

**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, 2021**

**Comprehensive Annual
Financial Report**

of the

**BOROUGH OF BOUND BROOK
SCHOOL DISTRICT**

Bound Brook, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
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INTRODUCTORY SECTION
(UNAUDITED)

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

November 1, 2021

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, 2021 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 2021-2022 school year with an average daily enrollment of 1,919 students, which is reduction of 59 students less than last year. However, this was also due to a number of parents who signed students out of school to home school students during the COVID-19 pandemic.

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 which cannot overcome the structural 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.

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.

3. MAJOR INITIATIVES (Cont'd)

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.

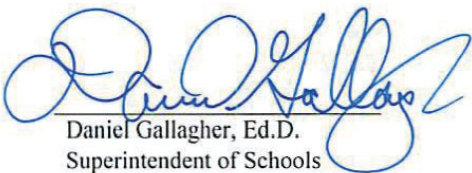
An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at fiscal year-end are either cancelled or are included as re-appropriations of fund balance in the subsequent fiscal year. Those amounts to be re-appropriated are reported as restrictions, commitments and assignments of fund balance at June 30, 2021.

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.

The Honorable President and
Members of the Board of Education
of the Borough of Bound Brook School District
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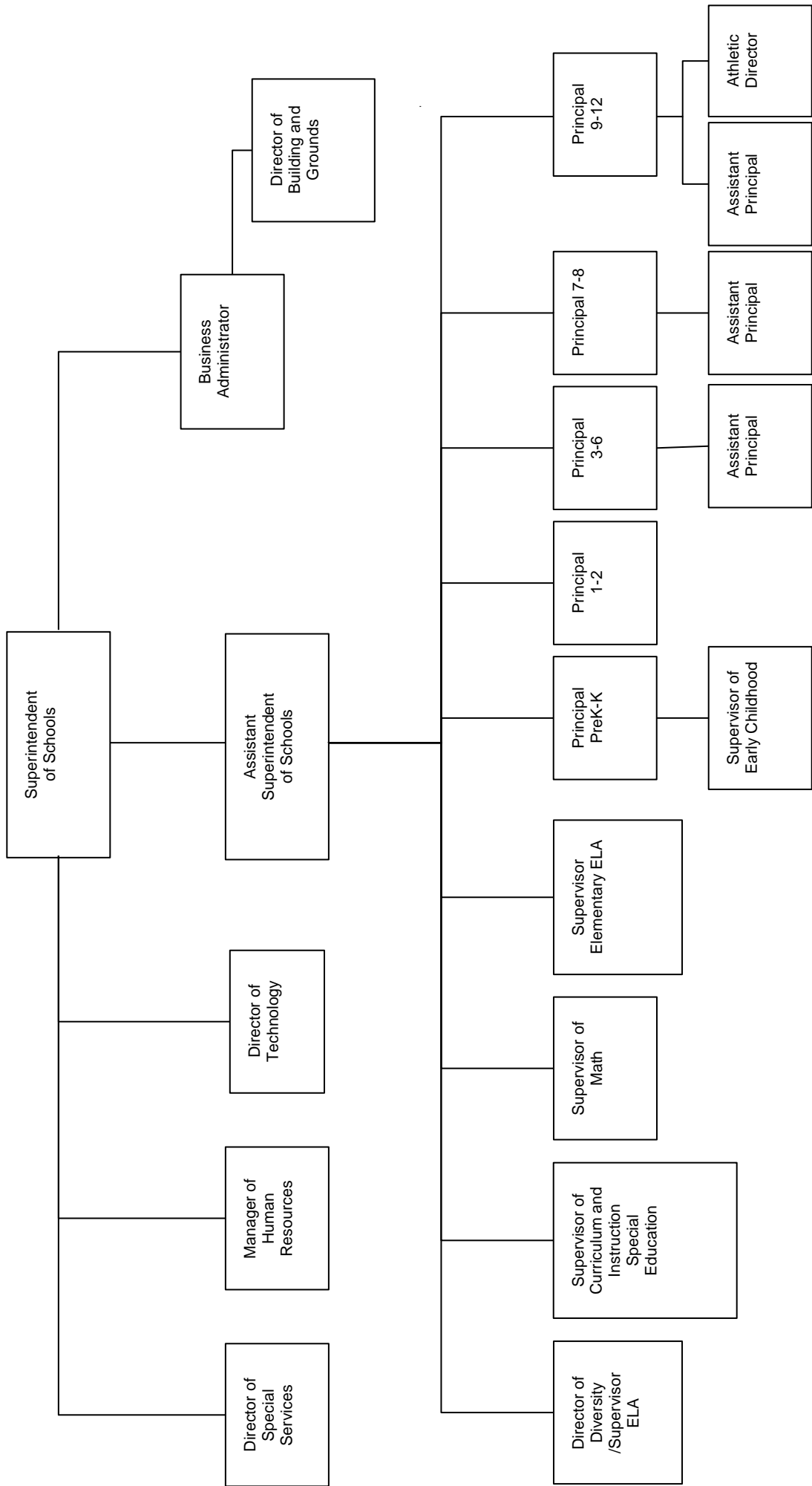
7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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

**BOUND BROOK BOARD OF EDUCATION
Organizational Chart
Fiscal Year Ended June 30, 2021**



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

ROSTER OF OFFICIALS

JUNE 30, 2021

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Michele DeFazio, President	2021
Michael Bal, Vice President	2023
Richard Januzzi	2021
Lizethe Martinez	2022
Charity Morris	2021
Joanna Musson	2022
Patricia Russamanno	2022
Joseph Tomaselli	2023
Roger Zupko	2023
Dominic Vatalare, South Bound Brook Representative	2021

OTHER OFFICIALS

Dr. Daniel Gallagher, Superintendent

Michael Steinmetz, Business Administrator/Board Secretary (Through June 30, 2021)

Edward Appleton, Interim Business Administrator/Board Secretary (From July 1, 2021)

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

Gianforaro 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, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

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 November 1, 2021 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.

November 1, 2021
Mount Arlington, New Jersey

Nisivoccia 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, 2021

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, 2021. 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

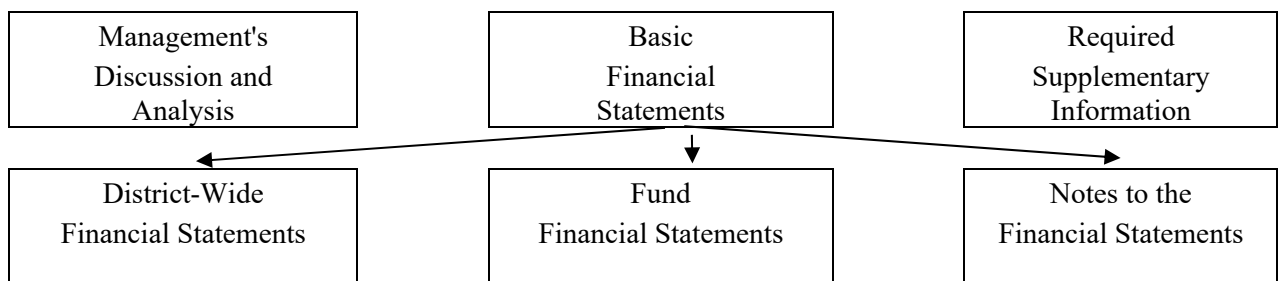
This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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.
- *Notes to Basic Financial Statements*: Provide additional information essential to a full understanding of the district-wide and fund financial statements.

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, 2021

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
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services, and summer enrichment.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows
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
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
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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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 two 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, 2021

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, 2021 increased by \$4,575,914 from the previous year. The net position from governmental activities increased \$4,487,708 and the net position from business-type activities increased \$88,206. The net investment in capital assets increased by \$4,365,759. Restricted net position increased by \$1,529,766. Unrestricted net position decreased by \$1,319,611.

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/2021	Restated 2019/2020	2020/2021	2019/2020	2020/2021	Restated 2019/2020	
Current and Other Assets	\$ 6,491,414	\$ 9,926,127	\$ 385,813	\$ 177,065	\$ 6,877,227	\$10,103,192	
Capital Assets, Net	40,345,189	37,994,944	569,702	593,891	40,914,891	38,588,835	
Total Assets	46,836,603	47,921,071	955,515	770,956	47,792,118	48,692,027	-1.85%
Deferred Outflows of Resources:	1,325,695	1,081,111			1,325,695	1,081,111	22.62%
Other Liabilities	2,236,343	5,062,655	125,023	28,670	2,361,366	5,091,325	
Long-Term Liabilities	31,633,071	33,689,782			31,633,071	33,689,782	
Total Liabilities	33,869,414	38,752,437	125,023	28,670	33,994,437	38,781,107	-12.34%
Deferred Inflows of Resources	3,975,048	4,419,617			3,975,048	4,419,617	-10.06%
Net Position:							
Net Investment in							
Capital Assets	13,492,214	9,102,266	569,702	593,891	14,061,916	9,696,157	
Restricted	4,800,271	3,270,505			4,800,271	3,270,505	
Unrestricted / (Deficit)	(7,974,649)	(6,542,643)	260,790	148,395	(7,713,859)	(6,394,248)	
Total Net Position	\$10,317,836	\$ 5,830,128	\$ 830,492	\$ 742,286	\$11,148,328	\$ 6,572,414	69.62%

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,100,282	\$ 1,242,180	\$ 2,605	\$ 202,369	\$ 2,102,887	\$ 1,444,549	
Operating Grants & Contributions	12,227,633	11,070,250	977,189	1,072,650	13,204,822	12,142,900	
General Revenue:							
Property Taxes	13,798,109	13,798,109			13,798,109	13,798,109	
Unrestricted Federal & State Aid	15,488,894	14,571,783			15,488,894	14,571,783	
Other	746,829	232,034	16	219	746,845	232,253	
Total Revenue	<u>44,361,747</u>	<u>40,914,356</u>	<u>979,810</u>	<u>1,275,238</u>	<u>45,341,557</u>	<u>42,189,594</u>	7.47%
Expenses:							
Instruction	23,018,363	22,337,528			23,018,363	22,337,528	
Pupil & Instruction Services	7,714,731	7,746,553			7,714,731	7,746,553	
Administrative & Business	5,117,529	5,124,512			5,117,529	5,124,512	
Maintenance & Operations	2,621,459	2,606,901			2,621,459	2,606,901	
Transportation	544,713	741,171			544,713	741,171	
Other	857,260	807,266	891,588	1,424,520	1,748,848	2,231,786	
Total Expenses	<u>39,874,055</u>	<u>39,363,931</u>	<u>891,588</u>	<u>1,424,520</u>	<u>40,765,643</u>	<u>40,788,451</u>	-0.06%
Transfers	16	219	(16)	(219)			
Change in Net Position	<u>\$ 4,487,708</u>	<u>\$ 1,550,644</u>	<u>\$ 88,206</u>	<u>\$ (149,501)</u>	<u>\$ 4,575,914</u>	<u>\$ 1,401,143</u>	226.58%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District increased significantly from the prior year. However, District is over \$7 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, 2021

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>2020/2021</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2019/2020</u>
Instruction	\$ 23,018,363	\$ 22,337,528	\$ 10,958,109	\$ 12,175,586
Pupil and Instruction Services	7,714,731	7,746,553	6,369,022	6,462,104
Administrative and Business	5,117,529	5,124,512	4,327,809	4,399,939
Maintenance and Operations	2,621,459	2,606,901	2,621,459	2,606,901
Transportation	544,713	741,171	412,481	599,705
Other	857,260	807,266	857,260	807,266
	<u>\$ 39,874,055</u>	<u>\$ 39,363,931</u>	<u>\$ 25,546,140</u>	<u>\$ 27,051,501</u>

Business-Type Activities

Net position from the District’s business-type activity increased by \$88,206 (Refer to Figure A-4). The most significant factor contributing to these results were a decrease in operating expenses.

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, 2021

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 \$40,914,891 in capital assets as shown in Figure A-6. Capital Assets had a net increase of \$2,326,056 or 6.03% over the prior year. The District had \$3,107,012 of additions offset by \$780,956 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>2020/2021</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2019/2020</u>	
Construction in Progress		\$ 18,865,637				\$ 18,865,637	
Buildings and Building Improvements	\$ 38,540,100	17,159,896	\$ 429,854	\$ 444,704	\$ 38,969,954	17,604,600	
Machinery and Equipment	1,805,089	1,969,411	139,848	149,187	1,944,937	2,118,598	
 Total Capital Assets (Net of Depreciation)	 <u>\$ 40,345,189</u>	 <u>\$ 37,994,944</u>	 <u>\$ 569,702</u>	 <u>\$ 593,891</u>	 <u>\$ 40,914,891</u>	 <u>\$ 38,588,835</u>	 <u>6.03%</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Long-term Liabilities

At year-end, the District had \$22,460,000 in general obligation bonds and \$4,392,975 in capital leases outstanding 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

	<u>Total School District</u>		<u>Percentage Change</u>
	<u>2020/2021</u>	<u>2019/2020</u>	
General Obligation Bonds (Financed with Property Taxes)	\$ 22,460,000	\$ 23,330,000	
Capital Lease Payable	4,392,975	5,582,575	
Net Pension Liability	4,266,784	4,256,669	
Compensated Absences	513,312	520,538	
	<u>\$ 31,633,071</u>	<u>\$ 33,689,782</u>	<u>-6.10%</u>

- The District retired \$870,000 of Serial Bonds Payable.
- The Compensated Absence Payable decreased \$7,226.
- The Net Pension Liability increased \$10,115.
- The District retired \$1,189,600 of the capital 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, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,083,043	\$ 353,910	\$ 1,436,953
Receivable from Federal Government	567,295		567,295
Receivable from State Government	414,354	118,571	532,925
Other Accounts Receivable		5,733	5,733
Internal Balances	129,282	(129,282)	
Inventories		36,881	36,881
Restricted Assets:			
Cash and Cash Equivalents	4,297,440		4,297,440
Capital Assets:			
Depreciable Buildings and Building Improvements and Machinery and Equipment	40,345,189	569,702	40,914,891
Total Assets	<u>46,836,603</u>	<u>955,515</u>	<u>47,792,118</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,325,695		1,325,695
Total Deferred Outflows of Resources	<u>1,325,695</u>		<u>1,325,695</u>
LIABILITIES			
Accounts Payable	1,067,550	106,346	1,173,896
Accrued Interest Payable	336,191		336,191
Unearned Revenue	832,602	18,677	851,279
Noncurrent Liabilities:			
Due Within One Year	2,125,917		2,125,917
Due Beyond One Year	29,507,154		29,507,154
Total Liabilities	<u>33,869,414</u>	<u>125,023</u>	<u>33,994,437</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	3,975,048		3,975,048
Total Deferred Inflows of Resources	<u>3,975,048</u>		<u>3,975,048</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 13,492,214	\$ 569,702	\$ 14,061,916
Restricted for:			
Capital Projects	2,727,935		2,727,935
Debt Service	20,091		20,091
Maintenance	953,680		953,680
Emergency	250,869		250,869
Excess Surplus	482,740		482,740
Unemployment Compensation	260,809		260,809
Scholarships	123		123
Student Activities	104,024		104,024
Unrestricted/(Deficit)	<u>(7,974,649)</u>	<u>260,790</u>	<u>(7,713,859)</u>
Total Net Position	<u>\$ 10,317,836</u>	<u>\$ 830,492</u>	<u>\$ 11,148,328</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, 2021

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-Type Activities	Total
			Grants and Contributions				
Governmental Activities:							
Instruction:							
Regular	\$ 16,136,795	\$ 2,010,047	\$ 6,164,336	\$	(7,962,412)		\$ (7,962,412)
Special Education	4,244,851		3,238,952		(1,005,899)		(1,005,899)
Other Instruction	1,966,138				(1,966,138)		(1,966,138)
School-Sponsored Instruction	670,579		646,919		(23,660)		(23,660)
Support Services:							
Tuition	1,676,168				(1,676,168)		(1,676,168)
Student & Instruction Related Services	6,038,563	82,753	1,262,956		(4,692,854)		(4,692,854)
General Administrative Services	956,909				(956,909)		(956,909)
School Administrative Services	2,697,602		622,129		(2,075,473)		(2,075,473)
Central Services and Administrative							
Information Technology	1,463,018		167,591		(1,295,427)		(1,295,427)
Plant Operations and Maintenance	2,621,459				(2,621,459)		(2,621,459)
Pupil Transportation	544,713	7,482	124,750		(412,481)		(412,481)
Interest and Other Charges	743,469				(743,469)		(743,469)
Capital Outlay	80,709				(80,709)		(80,709)
Transfer to Charter School	33,082				(33,082)		(33,082)
Total Governmental Activities	39,874,055	2,100,282	12,227,633		(25,546,140)		(25,546,140)

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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	\$ 891,588	\$ 2,605	\$ 977,189		\$ 88,206	\$ 88,206
Total Business-Type Activities	891,588	2,605	977,189		88,206	88,206
Total Primary Government	\$ 40,765,643	\$ 2,102,887	\$ 13,204,822	\$ (25,546,140)	\$ 88,206	\$ (25,457,934)
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				15,488,894		15,488,894
Miscellaneous Income				746,829	\$ 16	746,845
Transfers				16	(16)	
Total General Revenue and Transfers				30,033,848		30,033,848
Change in Net Position				4,487,708	88,206	4,575,914
Net Position - Beginning (Restated)				5,830,128	742,286	6,572,414
Net Position - Ending				\$ 10,317,836	\$ 830,492	\$ 11,148,328

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, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
\$	710,397	\$ 345,491	\$ 27,155		\$ 1,083,043
	414,354	567,295			567,295
	136,346			\$ 27,155	414,354
	4,193,293	104,147			163,501
\$	5,454,390	\$ 1,016,933	\$ 27,155	\$ 27,155	\$ 6,525,633

ASSETS:

Cash and Cash Equivalents
Receivables From Federal Government
Receivables From State Government
Interfund Receivable
Restricted Cash and Cash Equivalents
Total Assets

LIABILITIES AND FUND BALANCES:

Liabilities:

\$	465,018	\$ 222,372	\$ 27,155	\$ 7,064	\$ 687,390
		832,602			34,219
	465,018	1,054,974	27,155	7,064	832,602
					1,554,211

Fund Balances:

Restricted:

Capital Reserve Account	2,727,935				2,727,935
Maintenance Reserve	953,680				953,680
Emergency Reserve Account	250,869				250,869
Excess Surplus - 2021-2022	482,740				482,740
Unemployment Compensation	260,809				260,809
Scholarships		123			123
Student Activities		104,024			104,024
Debt Service				20,091	20,091
Unassigned / (Deficit)	313,339	(142,188)			171,151
Total Fund Balances/(Deficit)	4,989,372	(38,041)		20,091	4,971,422
Total Liabilities and Fund Balances	\$ 5,454,390	\$ 1,016,933	\$ 27,155	\$ 27,155	\$ 6,525,633

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

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

Total Fund Balances from Above	\$ 4,971,422
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	40,345,189
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(336,191)
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	(27,366,287)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(4,266,784)
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	945,535
Deferred Inflows	<u>(3,975,048)</u>
Net Position of Governmental Activities	<u>\$ 10,317,836</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, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,261,017			\$ 537,092	\$ 13,798,109
Tuition from Other LEA's	2,010,047				2,010,047
Interest Earned on Emergency Reserve	80				80
Interest Earned on Maintenance Reserve	305				305
Interest Earned on Capital Reserve	297				297
Transportation Fees	7,482				7,482
Restricted Miscellaneous Revenue	212	\$ 82,753			82,965
Unrestricted Miscellaneous Revenue	745,713		\$ 222		745,935
Total - Local Sources	16,025,153	82,753	222	537,092	16,645,220
State Sources	22,575,133	968,712		865,843	24,409,688
Federal Sources	34,290	2,016,140			2,050,430
Total Revenues	38,634,576	3,067,605	222	1,402,935	43,105,338
EXPENDITURES:					
Current:					
Regular Instruction	7,766,509	2,716,342			10,482,851
Special Education Instruction	2,408,302	418,830			2,827,132
Other Instruction	822,902				822,902
School-Sponsored	670,579				670,579
Support Services and Undistributed Costs:					
Tuition	1,676,168				1,676,168
Student and Other Instruction Related Services	3,791,789	63,872			3,855,661
General Administration Services	822,135				822,135
School Administration Services	1,627,645				1,627,645
Central Services & Administrative Information Technology	1,127,820				1,127,820
Plant Operations and Maintenance	2,392,788				2,392,788
Student Transportation	464,697				464,697
Unallocated Benefits	10,654,626				10,654,626

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
EXPENDITURES:					
Debt Service:					
Interest and Other Charges				\$ 754,563	\$ 754,563
Principal				870,000	870,000
Capital Outlay	\$ 1,308,778	\$ 70,873	\$ 3,107,012		4,486,663
Transfer of Funds to Charter School	33,082				33,082
Total Expenditures	<u>35,567,820</u>	<u>3,269,917</u>	<u>3,107,012</u>	<u>1,624,563</u>	<u>43,569,312</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>3,066,756</u>	<u>(202,312)</u>	<u>(3,106,790)</u>	<u>(221,628)</u>	<u>(463,974)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In/(Out)	<u>(381,258)</u>	<u>166,932</u>	<u>(20,119)</u>	<u>234,461</u>	<u>16</u>
Total Other Financing Sources/(Uses)	<u>(381,258)</u>	<u>166,932</u>	<u>(20,119)</u>	<u>234,461</u>	<u>16</u>
Net Change in Fund Balances	2,685,498	(35,380)	(3,126,909)	12,833	(463,958)
Fund Balance / (Deficit) - July 1 (Restated)	<u>2,303,874</u>	<u>(2,661)</u>	<u>3,126,909</u>	<u>7,258</u>	<u>5,435,380</u>
Fund Balance / (Deficit) - June 30	<u>\$ 4,989,372</u>	<u>\$ (38,041)</u>	<u>\$ -0-</u>	<u>\$ 20,091</u>	<u>\$ 4,971,422</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, 2021

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (463,958)

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	3,107,012	2,350,245

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 (+).

7,226

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.

870,000

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.

1,189,600

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, 2021

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 (+).

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:

Change in Net Pension Liability	(10,115)
Change in Deferred Outflows	89,047
Change in Deferred Inflows	444,569
	\$ 11,094
Change in Net Position of Governmental Activities (Exhibit A-2)	\$ 4,487,708

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 64	\$ 353,846	\$ 353,910
Intergovernmental Accounts Receivable:			
Federal		118,571	118,571
Student Accounts Receivable		5,733	5,733
Inventories		36,881	36,881
Total Current Assets	<u>64</u>	<u>515,031</u>	<u>515,095</u>
Non-Current Assets:			
Capital Assets		1,022,849	1,022,849
Less: Accumulated Depreciation		<u>(453,147)</u>	<u>(453,147)</u>
Total Non-Current Assets		<u>569,702</u>	<u>569,702</u>
Total Assets	<u>64</u>	<u>1,084,733</u>	<u>1,084,797</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable		106,346	106,346
Interfund Accounts Payable - General Fund		129,282	129,282
Unearned Revenue - Prepaid Sales		10,187	10,187
Unearned Revenue - Donated Commodities		<u>8,490</u>	<u>8,490</u>
Total Current Liabilities		<u>254,305</u>	<u>254,305</u>
NET POSITION:			
Investment in Capital Assets		569,702	569,702
Unrestricted	<u>64</u>	<u>260,726</u>	<u>260,790</u>
Total Net Position	<u>\$ 64</u>	<u>\$ 830,428</u>	<u>\$ 830,492</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, 2021

	Business-type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Meals		\$ 770	\$ 770
Other Income		1,835	1,835
Total Operating Revenue		<u>2,605</u>	<u>2,605</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs		452,767	452,767
Salaries, Benefits & Payroll Taxes		290,067	290,067
Supplies, Insurance & Other Costs		72,611	72,611
Management Fee		26,595	26,595
Miscellaneous		25,359	25,359
Depreciation Expense		24,189	24,189
Total Operating Expenses		<u>891,588</u>	<u>891,588</u>
Operating Loss		(888,983)	(888,983)
Non-Operating Revenue:			
Local Sources:			
Interest Income		16	16
Federal Sources:			
Summer Food Service Program - COVID 19		939,835	939,835
Food Distribution Program		37,354	37,354
Total Non-Operating Revenue		<u>977,205</u>	<u>977,205</u>
Change in Net Position Before Transfers		88,222	88,222
Transfer Out - General Fund		(16)	(16)
Change in Net Position After Transfers		<u>88,206</u>	<u>88,206</u>
Net Position - Beginning of Year	\$ 64	<u>742,222</u>	<u>742,286</u>
Net Position - End of Year	<u>\$ 64</u>	<u>\$ 830,428</u>	<u>\$ 830,492</u>

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, 2021

	Business-type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total
Cash Flows from Operating Activities:			
Receipts from Customers		\$ 10,653	\$ 10,653
Payments to Food Service Vendor		(290,067)	(290,067)
Payments to Suppliers		(429,800)	(429,800)
Net Cash Used for Operating Activities		(709,214)	(709,214)
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income		16	16
Net Cash Provided by Investing Activities		16	16
Cash Flows from Noncapital Financing Activities:			
Cash Received from Federal Reimbursements		858,473	858,473
Cash Received from Transfers - General Fund		60,609	60,609
Net Cash Provided by Noncapital Financing Activities		919,082	919,082
Net Increase in Cash and Cash Equivalents		209,884	209,884
Cash and Cash Equivalents, July 1	\$ 64	143,962	144,026
Cash and Cash Equivalents, June 30	\$ 64	\$ 353,846	\$ 353,910
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss		\$ (888,983)	\$ (888,983)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation		24,189	24,189
Food Distribution Program		37,354	37,354
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable		8,649	8,649
(Increase)/Decrease in Accounts Receivable - Students		978	978
(Increase)/Decrease in Inventory		12,246	12,246
Increase/(Decrease) in Unearned Revenue - Donated Commodities		(5,589)	(5,589)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales		(1,579)	(1,579)
Increase/(Decrease) in Accounts Payable		103,521	103,521
Net Cash Used for Operating Activities	\$ -0-	\$ (709,214)	\$ (709,214)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$31,765 and utilized \$37,354 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2021.

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, 2021

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. 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, 2021
(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. Separate statements for each fund category – governmental and proprietary - 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, 2021
(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.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary 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, 2021
(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, 2021 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 except for student activities and scholarships. 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, 2021
(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	\$ 38,717,250	\$ 3,151,804
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.		
Current Year Encumbrances		(47,871)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	1,545,339	105,860
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,628,013)	(142,188)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 38,634,576	\$ 3,067,605
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 35,567,820	\$ 3,317,788
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.		(47,871)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 35,567,820	\$ 3,269,917

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021
(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, 2021.

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, 2021
(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, 2021
(Continued)

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

P. Fund Balance Appropriated:

General Fund: Of the \$4,989,372 General Fund balance at June 30, 2021, \$-0- is assigned for year-end encumbrances (which is \$585,547 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, 2022); \$2,727,935 is restricted in a capital reserve account; \$953,680 is restricted in a maintenance reserve account; \$250,869 is restricted in an emergency reserve account; \$260,809 is restricted in a unemployment compensation account; \$482,740 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, 2022. Additionally, there is a balance of \$313,339 in unassigned fund balance (which is \$1,042,466 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, 2022).

Special Revenue Fund: Of the \$38,041 Special Revenue deficit fund balance at June 30, 2021, \$123 is restricted for scholarships; \$104,024 is restricted for student activities; and there is a deficit in unassigned fund balance of \$142,188 at June 30, 2021 in the Special Revenue Fund on a GAAP basis due to the June state aid payments that are not recognized until the fiscal year ending June 30, 2022.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2021 is \$20,091 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 \$1,628,013 due to the last two State Aid payments which is not recognized on a GAAP 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, 2021
(Continued)

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

Q. Deficit Fund Balances / Net Position

The District has a deficit in unrestricted net position of \$7,974,649 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 \$142,188 in the Special Revenue Fund as of June 30, 2021 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, 2021 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, 2021
(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 a capital reserve, a maintenance reserve, an emergency reserve, unemployment compensation insurance, excess surplus and the debt service fund, student activities, and scholarships.

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 had no committed resources at June 30, 2021.

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 \$585,547 of assigned resources for year-end encumbrances in the General Fund on the budgetary basis at June 30, 2021.

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, 2021
(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, 2021

(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, 2021
(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, 2021
(Continued)

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

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		
	Restricted	Unrestricted	Total
Checking Accounts	\$ 4,297,440	\$ 1,436,953	\$ 5,734,393

During the period ended June 30, 2021, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$5,734,393 and the bank balance was \$6,335,077.

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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 1,142,202
Transferred by Board Resolution	1,800,000
Interest Earnings	297
Budgeted Withdrawal - Transfer to Debt Service	(214,564)
Ending Balance, June 30, 2021	\$ 2,727,935

The balance in the capital reserve account at June 30, 2021 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 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, 2021

(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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 1,003,375
Interest Earnings	305
Budgeted Withdrawals	<u>(50,000)</u>
Ending Balance, June 30, 2021	<u>\$ 953,680</u>

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 1st and June 20th. 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, 2021
(Continued)

NOTE 6. EMERGENCY RESERVE ACCOUNT (Cont'd)

The activity of the emergency reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 250,789
Interest Earnings	80
	\$ 250,869
Ending Balance, June 30, 2021	\$ 250,869

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

The District expended \$3,107,012 towards construction projects in progress. The District also transferred \$21,972,649 from construction in progress to buildings and building improvements for completed projects as of June 30, 2021.

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Construction in Progress	\$ 18,865,637	\$ 3,107,012	\$ (21,972,649)	
Total Capital Assets Not Being Depreciated	18,865,637	3,107,012	(21,972,649)	
Capital Assets Being Depreciated:				
Buildings and Building Improvements	25,004,750		21,972,649	\$ 46,977,399
Machinery and Equipment	4,018,068			4,018,068
Total Capital Assets Being Depreciated	29,022,818		21,972,649	50,995,467
Governmental Activities Capital Assets	47,888,455	3,107,012		50,995,467
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(7,844,854)	(592,445)		(8,437,299)
Machinery and Equipment	(2,048,657)	(164,322)		(2,212,979)
	(9,893,511)	(756,767)		(10,650,278)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 37,994,944	\$ 2,350,245	\$ -0-	\$ 40,345,189
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	(246,742)	\$ (14,849)		(261,591)
Machinery and Equipment	(182,216)	(9,340)		(191,556)
	(428,958)	(24,189)		(453,147)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 593,891	\$ (24,189)	\$ -0-	\$ 569,702

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021, the following changes occurred in long-term liabilities reported in the District-wide financial statements:

	Beginning Balance	Accrued	Retired	Ending Balance
Serial Bonds Payable	\$23,330,000		\$ 870,000	\$22,460,000
Capital Leases	5,582,575		1,189,600	4,392,975
Net Pension Liability	4,256,669	\$ 10,115		4,266,784
Compensated Absences Payable	520,538	68,788	76,014	513,312
	<u>\$33,689,782</u>	<u>\$ 78,903</u>	<u>\$ 2,135,614</u>	<u>\$31,633,071</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, 2021 as follows:

Purpose	Final Maturity Dates	Interest Rates	Principal Amount
School Bonds	1/15/2040	2.00% - 3.750%	<u>\$ 22,460,000</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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>
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	1,020,000	613,262	1,633,262
2027-2031	5,450,000	2,592,311	8,042,311
2032-2036	6,520,000	1,680,390	8,200,390
2037-2040	5,630,000	514,078	6,144,078
	<u>\$ 22,460,000</u>	<u>\$ 8,147,091</u>	<u>\$ 30,607,091</u>

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

B. Bonds Authorized But Not Issued:

As of June 30, 2021, 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 \$2,607,025 has been liquidated as of June 30, 2021. 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, 2021 as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
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	4,605,075
Less: Amount Representing Interest	(212,100)
Present Value of Net Minimum Lease Payments	<u>\$ 4,392,975</u>

The current portion of the capital lease payable as June 30, 2021 in the governmental activities is \$1,218,151 and the long-term portion is \$3,174,824. 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, 2021
(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 \$7,766 and the long-term liability balance of compensated absences is \$505,546.

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, 2021, 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, 2021 is \$-0- and the long-term portion is \$4,266,784. See Note 10 for further information on the PERS.

NOTE 9. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District transferred \$69,521 to the capital outlay accounts for equipment which did not require County Superintendent approval. The District also transferred \$307,493 to the facilities acquisition and construction services accounts for which County Superintendent approval was required.

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(IRC) 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 annual financial statements which can be found at 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, 2021
(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 1/55th 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 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 \$286,229 for 2021.

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, 2021, the District's liability was \$4,266,784 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.026%, which was an increase of 0.003% from its proportion measured as of June 30, 2019.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021, the District recognized actual pension benefit in the amount of \$237,265. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferral</u> <u>Year</u>	<u>Amortization</u> <u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2016	5.57	\$ 138,419	
	2017	5.48		\$ 403,886
	2018	5.63		396,240
	2019	5.21		314,672
	2020	5.16		671,745
				<u>138,419</u>
Changes in Proportion	2016	5.57	27,233	
	2017	5.48	95,169	
	2018	5.63		82,228
	2019	5.21		2,091,188
	2020	5.16		461,181
				<u>583,583</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(52,213)	
	2018	5.00	(48,424)	
	2019	5.00	11,719	
	2020	5.00	234,760	
			<u>145,842</u>	
Difference Between Expected and Actual Experience	2016	5.57	4,201	
	2017	5.48	12,012	
	2018	5.63		15,089
	2019	5.21	24,053	
	2020	5.16	37,425	
			<u>77,691</u>	<u>15,089</u>
District Contribution Subsequent to the Measurement Date	2020	1.00	<u>380,160</u>	
			<u>\$ 1,325,695</u>	<u>\$ 3,975,048</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, 2021
(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
2021	\$ (535,403)
2022	(488,125)
2023	(278,951)
2024	(112,803)
2025	(24,398)
	\$ (1,439,680)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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 years of service
Thereafter	3.00 – 7.00% based on years of service
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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2021
(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based upon 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employees. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2020 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 (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 5,359,271	\$ 4,266,784	\$ 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 annual financial statements which can be found at 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, 2021
(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 2021, the State of New Jersey contributed \$3,578,835 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$4,525,541.

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, 2021, the State's proportionate share of the net pension liability associated with the District was \$72,776,317. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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, 2020, the District's proportion was 0.111%, which was a decrease of 0.004% from its proportion measured as of June 30, 2019.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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	<u>72,776,317</u>
Total	<u>\$ 72,776,317</u>

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$4,525,541 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 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	8.50	\$ 461,324,773	
	2015	8.30	1,638,696,238	
	2016	8.30	4,304,747,820	
	2017	8.30		\$ 6,882,861,832
	2018	8.29		4,349,959,805
	2019	8.04		3,009,143,115
	2020	7.99	<u>1,411,170,422</u>	
			<u>7,815,939,253</u>	<u>14,241,964,752</u>
Difference Between Expected and Actual Experience	2014	8.50		4,393,807
	2015	8.30	101,207,836	
	2016	8.30		53,533,223
	2017	8.30	122,460,660	
	2018	8.29	763,099,015	
	2019	8.04		116,909,940
	2020	7.99		<u>7,520,890</u>
			<u>986,767,511</u>	<u>182,357,860</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2017	5.00	(226,008,261)	
	2018	5.00	(192,060,744)	
	2019	5.00	108,662,078	
	2020	5.00	<u>965,582,162</u>	
			<u>656,175,235</u>	
			<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
	\$ (4,965,440,613)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. 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-2020.

The actuarial assumptions used in the July 1, 2019 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, 2021
(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, 2020) 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Management Strategies	3.00%	3.40%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2062, 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, 2021
(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, 2020 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, 2020		
	At 1% Decrease (4.40%)	At Current Discount Rate (5.40%)	At 1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 85,484,308	\$ 72,776,317	\$ 62,224,464

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 \$602 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$1,449 for the year ended June 30, 2021.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021 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, 2020 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	<u>\$ 384,022,002</u>
Total Net Position	<u>\$ 142,512,304</u>
Total Revenue	<u>\$ 144,445,665</u>
Total Expenses	<u>\$ 113,037,156</u>
Change in Net Position	<u>\$ 31,408,509</u>
Member Dividends	<u>\$ 3,279,199</u>

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, 2021
(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 Unemployment Compensation Restricted Fund Balance 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 Compensation Restricted Fund Balance in the General Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employee Contributions and Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 20,306		\$ 260,809
2019-2020	31,229	\$ 48,647	240,503
2018-2019	36,085	50,817	257,921

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, 2021
(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, 2021, there were encumbrances as detailed below in the governmental funds:

<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ 585,547	\$ 47,871	\$ 633,418

On the District's Governmental Funds Balance Sheet as of June 30, 2021, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$47,871 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

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, 2021, 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, 2021
(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	\$ 136,346	
Capital Projects Fund		\$ 27,155
Debt Service Fund	27,155	7,064
Proprietary Funds - Food Service		129,282
	\$ 163,501	\$ 163,501

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 not turned over by year end.

During the fiscal year, the District transferred \$214,564 from the Capital Reserve in General Fund to the Debt Service Fund and \$166,932 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, 2021 consisted of the following:

	Governmental Fund		Total Governmental Funds	District Contribution Subsequent to Measurement Date	Total Governmental Activities	Business- Type Activities
	General Fund	Special Revenue Fund				Proprietary Funds
Vendors		\$ 222,372	\$ 222,372		\$ 222,372	\$ 106,346
Payroll Deductions and Withholdings	\$ 465,018		465,018		465,018	
Due to:						
State of New Jersey				\$ 380,160	380,160	
	\$ 465,018	\$ 222,372	\$ 687,390	\$ 380,160	\$ 1,067,550	\$ 106,346

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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 \$1,004,267 from payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2020 without the abatement would have been \$1,880,659 of which \$998,630 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, 2021
(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.

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, 2021
(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, 2021
(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, 2021
(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 continues to cause disruption of the District's 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. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Food Service Fund has been impacted by COVID-19 for the fiscal year ending June 30, 2022 as the District continues to offer free lunch to all students under the Summer Food Service Program.

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension liability	0.031966110000%	0.036432408200%	0.037772106700%	0.039388458800%	0.038608013600%	0.023623904200%	0.026164734600%
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	\$ 4,266,784
District's covered employee payroll	\$ 2,388,595	\$ 2,489,416	\$ 2,592,656	\$ 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	250.56%	328.52%	431.49%	353.65%	287.60%	236.18%	207.38%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%	53.60%	56.27%	58.32%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 263,524	\$ 314,090	\$ 340,375	\$ 371,239	\$ 386,845	\$ 231,550	\$ 286,229
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>	<u>(286,229)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,489,416	\$ 2,592,656	\$ 2,592,656	\$ 2,643,172	\$ 1,802,304	\$ 2,057,475	\$ 2,143,244
Contributions as a percentage of covered employee payroll	10.59%	12.11%	13.13%	14.05%	21.46%	11.25%	13.35%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
State's proportion of the net pension liability attributable to the District	0.09393047380%	0.09387155790%	0.10390947108%	0.10491326321%	0.11205276680%	0.11477546078%	0.11052033886%
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	\$ 72,776,317
District's covered employee payroll	\$ 9,870,838	\$ 9,870,838	\$ 10,464,674	\$ 11,469,546	\$ 11,938,207	\$ 12,896,873	\$ 14,552,101
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%	500.11%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	25.41%	26.49%	26.95%	24.60%

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 SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,						
	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 2,701,381	\$ 3,622,682	\$ 6,141,760	\$ 4,900,253	\$ 4,155,699	\$ 4,154,668	\$ 4,525,541
Contributions in relation to the contractually required contribution	<u>(507,504)</u>	<u>(831,939)</u>	<u>(1,180,068)</u>	<u>(1,650,142)</u>	<u>(2,257,356)</u>	<u>(2,424,134)</u>	<u>(3,578,835)</u>
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>	<u>\$ 946,706</u>
District's covered employee payroll	\$ 9,870,838	\$ 10,464,674	\$ 11,469,546	\$ 11,938,207	\$ 12,896,873	\$ 14,552,101	\$ 15,122,221
Contributions as a percentage of covered employee payroll	5.14%	7.95%	10.29%	13.82%	17.50%	16.66%	23.67%

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 THREE 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	(1,077,878)	(1,073,910)	(1,115,728)
Net Change in Total OPEB Liability	(3,344,473)	(6,374,519)	(3,815,244)
Total OPEB Liability - Beginning	49,880,702	46,536,229	40,161,710
Total OPEB Liability - Ending	<u>\$ 46,536,229</u>	<u>\$ 40,161,710</u>	<u>\$ 36,346,466</u>
State's Covered Employee Payroll *	\$ 13,057,330	\$ 14,062,202	\$ 14,581,379
Total OPEB Liability as a Percentage of Covered Employee Payroll	356%	288%	249%

* - 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, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 6.28% as of June 30, 2019 to 7.00% as of June 30, 2020.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.60% as of June 30, 2019 to 5.40% as of June 30, 2020. The municipal bond rate changed from 3.50% to 2.21%.

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-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-

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEN PLAN (Cont'd)

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, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,261,017		\$ 13,261,017	\$ 13,261,017	
Tuition from Other LEA's	2,010,047		2,010,047	2,010,047	
Transportation Fees	20,000		20,000	7,482	\$ (12,518)
Interest Earned on Emergency Reserve	34		34	80	46
Interest Earned on Maintenance Reserve	33		33	305	272
Interest Earned on Capital Reserve	33		33	297	264
Restricted Miscellaneous Revenue				212	212
Unrestricted Miscellaneous Revenue	360,610		360,610	745,713	385,103
Total - Local Sources	15,651,774		15,651,774	16,025,153	373,379
State Sources:					
Categorical Special Education Aid	1,574,377		1,574,377	1,574,377	
Equalization Aid	15,473,668	\$ (1,962,613)	13,511,055	13,511,055	
Categorical Security Aid	784,650		784,650	784,650	
Categorical Transportation Aid	124,699		124,699	124,699	
School Choice Aid	377,475	33,250	410,725	410,725	
Extraordinary Aid	175,000		175,000	359,533	184,533
Prior Year Extraordinary Aid				20,351	20,351
TPAF Pension Contribution (On-Behalf - Non Budgeted)				3,578,835	3,578,835
TPAF Pension NCGI Premium (On-Behalf - Non Budgeted)				68,092	68,092
TPAF Pension LTDI Premium (On-Behalf - Non Budgeted)				3,685	3,685
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				1,142,890	1,142,890
TPAF Social Security (Reimbursed - Non Budgeted)				1,078,915	1,078,915
Total State Sources	18,509,869	(1,929,363)	16,580,506	22,657,807	6,077,301
Federal Sources:					
Medicaid Assistance Program	61,115		61,115	34,290	(26,825)
Total Federal Sources	61,115		61,115	34,290	(26,825)
TOTAL REVENUES	34,222,758	(1,929,363)	32,293,395	38,717,250	6,423,855

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 6,000		6,000		\$ 6,000
Kindergarten - Salaries of Teachers	653,560	\$ 10,783	664,343	\$ 661,543	2,800
Grades 1-5 - Salaries of Teachers	2,793,791	(76,759)	2,717,032	2,702,901	14,131
Grades 6-8 - Salaries of Teachers	1,299,574	23,249	1,322,823	1,281,617	41,206
Grades 9-12 - Salaries of Teachers	2,745,928	(53,172)	2,692,756	2,640,210	52,546
Regular Programs - Home Instruction:					
Salaries of Teachers	29,400		29,400		29,400
Purchased Professional - Educational Services	64,000	(29,000)	35,000	3,275	31,725
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		4,000	4,000	4,000	
Purchased Professional Education Services	140,000	144,187	284,187	266,564	17,623
Other Purchased Services (400-500 series)	42,850	3,500	46,350	43,430	2,920
General Supplies	774,938	(562,493)	212,445	137,950	74,495
Other Objects	40,000	(11,113)	28,887	25,019	3,868
Total Regular Programs - Instruction	8,590,041	(546,818)	8,043,223	7,766,509	276,714
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	435,760	(41,420)	394,340	351,867	42,473
Purchased Professional-Educational Services	147,343	53,525	200,868	189,034	11,834
General Supplies	7,250		7,250	1,929	5,321
Total Learning and/or Language Disabilities	590,353	12,105	602,458	542,830	59,628

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Behavioral Disabilities:					
Salaries of Teachers	\$ 265,806	\$ (71,270)	\$ 194,536	\$ 190,588	\$ 3,948
Other Salaries for Instruction	83,952	25,466	25,466	25,466	
Purchased Professional-Educational Services	6,700	(360)	83,592	76,743	6,849
General Supplies			6,700	1,179	5,521
Total Behavioral Disabilities	356,458	(46,164)	310,294	293,976	16,318
Resource Room/Resource Center:					
Salaries of Teachers	1,336,054	(106,541)	1,229,513	1,226,708	2,805
Purchased Professional-Educational Services	262,352	(154,707)	107,645	56,341	51,304
General Supplies	7,500		7,500	967	6,533
Total Resource Room/Resource Center	1,605,906	(261,248)	1,344,658	1,284,016	60,642
Autism:					
Salaries of Teachers	145,660	18,226	163,886	129,507	34,379
Purchased Professional-Educational Services	58,500	97,433	155,933	155,370	563
General Supplies	3,400		3,400	2,603	797
Total Autism	207,560	115,659	323,219	287,480	35,739
Total Special Education Instruction	2,760,277	(179,648)	2,580,629	2,408,302	172,327
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	294,197		294,197	284,480	9,717
Purchased Professional-Education Services	14,252		14,252	14,252	
Total Basic Skills/Remedial - Instruction	308,449		308,449	284,480	23,969

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 488,295	\$ 50,629	\$ 538,924	\$ 538,422	\$ 502
Purchased Professional-Education Service	9,710	(6,116)	3,594		3,594
General Supplies	100		100		100
Total Bilingual Education - Instruction	498,105	44,513	542,618	538,422	4,196
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	145,000	(20,000)	125,000	78,253	46,747
Purchased Services (300-500 series)	12,825		12,825	150	12,675
Supplies and Materials	1,350		1,350	306	1,044
Other Objects	5,000	150	5,150	3,180	1,970
Total School-Sponsored Cocurricular Activities - Instruction	164,175	(19,850)	144,325	81,889	62,436
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	443,162	(14,175)	428,987	334,534	94,453
Purchased Services (300-500 series)	103,796	581	104,377	83,766	20,611
Travel- All Other		1,460	1,460		1,460
Supplies and Materials	49,700	(1,786)	47,914	37,174	10,740
Other Objects	30,830	(28,490)	2,340	1,843	497
Total School-Sponsored Cocurricular Athletics - Instruction	627,488	(42,410)	585,078	457,317	127,761
Summer School - Instruction:					
Salaries of Teachers	145,000	(77,968)	67,032	65,374	1,658
General Supplies	1,000		1,000		1,000
Total Summer School - Instruction	146,000	(77,968)	68,032	65,374	2,658

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Alternative Education Program - Instruction:					
Salaries of Teachers	\$ 58,000	\$ 7,999	\$ 65,999	\$ 65,999	
Total Alternative Education Program - Instruction	58,000	7,999	65,999	65,999	
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	195,120	(195,120)			
Total Other Supplemental/At-Risk Programs - Instruction	195,120	(195,120)			
Total Instruction	13,347,655	(1,009,302)	12,338,353	11,668,292	\$ 670,061
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	123,422	(98,782)	24,640	24,639	1
Tuition to Other LEAs Within the State - Special	396,000	(257,826)	138,174	131,046	7,128
Tuition to County Vocational School District - Regular	75,000	(16,000)	59,000	37,125	21,875
Tuition to County Vocational School District - Special	5,300	700	6,000		6,000
Tuition to Private Schools for the Disabled - Within State	1,733,668	(221,478)	1,512,190	1,398,861	113,329
Tuition - State Facilities	84,497		84,497	84,497	
Total Undistributed Expenditures - Instruction	2,417,887	(593,386)	1,824,501	1,676,168	148,333
Attendance & Social Work:					
Salaries	52,509	13,875	66,384	55,486	10,898
Supplies and Materials	250		250		250
Total Attendance & Social Work	52,759	13,875	66,634	55,486	11,148

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Health Services:					
Salaries	\$ 382,475	\$ (13,875)	\$ 368,600	\$ 355,695	\$ 12,905
Purchased Professional and Technical Services	9,912		9,912	1,171	8,741
Other Purchased Services (400-500 series)	35,160		35,160	19,144	16,016
Supplies and Materials	12,142		12,142	7,753	4,389
Total Health Services	439,689	(13,875)	425,814	383,763	42,051
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	280,000	(11,472)	268,528	260,116	8,412
Purchased Professional - Educational Services	57,725		57,725	15,420	42,305
Supplies and Materials	4,400		4,400	1,367	3,033
Total Other Support Services - Speech, OT, PT and Related Services	342,125	(11,472)	330,653	276,903	53,750
Other Support Services - Extraordinary Services:					
Purchased Professional - Educational Services	225,000	(44,101)	180,899	76,273	104,626
Total Other Support Services - Extraordinary Services	225,000	(44,101)	180,899	76,273	104,626
Guidance:					
Salaries of Other Professional Staff	814,226	(23,753)	790,473	770,447	20,026
Salaries of Secretarial and Clerical Assistants	54,542	4,139	58,681	58,681	
Other Purchased Professional and Technical Services	39,500	(1)	39,499	29,380	10,119
Other Purchased Services (400-500)	4,060	(1,810)	2,250	1,293	957
Travel-All Other		1,811	1,811	306	1,505
Supplies and Materials	44,800	(1,130)	43,670	9,798	33,872
Other Objects		76	76	76	
Total Guidance	957,128	(20,668)	936,460	869,981	66,479

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 875,131	\$ (32,447)	\$ 842,684	842,552	\$ 132
Salaries of Secretarial and Clerical Assistants	131,795	(20,204)	111,591	111,587	4
Purchased Professional - Educational Services	149,149	(58,980)	90,169	64,843	25,326
Other Purchased Services (400-500 series)	42,800		42,800	3,772	39,028
Supplies and Materials	43,400		43,400	30,516	12,884
Other Objects	1,360		1,360	1,240	120
Total Child Study Teams	1,243,635	(111,631)	1,132,004	1,054,510	77,494
Improvement of Instructional Services:					
Salaries of Other Professional Staff	425,053	(9,161)	415,892	399,342	16,550
Purchased Prof. - Educational Services		15,850	15,850	12,353	3,497
Other Purchased Professional and Technical Services	80,950	(16,753)	64,197	55,329	8,868
Other Purchased Services (400-500)		1,290	1,290	1,200	90
Supplies and Materials	245,620	(39,006)	206,614	183,725	22,889
Total Improvement of Instructional Services	751,623	(47,780)	703,843	651,949	51,894
Educational Media Services/School Library:					
Salaries	157,746	32,607	190,353	160,098	30,255
Salaries of Technology Coordinators	171,730		171,730	171,728	2
Purchased Professional and Technical Services	7,193	(829)	6,364	5,856	508
Other Purchased Services (400-500)	1,627	(400)	1,227	1,227	1,227
Travel-All Other		250	250		250
Supplies and Materials	24,200	(784)	23,416	11,634	11,782
Total Educational Media Services/School Library	362,496	30,844	393,340	349,316	44,024

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Instructional Staff Training Services:					
Other Salaries	\$ 60,000		\$ 60,000	\$ 18,199	\$ 41,801
Purchased Professional - Educational Services	332,258	\$ (216,200)	116,058	6,095	109,963
Other Purchased Services (400-500 series)	54,339	(9,679)	44,660	39,500	5,160
Travel-All Other		13,954	13,954	9,814	4,140
Supplies and Materials	500		500		500
Total Instructional Staff Training Services	447,097	(211,925)	235,172	73,608	161,564
Support Services - General Administration:					
Salaries	450,220	2,032	452,252	452,252	
Legal Services	100,000		100,000	40,605	59,395
Audit Fees	35,000	22,600	57,600	57,600	
Other Purchased Professional Services	22,500	(14,075)	8,425	8,148	277
Communications/Telephone	144,129	(12,992)	131,137	110,868	20,269
Travel-All Other		8,645	8,645	7,110	1,535
BOE Other Purchased Services	20,400	(11,500)	8,900	5,200	3,700
Miscellaneous Purchased Services (400-500 series)	100,000		100,000	97,342	2,658
General Supplies	9,450	5,052	14,502	7,702	6,800
BOE in-house Meeting/Training Supplies	2,000	(1,964)	36	33	3
Judgments Against the School District		10,000	10,000	9,936	64
Miscellaneous Expenditures	22,200	(6,885)	15,315	15,314	1
Board of Education Membership Dues and Fees	11,000	(750)	10,250	10,025	225
Total Support Services - General Administration	916,899	163	917,062	822,135	94,927

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 926,376	\$ 2	\$ 926,378	\$ 926,375	\$ 3
Salaries of Other Professional Staff	337,931	50,371	388,302	388,299	3
Salaries of Secretarial and Clerical Assistants	294,221	(10,432)	283,789	283,779	10
Other Purchased Services (400-500 series)	10,760	(5,755)	5,005	1,289	3,716
Travel-All Other		5,000	5,000	1,700	3,300
Supplies and Materials	27,322	755	28,077	18,269	9,808
Other Objects	8,860		8,860	7,934	926
Total Support Services - School Administration	1,605,470	39,941	1,645,411	1,627,645	17,766
Support Services - Central Services:					
Salaries	455,198	41,657	496,855	496,018	837
Purchased Professional Services	5,000		5,000	4,000	1,000
Purchased Technical Services	61,800	(22,090)	39,710	33,701	6,009
Miscellaneous Purchased Services (400-500 series)	41,078	(9,585)	31,493	20,091	11,402
Travel-All Other		4,886	4,886	1,209	3,677
Supplies and Materials	15,000	6,500	21,500	17,305	4,195
Interest for Lease Purchase Agreements	126,052	(791)	125,261	125,261	
Miscellaneous Expenditures	4,200	(2,915)	1,285	1,285	
Total Support Services - Central Services	708,328	17,662	725,990	698,870	27,120
Support Services - Administration Information Technology:					
Salaries	78,694	44,369	123,063	120,749	2,314
Purchased Professional Services	76,000	(33,349)	42,651	42,651	
Purchased Technical Services	186,526	14,250	200,776	198,029	2,747

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - Administration Information Technology (Cont'd):					
Other Purchased Services (400-500 series)	\$ 23,634	\$ 4,515	\$ 28,149	\$ 28,149	
Supplies and Materials	395,390	(350,842)	44,548	39,372	\$ 5,176
Total Support Services - Administration Information Technology	760,244	(321,057)	439,187	428,950	10,237
Required Maintenance of School Facilities:					
Salaries	324,863	(77,657)	247,206	233,400	13,806
Cleaning, Repair and Maintenance Services	202,600	39,052	241,652	179,588	62,064
General Supplies	84,000	(27,309)	56,691	38,149	18,542
Total Required Maintenance of School Facilities	611,463	(65,914)	545,549	451,137	94,412
Custodial Services:					
Salaries	102,523	(32,877)	69,646	65,512	4,134
Purchased Professional and Technical Services	725,568	(488)	725,080	706,131	18,949
Cleaning, Repair and Maintenance Services	20,400	29,329	49,729	49,655	74
Other Purchased Property Services	63,000	(3,000)	60,000	46,787	13,213
Insurance	176,179	154	176,333	175,952	381
Miscellaneous Purchased Services	6,000	6,189	12,189	12,153	36
General Supplies	79,000	(76,000)	3,000	335	2,665
Energy (Natural Gas)	260,000	(1,900)	258,100	159,325	98,775
Energy (Electricity)	390,000		390,000	338,177	51,823
Energy (Gasoline)	5,000	(4,935)	65	65	
Energy (Oil)	5,500		5,500	3,954	1,546
Other Objects	9,007	(3,943)	5,064	5,062	2
Total Custodial Services	1,842,177	(87,471)	1,754,706	1,563,043	191,663

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Care and Upkeep of Grounds					
Salaries	\$ 116,523	2,000	\$ 118,523	\$ 113,823	\$ 4,700
Cleaning, Repair, and Maintenance Services	24,500	(479)	24,021	23,447	574
General Supplies	20,000	(8,127)	11,873	10,509	1,364
Total Care and Upkeep of Grounds	<u>161,023</u>	<u>(6,606)</u>	<u>154,417</u>	<u>147,779</u>	<u>6,638</u>
Security:					
Salaries	134,384	2,827	137,211	137,211	
Purchased Professional and Technical Services	91,534	5,100	96,634	93,618	3,016
Total Security	<u>225,918</u>	<u>7,927</u>	<u>233,845</u>	<u>230,829</u>	<u>3,016</u>
Student Transportation Services:					
Salaries of Non-Instructional Aides	28,800	(17,000)	11,800	1,449	10,351
Salaries for Transportation - (Between Home & School) - Special	135,960		135,960	123,268	12,692
Salaries for Transportation - (Other Than Between Home & School)	53,002		53,002	49,491	3,511
Cleaning, Repair and Maintenance Services	24,000	(2,100)	21,900	14,422	7,478
Contracted Services:					
Aid in Lieu of Payments - Charter School	5,000		5,000	1,337	3,663
Aid in Lieu of Payments - Choice School	1,000		1,000		1,000
Other than Between Home and School - Vendors	22,000	(11,000)	11,000	1,500	9,500
Special Education Students - Joint Agreements	450,000	(156,275)	293,725	247,288	46,437
Miscellaneous Purchased Services - Transportation	15,000	1,275	16,275	16,274	1
Transportation Supplies	37,000	(1,000)	36,000	8,472	27,528
Other Objects	1,700		1,700	1,196	504
Total Student Transportation Services	<u>773,462</u>	<u>(186,100)</u>	<u>587,362</u>	<u>464,697</u>	<u>122,665</u>

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 317,825		\$ 317,825	\$ 297,316	\$ 20,509
Other Retirement Contributions - PERS	282,800	3,429	286,229	286,229	
Other Retirement Contributions - Regular		5,730	5,730	602	5,128
Workmen's Compensation	198,000	(1,682)	196,318	189,063	7,255
Health Benefits	3,682,345	327,880	4,010,225	3,946,105	64,120
Tuition Reimbursement	80,000	1,000	81,000	49,587	31,413
Other Employee Benefits	38,800	111,210	150,010	13,307	136,703
Total Unallocated Benefits	4,599,770	447,567	5,047,337	4,782,209	265,128
On-Behalf Contributions:					
TPAF Pension Contribution (On-Behalf - Non Budgeted)				3,578,835	(3,578,835)
TPAF Pension NCGI Premium (On-Behalf - Non Budgeted)				68,092	(68,092)
TPAF Pension LTDI Premium (On-Behalf - Non Budgeted)				3,685	(3,685)
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				1,142,890	(1,142,890)
TPAF Social Security (Reimbursed - Non Budgeted)				1,078,915	(1,078,915)
Total On-Behalf Contributions				5,872,417	(5,872,417)
Total Personal Services - Employee Benefits	4,599,770	447,567	5,047,337	10,654,626	(5,607,289)
Total Undistributed Expenses	19,444,193	(1,164,007)	18,280,186	22,557,668	(4,277,482)
TOTAL CURRENT EXPENSE	32,791,848	(2,173,309)	30,618,539	34,225,960	(3,607,421)

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CAPITAL OUTLAY					
Equipment:					
Instruction - Grades 9-12	\$ 21,514	\$ 21,514	\$ 21,514	\$ 5,914	\$ 15,600
School-Sponsored and Other Instructional Programs	11,800	11,800	11,800	4,108	7,692
Undistributed Expenditures - Administrative Information Technology	300,000	(300,000)			
Undistributed Expenditures - Non Instructional Services		36,207	36,207	36,206	1
Total Equipment	300,000	(230,479)	69,521	46,228	23,293
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	14,666	250,517	265,183	20,309	244,874
Construction Services	1,188,809	56,185	1,244,994	42,805	13,380
Lease Purchase Agreements - Principal	9,836	791	10,627	1,189,600	1,178,973
Assessment for Debt Service on SDA Funding		9,836	9,836	9,836	
Total Facilities Acquisition and Construction Services	1,213,311	307,493	1,520,804	1,262,550	258,254
TOTAL CAPITAL OUTLAY	1,513,311	77,014	1,590,325	1,308,778	281,547
Transfer of Funds to Charter Schools	49,770		49,770	33,082	16,688
TOTAL EXPENDITURES	34,354,929	(2,096,295)	32,258,634	35,567,820	(3,309,186)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(132,171)	166,932	34,761	3,149,430	3,114,669

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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				\$ 222	\$ 222
Food Service Fund - Interest Earned				16	16
Capital Reserve - Transfer to Debt Service Fund	\$ (214,564)		\$ (214,564)	(214,564)	
Transfer to Special Revenue Fund - PreK - Inclusion		\$ (166,932)	(166,932)	(166,932)	
Total Other Financing Sources/(Uses)	<u>(214,564)</u>	<u>(166,932)</u>	<u>(381,496)</u>	<u>(381,258)</u>	<u>238</u>
Excess (Deficiency) of Revenues and Other Financing Sources/ Over (Under) Expenditures and Other Financing (Uses)	(346,735)		(346,735)	2,768,172	3,114,907
Fund Balance, July 1 (Restated)	3,849,213		3,849,213	3,849,213	
Fund Balance, June 30	<u>\$ 3,502,478</u>	<u>\$ -0-</u>	<u>\$ 3,502,478</u>	<u>\$ 6,617,385</u>	<u>\$ 3,114,907</u>
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus - 2021-2022				\$ 482,740	
Emergency Reserve				250,869	
Maintenance Reserve				953,680	
Capital Reserve				2,727,935	
Unemployment Compensation				260,809	
Assigned:					
Year-End Encumbrances				585,547	
Unassigned				<u>1,355,805</u>	
				6,617,385	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis			(1,628,013)		
Fund Balance per Governmental Funds (GAAP)	<u>\$ 4,989,372</u>				

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 12,518	\$ 69,622	\$ 82,140	\$ 82,753	\$ 613
State Sources	1,432,833	(166,932)	1,265,901	1,005,206	(260,695)
Federal Sources	1,274,782	1,337,607	2,612,389	2,063,845	(548,544)
Total Revenues	2,720,133	1,240,297	3,960,430	3,151,804	(808,626)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund		166,932	166,932	166,932	
Total Revenues and Other Financing Sources	2,720,133	1,407,229	4,127,362	3,318,736	(808,626)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,150,876	269,526	1,420,402	1,218,477	201,925
Other Salaries for Instruction	182,021	7,979	190,000	190,000	
Purchased Professional and Technical Services	18,077	136,710	154,787	56,503	98,284
Other Purchased Professional Services	383,962	231,135	615,097	615,097	
General Supplies	145,869	97,620	243,489	195,428	48,061
Total Instruction	1,880,805	742,970	2,623,775	2,275,505	348,270

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Support Services:					
Salaries of Supervisors of Instruction	\$ 12,289		\$ 12,289	\$ 12,289	
Salaries of Program Directors	58,710		58,710	58,710	
Salaries of Other Professional Staff	78,489	\$ 15,858	94,347	92,960	\$ 1,387
Salaries of Secretaries and Clerical Assistants	18,928	(11,684)	7,244	7,244	
Salaries of Community Parent Involvement Specialist	7,291		7,291	7,291	
Salaries of Master Teachers	84,975	142	85,117	83,186	1,931
Other Salaries	18,836	(1,519)	17,317	16,293	1,024
Personal Services - Employee Benefits	413,515	230,723	644,238	286,390	357,848
Purchased Professional and Technical Services	109,877	97,940	207,817	153,712	54,105
Other Purchased Professional Services	9,000	38,122	47,122	15,613	31,509
Travel	4,000	(4,000)			
Supplies and Materials	10,000	176,170	186,170	180,249	5,921
Other Objects	900	(55)	845	845	
Student Activities		63,872	63,872	63,872	
Total Support Services	826,810	605,569	1,432,379	971,410	460,969
Equipment and Facilities Acquisition:					
Non-Instructional Equipment	12,518	58,690	71,208	70,873	335
Construction Services					
Total Equipment and Facilities Acquisition	12,518	58,690	71,208	70,873	335
Total Expenditures	\$ 2,720,133	\$ 1,407,229	\$ 4,127,362	\$ 3,317,788	\$ 809,574
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -0-	\$ -0-	\$ -0-	\$ 948	\$ 948

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 38,717,250	\$ 3,151,804
Differences - Budgetary to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(47,871)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	1,545,339	105,860
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(1,628,013)	(142,188)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 38,634,576	\$ 3,067,605
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 35,567,820	\$ 3,317,788
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.		(47,871)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 35,567,820	\$ 3,269,917

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, 2021 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 except for student activities and scholarships. 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, 2021

	Elementary and Secondary Education Act			
	Title I	Title I Reallocation	Title I SIA A	Title II Part A
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 849,407	\$ 16,876	\$ 7,153	\$ 72,412
Total Revenue	<u>849,407</u>	<u>16,876</u>	<u>7,153</u>	<u>72,412</u>
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenues and Other Financing Sources	<u>849,407</u>	<u>16,876</u>	<u>7,153</u>	<u>72,412</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	560,256	5,716		
Other Salaries for Instruction				
Purchased Professional and Technical Services				
Other Purchased Professional Services	24,691			
General Supplies	20,753	11,160	7,153	
Total Instruction	<u>605,700</u>	<u>16,876</u>	<u>7,153</u>	
Support Services:				
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of of Community Parent Involvement Specialist				
Salaries of Master Teachers				
Other Salaries	16,293			
Personal Services - Employee Benefits	222,371			
Purchased Professional and Technical Services	4,554			56,652
Other Purchased Professional Services				15,613
Supplies and Materials	489			147
Other Objects				
Student Activities				
Total Support Services	<u>243,707</u>			<u>72,412</u>
Facilities Acquisition:				
Non-Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	<u>\$ 849,407</u>	<u>\$ 16,876</u>	<u>\$ 7,153</u>	<u>\$ 72,412</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Elementary and Secondary Education Act		IDEA Part B	
	Title III	Title IV	Basic	Preschool
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 66,805	\$ 20,071	\$ 408,138	\$ 10,692
Total Revenue	<u>66,805</u>	<u>20,071</u>	<u>408,138</u>	<u>10,692</u>
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenues and Other Financing Sources	<u>66,805</u>	<u>20,071</u>	<u>408,138</u>	<u>10,692</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	54,587			353
Other Salaries for Instruction				
Purchased Professional and Technical Services	7,100	12,091		9,690
Other Purchased Professional Services	2,015		407,447	
General Supplies	3,103	7,980	691	649
Total Instruction	<u>66,805</u>	<u>20,071</u>	<u>408,138</u>	<u>10,692</u>
Support Services:				
Salaries of Supervisors of Instruction				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of of Community Parent Involvement Specialist				
Salaries of Master Teachers				
Other Salaries				
Personal Services - Employee Benefits				
Purchased Professional and Technical Services				
Other Purchased Professional Services				
Supplies and Materials				
Other Objects				
Student Activities				
Total Support Services				
Facilities Acquisition:				
Non-Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	<u>\$ 66,805</u>	<u>\$ 20,071</u>	<u>\$ 408,138</u>	<u>\$ 10,692</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>COVID-19</u>		<u>Student Activities Fund</u>
	<u>CARES Emergency Relief</u>	<u>Coronavirus Relief Fund Grant</u>	
REVENUE:			
Local Sources			\$ 64,820
State Sources			
Federal Sources	\$ 421,347	\$ 190,944	
Total Revenue	<u>421,347</u>	<u>190,944</u>	<u>64,820</u>
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	<u>421,347</u>	<u>190,944</u>	<u>64,820</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Professional Services		180,944	
General Supplies	120,240		
Total Instruction	<u>120,240</u>	<u>180,944</u>	
Support Services:			
Salaries of Supervisors of Instruction			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of of Community Parent Involvement Specialist			
Salaries of Master Teachers			
Other Salaries			
Personal Services - Employee Benefits			
Purchased Professional and Technical Services	84,149		
Other Purchased Professional Services			
Supplies and Materials	160,268	10,000	
Other Objects			
Student Activities			63,872
Total Support Services	<u>244,417</u>	<u>10,000</u>	<u>63,872</u>
Facilities Acquisition:			
Non-Instructional Equipment	56,690		
Total Facilities Acquisition	<u>56,690</u>		
Total Expenditures	<u>\$ 421,347</u>	<u>\$ 190,944</u>	<u>\$ 63,872</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Preschool Education Aid	Local Grants	Totals
REVENUE:			
Local Sources		\$ 17,933	\$ 82,753
State Sources	\$ 1,005,206		1,005,206
Federal Sources			2,063,845
Total Revenue	<u>1,005,206</u>	<u>17,933</u>	<u>3,151,804</u>
Other Financing Sources:			
Transfer In - Board Contribution - General Fund	166,932		166,932
Total Revenues and Other Financing Sources	<u>1,172,138</u>	<u>17,933</u>	<u>3,318,736</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	597,565		1,218,477
Other Salaries for Instruction	190,000		190,000
Purchased Professional and Technical Services	27,622		56,503
Other Purchased Professional Services			615,097
General Supplies	20,699	3,000	195,428
Total Instruction	<u>835,886</u>	<u>3,000</u>	<u>2,275,505</u>
Support Services:			
Salaries of Supervisors of Instruction	12,289		12,289
Salaries of Program Directors	58,710		58,710
Salaries of Other Professional Staff	92,960		92,960
Salaries of of Community Parent Involvement Specialist	7,291		7,291
Salaries of Master Teachers	83,186		83,186
Other Salaries			16,293
Personal Services - Employee Benefits	64,019		286,390
Purchased Professional and Technical Services	8,357		153,712
Other Purchased Professional Services			15,613
Supplies and Materials	8,595	750	180,249
Other Objects	845		845
Student Activities			63,872
Total Support Services	<u>336,252</u>	<u>750</u>	<u>971,410</u>
Equipment and Facilities Acquisition and Construction:			
Non-Instructional Equipment		14,183	70,873
Total Equipment and Facilities Acquisition and Construction		<u>14,183</u>	<u>70,873</u>
Total Expenditures	<u>\$ 1,172,138</u>	<u>\$ 17,933</u>	<u>\$ 3,317,788</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 599,470	\$ 597,565	\$ 1,905
Other Salaries for Instruction	199,960	190,000	9,960
Purchased Professional and Technical Services	40,000	27,622	12,378
Other Purchased Services			
General Supplies	74,934	20,699	54,235
Total Instruction	<u>914,364</u>	<u>835,886</u>	<u>78,478</u>
Support Services:			
Salaries of Supervisors of Instruction	12,289	12,289	
Salaries of Program Directors	58,710	58,710	
Salaries of Other Professional Staff	105,809	92,960	12,849
Salaries of Secretaries and Clerical Assistants	52,542		52,542
Salaries of Community Parent Involvement Specialist	7,291	7,291	
Salaries of Master Teachers	84,975	83,186	1,789
Personal Services - Employee Benefits	134,453	64,019	70,434
Purchased Professional and Technical Services	20,000	8,357	11,643
Other Purchased Professional Services	9,000		9,000
Travel	2,400		2,400
Supplies and Materials	10,000	8,595	1,405
Other Objects	1,000	845	155
Total Support Services	<u>498,469</u>	<u>336,252</u>	<u>162,217</u>
Facilities Acquisition:			
Instructional Equipment	10,000		10,000
Noninstructional Equipment	10,000		10,000
Total Facilities Acquisition	<u>20,000</u>		<u>20,000</u>
Total Expenditures	<u>\$ 1,432,833</u>	<u>\$ 1,172,138</u>	<u>\$ 260,695</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2020-2021 Preschool Education Aid Allocation	\$ 1,432,833
Add: Actual Preschool Education Aid Carryover (June 30, 2020)	366,483
Add: Budgeted Transfer from the General Fund 2020-2021	166,932
Total Preschool Education Aid Funds Available for 2020-2021 Budget	<u>1,966,248</u>
Less: 2020-2021 Budgeted PEA (Including prior year budget carryover)	(1,432,833)
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2021	<u>533,415</u>
Add: Cancellation of Prior Year Accounts Payable	5,057
Add: June 30, 2021 Unexpended Preschool Education Aid	260,695
2020-2021 Carryover - Preschool Education Aid	<u>\$ 799,167</u>
2020-2021 Preschool Education Aid Carryover Budgeted in 2021-2022	<u>\$ -0-</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, 2021

Revenue and Other Financing Sources:	
Interest on Investments	\$ 222
Total Revenue and Other Financing Sources	222
Expenditures and Other Financing Uses:	
Construction Services	3,107,012
Total Expenditures and Other Financing Uses	3,107,012
Other Financing Uses:	
Transfer Out - General Fund	222
Transfer Out - Debt Service Fund	19,897
Total Other Financing Uses	20,119
Defecit of Revenue and Other Financing Sources under Expenditures and Other Financing Uses	(3,126,909)
Fund Balance - Beginning of Year	3,126,909
Fund Balance - End of Year	\$ -0-

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, 2021

	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 and Other Financing Uses				
Instructional Equipment	55,408		55,408	55,408
Other Purchased Professional Services	1,670,210		1,670,210	1,670,210
Construction Services	23,305,635		23,305,635	23,305,635
Buildings Other Than Lease Purchase Agreements	2,088,850		2,088,850	2,088,850
Transfer to Debt Service Fund		\$ 19,897	19,897	19,897
Total Expenditures and Other Financing Uses	27,120,103	19,897	27,140,000	27,140,000
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	\$ 19,897	\$ (19,897)	\$ -0-	\$ -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	100.00%			
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, 2021

	<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	<u>7,000,000</u>		<u>7,000,000</u>	<u>7,000,000</u>
Expenditures and Other Financing Uses:				
Construction Services	<u>3,892,988</u>	\$ 3,107,012	<u>7,000,000</u>	<u>7,000,000</u>
Total Expenditures	<u>3,892,988</u>	<u>3,107,012</u>	<u>7,000,000</u>	<u>7,000,000</u>
Excess of Revenue and Other Financing Sources Over Expenditures	<u>\$ 3,107,012</u>	<u>\$ (3,107,012)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

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	100%
Percentage Completion	100%
Original Target Completion Date	6/30/2021
Revised Target Completion Date	6/30/2021

PROPRIETARY FUNDS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Summer Enrichment	Food Service	Total
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 64	\$ 353,846	\$ 353,910
Intergovernmental Accounts Receivable:			
Federal		118,571	118,571
Student Accounts Receivable		5,733	5,733
Inventories		36,881	36,881
Total Current Assets	<u>64</u>	<u>515,031</u>	<u>515,095</u>
Non-Current Assets:			
Capital Assets		1,022,849	1,022,849
Less: Accumulated Depreciation		<u>(453,147)</u>	<u>(453,147)</u>
Total Non-Current Assets		<u>569,702</u>	<u>569,702</u>
Total Assets	<u>64</u>	<u>1,084,733</u>	<u>1,084,797</u>
LIABILITIES:			
Current Liabilities:			
Accounts Payable - Vendors		106,346	106,346
Interfund Accounts Payable - General Fund		129,282	129,282
Unearned Revenue - Prepaid Sales		10,187	10,187
Unearned Revenue - Donated Commodities		<u>8,490</u>	<u>8,490</u>
Total Current Liabilities		<u>254,305</u>	<u>254,305</u>
NET POSITION:			
Investment in Capital Assets		569,702	569,702
Unrestricted	<u>64</u>	<u>260,726</u>	<u>260,790</u>
Total Net Position	<u>\$ 64</u>	<u>\$ 830,428</u>	<u>\$ 830,492</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, 2021

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Summer	Food	
	Enrichment	Service	Total
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Meals		\$ 770	\$ 770
Other Income		1,835	1,835
Total Operating Revenue		2,605	2,605
Operating Expenses:			
Cost of Sales - Reimbursable Programs		452,767	452,767
Salaries, Benefits & Payroll Taxes		290,067	290,067
Supplies, Insurance & Other Costs		72,611	72,611
Management Fee		26,595	26,595
Miscellaneous		25,359	25,359
Depreciation Expense		24,189	24,189
Total Operating Expenses		891,588	891,588
Operating Loss		(888,983)	(888,983)
Non-Operating Revenue:			
Local Sources:			
Interest Income		16	16
Federal Sources:			
Summer Food Service Program - COVID 19		939,835	939,835
Food Distribution Program		37,354	37,354
Total Non-Operating Revenue		977,205	977,205
Change in Net Position Before Transfers		88,222	88,222
Transfer Out - General Fund		(16)	(16)
Total Transfers		(16)	(16)
Change in Net Position After Transfers		88,206	88,206
Net Position - Beginning of Year	\$ 64	742,222	742,286
Net Position - End of Year	\$ 64	\$ 830,428	\$ 830,492

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	<u>Summer</u>	<u>Food</u>	
	<u>Enrichment</u>	<u>Service</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers		\$ 10,653	\$ 10,653
Payments to Food Service Vendor		(290,067)	(290,067)
Payments to Suppliers		(429,800)	(429,800)
Net Cash Used for Operating Activities		<u>(709,214)</u>	<u>(709,214)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income		16	16
Net Cash Provided by Investing Activities		<u>16</u>	<u>16</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from Federal Reimbursements		858,473	858,473
Cash Received from Transfers - General Fund		60,609	60,609
Net Cash Provided by Noncapital Financing Activities		<u>919,082</u>	<u>919,082</u>
Net Increase in Cash and Cash Equivalents		209,884	209,884
Cash and Cash Equivalents, July 1	\$ 64	143,962	144,026
Cash and Cash Equivalents, June 30	<u>\$ 64</u>	<u>\$ 353,846</u>	<u>\$ 353,910</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss		\$ (888,983)	\$ (888,983)
Adjustment to Reconcile Operating Loss to Net Cash Used			
for Operating Activities:			
Depreciation		24,189	24,189
Food Distribution Program		37,354	37,354
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable		8,649	8,649
(Increase)/Decrease in Accounts Receivable - Students		978	978
(Increase)/Decrease in Inventory		12,246	12,246
Increase/(Decrease) in Unearned Revenue - Donated Commodities		(5,589)	(5,589)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales		(1,579)	(1,579)
Increase/(Decrease) in Accounts Payable		103,521	103,521
Net Cash Used for Operating Activities	<u>\$ -0-</u>	<u>\$ (709,214)</u>	<u>\$ (709,214)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$31,765 and utilized \$37,354 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2021.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

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 July 1, 2020	Balance June 30, 2021
			Date	Amount	Interest Rate	Outstanding June 30, 2021			
School Bonds	12/23/2014	\$ 27,140,000	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%				
							\$ 23,330,000	\$ 22,460,000	
							\$ 23,330,000	\$ 22,460,000	

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

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance July 1, 2020</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2021</u>
Capital Improvement Smalley School Addition	\$ 7,000,000	2.35%	<u>\$ 5,582,575</u>	<u>\$ 1,189,600</u>	<u>\$ 4,392,975</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 537,092		\$ 537,092	\$ 537,092	
State Sources:					
School Building Aid	865,843		865,843	865,843	
Total Revenues	1,402,935		1,402,935	1,402,935	
EXPENDITURES:					
Regular Debt Service:					
Interest	754,563		754,563	754,563	
Redemption of Principal	870,000		870,000	870,000	
Total Regular Debt Service	1,624,563		1,624,563	1,624,563	
Total Expenditures	1,624,563		1,624,563	1,624,563	
Deficit of Revenues Under Expenditures	(221,628)		(221,628)	(221,628)	
Other Financing Sources:					
Transfers In - General Fund - Capital Reserve	214,564		214,564	214,564	
Transfers In - Capital Projects Fund				19,897	\$ 19,897
Total Other Financing Sources	214,564		214,564	234,461	19,897
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(7,064)		(7,064)	12,833	19,897
Fund Balance, July 1	7,258		7,258	7,258	
Fund Balance, June 30	\$ 194	\$ -0-	\$ 194	\$ 20,091	\$ 19,897
Recapitulation:					
Restricted Fund Balance				\$ 20,091	

STATISTICAL SECTION
(UNAUDITED)

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

Contents

	<u>Exhibit</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	J-1 thru J-5
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.	J-6 thru J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 thru J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.	J-14 thru J-15
Operating Information These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the School 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,				
	2012	2013	2014	2015	2016
Governmental Activities/(Deficit)					
Net Investment in Capital Assets	\$ 3,739,856	\$ 3,914,713	\$ 4,936,220	\$ 5,350,423	\$ 5,910,924
Restricted	2,853,224	4,846,267	3,638,379	2,187,690	1,734,140
Unrestricted	346,336	(41,070)	(6,077,733)	(5,855,274)	(6,646,582)
Total Governmental Activities Net Position	<u>\$ 6,939,416</u>	<u>\$ 8,719,910</u>	<u>\$ 2,496,866</u>	<u>\$ 1,682,839</u>	<u>\$ 998,482</u>
Business-type Activities					
Investment in Capital Assets	\$ 247,997	\$ 241,035	\$ 244,069	\$ 288,615	\$ 401,026
Unrestricted	143,262	161,939	242,439	297,462	272,464
Total Business-type Activities Net Position	<u>\$ 391,259</u>	<u>\$ 402,974</u>	<u>\$ 486,508</u>	<u>\$ 586,077</u>	<u>\$ 673,490</u>
District-wide/(Deficit)					
Net Investment in Capital Assets	\$ 3,987,853	\$ 4,155,748	\$ 5,180,289	\$ 5,639,038	\$ 6,311,950
Restricted	2,853,224	4,846,267	3,638,379	2,187,690	1,734,140
Unrestricted	489,598	120,869	(5,835,294)	(5,557,812)	(6,374,118)
Total District Net Position	<u>\$ 7,330,675</u>	<u>\$ 9,122,884</u>	<u>\$ 2,983,374</u>	<u>\$ 2,268,916</u>	<u>\$ 1,671,972</u>

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

	June 30,				
	2017	2018	2019	(Restated) 2020	2021
Governmental Activities/(Deficit)					
Net Investment in Capital Assets	\$ 5,959,764	\$ 6,805,233	\$ 10,171,912	\$ 9,102,266	\$ 13,492,214
Restricted	2,300,098	4,183,956	3,300,175	3,270,505	4,800,271
Unrestricted	(7,960,143)	(9,295,772)	(9,536,305)	(6,542,643)	(7,974,649)
Total Governmental Activities Net Position	<u>\$ 299,719</u>	<u>\$ 1,693,417</u>	<u>\$ 3,935,782</u>	<u>\$ 5,830,128</u>	<u>\$ 10,317,836</u>
Business-type Activities					
Investment in Capital Assets	\$ 555,675	\$ 556,066	\$ 618,081	\$ 593,891	\$ 569,702
Unrestricted	369,283	430,035	273,706	148,395	260,790
Total Business-type Activities Net Position	<u>\$ 924,958</u>	<u>\$ 986,101</u>	<u>\$ 891,787</u>	<u>\$ 742,286</u>	<u>\$ 830,492</u>
District-wide/(Deficit)					
Net Investment in Capital Assets	\$ 6,515,439	\$ 7,361,299	\$ 10,789,993	\$ 9,696,157	\$ 14,061,916
Restricted	2,300,098	4,183,956	3,300,175	3,270,505	4,800,271
Unrestricted	(7,590,860)	(8,865,737)	(9,262,599)	(6,394,248)	(7,713,859)
Total District Net Position	<u>\$ 1,224,677</u>	<u>\$ 2,679,518</u>	<u>\$ 4,827,569</u>	<u>\$ 6,572,414</u>	<u>\$ 11,148,328</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,				
	2012	2013	2014	2015	2016
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 9,925,886	\$ 9,662,684	\$ 10,622,657	\$ 11,846,786	\$ 13,025,688
Special Education	3,018,139	3,091,112	3,283,366	3,351,241	4,203,934
Other Instruction	1,199,461	1,171,293	854,765	1,065,461	1,427,274
School-Sponsored Instruction			479,070	540,909	552,371
Support Services					
Tuition	1,498,550	1,653,671	2,323,753	2,263,257	1,658,891
Student & Instruction Related Services	2,401,926	2,690,669	2,854,172	4,035,498	4,136,282
General and Business Administrative Services	595,606	667,296	754,316	950,061	1,115,262
School Administrative Services	1,251,606	1,325,535	1,274,212	1,539,137	1,900,486
Central Services & Administrative					
Information Technology	678,599	620,910	956,300	760,378	938,214
Plant Operations and Maintenance	2,781,499	2,743,694	3,107,572	3,004,402	2,809,504
Pupil Transportation	478,755	547,810	573,206	629,387	689,036
Charter Schools	31,910	22,933	56,001	67,096	81,656
Capital Outlay				9,836	9,836
Interest on long-term debt	117,129	97,286	76,323	505,583	893,001
Total Governmental Activities Expenses	<u>23,979,066</u>	<u>24,294,893</u>	<u>27,215,713</u>	<u>30,569,032</u>	<u>33,441,435</u>
Business-type Activities					
Food Service	716,740	766,869	981,456	1,159,932	1,271,721
Summer Enrichment					
Summer Sports					
Total Business-type Activities Expense	<u>716,740</u>	<u>766,869</u>	<u>981,456</u>	<u>1,159,932</u>	<u>1,271,721</u>
Total District Expenses	<u>\$ 24,695,806</u>	<u>\$ 25,061,762</u>	<u>\$ 28,197,169</u>	<u>\$ 31,728,964</u>	<u>\$ 34,713,156</u>
Program Revenues					
Governmental Activities					
Charges for Services					
Student & Instruction Related Services					
Tuition & Pupil Transportation	\$ 1,522,518	\$ 1,427,304	\$ 1,618,263	\$ 1,644,174	\$ 1,611,381
Operating Grants and Contributions	4,669,370	4,723,498	4,988,209	7,359,245	9,042,408
Capital Grants and Contributions	257,365				
Total Governmental Activities Program Revenues	<u>6,449,253</u>	<u>6,150,802</u>	<u>6,606,472</u>	<u>9,003,419</u>	<u>10,653,789</u>
Business-type Activities:					
Charges for Services					
Food Service	202,479	211,181	206,447	214,846	230,139
Summer Enrichment					
Summer Sports					
Operating Grants and Contributions	550,763	558,940	844,829	995,174	1,128,331
Total Business-type Activities Program Revenues	<u>753,242</u>	<u>770,121</u>	<u>1,051,276</u>	<u>1,210,020</u>	<u>1,358,470</u>
Total District Program Revenues	<u>\$ 7,202,495</u>	<u>\$ 6,920,923</u>	<u>\$ 7,657,748</u>	<u>\$ 10,213,439</u>	<u>\$ 12,012,259</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,				
	2012	2013	2014	2015	2016
Net (Expense)/Revenue					
Governmental Activities	\$(18,144,091)	\$(20,609,241)	\$(21,565,613)	\$(22,787,646)	\$(23,843,741)
Business-type Activities	3,252	69,820	50,088	86,749	77,217
Total District-wide Net Expense	<u>\$(18,140,839)</u>	<u>\$(20,539,421)</u>	<u>\$(21,515,525)</u>	<u>\$(22,700,897)</u>	<u>\$(23,766,524)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes Levied for General Purposes, Net	\$ 12,314,062	\$ 12,571,243	\$ 12,571,243	\$ 12,833,220	\$ 13,446,977
Taxes Levied for Debt Service	380,108	376,744	379,939	382,092	382,092
Federal and State aid not restricted	6,365,605	6,823,930	7,258,883	7,349,935	8,149,850
Investment Earnings	324	132			
Miscellaneous Income	170,639	115,902	118,502	235,820	124,999
Insurance Reimbursement due to Losses from Hurricane Sandy		45,097			
Transfers		(8,463)	(13,714)	(49,481)	(630)
Total Governmental Activities	<u>19,230,738</u>	<u>19,924,585</u>	<u>20,314,853</u>	<u>20,751,586</u>	<u>22,103,288</u>
Business-type Activities					
Investment Earnings					
Miscellaneous	31,382				
Other Items					
Transfers			8,463	13,714	49,481
Total Business-type Activities	<u>31,382</u>		<u>8,463</u>	<u>13,714</u>	<u>49,481</u>
Total District-wide	<u>\$ 19,262,120</u>	<u>\$ 19,924,585</u>	<u>\$ 20,323,316</u>	<u>\$ 20,765,300</u>	<u>\$ 22,152,769</u>
Change in Net Position					
Governmental Activities	\$ 1,086,647	\$ (684,656)	\$ (1,250,760)	\$ (2,036,060)	\$ (1,740,453)
Business-type Activities	34,634	69,820	58,551	100,463	126,698
Total District	<u>\$ 1,121,281</u>	<u>\$ (614,836)</u>	<u>\$ (1,192,209)</u>	<u>\$ (1,935,597)</u>	<u>\$ (1,613,755)</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,				
	2017	2018	2019	2020	2021
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 15,225,678	\$ 16,257,390	\$ 14,534,183	\$ 15,454,361	\$ 16,136,795
Special Education	3,945,318	4,279,100	4,470,193	4,998,159	4,244,851
Other Instruction	1,595,820	1,764,401	1,645,515	1,966,137	1,966,138
School-Sponsored Instruction	520,906	543,194	824,073	670,579	670,579
Support Services					
Tuition	1,873,933	1,463,570	1,730,757	1,676,168	1,676,168
Student & Instruction Related Services	4,152,379	4,339,060	5,026,671	6,038,562	6,038,563
General and Business Administrative Services	1,722,079	959,459	726,327	956,909	956,909
School Administrative Services	2,359,417	2,267,448	2,362,432	2,697,602	2,697,602
Central Services & Administrative					
Information Technology	1,159,296	953,909	1,274,615	1,463,018	1,463,018
Plant Operations and Maintenance	2,813,285	2,320,651	2,527,645	2,621,459	2,621,459
Pupil Transportation	797,625	660,955	749,559	544,713	544,713
Charter Schools	66,431	829,023	35,736	33,082	33,082
Capital Outlay	9,836	114,896	407,927	9,836	80,709
Interest on long-term debt	862,331	51,406	793,513	743,469	743,469
Total Governmental Activities Expenses	<u>37,104,334</u>	<u>36,804,463</u>	<u>37,109,146</u>	<u>39,874,055</u>	<u>39,874,055</u>
Business-type Activities					
Food Service	1,323,394	1,323,708	1,539,557	891,588	891,588
Summer Enrichment		725	1,975		
Summer Sports		750	825		
Total Business-type Activities Expense	<u>1,323,394</u>	<u>1,325,183</u>	<u>1,542,357</u>	<u>891,588</u>	<u>891,588</u>
Total District Expenses	<u>\$ 38,427,728</u>	<u>\$ 38,129,646</u>	<u>\$ 38,651,503</u>	<u>\$ 40,765,643</u>	<u>\$ 40,765,643</u>
Program Revenues					
Governmental Activities					
Charges for Services					
Student & Instruction Related Services					\$ 82,753
Tuition & Pupil Transportation	\$ 1,512,921	\$ 1,364,129	\$ 1,208,831	\$ 2,082,349	2,017,529
Operating Grants and Contributions	11,747,672	12,869,099	11,001,994	12,245,566	12,227,633
Capital Grants and Contributions					
Total Governmental Activities Program Revenues	<u>13,260,593</u>	<u>14,233,228</u>	<u>12,210,825</u>	<u>14,327,915</u>	<u>14,327,915</u>
Business-type Activities:					
Charges for Services					
Food Service	223,500	212,074	248,505	2,605	2,605
Summer Enrichment		725	1,975		
Summer Sports		750	825		
Operating Grants and Contributions	1,177,111	1,179,739	1,196,738	977,189	977,189
Total Business-type Activities Program Revenues	<u>1,400,611</u>	<u>1,393,288</u>	<u>1,448,043</u>	<u>979,794</u>	<u>979,794</u>
Total District Program Revenues	<u>\$ 14,661,204</u>	<u>\$ 15,626,516</u>	<u>\$ 13,658,868</u>	<u>\$ 15,307,709</u>	<u>\$ 15,307,709</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,				
	2017	2018	2019	2020	2021
Net (Expense)/Revenue					
Governmental Activities	\$(22,571,235)	\$(22,571,235)	\$(24,898,321)	\$(25,546,140)	\$(25,546,140)
Business-type Activities	68,105	68,105	(94,314)	88,206	88,206
Total District-wide Net Expense	<u>\$(22,503,130)</u>	<u>\$(22,503,130)</u>	<u>\$(24,992,635)</u>	<u>\$(25,457,934)</u>	<u>\$(25,457,934)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes Levied for General Purposes, Net	\$ 14,056,977	\$ 13,680,017	\$ 13,680,017	\$ 13,261,017	\$ 13,261,017
Taxes Levied for Debt Service	382,092	537,092	537,092	537,092	537,092
Federal and State aid not restricted	8,183,327	9,605,112	12,625,558	15,488,894	15,488,894
Investment Earnings					
Miscellaneous Income	696,794	142,487	297,635	746,829	746,829
Insurance Reimbursement due to Losses from Hurricane Sandy					
Transfers	(174,211)	225	384	16	16
Total Governmental Activities	<u>23,144,979</u>	<u>23,964,933</u>	<u>27,140,686</u>	<u>30,033,848</u>	<u>30,033,848</u>
Business-type Activities					
Investment Earnings	34				
Miscellaneous		185	384	16	16
Other Items		(6,922)			
Transfers	630	(225)	(384)	(16)	(16)
Total Business-type Activities	<u>664</u>	<u>(6,962)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total District-wide	<u>\$ 23,145,643</u>	<u>\$ 23,957,971</u>	<u>\$ 27,140,686</u>	<u>\$ 30,033,848</u>	<u>\$ 30,033,848</u>
Change in Net Position					
Governmental Activities	\$ 573,744	\$ 1,393,698	\$ 2,242,365	\$ 4,487,708	\$ 4,487,708
Business-type Activities	68,769	61,143	(94,314)	88,206	88,206
Total District	<u>\$ 642,513</u>	<u>\$ 1,454,841</u>	<u>\$ 2,148,051</u>	<u>\$ 4,575,914</u>	<u>\$ 4,575,914</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

	<u>June 30,</u>				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund					
Restricted	\$ 2,853,224	\$ 4,846,267	\$ 3,638,378	\$ 2,179,449	\$ 1,692,891
Assigned	798,758	556,617	415,345	1,325,094	875,872
Unassigned / (Deficit)					
Total General Fund	<u>\$ 3,651,982</u>	<u>\$ 5,402,884</u>	<u>\$ 4,053,723</u>	<u>\$ 3,504,543</u>	<u>\$ 2,568,763</u>
All Other Governmental Funds					
Restricted			\$ 1	\$ 23,439,965	\$ 15,643,721
Committed	\$ 135,763				
Unassigned / (Deficit)	<u>(33,201)</u>	<u>\$ (30,421)</u>	<u>(41,423)</u>	<u>(39,193)</u>	<u>(42,678)</u>
Total All Other Governmental Funds/(Deficit)	<u>\$ 102,562</u>	<u>\$ (30,421)</u>	<u>\$ (41,422)</u>	<u>\$ 23,400,772</u>	<u>\$ 15,601,043</u>
Total Governmental Funds	<u>\$ 3,754,544</u>	<u>\$ 5,372,463</u>	<u>\$ 4,012,301</u>	<u>\$ 26,905,315</u>	<u>\$ 18,169,806</u>

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

	June 30,			
	2017	2018	2019	(Restated) 2020
General Fund				2021
Restricted	\$ 2,083,212	\$ 4,103,782	\$ 3,267,593	\$ 3,160,048
Assigned	620,225			\$ 4,676,033
Unassigned / (Deficit)	(438,481)	(383,910)	(856,174)	313,339
Total General Fund	<u>\$ 2,703,437</u>	<u>\$ 3,665,301</u>	<u>\$ 2,883,683</u>	<u>\$ 2,303,874</u>
All Other Governmental Funds				
Restricted	\$ 6,757,778	\$ 1,242,839	\$ 65,143	\$ 130,354
Committed				3,107,012
Unassigned / (Deficit)	(71,598)	(71,350)	(71,704)	(105,860)
Total All Other Governmental Funds/(Deficit)	<u>\$ 6,686,180</u>	<u>\$ 1,171,489</u>	<u>\$ (6,561)</u>	<u>\$ 3,131,506</u>
Total Governmental Funds	<u>\$ 9,389,617</u>	<u>\$ 4,836,790</u>	<u>\$ 2,877,122</u>	<u>\$ 5,435,380</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,				
	2012	2013	2014	2015	2016
Revenues:					
Tax Levy	\$ 12,694,170	\$ 12,947,987	\$ 12,951,182	\$ 13,215,312	\$ 13,829,069
Tuition Charges	1,508,356	1,392,846	1,578,544	1,603,297	1,560,159
Interest Earnings	324	132			
Transportation Fees	14,162	34,458	39,719	40,877	51,222
Miscellaneous	170,639	148,455	171,852	278,790	147,295
Other Sources	168,948				
State Sources	9,363,345	10,147,444	10,561,900	10,907,831	12,409,986
Federal Sources	1,760,047	1,367,431	1,631,842	1,564,502	1,989,233
Total Revenue	25,679,991	26,038,753	26,935,039	27,610,609	29,986,964
Expenditures:					
Instruction					
Regular Instruction	7,534,483	7,263,271	8,174,052	7,954,520	8,516,426
Special Education Instruction	2,218,008	2,323,453	2,593,085	2,360,167	2,857,226
Other Instruction	807,810	764,077	877,619	968,658	539,533
School-Sponsored Support Services				968,658	552,371
Tuition	1,498,550	1,653,671	2,323,753	2,263,257	1,658,891
Student & Other Instruction Related Services	1,712,488	1,904,266	2,100,703	2,615,307	2,589,664
School Administrative Services	502,522	593,598	646,825	981,259	1,140,120
General & Business Administrative Services	932,555	932,549	951,231	726,162	900,363
Central Services and Administrative Information Technology	492,200	463,224	706,343	541,686	668,299
Plant Operations and Maintenance	2,411,793	2,327,704	2,689,719	2,492,118	2,207,295
Pupil Transportation	368,176	443,737	508,445	545,229	580,826
Unallocated Benefits	5,149,196	5,132,037	5,157,841	5,709,500	6,520,465

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,				
	2012	2013	2014	2015	2016
Expenditures:					
Charter School	\$ 31,910	\$ 22,933	\$ 81,777	\$ 67,096	\$ 81,656
Capital Outlay	578,889	95,528	954,093	4,038,194	7,966,549
Debt Service:					
Principal	420,000	435,000	460,000	485,000	980,000
Interest and Other Charges	122,126	102,420	56,001	59,961	962,160
Total Expenditures	<u>24,780,706</u>	<u>24,457,468</u>	<u>28,281,487</u>	<u>31,808,114</u>	<u>38,721,844</u>
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	<u>899,285</u>	<u>1,581,285</u>	<u>(1,346,448)</u>	<u>(4,197,505)</u>	<u>(8,734,880)</u>
Other Financing Sources/(Uses)					
Capital Leases (Non-budgeted)				\$ 27,140,000	
Bond Proceeds					
Transfers in	\$ 42,352	\$ 135,763			
Transfers out	(42,352)	(144,226)	(13,714)	(49,481)	(630)
Insurance Reimbursement due to Losses from Hurricane Sandy		45,097			
Total Other Financing Sources/(Uses)		<u>36,634</u>	<u>(13,714)</u>	<u>27,090,519</u>	<u>(630)</u>
Net Change in Fund Balances	<u>\$ 899,285</u>	<u>\$ 1,617,919</u>	<u>\$ (1,360,162)</u>	<u>\$ 22,893,014</u>	<u>\$ (8,735,510)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>2.24%</u>	<u>2.21%</u>	<u>1.89%</u>	<u>1.96%</u>	<u>6.31%</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

MODIFIED ACCRUAL BASIS OF ACCOUNTING

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Revenues:					
Tax Levy	\$ 14,439,069	\$ 14,217,109	\$ 14,217,109	\$ 13,798,109	\$ 13,798,109
Tuition Charges	1,462,346	1,333,378	1,180,927	1,215,737	2,010,047
Interest Earnings				5,500	682
Transportation Fees	50,575	30,751	27,904	26,443	7,482
Miscellaneous	703,422	150,657	312,238	239,052	828,900
Other Sources					
State Sources	13,071,259	14,908,052	19,516,798	21,836,817	24,409,688
Federal Sources	1,891,421	1,803,398	2,016,129	1,524,999	2,050,430
Total Revenue	31,618,092	32,443,345	37,271,105	38,646,657	43,105,338
Expenditures:					
Instruction					
Regular Instruction	8,981,055	8,974,085	9,380,640	9,292,118	10,482,851
Special Education Instruction	2,311,633	2,504,930	2,962,305	4,117,313	2,827,132
Other Instruction	554,273	579,886	712,757	763,300	822,902
School-Sponsored Support Services	520,906	543,194	824,073	747,693	670,579
Tuition	1,873,933	1,463,570	1,730,757	1,799,150	1,676,168
Student & Other Instruction Related Services	2,322,676	2,447,189	3,349,511	3,980,938	3,855,661
School Administrative Services	1,289,527	1,193,250	1,423,881	1,535,414	1,627,645
General & Business Administrative Services	864,762	777,381	794,333	827,182	822,135
Central Services and Administrative					
Information Technology	760,823	805,054	1,110,170	1,390,536	1,127,820
Plant Operations and Maintenance	2,072,498	2,251,237	2,346,508	2,405,646	2,392,788
Pupil Transportation	672,548	587,167	678,151	672,630	464,697
Unallocated Benefits	6,799,458	7,086,206	7,840,625	8,382,789	10,654,626

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,				
	2017	2018	2019	2020	2021
Expenditures:					
Charter School	\$ 66,431	\$ 51,406	\$ 35,736	\$ 24,810	\$ 33,082
Capital Outlay	9,422,194	5,837,879	4,137,447	5,883,338	4,486,663
Debt Service:					
Principal	995,000	1,050,000	1,095,000	830,000	870,000
Interest and Other Charges	876,863	843,963	809,263	779,463	754,563
Total Expenditures	<u>40,384,580</u>	<u>36,996,397</u>	<u>39,231,157</u>	<u>43,432,320</u>	<u>43,569,312</u>
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	<u>(8,766,488)</u>	<u>(4,553,052)</u>	<u>(1,960,052)</u>	<u>(4,785,663)</u>	<u>(463,974)</u>
Other Financing Sources/(Uses)					
Capital Leases (Non-budgeted)				\$ 7,000,000	
Bond Proceeds					
Transfers in	\$ (13,701)	\$ 225	\$ 384	\$ 219	\$ 16
Transfers out					
Insurance Reimbursement due to Losses from Hurricane Sandy					
Total Other Financing Sources/(Uses)	<u>(13,701)</u>	<u>225</u>	<u>384</u>	<u>7,000,219</u>	<u>16</u>
Net Change in Fund Balances	<u>\$ (8,780,189)</u>	<u>\$ (4,552,827)</u>	<u>\$ (1,959,668)</u>	<u>\$ 2,214,556</u>	<u>\$ (463,958)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>6.05%</u>	<u>6.08%</u>	<u>5.43%</u>	<u>4.29%</u>	<u>4.16%</u>

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>
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
2021	894	2,010,047	7,482	745,713	2,764,136

Source: School District of the Borough of Bound Brook records

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Value)
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
2020	17,160,900	612,804,900	143,734,100	1,865,000	50,902,900	826,467,800	7,256,821	833,724,621	1.638	846,700,178

* Revaluation Year

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

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

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	School District of the Borough of Bound Brook Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	County	
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
2020	1.574	0.064	1.638	1.048	0.400	3.086

* Revaluation Year

Note:

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net Valuation Taxable.

b Rates for debt service are based on each year's requirements.

Source: Municipal Tax Collector and School Business Administrator

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

	2020		2011	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bound Brook LLC	\$ 27,000,000	3.24%	\$ 23,520,000	2.78%
Middle Brook Center LLC	21,500,000	2.58%	17,500,000	2.07%
Bell Atlantic Duffy & Phelps	7,256,821	0.87%	7,937,422	0.94%
Garfield Park Assoc., LLC	5,037,500	0.60%	4,260,000	0.50%
Bragg-Norton LLC	6,844,500	0.82%	4,011,800	0.47%
Somerset Savings & Loan	4,053,000	0.49%	3,712,300	0.44%
Effinger Plaza 2018 LLC	3,812,300	0.46%	3,107,500	0.37%
Effinger Plaza 2018 LLC	2,973,600	0.36%	2,873,600	0.34%
Park View Ptrs LLC	2,788,500	0.33%	2,808,000	0.33%
Bound Brook Holding LLC	2,345,000	0.28%	2,370,000	0.28%
Total	\$ 83,611,221	10.03%	\$ 72,100,622	8.51%

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 ^a	
		Amount	Percentage of Levy
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%
2021	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 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 ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Obligations Under Lease-Purchase Agreement	Capital Leases				
2012	\$ 1,870,000	\$ 650,000	\$ -0-	\$ -0-	\$ 2,520,000	0.32%	\$ 34	
2013	1,640,000	445,000	-0-	-0-	2,085,000	0.25%	26.57	
2014	1,395,000	230,000	-0-	-0-	1,625,000	0.19%	19.48	
2015	28,280,000	-0-	-0-	-0-	28,280,000	3.09%	320.09	
2016	27,300,000	-0-	-0-	-0-	27,300,000	2.87%	295.94	
2017	26,305,000	-0-	500,000	-0-	26,805,000	2.61%	269.31	
2018	25,255,000	-0-	398,814	-0-	25,653,814	2.36%	241.57	
2019	24,160,000	-0-	-0-	-0-	24,160,000	2.16%	219.80	
2020	23,330,000	-0-	5,582,575	-0-	28,912,575	2.59%	263.04	
2021	22,460,000	-0-	4,392,975	-0-	26,852,975	2.40%	244.30	

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

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	2,296.49
2021	22,460,000	- 0 -	22,460,000	2.69%	2,210.85

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, 2020
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Borough of Bound Brook	\$ 21,552,183	100.00%	\$ 21,552,183
Somerset County General Obligation Debt	228,271,943	1.36%	<u>3,101,324</u>
Subtotal, Overlapping Debt			24,653,507
Bound Brook School District Direct Debt			<u>23,330,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 47,983,507</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 2021

	Equalized valuation basis
	2018 \$ 806,545,134
	2019 812,290,493
	2020 <u>862,701,253</u>
	<u>\$ 2,481,536,880</u>
Average Equalized Valuation of Taxable Property	\$ 827,178,960
Debt Limit (4% of average equalization value)	33,087,158
Net Direct School Debt	<u>22,460,000</u>
Legal Debt Margin	<u>\$ 10,627,158</u>

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt Limit	\$ 34,857,678	\$ 33,121,740	\$ 31,070,746	\$ 29,950,683	\$ 29,201,843
Total Net Debt Applicable to Limit	<u>2,520,000</u>	<u>2,085,000</u>	<u>1,625,000</u>	<u>28,280,000</u>	<u>27,300,000</u>
Legal Debt Margin	<u>\$ 32,337,678</u>	<u>\$ 31,036,740</u>	<u>\$ 29,445,746</u>	<u>\$ 1,670,683</u>	<u>\$ 1,901,843</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	7.23%	6.29%	5.23%	94.42%	93.49%

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt Limit	\$ 29,312,284	\$ 30,402,241	\$ 31,281,121	\$ 32,336,845	\$ 33,087,158
Total Net Debt Applicable to Limit	<u>26,305,000</u>	<u>25,255,000</u>	<u>24,160,000</u>	<u>23,330,000</u>	<u>22,460,000</u>
Legal Debt Margin	<u>\$ 3,007,284</u>	<u>\$ 5,147,241</u>	<u>\$ 7,121,121</u>	<u>\$ 9,006,845</u>	<u>\$ 10,627,158</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	89.74%	83.07%	77.24%	72.15%	67.88%

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

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

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

Year	Population ^a	Borough of Bound Brook Personal Income ^b	Somerset County Per Capita Personal Income ^c	Unemployment Rate ^d
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	1,118,944,880	109,916	3.5%
2020	10,159	1,116,636,644 ***	109,916 *	9.2%
2021	10,159 **	1,116,636,644 ***	109,916 *	N/A

* - Latest Somerset County per capita personal income available (2019) was used for calculation purposes.

** - Latest population data available (2020) was used for calculation purposes.

*** - Latest Borough personal income available (2019) and latest population data available (2020) were used for calculation purposes.

N/A - Not Available

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

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

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

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

Employer	2021		
	Employees	Rank	Percentage of Total Employment
AT&T East	4,100	1	N/A
Janssen Pharmaceuticles, Inc.	1,800	2	N/A
The Chubb Corporation	1,800	3	N/A
Johnson and Johnson Pharmaceuticals	1,700	4	N/A
Bloomberg	1,380	5	N/A
Ethicon, Inc.	1,100	6	N/A
E-Z-Go	1,050	7	N/A
Personal Products Company (J&J)	1,000	8	N/A
Ortho Clinical Diagnostics	1,000	9	N/A
Hooper Homes Inc.	900	10	
	11,730		
Employer	2012		
	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

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>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>	<u>2021</u>
Instruction										
Regular	92.1	89.2	101.7	102.2	108.9	114.6	102.4	105.7	120.0	117.9
Special education	20.2	18.6	21.0	22.4	26.6	28.2	29.0	32.8	33.9	45.3
Other special education	14.0	12.0	10.6	7.5	10.1	9.6	10.0	0.0	0.0	0.0
Other instruction	9.6	10.6	13.4	15.6	16.5	16.2	14.7	20.6	25.0	29.0
Support Services:										
Student and instruction related services	25.0	29.8	30.0	42.0	40.4	33.3	28.3	34.3	39.0	41.0
General administrative services	2.0	2.3	2.5	2.5	4.0	4.0	4.0	4.0	4.0	4.0
School administrative services	10.0	15.4	9.9	12.2	14.2	14.7	13.7	15.7	17.5	18.0
Business administrative services	5.3	5.3	7.3	7.3	5.6	6.8	7.3	9.0	9.0	8.0
Plant operations and maintenance	17.8	19.8	18.8	18.5	22.0	22.0	10.3	12.3	11.0	17.0
Pupil transportation	4.0	4.3	3.7	4.2	3.4	3.4	3.4	3.0	5.7	6.0
Total	200	207.3	218.9	234.4	251.7	252.8	223.1	237.4	265.1	286.2

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

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle/High				
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%
2021	1,940	37,458,086	19,308	6.27%	154	1:15.22	1:10.54	1,912.6	1,830.7	-4.09%	95.72%

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	2021
<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	28,800
Capacity (students)	139	139	139	139	139	139	139	139	139	139	139
Enrollment	150	140	133	169	238	186	155	149	154	155	147
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	20,240
Capacity (students)	256	256	256	256	256	256	256	256	256	256	256
Enrollment	304	307	344	333	340	218	234	238	243	244	231
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	39,640
Capacity (students)	226	226	226	266	266	266	266	866	866	866	866
Enrollment	323	361	353	378	327	264	293	282	263	294	298
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	42,877
Capacity (students)	356	356	356	356	356	356	356	356	356	356	356
Enrollment	270	262	293	321	358	373	373	377	397	357	345
<u>Middle School</u>											
Community Middle School (2014) *											
Square Feet						44,937	44,937	44,937	44,937	44,937	44,937
Capacity (students)						335	335	335	335	335	335
Enrollment						227	240	251	255	338	339
<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	119,595
Capacity (students)	869	869	869	869	869	869	869	869	869	869	869
Enrollment	485	465	483	510	537	564	593	586	581	590	580
<u>Board of Education Administrative Building</u>											
Square Feet							1,649	1,649	1,649	1,649	1,649

Number of Schools at June 30, 2021
 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
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
2021		130,830		76,693		45,114		72,182		67,671		54,136		4,511	451,137

* 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, 2021
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)	25,000,000	
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	6,000,000	25,000
Accident Medical Class III	50,000	0
Selective Insurance Company		
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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 1, 2021.

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.

November 1, 2021
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

Independent Member
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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, 2021. 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, 2021.

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.

November 1, 2021
Mount Arlington, New Jersey

Nisiroccia 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, 2021

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, 2020			Balance at June 30, 2021			
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients	
Special Revenue Fund:											
Elementary and Secondary Education Act											
Title I				\$ 859,902			\$ 458,484			\$ (390,923)	
Title I	84.010A	ESEA049021	7/1/20-9/30/21	823,161	\$ (293,411)		293,411				
Title I, SIA	84.010A	ESEA049020	7/1/19-9/30/20	12,780						(7,153)	
Title I, SIA	84.010A	ESEA049021	7/1/20-9/30/21	12,292	(10,712)		10,712				
Title I, SIA	84.010A	ESEA049020	7/1/19-9/30/20	25,136			11,160			(5,716)	
Title I, Reallocation	84.010A	ESEA049021	7/1/20-9/30/21		(304,123)		773,767			(403,792)	
Total Title I											
Title II, Part A	84.367A	ESEA049021	7/1/20-9/30/21	96,971			65,263			(7,149)	
Total Title II, Part A							65,263			(7,149)	
Title III	84.365A	ESEA049021	7/1/20-9/30/21	70,981			44,921			(21,884)	
Title III	84.365A	ESEA049020	7/1/19-9/30/20	77,384	(729)		729				
Title III - Immigrant	84.365A	ESEA049021	7/1/20-9/30/21	9,872							
Title III - Immigrant	84.365A	ESEA049020	7/1/19-9/30/20	9,872	(8,483)		8,483				
Total Title III					(9,212)		54,133			(21,884)	
Title IV	84.186A	ESEA049021	7/1/20-9/30/21	23,877			19,080			(991)	
Title IV	84.186A	ESEA049020	7/1/19-9/30/20	15,972	(8,868)		8,868				
Total Title IV					(8,868)		27,948			(991)	
Subtotal Elementary and Secondary Education Act					(322,203)		921,111			(433,816)	
Education Stabilization Fund:											
COVID-19 CARES Emergency Relief	84.425D	CARES049020	3/13/20-9/30/22	662,207			354,886			(66,461)	
Total Education Stabilization Fund							354,886			(66,461)	
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA049021	7/1/20-9/30/21	482,130			315,856			(92,282)	
I.D.E.A. Part B, Basic	84.027	IDEA049020	7/1/19-9/30/20	451,720	(80,520)		80,520				
I.D.E.A. Part B, Preschool	84.173	IDEA049021	7/1/20-9/30/21	16,197			9,802			(890)	
I.D.E.A. Part B, Preschool	84.173	IDEA049020	7/1/19-9/30/20	16,271	(1,183)		1,183				
Total Special Education Cluster					(81,703)		407,361			(93,172)	
Total U.S. Department of Education					(403,906)		1,683,358			(593,449)	
U.S. Department of Treasury											
COVID-19 - Coronavirus Relief Fund	21.019	N/A	7/1/20 - 6/30/21	190,944			190,944				
Total U.S. Department of Treasury							190,944				
U.S. Department of Health and Human Services:											
Medicaid Assistance Program	93.778	N/A	7/1/19-9/30/20	34,290			34,290				
Total U.S. Department of Health and Human Services							34,290				

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2020		Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2021		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	7/1/20-6/30/21	\$ 31,765	\$	\$ 31,765	\$ (23,275)		\$ 8,490			
Food Distribution Program	10.555	N/A	7/1/19-6/30/20	67,042	\$ 14,079	821,264	(14,079)					
Summer Food Service Program - COVID 19	10.559	N/A	7/1/20-6/30/21	939,835		37,209	(939,835)					
Summer Food Service Program - COVID 19	10.559	N/A	3/18/20-6/30/20	168,280	\$ (37,209)							
Total Child Nutrition Cluster					(37,209)	890,238	(977,189)			(118,571)	8,490	
Total U.S. Department of Agriculture					(37,209)	890,238	(977,189)			(118,571)	8,490	
Total Federal Awards					\$ (441,115)	\$ 2,798,830	\$ (3,075,324)	\$ -0-		\$ (712,020)	\$ 8,490	\$ -0-

N/A - Not Applicable/Available

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Project Number	Grant or State	Grant Period	Award Amount	Balance at June 30, 2020			Balance at June 30, 2021			MEMO		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Adjustments	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education													
General Fund:													
Category Special Education Aid	21-495-034-5120-089		7/1/20 - 6/30/21	\$ 1,574,377	\$	\$ 1,418,143	\$ (1,574,377)	\$ (1,574,377)	\$ (156,234)	\$	\$ 1,574,377	\$ 1,574,377	
Equalization Aid	21-495-034-5120-078		7/1/20 - 6/30/21	13,511,055		12,170,275	(13,511,055)	(13,511,055)	(1,340,780)		13,511,055	13,511,055	
Category Security Aid	21-495-034-5120-084		7/1/20 - 6/30/21	784,650		706,785	(784,650)	(784,650)	(77,865)		784,650	784,650	
School Choice Aid	21-495-034-5120-068		7/1/20 - 6/30/21	410,725		369,966	(410,725)	(410,725)	(40,759)		410,725	410,725	
Category Transportation Aid	21-495-034-5120-014		7/1/20 - 6/30/21	124,699		112,324	(124,699)	(124,699)	(12,375)		124,699	124,699	
Extraordinary Aid	21-495-034-5120-044		7/1/20 - 6/30/21	359,533			(359,533)	(359,533)	(359,533)		359,533	359,533	
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003		7/1/20 - 6/30/21	1,078,915		1,024,094	(1,078,915)	(1,078,915)	(54,821)		1,078,915	1,078,915	
Category Special Education Aid	20-495-034-5120-089		7/1/19 - 6/30/20	1,574,377	\$ (156,888)	1,56,888						1,574,377	
Equalization Aid	20-495-034-5120-078		7/1/19 - 6/30/20	12,596,837		12,552,855						12,596,837	
Category Security Aid	20-495-034-5120-084		7/1/19 - 6/30/20	784,650		78,191						784,650	
Category Transportation Aid	20-495-034-5120-014		7/1/19 - 6/30/20	124,699		12,426						124,699	
School Choice Aid	20-495-034-5120-068		7/1/19 - 6/30/20	426,983		42,549						426,983	
Extraordinary Aid	20-495-034-5120-044		7/1/19 - 6/30/20	223,530			(20,351)	(20,351)				223,530	
Reimbursed TPAF Social Security Contributions	20-495-034-5094-003		7/1/19 - 6/30/20	1,052,850		52,056						1,052,850	
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001		7/1/20 - 6/30/21	1,142,890		1,142,890	(1,142,890)	(1,142,890)			1,142,890	1,142,890	
On-Behalf TPAF Pension Contributions	21-495-034-5094-002		7/1/20 - 6/30/21	3,578,835		3,578,835	(3,578,835)	(3,578,835)			3,578,835	3,578,835	
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004		7/1/20 - 6/30/21	68,092		68,092	(68,092)	(68,092)			68,092	68,092	
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004		7/1/20 - 6/30/21	3,685		3,685	(3,685)	(3,685)			3,685	3,685	
Total General Fund					(1,800,574)	22,416,014	(22,657,807)	(22,657,807)	(414,354)	(2,042,367)	39,812,100	39,812,100	
Special Revenue Fund													
Preschool Education Aid	21-495-034-5120-025		7/1/20 - 6/30/21	1,432,833		1,290,645	(1,005,206)	(1,005,206)		\$ 427,627	\$ 1,005,206	1,005,206	
Preschool Education Aid	20-495-034-5120-025		7/1/19 - 6/30/20	1,080,562		105,860				224,064	856,498	856,498	
Preschool Education Aid	19-495-034-5120-025		7/1/18 - 6/30/19	719,882		147,476				147,476	402,873	402,873	
Total Special Revenue Fund					(105,860)	366,483	(1,005,206)	(1,005,206)		799,167	2,264,577	2,264,577	
Debt Service Fund:													
School Building Aid	21-495-034-5120-017		7/1/20 - 6/30/21	865,843		865,843	(865,843)	(865,843)			865,843	865,843	
Total Debt Service Fund													
Total New Jersey Department of Education													
Total State Awards Subject to Single Audit Determination					(1,906,434)	24,678,362	(24,528,856)	(24,528,856)	(414,354)	799,167	42,942,520	42,942,520	
Less: State Awards Not Subject to Single Audit Major Program Determination													
On-Behalf TPAF Pension System Contributions:													
On-Behalf TPAF Post Retirement Contributions	21-495-034-5094-001		7/1/20 - 6/30/21	(1,142,890)			\$ 1,142,890						
On-Behalf TPAF Pension Contributions	21-495-034-5094-002		7/1/20 - 6/30/21	(3,578,835)			3,578,835						
On-Behalf TPAF Non-Contributory Insurance	21-495-034-5094-004		7/1/20 - 6/30/21	(68,092)			68,092						
On-Behalf TPAF Long-Term Disability Insurance	21-495-034-5094-004		7/1/20 - 6/30/21	(3,685)			3,685						
Subtotal - On-Behalf TPAF Pension System Contribution							4,793,502						
Total State Awards Subject to Single Audit Major Program Determination					(1,975,354)	24,678,362	(24,528,856)	(24,528,856)	(414,354)	799,167	42,942,520	42,942,520	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021. 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 (\$82,674) for the general fund and (\$84,199) 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, 2021
 (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:

	Federal	State	Total
General Fund	\$ 34,290	\$ 22,575,133	\$ 22,609,423
Special Revenue Fund	2,016,140	968,712	2,984,852
Debt Service Fund		865,843	865,843
Food Service Fund	977,189		977,189
Total Awards	\$ 3,027,619	\$ 24,409,688	\$ 27,437,307

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, 2021.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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>				
Elementary and Secondary Education Act				
Title I	84.010A	7/1/20-9/30/21	\$ 859,902	\$ 849,407
Title I, SIA	84.010A	7/1/20-9/30/21	12,780	7,153
Title I, Reallocation	84.010A	7/1/20-9/30/21	25,136	16,876
<u>State:</u>				
General Fund State Aid:				
Categorical Special Education Aid	21-495-034-5120-089	7/1/20-6/30/21	1,574,377	1,574,377
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	13,511,055	13,511,055
Categorical Security Aid	21-495-034-5120-084	7/1/20-6/30/21	784,650	784,650
School Choice Aid	21-495-034-5120-068	7/1/20-6/30/21	410,725	410,725

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(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, 2021

Status of Prior Year Findings:

The District had no prior year findings.