49,481
Total Other Item	49,481
Change in Net Position	99,569
Net Position - Beginning of Year	486,508
Net Position - End of Year	\$ 586,077

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

Exhibit B-6

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds
	Food Service
	Major Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 215,405
Payments to Employees/Vendors	(357,018)
Payments to Food Service Vendor	(683,022)
	(824,635)
Net Cash Used for Operating Activities	(824,635)
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(9,252)
	(9,252)
Net Cash Used for Capital and Related Financial Activities	(9,252)
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	12,291
Federal Sources:	
School Breakfast and National School Lunch Program	920,073
	932,364
Net Cash Provided by Noncapital Financing Activities	932,364
Net Increase in Cash and Cash Equivalents	98,477
Cash and Cash Equivalents, July 1	181,865
Cash and Cash Equivalents, June 30	\$ 280,342
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (945,086)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	14,187
Food Distribution Program	59,463
Changes in Assets and Liabilities:	
Decrease in Other Accounts Receivable	559
(Increase) in Inventory	(1,740)
Increase in Unearned Revenue	1,857
Increase in Accounts Payable	46,125
	46,125
Net Cash Used for Operating Activities	\$ (824,635)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$61,320 and utilized \$59,463 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2015.

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Totals</u>
ASSETS:					
Cash and Cash Equivalents	\$ 208,115	\$ 311,814	\$ 3,048	\$ 873	\$ 523,850
Interfund Receivable - Payroll Agency		11,070			11,070
Total Assets	208,115	322,884	3,048	873	534,920
LIABILITIES:					
Interfund Payable - General Fund	19,010				19,010
Interfund Payable - Unemployment Trust	11,070				11,070
Due to Student Groups	39,355				39,355
Due to Athletics	3,032				3,032
Payroll Deductions and Withholdings	135,648				135,648
Total Liabilities	208,115				208,115
NET POSITION:					
Held in Trust for:					
Unemployment Claims		322,884			322,884
Flexible Spending Claims			3,048		3,048
Restricted for Scholarships				873	873
Total Net Position	\$ -0-	\$ 322,884	\$ 3,048	\$ 873	\$ 326,805

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust	Totals
Additions:				
Contributions:				
Plan Contributions	\$ 24,689	\$ 12,200		\$ 36,889
Total Contributions	24,689	12,200		36,889
Investment Earnings:				
Interest	115			115
Net Investment Earnings	115			115
Total Additions	24,804	12,200		37,004
Deductions				
Unemployment Compensation Claims	80,186			80,186
Flexible Spending Claims		14,199		14,199
Scholarships Awarded			\$ 1,250	1,250
Total Deductions	80,186	14,199	1,250	95,635
Change in Net Position	(55,382)	(1,999)	(1,250)	(58,631)
Net Position - Beginning of the Year	378,266	5,047	2,123	385,436
Net Position - End of the Year	\$ 322,884	\$ 3,048	\$ 873	\$ 326,805

THE ACCOMPANYING NOTES TO THE BASIC 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, 2015

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 and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include 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 position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall 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, 2015
(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, 2015
(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, Flexible Spending 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 position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. 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.

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	\$ 25,138,024	\$ 1,924,512
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.		(231)
Prior Year State Aid Payments Recognized for GAAP Statements	796,813	41,423
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(803,940)	(39,193)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 25,130,897	\$ 1,926,511

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 25,630,596	\$ 1,924,512
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.		(231)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 25,630,596	\$ 1,924,281

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 a 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 position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

K. Capital Assets: (Cont'd)

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

	<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, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond 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 as expenditures in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages:

The District 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 no longer holds these funds on hand. They have been transferred them to a credit union account, where each employee is able to withdraw their accrued salaries over the summer.

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 Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

O. Unearned Revenue:

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

P. Fund Balance Appropriated:

General Fund: Of the \$3,504,543 General Fund balance at June 30, 2015, \$1,312,600 is restricted in a capital reserve account; \$359,178 is restricted in a maintenance reserve account; \$224,123 is restricted for prior year excess surplus in accordance with N.J.S.A.18A:7F (S1701) and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2016; \$283,548 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) and will be appropriated and included as anticipated revenue for the year ended June 30, 2017; \$951,191 of assigned fund balance designated for subsequent year's expenditures is \$290,097 less than the actual assigned fund balance due to the final two state aid payments, which are not recognized on a GAAP Basis until the fiscal year ended June 30, 2016. Additionally, there is \$513,843 of unassigned fund balance which is not reported on a GAAP basis due to the final two state aid payments.

Special Revenue Fund: The deficit fund balance of \$39,193 in Special Revenue Fund at June 30, 2015 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, 2016.

Capital Projects Fund: The Capital Projects Fund fund balance at June 30, 2015 is \$23,431,724 and is restricted.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2015 is \$8,241 and is restricted.

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

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$803,940 and also by \$373,903 of encumbrances are not recognized due to the last two State Aid payments. (\$513,843 in unassigned fund balance and \$290,097 in assigned fund balance designated for subsequent year's expenditures), as reported in the fund statements (modified accrual basis). 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

Q. Deficit Fund Balances

The District has a deficit in unrestricted net position of \$5,855,274 in its governmental activities, which is due to unassigned General Fund balance of \$951,191, \$373,903 of General Fund fund balance assigned for encumbrances, a \$(39,193) deficit in unassigned Special Revenue fund balance, due to the June State Aid payments not being recognized on a GAAP basis, \$188,198 of changes in pension assumptions, \$152,643 of changes in proportion in pensions; offset by accrued interest payable of \$472,226, investment gains in pensions of \$356,669, net pension liability of \$5,984,930, and \$668,191 of compensated absences payable. This deficit does not indicate the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had a deferred outflow of resources at June 30, 2015 for the changes in assumptions in pensions and for the changes in proportion in pension.

The District had deferred inflows of resources at June 30, 2015 for the net difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

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

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2015.

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 \$373,903 of assigned resources for year-end encumbrances and \$951,191 for appropriation in the subsequent year's budget in the General Fund on the budgetary basis at June 30, 2015.

T. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

U. Operating Revenue and Expenses:

Operating revenue are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

V. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investments section of this note.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

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

Investments: (Cont'd)

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.

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

Investments: (Cont'd)

As of June 30, 2015, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents Capital, Tuition & Maintenance Reserve Accounts	Total
Checking Accounts	\$ 26,189,976	\$ 1,671,778	\$ 27,861,754

During the period ended June 30, 2015, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$27,861,754 and the bank balance was \$28,158,988.

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.

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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 1,012,600
Deposits:	
Transferred by Board resolution June 8, 2015	300,000
Ending Balance, June 30, 2015	\$ 1,312,600

The balance in the capital reserve account at June 30, 2015 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP.

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 fiscal 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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.

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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 359,178
Ending Balance, June 30, 2015	<u>\$ 359,178</u>

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Construction in Progress	\$ 451,776	\$ 3,708,276	\$ (191,878)	\$ 3,968,174
Total Capital Assets Not Being Depreciated	<u>451,776</u>	<u>3,708,276</u>	<u>(191,878)</u>	<u>3,968,174</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 10,408,364	270,346	191,878	10,870,588
Machinery and Equipment	1,995,564	44,934		2,040,498
Total Capital Assets Being Depreciated	<u>12,403,928</u>	<u>315,280</u>	<u>191,878</u>	<u>12,911,086</u>
Governmental Activities Capital Assets	<u>12,855,704</u>	<u>4,023,556</u>		<u>16,879,260</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(4,975,265)	(246,201)		(5,221,466)
Machinery and Equipment	(1,319,219)	(139,876)		(1,459,095)
	<u>(6,294,484)</u>	<u>(386,077)</u>		<u>(6,680,561)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 6,561,220</u>	<u>\$ 3,637,479</u>	<u>\$ -0-</u>	<u>\$ 10,198,699</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 356,014	\$ 49,481		\$ 405,495
Machinery and Equipment	194,093	9,252		203,345
Less Accumulated Depreciation	<u>(306,038)</u>	<u>(14,187)</u>		<u>(320,225)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 244,069</u>	<u>\$ 44,546</u>	<u>\$ -0-</u>	<u>\$ 288,615</u>

The District expended \$3,708,276 on various capital projects and transferred \$191,878 of completed projects to depreciable capital assets during the fiscal year. The District also expended \$315,280 from its capital outlay budget and made a capital contribution to the Food Service Fund of \$49,481. The Food Service Fund also expended \$9,251 for additional assets. The District has \$23,431,724 in an active construction project as of June 30, 2015.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 111,665
Special Education	32,106
Other Instruction	114,176
Student and Instruction Related Services	33,203
General Administration	3,759
School Administration	29,660
Central Services & Administrative Information Tehnology	6,332
Operations and Maintenance of Plant	33,615
Pupil Transportation	21,562
	<u>\$ 386,077</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the District-wide financial statements:

	(Restated) <u>Beginning Balance</u>	<u>Accrued</u>	<u>Retired</u>	<u>Ending Balance</u>
Serial Bonds Payable	\$ 1,395,000	\$27,140,000	\$ 255,000	\$28,280,000
Certificates of Participation Payable	230,000		230,000	
Net Pension Liability	5,928,656	56,274		5,984,930
Compensated Absences Payable	<u>496,395</u>	<u>179,914</u>	<u>8,118</u>	<u>668,191</u>
	<u>\$ 8,050,051</u>	<u>\$27,376,188</u>	<u>\$ 493,118</u>	<u>\$34,933,121</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

A. Bonds Payable

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

On December 24, 2014, the District issued debt in the amount of \$27,140,000 with interest rates ranging from 2.00% to 3.75% with consent of the taxpayers through a referendum to repair the infrastructure of its buildings and acquire two additional school buildings to fulfill enrollment and curriculum demands. The bonds mature on January 15, 2016 through 2040.

The District had bonds outstanding as of June 30, 2015 as follows:

	<u>Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
School Refunding Bonds	7/15/2018	4.00%	\$ 1,140,000
School Bonds	1/15/2040	2.00% - 3.750%	27,140,000
			<u>\$ 28,280,000</u>

Principal and interest due on Serial Bonds outstanding are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 980,000	\$ 474,631	\$ 1,454,631
2017	995,000	876,862	1,871,862
2018	1,050,000	843,962	1,893,962
2019	1,095,000	809,262	1,904,262
2020	830,000	779,462	1,609,462
2021-2025	4,710,000	3,501,612	8,211,612
2026-2030	5,330,000	2,752,210	8,082,210
2031-2035	6,270,000	1,884,465	8,154,465
2036-2040	7,020,000	763,366	7,783,366
	<u>\$ 28,280,000</u>	<u>\$ 12,685,832</u>	<u>\$ 40,965,832</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2015, the Board had no capital leases payable.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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 \$668,191.

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, 2015, no liability existed for compensated absences in the Food Service Fund.

The General Fund will be used to liquidate Compensated Absences Payable. The Debt Service Fund will be used to liquidate the Serial Bonds.

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$5,984,930. See Note 9 for further information on the PERS.

NOTE 8. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2015, the District transferred \$82,275 to the capital outlay accounts for equipment and did not require County Superintendent approval.

NOTE 9. PENSION PLANS

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS. The following represents the membership tiers for PERS:

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$263,524 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the District reported a liability of \$5,984,930 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.032%, which was an increase of 0.0001% from its proportion measured as of June 30, 2013.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$335,760. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 188,198	
Changes in Proportion	152,643	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		\$ 356,669
	<u>\$ 340,841</u>	<u>\$ 356,669</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	\$ (54,572)
2016	(54,572)
2017	(54,572)
2018	(54,572)
2019	34,595
Thereafter	15,222
	<u>\$ (168,471)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1%	Current	1%
	Decrease (4.39%)	Discount Rate (5.39%)	Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 7,529,246	\$ 5,984,930	\$ 4,688,098

Pension plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts. The following represents the membership tiers for TPAF:

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$507,504 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$2,701,381.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$50,202,781. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.094%, which was a decrease of 0.005% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>50,202,781</u>
Total	<u><u>\$ 50,202,781</u></u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$2,701,381 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

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

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>1,741,236,574</u>
	<u>\$ 2,306,623,861</u>	<u>\$ 1,763,205,593</u>

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	<u>761,551,612</u>
	<u>\$ 543,418,268</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539
<u>Pension Plan Fiduciary Net Position - TPAF</u>			

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 9. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

For DCRP, the District recognized pension expense of \$2,745 for 2015. Employee contributions to DCRP amounted to \$4,057 for the fiscal year ended June 30, 2015.

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. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the 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, 2014, there were 103,432 retirees eligible for post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994. C.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to Chapter 126, P.L. 1992, 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State on behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$805,663, \$651,529 and \$651,577 for 2015, 2014 and 2013 respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 11. RISK MANAGEMENT

Property and Liability Insurance

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.

The Borough of Bound Brook School District is a member of the New Jersey Schools Insurance Group (NJSIG) (the "Group"). This public entity risk management pool provides 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, 2015
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

The audit report for the fiscal year ended June 30, 2015 was not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2014 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 293,795,686
Total Net Position	\$ 66,169,762
Total Revenue	\$ 120,623,875
Total Expenses	\$ 119,843,435
Change in Net Position	\$ 780,440
Member Dividends	\$ -0-

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

New Jersey Schools 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>
2015		\$ 24,804	\$ 80,186	\$ 322,884
2014		24,878	37,645	378,266
2013	\$ 43,000	21,022	41,387	391,033

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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. There is however, a loan option for qualified applicants in which participants can access funds prior to termination, retirement or death. Also, a Roth 403(b) plan feature has been added for all providers. The approved service providers are as follows:

Valic	Lincoln National
Fidelity Management Trust Co.	Primerica Financial Services
Franklin Templeton Bank & Trust	Siracusa Benefits Programs
FTJ Fundchoice, Inc.	AXA Equitable Life Insurance Company

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.

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 373,903	\$ 49,982	\$ 423,885

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 14. COMMITMENTS AND CONTINGENCIES (Cont'd)

Encumbrances (Cont'd)

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$373,903 is assigned for year-end encumbrances in the General Fund which are not recognized on the GAAP basis due to the last two State Aid payments. On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$49,982 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized until paid and this non-recognition of encumbrances on a GAAP basis is also reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund. Capital Projects Fund has \$4,881,908 of encumbrances which are included in the \$23,431,724 of restricted fund balance.

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its \$28,140,000 School Bonds dated December 23, 2014. The amount of the liability at June 30, 2015, if any, is unknown.

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

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 24,909	
Capital Projects Fund		\$ 14,136
Debt Service Fund	8,237	
Fiduciary Funds	11,070	30,080
	<u>\$ 44,216</u>	<u>\$ 44,216</u>

The interfund between the General Fund and the Fiduciary Funds is a prior year interfund. The interfund payable from the Capital Projects Fund to the General Fund is for referendums costs paid for by the General Fund. The interfund between the Capital Projects Fund and the Debt Service Fund is for interest earnings in the Capital Projects Fund.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 17. OPERATING LEASES

The District had operating leases for the use of copiers as of June 30, 2015, future minimum lease payments are detailed below:

<u>Fiscal Year</u>	<u>Amount</u>
2015-2016	\$ 3,595
2016-2017	<u>210</u>
Total Minimum Lease Payments	<u>\$ 3,805</u>

NOTE 18. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities as of June 30, 2015 consisted of the following:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>	<u>Proprietary Funds</u>
	Vendors	<u>\$ 236,560</u>	<u>\$ 205,796</u>	<u>\$ 442,356</u>
	<u>\$ 236,560</u>	<u>\$ 205,796</u>	<u>\$ 442,356</u>	<u>\$ 67,791</u>

NOTE 17. PRIOR YEAR RESTATEMENT

The District also made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	<u>Balance 6/30/14 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance 6/30/15 as Restated</u>
Governmental Activities:			
Non Current Liabilities:			
Due Beyond One Year	\$ 2,121,395	\$ 5,928,656	\$ 8,050,051
Total Liabilities	2,820,281	5,928,656	8,748,937
Net Position:			
Unrestricted/(Deficit)	(149,077)	(5,928,656)	(6,077,733)
Total Net Position	8,425,522	(5,928,656)	2,496,866

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.031020615300%	0.031966110000%
District's proportionate share of the net pension liability	\$ 5,928,656	\$ 5,984,930
District's covered employee payroll	\$ 2,390,466	\$ 2,489,416
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	248.01%	240.42%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 233,734	\$ 263,524
Contributions in relation to the contractually required contribution	<u>(233,734)</u>	<u>(263,524)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,390,466	\$ 2,489,416
Contributions as a percentage of covered employee payroll	9.78%	10.59%

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

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BOROUGH OF BOUND BROOK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.0891790329%	0.0939304738%
State's proportionate share of the net pension liability attributable to the District	\$ 45,070,382	\$ 50,202,781
District's covered employee payroll	\$ 9,870,838	\$ 10,464,674
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	456.60%	479.74%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<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	\$ 12,833,220		\$ 12,833,220	\$ 12,833,220	
Tuition from Other LEA's	1,555,488		1,555,488	1,603,297	\$ 47,809
Transportation Fees	10,000		10,000	40,877	30,877
Miscellaneous	113,525		113,525	227,583	114,058
Total - Local Sources	<u>14,512,233</u>		<u>14,512,233</u>	<u>14,704,977</u>	<u>192,744</u>
State Sources:					
Categorical Special Education Aid	880,722		880,722	880,722	
Equalization Aid	6,288,222		6,288,222	6,288,222	
Categorical Security Aid	118,638		118,638	118,638	
Categorical Transportation Aid	23,408		23,408	23,408	
School Choice Aid	472,638		472,638	472,638	
Other State Aids	314,535		314,535	314,535	
Extraordinary Aid	90,000		90,000	132,544	42,544
TPAF Pension Contributions (Non-Budgeted)				507,504	507,504
TPAF Post Retirement Medical Benefits (Non-Budgeted)				805,663	805,663
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				801,950	801,950
Total State Sources	<u>8,188,163</u>		<u>8,188,163</u>	<u>10,345,824</u>	<u>2,157,661</u>
Federal Sources:					
Medicaid Assistance Program	27,880		27,880	68,730	40,850
Medicaid Assistance Program - SEMI/ARRA				18,493	18,493
Total Federal Sources	<u>27,880</u>		<u>27,880</u>	<u>87,223</u>	<u>59,343</u>
TOTAL REVENUES	<u>22,728,276</u>		<u>22,728,276</u>	<u>25,138,024</u>	<u>2,409,748</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 502,723	\$ 45,055	\$ 547,778	\$ 543,120	\$ 4,658
Grades 1-5 - Salaries of Teachers	2,267,205	84,935	2,352,140	2,339,479	12,661
Grades 6-8 - Salaries of Teachers	1,266,792	(75,758)	1,191,034	1,146,366	44,668
Grades 9-12 - Salaries of Teachers	2,261,984	(111,452)	2,150,532	2,096,116	54,416
Regular Programs - Home Instruction:					
Salaries of Teachers	33,550	7,661	41,211	41,211	
Other Salaries for Instruction		48,898	48,898	35,149	13,749
Purchased Professional - Educational Services	28,039	(661)	27,378	10,180	17,198
Other Purchased Services (400-500 series)	173,304	11,000	184,304	153,575	30,729
General Supplies	571,584	(23,471)	548,113	433,974	114,139
Regular Programs - Undistributed Instruction:					
Textbooks	132,500	(76,074)	56,426	52,765	3,661
Other Objects	24,900	(1,000)	23,900	5,065	18,835
Total Regular Programs - Instruction	<u>7,262,581</u>	<u>(90,867)</u>	<u>7,171,714</u>	<u>6,857,000</u>	<u>314,714</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	295,841	(28,957)	266,884	248,926	17,958
Other Salaries for Instruction	55,705	6,612	62,317	62,317	
General Supplies	1,600		1,600	297	1,303
Textbooks	1,000		1,000		1,000
Total Learning and/or Language Disabilities	<u>354,146</u>	<u>(22,345)</u>	<u>331,801</u>	<u>311,540</u>	<u>20,261</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Behavioral Disabilities:					
Salaries of Teachers	\$ 120,712	\$ 95,400	\$ 216,112	\$ 208,516	\$ 7,596
Other Salaries for Instruction	21,757	(2,831)	18,926	18,385	541
General Supplies	150		150	150	
Total Behavioral Disabilities	<u>142,619</u>	<u>92,569</u>	<u>235,188</u>	<u>227,051</u>	<u>8,137</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,033,415	(117,028)	916,387	863,168	53,219
Other Salaries for Instruction	137,745	(110,463)	27,282	25,139	2,143
General Supplies	6,400	(2,000)	4,400	972	3,428
Textbooks	1,000		1,000		1,000
Total Resource Room/Resource Center	<u>1,178,560</u>	<u>(229,491)</u>	<u>949,069</u>	<u>889,279</u>	<u>59,790</u>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	76,684	401	77,085	77,000	85
Other Salaries for Instruction	37,737	(7,937)	29,800	28,536	1,264
Total Preschool Disabilities - Part-Time	<u>114,421</u>	<u>(7,536)</u>	<u>106,885</u>	<u>105,536</u>	<u>1,349</u>
Total Special Education Instruction	<u>1,789,746</u>	<u>(166,803)</u>	<u>1,622,943</u>	<u>1,533,406</u>	<u>89,537</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	25,490	(4,000)	21,490		21,490
General Supplies	600		600	428	172
Textbooks	200		200		200
Total Basic Skills/Remedial - Instruction	<u>26,290</u>	<u>(4,000)</u>	<u>22,290</u>	<u>428</u>	<u>21,862</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 298,724	\$ 29,531	\$ 328,255	\$ 287,073	\$ 41,182
Other Salaries for Instruction		21,959	21,959	8,442	13,517
General Supplies	16,000	(14,000)	2,000	978	1,022
Total Bilingual Education - Instruction	<u>314,724</u>	<u>37,490</u>	<u>352,214</u>	<u>296,493</u>	<u>55,721</u>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	91,616		91,616	78,247	13,369
Purchased Services (300-500 series)	10,700	991	11,691	4,370	7,321
Supplies and Materials	17,414	1,009	18,423	3,203	15,220
Other Objects	1,750		1,750	1,020	730
Total School-Sponsored Cocurricular Activities - Instruction	<u>121,480</u>	<u>2,000</u>	<u>123,480</u>	<u>86,840</u>	<u>36,640</u>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	308,566	61,495	370,061	358,422	11,639
Purchased Services (300-500 series)	73,829	(23,995)	49,834	38,305	11,529
Supplies and Materials	44,768		44,768	44,288	480
Other Objects	23,329	(4,225)	19,104	13,054	6,050
Total School-Sponsored Cocurricular Athletics - Instruction	<u>450,492</u>	<u>33,275</u>	<u>483,767</u>	<u>454,069</u>	<u>29,698</u>
Before/After School Programs - Instruction:					
Salaries of Teachers		11,559	11,559	10,833	726
Other Salaries for Instruction		3,000	3,000	1,225	1,775
Supplies and Materials		441	441	340	101
Total Before/After School Programs - Instruction		<u>15,000</u>	<u>15,000</u>	<u>12,398</u>	<u>2,602</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Summer School - Instruction:					
Salaries of Teachers	\$ 35,500	\$ (9,800)	\$ 25,700	\$ 25,698	\$ 2
Total Summer School - Instruction	<u>35,500</u>	<u>(9,800)</u>	<u>25,700</u>	<u>25,698</u>	<u>2</u>
Alternative Education Program - Instruction:					
Salaries of Teachers		55,000	55,000	50,024	4,976
Other Salaries for Instruction		22,659	22,659	22,608	51
Other Purchased Services (400-500 series)	9,000	11,100	20,100	20,100	
Total Alternative Education Program - Instruction	<u>9,000</u>	<u>88,759</u>	<u>97,759</u>	<u>92,732</u>	<u>5,027</u>
Total Instruction	<u>10,009,813</u>	<u>(94,946)</u>	<u>9,914,867</u>	<u>9,359,064</u>	<u>555,803</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	182,231	(99,974)	82,257	63,944	18,313
Tuition to Other LEAs Within the State - Special	877,743	209,535	1,087,278	1,043,812	43,466
Tuition to County Vocational School District - Regular	60,300	(32,473)	27,827	27,200	627
Tuition to County Vocational School District - Special		28,980	28,980	28,321	659
Tuition to Private Schools for the Disabled - Within State	1,297,158	(220,417)	1,076,741	1,075,205	1,536
Tuition - State Facilities	24,775		24,775	24,775	
Total Undistributed Expenditures - Instruction	<u>2,442,207</u>	<u>(114,349)</u>	<u>2,327,858</u>	<u>2,263,257</u>	<u>64,601</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<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	\$ 20,402	\$ (14,268)	\$ 6,134	\$ 5,386	\$ 748
Salaries of Secretarial Assistants		14,327	14,327	13,326	1,001
Other Purchased Services (400-500 series)	300	(59)	241		241
Supplies and Materials	100		100	73	27
Other Objects	100		100		100
Total Attendance & Social Work	<u>20,902</u>		<u>20,902</u>	<u>18,785</u>	<u>2,117</u>
Health Services:					
Salaries	261,789	9,000	270,789	269,783	1,006
Purchased Professional and Technical Services	11,200		11,200	6,025	5,175
Other Purchased Services (400-500 series)	26,837		26,837	25,053	1,784
Supplies and Materials	7,430		7,430	4,993	2,437
Total Health Services	<u>307,256</u>	<u>9,000</u>	<u>316,256</u>	<u>305,854</u>	<u>10,402</u>
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	71,000	119,900	190,900	181,510	9,390
Purchased Professional - Educational Services	160,697	(100,000)	60,697	34,408	26,289
Supplies and Materials	3,850	204	4,054	4,053	1
Other Salaries for Instruction	39,452	73,250	112,702	111,503	1,199
Total Other Support Services - Speech, OT, PT and Related Services	<u>274,999</u>	<u>93,354</u>	<u>368,353</u>	<u>331,474</u>	<u>36,879</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Guidance:					
Salaries of Other Professional Staff	\$ 561,820	\$ (13,917)	\$ 547,903	\$ 547,737	\$ 166
Salaries of Secretarial and Clerical Assistants	62,973	6,525	69,498	69,497	1
Purchased Professional - Educational Services	4,875	(690)	4,185	4,185	
Other Purchased Services (400-500)	5,627	903	6,530	4,613	1,917
Supplies and Materials	20,865	(9,000)	11,865	11,706	159
Other Objects	1,300	(213)	1,087	513	574
Total Other Support Services - Students - Guidance	<u>657,460</u>	<u>(16,392)</u>	<u>641,068</u>	<u>638,251</u>	<u>2,817</u>
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	191,585	129,226	320,811	318,921	1,890
Salaries of Secretarial and Clerical Assistants	49,219		49,219	46,953	2,266
Purchased Professional - Educational Services	203,780	(1,791)	201,989	141,907	60,082
Misc. Pur. Serv. (400-500 series) Other Than Residential Costs	39,602	(5,000)	34,602	27,918	6,684
Supplies and Materials	18,088	5,204	23,292	20,328	2,964
Other Objects	5,179	(1,500)	3,679	2,109	1,570
Total Other Support Services - Students - Child Study Teams	<u>507,453</u>	<u>126,139</u>	<u>633,592</u>	<u>558,136</u>	<u>75,456</u>
Improvement of Instructional Services:					
Salaries of Other Professional Staff	223,498	6,141	229,639	225,834	3,805
Salaries of Secretarial and Clerical Assistants	58,797	1,177	59,974	59,973	1
Other Salaries	105,492	946	106,438	106,437	1
Other Purchased Services (400-500)	9,300	5,604	14,904	14,071	833
Other Objects	4,000	(2,012)	1,988	1,876	112
Total Improvement of Instructional Services	<u>401,087</u>	<u>11,856</u>	<u>412,943</u>	<u>408,191</u>	<u>4,752</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 289,859	\$ (6,000)	\$ 283,859	\$ 279,970	\$ 3,889
Purchased Professional and Technical Services	1,500		1,500	320	1,180
Other Purchased Services (400-500)	2,700		2,700	499	2,201
Supplies and Materials	29,897		29,897	23,223	6,674
Total Educational Media Services/School Library	323,956	(6,000)	317,956	304,012	13,944
Instructional Staff Training Services:					
Other Salaries	3,200	11,903	15,103	14,977	126
Purchased Professional - Educational Services	37,368	(1,121)	36,247	13,390	22,857
Other Purchased Services (400-500 series)	20,815	3,237	24,052	22,237	1,815
Total Instructional Staff Training Services	61,383	14,019	75,402	50,604	24,798
Support Services - General Administration:					
Salaries	302,142	21,678	323,820	323,688	132
Legal Services	57,050	85,888	142,938	128,509	14,429
Audit Fees	26,500	3,975	30,475	28,425	2,050
Other Purchased Professional Services	86,200	(39,650)	46,550	18,523	28,027
Communications/Telephone	180,923	83,108	264,031	138,458	125,573

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<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 (Cont'd):					
BOE Other Purchased Services	\$ 1,500		\$ 1,500		\$ 1,500
Miscellaneous Purchased Services (400-500 series)	49,074	\$ 4,500	53,574	\$ 51,512	2,062
General Supplies	11,254	1,000	12,254	11,717	537
BOE in-house Meeting/Training Supplies	2,549	(1,000)	1,549	576	973
Miscellaneous Expenditures	16,862	(500)	16,362	14,729	1,633
Board of Education Membership Dues and Fees	11,600		11,600	10,025	1,575
Total Support Services - General Administration	<u>745,654</u>	<u>158,999</u>	<u>904,653</u>	<u>726,162</u>	<u>178,491</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	545,748	(10,745)	535,003	519,978	15,025
Salaries of Other Professional Staff	170,350	(10,750)	159,600	149,548	10,052
Salaries of Secretarial and Clerical Assistants	289,323	2,372	291,695	286,720	4,975
Other Purchased Services (400-500 series)	13,589	(4,000)	9,589	5,608	3,981
Supplies and Materials	16,303	(1,335)	14,968	12,145	2,823
Other Objects	8,469	2,335	10,804	7,260	3,544
Total Support Services - School Administration	<u>1,043,782</u>	<u>(22,123)</u>	<u>1,021,659</u>	<u>981,259</u>	<u>40,400</u>
Support Services - Central Services:					
Salaries	379,083	(74,600)	304,483	280,946	23,537
Purchased Professional Services	2,875	26,890	29,765	21,850	7,915
Purchased Technical Services	42,990	46,400	89,390	40,263	49,127
Miscellaneous Purchased Services (400-500 series)	53,804	(14,000)	39,804	20,413	19,391
Supplies and Materials	12,600	5,000	17,600	14,801	2,799
Miscellaneous Expenditures	4,060		4,060	491	3,569
Total Support Services - Central Services	<u>495,412</u>	<u>(10,310)</u>	<u>485,102</u>	<u>378,764</u>	<u>106,338</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<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 - Administration Information Technology:					
Salaries	\$ 160,195	\$ 3,110	\$ 163,305	\$ 162,922	\$ 383
Total Support Services - Administration Information Technology	<u>160,195</u>	<u>3,110</u>	<u>163,305</u>	<u>162,922</u>	<u>383</u>
Required Maintenance of School Facilities:					
Salaries	294,599	(10,773)	283,826	238,828	44,998
Cleaning, Repair and Maintenance Services	484,588	(70,000)	414,588	314,205	100,383
General Supplies	166,586		166,586	76,444	90,142
Total Required Maintenance of School Facilities	<u>945,773</u>	<u>(80,773)</u>	<u>865,000</u>	<u>629,477</u>	<u>235,523</u>
Custodial Services:					
Salaries	743,911	95,748	839,659	824,302	15,357
Cleaning, Repair and Maintenance Services	72,754		72,754	58,756	13,998
Rental of Land and Building Other than Lease Purchase Agreements	155,000		155,000	155,000	
Other Purchased Property Services	44,689		44,689	33,666	11,023
Insurance	129,780	1,000	130,780	129,962	818
Miscellaneous Purchased Services	8,100		8,100	1,646	6,454
General Supplies	81,000	30,000	111,000	105,116	5,884
Energy (Electricity)	300,000		300,000	288,580	11,420
Energy (Gasoline)		3,500	3,500	2,927	573
Energy (Natural Gas)	290,000	(80,000)	210,000	147,616	62,384
Energy (Oil)	3,500	(3,500)			
Other Objects	9,525		9,525	3,898	5,627
Total Custodial Services	<u>1,838,259</u>	<u>46,748</u>	<u>1,885,007</u>	<u>1,751,469</u>	<u>133,538</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Security:					
Salaries	\$ 53,482	\$ 9,694	\$ 63,176	\$ 57,092	\$ 6,084
Purchased Professional and Technical Services	54,080		54,080	54,080	
Total Security	<u>107,562</u>	<u>9,694</u>	<u>117,256</u>	<u>111,172</u>	<u>6,084</u>
Student Transportation Services:					
Salaries of Non-Instructional Aides	10,735	14,352	25,087	22,306	2,781
Salaries for Transportation - (Between Home & School) - Special	122,328	22,951	145,279	145,278	1
Salaries for Transportation - (Other Than Between Home & School)	56,100	(5,000)	51,100	49,504	1,596
Cleaning, Repair and Maintenance Services	24,500	(4,000)	20,500	13,222	7,278
Contracted Services:					
Other than Between Home and School - Vendors	49,000	(19,287)	29,713	12,552	17,161
Special Education Students - Joint Agreements	145,000	129,805	274,805	267,330	7,475
Aid in Lieu of Payments - Charter School	7,072		7,072	5,304	1,768
Miscellaneous Purchased Services - Transportation	11,725		11,725	6,062	5,663
General Supplies	31,000		31,000	22,775	8,225
Other Objects	3,250		3,250	896	2,354
Total Student Transportation Services	<u>460,710</u>	<u>138,821</u>	<u>599,531</u>	<u>545,229</u>	<u>54,302</u>
Unallocated Benefits:					
Social Security Contributions	292,000		292,000	290,004	1,996
Other Retirement Contributions - PERS	308,500	(44,900)	263,600	263,524	76
Other Retirement Contributions - Regular		6,000	6,000	2,745	3,255
Workmen's Compensation	164,471	(17,601)	146,870	146,870	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits (Cont'd):					
Health Benefits	\$ 3,156,411	\$ (183,566)	\$ 2,972,845	\$ 2,815,122	\$ 157,723
Tuition Reimbursement	105,206	(7,650)	97,556	62,868	34,688
Other Employee Benefits	38,000	(24,750)	13,250	13,250	
Total Unallocated Benefits	<u>4,064,588</u>	<u>(272,467)</u>	<u>3,792,121</u>	<u>3,594,383</u>	<u>197,738</u>
On-Behalf Contributions:					
TPAF Pension Contributions (Non-Budgeted)				507,504	(507,504)
TPAF Post Retirement Medical Benefits (Non-Budgeted)				805,663	(805,663)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				801,950	(801,950)
Total On-Behalf Contributions				<u>2,115,117</u>	<u>(2,115,117)</u>
Total Personal Services - Employee Benefits	<u>4,064,588</u>	<u>(272,467)</u>	<u>3,792,121</u>	<u>5,709,500</u>	<u>(1,917,379)</u>
Total Undistributed Expenses	<u>14,858,638</u>	<u>89,326</u>	<u>14,947,964</u>	<u>15,874,518</u>	<u>(926,554)</u>
TOTAL CURRENT EXPENSE	<u>24,868,451</u>	<u>(5,620)</u>	<u>24,862,831</u>	<u>25,233,582</u>	<u>(370,751)</u>
CAPITAL OUTLAY					
Equipment:					
Instruction - Grades 9-12	38,502	(38,502)			
School Buses - Regular		50,468	50,468		50,468
Undistributed Expenditures - Non-Instructional Services		13,290	13,290	12,592	698
Equipment - Grades 9-12		57,019	57,019	37,144	19,875
Total Equipment	<u>38,502</u>	<u>82,275</u>	<u>120,777</u>	<u>49,736</u>	<u>71,041</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Construction Services	\$ 354,317	\$ (49,481)	\$ 304,836	\$ 270,346	\$ 34,490
Assessment for Debt Service on SDA Funding	9,836		9,836	9,836	
Total Facilities Acquisition and Construction Services	<u>364,153</u>	<u>(49,481)</u>	<u>314,672</u>	<u>280,182</u>	<u>34,490</u>
TOTAL CAPITAL OUTLAY	<u>402,655</u>	<u>32,794</u>	<u>435,449</u>	<u>329,918</u>	<u>105,531</u>
Transfer of Funds to Charter Schools	<u>65,000</u>	<u>2,092</u>	<u>67,092</u>	<u>67,096</u>	<u>(4)</u>
TOTAL EXPENDITURES	<u>25,336,106</u>	<u>29,266</u>	<u>25,365,372</u>	<u>25,630,596</u>	<u>(265,224)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(2,607,830)</u>	<u>(29,266)</u>	<u>(2,637,096)</u>	<u>(492,572)</u>	<u>2,144,524</u>
Other Financing Uses:					
Transfer to Cover Deficit - Food Service Fund	(1,000)		(1,000)		1,000
Capital Contribution - Food Service Fund		(49,481)	(49,481)	(49,481)	
Total Other Financing Uses	<u>(1,000)</u>	<u>(49,481)</u>	<u>(50,481)</u>	<u>(49,481)</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing (Uses)	<u>(2,608,830)</u>	<u>(78,747)</u>	<u>(2,687,577)</u>	<u>(542,053)</u>	<u>(2,145,524)</u>
Fund Balance, July 1	<u>4,850,536</u>		<u>4,850,536</u>	<u>4,850,536</u>	
Fund Balance, June 30	<u>\$ 2,241,706</u>	<u>\$ (78,747)</u>	<u>\$ 2,162,959</u>	<u>\$ 4,308,483</u>	<u>\$ (2,145,524)</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus				\$ 283,548	
Excess Surplus - Designated for Subsequent Year's Expenditures				224,123	
Maintenance Reserve				359,178	
Capital Reserve				1,312,600	
Assigned:					
Year-End Encumbrances				373,903	
For Subsequent Year's Expenditures				1,222,795	
For Subsequent Year's Expenditures - SEMI/ARRA				18,493	
Unassigned				<u>513,843</u>	
				4,308,483	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not Recognized on GAAP Basis				<u>(803,940)</u>	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 3,504,543</u>	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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		\$ 51,869	\$ 51,869	\$ 42,216	\$ (9,653)
State Sources	\$ 395,078	(304)	394,774	385,665	(9,109)
Federal Sources	1,353,428	227,329	1,580,757	1,496,631	(84,126)
Total Revenues	<u>1,748,506</u>	<u>278,894</u>	<u>2,027,400</u>	<u>1,924,512</u>	<u>(102,888)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	704,121	76,253	780,374	740,268	40,106
Other Salaries for Instruction	53,646	21,592	75,238	69,830	5,408
Purchased Professional - Education Services	4,000	6,995	10,995	10,811	184
Other Purchased Services		1,000	1,000	1,000	
General Supplies	27,595	130,087	157,682	121,780	35,902
Other Objects		162	162	162	
Total Instruction	<u>789,362</u>	<u>236,089</u>	<u>1,025,451</u>	<u>943,851</u>	<u>81,600</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<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 Program Directors	\$ 57,883	\$ (13,742)	\$ 44,141	\$ 43,060	\$ 1,081
Salaries of Other Professional Staff	404,914	12,564	417,478	410,910	6,568
Salaries of Secretaries and Clerical Assistants	19,859	(180)	19,679	19,514	165
Salaries of Community Parent Involvement Specialist	6,826	27	6,853	6,853	
Salaries of Master Teachers	47,807	(16,746)	31,061	31,061	
Personal Services - Employee Benefits	361,877	11,410	373,287	371,523	1,764
Purchased Professional and Technical Services	20,499	12,766	33,265	28,545	4,720
Other Purchased Professional Services	29,824	(751)	29,073	29,073	
Supplies and Materials	9,655	34,293	43,948	38,240	5,708
Other Objects		3,159	3,159	1,882	1,277
Total Support Services	<u>959,144</u>	<u>42,800</u>	<u>1,001,944</u>	<u>980,661</u>	<u>21,283</u>
Facilities Acquisition:					
Instructional Equipment		5	5		5
Total Facilities Acquisition		<u>5</u>	<u>5</u>		<u>5</u>
Total Expenditures	<u>\$ 1,748,506</u>	<u>\$ 278,894</u>	<u>\$ 2,027,400</u>	<u>\$ 1,924,512</u>	<u>\$ 102,888</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 25,138,024	\$ 1,924,512
Differences - Budget to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		(231)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	796,813	41,423
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(803,940)	(39,193)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 25,130,897	\$ 1,926,511
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 25,630,596	\$ 1,924,512
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.		(231)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 25,630,596	\$ 1,924,281

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, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>No Child Left Behind</u>				<u>School Breakfast Program Expansion Grant</u>	<u>Preschool Education Aid</u>
	<u>Title I</u>	<u>Title II, Part A</u>	<u>Title III</u>	<u>Title III, Immigrant</u>		
REVENUE:						
Local Sources						
State Sources						\$ 385,665
Federal Sources	\$ 904,535	\$ 80,268	\$ 50,962	\$ 10,459	\$ 8,697	
Total Revenue	<u>904,535</u>	<u>80,268</u>	<u>50,962</u>	<u>10,459</u>	<u>8,697</u>	<u>385,665</u>
EXPENDITURES:						
Instruction:						
Salaries of Teachers	558,300	39,693	21,245			107,860
Other Salaries for Instruction				9,716		39,823
Purchased Professional - Educational Services			10,811			
Other Purchased Services						
General Supplies	37,653		10,026			34,710
Other Objects						
Total Instruction	<u>595,953</u>	<u>39,693</u>	<u>42,082</u>	<u>9,716</u>		<u>182,393</u>
Support Services:						
Salaries of Program Directors						43,060
Salaries of Other Professional Staff	93,114		6,173			27,188
Salaries of Secretaries and Clerical Assistants						18,194
Salaries of of Community Parent Involvement Specialist						6,853
Salaries of Master Teachers						31,061
Personal Services - Employee Benefits	210,332	13,680	2,098	743		65,556
Purchased Professional and Technical Services	2,000	26,545				
Other Purchased Professional Services		350				11,360
Supplies and Materials	3,136		609		8,697	
Other Objects						
Total Support Services	<u>308,582</u>	<u>40,575</u>	<u>8,880</u>	<u>743</u>	<u>8,697</u>	<u>203,272</u>
Total Expenditures	<u>\$ 904,535</u>	<u>\$ 80,268</u>	<u>\$ 50,962</u>	<u>\$ 10,459</u>	<u>\$ 8,697</u>	<u>\$ 385,665</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, 2015

	Race to The Top	IDEA Part B		Local Grants	Totals
		Basic	Preschool		
REVENUE:					
Local Sources				\$ 42,216	\$ 42,216
State Sources					385,665
Federal Sources	\$ 9,651	\$ 418,348	\$ 13,711		1,496,631
Total Revenue	9,651	418,348	13,711	42,216	1,924,512
EXPENDITURES:					
Instruction:					
Salaries of Teachers		10,394	2,776		740,268
Other Salaries for Instruction		10,328	9,963		69,830
Purchased Professional - Educational Services					10,811
Other Purchased Services				1,000	1,000
General Supplies		39,391			121,780
Other Objects		162			162
Total Instruction		60,275	12,739	1,000	943,851
Support Services:					
Salaries of Program Directors					43,060
Salaries of Other Professional Staff	8,965	274,670		800	410,910
Salaries of Secretaries and Clerical Assistants		1,320			19,514
Salaries of of Community Parent Involvement Specialist					6,853
Salaries of Master Teachers					31,061
Personal Services - Employee Benefits	686	77,456	972		371,523
Purchased Professional and Technical Services					28,545
Other Purchased Professional Services		363		17,000	29,073
Supplies and Materials		4,264		21,534	38,240
Other Objects				1,882	1,882
Total Support Services	9,651	358,073	972	41,216	980,661
Total Expenditures	\$ 9,651	\$ 418,348	\$ 13,711	\$ 42,216	\$ 1,924,512

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, 2015

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 134,378	\$ 107,860	\$ 26,518
Other Salaries for Instruction	39,823	39,823	
General Supplies	47,784	34,710	13,074
Total Instruction	<u>221,985</u>	<u>182,393</u>	<u>39,592</u>
Support Services:			
Salaries of Program Directors	57,882	43,060	14,822
Salaries of Other Professional Staff	27,188	27,188	
Salaries of Secretaries and Clerical Assistants	18,359	18,194	165
Salaries of Master Teachers	47,807	31,061	16,746
Salaries of Community Parent Involvement Specialist	6,853	6,853	
Personal Services - Employee Benefits	65,556	65,556	
Purchased Professional and Technical Services	11,360	11,360	
Total Support Services	<u>235,005</u>	<u>203,272</u>	<u>31,733</u>
Total Expenditures	<u>\$ 456,990</u>	<u>\$ 385,665</u>	<u>\$ 71,325</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2014-2015 Preschool Education Aid Allocation	\$ 394,774
Add: Actual Preschool Education Aid Carryover (June 30, 2014)	160,096
Total Preschool Education Aid Funds Available for 2014-2015 Budget	<u>554,870</u>
Less: 2014-2015 Budgeted Preschool Education Aid (Including Prior year budget carryover)	<u>(456,990)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2015	97,880
Add: June 30, 2015 Unexpended Preschool Education Aid	71,325
Less: 2014-2015 Commissioner-approved Transfer to the General Fund	
2014-2015 Carryover - Preschool Education Aid	<u>\$ 169,205</u>
2014-2015 Preschool Education Aid Carryover Budgeted for Preschool Education Aid Programs 2015- 2016	<u>\$ -0-</u>

CAPITAL PROJECTS FUND

Exhibit F-1

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Revenue and Other Financing Sources:	
Bond Proceeds	\$ 27,140,000
Interest on Investments	8,237
	<hr/>
Total Revenue and Other Financing Sources	27,148,237
	<hr/>
Expenditures:	
Other Purchased Professional Services	431,282
Construction Services	3,076,994
Buildings Other Than Lease Purchase Agreements	200,000
	<hr/>
Total Expenditures	3,708,276
	<hr/>
Other Financing Uses:	
Operating Transfer Out - Debt Service Fund	8,237
	<hr/>
Total Other Financing Uses	8,237
	<hr/>
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Sources	23,431,724
	<hr/>
Fund Balance - Beginning of Year	-0-
	<hr/>
Fund Balance - End of Year	\$ 23,431,724
	<hr/> <hr/>
<u>Recapitulation:</u>	
Restricted for Year-End Encumbrances	\$ 4,881,908
Restricted Fund Balance	18,549,816
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 23,431,724
	<hr/> <hr/>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUE, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BOND REFERENDUM - VARIOUS SCHOOL RENOVATIONS
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Costs</u>
Revenue and Other Financing Sources:				
Bond Proceeds		\$ 27,140,000	\$ 27,140,000	\$ 27,140,000
Total Revenue and Other Financing Sources		27,140,000	27,140,000	27,140,000
Expenditures:				
Instructional Equipment Purchases				144,000
Non-Instructional Equipment				312,000
Other Purchased Professional Services		431,282	431,282	4,079,960
Construction Services		3,076,994	3,076,994	18,865,540
Buildings Other Than Lease Purchase Agreements		200,000	200,000	3,738,500
Total Expenditures		3,708,276	3,708,276	27,140,000
Excess of Revenue and Other Financing Sources over Expenditures	\$ -0-	\$ 23,431,724	\$ 23,431,724	\$ -0-
Additional Project Information:				
Project Number(s)		N/A		
Grant Date(s)		N/A		
Bond Authorization Date		9/30/2014		
Bonds Authorized		\$ 27,140,000		
Bonds Issued		\$ 27,140,000		
Original Authorized Cost		\$ 27,140,000		
Revised Authorized Cost		\$ 27,140,000		
Percentage Completion		13.66%		
Original Target Completion Date		9/30/2017		
Revised Target Completion Date		9/30/2017		

PROPRIETARY FUNDS

Exhibit G-1

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 280,342
Intergovernmental Accounts Receivable:	
Federal	68,514
State	778
Other Accounts Receivable	1,420
Inventories	18,414

Total Current Assets	<u>369,468</u>
----------------------	----------------

Non-Current Assets:

Capital Assets	608,840
Less: Accumulated Depreciation	<u>(320,225)</u>

Total Non-Current Assets	<u>288,615</u>
--------------------------	----------------

Total Assets	<u>658,083</u>
--------------	----------------

LIABILITIES:

Current Liabilities:

Unearned Revenue	4,215
Accounts Payable - Vendors	<u>67,791</u>

Total Current Liabilities	<u>72,006</u>
---------------------------	---------------

NET POSITION:

Net Investment in Capital Assets	288,615
Unrestricted	<u>297,462</u>

Total Net Position	<u><u>\$ 586,077</u></u>
--------------------	--------------------------

Exhibit G-2

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenue:	
Local Sources:	
Daily Sales	\$ 191,586
Other Income	23,260
	<hr/>
Total Operating Revenue	214,846
	<hr/>
Operating Expenses:	
Cost of Sales	617,923
Salaries, Benefits & Payroll Taxes	357,018
Supplies, Insurance & Other Costs	127,508
Management Fee	42,596
Equipment	700
Depreciation Expense	14,187
	<hr/>
Total Operating Expenses	1,159,932
	<hr/>
Operating Loss	(945,086)
Non-Operating Revenue:	
State Sources:	
State School Lunch Program	11,705
Federal Sources:	
National School Lunch Program	565,706
School Breakfast Program	358,300
Food Distribution Program	59,463
	<hr/>
Total Non-Operating Revenue	995,174
	<hr/>
Net Income Before Transfers	50,088
Transfers:	
Transfer from General Fund- Capital Contribution	49,481
	<hr/>
Total Transfers	49,481
	<hr/>
Change in Net Position	99,569
Net Position - Beginning of Year	486,508
	<hr/>
Net Position - End of Year	\$ 586,077
	<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, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 215,405
Payments to Employees	(357,018)
Payments to Food Service Vendor	<u>(683,022)</u>
Net Cash Used for Operating Activities	<u>(824,635)</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	<u>(9,252)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(9,252)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources:	
State School Lunch Program	12,291
Federal Sources:	
School Breakfast and National School Lunch Program	<u>920,073</u>
Net Cash Provided by Noncapital Financing Activities	<u>932,364</u>
Net Increase in Cash and Cash Equivalents	98,477
Cash and Cash Equivalents, July 1	<u>181,865</u>
Cash and Cash Equivalents, June 30	<u>\$ 280,342</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (945,086)
Adjustment to Reconcile Operating Loss to Cash Used for Operating Activities:	
Depreciation	14,187
Food Distribution Program	59,463
Changes in Assets and Liabilities:	
Decrease in Other Accounts Receivable	559
(Increase) in Inventory	(1,740)
Increase in Unearned Revenue	1,857
Increase in Accounts Payable	<u>46,125</u>
Net Cash Used for Operating Activities	<u>\$ (824,635)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$61,320 and utilized \$59,463 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2015.

FIDUCIARY FUNDS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30,2015

	<u>Student Activities</u>	<u>Payroll Agency</u>	<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>
ASSETS:						
Cash and Cash Equivalents	\$ 42,387	\$ 165,728	\$ 208,115	\$ 311,814	\$ 3,048	\$ 873
Interfund Receivable - Payroll Agency Fund				11,070		
Total Assets	<u>42,387</u>	<u>165,728</u>	<u>208,115</u>	<u>322,884</u>	<u>3,048</u>	<u>873</u>
LIABILITIES:						
Interfund Payable - General Fund		19,010	19,010			
Interfund Payable - Unemployment Trust		11,070	11,070			
Due to Student Groups	39,355		39,355			
Due to Athletics	3,032		3,032			
Payroll Deductions and Withholdings		135,648	135,648			
Total Liabilities	<u>42,387</u>	<u>165,728</u>	<u>208,115</u>			
NET POSITION:						
Held in Trust for:						
Unemployment Claims				322,884		
Flexible Spending Claims					3,048	
Restricted for Scholarships						873
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 322,884</u>	<u>\$ 3,048</u>	<u>\$ 873</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Totals</u>
Additions:				
Contributions:				
Plan Contributions	\$ 24,689	\$ 12,200		\$ 36,889
Total Contributions	24,689	12,200		36,889
Investment Earnings:				
Interest	115			115
Net Investment Earnings	115			115
Total Additions	24,804	12,200		37,004
Deductions:				
Unemployment Compensation Claims	80,186			80,186
Flexible Spending Claims		14,199		14,199
Scholarships Awarded			\$ 1,250	1,250
Total Deductions	80,186	14,199	1,250	95,635
Change in Net Position	(55,382)	(1,999)	(1,250)	(58,631)
Net Position - Beginning of the Year	378,266	5,047	2,123	385,436
Net Position - End of the Year	<u>\$ 322,884</u>	<u>\$ 3,048</u>	<u>\$ 873</u>	<u>\$ 326,805</u>

Exhibit H-3

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
ASSETS:				
Cash and Cash Equivalents	\$ 44,676	\$ 134,911	\$ 137,200	\$ 42,387
Total Assets	<u>\$ 44,676</u>	<u>\$ 134,911</u>	<u>\$ 137,200</u>	<u>\$ 42,387</u>
 LIABILITIES				
Due to Athletics	\$ 6,414	\$ 37,785	\$ 41,167	\$ 3,032
Due to Student Groups	<u>38,262</u>	<u>97,126</u>	<u>96,033</u>	<u>39,355</u>
Total Liabilities	<u>\$ 44,676</u>	<u>\$ 134,911</u>	<u>\$ 137,200</u>	<u>\$ 42,387</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
High School	\$ 38,262	\$ 97,126	\$ 96,033	\$ 39,355
Athletic Fund	<u>6,414</u>	<u>37,785</u>	<u>41,167</u>	<u>3,032</u>
Total All Schools	<u>\$ 44,676</u>	<u>\$ 134,911</u>	<u>\$ 137,200</u>	<u>\$ 42,387</u>

Exhibit H-5

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 152,912	\$ 16,713,386	\$ 16,700,570	\$ 165,728
Total Assets	<u>\$ 152,912</u>	<u>\$ 16,713,386</u>	<u>\$ 16,700,570</u>	<u>\$ 165,728</u>
<u>LIABILITIES:</u>				
Interfund Payable - General Fund	\$ 15,674	\$ 3,336		\$ 19,010
Interfund Payable - Unemployment Trust	11,070			11,070
Payroll Deductions and Withholdings	<u>126,168</u>	<u>16,710,050</u>	<u>\$ 16,700,570</u>	<u>135,648</u>
Total Liabilities	<u>\$ 152,912</u>	<u>\$ 16,713,386</u>	<u>\$ 16,700,570</u>	<u>\$ 165,728</u>

LONG-TERM DEBT

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
LONG TERM DEBT
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2014	Issued	Retired or Matured	Balance June 30, 2015
			Date	Outstanding June 30, 2015 Amount					
Refunding Bonds	9/22/2005	\$ 2,920,000	7/15/2015	\$ 270,000	4.000%	\$ 1,395,000			
			7/15/2016	275,000	4.000%				
			7/15/2017	290,000	4.000%				
			7/15/2018	305,000	4.000%				
School Bonds	12/23/2014	27,140,000	1/15/2016	710,000	3.000%				
			1/15/2017	720,000	3.000%				
			1/15/2018	760,000	3.000%				
			1/15/2019	790,000	3.000%				
			1/15/2020	830,000	3.000%				
			1/15/2021	870,000	3.000%				
			1/15/2022	900,000	3.000%				
			1/15/2023	940,000	3.000%				
			1/15/2024	980,000	3.000%				
			1/15/2025	1,020,000	3.000%				
			1/15/2026	1,020,000	3.000%				
			1/15/2027	1,060,000	3.000%				
			1/15/2028	1,060,000	2.000%				
			1/15/2029	1,090,000	2.000%				
			1/15/2030	1,100,000	3.000%				
			1/15/2031	1,140,000	3.125%				
			1/15/2032	1,190,000	3.250%				
1/15/2033	1,250,000	3.250%							
1/15/2034	1,310,000	3.250%							
1/15/2035	1,380,000	3.375%							

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
LONG TERM DEBT
STATEMENT OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds		Interest Rate	Balance July 1, 2014	Issued	Retired or Matured	Balance June 30, 2015
			Date	Amount					
School Bonds	12/23/2014	\$27,140,000	1/15/2036	\$ 1,390,000	3.375%				
			1/15/2037	1,390,000	3.500%				
			1/15/2038	1,400,000	3.500%				
			1/15/2039	1,420,000	3.625%				
			1/15/2040	1,420,000	3.750%				
						\$ 27,140,000		\$ 27,140,000	
						<u>\$ 1,395,000</u>	<u>\$ 27,140,000</u>	<u>\$ 255,000</u>	<u>\$ 28,280,000</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
LONG-TERM DEBT
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(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	\$ 382,092		\$ 382,092	\$ 382,092	
State Sources:					
Debt Service Aid Type II	162,872		162,872	162,872	
Total Revenues	<u>544,964</u>		<u>544,964</u>	<u>544,964</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	59,964		59,964	59,961	\$ 3
Redemption of Principal	485,000		485,000	485,000	
Total Regular Debt Service	<u>544,964</u>		<u>544,964</u>	<u>544,961</u>	<u>3</u>
Total Expenditures	<u>544,964</u>		<u>544,964</u>	<u>544,961</u>	<u>3</u>
Excess of Revenues Over Expenditures				3	3
Other Financing Sources:					
Operating Transfers In - Capital Projects Fund				8,237	8,237
Total Other Financing Sources				<u>8,237</u>	<u>8,237</u>
Excess of Revenues and Other Financing Sources Over Expenditures				8,240	8,240
Fund Balance, July 1	<u>1</u>		<u>1</u>	<u>1</u>	
Fund Balance, June 30	<u>\$ 1</u>	<u>\$ -0-</u>	<u>\$ 1</u>	<u>\$ 8,241</u>	<u>\$ 8,240</u>
<u>Recapitulation:</u>					
Restricted Fund Balance				<u>\$ 8,241</u>	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
LONG TERM DEBT
SCHEDULE OF CERTIFICATES OF PARTICIPATION PAYABLE

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2015		Interest Rate	Balance July 1, 2014	Retired or Matured	Balance June 30, 2015
			Date	Amount				
Masonry and General Improvements	12/10/1999	\$ 2,365,000			5.073%	\$ 230,000	\$ 230,000	
						\$ 230,000	\$ 230,000	\$ -0-

STATISTICAL SECTION

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
ACCRUAL BASIS OF ACCOUNTING
UNAUDITED

	June 30,				
	2006	2007	2008	2009	2010
Governmental Activities/(Deficit)					
Net Investment in Capital Assets	\$ (762,990)	\$ (333,536)	\$ 1,756,290	\$ 1,112,918	\$ 1,716,604
Restricted	1,924,873	2,606,906	2,547,711	2,395,714	1,810,688
Unrestricted	(145,785)	(250,558)	(1,664,862)	(771,262)	(862,834)
Total Governmental Activities Net Position	<u>\$ 1,016,098</u>	<u>\$ 2,022,812</u>	<u>\$ 2,639,139</u>	<u>\$ 2,737,370</u>	<u>\$ 2,664,458</u>
Business-type Activities					
Net Investment in Capital Assets	\$ 21,504	\$ 180,793	\$ 171,638	\$ 153,461	\$ 238,916
Unrestricted	50,665	62,758	76,288	101,301	94,183
Total Business-type Activities Net Position	<u>\$ 72,169</u>	<u>\$ 243,550</u>	<u>\$ 247,927</u>	<u>\$ 254,762</u>	<u>\$ 333,099</u>
District-wide/(Deficit)					
Net Investment in Capital Assets	\$ (741,486)	\$ (152,744)	\$ 1,927,929	\$ 1,266,379	\$ 1,955,520
Restricted	1,924,873	2,606,906	2,547,711	2,395,714	1,810,688
Unrestricted	(95,120)	(187,800)	(1,588,574)	(669,961)	(768,651)
Total District Net Position	<u>\$ 1,088,267</u>	<u>\$ 2,266,362</u>	<u>\$ 2,887,066</u>	<u>\$ 2,992,132</u>	<u>\$ 2,997,557</u>

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

	June 30,				
	2011	2012	2013	2014*	2015
Governmental Activities/(Deficit)					
Net Investment in Capital Assets	\$ 2,918,629	\$ 3,739,856	\$ 3,914,713	\$ 4,936,220	\$ 5,350,423
Restricted	1,259,473	2,853,224	4,846,267	3,638,379	2,187,690
Unrestricted	1,060,389	346,336	(41,070)	(6,077,733)	(5,855,274)
Total Governmental Activities Net Position	<u>\$ 5,238,491</u>	<u>\$ 6,939,416</u>	<u>\$ 8,719,910</u>	<u>\$ 2,496,866</u>	<u>\$ 1,682,839</u>
Business-type Activities					
Net Investment in Capital Assets	\$ 244,022	\$ 247,997	\$ 241,035	\$ 244,069	\$ 288,615
Unrestricted	110,735	143,262	161,939	242,439	297,462
Total Business-type Activities Net Position	<u>\$ 354,757</u>	<u>\$ 391,259</u>	<u>\$ 402,974</u>	<u>\$ 486,508</u>	<u>\$ 586,077</u>
District-wide/(Deficit)					
Net Investment in Capital Assets	\$ 3,162,651	\$ 3,987,853	\$ 4,155,748	\$ 5,180,289	\$ 5,639,038
Restricted	1,259,473	2,853,224	4,846,267	3,638,379	2,187,690
Unrestricted	1,171,124	489,598	120,869	(5,835,294)	(5,557,812)
Total District Net Position	<u>\$ 5,593,248</u>	<u>\$ 7,330,675</u>	<u>\$ 9,122,884</u>	<u>\$ 2,983,374</u>	<u>\$ 2,268,916</u>

* - As Restated

Source: School District Financial Reports

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

	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 7,817,365	\$ 8,729,503	\$ 8,958,668	\$ 8,781,177	\$ 9,471,006
Special Education	1,990,611	2,198,403	1,614,382	2,136,723	3,210,096
Other Instruction	1,134,253	1,108,426	966,231	963,039	1,117,507
School-Sponsored Instruction					
Support Services					
Tuition	1,389,187	1,562,380	1,616,083	1,709,374	2,019,496
Student & Instruction Related Services	2,575,993	2,690,014	3,210,903	3,384,761	2,730,076
General and Business Administrative Services	1,126,029	1,166,831	578,153	1,264,738	1,541,863
School Administrative Services	1,348,187	1,403,920	1,491,351	652,135	591,904
Central Services & Administrative					
Information Technology			637,272	565,175	678,253
Plant Operations and Maintenance	2,193,838	2,963,093	3,331,127	3,230,031	2,746,671
Pupil Transportation	676,585	676,893	598,333	589,008	691,361
Special Schools					
Charter Schools		22,876	29,770	63,454	43,870
Capital Outlay				18,672	
Interest on long-term debt	194,415	198,925	208,873	166,966	132,752
Total Governmental Activities Expenses	<u>20,446,464</u>	<u>22,721,265</u>	<u>23,241,146</u>	<u>23,525,253</u>	<u>24,974,855</u>
Business-type Activities					
Food Service	487,334	520,391	589,857	639,604	720,678
Total Business-type Activities Expense	<u>487,334</u>	<u>520,391</u>	<u>589,857</u>	<u>639,604</u>	<u>720,678</u>
Total District Expenses	<u>\$ 20,933,799</u>	<u>\$ 23,241,656</u>	<u>\$ 23,831,004</u>	<u>\$ 24,164,857</u>	<u>\$ 25,695,533</u>
Program Revenues					
Governmental Activities					
Charges for Services					
Tuition & Pupil Transportation	\$ 46,508	\$ 25,120	\$ 6,761	\$ 28,549	\$ 1,430,266
Operating Grants and Contributions	5,568,315	6,358,381	3,386,488	4,086,428	5,699,175
Capital Grants and Contributions					151,415
Total Governmental Activities Program Revenues	<u>5,614,822</u>	<u>6,383,501</u>	<u>3,393,249</u>	<u>4,114,977</u>	<u>7,280,856</u>
Business-type Activities:					
Charges for Services					
Food Service	212,521	206,861	221,508	216,200	200,931
Operating Grants and Contributions	271,910	312,128	370,112	416,890	464,616
Capital Grants and Contributions					101,187
Total Business-type Activities Program Revenues	<u>484,431</u>	<u>518,989</u>	<u>591,620</u>	<u>633,090</u>	<u>766,734</u>
Total District Program Revenues	<u>\$ 6,099,254</u>	<u>\$ 6,902,490</u>	<u>\$ 3,984,869</u>	<u>\$ 4,748,067</u>	<u>\$ 8,047,590</u>

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

	Fiscal Year Ended June 30,				
	2006	2007	2008	2009	2010
Net (Expense)/Revenue					
Governmental Activities	\$ (14,831,642)	\$ (16,337,764)	\$ (19,847,898)	\$ (19,410,276)	\$ (17,693,999)
Business-type Activities	(2,903)	(1,402)	1,763	(6,514)	46,056
Total District-wide Net Expense	<u>\$ (14,834,545)</u>	<u>\$ (16,339,166)</u>	<u>\$ (19,846,135)</u>	<u>\$ (19,416,790)</u>	<u>\$ (17,647,943)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes Levied for General Purposes, Net	\$ 11,546,001	\$ 12,385,567	\$ 12,054,424	\$ 12,102,757	\$ 12,284,744
Taxes Levied for Debt Service	353,516	299,659	345,497	347,983	348,678
Federal and State aid not restricted	2,742,761	2,894,411	6,058,553	6,874,372	4,841,513
Tuition	1,338,232	1,576,467			
Investment Earnings	142,316	211,961	162,440	40,613	14,981
Miscellaneous Income	133,455	9,612	206,722	142,782	131,171
Prior Year Adjustment - Capital Assets	(102,946)	41,800			
Refunding Bond Proceeds		(75,000)			
Insurance Reimbursement due to Losses from Hurricane Sandy					
Transfers					
Total Governmental Activities	<u>16,153,335</u>	<u>17,344,477</u>	<u>18,827,636</u>	<u>19,508,507</u>	<u>17,621,087</u>
Business-type Activities					
Investment Earnings			2,614		
Miscellaneous				13,350	32,281
Prior Year Adjustment - Capital Assets		172,783			
Transfers					
Total Business-type Activities		<u>172,783</u>	<u>2,614</u>	<u>13,350</u>	<u>32,281</u>
Total District-wide	<u>\$ 16,153,335</u>	<u>\$ 17,517,260</u>	<u>\$ 18,830,250</u>	<u>\$ 19,521,857</u>	<u>\$ 17,653,368</u>
Change in Net Position					
Governmental Activities	\$ 1,321,693	\$ 1,006,714	\$ (1,020,262)	\$ 98,231	\$ (72,912)
Business-type Activities	(2,903)	171,381	4,377	6,836	78,337
Total District	<u>\$ 1,318,790</u>	<u>\$ 1,178,094</u>	<u>\$ (1,015,885)</u>	<u>\$ 105,067</u>	<u>\$ 5,425</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT

CHANGES IN NET POSITIONLAST TEN FISCAL YEARSACCRUAL BASIS OF ACCOUNTINGUNAUDITED

(Continued)

	Fiscal Year Ended June 30,				
	2011	2012	2013	2014	2015
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 9,101,265	\$ 9,925,886	\$ 9,662,684	\$ 10,622,657	\$ 11,846,786
Special Education	2,994,967	3,018,139	3,091,112	3,283,366	3,351,241
Other Instruction	1,069,180	1,199,461	1,171,293	854,765	1,065,461
School-Sponsored Instruction				479,070	540,909
Support Services					
Tuition	1,178,899	1,498,550	1,653,671	2,323,753	2,263,257
Student & Instruction Related Services	2,393,733	2,401,926	2,690,669	2,854,172	4,035,498
General and Business Administrative Services	644,922	595,606	667,296	754,316	950,061
School Administrative Services	1,231,592	1,251,606	1,325,535	1,274,212	1,539,137
Central Services & Administrative					
Information Technology	662,570	678,599	620,910	956,300	760,378
Plant Operations and Maintenance	2,504,012	2,781,499	2,743,694	3,107,572	3,004,402
Pupil Transportation	403,748	478,755	547,810	573,206	629,387
Special Schools					
Charter Schools	34,949	31,910	22,933	56,001	67,096
Capital Outlay					9,836
Interest on long-term debt	136,223	117,129	97,286	76,323	505,583
Total Governmental Activities Expenses	<u>22,356,060</u>	<u>23,979,066</u>	<u>24,294,893</u>	<u>27,215,713</u>	<u>30,569,032</u>
Business-type Activities					
Food Service	692,835	716,740	766,869	981,456	1,159,932
Total Business-type Activities Expense	<u>692,835</u>	<u>716,740</u>	<u>766,869</u>	<u>981,456</u>	<u>1,159,932</u>
Total District Expenses	<u>\$ 23,048,895</u>	<u>\$ 24,695,806</u>	<u>\$ 25,061,762</u>	<u>\$ 28,197,169</u>	<u>\$ 31,728,964</u>
Program Revenues					
Governmental Activities					
Charges for Services					
Tuition & Pupil Transportation	\$ 1,224,395	\$ 1,522,518	\$ 1,427,304	\$ 1,618,263	\$ 1,644,174
Operating Grants and Contributions	4,285,627	4,669,370	4,723,498	4,988,209	7,359,245
Capital Grants and Contributions	1,043,671	257,365			
Total Governmental Activities Program Revenues	<u>6,553,693</u>	<u>6,449,253</u>	<u>6,150,802</u>	<u>6,606,472</u>	<u>9,003,419</u>
Business-type Activities:					
Charges for Services					
Food Service	198,194	202,479	211,181	206,447	214,846
Operating Grants and Contributions	484,746	550,763	558,940	844,829	995,174
Capital Grants and Contributions	171				
Total Business-type Activities Program Revenues	<u>683,111</u>	<u>753,242</u>	<u>770,121</u>	<u>1,051,276</u>	<u>1,210,020</u>
Total District Program Revenues	<u>\$ 7,236,804</u>	<u>\$ 7,202,495</u>	<u>\$ 6,920,923</u>	<u>\$ 7,657,748</u>	<u>\$ 10,213,439</u>

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

	Fiscal Year Ended June 30,				
	2011	2012	2013	2014	2015
Net (Expense)/Revenue					
Governmental Activities	\$ (15,802,367)	\$ (17,529,813)	\$ (18,144,091)	\$ (20,609,241)	\$ (21,565,613)
Business-type Activities	(9,724)	36,502	3,252	69,820	50,088
Total District-wide Net Expense	<u>\$ (15,812,091)</u>	<u>\$ (17,493,311)</u>	<u>\$ (18,140,839)</u>	<u>\$ (20,539,421)</u>	<u>\$ (21,515,525)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes Levied for General Purposes, Net	\$ 12,072,744	\$ 12,314,062	\$ 12,571,243	\$ 12,571,243	\$ 12,833,220
Taxes Levied for Debt Service	357,154	380,108	376,744	379,939	382,092
Federal and State aid not restricted	5,851,606	6,365,605	6,823,930	7,258,883	7,349,935
Tuition					
Investment Earnings	139	324	132		
Miscellaneous Income	94,757	170,639	115,902	118,502	235,820
Prior Year Adjustment - Capital Assets					
Refunding Bond Proceeds					
Insurance Reimbursement due to Losses from Hurricane Sandy			45,097		
Transfers			(8,463)	(13,714)	(49,481)
Total Governmental Activities	<u>18,376,400</u>	<u>19,230,738</u>	<u>19,924,585</u>	<u>20,314,853</u>	<u>20,751,586</u>
Business-type Activities					
Investment Earnings					
Miscellaneous	31,382				
Prior Year Adjustment - Capital Assets					
Transfers			8,463	13,714	49,481
Total Business-type Activities	<u>31,382</u>	<u>-0-</u>	<u>8,463</u>	<u>13,714</u>	<u>49,481</u>
Total District-wide	<u>\$ 18,407,782</u>	<u>\$ 19,230,738</u>	<u>\$ 19,933,048</u>	<u>\$ 20,328,567</u>	<u>\$ 20,801,067</u>
Change in Net Position					
Governmental Activities	\$ 2,574,033	\$ 1,700,925	\$ 1,780,494	\$ (294,388)	\$ (814,027)
Business-type Activities	21,658	36,502	11,715	83,534	99,569
Total District	<u>\$ 2,595,691</u>	<u>\$ 1,737,427</u>	<u>\$ 1,792,209</u>	<u>\$ (210,854)</u>	<u>\$ (714,458)</u>

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

	June 30,				
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Reserved	\$ 1,894,176	\$ 2,629,534	\$ 2,680,601	\$ 2,403,319	\$ 1,574,502
Unreserved / (Deficit)	350,591	258,550	247,229	(150,502)	(193,916)
Restricted					
Assigned					
	<u>2,244,767</u>	<u>2,888,085</u>	<u>2,927,830</u>	<u>2,252,817</u>	<u>1,380,586</u>
Total General Fund					
All Other Governmental Funds					
Reserved	\$ 28,716				\$ 45,121
Unreserved/(Deficit), Reported in:					
Special Revenue Fund			\$ (89,460)	\$ (29,940)	(38,574)
Capital Projects Fund	26,686	\$ 37,417	37,417		207,500
Debt Service Fund	379,886	(2,082)	(1,885)	22,335	22,139
Restricted					
Committed					
Unassigned / (Deficit)					
	<u>\$ 435,288</u>	<u>\$ 35,335</u>	<u>\$ (53,929)</u>	<u>\$ (7,605)</u>	<u>\$ 236,186</u>
Total All Other Governmental Funds/(Deficit)					
Total Governmental Funds	<u>\$ 2,680,055</u>	<u>\$ 2,923,419</u>	<u>\$ 2,873,901</u>	<u>\$ 2,245,212</u>	<u>\$ 1,616,772</u>

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

	June 30,				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Reserved					
Unreserved / (Deficit)					
Restricted	\$1,259,471	\$2,853,224	\$4,846,267	\$3,638,378	\$ 2,179,449
Assigned	1,366,117	798,758	556,617	415,345	1,325,094
Total General Fund	<u>\$2,625,588</u>	<u>\$3,651,982</u>	<u>\$5,402,884</u>	<u>\$4,053,723</u>	<u>\$ 3,504,543</u>
All Other Governmental Funds					
Reserved					
Unreserved/(Deficit), Reported in:					
Special Revenue Fund					
Capital Projects Fund					
Debt Service Fund					
Restricted	\$ 2			\$ 1	\$23,439,965
Committed	264,918	\$ 135,763			
Unassigned / (Deficit)	<u>(35,249)</u>	<u>(33,201)</u>	<u>\$ (30,421)</u>	<u>(41,423)</u>	<u>(39,193)</u>
Total All Other Governmental Funds/(Deficit)	<u>\$ 229,671</u>	<u>\$ 102,562</u>	<u>\$ (30,421)</u>	<u>\$ (41,422)</u>	<u>\$23,400,772</u>
Total Governmental Funds	<u>\$2,855,259</u>	<u>\$3,754,544</u>	<u>\$5,372,463</u>	<u>\$4,012,301</u>	<u>\$26,905,315</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,

	2006	2007	2008	2009	2010
Revenues:					
Tax Levy	\$ 11,901,522	\$ 12,706,817	\$ 12,399,921	\$ 12,450,740	\$ 12,633,422
Tuition Charges	1,338,232	1,576,467	1,696,589	1,326,393	1,376,405
Interest Earnings	142,316	211,961	162,440	40,613	14,981
Transportation Fees	46,508	25,120	6,761	28,549	53,861
Miscellaneous	156,137	144,307	131,754	84,801	131,171
Other Sources			74,968	57,981	37,525
State Sources	7,257,727	8,100,018	8,577,021	8,764,081	7,653,140
Federal Sources	1,028,662	996,488	868,020	870,325	3,001,438
Total Revenue	<u>21,871,103</u>	<u>23,761,178</u>	<u>23,917,474</u>	<u>23,623,483</u>	<u>24,901,943</u>
Expenditures:					
Instruction					
Regular Instruction	6,100,975	6,339,932	6,859,374	6,562,247	7,122,471
Special Education Instruction	1,395,112	1,460,876	1,325,240	1,592,340	2,432,265
Other Instruction	840,830	766,246	655,306	709,730	790,606
Support Services					
Tuition	1,389,187	1,562,380	1,616,083	1,709,374	2,019,496
Student & Other Instruction Related Services	2,043,856	2,054,278	2,588,084	2,728,543	1,896,259
School Administrative Services	1,034,340	1,000,681	1,005,631	574,639	527,667
General & Business Administrative Services	957,509	924,588	482,085	1,019,785	1,072,503
Central Services and Administrative					
Information Technology			423,735	421,694	458,074
Plant Operations and Maintenance	1,997,886	2,698,679	2,800,796	2,848,858	2,371,655
Pupil Transportation	625,706	624,305	520,124	503,541	610,852
Unallocated Benefits	3,651,882	4,837,734	4,558,499	4,259,998	5,135,998

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,				
	2006	2007	2008	2009	2010
Expenditures:					
Special Schools					
Charter School		\$ 22,876	\$ 29,770	\$ 63,454	\$ 43,870
Capital Outlay	\$ 717,898	344,687	569,391	724,408	510,510
Debt Service:					
Principal	295,000	335,000	345,000	360,000	380,000
Interest and Other Charges	215,262	203,652	187,874	173,562	158,157
Total Expenditures	21,265,443	23,175,914	23,966,992	24,252,173	25,530,383
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	605,661	585,264	(49,519)	(628,690)	(628,440)
Other Financing Sources/(Uses)					
Capital Leases (Non-budgeted)					
Bond Proceeds					
Transfers in				37,417	491,479
Transfers out				(37,417)	(491,479)
Insurance Reimbursement due to Losses from Hurricane Sandy					
Total Other Financing Sources/(Uses)					
Net Change in Fund Balances	\$ 605,661	\$ 585,264	\$ (49,519)	\$ (628,690)	\$ (628,440)
Debt Service as a Percentage of Noncapital Expenditures	2.48%	2.36%	2.28%	2.27%	2.15%

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,				
	2011	2012	2013	2014	2015
Revenues:					
Tax Levy	\$ 12,429,898	\$ 12,694,170	\$ 12,947,987	\$ 12,951,182	\$ 13,215,312
Tuition Charges	1,192,531	1,508,356	1,392,846	1,578,544	1,603,297
Interest Earnings	139	324	132		
Transportation Fees	31,864	14,162	34,458	39,719	40,877
Miscellaneous	1,098,321	170,639	148,455	171,852	278,790
Other Sources		168,948			
State Sources	8,516,188	9,363,345	10,147,444	10,561,900	10,907,831
Federal Sources	1,661,152	1,760,047	1,367,431	1,631,842	1,564,502
Total Revenue	24,930,093	25,679,991	26,038,753	26,935,039	27,610,609
Expenditures:					
Instruction					
Regular Instruction	6,917,885	7,534,483	7,263,271	8,174,052	7,954,520
Special Education Instruction	2,252,971	2,218,008	2,323,453	2,593,085	2,360,167
Other Instruction	699,269	807,810	764,077	877,619	968,658
Support Services					
Tuition	1,178,899	1,498,550	1,653,671	2,323,753	2,263,257
Student & Other Instruction Related Services	1,661,981	1,712,488	1,904,266	2,100,703	2,615,307
School Administrative Services	553,276	502,522	593,598	646,825	981,259
General & Business Administrative Services	888,028	932,555	932,549	951,231	726,162
Central Services and Administrative					
Information Technology	460,025	492,200	463,224	706,343	541,686
Plant Operations and Maintenance	2,186,347	2,411,793	2,327,704	2,689,719	2,492,118
Pupil Transportation	319,762	368,176	443,737	508,445	545,229
Unallocated Benefits	4,891,356	5,149,196	5,132,037	5,157,841	5,709,500

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,				
	2011	2012	2013	2014	2015
Expenditures:					
Special Schools					
Charter School	\$ 34,949	\$ 31,910	\$ 22,933	\$ 81,777	\$ 67,096
Capital Outlay	1,119,113	578,889	95,528	954,093	4,038,194
Debt Service:					
Principal	400,000	420,000	435,000	460,000	485,000
Interest and Other Charges	140,995	122,126	102,420	56,001	59,961
Total Expenditures	<u>23,704,856</u>	<u>24,780,706</u>	<u>24,457,468</u>	<u>28,281,487</u>	<u>31,808,114</u>
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	<u>1,225,237</u>	<u>899,285</u>	<u>1,581,285</u>	<u>(1,346,448)</u>	<u>(4,197,505)</u>
Other Financing Sources/(Uses)					
Capital Leases (Non-budgeted)	13,250				
Bond Proceeds					27,140,000
Transfers in	56,660	42,352	135,763		
Transfers out	(56,660)	(42,352)	(144,226)	(13,714)	(49,481)
Insurance Reimbursement due to Losses from Hurricane Sandy			45,097		
Total Other Financing Sources/(Uses)	<u>13,250</u>	<u></u>	<u>36,634</u>	<u>(13,714)</u>	<u>27,090,519</u>
Net Change in Fund Balances	<u>\$ 1,238,487</u>	<u>\$ 899,285</u>	<u>\$ 1,617,919</u>	<u>\$ (1,360,162)</u>	<u>\$ 22,893,014</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>2.40%</u>	<u>2.24%</u>	<u>2.21%</u>	<u>1.89%</u>	<u>1.96%</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>
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
2013	8,883	1,392,846	34,458	107,151	1,543,338
2014	2,419	1,578,544	39,719	116,083	1,736,765
2015	44	1,603,297	40,877	227,539	1,871,757

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2012	9,176,600	645,090,400	133,356,800	1,881,600	41,904,400	831,409,800	7,787,477	839,197,277	1.510	817,400,787
2013	9,192,600	643,132,400	131,615,200	1,881,600	41,679,400	827,501,200	6,857,917	834,359,117	1.535	803,165,739
2014	* 7,310,100	518,149,900	109,205,740	1,779,600	38,429,700	674,875,040	6,135,212	681,010,252	1.937	707,372,316

* Revaluation Year

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation. Reassessment occurs when ordered by the County Board of Taxation.

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

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	School District of the Borough of Bound Brook Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	County	
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
2012	1.466	0.044	1.510	0.845	0.357	2.712
2013	1.490	0.045	1.535	0.881	0.363	2.779
2014	1.881	0.056	1.937	1.084	0.407	3.428

* 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
UNAUDITED

	2014		2005	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bound Brook LLC	\$ 19,533,000	2.34%	\$ 10,000,000	2.35%
Middle Brook Center LLC	19,019,000	2.28%	9,029,000	2.12%
Bell Atlantic	6,142,505	0.74%	4,901,049	1.15%
Tomur Realty	6,386,900	0.77%	1,060,700	0.25%
Garfield Park Assoc., LLC	4,000,000	0.48%	2,000,000	0.47%
Bragg-Norton LLC	2,710,000	0.32%	2,172,800	0.51%
Somerset Savings and Loan	3,012,500	0.36%	2,015,800	0.47%
Brook Industrial Park LLC	2,822,340	0.34%		
Bound Brook Holdings	2,260,000	0.27%	1,193,400	
La Maison Ville			1,055,000	0.24%
N.J.B.T. Company			1,005,000	
Total	<u>\$ 65,886,245</u>	<u>7.90%</u>	<u>\$ 34,432,749</u>	<u>7.56%</u>

Note- Revaluation of property was effective in 2009 and 2014.

Exhibit J-9

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

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy^a</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>
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%
2013	12,947,987	12,947,987	100.00%
2014	12,951,182	12,951,182	100.00%
2015	13,215,312	13,215,312	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)				
2006	\$ 3,010,000	\$ 1,675,000	\$ 131,922	\$ -	\$ -	\$ 4,816,922	0.71%	\$ 71
2007	2,900,000	1,525,000	51,931	-0-	-0-	4,476,931	0.62%	62
2008	2,710,000	1,370,000	27,804	-0-	-0-	4,107,804	0.54%	56
2009	2,515,000	1,205,000	6,455	-0-	-0-	3,726,455	0.51%	54
2010	2,310,000	1,030,000	-0-	-0-	-0-	3,340,000	0.46%	48
2011	2,095,000	845,000	3,267	-0-	-0-	2,943,267	0.39%	40
2012	1,870,000	650,000	-0-	-0-	-0-	2,520,000	0.31%	33
2013	1,640,000	445,000	-0-	-0-	-0-	2,085,000	0.26%	27
2014	1,395,000	230,000	-0-	-0-	-0-	1,625,000	0.19%	21
2015	28,280,000	-0-	-0-	-0-	-0-	28,280,000	3.35%	373

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		
2006	\$ 3,010,000	\$ - 0 -	\$ 3,010,000	0.70%	\$ 301
2007	2,900,000	- 0 -	2,900,000	0.68%	287
2008	2,710,000	- 0 -	2,710,000	0.63%	262
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%	178
2013	1,640,000	- 0 -	1,640,000	0.20%	156
2014	1,395,000	- 0 -	1,395,000	0.17%	125
2015	28,280,000	- 0 -	28,280,000	4.15%	2,544

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.

Source: School District Financial Reports

Exhibit J-12

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2014
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	\$ 25,203,946	100.00%	\$ 25,203,946
Somerset County General Obligation Debt	170,821,822	1.24%	<u>2,123,657</u>
Subtotal, Overlapping Debt			27,327,604
Bound Brook School District Direct Debt			<u>28,280,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 55,607,604</u></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 2015

		Equalized valuation basis	
		2012	796,674,780
		2013	721,762,931
		2014	727,863,503
			<u>\$ 2,246,301,214</u>
Average Equalized Valuation of Taxable Property			\$ 748,767,071
Debt Limit (4% of average equalization value) a			29,950,683
Net Direct School Debt			28,280,000
Legal Debt Margin			<u>\$ 1,670,683</u>

	Fiscal Year				
	2006	2007	2008	2009	2010
Debt Limit	\$ 26,804,235	\$ 30,909,308	\$ 34,639,398	\$ 34,238,985	\$ 34,988,727
Total Net Debt Applicable to Limit	<u>4,685,000</u>	<u>4,425,000</u>	<u>4,080,000</u>	<u>3,720,000</u>	<u>3,340,000</u>
Legal Debt Margin	<u>\$ 22,119,235</u>	<u>\$ 26,484,308</u>	<u>\$ 30,559,398</u>	<u>\$ 30,518,985</u>	<u>\$ 31,648,727</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	17.48%	14.32%	11.78%	10.86%	9.55%

	Fiscal Year				
	2011	2012	2013	2014	2015
Debt Limit	\$ 37,425,653	\$ 34,857,678	\$ 33,121,740	\$ 31,070,746	\$ 29,950,683
Total Net Debt Applicable to Limit	<u>2,940,000</u>	<u>2,520,000</u>	<u>2,085,000</u>	<u>1,625,000</u>	<u>28,280,000</u>
Legal Debt Margin	<u>\$ 34,485,653</u>	<u>\$ 32,337,678</u>	<u>\$ 31,036,740</u>	<u>\$ 29,445,746</u>	<u>\$ 1,670,683</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	7.86%	7.23%	6.29%	5.23%	94.42%

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

Exhibit J-14

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
2005	10,012	\$ 638,345,096	\$ 63,758	4.90%
2006	10,001	681,878,181	68,181	5.40%
2007	10,119	725,299,563	71,677	4.80%
2008	10,329	754,130,619	73,011	6.40%
2009	10,433	724,112,798	69,406	11.1%
2010	10,421	728,490,426	69,906	11.1%
2011	10,479	761,865,216	72,704	10.9%
2012	10,520	809,177,360	76,918	11.4%
2013	10,511	816,547,035	77,685	8.5%
2014	11,116	863,546,460 ***	77,685 *	5.1%
2015	11,116 **	863,546,460 ***	77,685 *	N/A

* - Latest Somerset County per capita personal income available (2013) was used for calculation purposes.

** - Latest population data available (2014) was used for calculation purposes.

*** - Latest Borough personal income available (2013) and latest population data available (2014) were 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	2015		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 LLC	N/A	N/A	N/A
Tekni-Plex Inc.	N/A	N/A	N/A
Verizon Wireless	N/A	N/A	N/A

2005 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 TEN FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	90.7	94.0	88.1	87.0	86.3	83.8	92.1	89.2	101.7	102.2
Special education	30.5	19.0	9.0	21.6	17.3	18.2	20.2	18.6	21.0	22.4
Other special education	6.0	21.0	15.0	13.0	10.5	13.5	14.0	12.0	10.6	7.5
Other instruction	15.0	13.0	21.4	7.4	10.5	10.9	9.6	10.6	13.4	15.6
Support Services:										
Student and instruction related services	39.0	24.5	24.5	26.0	27.5	25.5	25.0	29.8	30.0	42.0
General administrative services	3.0	2.0	2.0	2.0	2.0	2.0	2.0	2.3	2.5	2.5
School administrative services	12.0	12.5	13.5	11.9	12.0	10.0	10.0	15.4	9.9	12.2
Business administrative services	5.2	5.2	6.1	5.0	5.0	5.3	5.3	5.3	7.3	7.3
Plant operations and maintenance	16.4	15.0	31.5	16.0	16.0	15.0	17.8	19.8	18.8	18.5
Pupil transportation	5.0	4.0	3.0	3.5	3.5	4.0	4.0	4.3	3.7	4.2
Total	<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>	<u>207.3</u>	<u>218.9</u>	<u>234.4</u>

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				
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%
2013	1,606	23,824,520	14,835	-3.76%	115	1:15.0	1:12.9	1,611.2	1,530.3	5.72%	94.98%
2014	1,710	26,811,393	15,679	5.69%	128	1:14.2	1:12.6	1,681.6	1,598.3	4.37%	95.05%
2015	1,800	27,224,959	15,125	-3.53%	134	1:13.3	1:13.6	1,802.8	1,716.1	7.21%	95.19%

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.

Source: Borough of Bound Brook District Records

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</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	175	199	201	140	159	150	140	133	169	238
LaMonte Annex (2006)										
Square Feet	30,240	30,240	30,240	30,240	30,240	30,240	30,240	30,240	30,240	30,240
Capacity (students)	256	256	256	256	256	256	256	256	256	256
Enrollment		214	228	250	284	304	307	344	333	340
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	266	266
Enrollment	203	259	275	279	320	323	361	353	378	327
<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	332	328	308	304	255	270	262	293	321	358
Smalley Trailers										
Square Feet	12,500									
Capacity (students)	100									
Enrollment	84									
<u>High School</u>										
Bound Brook High School (1907)										
Square Feet	118,025	118,025	118,025	118,025	118,025	118,025	118,025	118,025	118,025	118,025
Capacity (students)	869	869	869	869	869	869	869	869	869	869
Enrollment	721	469	496	493	495	485	465	483	510	537

Number of Schools at June 30, 2015

- Elementary = 3
- Middle School = 1
- Senior High School = 1

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. 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
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
2013	395,335	86,384	127,866	112,644	87,019	809,248
2014	440,379	114,226	75,390	142,252	73,469	845,716
2015	297,520	83,389	95,994	100,054	52,520	629,477

* 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, 2015
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
New Jersey Schools Insurance Group		
Package Policy:		
Blanket Real and Personal Property	\$ 63,215,075	\$ 5,000
Comprehensive General Liability	11,000,000	
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	15,000
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	25,000
Student Accident Insurance (Bollinger)	1,000,000	
New Jersey Schools Insurance Group		
Surety Bonds:		
Board Secretary/Business Administrator	225,000	
Treasurer of School Moneys	225,000	
Environmental (add'l mold)	1mil/1mil	10,000
AIG		

SINGLE AUDIT SECTION



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Bound Brook School District, in the County of Somerset (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2015.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

December 1, 2015
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Bound Brook School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

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

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results that the testing based on the requirements of OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

December 1, 2015
Mount Arlington, New Jersey

NISIVOCCIA LLP



Valerie A. Dolan
Licensed Public School Accountant #2526
Certified Public Accountant

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2014			Balance at June 30, 2015	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable
U.S. Department of Education Passed-through State Department of Education:									
Special Revenue Fund:									
No Child Left Behind Consolidated Grant:									
Title I	84.010A	NCLB184014	7/1/13-6/30/14	949,205	\$(101,969)		\$ 101,969		
Title I	84.010A	NCLB184015	7/1/14-6/30/15	953,121			753,155	\$ (904,535)	\$(151,380)
Title II, Part A	84.367A	NCLB184014	7/1/13-6/30/14	69,681	(9,430)		9,430		
Title II, Part A	84.367A	NCLB184015	7/1/14-6/30/15	80,268			45,149	(80,268)	(35,119)
Title III	84.365A	NCLB184014	7/1/13-6/30/14	38,690	(1,823)		1,823		
Title III	84.365A	NCLB184015	7/1/14-6/30/15	74,049			33,343	(50,962)	(17,619)
Title III - Immigrant	84.365A	NCLB184015	7/1/14-6/30/15	14,761			10,459	(10,459)	
State Fiscal Stabilization Fund (SFSF) - Race-To-The-Top Incentive Grant, Recovery Act									
	84.395	ARRA184013	9/1/12-6/30/15	60,588	(2,463)		12,114	(9,651)	
Special Education Cluster:									
I.D.E.A. Part B, Basic	84.027	IDEA184014	7/1/13-6/30/14	530,101	(231,022)		231,022		
I.D.E.A. Part B, Basic	84.027	IDEA184015	7/1/14-6/30/15	424,364			347,170	(418,348)	(71,178)
I.D.E.A. Part B, Preschool	84.173	IDEA184014	7/1/13-6/30/14	20,911	(18,569)		18,569		
I.D.E.A. Part B, Preschool	84.173	IDEA184015	7/1/14-6/30/15	13,711			13,266	(13,711)	(445)
Total Special Education Cluster									
					(249,591)		610,027	(432,059)	(71,623)
Total U.S. Department of Education					(365,276)		1,577,469	(1,487,934)	(275,741)
U.S. Department of Agriculture Passed Through State Department of Agriculture:									
Special Revenue Fund:									
Child Nutrition Discretionary Grants Limited Availability									
School Breakfast Program Expansion Grant	10.579	N/A	7/1/12-6/30/15	18,000		\$ 697	8,000	(8,697)	
Total U.S. Department of Agriculture						697	8,000	(8,697)	
Total Special Revenue Fund					(365,276)	697	1,585,469	(1,496,631)	(275,741)
U.S. Department of Health and Human Services:									
Medicaid Assistance Program	93.778	N/A	7/1/14-6/30/15	68,730			54,265	(68,730)	(14,465)
Medicaid Assistance Program - SEMI/ARRA	93.778	N/A	7/1/14-6/30/15	18,493			18,493	(18,493)	
Total U.S. Department of Health and Human Services							72,758	(87,223)	(14,465)

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2014			Balance at June 30, 2015	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	Budgetary Accounts Receivable
U.S. Department of Agriculture Passed Through State Department of Agriculture:									
Child Nutrition Cluster:									
Food Distribution Program	10.555	N/A	7/1/13-6/30/14	\$ 51,036		\$ 2,358		\$ (2,358)	
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	61,320			\$ 61,320	(57,105)	\$ 4,215
School Breakfast Program	10.553	N/A	7/1/13-6/30/14	254,861	\$ (29,479)		29,479		
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	358,300			327,568	(358,300)	\$ (30,732)
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	528,369	(35,102)		35,102		
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	565,706			527,924	(565,706)	(37,782)
Total Child Nutrition Cluster					(64,581)	2,358	981,393	(983,469)	(68,514) 4,215
Total U.S. Department of Agriculture					(64,581)	2,358	981,393	(983,469)	(68,514) 4,215
Total Federal Awards					<u>\$(429,857)</u>	<u>\$ 3,055</u>	<u>\$2,639,620</u>	<u>\$(2,567,323)</u>	<u>\$(358,720) 4,215</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, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2015		MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Due to Grantor				GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education													
General Fund:													
Categorical Special Education Aid	14-495-034-5120-089	7/1/13 - 6/30/14	\$ 880,722	\$ (87,280)			\$ 87,280						\$ 880,722
Equalization Aid	14-495-034-5120-078	7/1/13 - 6/30/14	6,288,222	(623,163)			623,163						6,288,222
Categorical Security Aid	14-495-034-5120-084	7/1/13 - 6/30/14	118,638	(11,758)			11,758						118,638
School Choice Aid	14-495-034-5120-068	7/1/13 - 6/30/14	447,090	(44,307)			44,307						447,090
Categorical Transportation Aid	14-495-034-5120-014	7/1/13 - 6/30/14	23,408	(2,320)			2,320						23,408
Under Adequacy Aid	14-495-034-5120-096	7/1/13 - 6/30/14	282,395	(27,985)			27,985						282,395
Extraordinary Aid	14-100-034-5120-473	7/1/13 - 6/30/14	168,747	(168,747)			168,747						168,747
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	7/1/13 - 6/30/14	750,183	(37,951)			37,951						750,183
Categorical Special Education Aid	15-495-034-5120-089	7/1/14 - 6/30/15	880,722				793,289	\$ (880,722)			\$ (87,433)		880,722
Equalization Aid	15-495-034-5120-078	7/1/14 - 6/30/15	6,288,222				5,663,963	(6,288,222)			(624,259)		6,288,222
Categorical Security Aid	15-495-034-5120-084	7/1/14 - 6/30/15	118,638				106,860	(118,638)			(11,778)		118,638
Categorical Transportation Aid	15-495-034-5120-014	7/1/14 - 6/30/15	23,408				21,084	(23,408)			(2,324)		23,408
School Choice Aid	15-495-034-5120-068	7/1/14 - 6/30/15	472,638				425,717	(472,638)			(46,921)		472,638
Under Adequacy Aid	15-495-034-5120-085	7/1/14 - 6/30/15	282,395				254,360	(282,395)			(28,035)		282,395
PARCC Readiness Aid	15-495-034-5120-098	7/1/14 - 6/30/15	16,070				14,475	(16,070)			(1,595)		16,070
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14 - 6/30/15	16,070				14,475	(16,070)			(1,595)		16,070
Extraordinary Aid	15-100-034-5120-473	7/1/14 - 6/30/15	132,544					(132,544)		\$ (132,544)		(132,544)	132,544
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	7/1/14 - 6/30/15	801,950				722,157	(801,950)		(79,793)		(79,793)	801,950
Total General Fund				(1,003,511)			9,019,891	(9,032,657)		(212,337)		(1,016,277)	17,992,062
Special Revenue Fund													
Preschool Education Aid	13-495-034-5120-025	7/1/12 - 6/30/13	579,882				30,421				\$ 97,880		482,002
Preschool Education Aid	14-495-034-5120-025	7/1/13 - 6/30/14	481,871	(41,423)		62,216	41,423						481,871
Preschool Education Aid Non Public:	15-495-034-5120-025	7/1/15 - 6/30/15	456,990				355,581	(385,665)			71,325	(39,193)	385,665
Textbook Aid	14-100-034-5120-064	7/1/13 - 6/30/14	110						\$ (110)				
Technology Initiative	14-100-034-5120-373	7/1/13 - 6/30/14	40						(40)				
Nursing Services	14-100-034-5120-070	7/1/13 - 6/30/14	154				154		(154)				
Total Special Revenue Fund				(41,423)	160,096	304	427,425	(385,665)	(304)		169,205	(39,193)	1,349,538
Debt Service Fund:													
Type II Aid	15-100-034-5120-125	7/1/14 - 6/30/15	162,872				162,872	(162,872)					162,872
Total Debt Service Fund							162,872	(162,872)					162,872
Total New Jersey Department of Education				(1,044,934)	\$ 160,096	\$ 304	9,610,188	(9,581,194)	\$ (304)	\$ (212,337)	\$ 169,205	\$ (1,055,470)	19,504,472
New Jersey Department of Agriculture:													
Enterprise Fund:													
State School Lunch Program	15-100-010-3350-023	7/1/14 - 6/30/15	11,705				10,927	(11,705)			(778)	(778)	11,705
State School Lunch Program	14-100-010-3350-023	7/1/13 - 6/30/14	11,607	(1,364)			1,364						11,607
Total Enterprise Fund				(1,364)			12,291	(11,705)		(778)		(778)	23,312
Total New Jersey Department of Agriculture				(1,364)			12,291	(11,705)		(778)		(778)	23,312
Total State Awards				\$ (1,046,298)	\$ 160,096	\$ 304	\$ 9,622,479	\$ (9,592,899)	\$ (304)	\$ (213,115)	\$ 169,205	\$ (1,056,248)	\$19,527,784

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of Borough of Bound Brook School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules are presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to P.L. 2003, C.97 (A3521). For GAAP purposes, those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$7,127) for the general fund, and \$1,999 for the special revenue fund (of which \$(754) is for local assistance not included in the table on the following page). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension Contributions and Post Retirement Contributions revenue of \$507,504 and \$805,663 respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as 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, 2015
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 87,223	\$ 10,338,697	\$ 10,425,920
Special Revenue Fund	1,477,279	406,262	1,883,541
Debt Service Fund		162,872	162,872
Food Service Fund	983,469	11,705	995,174
Total Awards	<u>\$ 2,547,971</u>	<u>\$ 10,919,536</u>	<u>\$ 13,467,507</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, 2015. 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, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all 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's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.
- The District's programs tested as 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>				
Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/14-6/30/15	\$ 424,364	\$ 418,348
I.D.E.A. Part B, Preschool	84.173	7/1/14-6/30/15	13,711	13,711
Child Nutrition Cluster:				
School Breakfast Program	10.553	7/1/14-6/30/15	358,300	358,300
National School Lunch	10.555	7/1/14-6/30/15	565,706	565,706
Federal Food Distribution	10.555	7/1/14-6/30/15	61,320	57,105
Federal Food Distribution	10.555	7/1/13-6/30/14	51,036	2,358

State:

General Fund State Aid:

Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	6,288,222	6,288,222
Categorical Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	880,722	880,722
Categorical Security Aid	15-495-034-5120-084	7/1/14-6/30/15	118,638	118,638
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	472,638	472,638
Under Adequacy Aid	15-495-034-5120-096	7/1/14-6/30/15	282,395	282,395
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	16,070	16,070
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	16,070	16,070

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Summary of Auditors' Results: (Cont'd)

- The single audit thresholds identified in Federal OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08 were \$500,000.
- The thresholds used for distinguishing between Type A and Type B federal and State programs was \$300,000.
- The District was determined to be a "low-risk" auditee under the provisions of section 530 of the federal Circular for both federal and state programs.

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards 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 and 15-08.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

The District had no prior year audit findings.