

**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, 2020**

**Comprehensive Annual  
Financial Report**

**of the**

**BOROUGH OF BOUND BROOK  
SCHOOL DISTRICT**

**Bound Brook, New Jersey**

**For the Fiscal Year Ended June 30, 2020**

**Prepared by**

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2020

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal .....	1
Organizational Chart .....	5
Roster of Officials .....	6
Consultants and Advisors.....	7
<b>FINANCIAL SECTION.....</b>	<b>8</b>
Independent Auditors' Report.....	9
Required Supplementary Information .....	12
Management's Discussion and Analysis .....	13
Basic Financial Statements (Sections A. and B.).....	21
A. District-Wide Financial Statements .....	22
A-1 Statement of Net Position .....	23
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds .....	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	32
B-4 Statement of Net Position – Proprietary Funds.....	34
B-5 Statement of Revenue, Expenses and Changes in Fund Position– Proprietary Funds.....	35
B-6 Statement of Cash Flows – Proprietary Funds.....	36
B-7 Statement of Fiduciary Net Position – Fiduciary Funds .....	37
B-8 Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	38
Notes to the Basic Financial Statements.....	39
Required Supplementary Information .....	79
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions (Unaudited).....	80
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System .....	80
L-2 Schedule of District Contributions – Public Employees Retirement System .....	81
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with the District - Teachers' Pension and Annuity Fund .....	82
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund .....	83
L-5 Schedule of Changes in the State's Proportionate Share of Total OPEB Liability Associated with the District and Related Ratios .....	84
Notes to Required Supplementary Information .....	85

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

FINANCIAL SECTION (Cont'd)

C.	Budgetary Comparison Schedules.....	88
C-1	Budgetary Comparison Schedule – General Fund.....	89
C-2	Budgetary Comparison Schedule - Special Revenue Fund.....	103
C-3	Budgetary Comparison Schedule – Note to RSI.....	105
Other Supplementary Schedules (Sections D. to I.)		
D.	School Level Schedules (Not Applicable).....	106
E.	Special Revenue Fund .....	107
E-1	Combining Schedule of Program Revenue and Expenditures - Special Revenue Fund – Budgetary Basis.....	108
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis .....	110
F.	Capital Projects Fund.....	111
F-1	Summary Schedule of Revenue, Expenditures and Changes in Fund Balance .....	112
F-1A	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Bond Referendum – Various School Renovations .....	113
F-1B	Schedule of Project Revenue, Expenditures, Project Balance and Project Status – Addition to Smalley School.....	114
G.	Proprietary Funds.....	115
G-1	Combining Statement of Net Position and Schedules .....	116
G-2	Combining Statement of Revenue, Expenses and Changes in Fund Net Position and Schedules .....	117
G-3	Combining Statement of Cash Flows and Schedules.....	119
H.	Fiduciary Funds .....	120
H-1	Combining Statement of Net Position .....	121
H-2	Combining Statement of Changes in Net Position.....	122
H-3	Student Activity Agency Fund Statement of Activity .....	123
H-4	Student Activity Agency Fund Schedule of Receipts and Disbursements .....	124
H-5	Payroll Agency Fund Schedule of Receipts and Disbursements .....	125
I.	Long-Term Debt.....	126
I-1	Schedule of Serial Bonds .....	127
I-2	Schedule of Obligations Under Capital Leases.....	128
I-3	Debt Service Fund Budgetary Comparison Schedule.....	129
J.	Statistical Section (Unaudited) .....	130
J-1	Net Position by Component.....	131
J-2	Changes in Net Position.....	133
J-3	Fund Balances - Governmental Funds.....	137
J-4	Changes in Fund Balances - Governmental Funds .....	139
J-5	General Fund Other Local Revenue by Source .....	143

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

FINANCIAL SECTION (Cont'd)

J.	Statistical Section (Cont'd)	
J-6	Assessed Value and Actual Value of Taxable Property .....	144
J-7	Direct and Overlapping Property Tax Rates .....	145
J-8	Principal Property Taxpayers, Current and Nine Years Ago .....	146
J-9	Property Tax Levies and Collections .....	147
J-10	Ratios of Net Outstanding Debt by Type .....	148
J-11	Ratios of Net General Bonded Debt Outstanding .....	149
J-12	Ratios of Overlapping Governmental Activities Debt .....	150
J-13	Legal Debt Margin Information .....	151
J-14	Demographic and Economic Statistics .....	152
J-15	Principal Employers, Current and Nine Years Ago .....	153
J-16	Full-time Equivalent District Employees by Function/Program .....	154
J-17	Operating Statistics .....	155
J-18	School Building Information .....	156
J-19	Schedule of Allowable Maintenance Expenditures by School Facility .....	157
J-20	Insurance Schedule .....	158
K.	Single Audit Section .....	159
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> - Independent Auditors' Report .....	160
K-2	Independent Auditor's Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance .....	162
K-3	Schedule of Expenditures of Federal Awards .....	164
K-4	Schedule of Expenditures of State Awards .....	166
K-5	Notes to the Schedules of Expenditures of Federal and State Awards .....	167
K-6	Schedule of Findings and Questioned Costs .....	169
K-7	Summary Schedule of Prior Audit Findings .....	171

INTRODUCTORY SECTION  
(NOT APPLICABLE)

**BOUND BROOK BOARD OF EDUCATION**  
**130 WEST MAPLE AVENUE**  
**BOUND BROOK, NJ 08805**

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

Michael Steinmetz  
Business Administrator/ Board Secretary

December 16, 2020

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, 2020 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the 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 financial and demographic information, financial trends and the fiscal capacity of the District, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' report on the internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** 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 2019-2020 school year with an average daily enrollment of 1,978 students, which is 85 students more than last year.

## 2. ECONOMIC CONDITION AND OUTLOOK

The School District is one of the most underfunded public school systems in the State and faces some difficult economic situations in the future since the primary funding source is property tax revenue cannot overcome the structure deficit of proper State aid.

The School District attributes much of its past educational success to the community's demand for, and support of, a quality school system.

## 3. MAJOR INITIATIVES

The district enrollment is increasing each year, faster than the latest enrollment projection. The increase of student enrollment has affected our programs and going forward, we are adding staff and resources to support our students and staff. The District finished a 12-classroom addition to Smalley School in August. The district will also start a new cafeteria and kitchen in Lafayette School for further expansion in the future. The last time the district did a demographic study was 2019 by Whitehall Group. We have exceeded these enrollment numbers already. The introduction of 8 Pilot building programs will strain the district financially as well in our facilities to house all the new students that will be attending our school district.

The most pressing professional development needs are strategies for student engagement in a hybrid setting. Social and emotional learning (SEL) provides a foundation for safe and positive learning, and enhances students' ability to succeed in school, careers, and life. With this in mind, we were able to provide PD to 30 of our elementary staff in Responsive Classroom, Level 1 and 14 staff in Responsive Classroom 2 this summer. We were able to provide PD to 20 of our 7-12 grade staff in Restorative Practices this summer, as well. These were accomplished by using funding from Title IV. We have worked with various county agencies to bring PD into the district regarding Mindfulness, Trauma Informed Education, and Fostering Empathy at School. The district has expanded our therapeutic counseling initiatives and now houses a Therapeutic Counseling Center in the BBHS, with three LCSW's on staff to support both staff and student mental health needs. We purchased an online PD platform, KYTE Learning. KYTE is a large library of video-based professional development courses and tutorials that provide teachers with on-demand technology training and support around various technology topics and tools.

The district added a Director of Diversity & Inclusion, a new administrative position, to sharpen its focus and progress on cultural responsiveness, disproportionality, and equity goals. This includes regular examination of school district policies and procedures for potential inequities. The district is also continuing to use a district equity leadership team comprised of administrators, teachers, and guidance counselors, to initiate and sustain dialogue on issues of race, socioeconomic status, and other identity factors and their relationship to achievement.



3. MAJOR INITIATIVES (Cont'd)

We recently implemented the AVID program, which has a proven track record in bringing out the best in students, and in closing the achievement gap. AVID stands for Advancement Via Individual Determination and helps teach students focus on WICOR strategies (Writing, Inquiry, Collaboration, Organization, and Reading). In addition, we have expanded our Computer Science program, that introduces students to the fundamental concepts of computer science and challenges them to explore how computing and technology impacts the world by scaffolding skills. Among the additions to the Computer Science program include the following: AP Computer Science A (JAVA), Introduction to Web Design, Computer Science Principles (CSP), and Computer Science for English Language Learners. Lastly, the concurrent enrollment program has been broadened, to include additional courses through our partnership with Raritan Valley Community College (RVCC) that enables students to take challenging college courses and earn college credits during the regular school day.

In 2021-2022 school year the district will need to see the restoration of the State aid cuts received this year in addition to additional State aid to maintain the current level of staffing and district programs. If the district is flat funded in 2021-2022 school year, the district will be forced to reduce staffing by 20 to 25%. The district was cut 2 million dollars of State aid due to COVID-19 as well as incurring an additional 1.5 million dollars in COVID-19 related expenses for an unanticipated 3.5 million dollar redistribution of funds to overcome the structured deficit created by the pandemic.

4. INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

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

As a recipient of federal and state awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

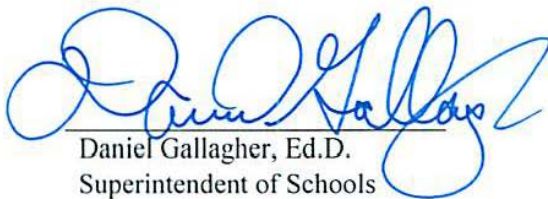
As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control system, including that portion related to major federal and state award programs, as well as to determine that the District has complied with applicable laws, regulations, contracts and grants.

5. BUDGETARY CONTROLS: In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

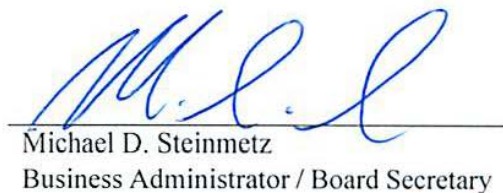
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at fiscal year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent fiscal year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2020.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, 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.
9. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Bound Brook Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

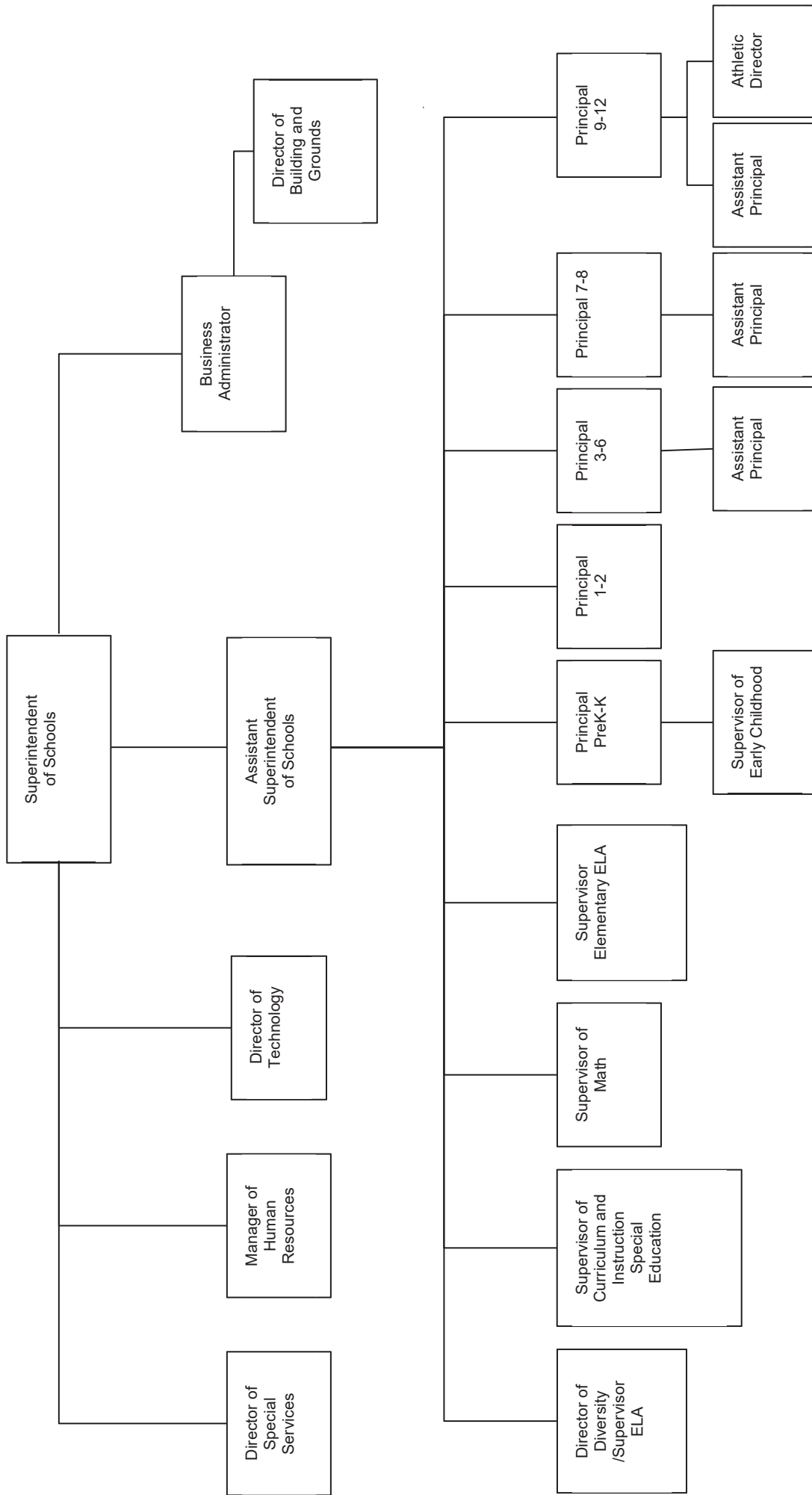


Daniel Gallagher, Ed.D.  
Superintendent of Schools



Michael D. Steinmetz  
Business Administrator / Board Secretary

**BOUND BROOK BOARD OF EDUCATION**  
**Organizational Chart**  
**Fiscal Year Ended June 30, 2020**



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

**ROSTER OF OFFICIALS**

**JUNE 30, 2020**

**MEMBERS OF THE BOARD OF EDUCATION**

**TERM EXPIRES**

Michele DeFazio, President	2021
Camilla Stevens, Vice President	2021
Michael Bal	2020
William Boehm	2020
Tyler Awtry	2020
Charity Morris	2021
Lizethe Martinez	2022
Joanna Musson	2022
Patricia Russamanno	2022
Dominic Vatalare, South Bound Brook Representative	2020

**OTHER OFFICIALS**

Dr. Daniel Gallagher, Superintendent

Brian DeLuca, Acting Business Administrator/Board Secretary-March 30, 2020 to April 24, 2020

Michael Steinmetz, Business Administrator/Board Secretary July 1, 2019 to March 29, 2020 and April 25, 2020 to June 30, 2020

Thomas A. Venanzi, Treasurer

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

**Architects**

Design Resources Group Architects, AIA, Inc.  
371 Hoes Lane, Suite 301  
Piscataway, New Jersey 08854

Gianforcaro Engineers  
555 East Main Street  
Suite One  
Chester, NJ 07930

**Audit Firm**

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

**Attorney**

Apruzzese, McDermott, Mastro & Murphy, P.C.  
25 Independence Boulevard  
Warren, NJ 07059

**Official Depository**

TD Bank, NA  
452 Union Avenue  
Bridgewater, NJ 08807

FINANCIAL SECTION

## 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Borough of Bound Brook School District, in the County of Somerset, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying other supplementary schedules and the schedule of expenditures of federal and state awards required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 16, 2020  
Mount Arlington, New Jersey

*Nisiroccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*

---

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 THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2020. Please read it in conjunction with the transmittal letter at the front of this report and the District’s financial statements, which immediately follow this section.

**Overview of the Financial Statements**

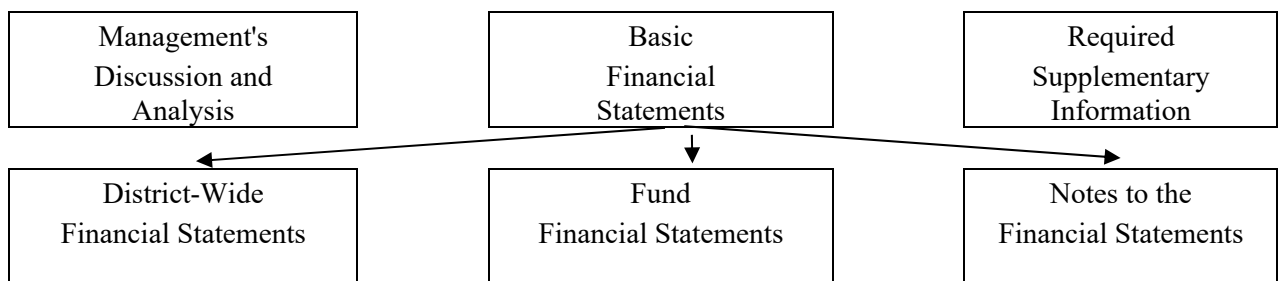
This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the District operates like a business, such as food services and summer enrichment.
- *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 THE FISCAL YEAR ENDED JUNE 30, 2020

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

**Figure A-2**

*Major Features of the District-Wide and Fund Financial Statements*

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, and summer enrichment.	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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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 THE FISCAL YEAR ENDED JUNE 30, 2020

### **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 services and summer enrichment programs are included here.

### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

- *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, 2020 increased by \$1,401,143 from the previous year. The net position from governmental activities increased \$1,550,644 and the net position from business-type activities decreased \$149,501. The net investment in capital assets decreased by \$1,093,836. Restricted net position decreased by \$373,372. Unrestricted net position increased by \$2,868,351.

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

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Current and Other Assets	\$ 9,582,425	\$ 3,797,071	\$ 177,065	\$ 288,124	\$ 9,759,490	\$ 4,085,195	
Capital Assets, Net	37,994,944	34,299,351	593,891	618,081	38,588,835	34,917,432	
Total Assets	47,577,369	38,096,422	770,956	906,205	48,348,325	39,002,627	23.96%
Deferred Outflows of Resources	1,081,111	2,272,888			1,081,111	2,272,888	-52.43%
Other Liabilities	5,062,655	1,507,585	28,670	14,418	5,091,325	1,522,003	
Long-Term Liabilities	33,689,782	32,240,053			33,689,782	32,240,053	
Total Liabilities	38,752,437	33,747,638	28,670	14,418	38,781,107	33,762,056	14.87%
Deferred Inflows of Resources	4,419,617	2,685,890			4,419,617	2,685,890	64.55%
Net Position:							
Net Investment in							
Capital Assets	9,102,266	10,171,912	593,891	618,081	9,696,157	10,789,993	
Restricted	2,926,803	3,300,175			2,926,803	3,300,175	
Unrestricted / (Deficit)	(6,542,643)	(9,536,305)	148,395	273,706	(6,394,248)	(9,262,599)	
Total Net Position	\$ 5,486,426	\$ 3,935,782	\$ 742,286	\$ 891,787	\$ 6,228,712	\$ 4,827,569	29.02%

**BOROUGH OF BOUND BROOK SCHOOL DISTRICT**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,242,180	\$ 1,208,831	\$ 202,369	\$ 251,305	\$ 1,444,549	\$ 1,460,136	
Operating Grants & Contributions	11,070,250	11,001,994	1,072,650	1,196,738	12,142,900	12,198,732	
General Revenue:							
Property Taxes	13,798,109	14,217,109			13,798,109	14,217,109	
Unrestricted Federal & State Aid	14,571,783	12,625,558			14,571,783	12,625,558	
Other	232,034	297,635	219	384	232,253	298,019	
Total Revenue	<u>40,914,356</u>	<u>39,351,127</u>	<u>1,275,238</u>	<u>1,448,427</u>	<u>42,189,594</u>	<u>40,799,554</u>	3.41%
Expenses:							
Instruction	22,337,528	21,473,964			22,337,528	21,473,964	
Pupil & Instruction Services	7,746,553	6,757,428			7,746,553	6,757,428	
Administrative & Business	5,124,512	4,363,374			5,124,512	4,363,374	
Maintenance & Operations	2,606,901	2,527,645			2,606,901	2,527,645	
Transportation	741,171	749,559			741,171	749,559	
Other	807,266	1,237,176	1,424,520	1,542,357	2,231,786	2,779,533	
Total Expenses	<u>39,363,931</u>	<u>37,109,146</u>	<u>1,424,520</u>	<u>1,542,357</u>	<u>40,788,451</u>	<u>38,651,503</u>	5.53%
Transfers	219	384	(219)	(384)			
Change in Net Position	<u>\$ 1,550,644</u>	<u>\$ 2,242,365</u>	<u>\$ (149,501)</u>	<u>\$ (94,314)</u>	<u>\$ 1,401,143</u>	<u>\$ 2,148,051</u>	-34.77%

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District increased significantly from the prior year. However, District is over \$6 million below adequacy, which causes a severe strain on maintaining the budget. 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.

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 THE FISCAL YEAR ENDED JUNE 30, 2020

Figure A-5 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-5**  
**Net Cost of Governmental Activities**

	<u>Total Costs of Services</u>		<u>Net Cost of Services</u>	
	<u>2019/2020</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2018/2019</u>
Instruction	\$ 22,337,528	\$ 21,473,964	\$ 12,175,586	\$ 11,251,357
Pupil and Instruction Services	7,746,553	6,757,428	6,462,104	5,717,423
Administrative and Business	5,124,512	4,363,374	4,399,939	3,567,764
Maintenance and Operations	2,606,901	2,527,645	2,606,901	2,527,645
Transportation	741,171	749,559	599,705	596,956
Other	807,266	1,237,176	807,266	1,237,176
	<u>\$ 39,363,931</u>	<u>\$ 37,109,146</u>	<u>\$ 27,051,501</u>	<u>\$ 24,898,321</u>

**Business-Type Activities**

Net position from the District's business-type activity decreased by \$149,501 (Refer to Figure A-4). The most significant factors contributing to these results was the Food Service Enterprise Fund saw a decrease in net position of \$149,565 due to proportional decreases in revenues and in expenses from 2019 due to the inactivity in the food service program because of the COVID-19 pandemic related closures of the school.

**Financial Analysis of the District's Funds**

In 2021-2022 school year the District will need to see the restoration of the State aid cuts received this year in addition to additional State aid to maintain the current level of staffing and district programs. If the District is flat funded in 2021-2022 school year, the District will be forced to reduce staffing by 20 to 25%. The District was cut 2 million dollars of State aid due to COVID-19 as well as incurring an additional 1.5 million dollars in COVID-19 related expenses for an unanticipated 3.5-million-dollar redistribution of funds to overcome the structural deficit created by the pandemic.



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**General Fund Budgetary Highlights**

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

- Changes were made within budgetary line items to improve cyber security, email protection, and additional storage for data districtwide. Improvements were made to the district firewall to enhance data protection and the installment of additional access points were purchased to improve districtwide wireless access for PARCC assessments and the 1:1 Chromebook initiative. Time clocks were added in the main entryways of each building as a security measure to know all staff that is in the building
- Changes made within budgetary line items for additional staffing of instructional aides based on class sizes and student needs. The professional development program, Restorative Practices, was implemented to improve the climate and culture of staff districtwide. Boiler repair services were performed at Lafayette, Smalley, Lamonte, and Lamonte Annex.
- 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 for teachers and administrators.

**Capital Assets**

At year-end, the District had \$38,558,835 in capital assets as shown in Figure A-6. Capital Assets had a net increase of \$3,671,403 or 10.51% over the prior year. The District had \$4,452,360 of additions offset by \$780,957 of depreciation expense. (More detailed information about the District’s capital assets is presented in Note 7 to the financial statements.)

**Figure A-6**  
**Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Total Percentage Change</u>
	<u>2019/2020</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2018/2019</u>	
Construction in Progress	\$18,865,637	\$ 14,959,985			\$18,865,637	14,959,985	
Buildings and Building Improvements	17,159,896	17,505,366	\$ 444,704	\$ 459,553	17,604,600	\$17,964,919	
Machinery and Equipment	<u>1,969,411</u>	<u>1,834,000</u>	<u>149,187</u>	<u>158,528</u>	<u>2,118,598</u>	<u>1,992,528</u>	
 Total Capital Assets (Net of Depreciation)	<u>\$37,994,944</u>	<u>\$ 34,299,351</u>	<u>\$ 593,891</u>	<u>\$ 618,081</u>	<u>\$38,588,835</u>	<u>\$34,917,432</u>	<u>10.51%</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**Long-term Liabilities**

At year-end, the District had \$23,330,000 in general obligation bonds outstanding and utilized the option to purchase the capital leases in the current year for \$5,582,575 as shown in Figure A-7. (More detailed information about the District’s long-term liabilities is presented in Note 8 to the financial statements.)

**Figure A-7**  
**Outstanding Long-Term Liabilities**

	Total School District		Percentage Change
	2019/2020	2018/2019	
General Obligation Bonds (Financed with Property Taxes)	\$ 23,330,000	\$ 24,160,000	
Capital Lease Purchase	5,582,575		
Net Pension Liability	4,256,669	7,601,725	
Compensated Absences	520,538	478,328	
	<u>\$ 33,689,782</u>	<u>\$ 32,240,053</u>	<u>4.50%</u>

- The District retired \$830,000 of Serial Bonds Payable.
- The Compensated Absence Payable accrued an additional \$42,210.
- The Net Pension Liability decreased \$3,345,056.
- The District added \$7,000,000 for a new Capital Lease and retired \$1,417,425 of this lease in the current 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 was cut this year and the introduction of Pilot projects in the Borough without any funds coming into the district will create a financial strain for the next 15 years.
- The school district enrollment has increased significantly over the past three years, with 2000 students to educate; this has placed an additional burden on the capped revenue source as well as facility needs.
- The District is continuing its goal of eliminating the need of budgeted fund balance 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.
- The continued Coronavirus extending into the subsequent year’s District expenditures is also of great concern due to the uncertainty of how long this will last. The continued cost to the District for such things as disinfecting the buildings, PPE costs, salaries and technology costs are also of concern.

**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 Business Administrator/Board Secretary at the Board of Education Office at 130 West Maple Avenue, Bound Brook, NJ 08805.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,399,121	\$ 144,026	\$ 6,543,147
Receivable from Federal Government	403,906		403,906
Receivable from State Government	255,235	37,209	292,444
Other Accounts Receivable	46,876	15,360	62,236
Interfund Accounts Receivable	12,264		12,264
Internal Balances	68,657	(68,657)	
Inventories		49,127	49,127
Restricted Assets:			
Maintenance Reserve Account - Cash and Cash Equivalents	1,003,375		1,003,375
Capital Reserve Account - Cash and Cash Equivalents	1,142,202		1,142,202
Emergency Reserve Account - Cash and Cash Equivalents	250,789		250,789
Capital Assets:			
Construction in Progress	18,865,637		18,865,637
Depreciable Buildings and Building Improvements and Machinery and Equipment	19,129,307	593,891	19,723,198
Total Assets	<u>47,577,369</u>	<u>770,956</u>	<u>48,348,325</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	1,081,111		1,081,111
Total Deferred Outflows of Resources	<u>1,081,111</u>		<u>1,081,111</u>
<b>LIABILITIES</b>			
Accounts Payable	2,830,233	2,825	2,833,058
Payable to Local Government	125,073		125,073
Accrued Interest Payable	347,285		347,285
Unearned Revenue	1,760,064	25,845	1,785,909
Noncurrent Liabilities:			
Due Within One Year	2,059,600		2,059,600
Due Beyond One Year	31,630,182		31,630,182
Total Liabilities	<u>38,752,437</u>	<u>28,670</u>	<u>38,781,107</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	4,419,617		4,419,617
Total Deferred Inflows of Resources	<u>4,419,617</u>		<u>4,419,617</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 9,102,266	\$ 593,891	\$ 9,696,157
Restricted for:			
Capital Projects	1,142,202		1,142,202
Debt Service	7,258		7,258
Maintenance	1,003,375		1,003,375
Emergency	250,789		250,789
Excess Surplus	523,179		523,179
Unrestricted/(Deficit)	<u>(6,542,643)</u>	<u>148,395</u>	<u>(6,394,248)</u>
Total Net Position	<u>\$ 5,486,426</u>	<u>\$ 742,286</u>	<u>\$ 6,228,712</u>

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 14,280,864	\$ 1,215,737	\$ 4,633,268	\$ (8,431,859)	\$	\$ (8,431,859)
Special Education	5,504,592		3,703,613	(1,800,979)		(1,800,979)
Other Instruction	1,804,379			(1,804,379)		(1,804,379)
School-Sponsored Instruction	747,693		609,324	(138,369)		(138,369)
Support Services:						
Tuition	1,799,150			(1,799,150)		(1,799,150)
Student & Instruction Related Services	5,947,403		1,284,449	(4,662,954)		(4,662,954)
General Administrative Services	933,937			(933,937)		(933,937)
School Administrative Services	2,510,023		563,337	(1,946,686)		(1,946,686)
Central Services and Administrative						
Information Technology	1,680,552		161,235	(1,519,317)		(1,519,317)
Plant Operations and Maintenance	2,606,901			(2,606,901)		(2,606,901)
Pupil Transportation	741,171	26,443	115,023	(599,705)		(599,705)
Interest and Other Charges	768,903			(768,903)		(768,903)
Capital Outlay	13,553			(13,553)		(13,553)
Unallocated Depreciation						
Transfer to Charter School	24,810			(24,810)		(24,810)
Total Governmental Activities	39,363,931	1,242,180	11,070,250	(27,051,501)		(27,051,501)

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities:						
Food Service	\$ 1,423,684	\$ 201,469	\$ 1,072,650		\$ (149,565)	\$ (149,565)
Summer Enrichment	836	900			64	64
Total Business-Type Activities	<u>1,424,520</u>	<u>202,369</u>	<u>1,072,650</u>		<u>(149,501)</u>	<u>(149,501)</u>
Total Primary Government	<u>\$ 40,788,451</u>	<u>\$ 1,444,549</u>	<u>\$ 12,142,900</u>	<u>\$ (27,051,501)</u>	<u>\$ (149,501)</u>	<u>\$ (27,201,002)</u>
General Revenue and Transfers:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 13,261,017	\$	\$ 13,261,017
Taxes Levied for Debt Service				537,092		537,092
Federal and State Aid not Restricted				14,571,783		14,571,783
Miscellaneous Income				232,034	\$ 219	232,253
Transfers				219	(219)	
Total General Revenue and Transfers				<u>28,602,145</u>		<u>28,602,145</u>
Change in Net Position				<u>1,550,644</u>	<u>(149,501)</u>	<u>1,401,143</u>
Net Position - Beginning				<u>3,935,782</u>	<u>891,787</u>	<u>4,827,569</u>
Net Position - Ending				<u>\$ 5,486,426</u>	<u>\$ 742,286</u>	<u>\$ 6,228,712</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, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 1,530,051	\$ 472,753	\$ 3,990,090	\$ 406,227	\$ 6,399,121
Receivables From Federal Government		403,906			403,906
Receivables From State Government	255,235				255,235
Other Receivables	46,876				46,876
Interfund Receivable	100,728			7,258	107,986
Restricted Cash and Cash Equivalents	2,396,366				2,396,366
<u>Total Assets</u>	<u>\$ 4,329,256</u>	<u>\$ 876,659</u>	<u>\$ 3,990,090</u>	<u>\$ 413,485</u>	<u>\$ 9,609,490</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
<u>Liabilities:</u>					
Accounts Payable	\$ 1,165,178	\$ 604,316	\$ 836,116		\$ 2,605,610
Interfund Payable			27,065		27,065
Payable to Local Government	125,073				125,073
Unearned Revenue - Prepaid School Taxes	975,634	378,203		\$ 406,227	\$ 1,760,064
<u>Total Liabilities</u>	<u>2,265,885</u>	<u>982,519</u>	<u>863,181</u>	<u>406,227</u>	<u>4,517,812</u>
<u>Fund Balances:</u>					
<u>Restricted:</u>					
Capital Reserve Account	1,142,202				1,142,202
Capital Projects			19,897		19,897
Maintenance Reserve	1,003,375				1,003,375
Emergency Reserve Account	250,789				250,789
Excess Surplus - 2021-2022	482,740				482,740
Excess Surplus - 2020-2021	40,439				40,439
Debt Service				7,258	7,258
Committed			3,107,012		3,107,012
Unassigned / (Deficit)	(856,174)	(105,860)			(962,034)
<u>Total Fund Balances/(Deficit)</u>	<u>2,063,371</u>	<u>(105,860)</u>	<u>3,126,909</u>	<u>7,258</u>	<u>5,091,678</u>
<u>Total Liabilities and Fund Balances</u>	<u>\$ 4,329,256</u>	<u>\$ 876,659</u>	<u>\$ 3,990,090</u>	<u>\$ 413,485</u>	<u>\$ 9,609,490</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

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

Total Fund Balances from Above	\$ 5,091,678
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	37,994,944
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(347,285)
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	(29,433,113)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(4,256,669)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds.	
Deferred Outflows	856,488
Deferred Inflows	<u>(4,419,617)</u>
Net Position of Governmental Activities	<u>\$ 5,486,426</u>

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, 2020**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 13,261,017			\$ 537,092	\$ 13,798,109
Tuition from Other LEA's	1,215,737				1,215,737
Interest Earned on Emergency Reserve	789				789
Interest Earned on Maintenance Reserve	3,155				3,155
Interest Earned on Capital Reserve	1,556				1,556
Transportation Fees	26,443				26,443
Miscellaneous	206,533		\$ 20,001		239,052
Total - Local Sources	14,715,230	\$ 12,518	20,001	537,092	15,284,841
State Sources	19,978,791	1,000,231		857,795	21,836,817
Federal Sources	51,678	1,473,321			1,524,999
Total Revenues	34,745,699	2,486,070	20,001	1,394,887	38,646,657
<b>EXPENDITURES:</b>					
Current:					
Regular Instruction	7,836,639	1,455,479			9,292,118
Special Education Instruction	2,423,113	1,694,200			4,117,313
Other Instruction	763,300				763,300
School-Sponsored	747,693				747,693
Support Services and Undistributed Costs:					
Tuition	1,799,150				1,799,150
Student and Other Instruction Related Services	3,980,938				3,980,938
General Administration Services	827,182				827,182
School Administration Services	1,535,414				1,535,414
Central Services & Administrative Information Technology	1,390,536				1,390,536
Plant Operations and Maintenance	2,405,646				2,405,646
Student Transportation	672,630				672,630
Unallocated Benefits	8,382,789				8,382,789

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Debt Service:					
Interest and Other Charges				\$ 779,463	\$ 779,463
Principal				830,000	830,000
Capital Outlay	\$ 1,958,026	\$ 19,660	\$ 3,905,652		5,883,338
Transfer of Funds to Charter School	24,810				24,810
Total Expenditures	34,747,866	3,169,339	3,905,652	1,609,463	43,432,320
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>(2,167)</u>	<u>(683,269)</u>	<u>(3,885,651)</u>	<u>(214,576)</u>	<u>(4,785,663)</u>
OTHER FINANCING SOURCES/(USES):					
Capital Leases (Non-Budgeted)	(818,145)	649,113	7,000,000		7,000,000
Transfers In/(Out)			(20,001)	189,252	219
Total Other Financing Sources/(Uses)	(818,145)	649,113	6,979,999	189,252	7,000,219
Net Change in Fund Balances	(820,312)	(34,156)	3,094,348	(25,324)	2,214,556
Fund Balance / (Deficit) - July 1	2,883,683	(71,704)	32,561	32,582	2,877,122
Fund Balance / (Deficit) - June 30	<u>\$ 2,063,371</u>	<u>\$ (105,860)</u>	<u>\$ 3,126,909</u>	<u>\$ 7,258</u>	<u>\$ 5,091,678</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, 2020

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 2,214,556

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	\$	(756,767)
Capital Outlays		4,452,360

3,695,593

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 (+).

(42,210)

Proceeds from debt issues including capital leases 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.

(7,000,000)

Repayment of 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.

830,000

Repayment of capital lease principal 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.

1,417,425

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, 2020

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. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

\$ 10,560

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	3,345,056
Change in Deferred Outflows	(1,186,609)
Change in Deferred Inflows	<u>(1,733,727)</u>

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 1,550,644

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2020

	Business-type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 64	\$ 143,962	\$ 144,026
Intergovernmental Accounts Receivable:			
Federal		37,209	37,209
State			
Accounts Receivable - Other		8,649	8,649
Student Accounts Receivable		6,711	6,711
Inventories		49,127	49,127
Total Current Assets	<u>64</u>	<u>245,658</u>	<u>245,722</u>
Non-Current Assets:			
Capital Assets		1,022,849	1,022,849
Less: Accumulated Depreciation		<u>(428,958)</u>	<u>(428,958)</u>
Total Non-Current Assets		<u>593,891</u>	<u>593,891</u>
Total Assets	<u>64</u>	<u>839,549</u>	<u>839,613</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable		2,825	2,825
Interfund Accounts Payable - General Fund		68,657	68,657
Unearned Revenue - Prepaid Sales		11,766	11,766
Unearned Revenue - Donated Commodities		<u>14,079</u>	<u>14,079</u>
Total Current Liabilities		<u>97,327</u>	<u>97,327</u>
<b>NET POSITION:</b>			
Investment in Capital Assets		593,891	593,891
Unrestricted	<u>64</u>	<u>148,331</u>	<u>148,395</u>
Total Net Position	<u>\$ 64</u>	<u>\$ 742,222</u>	<u>\$ 742,286</u>

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



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, 2020

	Business-type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Meals		\$ 120,069	\$ 120,069
Daily Sales - Non-Reimbursable Meals		72,671	72,671
Other Income		8,729	8,729
Charges for Services - Program Fees	\$ 900		900
Total Operating Revenue	900	201,469	202,369
Operating Expenses:			
Cost of Sales - Reimbursable Programs		602,340	602,340
Cost of Sales - Non-Reimbursable Programs		42,560	42,560
Salaries, Benefits & Payroll Taxes		438,279	438,279
Supplies, Insurance & Other Costs		93,593	93,593
Management Fee		57,329	57,329
Miscellaneous		165,393	165,393
Program Expenses	836		836
Depreciation Expense		24,190	24,190
Total Operating Expenses	836	1,423,684	1,424,520
Operating Income/(Loss)	64	(1,222,215)	(1,222,151)
Non-Operating Revenue:			
Local Sources:			
Interest Income		219	219
State Sources:			
State School Lunch Program		9,628	9,628
Federal Sources:			
National School Lunch Program		499,448	499,448
After School Snack Program		8,662	8,662
Summer Food Service Program - COVID 19		168,280	168,280
Summer Food Service Program		19,049	19,049
School Breakfast Program		307,750	307,750
Food Distribution Program		59,833	59,833
Total Non-Operating Revenue		1,072,869	1,072,869
Change in Net Position Before Transfers	64	(149,346)	(149,282)
Transfer Out - General Fund		(219)	(219)
Change in Net Position After Transfers	64	(149,565)	(149,501)
Net Position - Beginning of Year		891,787	891,787
Net Position - End of Year	\$ 64	\$ 742,222	\$ 742,286

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 100	\$ 198,440	\$ 198,540
Payments for Programs	(836)		(836)
Payments to Food Service Vendor		(438,279)	(438,279)
Payments to Suppliers		(920,019)	(920,019)
Net Cash Provided by/(Used for) Operating Activities	<u>(736)</u>	<u>(1,159,858)</u>	<u>(1,160,594)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income		219	219
Net Cash Provided by Investing Activities		<u>219</u>	<u>219</u>
Cash Flows from Capital and Related Financing Activities:			
Cash Received from Federal Reimbursements		1,142,445	1,142,445
Cash Received from Transfers - General Fund		68,054	68,054
Net Cash Provided by Noncapital Financing Activities		<u>1,222,261</u>	<u>1,222,261</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(736)	62,622	61,886
Cash and Cash Equivalents, July 1	800	81,340	82,140
Cash and Cash Equivalents, June 30	<u>\$ 64</u>	<u>\$ 143,962</u>	<u>\$ 144,026</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating (Loss)	\$ 64	\$ (1,222,215)	\$ (1,222,151)
Adjustment to Reconcile Operating (Loss) to Net Cash Provided By/(Used for) Operating Activities:			
Depreciation		24,190	24,190
Food Distribution Program		59,833	59,833
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable		(3,053)	(3,053)
(Increase)/Decrease in Accounts Receivable - Students		(4,994)	(4,994)
(Increase)/Decrease in Inventory		(28,671)	(28,671)
Increase/(Decrease) in Unearned Revenue - Donated Commodities		7,209	7,209
Increase/(Decrease) in Unearned Revenue - Prepaid Sales		5,018	5,018
Increase/(Decrease) in Unearned Revenue - Program Fees	(800)		(800)
Increase/(Decrease) in Accounts Payable		2,825	2,825
Net Cash Provided By/(Used for) Operating Activities	<u>\$ (736)</u>	<u>\$ (1,159,858)</u>	<u>\$ (1,160,594)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$67,042 and utilized \$59,833 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2020.

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, 2020

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 282,012	\$ 240,503	\$ 14,250	\$ 123
Receivables From State Government	30,478			
<b>Total Assets</b>	<u>312,490</u>	<u>240,503</u>	<u>14,250</u>	<u>123</u>
<b>LIABILITIES:</b>				
Interfund Payable - General Fund	12,264			
Due to Student Groups	101,046			
Due to Athletic Fund	2,030			
Payroll Deductions and Withholdings	197,150			
<b>Total Liabilities</b>	<u>312,490</u>			
<b>NET POSITION:</b>				
Held in Trust for:				
Unemployment Claims		240,503		
Flexible Spending Claims			14,250	
Restricted for Scholarships				123
<b>Total Net Position</b>	<u>\$ -0-</u>	<u>\$ 240,503</u>	<u>\$ 14,250</u>	<u>\$ 123</u>

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, 2020

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>
Additions:			
Contributions:			
Plan Contributions	\$ 30,115	\$ 41,826	
Total Contributions	<u>30,115</u>	<u>41,826</u>	
Investment Earnings:			
Interest	<u>1,114</u>		
Net Investment Earnings	<u>1,114</u>		
Total Additions	<u>31,229</u>	<u>41,826</u>	
Deductions:			
Unemployment Compensation Claims	39,673		
Flexible Spending Claims		36,246	
Cancelation of Interfund Receivable	<u>8,974</u>		
Total Deductions	<u>48,647</u>	<u>36,246</u>	
Change in Net Position	(17,418)	5,580	
Net Position - Beginning of the Year	<u>257,921</u>	<u>8,670</u>	\$ 123
Net Position - End of the Year	<u>\$ 240,503</u>	<u>\$ 14,250</u>	<u>\$ 123</u>

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, 2020

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 ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

B. Basis of Presentation: (Cont'd)

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.

The District reports the following proprietary fund:

Enterprise Funds: The Enterprise Fund accounts for all revenue and expenses pertaining to the Enterprise Funds. The District operates several Enterprise Funds. The District's Enterprise Funds are comprised of the Food Service Fund and Summer Enrichment. These Funds are 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

D. Budgets/Budgetary Control:

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.

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. 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.



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 34,916,895	\$ 2,485,596
Differences - Budgetary 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.		
Prior Year Encumbrances		34,630
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	1,374,143	71,704
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,545,339)	(105,860)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 34,745,699	\$ 2,486,070

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 34,747,866	\$ 3,134,709
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		34,630
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 34,747,866	\$ 3,169,339

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

E. Cash and Cash Equivalents:

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to 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.

G. Allowance for Uncollectible Accounts:

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2020.

K. Capital Assets:

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 acquisition value. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

K. Capital Assets: (Cont'd)

	<u>Estimated Useful Life</u>
Buildings	20 to 50 years
Building Improvements	10 to 20 years
Machinery and Equipment	10 to 15 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 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 GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. 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.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$2,063,371 General Fund balance at June 30, 2020, \$-0- is assigned for year-end encumbrances and \$-0- is assigned for subsequent year's expenditures (which are \$34,815 and \$7,017 less, respectively, than on a Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2021); \$1,142,202 is restricted in a capital reserve account; \$1,003,375 is restricted in a maintenance reserve account; \$250,789 is restricted in an emergency reserve account; \$40,439 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, 2021; \$482,740 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, 2022. Additionally, there is a deficit of \$856,174 in unassigned fund balance (which is \$1,503,507 less than unassigned fund balance, on a Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2021).

Special Revenue Fund: The deficit fund balance of \$105,860 in Special Revenue Fund at June 30, 2020 is unassigned. This deficit is due to the last two June state aid payments, which are not recognized on a GAAP basis until the fiscal year ended June 30, 2020.

Capital Projects Fund: of the \$3,126,909 Capital Projects Fund fund balance at June 30, 2020 \$19,897 is restricted and \$3,107,012 is committed.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2020 is \$7,258 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 \$1,545,339 due to the last two State Aid payments which is not recognized on a GAAP basis. (\$1,503,507 in unassigned fund balance, \$7,017 in assigned for subsequent year's expenditures and \$34,815 in assigned fund balance for encumbrances), 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, 2020  
(Continued)

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

Q. Deficit Fund Balances / Net Position

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$1,545,339, which resulted in deficit in unassigned fund balance of \$856,174 as reported in the fund statements (modified accrual basis).

The District has a deficit in unrestricted net position of \$9,649,655 in governmental activities, which is primarily due to compensated absences payable, and net pension liability. The District has a deficit in unassigned fund balance of \$105,860 in the Special Revenue Fund as of June 30, 2020 as a result of the last two state aid payments that are not recognized on a GAAP basis. These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and inflows of resources at June 30, 2020 for pensions.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

(Continued)

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

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.

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

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 \$3,107,012 of committed resources at June 30, 2020.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not 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 \$34,815 of assigned resources for year-end encumbrances and \$7,017 assigned for subsequent year's expenditures in the General Fund on the budgetary basis at June 30, 2020.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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 and summer enrichment. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Enterprise Fund.

V. Management Estimates:

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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.

Custodial Credit Risk – The District does not have a policy with respect to custodial credit risk. However, the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

Investments: (Cont'd)

- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
  - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.). ;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
  - (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
  - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
  - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
  - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
  - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents Capital, Maintenance, & Emergency Reserve Accounts	Total
Checking Accounts	\$ 7,080,035	\$ 2,396,366	\$ 9,476,401

During the period ended June 30, 2020, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$9,476,401 and the bank balance was \$9,799,253.

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

Beginning Balance, July 1, 2019	\$ 1,329,704
Interest Earnings	1,556
Budgeted Withdrawal - Transfer to Debt Service	189,058
Ending Balance, June 30, 2020	\$ 1,142,202

The balance in the capital reserve account at June 30, 2020 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawal from the capital reserve was for use the reduction of debt service related to the bond referendum.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
 (Continued)

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.

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

Beginning Balance, July 1, 2019	\$ 1,000,220
Interest Earnings	3,155
Ending Balance, June 30, 2020	\$ 1,003,375

NOTE 6. EMERGENCY RESERVE ACCOUNT

An emergency reserve was established by Board resolution on June 11, 2018. The account is maintained in the general fund and its activity is included in the general fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end for the purpose of depositing surplus into reserve accounts as an amount approved by the district board of education between June 1<sup>st</sup> and June 20<sup>th</sup>. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or a withdrawal that was included in the original budget certified for taxes to finance school security improvements pursuant to N.J.S.A. 18A:7G-6(c)1.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 6. EMERGENCY RESERVE ACCOUNT (Cont'd)

The activity of the emergency reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 250,000
Interest Earnings	789
	\$ 250,789
Ending Balance, June 30, 2020	\$ 250,789

NOTE 7. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Construction in Progress	\$ 14,959,985	\$ 3,905,652		\$ 18,865,637
Total Capital Assets Not Being Depreciated	14,959,985	3,905,652		18,865,637
Capital Assets Being Depreciated:				
Buildings and Building Improvements	24,757,775	246,975		25,004,750
Machinery and Equipment	3,718,335	299,733		4,018,068
Total Capital Assets Being Depreciated	28,476,110	546,708		29,022,818
Governmental Activities Capital Assets	43,436,095	4,452,360		47,888,455
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(7,252,409)	(592,445)		(7,844,854)
Machinery and Equipment	(1,884,335)	(164,322)		(2,048,657)
	(9,136,744)	(756,767)		(9,893,511)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 34,299,351	\$ 3,695,593	\$ -0-	\$ 37,994,944
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 691,445			\$ 691,445
Machinery and Equipment	331,404			331,404
Business Type Activities Capital Assets	1,022,849			1,022,849
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(231,892)	(14,849)		(246,741)
Machinery and Equipment	(172,876)	(9,341)		(182,217)
	(404,768)	(24,190)		(428,958)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 618,081	\$ (24,190)	\$ -0-	\$ 593,891

The District expended \$3,905,652 towards construction projects in progress. The District has \$3,126,909 in an active construction project as of June 30, 2020 of which \$3,024,382 was encumbered. The District also expended \$527,048 from its capital outlay budget and \$19,660 from the Special Revenue Fund for instructional equipment.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 357,510
Special Education	56,677
Other Instruction	154,339
Student and Instruction Related Services	37,350
General Administration	1,946
School Administration	38,485
Central Services & Administrative Information Tehnology	6,635
Operations and Maintenance of Plant	75,955
Pupil Transportation	27,870
	<u>\$ 756,767</u>

NOTE 8. LONG-TERM LIABILITIES

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

	<u>Beginning Balance</u>	<u>Accrued</u>	<u>Retired</u>	<u>Ending Balance</u>
Serial Bonds Payable	\$ 24,160,000		\$ 830,000	\$ 23,330,000
Capital Leases		\$ 7,000,000	1,417,425	5,582,575
Net Pension Liability	7,601,725		3,345,056	4,256,669
Compensated Absences Payable	478,328	65,186	22,976	520,538
	<u>\$ 32,240,053</u>	<u>\$ 7,065,186</u>	<u>\$ 5,615,457</u>	<u>\$ 33,689,782</u>

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, 2020 as follows:

<u>Purpose</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
School Bonds	1/15/2040	2.00% - 3.750%	<u>\$ 23,330,000</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable (Cont'd)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 870,000	\$ 754,562	\$ 1,624,562
2022	900,000	728,463	1,628,463
2023	940,000	701,463	1,641,463
2024	980,000	673,262	1,653,262
2025	1,020,000	643,862	1,663,862
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>\$ 23,330,000</u>	<u>\$ 8,901,653</u>	<u>\$ 32,231,653</u>

The Debt Service Fund will be used to liquidate the Serial Bonds.

B. Bonds Authorized But Not Issued:

As of June 30, 2020, the Board had no bonds authorized but not issued.

C. Capital Leases Payable:

The District's capital lease purchase related to financing of construction of improvements for the addition of Smalley School. The capital lease purchase totaled \$7,000,000 of which \$1,417,425 has been liquidated as of June 30, 2020. The capital lease was for a term of six years. The schedule of the future minimum lease payments under the District's capital lease, and the present value of the net minimum lease payments at June 30, 2020 as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2021	\$ 1,315,736
June 30, 2022	1,315,736
June 30, 2023	1,315,736
June 30, 2024	1,315,735
June 30, 2025	657,868
Total Minimum Lease Payments	5,920,811
Less: Amount Representing Interest	(338,236)
Present Value of Net Minimum Lease Payments	<u>\$ 5,582,575</u>

The current portion of the capital lease payable as June 30, 2020 in the governmental activities is \$1,189,600 and the long-term portion is \$4,392,975. The General Fund will be used to liquidate the capital lease payable in the governmental activities.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 8. LONG-TERM LIABILITIES (Cont'd)

D. Compensated Absences

The liability for compensated absences 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 liability is \$-0- and the long-term liability balance of compensated absences is \$520,538.

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, 2020, no liability existed for compensated absences in the Enterprise Funds.

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, 2020 is \$-0- and the long-term portion is \$4,256,669. See Note 10 for further information on the PERS.

NOTE 9. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2020, the District transferred \$156,941 to the capital outlay accounts for equipment which did not require County Superintendent approval. The District also transferred \$83,530 from the facilities acquisition and construction services accounts for which County Superintendent approval was required and obtained.

NOTE 10. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Public Employee's Retirement System (PERS) of New Jersey; or the Teachers' Pension and Annuity Fund (TPAF); or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code(ICR) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

<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

Service retirement benefits of 1/55<sup>th</sup> 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 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and 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 member 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 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$231,550 for 2020.

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

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

At June 30, 2020, the District's liability was \$4,256,669 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.024%, which was a decrease of 0.014% from its proportion measured as of June 30, 2018.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. 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

For the year ended June 30, 2020, the District recognized actual pension (benefit)/expense in the amount of (\$194,934). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	6.44	\$ 11,249	
	2015	5.72	69,558	
	2016	5.57	344,236	
	2017	5.48		\$ (611,061)
	2018	5.63		(493,793)
	2019	5.21		(372,623)
			<u>425,043</u>	<u>(1,477,477)</u>
Changes in Proportion	2014	6.44	12,338	
	2015	5.72	108,222	
	2016	5.57	75,006	
	2017	5.48	159,476	
	2018	5.63		(113,494)
	2019	5.21		(2,742,649)
			<u>355,042</u>	<u>(2,856,143)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2016	5.00		78,566
	2017	5.00		(94,285)
	2018	5.00		(65,582)
	2019	5.00		14,108
				<u>(67,193)</u>
Difference Between Expected and Actual Experience	2015	5.72	19,299	
	2016	5.57	10,447	
	2017	5.48	18,173	
	2018	5.63		(18,804)
	2019	5.21		
			<u>28,484</u>	<u>(18,804)</u>
			<u>76,403</u>	<u>(18,804)</u>
District Contribution Subsequent to the Measurement Date	2019	1.00	224,623	
			<u>\$ 1,081,111</u>	<u>\$ (4,419,617)</u>

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. 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)

Fiscal Year Ending June 30,	Total
2020	\$ (122,913)
2021	(398,728)
2022	(356,041)
2023	(167,180)
2024	(17,166)
	\$ (1,062,028)

Actuarial Assumptions

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

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

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

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2019 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2019 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	At 1% Decrease (5.28%)	At Current Discount Rate (6.28%)	At 1% Increase (7.28%)
District's proportionate share of the Net Pension Liability	\$ 5,414,270	\$ 4,256,669	\$ 4,768,873

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and to Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2020, the State of New Jersey contributed \$2,424,134 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$4,154,668.

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

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

At June 30, 2020, the State's proportionate share of the net pension liability associated with the District was \$70,438,771. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 which was rolled forward to June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2019, the District's proportion was 0.114%, which was an increase of 0.002% from its proportion measured as of June 30, 2018.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	70,438,771
Total	<u>\$ 70,438,771</u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$4,154,668 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2020 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. 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)

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

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

Actuarial Assumptions

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

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

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

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



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made on 70% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2054, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2019 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (4.60%)	At Current Discount Rate (5.60%)	At 1% Increase (6.60%)
State's Proportionate Share of the Net			
Pension Liability Associated with the District	\$ 83,062,901	\$ 70,438,771	\$ 59,964,729

Pension Plan Fiduciary Net Position - TPAF

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

For DCRP, the District recognized pension expense of \$2,425 for the fiscal year ended June 30, 2020. Employee contributions to DCRP amounted to \$6,325 for the year ended June 30, 2020.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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.

The June 30, 2020 audit report for the Fund is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2019 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 359,852,648
Total Net Position	\$ 107,824,596
Total Revenue	\$ 140,293,549
Total Expenses	\$ 115,049,808
Change in Net Position	\$ 25,243,741
Member Dividends	\$ -0-

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

New Jersey Schools Insurance Group  
6000 Midlantic Drive  
Mount Laurel, NJ 08054  
(609) 386-6060

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

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>
2019		\$ 31,229	\$ 48,647	\$ 240,503
2018		36,085	50,817	257,921
2017	\$ 125,000	25,455	128,957	272,653

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 the providers noted with an asterisk (\*). The approved service providers are as follows:

Valic	Lincoln Investment Planning *
Fidelity Management Trust Co*	Lincoln National
Fiduciary Trust International	Primerica Financial Services
Franklin Templeton Bank & Trust	Siracusa Benefits Plan
FTJ Fundchoice, Inc.	AXA Equitable Life Insurance Company*
	ADMM/GWN*

GWN/Employee Deposit Account and FTJ Fundchoice, Inc. are the approved service providers for the District’s Internal Revenue Code Section 457 plan, which is administered by the Omni Group, Inc.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

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, 2020, there were encumbrances as detailed below in the governmental funds:

General Fund	Capital Projects Fund	Total Governmental Funds
\$ 34,815	\$ 3,024,382	\$ 3,059,197

On the District's Governmental Funds Balance Sheet as of June 30, 2020, \$-0- is assigned for year-end encumbrances in the General Fund, which is \$34,815 less than encumbrances, on a Budgetary basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2020. The Capital Projects Fund has \$3,024,382 of encumbrances which are included in the committed fund balance.

Arbitrage

The District may have a liability for arbitrage payable to the federal government relative to its \$27,140,000 School Bonds dated December 23, 2014. The amount of the liability at June 30, 2020, 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 15. TAX CALENDAR (Cont'd)

Taxes are collected by the constituent municipality and are remitted to the local school District on a predetermined mutually agreed-upon schedule.

NOTE 16. INTERFUND RECEIVABLES AND PAYABLES AND PAYABLES AND TRANSFERS

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 100,728	
Capital Projects Fund		\$ 27,065
Debt Service Fund	7,258	
Fiduciary Funds - Payroll Agency		12,264
Proprietary Funds - Food Service		68,657
	<u>\$ 107,986</u>	<u>\$ 107,986</u>

The interfund between the General Fund and the Payroll Agency Fiduciary Fund is due to a remaining balance in the Agency Fiduciary Fund. The interfund between the Capital Projects Fund and the Debt Service Fund and General Fund is for interest earnings in the Capital Projects Fund. The interfund between the Food Service and the General Fund is for funds turned over in error not returned by year end.

During the fiscal year, the District transferred \$189,058 from the Capital Reserve in General Fund to the Debt Service Fund and \$649,113 from the General Fund to the Special Revenue Fund.

NOTE 17. ACCOUNTS PAYABLE

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

	Governmental Fund			District Contribution	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund	Capital Projects Fund	Subsequent to Measurement Date		Proprietary Funds
Vendors	\$ 1,165,178	\$ 604,316	\$ 836,116		\$ 2,605,610	\$ 2,825
State of New Jersey				\$ 224,623	224,623	
	<u>\$ 1,165,178</u>	<u>\$ 604,316</u>	<u>\$ 836,116</u>	<u>\$ 224,623</u>	<u>\$ 2,830,233</u>	<u>\$ 2,825</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 18. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Borough of Bound Brook recognized revenue in the amount of \$237,307 from payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2019 without the abatement would have been \$1,857,945 of which \$1,016,296 would have been for the district school tax.

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a "special funding situation", as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in GASB Codification Section P50. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Plan Description and Benefits Provided) (Cont'd)

service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

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

Total Nonemployer OPEB Liability

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

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%	
	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:		
Through 2026	1.55 - 3.05% based on service years	2.00 - 6.00% based on service years
Thereafter	1.55 - 3.05% based on service years	3.00 - 7.00% based on service years



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Actuarial Assumptions and Other Inputs (Cont'd)

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

Mortality Rates

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

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 40,161,710
Changes for Year:	
Service Cost	2,029,857
Interest Cost	1,612,063
Changes of Assumptions	541,929
Differences between Expected and Actual Experience	(6,916,438)
Gross Benefit Payments by the State	(1,115,728)
Contributions from Members	33,073
Net Changes	(3,815,244)
Balance at June 30, 2019	\$ 36,346,466

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 42,939,539	\$ 36,346,466	\$ 31,109,290

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 30,042,471	\$ 36,346,466	\$ 44,683,741

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

For the fiscal year ended June 30, 2020 the District recognized OPEB expense of \$1,452,593 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB  
(Cont'd)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 4,231,464
	2018	9.51		3,639,631
	2019	9.29	\$ 483,594	
			<u>483,594</u>	<u>7,871,095</u>
Differences between Expected and Actual Experience	2018	9.51		3,440,584
	2019	9.29		5,691,930
				<u>9,132,514</u>
Changes in Proportion	N/A	N/A	<u>340,139</u>	
			<u>\$ 823,733</u>	<u>\$ 17,003,609</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (2,218,051)
2021	(2,218,052)
2022	(2,218,052)
2023	(2,218,052)
2024	(2,218,052)
Thereafter	<u>(5,429,756)</u>
	<u>\$ (16,520,015)</u>

NOTE 20. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. The District's state aid in the General Fund was reduced after their budget was adopted due to the reduction of state aid provided to certain school districts by the State of New Jersey. Also, there have been additional operating expenses in the General Fund not planned for or expected at the time of the adoption of the District's 2020-21 budget related to COVID-19.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

NOTE 20. SUBSEQUENT EVENT (Cont'd)

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

The District's Enterprise Funds have been impacted by COVID-19 for the fiscal year ending June 30, 2021. The Food Service Enterprise Fund will continue to decrease due to the inactivity in the food service program because of the COVID-19 pandemic,

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 SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
District's proportion of the net pension liability	0.031966110000%	0.036432408200%	0.037772106700%	0.039388458800%	0.038608013600%	0.023623904200%
District's proportionate share of the net pension liability	\$ 5,984,930	\$ 8,178,346	\$ 11,187,015	\$ 9,169,004	\$ 7,601,725	\$ 4,256,669
District's covered employee payroll	\$ 2,390,466	\$ 2,489,416	\$ 2,592,656	\$ 2,643,172	\$ 1,802,304	\$ 2,057,475
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	250.37%	328.52%	431.49%	346.89%	421.78%	206.89%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%

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

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

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 263,524	\$ 314,090	\$ 340,375	\$ 371,239	\$ 386,845	\$ 231,550
Contributions in relation to the contractually required contribution	<u>(263,524)</u>	<u>(314,090)</u>	<u>(340,375)</u>	<u>(371,239)</u>	<u>(386,845)</u>	<u>(231,550)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,342,657	\$ 2,390,466	\$ 2,489,416	\$ 2,592,656	\$ 2,643,172	\$ 1,802,304
Contributions as a percentage of covered employee payroll	11.25%	13.14%	13.67%	14.32%	14.64%	12.85%

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 STATE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
ASSOCIATED WITH THE DISTRICT  
TEACHERS' PENSION AND ANNUITY FUND  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
State's proportion of the net pension liability attributable to the District	0.09393047380%	0.09387155790%	0.10390947108%	0.10491326321%	0.11205276680%	0.11477546078%
State's proportionate share of the net pension liability attributable to the District	\$ 50,202,781	\$ 59,330,833	\$ 81,741,820	\$ 70,736,285	\$ 71,285,547	\$ 70,438,771
District's covered employee payroll	\$ 9,870,838	\$ 9,870,838	\$ 10,464,674	\$ 11,469,546	\$ 11,938,207	12,896,873
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	508.60%	601.07%	781.12%	616.73%	597.12%	546.17%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%

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



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST SIX FISCAL YEARS

	Fiscal Year Ending June 30,					
	2015	2016	2017	2018	2019	2020
Contractually required contribution	\$ 2,701,381	\$ 3,622,682	\$ 6,141,760	\$ 4,900,253	\$ 4,155,699	\$ 4,154,668
Contributions in relation to the contractually required contribution	(507,504)	(831,939)	(1,180,068)	(1,650,142)	(2,257,356)	(2,424,134)
Contribution deficiency/(excess)	<u>\$ 2,193,877</u>	<u>\$ 2,790,743</u>	<u>\$ 4,961,692</u>	<u>\$ 3,250,111</u>	<u>\$ 1,898,343</u>	<u>\$ 1,730,534</u>
District's covered employee payroll	\$ 9,870,838	\$ 10,464,674	\$ 11,469,546	\$ 11,938,207	\$ 12,896,873	\$ 14,552,101
Contributions as a percentage of covered employee payroll	5.14%	7.95%	10.29%	13.82%	17.50%	16.66%

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 CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL OPEB LIABILITY  
ASSOCIATED WITH THE DISTRICT AND RELATED RATIOS  
LAST TWO FISCAL YEARS

	Fiscal Years Ending June 30,		
	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 2,739,161	\$ 2,264,147	\$ 2,029,857
Interest Cost	1,484,976	1,728,658	1,612,063
Changes in Assumptions	(6,530,422)	(4,608,757)	541,929
Differences between Expected and Actual Experience		(4,721,773)	(6,916,438)
Member Contributions	39,690	37,116	33,073
Gross Benefit Payments	<u>(1,077,878)</u>	<u>(1,073,910)</u>	<u>(1,115,728)</u>
Net Change in Total OPEB Liability	(3,344,473)	(6,374,519)	(3,815,244)
Total OPEB Liability - Beginning	<u>49,880,702</u>	<u>46,536,229</u>	<u>40,161,710</u>
Total OPEB Liability - Ending	<u>\$ 46,536,229</u>	<u>\$ 40,161,710</u>	<u>\$ 36,346,466</u>
State's Covered Employee Payroll *	\$ 12,855,140	\$ 13,958,962	\$ 14,530,863
Total OPEB Liability as a Percentage of Covered Employee Payroll	362%	288%	250%

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

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

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

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and a generational approach based on the plan actuary's modified MP-2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

The July 1, 2018 actuarial valuation utilized the following mortality rate assumptions:

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

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

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

The mortality rates utilized in the July 1, 2017 valuation were as follows: Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60 year average of improvement rates based on Social Security data from 1953 to 2013. Disabled mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

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

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

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

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

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

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

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

BUDGETARY COMPARISON SCHEDULES

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 13,261,017		\$ 13,261,017	\$ 13,261,017	\$ 26,212
Tuition from Other LEA's	1,189,525		1,189,525	1,215,737	6,443
Transportation Fees	20,000		20,000	26,443	755
Interest Earned on Emergency Reserve	34		34	789	3,122
Interest Earned on Maintenance Reserve	33		33	3,155	1,523
Interest Earned on Capital Reserve	33		33	1,556	146,533
Miscellaneous	60,000		60,000	206,533	184,588
<b>Total - Local Sources</b>	<b>14,530,642</b>		<b>14,530,642</b>	<b>14,715,230</b>	
State Sources:					
Categorical Special Education Aid	1,574,377		1,574,377	1,574,377	
Equalization Aid	12,596,837		12,596,837	12,596,837	
Categorical Security Aid	784,650		784,650	784,650	
Categorical Transportation Aid	124,699		124,699	124,699	
School Choice Aid	426,983		426,983	426,983	
Extraordinary Aid	175,000		175,000	203,179	28,179
TPAF Pension Contribution (On-Behalf - Non Budgeted)				2,424,134	2,424,134
TPAF Pension NCGI Premium (On-Behalf - Non Budgeted)				43,450	43,450
TPAF Pension LTDI Premium (On-Behalf - Non Budgeted)				3,400	3,400
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				915,428	915,428
TPAF Social Security (Reimbursed - Non Budgeted)				1,052,850	1,052,850
<b>Total State Sources</b>	<b>15,682,546</b>		<b>15,682,546</b>	<b>20,149,987</b>	<b>4,467,441</b>
Federal Sources:					
Medicaid Assistance Program	57,889		57,889	51,678	(6,211)
<b>Total Federal Sources</b>	<b>57,889</b>		<b>57,889</b>	<b>51,678</b>	<b>(6,211)</b>
<b>TOTAL REVENUES</b>	<b>30,271,077</b>		<b>30,271,077</b>	<b>34,916,895</b>	<b>4,645,818</b>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 5,600	\$ (5,600)			
Kindergarten - Salaries of Teachers	640,389	30,705	\$ 671,094	\$ 670,719	\$ 375
Grades 1-5 - Salaries of Teachers	2,798,848	(73,798)	2,725,050	2,724,625	425
Grades 6-8 - Salaries of Teachers	1,101,873	(17,134)	1,084,739	1,084,542	197
Grades 9-12 - Salaries of Teachers	2,550,155	(21,430)	2,528,725	2,528,651	74
Regular Programs - Home Instruction:					
Salaries of Teachers	28,500	(19,240)	9,260	8,134	1,126
Purchased Professional - Educational Services	38,828	(2,795)	36,033	35,618	415
Regular Programs - Undistributed Instruction:					
Purchased Professional Education Services	150,339	66,370	216,709	216,709	
Other Purchased Services (400-500 series)	46,908	981	47,889	46,459	1,430
General Supplies	182,854	345,707	528,561	519,182	9,379
Regular Programs - Undistributed Instruction:					
Other Objects	29,000	(27,000)	2,000	2,000	
Total Regular Programs - Instruction	7,573,294	276,766	7,850,060	7,836,639	13,421
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	360,733	45,399	406,132	404,408	1,724
Purchased Professional-Educational Services	256,645	(130,552)	126,093	126,091	2
General Supplies	7,250	(7,070)	180	180	
Total Learning and/or Language Disabilities	624,628	(92,223)	532,405	530,679	1,726



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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Behavioral Disabilities:					
Salaries of Teachers	\$ 299,219	\$ (44,486)	\$ 254,733	\$ 253,598	\$ 1,135
Other Salaries for Instruction		11,777	11,777	11,776	1
Purchased Professional-Educational Services	83,720	(441)	83,279	71,344	11,935
General Supplies	6,700	3,547	10,247	9,131	1,116
<b>Total Behavioral Disabilities</b>	<b>389,639</b>	<b>(29,603)</b>	<b>360,036</b>	<b>345,849</b>	<b>14,187</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,138,674	96,858	1,235,532	1,212,840	22,692
Purchased Professional-Educational Services	281,217	(121,894)	159,323	142,977	16,346
General Supplies	10,925	(8,639)	2,286	1,166	1,120
<b>Total Resource Room/Resource Center</b>	<b>1,430,816</b>	<b>(33,675)</b>	<b>1,397,141</b>	<b>1,356,983</b>	<b>40,158</b>
<b>Autism:</b>					
Salaries of Teachers	55,465	85,186	140,651	140,292	359
Purchased Professional-Educational Services	57,537	(537)	57,000	47,919	9,081
General Supplies	3,400	(1,977)	1,423	1,391	32
<b>Total Autism</b>	<b>116,402</b>	<b>82,672</b>	<b>199,074</b>	<b>189,602</b>	<b>9,472</b>
<b>Total Special Education Instruction</b>	<b>2,561,485</b>	<b>(72,829)</b>	<b>2,488,656</b>	<b>2,423,113</b>	<b>65,543</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	253,256	30,256	283,512	280,394	3,118
Purchased Professional-Education Services	14,212	(14,210)	2	2	2
<b>Total Basic Skills/Remedial - Instruction</b>	<b>267,468</b>	<b>16,046</b>	<b>283,514</b>	<b>280,394</b>	<b>3,120</b>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 497,358	\$ 358	\$ 497,716	\$ 481,014	\$ 16,702
Purchased Professional-Education Service	9,690	(7,798)	1,892	1,892	
General Supplies	100		100		100
<b>Total Bilingual Education - Instruction</b>	<b>507,148</b>	<b>(7,440)</b>	<b>499,708</b>	<b>482,906</b>	<b>16,802</b>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	106,139	(15,569)	90,570	90,562	8
Purchased Services (300-500 series)	12,825	(12,825)			
Supplies and Materials	1,050	1,010	2,060	1,683	377
Other Objects	4,950	(1,906)	3,044	2,879	165
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>124,964</b>	<b>(29,290)</b>	<b>95,674</b>	<b>95,124</b>	<b>550</b>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	339,356	(6,491)	332,865	332,864	1
Purchased Services (300-500 series)	99,894	(7,738)	92,156	91,748	408
Supplies and Materials	54,178	625	54,803	54,762	41
Other Objects	27,010	(14,770)	12,240	12,116	124
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>520,438</b>	<b>(28,374)</b>	<b>492,064</b>	<b>491,490</b>	<b>574</b>
Summer School - Instruction:					
Salaries of Teachers	128,000	(73,317)	54,683	54,682	1
General Supplies		509	509	508	1
<b>Total Summer School - Instruction</b>	<b>128,000</b>	<b>(72,808)</b>	<b>55,192</b>	<b>55,190</b>	<b>2</b>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Alternative Education Program - Instruction:					
Salaries of Teachers	\$ 58,000	\$ (12,017)	\$ 45,983	\$ 45,953	\$ 30
Total Alternative Education Program - Instruction	58,000	(12,017)	45,983	45,953	30
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	195,120	(132,143)	62,977	59,936	3,041
Total Other Supplemental/At-Risk Programs - Instruction	195,120	(132,143)	62,977	59,936	3,041
Total Instruction	11,935,917	(62,089)	11,873,828	11,770,745	103,083
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	130,000	(43,299)	86,701	86,701	
Tuition to Other LEAs Within the State - Special	274,256	(182,655)	91,601	91,224	377
Tuition to County Vocational School District - Regular	73,200	(9,937)	63,263	63,262	1
Tuition to County Vocational School District - Special	4,638	662	5,300	5,300	
Tuition to Private Schools for the Disabled - Within State	1,458,463	85,647	1,544,110	1,530,110	14,000
Tuition - State Facilities	22,553		22,553	22,553	
Total Undistributed Expenditures - Instruction	1,963,110	(149,582)	1,813,528	1,799,150	14,378
Attendance & Social Work:					
Salaries	49,567	1,105	50,672	50,668	4
Supplies and Materials	250	(144)	106		106
Total Attendance & Social Work	49,817	961	50,778	50,668	110

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Health Services:					
Salaries	\$ 330,694	\$ 28,774	\$ 359,468	\$ 359,287	\$ 181
Purchased Professional and Technical Services	8,877	86	8,963	6,830	2,133
Other Purchased Services (400-500 series)	35,160	(11,201)	23,959	23,830	129
Supplies and Materials	9,996	1,350	11,346	9,493	1,853
Total Health Services	384,727	19,009	403,736	399,440	4,296
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	217,645	47,637	265,282	265,105	177
Purchased Professional - Educational Services	39,025	(13,063)	25,962	24,358	1,604
Supplies and Materials	4,400		4,400	3,454	946
Total Other Support Services - Speech, OT, PT and Related Services	261,070	34,574	295,644	292,917	2,727
Other Support Services - Extraordinary Services:					
Purchased Professional - Educational Services	209,468	32,390	241,858	241,858	
Total Other Support Services - Extraordinary Services	209,468	32,390	241,858	241,858	
Guidance:					
Salaries of Other Professional Staff	713,767	(22,811)	690,956	690,953	3
Salaries of Secretarial and Clerical Assistants	52,164	614	52,778	52,777	1
Other Purchased Professional and Technical Services	39,500	(4,503)	34,997	33,423	1,574
Other Purchased Services (400-500)	4,060	765	4,825	3,611	1,214
Supplies and Materials	44,800	(13,502)	31,298	29,840	1,458
Total Guidance	854,291	(39,437)	814,854	810,604	4,250

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 701,575	\$ 279,662	\$ 981,237	\$ 981,202	\$ 35
Salaries of Secretarial and Clerical Assistants	60,174	1,481	61,655	61,652	3
Purchased Professional - Educational Services	113,715	518	114,233	113,010	1,223
Other Purchased Services (400-500 series)	42,200	(24,193)	18,007	14,479	3,528
Supplies and Materials	79,225	(36,741)	42,484	42,083	401
Other Objects	1,360		1,360	1,240	120
<b>Total Child Study Teams</b>	<b>998,249</b>	<b>220,727</b>	<b>1,218,976</b>	<b>1,213,666</b>	<b>5,310</b>
Improvement of Instructional Services:					
Salaries of Other Professional Staff	334,800	200	335,000	335,000	
Other Purchased Professional and Technical Services	67,700	(11,115)	56,585	56,074	511
Supplies and Materials	230,150	(64,642)	165,508	164,857	651
<b>Total Improvement of Instructional Services</b>	<b>632,650</b>	<b>(75,557)</b>	<b>557,093</b>	<b>555,931</b>	<b>1,162</b>
Educational Media Services/School Library:					
Salaries	193,204	(39,108)	154,096	153,890	206
Salaries of Technology Coordinators	166,729		166,729	166,726	3
Purchased Professional and Technical Services	6,995	(1,825)	5,170	4,760	410
Other Purchased Services (400-500)	900		900	25	875
Supplies and Materials	24,850	(8,434)	16,416	14,543	1,873
<b>Total Educational Media Services/School Library</b>	<b>392,678</b>	<b>(49,367)</b>	<b>343,311</b>	<b>339,944</b>	<b>3,367</b>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Instructional Staff Training Services:					
Other Salaries	\$ 55,400	\$ (32,317)	\$ 23,083	\$ 22,177	\$ 906
Purchased Professional - Educational Services	90,871	(10,156)	80,715	43,341	37,374
Other Purchased Services (400-500 series)	5,650	25,489	31,139	10,239	20,900
Supplies and Materials	500		500	153	347
<b>Total Instructional Staff Training Services</b>	<b>152,421</b>	<b>(16,984)</b>	<b>135,437</b>	<b>75,910</b>	<b>59,527</b>
Support Services - General Administration:					
Salaries	473,841	(37,970)	435,871	435,870	1
Legal Services	119,366	(53,924)	65,442	64,474	968
Audit Fees	35,000		35,000	34,300	700
Other Purchased Professional Services	33,500	(14,500)	19,000	18,374	626
Communications/Telephone	144,029	(16,867)	127,162	115,321	11,841
BOE Other Purchased Services		16,696	16,696	16,696	
Miscellaneous Purchased Services (400-500 series)	84,896	16,610	101,506	101,208	298
General Supplies	9,450	(1,050)	8,400	8,392	8
BOE in-house Meeting/Training Supplies	2,000		2,000	1,941	59
Miscellaneous Expenditures	17,700	2,975	20,675	20,581	94
Board of Education Membership Dues and Fees	10,500		10,500	10,025	475
<b>Total Support Services - General Administration</b>	<b>930,282</b>	<b>(88,030)</b>	<b>842,252</b>	<b>827,182</b>	<b>15,070</b>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 899,712	\$ (939)	\$ 898,773	\$ 898,771	\$ 2
Salaries of Other Professional Staff	237,645	107,535	345,180	345,095	85
Salaries of Secretarial and Clerical Assistants	241,568	25,840	267,408	264,271	3,137
Other Salaries		500	500	122	378
Other Purchased Services (400-500 series)	8,260	2,340	10,600	6,550	4,050
Supplies and Materials	26,586	(7,126)	19,460	13,465	5,995
Other Objects	9,170	(1,485)	7,685	7,140	545
<b>Total Support Services - School Administration</b>	<b>1,422,941</b>	<b>126,665</b>	<b>1,549,606</b>	<b>1,535,414</b>	<b>14,192</b>
<b>Support Services - Central Services:</b>					
Salaries	512,562	(35,120)	477,442	477,441	1
Purchased Professional Services	5,800	(5,000)	800	800	800
Purchased Technical Services	61,800	(10,069)	51,731	51,731	
Miscellaneous Purchased Services (400-500 series)	68,500	82,482	150,982	150,216	766
Supplies and Materials	15,152	(6,075)	9,077	9,077	
Interest for Lease Purchase Agreements	60,000	18,864	78,864	78,864	
Miscellaneous Expenditures	4,200		4,200	3,677	523
<b>Total Support Services - Central Services</b>	<b>728,014</b>	<b>45,082</b>	<b>773,096</b>	<b>771,006</b>	<b>2,090</b>
<b>Support Services - Administration Information Technology:</b>					
Salaries	82,989	41,210	124,199	124,198	1
Purchased Professional Services	81,000	(3,466)	77,534	77,534	
Purchased Technical Services	168,117	73,425	241,542	241,541	1

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - Administration Information Technology (Cont'd):					
Other Purchased Services (400-500 series)	\$ 7,952	\$ 10,848	\$ 18,800	\$ 18,799	\$ 1
Supplies and Materials	302,417	(143,341)	159,076	157,458	1,618
<b>Total Support Services - Administration Information Technology</b>	<b>642,475</b>	<b>(21,324)</b>	<b>621,151</b>	<b>619,530</b>	<b>1,621</b>
<b>Required Maintenance of School Facilities:</b>					
Salaries	307,473	(72,975)	234,498	231,811	2,687
Cleaning, Repair and Maintenance Services	200,000	(17,623)	182,377	176,528	5,849
General Supplies	57,742	(5,700)	52,042	32,241	19,801
<b>Total Required Maintenance of School Facilities</b>	<b>565,215</b>	<b>(96,298)</b>	<b>468,917</b>	<b>440,580</b>	<b>28,337</b>
<b>Custodial Services:</b>					
Salaries	108,966	(36,896)	72,070	69,804	2,266
Purchased Professional and Technical Services	676,254	2,469	678,723	678,723	
Cleaning, Repair and Maintenance Services	20,400	4,344	24,744	24,744	
Other Purchased Property Services	59,000	(3,417)	55,583	46,799	8,784
Insurance	155,331	19,586	174,917	174,916	1
Miscellaneous Purchased Services	5,000	2,298	7,298	7,298	
General Supplies	75,000	16,344	91,344	89,129	2,215
Energy (Natural Gas)	220,000	(36,348)	183,652	183,652	
Energy (Electricity)	350,000	(2,941)	347,059	347,059	
Energy (Gasoline)	5,000	(5,000)			
Energy (Oil)	6,000		6,000	3,708	2,292
Other Objects	9,950	(3,125)	6,825	6,276	549
<b>Total Custodial Services</b>	<b>1,690,901</b>	<b>(42,686)</b>	<b>1,648,215</b>	<b>1,632,108</b>	<b>16,107</b>



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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Care and Upkeep of Grounds					
Salaries	\$ 110,099	\$ 3,625	\$ 113,724	\$ 112,494	\$ 1,230
Cleaning, Repair, and Maintenance Services	25,400	(10,000)	15,400	11,405	3,995
General Supplies	20,000	(8,427)	11,573	7,042	4,531
Total Care and Upkeep of Grounds	155,499	(14,802)	140,697	130,941	9,756
Security:					
Salaries	87,081	24,234	111,315	110,484	831
Purchased Professional and Technical Services	93,000	(273)	92,727	91,533	1,194
Total Security	180,081	23,961	204,042	202,017	2,025
Student Transportation Services:					
Salaries of Non-Instructional Aides	11,144		11,144	11,088	56
Salaries for Transportation - (Between Home & School) - Special	131,685	(15,300)	116,385	113,995	2,390
Salaries for Transportation - (Other Than Between Home & School)	49,593	1,509	51,102	49,089	2,013
Cleaning, Repair and Maintenance Services	37,242	3,605	40,847	40,847	
Contracted Services:					
Aid in Lieu of Payments - Charter School	5,000		5,000	2,100	2,900
Aid in Lieu of Payments - Choice School	1,000	(500)	500	500	
Other than Between Home and School - Vendors	50,000	(35,000)	15,000	4,728	10,272
Special Education Students - Joint Agreements	385,000	40,000	425,000	425,000	
Miscellaneous Purchased Services - Transportation	13,703		13,703	13,153	550
Transportation Supplies	35,000	(23,128)	11,872	11,872	
Other Objects	1,500		1,500	758	742
Total Student Transportation Services	720,867	(28,814)	692,053	672,630	19,423

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Unallocated Benefits:					
Social Security Contributions	\$ 243,650	\$ 12,564	\$ 256,214	\$ 256,214	
Other Retirement Contributions - PERS	338,000	(106,449)	231,551	231,550	\$ 1
Other Retirement Contributions - Regular		2,425	2,425	2,425	
Unemployment Compensation	25,000	(25,000)			
Workmen's Compensation	205,673	(25,699)	179,974	179,974	
Health Benefits	2,879,594	209,837	3,089,431	3,089,431	
Tuition Reimbursement	104,621	8,659	113,280	113,280	
Other Employee Benefits	38,800	31,853	70,653	70,653	
<b>Total Unallocated Benefits</b>	<b>3,835,338</b>	<b>108,190</b>	<b>3,943,528</b>	<b>3,943,527</b>	<b>1</b>
<b>On-Behalf Contributions:</b>					
TPAF Pension Contribution (On-Behalf - Non Budgeted)				2,424,134	(2,424,134)
TPAF Pension NCGI Premium (On-Behalf - Non Budgeted)				43,450	(43,450)
TPAF Pension LTDI Premium (On-Behalf - Non Budgeted)				3,400	(3,400)
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				915,428	(915,428)
TPAF Social Security (Reimbursed - Non Budgeted)				1,052,850	(1,052,850)
<b>Total On-Behalf Contributions</b>				<b>4,439,262</b>	<b>(4,439,262)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>3,835,338</b>	<b>108,190</b>	<b>3,943,528</b>	<b>8,382,789</b>	<b>(4,439,261)</b>
<b>Total Undistributed Expenses</b>	<b>16,770,094</b>	<b>(11,322)</b>	<b>16,758,772</b>	<b>20,994,285</b>	<b>(4,235,513)</b>
<b>TOTAL CURRENT EXPENSE</b>	<b>28,706,011</b>	<b>(73,411)</b>	<b>28,632,600</b>	<b>32,765,030</b>	<b>(4,132,430)</b>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY</b>					
Equipment:					
Undistributed Expenditures - Administrative Information Technology		\$ 6,082	\$ 6,082	6,082	
Undistributed Expenditures - Required Maintenance for Schools		2,810	2,810	2,809	\$ 1
Undistributed Expenditures - Custodial Services	\$ 31,411	(1,252)	30,159	30,159	
Undistributed Expenditures - Security		132,155	132,155	132,097	58
Undistributed Expenditures - Non Instructional Services	91,787	17,146	108,933	108,932	1
Total Equipment	123,198	156,941	280,139	280,079	60
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	290,441	(227,721)	62,720	48,054	14,666
Construction Services	35,867	163,055	198,922	198,921	1
Lease Purchase Agreements – Principal	1,440,000	(18,864)	1,421,136	1,421,136	
Assessment for Debt Service on SDA Funding	9,836		9,836	9,836	
Total Facilities Acquisition and Construction Services	1,776,144	(83,530)	1,692,614	1,677,947	14,667
<b>TOTAL CAPITAL OUTLAY</b>	1,899,342	73,411	1,972,753	1,958,026	14,727
Transfer of Funds to Charter Schools	24,810		24,810	24,810	
<b>TOTAL EXPENDITURES</b>	30,630,163		30,630,163	34,747,866	(4,117,703)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(359,086)		(359,086)	169,029	528,115

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Financing Sources/(Uses):					
Capital Projects Fund - Interest Earned				\$ 19,807	\$ 19,807
Food Service Fund - Interest Earned				219	219
Capital Reserve - Transfer to Debt Service Fund	\$ (189,058)		\$ (189,058)	(189,058)	
Transfer to Special Revenue Fund - PreK - Inclusion	(649,113)		(649,113)	(649,113)	
Total Other Financing Sources/(Uses)	<u>(838,171)</u>		<u>(838,171)</u>	<u>(818,145)</u>	<u>20,026</u>
Excess (Deficiency) of Revenues and Other Sources/ Over (Under) Expenditures and Other Financing (Uses)	<u>(1,197,257)</u>		<u>(1,197,257)</u>	<u>(649,116)</u>	<u>508,089</u>
Fund Balance, July 1	4,257,826		4,257,826	4,257,826	
Fund Balance, June 30	<u>\$ 3,060,569</u>		<u>\$ 3,060,569</u>	<u>\$ 3,608,710</u>	<u>\$ 508,089</u>

Recapitulation:

Restricted:

Excess Surplus - 2021-2022	\$ 482,740
Excess Surplus - 2020-2021	40,439
Emergency Reserve	250,789
Maintenance Reserve	1,003,375
Capital Reserve	1,142,202

Assigned:

Year-End Encumbrances	34,815
For Subsequent Year's Expenditures	7,017
Unassigned	<u>647,333</u>
	<u>3,608,710</u>

Reconciliation to Governmental Funds Statements (GAAP):

Last State Aid Payments not Recognized on GAAP Basis	<u>(1,545,339)</u>
Fund Balance per Governmental Funds (GAAP)	<u>\$ 2,063,371</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		\$ 23,530	\$ 23,530	\$ 12,518	\$ (11,012)
State Sources	\$ 1,250,095		1,250,095	1,031,087	(219,008)
Federal Sources	1,163,617	401,956	1,565,573	1,441,991	(123,582)
<b>Total Revenues</b>	<b>2,413,712</b>	<b>425,486</b>	<b>2,839,198</b>	<b>2,485,596</b>	<b>(353,602)</b>
<b>Other Financing Sources:</b>					
Transfer In - Board Contribution - General Fund	649,113		649,113	649,113	
<b>Total Revenues and Other Financing Sources</b>	<b>3,062,825</b>	<b>425,486</b>	<b>3,488,311</b>	<b>3,134,709</b>	<b>(353,602)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	1,236,536	45,158	1,281,694	1,151,429	130,265
Other Salaries for Instruction	279,480	(103,424)	176,056	176,056	
Purchased Professional and Technical Services	143,644	35,201	178,845	132,838	46,007
Other Purchased Professional Services	301,227	102,895	404,122	401,491	2,631
General Supplies	128,998	(319)	128,679	85,652	43,027
<b>Total Instruction</b>	<b>2,089,885</b>	<b>79,511</b>	<b>2,169,396</b>	<b>1,947,466</b>	<b>221,930</b>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Support Services:					
Salaries of Supervisors of Instruction	\$ 11,992		\$ 11,992	\$ 11,931	\$ 61
Salaries of Program Directors	57,319		57,319	56,379	940
Salaries of Other Professional Staff	75,425	\$ 35,832	111,257	111,254	3
Salaries of Secretaries and Clerical Assistants	52,602	24,354	76,956	76,708	248
Salaries of Community Parent Involvement Specialist	6,878	157	7,035	7,035	
Salaries of Master Teachers	65,582	16,918	82,500	82,500	
Other Salaries	37,089	(13,627)	23,462	7,312	16,150
Personal Services - Employee Benefits	557,274	174,320	731,594	729,322	2,272
Purchased Professional and Technical Services	66,090	84,551	150,641	65,182	85,459
Other Purchased Professional Services	12,000	7,303	19,303	8,870	10,433
Supplies and Materials	10,000	3,676	13,676	11,090	2,586
<b>Total Support Services</b>	<u>952,251</u>	<u>333,484</u>	<u>1,285,735</u>	<u>1,167,583</u>	<u>118,152</u>
Equipment and Facilities Acquisition:					
Instructional Equipment	10,000	10,662	20,662	19,660	1,002
Non-Instructional Equipment	10,689	1,829	12,518	12,518	
<b>Total Equipment and Facilities Acquisition</b>	<u>20,689</u>	<u>12,491</u>	<u>33,180</u>	<u>19,660</u>	<u>13,520</u>
<b>Total Expenditures</b>	<u>\$ 3,062,825</u>	<u>\$ 425,486</u>	<u>\$ 3,488,311</u>	<u>\$ 3,134,709</u>	<u>\$ 353,602</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, 2020

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 34,916,895	\$ 2,485,596
Differences - Budgetary to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Prior Year Encumbrances		34,630
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	1,374,143	71,704
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,545,339)</u>	<u>(105,860)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 34,745,699</u>	<u>\$ 2,486,070</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 34,747,866	\$ 3,134,709
Differences - Budgetary to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		<u>34,630</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 34,747,866</u>	<u>\$ 3,169,339</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2020 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)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, 2020

	Elementary and Secondary Education Act					
	Title I	Title I SIA A	Title II Part A	Title III	Title III, Immigrant	Title IV
REVENUE:	Title I Reallocation					
Local Sources						
State Sources						
Federal Sources						
Total Revenue	\$ 806,034	\$ 10,712	\$ 46,494	\$ 59,574	\$ 9,658	\$ 9,768
	806,034	10,712	46,494	59,574	9,658	9,768
Other Financing Sources:						
Transfer In - Board Contribution - General Fund						
Total Revenues and Other Financing Sources						
EXPENDITURES:						
Instruction:						
Salaries of Teachers	538,268	9,947		41,173	8,235	
Other Salaries for Instruction						
Purchased Professional and Technical Services	8,401			7,100		260
Other Purchased Professional Services						
General Supplies	16,380	8,203		5,092	792	3,632
Total Instruction	563,049	9,947		53,365	9,027	3,892
Support Services:						
Salaries of Supervisors of Instruction						
Salaries of Program Directors						
Salaries of Other Professional Staff	29,529					
Salaries of Secretaries and Clerical Assistants						
Salaries of Community Parent Involvement Specialist						
Salaries of Master Teachers						
Other Salaries				1,515		
Personal Services - Employee Benefits	205,982	765		4,694	631	
Purchased Professional and Technical Services	2,770		38,169			5,325
Other Purchased Professional Services			8,325			
Supplies and Materials	4,704	2,000				551
Total Support Services	242,985	765	46,494	6,209	631	5,876
Equipment and Facilities Acquisition:						
Instructional Equipment						
Total Equipment and Facilities Acquisition						
Total Expenditures	\$ 806,034	\$ 10,712	\$ 46,494	\$ 59,574	\$ 9,658	\$ 9,768

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	IDEA Part B	Education for Homeless Children and Youth	Preschool Education Aid	Local Grants	Totals
	Basic	Preschool			
REVENUE:					
Local Sources			\$ 1,031,087	\$ 12,518	\$ 1,031,087
State Sources	\$ 451,720	\$ 15,828			1,441,991
Federal Sources	451,720	15,828	1,031,087	12,518	2,485,596
Total Revenue					
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	451,720	15,828	649,113		649,113
Total Revenues and Other Financing Sources			1,680,200	12,518	3,134,709
EXPENDITURES:					
Instruction:					
Salaries of Teachers	31,050	7,452	515,304		1,151,429
Other Salaries for Instruction			176,056		176,056
Purchased Professional and Technical Services	15,970	7,249	93,858		132,838
Other Purchased Professional Services	387,491		14,000		401,491
General Supplies		525	51,028		85,652
Total Instruction	434,511	15,226	836,246		1,947,466
Support Services:					
Salaries of Supervisors of Instruction			11,931		11,931
Salaries of Program Directors			56,379		56,379
Salaries of Other Professional Staff	9,108		102,146		111,254
Salaries of Secretaries and Clerical Assistants			47,179		76,708
Salaries of Community Parent Involvement Specialist			7,035		7,035
Salaries of Master Teachers			82,500		82,500
Other Salaries			5,797		7,312
Personal Services - Employee Benefits	8,101	602	508,547		729,322
Purchased Professional and Technical Services			10,918		65,182
Other Purchased Professional Services			545		8,870
Supplies and Materials			3,835		11,090
Total Support Services	17,209	602	836,812		1,167,583
Equipment and Facilities Acquisition and Construction:					
Instructional Equipment			7,142	12,518	19,660
Total Equipment and Facilities Acquisition and Construction			7,142	12,518	19,660
Total Expenditures	\$ 451,720	\$ 15,828	\$ 1,680,200	\$ 12,518	\$ 3,134,709

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 625,333	\$ 515,304	\$ 110,029
Other Salaries for Instruction	176,056	176,056	
Purchased Professional and Technical Services	127,652	93,858	33,794
Other Purchased Services	1,631		1,631
General Supplies	93,574	51,028	42,546
Total Instruction	<u>1,024,246</u>	<u>836,246</u>	<u>188,000</u>
Support Services:			
Salaries of Supervisors of Instruction	11,992	11,931	61
Salaries of Program Directors	57,319	56,379	940
Salaries of Other Professional Staff	102,146	102,146	
Salaries of Secretaries and Clerical Assistants	47,206	47,179	27
Other Salaries	10,822	5,797	5,025
Salaries of Community Parent Involvement Specialist	7,035	7,035	
Salaries of Master Teachers	82,500	82,500	
Personal Services - Employee Benefits	510,897	508,547	2,350
Purchased Professional and Technical Services	20,000	10,918	9,082
Other Purchased Professional Services	545	545	
Supplies and Materials	3,835	3,835	
Total Support Services	<u>854,297</u>	<u>836,812</u>	<u>17,485</u>
Facilities Acquisition:			
Instructional Equipment	10,000	7,142	2,858
Noninstructional Equipment	10,665		10,665
Total Facilities Acquisition	<u>20,665</u>	<u>7,142</u>	<u>13,523</u>
Total Expenditures	<u>\$ 1,899,208</u>	<u>\$ 1,680,200</u>	<u>\$ 219,008</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2019-2020 Preschool Education Aid Allocation	\$ 1,080,562
Add: Actual Preschool Education Aid Carryover (June 30, 2019)	317,009
Add: Budgeted Transfer from the General Fund 2019-2020	649,113
Total Preschool Education Aid Funds Available for 2019-2020 Budget	<u>2,046,684</u>
Less: 2019-2020 Budgeted PEA (Including prior year budget carryover)	<u>(1,899,208)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2020	147,476
Add: June 30, 2020 Unexpended Preschool Education Aid	219,008
2019-2020 Carryover - Preschool Education Aid	<u>\$ 366,484</u>
2019-2020 Preschool Education Aid Carryover Budgeted in 2020-21	<u>\$ 366,484</u>

CAPITAL PROJECTS FUND

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, 2020

Revenue and Other Financing Sources:	
Capital Lease Purchase Proceeds	\$ 7,000,000
Interest Earnings on Lease Proceeds	19,807
Interest on Investments	194
	<hr/>
Total Revenue and Other Financing Sources	7,020,001
	<hr/>
Expenditures:	
Construction Services	3,905,652
	<hr/>
Total Expenditures	3,905,652
	<hr/>
Other Financing Uses:	
Transfer Out - General Fund	19,807
Transfer Out - Debt Service Fund	194
	<hr/>
Total Other Financing Uses	20,001
	<hr/>
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	3,094,348
	<hr/>
Fund Balance - Beginning of Year	32,561
	<hr/>
Fund Balance - End of Year	\$ 3,126,909
	<hr/> <hr/>
<u>Recapitulation:</u>	
Restricted Fund Balance	\$ 19,897
Committed Fund Balance	3,107,012
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 3,126,909
	<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, 2020

	Prior Periods	Current Year	Totals	Authorized Costs
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	55,408		55,408	55,409
Other Purchased Professional Services	1,670,210		1,670,210	1,670,210
Construction Services	23,292,971	\$ 12,664	23,305,635	23,325,531
Buildings Other Than Lease Purchase Agreements	2,088,850		2,088,850	2,088,850
Total Expenditures	27,107,439	12,664	27,120,103	27,140,000
Excess of Revenue and Other Financing Sources over Expenditures	\$ 32,561	\$ (12,664)	\$ 19,897	\$ -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	99.93%			
Original Target Completion Date	9/30/2019			
Revised Target Completion Date	6/30/2021			

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
ADDITION TO SMALLEY SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Authorized Costs</u>
Revenue and Other Financing Sources:				
Ground Lease Proceeds		\$ 7,000,000	\$ 7,000,000	\$ 7,000,000
Total Revenue and Other Financing Sources		7,000,000	7,000,000	7,000,000
Expenditures and Other Financing Uses:				
Construction Services		3,892,988	3,892,988	7,000,000
Total Expenditures		3,892,988	3,892,988	7,000,000
Excess of Revenue and Other Financing Sources Over Expenditures	\$ -0-	\$ 3,107,012	\$ 3,107,012	\$ -0-
<u>Additional Project Information:</u>				
Project Numbers		N/A		
Capital Lease Date		4/29/19		
Bond Authorization Date		N/A		
Bonds Authorized		N/A		
Bonds Issued		N/A		
Original Authorized Cost		\$ 7,000,000		
Revised Authorized Cost		7,000,000		
Percentage Increase over Original Authorized Cost		55.61%		
Percentage Completion		56%		
Original Target Completion Date		6/2021		
Revised Target Completion Date		6/2021		



PROPRIETARY FUNDS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Summer Enrichment	Food Service	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 64	\$ 143,962	\$ 144,026
Intergovernmental Accounts Receivable:			
Federal		37,209	37,209
Accounts Receivable - Other		8,649	8,649
Student Accounts Receivable		6,711	6,711
Interfund Accounts Receivable			
Inventories		49,127	49,127
Total Current Assets	<u>64</u>	<u>245,658</u>	<u>245,722</u>
Non-Current Assets:			
Capital Assets		1,022,849	1,022,849
Less: Accumulated Depreciation		(428,958)	(428,958)
Total Non-Current Assets		<u>593,891</u>	<u>593,891</u>
Total Assets	<u>64</u>	<u>839,549</u>	<u>839,613</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts Payable - Vendors		2,825	2,825
Interfund Accounts Payable - General Fund		68,657	68,657
Unearned Revenue - Prepaid Sales		11,766	11,766
Unearned Revenue - Donated Commodities		14,079	14,079
Total Current Liabilities		<u>97,327</u>	<u>97,327</u>
<b>NET POSITION:</b>			
Investment in Capital Assets		593,891	593,891
Unrestricted	64	148,331	148,395
Total Net Position	<u>\$ 64</u>	<u>\$ 742,222</u>	<u>\$ 742,286</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Summer	Food	
	Enrichment	Service	Total
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Meals		\$ 120,069	\$ 120,069
Daily Sales - Non-Reimbursable Meals		72,671	72,671
Other Income		8,729	8,729
Charges for Services:			
Program Fees	\$ 900		900
Total Operating Revenue	900	201,469	202,369
Operating Expenses:			
Cost of Sales - Reimbursable Programs		602,340	602,340
Cost of Sales - Non-Reimbursable Programs		42,560	42,560
Salaries, Benefits & Payroll Taxes		438,279	438,279
Supplies, Insurance & Other Costs		93,593	93,593
Management Fee		57,329	57,329
Miscellaneous		165,393	165,393
Program Expenses	836		836
Depreciation Expense		24,190	24,190
Total Operating Expenses	836	1,423,684	1,424,520
Operating Loss	64	(1,222,215)	(1,222,151)
Non-Operating Revenue:			
Local Sources:			
Interest Income		219	219
State Sources:			
State School Lunch Program		9,628	9,628
Federal Sources:			
National School Lunch Program		499,448	499,448
After School Snack Program		8,662	8,662
Summer Food Service Program - COVID 19		168,280	168,280
Summer Food Service Program		19,049	19,049
School Breakfast Program		307,750	307,750
Food Distribution Program		59,833	59,833
Total Non-Operating Revenue		1,072,869	1,072,869

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Summer	Food	
	Enrichment	Service	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Change in Net Position Before Transfers	\$ 64	\$ (149,346)	\$ (149,282)
Transfer Out - General Fund	<u>                    </u>	<u>(219)</u>	<u>(219)</u>
Total Transfers	<u>                    </u>	<u>(219)</u>	<u>(219)</u>
Change in Net Position After Transfers	64	(149,565)	(149,501)
Net Position - Beginning of Year	<u>                    </u>	<u>891,787</u>	<u>891,787</u>
Net Position - End of Year	<u>\$ 64</u>	<u>\$ 742,222</u>	<u>\$ 742,286</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Summer	Food	
	Enrichment	Service	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 100	\$ 198,440	\$ 198,540
Payments for Programs	(836)		(836)
Payments to Food Service Vendor		(438,279)	(438,279)
Payments to Suppliers		(920,019)	(920,019)
Net Cash Provided by/(Used for) Operating Activities	<u>(736)</u>	<u>(1,159,858)</u>	<u>(1,160,594)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income		219	219
Net Cash Provided by Investing Activities		<u>219</u>	<u>219</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from State Reimbursements		11,762	11,762
Cash Received from Federal Reimbursements		1,142,445	1,142,445
Cash Received from Transfers - General Fund		68,054	68,054
Net Cash Provided by Noncapital Financing Activities		<u>1,222,261</u>	<u>1,222,261</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(736)	62,622	61,886
Cash and Cash Equivalents, July 1	800	81,340	82,140
Cash and Cash Equivalents, June 30	<u>\$ 64</u>	<u>\$ 143,962</u>	<u>\$ 144,026</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	\$ 64	\$ (1,222,215)	\$ (1,222,151)
Adjustment to Reconcile Operating Loss to Net Cash Provided By/(Used) for Operating Activities:			
Depreciation		24,190	24,190
Food Distribution Program		59,833	59,833
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable		(3,053)	(3,053)
(Increase)/Decrease in Accounts Receivable - Students		(4,994)	(4,994)
(Increase)/Decrease in Inventory		(28,671)	(28,671)
Increase/(Decrease) in Unearned Revenue - Donated Commodities		7,209	7,209
Increase/(Decrease) in Unearned Revenue - Prepaid Sales		5,018	5,018
Increase/(Decrease) in Unearned Revenue - Program Fees	(800)		(800)
Increase/(Decrease) in Accounts Payable		2,825	2,825
Net Cash Provided By/(Used) for Operating Activities	<u>\$ (736)</u>	<u>\$ (1,159,858)</u>	<u>\$ (1,160,594)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$67,042 and utilized \$59,833 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2020.

FIDUCIARY FUNDS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2020

	Student Activities	Payroll Agency	Total Agency	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$ 103,076	\$ 178,936	\$ 282,012	\$ 240,503	\$ 14,250	\$ 123
Receivables From State Government	30,478	30,478	30,478			
<b>Total Assets</b>	<u>103,076</u>	<u>209,414</u>	<u>312,490</u>	<u>240,503</u>	<u>14,250</u>	<u>123</u>
<b>LIABILITIES:</b>						
Interfund Payable - General Fund		12,264	12,264			
Due to Student Groups	101,046		101,046			
Due to Athletic Fund	2,030		2,030			
Payroll Deductions and Withholdings		197,150	197,150			
<b>Total Liabilities</b>	<u>103,076</u>	<u>209,414</u>	<u>312,490</u>			
<b>NET POSITION:</b>						
Held in Trust for:						
Unemployment Claims				240,503		
Flexible Spending Claims					14,250	123
Restricted for Scholarships						
<b>Total Net Position</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 240,503</u>	<u>\$ 14,250</u>	<u>\$ 123</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust	Totals
Additions:				
Contributions:				
Plan Contributions	\$ 30,115	\$ 41,826		\$ 71,941
Total Contributions	30,115	41,826		71,941
Investment Earnings:				
Interest	1,114			1,114
Net Investment Earnings	1,114			1,114
Total Additions	31,229	41,826		73,055
Deductions:				
Unemployment Compensation Claims	39,673			39,673
Flexible Spending Claims		36,246		36,246
Cancellation of Interfund Receivable	8,974			8,974
Total Deductions	48,647	36,246		84,893
Change in Net Position	(17,418)	5,580		(11,838)
Net Position - Beginning of the Year	257,921	8,670	\$ 123	266,714
Net Position - End of the Year	<u>\$ 240,503</u>	<u>\$ 14,250</u>	<u>\$ 123</u>	<u>\$ 254,876</u>



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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 74,069	\$ 102,507	\$ 73,500	\$ 103,076
Total Assets	<u>\$ 74,069</u>	<u>\$ 102,507</u>	<u>\$ 73,500</u>	<u>\$ 103,076</u>
<b>LIABILITIES</b>				
Due to Athletics	\$ 1,240	\$ 4,890	\$ 4,100	\$ 2,030
Due to Student Groups	<u>72,829</u>	<u>97,617</u>	<u>69,400</u>	<u>101,046</u>
Total Liabilities	<u>\$ 74,069</u>	<u>\$ 102,507</u>	<u>\$ 73,500</u>	<u>\$ 103,076</u>

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

	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2020</u>
High School	\$ 72,829	\$ 97,617	\$ 69,400	\$ 101,046
Athletic Fund	1,240	4,890	4,100	2,030
Total All Schools	<u>\$ 74,069</u>	<u>\$ 102,507</u>	<u>\$ 73,500</u>	<u>\$ 103,076</u>

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

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 248,568	\$ 21,204,380	\$ 21,274,012	\$ 178,936
Receivables From State Government		30,478		30,478
Total Assets	<u>\$ 248,568</u>	<u>\$ 21,234,858</u>	<u>\$ 21,274,012</u>	<u>\$ 209,414</u>
<u>LIABILITIES:</u>				
Interfund Payable - General Fund	\$ 12,707		\$ 443	\$ 12,264
Interfund Payable - Unemployment Trust	8,974	\$ 30,115	39,089	
Payroll Deductions and Withholdings	226,887	21,204,743	21,234,480	197,150
Total Liabilities	<u>\$ 248,568</u>	<u>\$ 21,234,858</u>	<u>\$ 21,274,012</u>	<u>\$ 209,414</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				Retired or Matured	Balance June 30, 2020	
			Date	Outstanding		Interest Rate			Balance July 1, 2019
				June 30, 2020	Amount				
School Bonds	12/23/2014	\$ 27,140,000	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%				
			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%				
						\$ 24,160,000	\$ 23,330,000		
						\$ 24,160,000	\$ 23,330,000		

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF OBLIGATIONS UNDER CAPITAL LEASES

Purpose	Original Issue	Interest Rate	Balance July 1, 2019	Issued	Retired or Matured	Balance June 30, 2020
Capital Improvement - Smalley School Addition	\$ 7,000,000	2.35%	\$ -0-	\$ 7,000,000	\$ 1,417,425	\$ 5,582,575

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 537,092		\$ 537,092	\$ 537,092	
State Sources:					
School Building Aid	857,795		857,795	857,795	
Total Revenues	1,394,887		1,394,887	1,394,887	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	779,463		779,463	779,463	
Redemption of Principal	830,000		830,000	830,000	
Total Regular Debt Service	1,609,463		1,609,463	1,609,463	
Total Expenditures	1,609,463		1,609,463	1,609,463	
Deficit of Revenues Under Expenditures	(214,576)		(214,576)	(214,576)	
Other Financing Sources:					
Transfers In - General Fund	189,058		189,058	189,058	
Transfers In - Capital Projects Fund				194	\$ 194
Total Other Financing Sources	189,058		189,058	189,252	194
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(25,518)		(25,518)	(25,324)	194
Fund Balance, July 1	32,582		32,582	32,582	
Fund Balance, June 30	\$ 7,064	\$ -0-	\$ 7,064	\$ 7,258	\$ 194
<u>Recapitulation:</u>					
Restricted Fund Balance				\$ 7,258	

## STATISTICAL SECTION

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

### Contents

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

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



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

	June 30,				
	2011	2012	2013	2014	2015
<b>Governmental Activities/(Deficit)</b>					
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)
<b>Total Governmental Activities Net Position</b>	<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>
<b>Business-type Activities</b>					
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
<b>Total Business-type Activities Net Position</b>	<u>\$ 354,757</u>	<u>\$ 391,259</u>	<u>\$ 402,974</u>	<u>\$ 486,508</u>	<u>\$ 586,077</u>
<b>District-wide/(Deficit)</b>					
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)
<b>Total District Net Position</b>	<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>

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

	June 30,				
	2016	2017	2018	2019	2020
Governmental Activities/(Deficit)					
Net Investment in Capital Assets	\$ 5,910,924	\$ 5,959,764	\$ 6,805,233	\$ 10,171,912	\$ 9,102,266
Restricted	1,734,140	2,300,098	4,183,956	3,300,175	2,926,803
Unrestricted	(6,646,582)	(7,960,143)	(9,295,772)	(9,536,305)	(6,542,643)
Total Governmental Activities Net Position	<u>\$ 998,482</u>	<u>\$ 299,719</u>	<u>\$ 1,693,417</u>	<u>\$ 3,935,782</u>	<u>\$ 5,486,426</u>
Business-type Activities					
Investment in Capital Assets	\$ 401,026	\$ 555,675	\$ 556,066	\$ 618,081	\$ 593,891
Unrestricted	272,464	369,283	430,035	273,706	148,395
Total Business-type Activities Net Position	<u>\$ 673,490</u>	<u>\$ 924,958</u>	<u>\$ 986,101</u>	<u>\$ 891,787</u>	<u>\$ 742,286</u>
District-wide/(Deficit)					
Net Investment in Capital Assets	\$ 6,311,950	\$ 6,515,439	\$ 7,361,299	\$ 10,789,993	\$ 9,696,157
Restricted	1,734,140	2,300,098	4,183,956	3,300,175	2,926,803
Unrestricted	(6,374,118)	(7,590,860)	(8,865,737)	(9,262,599)	(6,394,248)
Total District Net Position	<u>\$ 1,671,972</u>	<u>\$ 1,224,677</u>	<u>\$ 2,679,518</u>	<u>\$ 4,827,569</u>	<u>\$ 6,228,712</u>

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,				
	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
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
Summer Enrichment					
Summer Sports					
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
Summer Enrichment					
Summer Sports					
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	\$ (17,529,813)	\$ (18,144,091)	\$ (20,609,241)	\$ (21,565,613)	\$ (22,787,646)
Business-type Activities	36,502	3,252	69,820	50,088	86,749
Total District-wide Net Expense	<u>\$ (17,493,311)</u>	<u>\$ (18,140,839)</u>	<u>\$ (20,539,421)</u>	<u>\$ (21,515,525)</u>	<u>\$ (22,700,897)</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
Investment Earnings	139	324	132		
Miscellaneous Income	94,757	170,639	115,902	118,502	235,820
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	32,281	31,382			
Other Items					
Transfers				8,463	13,714
Total Business-type Activities	<u>32,281</u>	<u>31,382</u>	<u></u>	<u>8,463</u>	<u>13,714</u>
Total District-wide	<u>\$ 18,408,681</u>	<u>\$ 19,262,120</u>	<u>\$ 19,924,585</u>	<u>\$ 20,323,316</u>	<u>\$ 20,765,300</u>
Change in Net Position					
Governmental Activities	\$ 846,587	\$ 1,086,647	\$ (684,656)	\$ (1,250,760)	\$ (2,036,060)
Business-type Activities	68,783	34,634	69,820	58,551	100,463
Total District	<u>\$ 915,370</u>	<u>\$ 1,121,281</u>	<u>\$ (614,836)</u>	<u>\$ (1,192,209)</u>	<u>\$ (1,935,597)</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,				
	2016	2017	2018	2019	2020
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 13,025,688	\$ 15,225,678	\$ 16,257,390	\$ 14,534,183	\$ 14,280,864
Special Education	4,203,934	3,945,318	4,279,100	4,470,193	5,504,592
Other Instruction	1,427,274	1,595,820	1,764,401	1,645,515	1,804,379
School-Sponsored Instruction	552,371	520,906	543,194	824,073	747,693
Support Services					
Tuition	1,658,891	1,873,933	1,463,570	1,730,757	1,799,150
Student & Instruction Related Services	4,136,282	4,152,379	4,339,060	5,026,671	5,947,403
General and Business Administrative Services	1,115,262	1,722,079	959,459	726,327	933,937
School Administrative Services	1,900,486	2,359,417	2,267,448	2,362,432	2,510,023
Central Services & Administrative					
Information Technology	938,214	1,159,296	953,909	1,274,615	1,680,552
Plant Operations and Maintenance	2,809,504	2,813,285	2,320,651	2,527,645	2,606,901
Pupil Transportation	689,036	797,625	660,955	749,559	741,171
Charter Schools	81,656	66,431	829,023	35,736	24,810
Capital Outlay	9,836	9,836	114,896	407,927	13,553
Interest on long-term debt	893,001	862,331	51,406	793,513	768,903
Total Governmental Activities Expenses	<u>33,441,435</u>	<u>37,104,334</u>	<u>36,804,463</u>	<u>37,109,146</u>	<u>39,363,931</u>
Business-type Activities					
Food Service	1,271,721	1,323,394	1,323,708	1,539,557	1,423,684
Summer Enrichment			725	1,975	836
Summer Sports			750	825	
Total Business-type Activities Expense	<u>1,271,721</u>	<u>1,323,394</u>	<u>1,325,183</u>	<u>1,542,357</u>	<u>1,424,520</u>
Total District Expenses	<u>\$ 34,713,156</u>	<u>\$ 38,427,728</u>	<u>\$ 38,129,646</u>	<u>\$ 38,651,503</u>	<u>\$ 40,788,451</u>
Program Revenues					
Governmental Activities					
Charges for Services					
Tuition & Pupil Transportation	\$ 1,611,381	\$ 1,512,921	\$ 1,364,129	\$ 1,208,831	\$ 1,242,180
Operating Grants and Contributions	9,042,408	11,747,672	12,869,099	11,001,994	11,070,250
Capital Grants and Contributions					
Total Governmental Activities Program Revenues	<u>10,653,789</u>	<u>13,260,593</u>	<u>14,233,228</u>	<u>12,210,825</u>	<u>12,312,430</u>
Business-type Activities:					
Charges for Services					
Food Service	230,139	223,500	212,074	248,505	201,469
Summer Enrichment			725	1,975	900
Summer Sports			750	825	
Operating Grants and Contributions	1,128,331	1,177,111	1,179,739	1,196,738	1,072,650
Capital Grants and Contributions					
Total Business-type Activities Program Revenues	<u>1,358,470</u>	<u>1,400,611</u>	<u>1,393,288</u>	<u>1,448,043</u>	<u>1,275,019</u>
Total District Program Revenues	<u>\$ 12,012,259</u>	<u>\$ 14,661,204</u>	<u>\$ 15,626,516</u>	<u>\$ 13,658,868</u>	<u>\$ 13,587,449</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,				
	2016	2017	2018	2019	2020
Net (Expense)/Revenue					
Governmental Activities	\$ (23,843,741)	\$ (22,571,235)	\$ (22,571,235)	\$ (24,898,321)	\$ (27,051,501)
Business-type Activities	77,217	68,105	68,105	(94,314)	(149,501)
Total District-wide Net Expense	<u>\$ (23,766,524)</u>	<u>\$ (22,503,130)</u>	<u>\$ (22,503,130)</u>	<u>\$ (24,992,635)</u>	<u>\$ (27,201,002)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes Levied for General Purposes, Net	\$ 13,446,977	\$ 14,056,977	\$ 13,680,017	\$ 13,680,017	\$ 13,261,017
Taxes Levied for Debt Service	382,092	382,092	537,092	537,092	537,092
Federal and State aid not restricted	8,149,850	8,183,327	9,605,112	12,625,558	14,571,783
Investment Earnings					
Miscellaneous Income	124,999	696,794	142,487	297,635	232,034
Insurance Reimbursement due to Losses from Hurricane Sandy					
Transfers	(630)	(174,211)	225	384	219
Total Governmental Activities	<u>22,103,288</u>	<u>23,144,979</u>	<u>23,964,933</u>	<u>27,140,686</u>	<u>28,602,145</u>
Business-type Activities					
Investment Earnings		34			
Miscellaneous			185	384	219
Other Items			(6,922)		
Transfers	49,481	630	(225)	(384)	(219)
Total Business-type Activities	<u>49,481</u>	<u>664</u>	<u>(6,962)</u>	<u>-0-</u>	<u>-0-</u>
Total District-wide	<u>\$ 22,152,769</u>	<u>\$ 23,145,643</u>	<u>\$ 23,957,971</u>	<u>\$ 27,140,686</u>	<u>\$ 28,602,145</u>
Change in Net Position					
Governmental Activities	\$ (1,740,453)	\$ 573,744	\$ 1,393,698	\$ 2,242,365	\$ 1,550,644
Business-type Activities	126,698	68,769	61,143	(94,314)	(149,501)
Total District	<u>\$ (1,613,755)</u>	<u>\$ 642,513</u>	<u>\$ 1,454,841</u>	<u>\$ 2,148,051</u>	<u>\$ 1,401,143</u>

Source: School District Financial Reports

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

	June 30,				
	2011	2012	2013	2014	2015
General Fund					
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
Unassigned / (Deficit)					
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					
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>

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

	June 30,				
	2016	2017	2018	2019	2020
General Fund					
Restricted	\$ 1,692,891	\$ 2,083,212	\$ 4,103,782	\$ 3,267,593	\$ 2,919,545
Assigned	875,872	620,225			
Unassigned / (Deficit)			(438,481)	(383,910)	(856,174)
Total General Fund	<u>\$ 2,568,763</u>	<u>\$ 2,703,437</u>	<u>\$ 3,665,301</u>	<u>\$ 2,883,683</u>	<u>\$ 2,063,371</u>
All Other Governmental Funds					
Restricted	\$ 15,643,721	\$ 6,757,778	\$ 1,242,839	\$ 65,143	\$ 27,155
Committed					
Unassigned / (Deficit)	(42,678)	(71,598)	(71,350)	(71,704)	(105,860)
Total All Other Governmental Funds/(Deficit)	<u>\$ 15,601,043</u>	<u>\$ 6,686,180</u>	<u>\$ 1,171,489</u>	<u>\$ (6,561)</u>	<u>\$ (78,705)</u>
Total Governmental Funds	<u>\$ 18,169,806</u>	<u>\$ 9,389,617</u>	<u>\$ 4,836,790</u>	<u>\$ 2,877,122</u>	<u>\$ 1,984,666</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,			
	2011	2012	2013	2014
Revenues:				
Tax Levy	\$ 12,429,898	\$ 12,694,170	\$ 12,947,987	\$ 12,951,182
Tuition Charges	1,192,531	1,508,356	1,392,846	1,578,544
Interest Earnings	139	324	132	
Transportation Fees	31,864	14,162	34,458	39,719
Miscellaneous	1,098,321	170,639	148,455	171,852
Other Sources		168,948		
State Sources	8,516,188	9,363,345	10,147,444	10,561,900
Federal Sources	1,661,152	1,760,047	1,367,431	1,631,842
Total Revenue	<u>24,930,093</u>	<u>25,679,991</u>	<u>26,038,753</u>	<u>26,935,039</u>
Expenditures:				
Instruction				
Regular Instruction	6,917,885	7,534,483	7,263,271	8,174,052
Special Education Instruction	2,252,971	2,218,008	2,323,453	2,593,085
Other Instruction	699,269	807,810	764,077	877,619
School-Sponsored Support Services				
Tuition	1,178,899	1,498,550	1,653,671	2,323,753
Student & Other Instruction Related Services	1,661,981	1,712,488	1,904,266	2,100,703
School Administrative Services	553,276	502,522	593,598	646,825
General & Business Administrative Services	888,028	932,555	932,549	951,231
Central Services and Administrative Information Technology	460,025	492,200	463,224	706,343
Plant Operations and Maintenance	2,186,347	2,411,793	2,327,704	2,689,719
Pupil Transportation	319,762	368,176	443,737	508,445
Unallocated Benefits	4,891,356	5,149,196	5,132,037	5,157,841
				2,263,257
				2,615,307
				981,259
				726,162
				541,686
				2,492,118
				545,229
				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:					
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	23,704,856	24,780,706	24,457,468	28,281,487	31,808,114
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	1,225,237	899,285	1,581,285	(1,346,448)	(4,197,505)
Other Financing Sources/(Uses)					
Capital Leases (Non-budgeted)	\$ 13,250				\$ 27,140,000
Bond Proceeds	56,660	\$ 42,352	\$ 135,763		
Transfers in	(56,660)	(42,352)	(144,226)	\$ (13,714)	(49,481)
Transfers out					
Insurance Reimbursement due to Losses from Hurricane Sandy			45,097		
Total Other Financing Sources/(Uses)	13,250		36,634	(13,714)	27,090,519
Net Change in Fund Balances	\$ 1,238,487	\$ 899,285	\$ 1,617,919	\$ (1,360,162)	\$ 22,893,014
Debt Service as a Percentage of Noncapital Expenditures	2.40%	2.24%	2.21%	1.89%	1.96%

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,				
	2016	2017	2018	2019	2020
Revenues:					
Tax Levy	\$ 13,829,069	\$ 14,439,069	\$ 14,217,109	\$ 14,217,109	\$ 13,798,109
Tuition Charges	1,560,159	1,462,346	1,333,378	1,180,927	1,215,737
Interest Earnings					5,500
Transportation Fees	51,222	50,575	30,751	27,904	26,443
Miscellaneous	147,295	703,422	150,657	312,238	239,052
Other Sources					
State Sources	12,409,986	13,071,259	14,908,052	19,516,798	21,836,817
Federal Sources	1,989,233	1,891,421	1,803,398	2,016,129	1,524,999
Total Revenue	<u>29,986,964</u>	<u>31,618,092</u>	<u>32,443,345</u>	<u>37,271,105</u>	<u>38,646,657</u>
Expenditures:					
Instruction					
Regular Instruction	8,516,426	8,981,055	8,974,085	9,380,640	9,292,118
Special Education Instruction	2,857,226	2,311,633	2,504,930	2,962,305	4,117,313
Other Instruction	539,533	554,273	579,886	712,757	763,300
School-Sponsored	552,371	520,906	543,194	824,073	747,693
Support Services					
Tuition	1,658,891	1,873,933	1,463,570	1,730,757	1,799,150
Student & Other Instruction Related Services	2,589,664	2,322,676	2,447,189	3,349,511	3,980,938
School Administrative Services	1,140,120	1,289,527	1,193,250	1,423,881	1,535,414
General & Business Administrative Services	900,363	864,762	777,381	794,333	827,182
Central Services and Administrative					
Information Technology	668,299	760,823	805,054	1,110,170	1,390,536
Plant Operations and Maintenance	2,207,295	2,072,498	2,251,237	2,346,508	2,405,646
Pupil Transportation	580,826	672,548	587,167	678,151	672,630
Unallocated Benefits	6,520,465	6,799,458	7,086,206	7,840,625	8,382,789

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,				
	2016	2017	2018	2019	2020
Expenditures:					
Charter School	\$ 81,656	\$ 66,431	\$ 51,406	\$ 35,736	\$ 24,810
Capital Outlay	7,966,549	9,422,194	5,837,879	4,137,447	5,883,338
Debt Service:					
Principal	980,000	995,000	1,050,000	1,095,000	830,000
Interest and Other Charges	962,160	876,863	843,963	809,263	779,463
Total Expenditures	38,721,844	40,384,580	36,996,397	39,231,157	43,432,320
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	(8,734,880)	(8,766,488)	(4,553,052)	(1,960,052)	(4,785,663)
Other Financing Sources/(Uses)					
Capital Leases (Non-budgeted)					\$ 7,000,000
Bond Proceeds					
Transfers in		\$ (13,701)	\$ 225	\$ 384	219
Transfers out	\$ (630)				
Insurance Reimbursement due to Losses from Hurricane Sandy					
Total Other Financing Sources/(Uses)	(630)	(13,701)	225	384	7,000,219
Net Change in Fund Balances	\$ (8,735,510)	\$ (8,780,189)	\$ (4,552,827)	\$ (1,959,668)	\$ 2,214,556
Debt Service as a Percentage of Noncapital Expenditures	6.31%	6.05%	6.08%	5.43%	4.29%

Source: School District Financial Reports

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Transportation</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2016	2,660	1,560,159	51,222	89,332	1,703,373
2017	2,843	1,462,346	50,575	139,056	1,654,820
2018	9,479	1,333,378	30,751	107,263	1,480,871
2019	29,370	1,180,927	27,904	261,201	1,499,402
2020	20,655	1,215,737	26,443	191,378	1,454,213

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 <sup>a</sup>		Net Valuation Taxable		Total Direct School Tax Rate <sup>b</sup>		Estimated Actual (County Value)	
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
2015		8,766,700		532,596,800		123,755,040		2,822,340		38,877,600		706,818,480		6,142,505		712,960,985		1.841		726,357,795
2016		8,434,300		541,941,300		127,818,640		1,529,000		43,093,500		722,816,740		6,616,694		729,433,434		1.914		739,845,280
2017		10,358,200		531,968,700		131,774,340		1,579,000		47,604,800		723,285,040		6,737,547		730,022,587		1.943		813,165,287
2018		11,818,500		549,295,500		135,118,240		1,599,000		48,061,700		745,892,940		6,904,888		752,797,828		1.869		786,589,320
2019		14,888,800		577,280,600		133,117,340		1,707,500		49,636,700		776,630,940		7,011,604		783,642,544		1.869		823,442,779

\* 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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Municipality	County	
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
2015	1.790	0.051	1.841	1.069	0.401	3.311
2016	1.863	0.051	1.914	1.068	0.404	3.386
2017	1.870	0.073	1.943	1.065	0.403	3.411
2018	1.798	0.071	1.869	1.052	0.412	3.333
2019	1.796	0.073	1.869	1.049	0.418	3.336

\* 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 TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

	2019		2010	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bound Brook LLC	\$ 25,500,000	3.25%	\$ 23,520,000	2.74%
Middle Brook Center LLC	19,119,000	2.44%	17,500,000	2.04%
Bell Atlantic Duffy & Phelps	7,011,604	0.89%	7,937,422	0.93%
Garfield Park Assoc., LLC	4,450,000	0.57%	4,260,000	0.50%
Effinger Plaza 2018 LLC	3,812,300	0.49%	4,011,800	0.47%
Bragg-Norton LLC	3,310,000	0.42%	3,712,300	0.43%
Somerset Savings & Loan	3,112,500	0.40%	3,107,500	0.36%
Effinger Plaza 2018 LLC	2,973,600	0.38%	2,873,600	0.34%
Park View Ptrs LLC	2,788,500	0.36%	2,808,000	0.33%
Bound Brook Holding LLC	2,335,000	0.30%	2,370,000	0.28%
<b>Total</b>	<b>\$ 74,412,504</b>	<b>9.50%</b>	<b>\$ 72,100,622</b>	<b>8.41%</b>

Source: Municipal Tax Assessor



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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>	
		Amount	Percentage of Levy
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%
2016	13,829,069	13,829,069	100.00%
2017	14,439,069	14,439,069	100.00%
2018	14,217,109	14,217,109	100.00%
2019	14,217,109	14,217,109	100.00%
2020	13,798,109	13,798,109	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		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Obligations Under		Activities				
			Lease-Purchase Agreement	Capital Leases					
2011	\$ 2,095,000	\$ 845,000	\$ 3,267	\$ -0-	\$ -0-	2,943,267	0.39%	\$ 41.19	
2012	1,870,000	650,000	-0-	-0-	-0-	2,520,000	0.32%	33.52	
2013	1,640,000	445,000	-0-	-0-	-0-	2,085,000	0.25%	26.57	
2014	1,395,000	230,000	-0-	-0-	-0-	1,625,000	0.19%	19.48	
2015	28,280,000	-0-	-0-	-0-	-0-	28,280,000	3.09%	320.09	
2016	27,300,000	-0-	-0-	-0-	-0-	27,300,000	2.87%	295.94	
2017	26,305,000	-0-	500,000	-0-	-0-	26,805,000	2.61%	269.31	
2018	25,255,000	-0-	398,814	-0-	-0-	25,653,814	2.36%	241.57	
2019	24,160,000	-0-	-0-	-0-	-0-	24,160,000	2.23%	227.51	
2020	23,330,000	-0-	5,582,575	-0-	-0-	28,912,575	2.67%	272.26	

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 <sup>a</sup> Taxable	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2011	\$ 2,095,000	\$ - 0 -	\$ 2,095,000	0.24%	\$ 200.31
2012	1,870,000	- 0 -	1,870,000	0.22%	178.50
2013	1,640,000	- 0 -	1,640,000	0.20%	156.77
2014	1,395,000	- 0 -	1,395,000	0.17%	133.84
2015	28,280,000	- 0 -	28,280,000	4.15%	2,727.10
2016	27,300,000	- 0 -	27,300,000	3.83%	2,643.81
2017	26,305,000	- 0 -	26,305,000	3.61%	2,552.64
2018	25,255,000	- 0 -	25,255,000	3.46%	2,462.70
2019	24,160,000	- 0 -	24,160,000	3.21%	2,373.28
2020	23,330,000	- 0 -	23,330,000	2.98%	2,291.75

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2019  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Borough of Bound Brook	\$ 22,648,737	100.00%	\$ 22,648,737
Somerset County General Obligation Debt	231,912,535	1.27%	<u>2,954,914</u>
Subtotal, Overlapping Debt			25,603,651
Bound Brook School District Direct Debt			<u>23,330,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 48,933,651</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 2020

	Equalized valuation basis
	2017    \$    806,427,740
	2018                    806,427,740
	2019                    812,407,887
	<u>                  \$ 2,425,263,367</u>
Average Equalized Valuation of Taxable Property	\$    808,421,122
Debt Limit (4% of average equalization value)	32,336,845
Net Direct School Debt	<u>23,330,000</u>
Legal Debt Margin	<u>          \$    9,006,845</u>

	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%

	Fiscal Year				
	2016	2017	2018	2019	2020
Debt Limit	\$ 29,201,843	\$ 29,312,284	\$ 30,402,241	\$ 31,281,121	\$ 32,336,845
Total Net Debt Applicable to Limit	<u>27,300,000</u>	<u>26,305,000</u>	<u>25,255,000</u>	<u>24,160,000</u>	<u>23,330,000</u>
Legal Debt Margin	<u>\$ 1,901,843</u>	<u>\$ 3,007,284</u>	<u>\$ 5,147,241</u>	<u>\$ 7,121,121</u>	<u>\$ 9,006,845</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	93.49%	89.74%	83.07%	77.24%	72.15%

a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,  
Department of Treasury, Division of Taxation

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

Year	Population <sup>a</sup>	Borough of Bound Brook Personal Income <sup>b</sup>	Somerset County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2011	10,459	\$ 747,295,550	\$ 71,450	10.9%
2012	10,476	787,491,396	75,171	11.4%
2013	10,461	820,790,982	78,462	8.5%
2014	10,423	869,622,159	83,433	5.1%
2015	10,370	916,189,500	88,350	4.7%
2016	10,326	952,552,848	92,248	4.3%
2017	10,305	1,025,687,565	99,533	4.3%
2018	10,255	1,089,019,470	106,194	4.1%
2019	10,180	1,081,054,920	106,194 *	3.5%
2020	10,180 **	1,081,054,920 ***	106,194 *	N/A

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

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

\*\*\* - Latest Borough personal income available (2018) and latest population data available (2019) were used for calculation purposes.

N/A - Not Available

Source:

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

<sup>c</sup> Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

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

Employer	2020		
	Employees	Rank	Percentage of Total Employment
Verizon Wireless	3,500 *	1	N/A
Sanofi US	2,150 *	2	N/A
Ortho Mcneil Pharmaceutical	1,800 *	3	N/A
Robert Wood Johnson University Hospital	1,500 *	4	N/A
Ortho Clinical Diagnostics	1,200 *	5	N/A
Met Life	1,200 *	6	N/A
Ethicon Us LLC	1,200 *	7	N/A
Memorial Sloan Kettering	1,000 *	8	N/A
Linda North America Inc	1,000 *	9	N/A
Collabera Inc	1,000 *	10	N/A
	12,050		
Employer	2011		
	Employees	Rank	Percentage of Total Employment
A&T	3,000	1	N/A
Verizon Wireless	930	2	N/A
Dendrite	700	3	N/A
Fiddlers Elbow Country Club	210	4	N/A
Trump National	400	5	N/A
Falrion Technologies	200	6	N/A
Hamilton Farm	175	7	N/A
Kings	120	8	N/A
Bedminster Township Board of Education	100	9	N/A
Loral Skynet	80	10	N/A
	5,915		

N/A - Not Available

\*-Latest Somerset County principal employers available (2017) was used.

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	83.8	92.1	89.2	101.7	102.2	108.9	114.6	102.4	105.7	120.0
Special education	18.2	20.2	18.6	21.0	22.4	26.6	28.2	29.0	32.8	33.9
Other special education	13.5	14.0	12.0	10.6	7.5	10.1	9.6	10.0	0.0	0.0
Other instruction	10.9	9.6	10.6	13.4	15.6	16.5	16.2	14.7	20.6	25.0
Support Services:										
Student and instruction related services	25.5	25.0	29.8	30.0	42.0	40.4	33.3	28.3	34.3	39.0
General administrative services	2.0	2.0	2.3	2.5	2.5	4.0	4.0	4.0	4.0	4.0
School administrative services	10.0	10.0	15.4	9.9	12.2	14.2	14.7	13.7	15.7	17.5
Business administrative services	5.3	5.3	5.3	7.3	7.3	5.6	6.8	7.3	9.0	9.0
Plant operations and maintenance	15.0	17.8	19.8	18.8	18.5	22.0	22.0	10.3	12.3	11.0
Pupil transportation	4.0	4.0	4.3	3.7	4.2	3.4	3.4	3.4	3.0	5.7
<b>Total</b>	<b>188.2</b>	<b>200</b>	<b>207.3</b>	<b>218.9</b>	<b>234.4</b>	<b>251.7</b>	<b>252.8</b>	<b>223.1</b>	<b>237.4</b>	<b>265.1</b>

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 <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle/High				
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%
2016	1,832	28,813,135	15,728	3.98%	142	1:12.2	1:13.7	1,835.9	1,754.3	1.84%	95.56%
2017	1,888	29,090,523	15,408	-2.03%	152	1:11.9	1:12.6	1,879.6	1,783.8	2.38%	94.90%
2018	1,883	29,264,555	15,541	0.87%	145	1:12.3	1:14.1	1,884.1	1,789.3	0.24%	94.97%
2019	1,893	32,184,653	17,002	9.40%	159	1:10.9	1:13.1	1,904.7	1,806.6	1.09%	94.85%
2020	1,978	35,939,429	18,170	6.87%	154	1:15.22	1:10.54	1,994.2	1,916.9	4.70%	96.12%

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<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	150	140	133	169	238	186	155	149	154	155
LaMonte Annex (2006)										
Square Feet	30,240	30,240	30,240	30,240	30,240	30,240	30,240	20,240	20,240	20,240
Capacity (students)	256	256	256	256	256	256	256	256	256	256
Enrollment	304	307	344	333	340	218	234	238	243	244
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	266	266	266	266	866	866	866
Enrollment	323	361	353	378	327	264	293	282	263	294
Smalley Elementary 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	270	262	293	321	358	373	373	377	397	357
<u>Middle School</u>										
Community Middle School (2014) *										
Square Feet						44,937	44,937	44,937	44,937	44,937
Capacity (students)						335	335	335	335	335
Enrollment						227	240	251	255	338
<u>High School</u>										
Bound Brook High School (1907)										
Square Feet	118,025	118,025	118,025	118,025	118,025	119,595	119,595	119,595	119,595	119,595
Capacity (students)	869	869	869	869	869	869	869	869	869	869
Enrollment	485	465	483	510	537	564	593	586	581	590
<u>Board of Education Administrative Building</u>										
Square Feet							1,649	1,649	1,649	1,649
Number of Schools at June 30, 2020										
Elementary = 4										
Middle School = 1										
Senior High School = 1										
Other = 1										
Source: District Facilities Office										

\* - The Community Municipal School was acquired as part of the referendum approved by the voters in 2014 and became operational in 2016  
 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 Elementary School		LaMonte Elementary School		Smalley Elementary School		LaMonte School Annex		Community Middle School		Administration Building		Total
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
2016		184,406		52,251		39,385		87,808		38,526	\$	53,963			456,339
2017		136,508		57,740		63,970		52,618		50,855		73,623	\$	6,594	441,908
2018		138,566		58,283		53,793		58,793		29,412		51,170		5,455	395,472
2019		166,400		60,396		45,814		60,695		45,185		62,739		5,503	446,732
2020		128,762		73,335		43,431		69,473		43,431		81,753		395	440,580

\* 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, 2020  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
New Jersey Schools Insurance Group		
Package Policy:		
Blanket Real and Personal Property	\$ 85,315,446	\$ 5,000
Comprehensive General Liability	31,000,000	
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
Forgery or Alteration	1,000,000	1,000
Computer Fraud	1,000,000	1,000
Automobile	31,000,000	1,000
School Board Legal Liability	31,000,000	25,000
Workers Compensation	3,000,000	
Supplemental Indemnity (Chubb Insurance Company)	2,500/ week	
Flood: (Voyager Insurance Company)		
330 W 2nd Street	500,000	1,250
High St & Lafayette	500,000	1,250
2nd St. & Vosseler	500,000	1,250
120 E. 2nd Street	500,000	1,250
Catastrophe Umbrella (Firemans Fund)	50,000,000	
Environmental Liability (each incident/total aggregate)	1 mil/ 11 mil	50,000
Student Accident Insurance (Bollinger)		
Accident Medical Class I	25,000	0
Accident Medical Class II	5,000,000	25,000
Accident Medical Class III	25,000	0
New Jersey Schools Insurance Group		
Surety Bonds:		
Board Secretary/Business Administrator	350,000	1,000
Treasurer of School Moneys	350,000	1,000
Environmental (add'l mold)	1mil/1mil	10,000
Beazley		

Source: District's Records

SINGLE AUDIT SECTION



200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973.298.8500

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

nisivoccia.com

Independent Member  
BKR International

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 Board of Education 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 16, 2020.

**Internal Control Over Financial Reporting**

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

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

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

The Honorable President and Members  
of the Board of Education  
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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 16, 2020  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*  
\_\_\_\_\_  
Valerie A. Dolan  
Licensed Public School Accountant #2526  
Certified Public Accountant



200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973.298.8500

11 Lawrence Road  
Newton, NJ 07860  
973.383.6699

[nisivoccia.com](http://nisivoccia.com)

Independent Member  
BKR International

Report on Compliance For Each Major Federal and State Program:  
Report on Internal Control Over Compliance

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 Board of Education of the Borough of Bound Brook School District's (the "District's") compliance with the types of compliance requirements described in the *OMB 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, 2020. 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 federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major 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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major 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, 2020.



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 the Uniform Guidance and NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

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

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

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

December 16, 2020  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*  
\_\_\_\_\_  
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, 2020

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, 2019		Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2020		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
<b>Special Revenue Fund:</b>												
<b>Elementary and Secondary Education Act</b>												
Title I												
Title I	84.010A	ESEA049020	7/1/19-9/30/20	\$ 823,161			\$ 505,059	\$ (798,470)		\$ (293,411)		
Title I	84.010A	ESEA049019	7/1/18-9/30/19	928,787	\$ (211,566)	211,566						
Title I, SIA	84.010A	ESEA049020	7/1/19-9/30/20	12,292				(10,712)		(10,712)		
Title I, Reallocation	84.010A	ESEA049020	7/1/19-9/30/20	18,203		18,203		(18,203)				
Title I, Reallocation	84.010A	ESEA049019	7/1/18-9/30/19	41,824	(28,804)	36,368		(7,564)				
Total Title I					(240,370)	771,196		(834,949)		(304,123)		
Title II, Part A	84.367A	ESEA049020	7/1/19-9/30/20	106,068		46,824		(46,824)				
Title II, Part A	84.367A	ESEA049019	7/1/18-9/30/19	98,797	(10,330)	10,000		330				
Total Title II, Part A					(10,330)	56,824		(46,494)				
Title III	84.365A	ESEA049020	7/1/19-9/30/20	77,384		58,845		(59,574)		(729)		
Title III	84.365A	ESEA049019	7/1/18-9/30/19	69,628	(589)	589						
Title III - Immigrant	84.365A	ESEA049020	7/1/19-9/30/20	9,872		1,175		(9,658)		(8,483)		
Total Title III					(589)	60,609		(69,232)		(9,212)		
Title IV	84.186A	ESEA049020	7/1/19-9/30/20	15,972		900		(9,768)		(8,868)		
Subtotal Elementary and Secondary Education Act					(251,289)	889,529		(960,443)		(322,203)		
Preschool Expansion Aid	84.419B	N/A	7/1/18-6/30/19	469,925	(111,280)	111,280						
Pass-through Bergen County Special Services Education for Homeless Children and Youth	84.196	N/A	7/1/19-9/30/20	14,000		14,000		(14,000)				
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA184020	7/1/19-9/30/20	451,720		371,142		(451,720)	\$ 58	(80,520)		
I.D.E.A. Part B, Basic	84.027	IDEA184019	7/1/18-6/30/19	491,991	(20,885)	20,885						
I.D.E.A. Part B, Preschool	84.173	IDEA184020	7/1/19-9/30/20	16,271		14,645		(15,828)		(1,183)		
I.D.E.A. Part B, Preschool	84.173	IDEA184019	7/1/18-6/30/19	17,760	(9)	9						
Total Special Education Cluster					(20,894)	406,681		(467,548)	58	(81,703)		
Total U.S. Department of Education					(383,463)	1,421,490		(1,441,991)	58	(403,906)		
U.S. Department of Health and Human Services: Medicaid Assistance Program	93.778	N/A	7/1/19-9/30/20	51,678		51,678		(51,678)				
Total U.S. Department of Health and Human Services						51,678		(51,678)				

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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, 2019		Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2020		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Agriculture Passed Through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/19-6/30/20	\$ 67,042			\$ 67,042	\$ (52,963)		\$	\$ 14,079	
Food Distribution Program	10.555	N/A	7/1/18-6/30/19	86,664				(6,870)				
School Breakfast Program	10.553	N/A	7/1/19-6/30/20	307,750			307,750	(307,750)				
School Breakfast Program	10.553	N/A	7/1/18-6/30/19	395,831	\$ (66,830)		66,830					
After School Snack Program	10.555	N/A	7/1/19-6/30/20	8,662			8,662	(8,662)				
National School Lunch Program	10.555	N/A	7/1/19-6/30/20	499,448			499,448	(499,448)				
National School Lunch Program	10.555	N/A	7/1/18-6/30/19	668,665	(109,635)		109,635					
Summer Food Service Program - COVID 19	10.559	N/A	3/18/20-6/30/20	168,280			131,071	(168,280)		\$ (37,209)		
Summer Food Service Program	10.559	N/A	7/1/19-6/30/20	19,049			19,049	(19,049)				
Total Child Nutrition Cluster					(176,465)		1,209,487	(1,063,022)		(37,209)		14,079
Total U.S. Department of Agriculture					(176,465)		1,209,487	(1,063,022)		(37,209)		14,079
Total Federal Awards					\$ (559,928)		\$ 2,682,655	\$ (2,556,691)	\$ 58	\$ (441,115)	\$ 14,079	\$ -0-

N/A - Not Applicable/Available

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, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Borough of Bound Brook School District under programs of the federal and state governments for the fiscal year ended June 30, 2020. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported 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 on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these 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 special revenue fund also does not recognize the June state aid payments in the current year.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$171,196) for the general fund and \$474 for the special revenue fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds.

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

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

Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 51,678	\$ 19,978,791	\$ 20,030,469
Special Revenue Fund	1,473,321	1,000,231	2,473,552
Debt Service Fund		857,795	857,795
Food Service Fund	1,063,022	9,628	1,072,650
Total Awards	<u>\$ 2,588,021</u>	<u>\$ 21,846,445</u>	<u>\$ 24,434,466</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2020.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal or 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*.
- 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 in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's federal and state programs tested as major programs for the current fiscal year were the following:

	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>Federal:</u>				
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/19-6/30/20	\$ 86,664	\$ 6,870
Food Distribution Program	10.555	7/1/18-6/30/19	67,042	52,963
School Breakfast Program	10.553	7/1/19-6/30/20	307,750	307,750
After School Snack Program	10.555	7/1/19-6/30/20	8,662	8,662
National School Lunch Program	10.555	7/1/19-6/30/20	499,448	499,448
Summer Food Service Program - COVID 19	10.559	3/18/20-6/30/20	168,280	168,280
Summer Food Service Program	10.559	7/1/19-6/30/20	19,049	19,049
<u>State:</u>				
General Fund State Aid:				
Categorical Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	1,574,377	1,574,377
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	12,596,837	12,596,837
Categorical Security Aid	20-495-034-5120-084	7/1/19-6/30/20	784,650	784,650
School Choice Aid	20-495-034-5120-068	7/1/19-6/30/20	426,983	426,983
Preschool Education Aid	20-495-034-5120-025	7/1/19-6/30/20	1,080,562	1,031,087
Debt Service Aid	20-495-034-5120-017	7/1/19-6/30/20	857,795	857,795

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)

Summary of Auditors' Results: (Cont'd)

- The threshold used for distinguishing between Type A and Type B federal and state programs was \$750,000.
- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The District was determined to be a "low-risk" auditee for both state and federal 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 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2020

Status of Prior Year Findings:

The District had no prior year findings.