

**BOUND BROOK  
SCHOOL DISTRICT**

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

**Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2022**

**Annual Comprehensive  
Financial Report**

**of the**

**BOROUGH OF BOUND BROOK  
SCHOOL DISTRICT**

**Bound Brook, New Jersey**

**For the Fiscal Year Ended June 30, 2022**

**Prepared by**

**Bound Brook Borough Board of Education  
Business Office**

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal .....	1
Organizational Chart .....	5
Roster of Officials .....	6
Consultants and Advisors.....	7
FINANCIAL SECTION.....	8
Independent Auditors' Report.....	9
Required Supplementary Information .....	12
Management's Discussion and Analysis .....	13
Basic Financial Statements (Sections A. and B.).....	21
A. District-Wide Financial Statements .....	22
A-1 Statement of Net Position .....	23
A-2 Statement of Activities.....	25
B. Fund Financial Statements.....	27
B-1 Balance Sheet – Governmental Funds .....	28
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds.....	30
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	32
B-4 Statement of Net Position – Proprietary Funds.....	34
B-5 Statement of Revenue, Expenses and Changes in Fund Position– Proprietary Funds.....	35
B-6 Statement of Cash Flows – Proprietary Funds.....	36
Notes to the Basic Financial Statements.....	37
Required Supplementary Information .....	76
L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions (Unaudited).....	77
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System .....	77
L-2 Schedule of District Contributions – Public Employees Retirement System .....	78
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with the District - Teachers' Pension and Annuity Fund.....	79
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund .....	80
L-5 Schedule of Changes in the State's Proportionate Share of Total OPEB Liability Associated with the District and Related Ratios .....	81
Notes to Required Supplementary Information .....	82

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

FINANCIAL SECTION (Cont'd)

C.	Budgetary Comparison Schedules.....	84
C-1	Budgetary Comparison Schedule – General Fund.....	85
C-2	Budgetary Comparison Schedule - Special Revenue Fund.....	99
C-3	Budgetary Comparison Schedule – Note to RSI.....	101

Other Supplementary Schedules (Sections D. to I.)

D.	School Level Schedules (Not Applicable).....	102
E.	Special Revenue Fund .....	103
E-1	Combining Schedule of Program Revenue and Expenditures - Special Revenue Fund – Budgetary Basis.....	104
E-2	Preschool Education Aid Schedule of Expenditures – Budgetary Basis .....	109
F.	Capital Projects Fund (Not Applicable).....	110
G.	Proprietary Funds.....	111
G-1	Combining Statement of Net Position and Schedules .....	112
G-2	Combining Statement of Revenue, Expenses and Changes in Fund Net Position and Schedules .....	113
G-3	Combining Statement of Cash Flows and Schedules.....	114
H.	Fiduciary Activities (Not Applicable) .....	115
I.	Long-Term Debt .....	116
I-1	Schedule of Serial Bonds .....	117
I-2	Schedule of Obligations Under Financed Purchases .....	118
I-3	Schedule of Obligations Under Leases (Not Applicable) .....	119
I-4	Debt Service Fund Budgetary Comparison Schedule.....	120
J.	Statistical Section (Unaudited) .....	121
J-1	Net Position by Component.....	122
J-2	Changes in Net Position.....	124
J-3	Fund Balances - Governmental Funds.....	128
J-4	Changes in Fund Balances - Governmental Funds .....	130
J-5	General Fund Other Local Revenue by Source .....	134
J-6	Assessed Value and Actual Value of Taxable Property .....	135
J-7	Direct and Overlapping Property Tax Rates .....	136
J-8	Principal Property Taxpayers, Current and Nine Years Ago.....	137
J-9	Property Tax Levies and Collections .....	138
J-10	Ratios of Net Outstanding Debt by Type.....	139
J-11	Ratios of Net General Bonded Debt Outstanding .....	140
J-12	Ratios of Overlapping Governmental Activities Debt.....	141
J-13	Legal Debt Margin Information.....	142
J-14	Demographic and Economic Statistics .....	143
J-15	Principal Employers, Current and Nine Years Ago .....	144
J-16	Full-time Equivalent District Employees by Function/Program.....	145

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
TABLE OF CONTENTS  
FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

FINANCIAL SECTION (Cont'd)

J. Statistical Section (Cont'd)	
J-17 Operating Statistics .....	146
J-18 School Building Information .....	147
J-19 Schedule of Allowable Maintenance Expenditures by School Facility .....	148
J-20 Insurance Schedule .....	149
K. Single Audit Section .....	150
K-1 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 <i>Government Auditing Standards</i> .....	151
K-2 Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08.....	153
K-3 Schedule of Expenditures of Federal Awards.....	156
K-4 Schedule of Expenditures of State Awards.....	158
K-5 Notes to the Schedules of Expenditures of Federal and State Awards .....	160
K-6 Schedule of Findings and Questioned Costs.....	162
K-7 Summary Schedule of Prior Audit Findings .....	164

INTRODUCTORY SECTION  
(UNAUDITED)

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

January 30, 2023

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 Annual Comprehensive Financial Report of the Borough of Bound Brook School District (the "District") for the fiscal year ended June 30, 2022 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 1,942 students, which is increase of 2 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 continues to experience an increase in enrollment. The district has retained a Demographer to prepare an enrollment report including a five-year projection to assist in facilities planning. The increase of student enrollment will should not affect our programs moving forward as we are adding additional staff and resources to support the increase. There is a strong need for bilingual staff to assist with our increasing Spanish speaking population. All posted positions are advertised as "Bilingual preferred". The district has begun construction of a new cafeteria and kitchen on Lafayette School for further expansion in the future. The construction cost of the project is \$4,364,000.

The most pressing professional development need is strategies for ESL and Bilingual Education. We have been able to provide PD to all of our new staff in SIOP (Sheltered Instruction Observation Protocol through our New Teacher Academy. Using instructional strategies connected to each of these components, teachers are able to design and deliver lessons that address the academic and linguistic needs of English learners. This is accomplished by using funding from Title IIA. We have worked with various county agencies to bring PD into the district regarding Mindfulness, Trauma Informed Education, The Effects of Emotional Intelligence on Youth, Fostering Empathy at School, Responsive Classroom for grades K-6, and Restorative Practices for grades 7-12. The district has a therapeutic counseling center located in our high school and has added an additional SAC (Student Assistance Counselor) for a total of 2 districtwide. We also have 2 Behaviorists and 3 Clinical Social Workers on staff or mental health needs.

We have implemented multiple Advanced Placement courses to increase the rigor and relevance at the high school. For example, recent additions include the following Advanced Placement courses: AP Computer Science, AP Biology, and AP United States Government. In addition, we have expanded our concurrent enrollment offerings, including Work-Based Learning/Career Pathways through Raritan Valley Community College (RVCC). For instance, through a shared partnership with RVCC, we currently offer Advanced Manufacturing, Make-Up Designer (MUD), and Auto Mechanics. Lastly, we implemented Public Speaking as a course offering, which emphasizes the practical skill of public speaking, including techniques to lessen speaker anxiety, the use of visual aids to enhance speaker presentations, and strategies for engaging in robust debate. As of recent, we are in the process of aligning the following curriculum to the updated 2020 Student Learning Standards (NJSLS): Career Readiness, Life Literacies, and Key Skills, Comprehensive Health and Physical Education, Computer Science & Design Thinking, Science, Social Studies, Visual and Performing Arts, and World Languages. The high school will begin a dual credit program with a four-year institution Richard Stockton University in the 2023-2024 school year, which will expand the courses students can earn college credit and high school credit. The district has also increased the working relationship between industry partners and our students to provide students with paid internships in multiple industries, such as nursing, advanced manufacturing, and biotechnology.

We implemented a new math curriculum at the K-8 levels aligned to both state and national standards and are in the process of reviewing curriculum materials for Language Arts K-8 for implementation in 2023-24.



3. MAJOR INITIATIVES (Cont'd)

We are using technology across the curriculum to enhance learning. Computer science skills are addressed in grades 6-12 through specific courses devoted to technology. In grades K-6, computer science skills are infused into daily lessons through research, writing, center work, and teacher directed lessons. Computer Science and programming in the high school has become a recognized career technical education (CTE) program with the state department of education, and allows students to earn college credits from Raritan Valley Community College as well as earn certification in IT studies.

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, 2022.

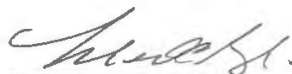
6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, excess liability, auto liability and comprehensive/collision, hazard and theft insurance on property and contents, workers' compensation, and fidelity bonds. A schedule of insurance coverage is found on Exhibit J-20.
9. OTHER INFORMATION: **Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information is included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.
10. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Bound Brook Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

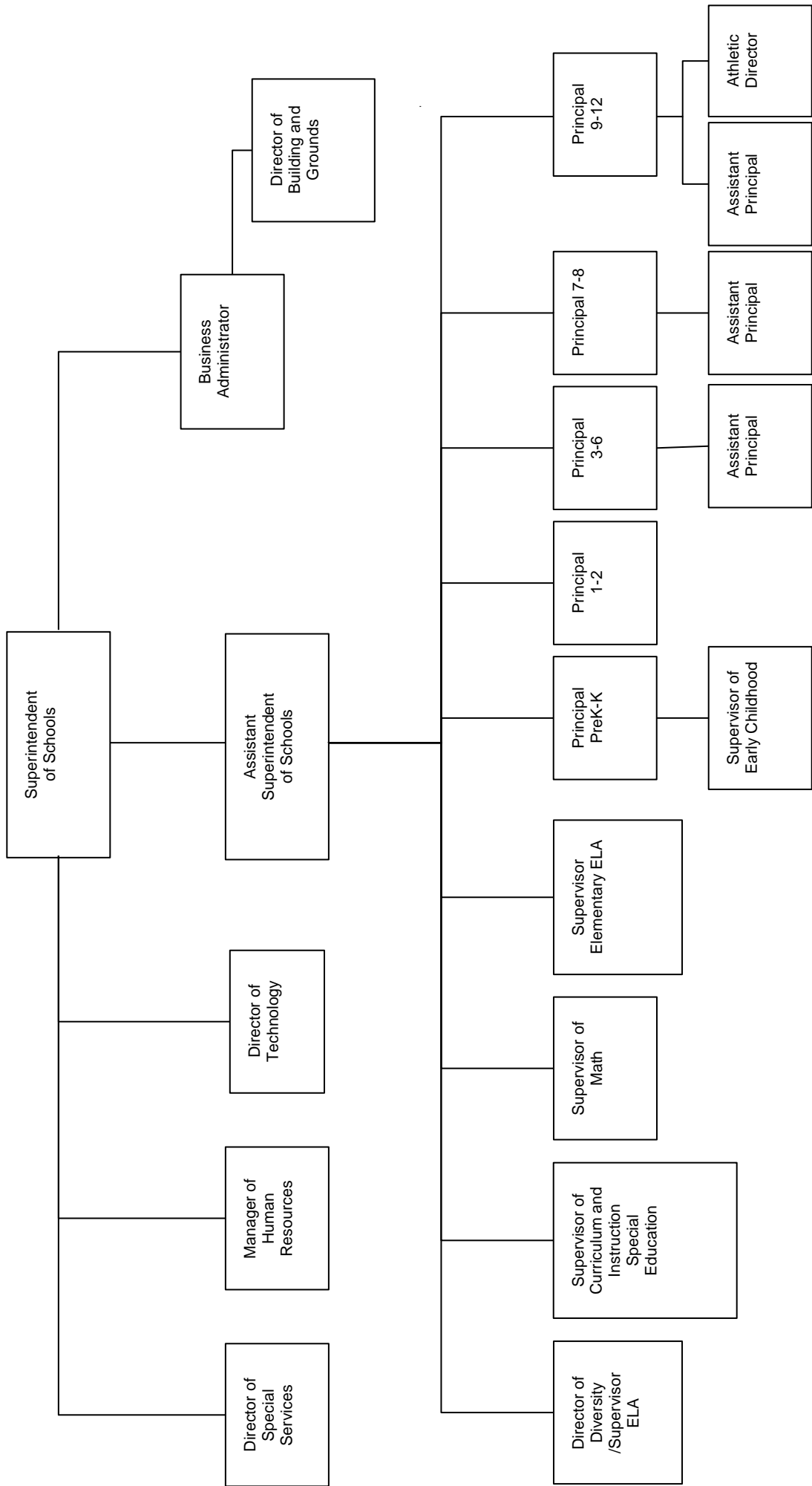


Dr. Alvin L. Freeman  
Superintendent



Michael C. Gorski, CPA  
Business Administrator/Board Secretary

**BOUND BROOK BOARD OF EDUCATION**  
**Organizational Chart**  
**Fiscal Year Ended June 30, 2022**



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

**ROSTER OF OFFICIALS**  
**JUNE 30, 2022**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
Richard Januzzi, President	2024
Michael Bal, Vice President	2023
Michele DeFazio	2024
Sidney Dawson	2022
Lisa Guzzino	2024
Gagandeep Minhas	2022
Joanna Musson	2022
Tricia Russomano	2022
Roger Zupko	2023
Edith Lima, South Bound Brook Representative	2024

**OTHER OFFICIALS**

Dr. Daniel Gallagher, Superintendent (to 6/30/22)  
Dr. Alvin Freeman, Superintendent (from 7/1/22)  
Edward Appleton, Interim Business Administrator/Board Secretary (to 6/30/22)  
Nilkanth Patel, Interim Business Administrator/Board Secretary (from 7/1/22-8/31/22)  
Michael C. Gorski CPA, Business Administrator/Board Secretary (from 9/1/22)  
Thomas A. Venanzi, Treasurer

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

**Architects**

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

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

**Audit Firm**

Nisivoccia LLP, CPAs  
200 Valley Road, Suite 300  
Mount Arlington, NJ 07856  
And  
11 Lawrence Road  
Newton, NJ 07860  
And  
1140 Route 22 East, Suite 203  
Bridgewater, New Jersey 08807

**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 Audit of the Financial Statements**

#### ***Opinions***

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 Bound Brook School District (the "District"), in the County of Somerset, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 District, as of June 30, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Office") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

***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-retirement 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 is the responsibility of management and, although not a part of the basic financial statements, are 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.



***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information 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.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023 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 District’s internal control over financial reporting and compliance.

January 30, 2023  
Mount Arlington, New Jersey

*Nisiroccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*

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

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022. 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**

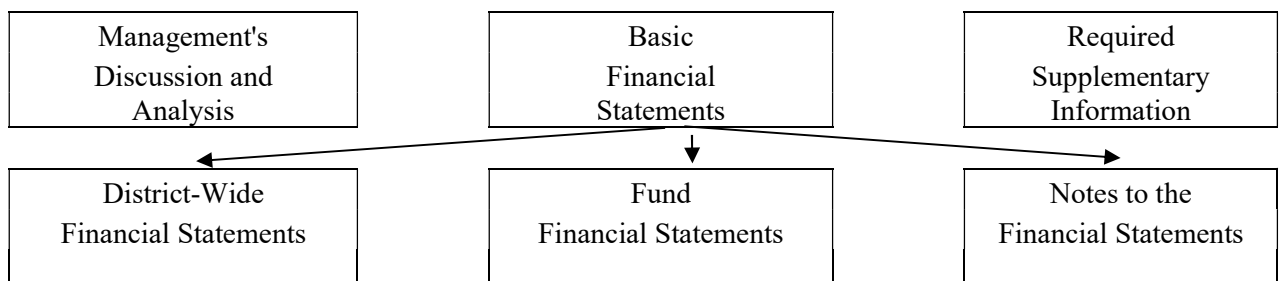
This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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, 2022

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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>
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, lease 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, 2022

### **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, 2022

*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, 2022 increased by \$8,388,229 from the previous year. The net position from governmental activities increased \$7,991,282 and the net position from business-type activities increased \$396,947. The net investment in capital assets increased by \$2,658,505. Restricted net position increased by \$4,132,019. Unrestricted net position increased by \$1,597,705.

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

	Government Activities		Business-Type Activities		Total School District		Total Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	
Current and Other Assets	\$ 11,453,515	\$ 6,491,414	\$ 699,039	\$ 385,813	\$ 12,152,554	\$ 6,877,227	
Capital Assets, Net	40,909,732	40,345,189	545,513	569,702	41,455,245	40,914,891	
Total Assets	<u>52,363,247</u>	<u>46,836,603</u>	<u>1,244,552</u>	<u>955,515</u>	<u>53,607,799</u>	<u>47,792,118</u>	12.17%
Deferred Outflows of Resources	<u>1,339,657</u>	<u>1,325,695</u>			<u>1,339,657</u>	<u>1,325,695</u>	1.05%
Other Liabilities	2,943,917	2,236,343	17,113	125,023	2,961,030	2,361,366	
Long-Term Liabilities	28,802,506	31,633,071			28,802,506	31,633,071	
Total Liabilities	<u>31,746,423</u>	<u>33,869,414</u>	<u>17,113</u>	<u>125,023</u>	<u>31,763,536</u>	<u>33,994,437</u>	-6.56%
Deferred Inflows of Resources	<u>3,647,363</u>	<u>3,975,048</u>			<u>3,647,363</u>	<u>3,975,048</u>	-8.24%
Net Position:							
Net Investment in							
Capital Assets	16,174,908	13,492,214	545,513	569,702	16,720,421	14,061,916	
Restricted	8,932,290	4,800,271			8,932,290	4,800,271	
Unrestricted / (Deficit)	<u>(6,798,080)</u>	<u>(7,974,649)</u>	<u>681,926</u>	<u>260,790</u>	<u>(6,116,154)</u>	<u>(7,713,859)</u>	
Total Net Position	<u>\$ 18,309,118</u>	<u>\$ 10,317,836</u>	<u>\$ 1,227,439</u>	<u>\$ 830,492</u>	<u>\$ 19,536,557</u>	<u>\$ 11,148,328</u>	75.24%

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021	
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,392,235	\$ 2,100,282	\$ 115,761	\$ 2,605	\$ 2,507,996	\$ 2,102,887	
Operating Grants & Contributions	14,533,262	12,227,633	2,003,647	977,189	16,536,909	13,204,822	
General Revenue:							
Property Taxes	13,797,915	13,798,109			13,797,915	13,798,109	
Unrestricted Federal & State Aid	19,134,974	15,488,894			19,134,974	15,488,894	
Other	692,060	746,829	34	16	692,094	746,845	
Total Revenue	<u>50,550,446</u>	<u>44,361,747</u>	<u>2,119,442</u>	<u>979,810</u>	<u>52,669,888</u>	<u>45,341,557</u>	16.16%
Expenses:							
Instruction	25,093,660	23,018,363			25,093,660	23,018,363	
Pupil & Instruction Services	7,598,615	7,714,731			7,598,615	7,714,731	
Administrative & Business	5,213,756	5,117,529			5,213,756	5,117,529	
Maintenance & Operations	2,859,187	2,621,459			2,859,187	2,621,459	
Transportation	964,963	544,713			964,963	544,713	
Other	829,017	857,260	1,722,461	891,588	2,551,478	1,748,848	
Total Expenses	<u>42,559,198</u>	<u>39,874,055</u>	<u>1,722,461</u>	<u>891,588</u>	<u>44,281,659</u>	<u>40,765,643</u>	8.62%
Transfers	34	16	(34)	(16)			
Change in Net Position	<u>\$ 7,991,282</u>	<u>\$ 4,487,708</u>	<u>\$ 396,947</u>	<u>\$ 88,206</u>	<u>\$ 8,388,229</u>	<u>\$ 4,575,914</u>	83.31%

**Governmental Activities**

As discussed elsewhere in this commentary, the financial position of the District increased significantly from the prior year. However, District is 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, 2022

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>2021/2022</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2020/2021</u>
Instruction	\$ 25,093,660	\$ 23,018,363	\$ 10,349,403	\$ 10,958,109
Pupil and Instruction Services	7,598,615	7,714,731	6,341,432	6,369,022
Administrative and Business	5,213,756	5,117,529	4,500,828	4,327,809
Maintenance and Operations	2,859,187	2,621,459	2,859,187	2,621,459
Transportation	964,963	544,713	753,834	412,481
Other	829,017	857,260	829,017	857,260
	<u>\$ 42,559,198</u>	<u>\$ 39,874,055</u>	<u>\$ 25,633,701</u>	<u>\$ 25,546,140</u>

**Business-Type Activities**

Net position from the District’s business-type activity increased by \$396,947 (Refer to Figure A-4). The most significant factor contributing to these results was an increase in Federal and State lunch subsidy reimbursements.

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

In 2021-2022 school year the District received an increase in General Fund State Aid exceeding \$4,100,000, mainly in the category of Equalization Aid. The District used this increase to budget below the maximum statutory spending authority, while still budgeting for capital improvements to facilities including upgrades to HVAC Systems at four schools, expansion and additions to an elementary school cafeteria, and a replacement turf field, and lighting, at the high school. The District also budgeted for additional instructional equipment. The District is a beneficiary of S-2 and increases in State Aid is expected throughout the implementation schedule of S-2 which concludes in the 2024-2025 school year.



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**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 \$40,715,608 in capital assets as shown in Figure A-6. Capital Assets had a net decrease of \$199,283 or 0.49% over the prior year. The District had \$598,498 of additions offset by \$797,781 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>2021/2022</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2020/2021</u>	
Construction in Progress	\$ 414,798				\$ 414,798		
Buildings and Building Improvements	37,986,432	\$ 38,540,100	\$ 415,005	\$ 429,854	38,401,437	\$ 38,969,954	
Machinery and Equipment	2,508,502	1,805,089	130,508	139,848	2,639,010	1,944,937	
 Total Capital Assets (Net of Depreciation)	 <u>\$ 40,909,732</u>	 <u>\$ 40,345,189</u>	 <u>\$ 545,513</u>	 <u>\$ 569,702</u>	 <u>\$ 41,455,245</u>	 <u>\$ 40,914,891</u>	 <u>1.32%</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**Long-term Liabilities**

At year-end, the District had \$21,560,000 in general obligation bonds and \$3,174,824 in financed purchases 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**

	Total School District		Percentage Change
	2021/2022	2020/2021	
General Obligation Bonds (Financed with Property Taxes)	\$ 21,560,000	\$ 22,460,000	
Financed Purchases Payable	3,174,824	4,392,975	
Net Pension Liability	3,441,911	4,266,784	
Compensated Absences	625,771	513,312	
	<u>\$ 28,802,506</u>	<u>\$ 31,633,071</u>	<u>-8.95%</u>

- The District retired \$900,000 of serial bonds payable.
- The compensated absence payable increased \$112,459.
- The net pension liability decreased \$824,873.
- The District retired \$1,218,151 of the financed purchases 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 increased this year under the implementation of S-2.
- The school district enrollment has steadily increased over the past three years, with 2000 students to educate. The District educates a large percentage of low-income, Bilingual, and ESL students which has placed an additional burden on the budget competing with other priorities for fixed revenues.
- The District has received temporary grant funding related to COVID-19 relief.

**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, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,532,527	\$ 561,725	\$ 3,094,252
Receivable from Federal Government	773,702	1,894	775,596
Receivable from State Government	778,672	135,509	914,181
Other Accounts Receivable		3,935	3,935
Internal Balances	46,668	(46,668)	
Inventories		42,644	42,644
Restricted Assets:			
Cash and Cash Equivalents	7,321,946		7,321,946
Capital Assets:			
Construction in Progress	414,798		414,798
Depreciable Buildings and Building Improvements and Machinery and Equipment	40,494,934	545,513	41,040,447
Total Assets	<u>52,363,247</u>	<u>1,244,552</u>	<u>53,607,799</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	<u>1,339,657</u>		<u>1,339,657</u>
Total Deferred Outflows of Resources	<u>1,339,657</u>		<u>1,339,657</u>
<b>LIABILITIES</b>			
Accounts Payable	1,296,861		1,296,861
Accrued Interest Payable	356,220		356,220
Unearned Revenue	1,290,836	17,113	1,307,949
Noncurrent Liabilities:			
Due Within One Year	2,187,386		2,187,386
Due Beyond One Year	26,615,120		26,615,120
Total Liabilities	<u>31,746,423</u>	<u>17,113</u>	<u>31,763,536</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	<u>3,647,363</u>		<u>3,647,363</u>
Total Deferred Inflows of Resources	<u>3,647,363</u>		<u>3,647,363</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
NET POSITION			
Net Investment in Capital Assets	\$ 16,174,908	\$ 545,513	\$ 16,720,421
Restricted for:			
Capital Projects	5,728,888		5,728,888
Debt Service	20,091		20,091
Maintenance	954,013		954,013
Emergency	250,957		250,957
Excess Surplus	1,590,253		1,590,253
Unemployment Compensation	294,058		294,058
Scholarships	123		123
Student Activities	93,907		93,907
Unrestricted/(Deficit)	(6,798,080)	681,926	(6,116,154)
Total Net Position	\$ 18,309,118	\$ 1,227,439	\$ 19,536,557

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, 2022

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 17,320,231	\$ 2,092,266	\$ 7,147,120	\$ (8,080,845)	\$ (8,080,845)	\$ (8,080,845)	
Special Education	4,698,632		4,797,024	98,392	98,392	98,392	
Other Instruction	2,298,237			(2,298,237)	(2,298,237)	(2,298,237)	
School-Sponsored Instruction	776,560		707,847	(68,713)	(68,713)	(68,713)	
Support Services:							
Tuition	1,423,741			(1,423,741)	(1,423,741)	(1,423,741)	
Student & Instruction Related Services	6,174,874	213,539	1,043,644	(4,917,691)	(4,917,691)	(4,917,691)	
General Administrative Services	1,075,880			(1,075,880)	(1,075,880)	(1,075,880)	
School Administrative Services	2,696,081		557,659	(2,138,422)	(2,138,422)	(2,138,422)	
Central Services and Administrative Information Technology	1,441,795		155,269	(1,286,526)	(1,286,526)	(1,286,526)	
Plant Operations and Maintenance	2,859,187			(2,859,187)	(2,859,187)	(2,859,187)	
Pupil Transportation	964,963	86,430	124,699	(753,834)	(753,834)	(753,834)	
Interest and Other Charges	713,776			(713,776)	(713,776)	(713,776)	
Capital Outlay	9,837			(9,837)	(9,837)	(9,837)	
Transfer to Charter School	105,404			(105,404)	(105,404)	(105,404)	
Total Governmental Activities	42,559,198	2,392,235	14,533,262	(25,633,701)	(25,633,701)	(25,633,701)	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Business-Type Activities: Food Service	\$ 1,722,461	\$ 115,761	\$ 2,003,647		\$ 396,947	\$ 396,947
Total Business-Type Activities	1,722,461	115,761	2,003,647		396,947	396,947
Total Primary Government	\$ 44,281,659	\$ 2,507,996	\$ 16,536,909	\$ (25,633,701)	\$ 396,947	\$ (25,236,754)
General Revenue and Transfers:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 13,037,373	\$	\$ 13,037,373
Taxes Levied for Debt Service				760,542		760,542
Federal and State Aid not Restricted				19,134,974		19,134,974
Miscellaneous Income				692,060	\$ 34	692,094
Transfers				34	(34)	
Total General Revenue and Transfers				33,624,983		33,624,983
Change in Net Position				7,991,282	396,947	8,388,229
Net Position - Beginning				10,317,836	830,492	11,148,328
Net Position - Ending				\$ 18,309,118	\$ 1,227,439	\$ 19,536,557

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, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Cash and Cash Equivalents	\$ 2,081,026	\$ 424,346	\$ 27,155		\$ 2,532,527
Receivables From Federal Government		773,702			773,702
Receivables From State Government	778,672				778,672
Interfund Receivable	53,732			\$ 27,155	80,887
Restricted Cash and Cash Equivalents	7,227,916	94,030			7,321,946
Total Assets	\$ 10,141,346	\$ 1,292,078	\$ 27,155	\$ 27,155	\$ 11,487,734

LIABILITIES AND FUND BALANCES:

Liabilities:					
Accounts Payable	\$ 852,980	\$ 64,970			\$ 917,950
Interfund Payable			\$ 27,155	\$ 7,064	34,219
Unearned Revenue		1,290,836			1,290,836
Total Liabilities	852,980	1,355,806	27,155	7,064	2,243,005

Fund Balances:

Restricted:					
Capital Reserve Account	5,728,888				5,728,888
Maintenance Reserve	954,013				954,013
Emergency Reserve Account	250,957				250,957
Unemployment Compensation	294,058				294,058
Excess Surplus - 2023-2024	1,590,253				1,590,253
Scholarships		123			123
Student Activities		93,907			93,907
Debt Service				20,091	20,091
Assigned - Year-End Encumbrances	470,197	(157,758)			312,439
Total Fund Balances/(Deficit)	9,288,366	(63,728)		20,091	9,244,729

Total Liabilities and Fund Balances

	\$ 10,141,346	\$ 1,292,078	\$ 27,155	\$ 27,155	\$ 11,487,734
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BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

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

Total Fund Balances from Above	\$ 9,244,729
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	40,909,732
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(356,220)
Long-Term Liabilities, Including Bonds Payable, Financed Purchases Payable and Compensated Absences, Are Not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds	(25,360,595)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(3,441,911)
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	960,746
Deferred Inflows	(3,647,363)
Net Position of Governmental Activities	\$ 18,309,118

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, 2022

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>				
Local Sources:				
Local Tax Levy	\$ 13,037,373		\$ 760,542	\$ 13,797,915
Tuition from Other LEA's	2,092,266			2,092,266
Interest Earned on Emergency Reserve	88			88
Interest Earned on Maintenance Reserve	333			333
Interest Earned on Capital Reserve	953			953
Transportation Fees	86,430			86,430
Restricted Miscellaneous Revenue	154	\$ 213,539		213,693
Unrestricted Miscellaneous Revenue	671,265			671,265
<b>Total - Local Sources</b>	<b>15,888,862</b>	<b>213,539</b>	<b>760,542</b>	<b>16,862,943</b>
State Sources	28,613,094	1,275,589	867,921	30,756,604
Federal Sources	94,588	3,926,273		4,020,861
<b>Total Revenues</b>	<b>44,596,544</b>	<b>5,415,401</b>	<b>1,628,463</b>	<b>51,640,408</b>
<b>EXPENDITURES:</b>				
Current:				
Regular Instruction	8,160,295	3,980,157		12,140,452
Special Education Instruction	2,611,423	548,152		3,159,575
Other Instruction	1,066,868			1,066,868
School-Sponsored	776,560			776,560
Support Services and Undistributed Costs:				
Tuition	1,423,741			1,423,741
Student and Other Instruction Related Services	3,920,095	209,615		4,129,710
General Administration Services	958,113			958,113
School Administration Services	1,631,568			1,631,568
Central Services & Administrative Information Technology	1,109,895			1,109,895
Plant Operations and Maintenance	2,545,771			2,545,771
Student Transportation	872,843			872,843
Unallocated Benefits	13,142,543			13,142,543

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>EXPENDITURES:</b>				
Debt Service:				
Interest and Other Charges			\$ 728,463	\$ 728,463
Principal			900,000	900,000
Capital Outlay	\$ 1,845,151	\$ 830,478		2,675,629
Transfer of Funds to Charter School	<u>105,404</u>			<u>105,404</u>
Total Expenditures	<u>40,170,270</u>	<u>5,568,402</u>	<u>1,628,463</u>	<u>47,367,135</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>4,426,274</u>	<u>(153,001)</u>		<u>4,273,273</u>
<b>OTHER FINANCING SOURCES/(USES):</b>				
Transfers In/(Out)	<u>(127,280)</u>	<u>127,314</u>		<u>34</u>
Total Other Financing Sources/(Uses)	<u>(127,280)</u>	<u>127,314</u>		<u>34</u>
Net Change in Fund Balances	4,298,994	(25,687)		4,273,307
Fund Balance / (Deficit) - July 1	<u>4,989,372</u>	<u>(38,041)</u>	<u>20,091</u>	<u>4,971,422</u>
Fund Balance / (Deficit) - June 30	<u>\$ 9,288,366</u>	<u>\$ (63,728)</u>	<u>\$ 20,091</u>	<u>\$ 9,244,729</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, 2022

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 4,273,307

Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:

Capital outlays related to capital assets 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	\$ (773,592)
	Capital Asset Additions	<u>1,338,135</u>
		564,543

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 (+).

(112,459)

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. 900,000

Repayment of financed purchases 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.

1,218,151

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, 2022

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 (+).

\$ (20,029)

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

Changes in Net Pension Liability	824,873
Change in Deferred Outflows	15,211
Change in Deferred Inflows	327,685

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 7,991,282

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	Business-type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 64	\$ 561,661	\$ 561,725
Intergovernmental Accounts Receivable:			
Federal		135,509	135,509
State		1,894	1,894
Student Accounts Receivable		3,935	3,935
Inventories		42,644	42,644
<b>Total Current Assets</b>	<b>64</b>	<b>745,643</b>	<b>745,707</b>
Non-Current Assets:			
Capital Assets		1,022,849	1,022,849
Less: Accumulated Depreciation		(477,336)	(477,336)
<b>Total Non-Current Assets</b>		<b>545,513</b>	<b>545,513</b>
<b>Total Assets</b>	<b>64</b>	<b>1,291,156</b>	<b>1,291,220</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Interfund Accounts Payable - General Fund		46,668	46,668
Unearned Revenue - Prepaid Sales		7,822	7,822
Unearned Revenue - Donated Commodities		9,291	9,291
<b>Total Current Liabilities</b>		<b>63,781</b>	<b>63,781</b>
<b>NET POSITION:</b>			
Investment in Capital Assets		545,513	545,513
Unrestricted	64	681,862	681,926
<b>Total Net Position</b>	<b>\$ 64</b>	<b>\$ 1,227,375</b>	<b>\$ 1,227,439</b>

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, 2022

	Business-type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Meals		\$ 115,761	\$ 115,761
Total Operating Revenue		115,761	115,761
Operating Expenses:			
Cost of Sales - Reimbursable Programs		786,212	786,212
Cost of Sales - Non-Reimbursable Programs		41,130	41,130
Salaries, Benefits & Payroll Taxes		574,340	574,340
Supplies, Insurance & Other Costs		232,209	232,209
Management Fee		52,669	52,669
Miscellaneous		11,712	11,712
Depreciation Expense		24,189	24,189
Total Operating Expenses		1,722,461	1,722,461
Operating Loss		(1,606,700)	(1,606,700)
Non-Operating Revenue:			
Local Sources:			
Interest Income		34	34
State Sources:			
COVID 19 - Seamless Summer Option		26,004	26,004
Federal Sources:			
After School Snack Program		9,348	9,348
COVID 19 - Seamless Summer Option		1,169,500	1,169,500
COVID 19 - Seamless Summer Option - Breakfast		620,453	620,453
COVID 19 - P-EBT Reimbursement		6,198	6,198
COVID 19 - Operational Cost Reimbursement		82,647	82,647
Food Distribution Program		89,497	89,497
Total Non-Operating Revenue		2,003,681	2,003,681
Change in Net Position Before Transfers		396,981	396,981
Transfer Out - General Fund		(34)	(34)
Change in Net Position After Transfers		396,947	396,947
Net Position - Beginning of Year	\$ 64	830,428	830,492
Net Position - End of Year	\$ 64	\$ 1,227,375	\$ 1,227,439

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, 2022

	Business-type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total
Cash Flows from Operating Activities:			
Receipts from Customers		\$ 115,194	\$ 115,194
Payments to Food Service Vendor		(574,340)	(574,340)
Payments to Suppliers		(1,145,744)	(1,145,744)
Net Cash Used for Operating Activities		<u>(1,604,890)</u>	<u>(1,604,890)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income		34	34
Net Cash Provided by Investing Activities		<u>34</u>	<u>34</u>
Cash Flows from Noncapital Financing Activities:			
State Sources		24,110	24,110
Federal Sources		1,871,208	
Interfund - General Fund		(82,647)	(82,647)
Net Cash Provided by Noncapital Financing Activities		<u>1,812,671</u>	<u>1,812,671</u>
Net Increase in Cash and Cash Equivalents		207,815	207,815
Cash and Cash Equivalents, July 1	\$ 64	353,846	353,910
Cash and Cash Equivalents, June 30	<u>\$ 64</u>	<u>\$ 561,661</u>	<u>\$ 561,725</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss		\$ (1,606,700)	\$ (1,606,700)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation		24,189	24,189
Food Distribution Program		89,497	89,497
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable - Students		1,798	1,798
(Increase)/Decrease in Inventory		(5,764)	(5,764)
Increase/(Decrease) in Unearned Revenue - Donated Commodities		801	801
Increase/(Decrease) in Unearned Revenue - Prepaid Sales		(2,365)	(2,365)
Increase/(Decrease) in Accounts Payable		(106,346)	(106,346)
Net Cash Used for Operating Activities	<u>\$ -0-</u>	<u>\$ (1,604,890)</u>	<u>\$ (1,604,890)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$90,298 and utilized \$89,497 of commodities from the Federal Distribution Program for the fiscal year ended June 30, 2022.

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, 2022

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, 2022  
(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, 2022  
(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 or lease 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, 2022  
(Continued)

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

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

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 or lease asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchases 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.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2022 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, 2022  
(Continued)

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 44,996,432	\$ 5,416,411
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		(33,180)
Prior Year Encumbrances		47,740
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	1,628,013	142,188
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(2,027,901)</u>	<u>(157,758)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 44,596,544</u>	<u>\$ 5,415,401</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 40,170,270	\$ 5,553,842
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.		
Current Year Encumbrances		(33,180)
Prior Year Encumbrances		<u>47,740</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 40,170,270</u>	<u>\$ 5,568,402</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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, 2022  
(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, 2022.

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, 2022  
(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. Lease Assets:

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. 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.

N. 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.

O. 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

P. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

Q. 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.

R. Fund Balance Appropriated:

General Fund: Of the \$9,288,366 General Fund balance at June 30, 2022, \$5,728,888 is restricted in a capital reserve account; \$954,013 is restricted in a maintenance reserve account; \$250,957 is restricted in an emergency reserve account; \$294,058 is restricted in an unemployment compensation account; \$1,590,253 is restricted for current year excess surplus in accordance with N.J.S.A.18A:7F (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ended June 30, 2024; \$470,197 is assigned for year-end encumbrances (which is \$218,771 less than assigned fund balance, on a Budgetary basis, due to the final state aid payments, which are not recognized until the fiscal year ended June 30, 2023). Additionally, there is a balance of \$- in unassigned fund balance (which is \$1,809,130 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, 2023).

Special Revenue Fund: Of the \$63,728 Special Revenue deficit fund balance at June 30, 2022, \$123 is restricted for scholarships; \$93,907 is restricted for student activities; and there is a deficit in unassigned fund balance of \$157,758 at June 30, 2022 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, 2023.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2022 is \$20,091 and is restricted for subsequent year's expenditures.

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

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

S. Deficit Fund Balances / Net Position

The District has a deficit in unrestricted net position of \$6,798,080 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 \$157,758 in the Special Revenue Fund as of June 30, 2022 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.

T. 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, 2022 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, lease assets net of accumulated amortization 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.

U. Fund Balance Restrictions, Commitments and Assignments:

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

(Continued)

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

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

Fund balance restrictions have been established for a capital reserve, a maintenance reserve, an emergency reserve, unemployment compensation insurance, excess surplus, debt service, 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, 2022.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund on the budgetary basis at June 30, 2022.

V. 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.

W. 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

X. 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.

Y. 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.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

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, 2022  
(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, 2022  
(Continued)

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

As of June 30, 2022, cash and cash equivalents of the District consisted of the following:

		<u>Cash and Cash Equivalents</u>							
		<u>Restricted</u>							
		<u>Capital</u>	<u>Maintenance</u>	<u>Emergency</u>	<u>Unemployment</u>	<u>Student</u>		<u>Unrestricted</u>	<u>Total</u>
		<u>Reserve</u>	<u>Reserve</u>	<u>Reserve</u>	<u>Compensation</u>	<u>Scholarships</u>	<u>Activities</u>		
Checking									
Accounts	\$	<u>5,728,888</u>	<u>954,013</u>	<u>250,957</u>	<u>294,058</u>	<u>123</u>	<u>93,907</u>	<u>3,094,252</u>	<u>\$ 10,416,198</u>

During the period ended June 30, 2022, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was \$10,416,198 and the bank balance was \$11,297,612.

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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 2,727,935
Transferred by Board Resolution	3,000,000
Interest Earnings	<u>953</u>
Ending Balance, June 30, 2022	<u>\$ 5,728,888</u>

The balance in the capital reserve account at June 30, 2022 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 953,680
Interest Earnings	333
	_____
Ending Balance, June 30, 2022	\$ 954,013

NOTE 6. EMERGENCY RESERVE ACCOUNT

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

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 6. EMERGENCY RESERVE ACCOUNT (Cont'd)

The activity of the emergency reserve for the July 1, 2021 to June 30, 2022 fiscal year is as follows:

Beginning Balance, July 1, 2021	\$ 250,869
Interest Earnings	88
Ending Balance, June 30, 2022	\$ 250,957

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

The District expended \$414,798 towards construction projects in progress.

	Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Construction in Progress		\$ 414,798		\$ 414,798
Total Capital Assets Not Being Depreciated		414,798		414,798
Capital Assets Being Depreciated:				
Buildings and Building Improvements	\$ 46,977,399	41,945		47,019,344
Machinery and Equipment	4,018,068	881,392		4,899,460
Total Capital Assets Being Depreciated	50,995,467	923,337		51,918,804
Governmental Activities Capital Assets	50,995,467	1,338,135		52,333,602
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(8,437,299)	(595,613)		(9,032,912)
Machinery and Equipment	(2,212,979)	(177,979)		(2,390,958)
	(10,650,278)	(773,592)		(11,423,870)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 40,345,189	\$ 564,543	\$ -0-	\$ 40,909,732
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	(261,591)	\$ (14,849)		(276,440)
Machinery and Equipment	(191,556)	(9,340)		(200,896)
	(453,147)	(24,189)		(477,336)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 569,702	\$ (24,189)	\$ -0-	\$ 545,513

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 362,457
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	87,833
Pupil Transportation	27,870
	<u>\$ 773,592</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2022, the following changes occurred in long-term liabilities reported in the District-wide financial statements:

	Beginning Balance	Accrued	Retired	Ending Balance	Due within 1 Year
Serial Bonds Payable	\$ 22,460,000		\$ 900,000	\$ 21,560,000	\$ 940,000
Financed Purchases Payable	4,392,975		1,218,151	3,174,824	1,247,386
Net Pension Liability	4,266,784		824,873	3,441,911	
Compensated Absences Payable	513,312	\$ 151,176	38,717	625,771	
	<u>\$ 31,633,071</u>	<u>\$ 151,176</u>	<u>\$ 2,981,741</u>	<u>\$ 28,802,506</u>	<u>\$ 2,187,386</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, 2022 as follows:

Purpose	Final Maturity Dates	Interest Rates	Principal Amount
School Bonds	1/15/2040	2.00% - 3.750%	<u>\$ 21,560,000</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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>
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	1,060,000	582,662	1,642,662
2028-2032	5,580,000	2,427,387	8,007,387
2033-2037	6,720,000	1,465,028	8,185,028
2038-2040	4,240,000	311,702	4,551,702
	<u>\$ 21,560,000</u>	<u>\$ 7,418,628</u>	<u>\$ 28,978,628</u>

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

B. Bonds Authorized But Not Issued:

As of June 30, 2022, the Board had no bonds authorized but not issued.

C. Financed Purchases Payable:

The District's financed purchase related to financing of construction of improvements for the addition of Smalley School. The financed purchase totaled \$7,000,000 of which \$3,825,176 has been liquidated as of June 30, 2022. The financed purchase is for a term of six years. The schedule of the future minimum financed purchase payments under the District's financed purchase, and the present value of the net minimum financed purchase payments at June 30, 2022 is as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2023	\$ 1,315,736
June 30, 2024	1,315,735
June 30, 2025	657,868
Total Minimum Financed Purchase Payments	3,289,339
Less: Amount Representing Interest	(114,515)
Present Value of Net Minimum Financed Purchase Payments	<u>\$ 3,174,824</u>

The current portion of the financed purchase payable as June 30, 2022 in the governmental activities is \$1,247,386 and the long-term portion is \$1,927,438. The General Fund will be used to liquidate the financed purchase payable in the governmental activities.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

D. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the liability is \$0 and the long-term liability balance of compensated absences is \$625,771.

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, 2022, 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, 2022 is \$-0- and the long-term portion is \$3,441,911. See Note 10 for further information on the PERS.

NOTE 9. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2022, the District transferred \$45,401 to the capital outlay accounts for equipment which did not require County Superintendent approval. The District also transferred \$810 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(IGR) 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](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$340,259 for 2022.

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, 2022, the District's liability was \$3,441,911 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.029%, which was an increase of 0.003% from its proportion measured as of June 30, 2020.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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)

For the year ended June 30, 2022, the District recognized an actual pension benefit in the amount of \$818,806. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferral Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2017	5.48		\$ 145,456
	2018	5.63		272,699
	2019	5.21		240,568
	2020	5.16		566,620
	2021	5.13	\$ 17,925	
			<u>17,925</u>	<u>1,225,343</u>
Changes in Proportion	2017	5.48	30,862	
	2018	5.63		50,962
	2019	5.21		1,439,728
	2020	5.16	350,321	
	2021	5.13	507,355	
			<u>888,538</u>	<u>1,490,690</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		26,885
	2019	5.00		(8,675)
	2020	5.00		(195,514)
	2021	5.00		1,083,994
				<u>906,690</u>
Difference Between Expected and Actual Experience	2017	5.48	4,326	
	2018	5.63		10,385
	2019	5.21	18,389	
	2020	5.16	31,568	
	2021	5.13		14,255
			<u>54,283</u>	<u>24,640</u>
District Contribution Subsequent to the Measurement Date	2021	1.00	378,911	
			<u>\$ 1,339,657</u>	<u>\$ 3,647,363</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 the pension benefit as follows:



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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
2022	\$ (812,141)
2023	(579,867)
2024	(395,370)
2025	(297,201)
2026	114
	\$ (2,084,465)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022  
(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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Assets	3.00%	7.40%
Real Estate	8.00%	9.15%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 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, 2022  
(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, 2021 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, 2021		
	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	\$ 4,689,779	\$ 3,441,911	\$ 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](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

Benefits Provided

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

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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 2022, the State's pension contribution was more 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. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2022, the State of New Jersey contributed \$5,441,445 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,392,726.

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, 2022, the State's proportionate share of the net pension liability associated with the District was \$59,188,280. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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, 2021, the District's proportion was 0.123%, which was an increase of 0.013% from its proportion measured as of June 30, 2020.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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	59,188,280
Total	<u>\$ 59,188,280</u>

For the fiscal year ended June 30, 2021, the State recognized pension expense on behalf of the District in the amount of \$1,392,726 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2022 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	\$ 153,774,925	
	2015	8.30	926,219,611	
	2016	8.30	3,000,278,784	
	2017	8.30		\$ 5,282,196,290
	2018	8.29		3,527,661,165
	2019	8.04		2,510,940,613
	2020	7.99	1,209,286,241	
	2021	7.93		12,903,483,645
			<u>5,289,559,561</u>	<u>24,224,281,713</u>
Difference Between Expected and Actual Experience	2014	8.50		1,464,605.00
	2015	8.30	57,204,429	
	2016	8.30		37,311,034
	2017	8.30	93,981,436	
	2018	8.29	618,845,893	
	2019	8.04		97,553,990
	2020	7.99		6,444,940
	2021	7.93	171,234,070	
			<u>941,265,828</u>	<u>142,774,569</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2018	5.00		96,030,373
	2019	5.00		(72,441,385)
	2020	5.00		(724,186,621)
	2021	5.00		3,554,633,811
			<u>2,854,036,178</u>	
			<u>\$ 6,230,825,389</u>	<u>\$ 27,221,092,460</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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
2022	\$ (2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	(3,367,824,517)
	\$ (20,990,267,071)

Actuarial Assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020 which was rolled forward to June 30, 2021. 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-2021.

The actuarial assumptions used in the July 1, 2020 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, 2022  
(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, 2021) 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, 2021 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%	8.09%
Non-U.S. Developed Market Equity	13.50%	8.71%
Emerging Markets Equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yield	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk Management Strategies	3.00%	3.35%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments 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, 2022  
(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, 2021 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, 2021		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 70,029,636	\$ 59,188,280	\$ 50,082,234

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 \$10,791 for the fiscal year ended June 30, 2022. Employee contributions to DCRP amounted to \$1,613 for the year ended June 30, 2022.



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. Health benefits are obtained from Horizon Blue Cross / Blue Shield of New Jersey.

Property and Liability Insurance

The Borough of Bound Brook School District is a member of the New Jersey 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 Annual Comprehensive 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, 2022 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, 2021 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 409,725,069
Total Net Position	\$ 171,872,738
Total Revenue	\$ 136,646,172
Total Expenses	\$ 104,006,539
Change in Net Position	\$ 32,639,633
Member Dividends	\$ -0-

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

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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>
2021-2022	\$ 33,249		\$ 294,058
2020-2021	20,306		260,809
2019-2020	31,229	\$ 48,647	240,503

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, 2022  
(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, 2022, there were encumbrances as detailed below in the governmental funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 688,968	\$ 33,180	\$ 722,148

On the District's Governmental Funds Balance Sheet as of June 30, 2022, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$33,180 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, 2022, 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, 2022  
(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	\$ 53,732	
Capital Projects Fund		\$ 27,155
Debt Service Fund	27,155	7,064
Proprietary Funds - Food Service		46,668
	\$ 80,887	\$ 80,887

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.

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities as of June 30, 2022 consisted of the following:

	Governmental Fund		Total Governmental Funds	District Contribution	Total Governmental Activities
	General Fund	Special Revenue Fund		Subsequent to Measurement Date	
Vendors	\$ 340,567	\$ 64,970	\$ 405,537		\$ 405,537
Payroll Deductions and Withholdings	512,413		512,413		512,413
Due to:					
State of New Jersey				\$ 378,911	378,911
	\$ 852,980	\$ 64,970	\$ 917,950	\$ 378,911	\$ 1,296,861

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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 \$874,900 from payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2021 without the abatement would have been \$1,909,099 of which \$994,641 would have been for the district school tax.

NOTE 19. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

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 Employee 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. 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Plan Description and Benefits Provided (Cont'd)

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 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 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 annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2020, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	150,427
Active Plan Members	213,901
Total	364,328

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2021.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 4.45%	3.25 - 15.25%
	based on service years	based on service years
Thereafter	2.75 - 5.65%	Not Applicable
	based on service years	

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018, July 1, 2014 – June 30, 2018 and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), and “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Discount Rate

The discount rate for June 30, 2021 was 2.16%. 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, 2019	\$ 59,766,174
Changes for Year:	
Service Cost	3,959,082
Interest Cost	1,384,137
Changes of Assumptions	52,641
Differences between Expected and Actual Experience	(10,750,082)
Gross Benefit Payments by the State	(1,090,313)
Contributions from Members	35,386
Net Changes	(6,409,149)
Balance at June 30, 2020	\$ 53,357,025

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, 2021, 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, 2021		
	At 1% Decrease (1.16%)	At Discount Rate (2.16%)	At 1% Increase (3.16%)
Total OPEB Liability Attributable to the District	\$ 63,913,340	\$ 53,357,025	\$ 50,603,965



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(Continued)

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

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

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, 2021, 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, 2020		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 43,192,685	\$ 53,357,025	\$ 67,006,982

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

For the fiscal year ended June 30, 2022 the District recognized OPEB expense of \$4,248,036 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, 2020 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the following sources.

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability	0.0319661100000%	0.0364324082000%	0.0377721067000%	0.0393884588000%	0.0386080136000%	0.0236239042000%	0.0261647346000%	0.0290542469000%
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	\$ 3,441,911
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	\$ 2,143,244
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%	160.59%
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%	70.33%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 263,524	\$ 314,090	\$ 340,375	\$ 371,239	\$ 386,845	\$ 231,550	\$ 286,229	\$ 340,259
Contributions in relation to the contractually required contribution	(263,524)	(314,090)	(340,375)	(371,239)	(386,845)	(231,550)	(286,229)	(340,259)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
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	\$ 2,424,402
Contributions as a percentage of covered employee payroll	10.59%	12.11%	13.13%	14.05%	21.46%	11.25%	13.35%	14.03%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
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%	0.11231160637%
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	\$ 59,188,280
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	\$ 15,122,221
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%	391.40%
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%	35.52%

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 EIGHT FISCAL YEARS

	Fiscal Year Ending June 30,							
	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 2,701,381	\$ 3,622,682	\$ 6,141,760	\$ 4,900,253	\$ 4,155,699	\$ 4,154,668	\$ 4,525,541	\$ 1,392,726
Contributions in relation to the contractually required contribution	(507,504)	(831,939)	(1,180,068)	(1,650,142)	(2,257,356)	(2,424,134)	(3,578,835)	(5,441,445)
Contribution deficiency/(excess)	\$ 2,193,877	\$ 2,790,743	\$ 4,961,692	\$ 3,250,111	\$ 1,898,343	\$ 1,730,534	\$ 946,706	\$ (4,048,719)
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	\$ 15,582,257
Contributions as a percentage of covered employee payroll	5.14%	7.95%	10.29%	13.82%	17.50%	16.66%	23.67%	34.92%

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 FIVE FISCAL YEARS

	Fiscal Years Ending June 30,				
	2017	2018	2019	2020	2021
Total OPEB Liability					
Service Cost	\$ 2,739,161	\$ 2,264,147	\$ 2,029,857	\$ 1,951,237	\$ 3,959,082
Interest Cost	1,484,976	1,728,658	1,612,063	1,322,915	1,384,137
Changes in Assumptions	(6,530,422)	(4,608,757)	541,929	10,917,226	52,641
Differences between Expected and Actual Experience	39,690	(4,721,773)	(6,916,438)	10,237,273	(10,750,082)
Member Contributions	(1,077,878)	37,116	33,073	31,537	35,386
Gross Benefit Payments	(3,344,473)	(1,073,910)	(1,115,728)	(1,040,480)	(1,090,313)
Net Change in Total OPEB Liability	(3,344,473)	(6,374,519)	(3,815,244)	23,419,708	(6,409,149)
Total OPEB Liability - Beginning	49,880,702	46,536,229	40,161,710	36,346,466	59,766,174
Total OPEB Liability - Ending	<u>\$ 46,536,229</u>	<u>\$ 40,161,710</u>	<u>\$ 36,346,466</u>	<u>\$ 59,766,174</u>	<u>\$ 53,357,025</u>
State's Covered Employee Payroll *	\$ 13,057,330	\$ 14,062,202	\$ 14,581,379	\$ 14,699,177	\$ 16,609,576
Total OPEB Liability as a Percentage of Covered Employee Payroll	356%	288%	249%	407%	321%

\* - Covered payroll for the fiscal years ending June 30, 2017 - 2021 are based on the payroll on the June 30, 2016 - 2020 census data. on the June 30, 2016, 2017, 2018 and 2019 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, 2022

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 5.40% as of June 30, 2020 to 7.00% as of June 30, 2021.

In the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020 while in the July 1, 2020 actuarial valuation the mortality improvement was based on Scale MP-2021.

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, 2021 was 2.16%. The discount rate for June 30, 2020 was 2.21%, a change of -.05%.

The salary increases for TPAF/ABP for thereafter were 1.55 – 4.45% in the valuation as of June 30, 2020 while the salary increases for TPAF/ABP for thereafter are 2.75 – 5.65% in the valuation as of June 30, 2021.

The salary increases for PFRS for thereafter were applied to all future years in the valuation as of June 30, 2020 while the salary increases for PFRS for thereafter are not applicable in the valuation as of June 30, 2021.

The mortality rates in the valuation as of June 30, 2021 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-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 "Safety" (PFRS), "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

The mortality rates in the valuation as of June 30, 2020 were based on the following:

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. 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-2020. 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-2020.

The healthcare trend rates in the valuation as of June 30, 2021 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal years 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreasing to 4.5% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreasing to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.5% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

The healthcare trend rates in the valuation as of June 30, 2020 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend rate is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long term rate after seven 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, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 13,037,373		\$ 13,037,373	\$ 13,037,373	\$ 15,750
Tuition from Other LEA's	2,076,516		2,076,516	2,092,266	66,430
Transportation Fees	20,000		20,000	86,430	54
Interest Earned on Emergency Reserve	34		34	88	300
Interest Earned on Maintenance Reserve	33		33	333	920
Interest Earned on Capital Reserve	33		33	953	154
Restricted Miscellaneous Revenue				154	
Unrestricted Miscellaneous Revenue	255,330		255,330	671,265	415,935
<b>Total - Local Sources</b>	<b>15,389,319</b>		<b>15,389,319</b>	<b>15,888,862</b>	<b>499,543</b>
State Sources:					
Categorical Special Education Aid	1,574,377		1,574,377	1,574,377	
Equalization Aid	17,595,347		17,595,347	17,595,347	
Categorical Security Aid	784,650		784,650	784,650	
Categorical Transportation Aid	124,699		124,699	124,699	
School Choice Aid	286,944		286,944	286,944	
Extraordinary Aid	210,000		210,000	724,140	514,140
TPAF Pension Contribution (On-Behalf - Non Budgeted)				5,441,445	5,441,445
TPAF Pension NCGI Premium (On-Behalf - Non Budgeted)				76,771	76,771
TPAF Pension LTDI Premium (On-Behalf - Non Budgeted)				3,677	3,677
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				1,289,278	1,289,278
TPAF Social Security (Reimbursed - Non Budgeted)				1,111,654	1,111,654
<b>Total State Sources</b>	<b>20,576,017</b>		<b>20,576,017</b>	<b>29,012,982</b>	<b>8,436,965</b>
Federal Sources:					
Medicaid Assistance Program	61,889		61,889	75,321	13,432
FEMA Reimbursement				19,267	19,267
<b>Total Federal Sources</b>	<b>61,889</b>		<b>61,889</b>	<b>94,588</b>	<b>32,699</b>
<b>TOTAL REVENUES</b>	<b>36,027,225</b>		<b>36,027,225</b>	<b>44,996,432</b>	<b>8,969,207</b>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 6,000	\$ (6,000)	\$	\$ 644,730	\$ 24,281
Kindergarten - Salaries of Teachers	680,102	(11,091)	\$	2,817,244	41,655
Grades 1-5 - Salaries of Teachers	2,787,061	71,838	2,858,899	1,248,447	64,529
Grades 6-8 - Salaries of Teachers	1,392,338	(79,362)	1,312,976	2,733,878	2,412
Grades 9-12 - Salaries of Teachers	2,922,925	(186,635)	2,736,290		
Regular Programs - Home Instruction:					
Salaries of Teachers	29,400	(100)	29,300	14,419	14,881
Purchased Professional - Educational Services	64,980	(28,400)	36,580	8,894	27,686
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		4,267	4,267	3,733	534
Purchased Professional Education Services	278,500	6,610	285,110	207,606	77,504
Purchases Technical Services	266,126	(266,126)			
Other Purchased Services (400-500 series)	43,101	(300)	42,801	35,969	6,832
General Supplies	478,432	23,430	501,862	416,555	85,307
Other Objects	35,721	286,255	321,976	28,820	293,156
<b>Total Regular Programs - Instruction</b>	<b>8,984,686</b>	<b>(185,614)</b>	<b>8,799,072</b>	<b>8,160,295</b>	<b>638,777</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	406,183	215,335	621,518	619,737	1,781
Purchased Professional-Educational Services	147,343	32,300	179,643	135,832	43,811
General Supplies	10,534		10,534	4,535	5,999
<b>Total Learning and/or Language Disabilities</b>	<b>564,060</b>	<b>247,635</b>	<b>811,695</b>	<b>760,104</b>	<b>51,591</b>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Behavioral Disabilities:					
Salaries of Teachers	\$ 358,401	\$ (93,000)	\$ 265,401	\$ 246,735	\$ 18,666
Other Salaries for Instruction	27,000	(26,000)	1,000		1,000
Purchased Professional-Educational Services	83,952	3,100	87,052	68,975	18,077
General Supplies	7,953	(3,001)	4,952	2,547	2,405
<b>Total Behavioral Disabilities</b>	<b>477,306</b>	<b>(118,901)</b>	<b>358,405</b>	<b>318,257</b>	<b>40,148</b>
Resource Room/Resource Center:					
Salaries of Teachers	1,370,262	(183,385)	1,186,877	1,179,277	7,600
Purchased Professional-Educational Services	149,000	(41,500)	107,500	36,567	70,933
General Supplies	10,399		10,399	5,724	4,675
<b>Total Resource Room/Resource Center</b>	<b>1,529,661</b>	<b>(224,885)</b>	<b>1,304,776</b>	<b>1,221,568</b>	<b>83,208</b>
Autism:					
Salaries of Teachers	169,041	144,045	313,086	281,020	32,066
Purchased Professional-Educational Services	138,657	(27,100)	111,557	28,068	83,489
General Supplies	3,518		3,518	2,406	1,112
<b>Total Autism</b>	<b>311,216</b>	<b>116,945</b>	<b>428,161</b>	<b>311,494</b>	<b>116,667</b>
<b>Total Special Education Instruction</b>	<b>2,882,243</b>	<b>20,794</b>	<b>2,903,037</b>	<b>2,611,423</b>	<b>291,614</b>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	309,182	201,500	510,682	483,913	26,769
Purchased Professional-Education Services	14,252		14,252		14,252
<b>Total Basic Skills/Remedial - Instruction</b>	<b>323,434</b>	<b>201,500</b>	<b>524,934</b>	<b>483,913</b>	<b>41,021</b>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 576,820		\$ 576,820	\$ 570,782	\$ 6,038
Purchased Professional-Education Service	7,478	\$ 12,000	19,478	12,173	7,305
General Supplies	200		200	200	200
<b>Total Bilingual Education - Instruction</b>	<b>584,498</b>	<b>12,000</b>	<b>596,498</b>	<b>582,955</b>	<b>13,543</b>
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	145,000	(1,267)	143,733	107,740	35,993
Purchased Services (300-500 series)	12,825		12,825	300	12,525
Supplies and Materials	1,350		1,350	116	1,234
Other Objects	5,400		5,400	1,415	3,985
<b>Total School-Sponsored Cocurricular Activities - Instruction</b>	<b>164,575</b>	<b>(1,267)</b>	<b>163,308</b>	<b>109,571</b>	<b>53,737</b>
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	418,220	(26,300)	391,920	349,707	42,213
Purchased Services (300-500 series)	113,286	(1,600)	111,686	99,498	12,188
Travel- All Other		1,600	1,600	261	1,339
Supplies and Materials	55,200		55,200	46,874	8,326
Other Objects	31,040		31,040	14,908	16,132
<b>Total School-Sponsored Cocurricular Athletics - Instruction</b>	<b>617,746</b>	<b>(26,300)</b>	<b>591,446</b>	<b>511,248</b>	<b>80,198</b>
Summer School - Instruction:					
Salaries of Teachers	145,000	(116,170)	28,830	26,341	2,489
General Supplies	1,000		1,000	786	214
<b>Total Summer School - Instruction</b>	<b>146,000</b>	<b>(116,170)</b>	<b>29,830</b>	<b>27,127</b>	<b>2,703</b>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Alternative Education Program - Instruction:					
Salaries of Teachers	\$ 58,000	\$ 7,471	\$ 65,471	\$ 65,471	
Total Alternative Education Program - Instruction	58,000	7,471	65,471	65,471	
Other Supplemental/At-Risk Programs - Instruction:					
Salaries of Teachers	195,112	(130,926)	64,186	63,143	\$ 1,043
Total Other Supplemental/At-Risk Programs - Instruction	195,112	(130,926)	64,186	63,143	1,043
Total Instruction	13,956,294	(218,512)	13,737,782	12,615,146	1,122,636
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	123,422	(82,222)	41,200	13,933	27,267
Tuition to Other LEAs Within the State - Special	254,296	40,421	294,717	275,850	18,867
Tuition to County Vocational School District - Regular	75,000	(17,178)	57,822	29,400	28,422
Tuition to County Vocational School District - Special	21,421	(14,421)	7,000		7,000
Tuition to Private Schools for the Disabled - Within State	1,547,000	(379,470)	1,167,530	1,042,614	124,916
Tuition - State Facilities	61,944		61,944	61,944	
Total Undistributed Expenditures - Instruction	2,083,083	(452,870)	1,630,213	1,423,741	206,472
Attendance & Social Work:					
Salaries	67,615		67,615	52,055	15,560
Supplies and Materials	250		250		250
Total Attendance & Social Work	67,865		67,865	52,055	15,810

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Health Services:					
Salaries	\$ 491,800	\$ 31,500	\$ 523,300	\$ 407,253	\$ 116,047
Purchased Professional and Technical Services	9,812	1,069	10,881	8,545	2,336
Other Purchased Services (400-500 series)	35,160	(69)	35,091	22,412	12,679
Supplies and Materials	15,608		15,608	7,694	7,914
Total Health Services	552,380	32,500	584,880	445,904	138,976
Other Support Services - Speech, OT, PT and Related Services:					
Salaries	292,700	11,000	303,700	301,795	1,905
Purchased Professional - Educational Services	77,820	(11,000)	66,820	13,154	53,666
Supplies and Materials	5,867		5,867	2,544	3,323
Total Other Support Services - Speech, OT, PT and Related Services	376,387		376,387	317,493	58,894
Other Support Services - Extraordinary Services:					
Purchased Professional - Educational Services	230,000	(42,000)	188,000	88,436	99,564
Total Other Support Services - Extraordinary Services	230,000	(42,000)	188,000	88,436	99,564
Guidance:					
Salaries of Other Professional Staff	1,058,011	(28,851)	1,029,160	800,671	228,489
Salaries of Secretarial and Clerical Assistants	63,802	5,451	69,253	65,985	3,268
Other Purchased Professional and Technical Services	39,500		39,500	33,412	6,088
Other Purchased Services (400-500)	4,171	(1,811)	2,360	56	2,304
Travel-All Other		1,811	1,811		1,811
Supplies and Materials	60,174	(8,522)	51,652	34,442	17,210
Other Objects	76	112	188		188
Total Guidance	1,225,734	(31,810)	1,193,924	934,566	259,358



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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Child Study Teams:					
Salaries of Other Professional Staff	\$ 973,193	\$ 9,694	\$ 982,887	\$ 914,627	\$ 68,260
Salaries of Secretarial and Clerical Assistants	116,245	6	116,251	116,249	2
Purchased Professional - Educational Services	166,036	(9,700)	156,336	40,807	115,529
Other Purchased Services (400-500 series)	42,800		42,800	2,848	39,952
Supplies and Materials	44,542		44,542	22,753	21,789
Other Objects	1,375		1,375	1,240	135
<b>Total Child Study Teams</b>	<b>1,344,191</b>		<b>1,344,191</b>	<b>1,098,524</b>	<b>245,667</b>
<b>Improvement of Instructional Services:</b>					
Salaries of Other Professional Staff	414,000	51,000	465,000	462,900	2,100
Other Salaries		71,000	71,000	70,125	875
Purchased Prof. - Educational Services		38,400	38,400	34,536	3,864
Other Purchased Professional and Technical Services	41,850	21,000	62,850	41,366	21,484
Supplies and Materials	129,257	(46,000)	83,257	35,288	47,969
Other Objects	83,000	(71,000)	12,000	3,199	8,801
<b>Total Improvement of Instructional Services</b>	<b>668,107</b>	<b>64,400</b>	<b>732,507</b>	<b>647,414</b>	<b>85,093</b>
<b>Educational Media Services/School Library:</b>					
Salaries	208,292	(7,000)	201,292	21,572	179,720
Salaries of Technology Coordinators	199,500		199,500	176,880	22,620
Purchased Professional and Technical Services	7,144		7,144	3,724	3,420
Other Purchased Services (400-500)	1,627		1,627	474	1,153
Supplies and Materials	24,761	(300)	24,461	8,405	16,056
<b>Total Educational Media Services/School Library</b>	<b>441,324</b>	<b>(7,300)</b>	<b>434,024</b>	<b>211,055</b>	<b>222,969</b>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Instructional Staff Training Services:					
Other Salaries	\$ 66,000		\$ 66,000	\$ 16,797	\$ 49,203
Purchased Professional - Educational Services	60,196	\$ 990	61,186	41,818	19,368
Other Purchased Services (400-500 series)	21,114	54,886	76,000	64,650	11,350
Travel-All Other		10,247	10,247	1,383	8,864
Supplies and Materials	1,200		1,200		1,200
<b>Total Instructional Staff Training Services</b>	<b>148,510</b>	<b>66,123</b>	<b>214,633</b>	<b>124,648</b>	<b>89,985</b>
Support Services - General Administration:					
Salaries	494,000	(5,000)	489,000	479,419	9,581
Legal Services	114,850		114,850	108,012	6,838
Audit Fees	57,600		57,600	48,500	9,100
Other Purchased Professional Services	22,500	(1,444)	21,056	21,056	
Communications/Telephone	162,579	(2,500)	160,079	121,687	38,392
Travel-All Other	50	15,000	15,050	13,277	1,773
BOE Other Purchased Services	9,025	(2,000)	7,025	3,065	3,960
Miscellaneous Purchased Services (400-500 series)	103,000	22,944	125,944	123,828	2,116
General Supplies	11,683	(5,700)	5,983	5,615	368
BOE in-house Meeting/Training Supplies	2,000		2,000	2,000	
Miscellaneous Expenditures	22,200		22,200	21,629	571
Board of Education Membership Dues and Fees	11,000		11,000	10,025	975
<b>Total Support Services - General Administration</b>	<b>1,010,487</b>	<b>21,300</b>	<b>1,031,787</b>	<b>958,113</b>	<b>73,674</b>

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 891,000	\$ 67,350	\$ 958,350	\$ 947,823	\$ 10,527
Salaries of Other Professional Staff	272,000	93,650	365,650	365,554	96
Salaries of Secretarial and Clerical Assistants	307,000	(10,000)	297,000	292,275	4,725
Other Purchased Services (400-500 series)	10,760	(6,719)	4,041	2,050	1,991
Travel-All Other		1,309	1,309	809	500
Supplies and Materials	28,713	(8,736)	19,977	15,407	4,570
Other Objects	8,925	(76)	8,849	7,650	1,199
<b>Total Support Services - School Administration</b>	<b>1,518,398</b>	<b>136,778</b>	<b>1,655,176</b>	<b>1,631,568</b>	<b>23,608</b>
<b>Support Services - Central Services:</b>					
Salaries	524,500	(74,600)	449,900	449,877	23
Purchased Professional Services	5,000	46,998	51,998	32,225	19,773
Purchased Technical Services	61,800	(18,000)	43,800	38,647	5,153
Miscellaneous Purchased Services (400-500 series)	41,000	(4,922)	36,078	33,936	2,142
Travel-All Other	359	4,141	4,500	4,410	90
Supplies and Materials	19,180	3,600	22,780	22,649	131
Interest for Lease Purchase Agreements	97,521	(810)	96,711	96,710	1
Miscellaneous Expenditures	4,200	(4,000)	200	100	100
<b>Total Support Services - Central Services</b>	<b>753,560</b>	<b>(47,593)</b>	<b>705,967</b>	<b>678,554</b>	<b>27,413</b>
<b>Support Services - Administration Information Technology:</b>					
Salaries	127,500	8,500	136,000	132,804	3,196
Purchased Professional Services	34,170	22,930	57,100	42,528	14,572
Purchased Technical Services	98,577	231,426	330,003	157,544	172,459

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

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - Administration Information Technology (Cont'd):					
Other Purchased Services (400-500 series)	\$ 23,634	\$ 11,770	\$ 35,404	\$ 31,706	\$ 3,698
Supplies and Materials	83,219	1	83,220	66,759	16,461
Total Support Services - Administration Information Technology	<u>367,100</u>	<u>274,627</u>	<u>641,727</u>	<u>431,341</u>	<u>210,386</u>
Required Maintenance of School Facilities:					
Salaries	262,119		262,119	232,879	29,240
Cleaning, Repair and Maintenance Services	256,551	1,000	257,551	165,972	91,579
General Supplies	82,000	(1,000)	81,000	47,990	33,010
Total Required Maintenance of School Facilities	<u>600,670</u>		<u>600,670</u>	<u>446,841</u>	<u>153,829</u>
Custodial Services:					
Salaries	107,329	(4,000)	103,329	67,469	35,860
Purchased Professional and Technical Services	751,846	11,097	762,943	762,943	
Cleaning, Repair and Maintenance Services	55,000		55,000	53,175	1,825
Other Purchased Property Services	70,000		70,000	49,182	20,818
Insurance	225,000		225,000	197,672	27,328
Travel-All Other		200	200	200	
Miscellaneous Purchased Services	10,200	1,800	12,000	11,393	607
General Supplies	85,000	(18,097)	66,903	40,391	26,512
Energy (Natural Gas)	280,000		280,000	135,113	144,887
Energy (Electricity)	410,000		410,000	327,743	82,257
Energy (Gasoline)	5,000		5,000		5,000
Energy (Oil)	6,000		6,000	5,725	275
Other Objects	9,000		9,000	3,098	5,902
Total Custodial Services	<u>2,014,375</u>	<u>(9,000)</u>	<u>2,005,375</u>	<u>1,653,904</u>	<u>351,471</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Care and Upkeep of Grounds					
Salaries	\$ 120,481	\$ 9,850	\$ 130,331	\$ 123,753	\$ 6,578
Cleaning, Repair, and Maintenance Services	21,000	(1,000)	20,000	10,266	9,734
General Supplies	20,000		20,000	5,853	14,147
Total Care and Upkeep of Grounds	161,481	8,850	170,331	139,872	30,459
Security:					
Salaries	214,500	(3,000)	211,500	208,274	3,226
Purchased Professional and Technical Services	99,000		99,000	96,880	2,120
Total Security	313,500	(3,000)	310,500	305,154	5,346
Student Transportation Services:					
Salaries of Non-Instructional Aides	58,800	(41,905)	16,895	16,895	
Salaries for Transportation - (Between Home & School) - Special	136,000	10,357	146,357	146,356	1
Salaries for Transportation - (Other Than Between Home & School)	83,000	(13,312)	69,688	69,149	539
Cleaning, Repair and Maintenance Services	25,000	7,000	32,000	30,911	1,089
Contracted Services:					
Aid in Lieu of Payments - Charter School	5,000	3,000	8,000	8,000	
Aid in Lieu of Payments - Choice School	1,000	(1,000)			
Other than Between Home and School - Vendors	22,000	(8,550)	13,450	11,800	1,650
Special Education Students - Joint Agreements	448,244	93,868	542,112	542,112	
Miscellaneous Purchased Services - Transportation	17,000	450	17,450	17,450	
Transportation Supplies	37,000	(8,107)	28,893	28,884	9
Other Objects	1,700		1,700	1,286	414
Total Student Transportation Services	834,744	41,801	876,545	872,843	3,702

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Unallocated Benefits:					
Social Security Contributions	\$ 345,000	\$ 42,640	\$ 387,640	\$ 375,114	\$ 12,526
Other Retirement Contributions - PERS	380,160	(39,901)	340,259	340,259	
Other Retirement Contributions - Regular	8,704	39,901	48,605	10,791	37,814
Workmen's Compensation	210,000	(15,640)	194,360	146,451	47,909
Health Benefits	4,972,212	(136,868)	4,835,344	4,274,002	561,342
Tuition Reimbursement	105,833		105,833	67,330	38,503
Other Employee Benefits	159,322	100,000	259,322	5,771	253,551
<b>Total Unallocated Benefits</b>	<b>6,181,231</b>	<b>(9,868)</b>	<b>6,171,363</b>	<b>5,219,718</b>	<b>951,645</b>
<b>On-Behalf Contributions:</b>					
TPAF Pension Contribution (On-Behalf - Non Budgeted)				5,441,445	(5,441,445)
TPAF Pension NCGI Premium (On-Behalf - Non Budgeted)				76,771	(76,771)
TPAF Pension LTDI Premium (On-Behalf - Non Budgeted)				3,677	(3,677)
TPAF Post Retirement Contribution (On-Behalf - Non Budgeted)				1,289,278	(1,289,278)
TPAF Social Security (Reimbursed - Non Budgeted)				1,111,654	(1,111,654)
<b>Total On-Behalf Contributions</b>				<b>7,922,825</b>	<b>(7,922,825)</b>
<b>Total Personal Services - Employee Benefits</b>	<b>6,181,231</b>	<b>(9,868)</b>	<b>6,171,363</b>	<b>13,142,543</b>	<b>(6,971,180)</b>
<b>Total Undistributed Expenses</b>	<b>20,893,127</b>	<b>42,938</b>	<b>20,936,065</b>	<b>25,604,569</b>	<b>(4,668,504)</b>
<b>TOTAL CURRENT EXPENSE</b>	<b>34,849,421</b>	<b>(175,574)</b>	<b>34,673,847</b>	<b>38,219,715</b>	<b>(3,545,868)</b>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CAPITAL OUTLAY</b>					
Equipment:					
Instruction - Grades 6-8	\$ 15,600	\$ 14,167	\$ 14,167	\$ 15,600	\$ 14,167
Instruction - Grades 9-12	7,375	31,234	46,834	15,600	31,234
School-Sponsored and Other Instructional Programs			7,375	7,375	
Total Equipment	22,975	45,401	68,376	22,975	45,401
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	244,500		244,500	244,500	
Other Purchased Professional and Technical Services	330,000		330,000	206,554	123,446
Construction Services	363,380	(45,401)	317,979	143,135	174,844
Lease Purchase Agreements – Principal	1,217,342	810	1,218,152	1,218,151	1
Assessment for Debt Service on SDA Funding	9,836		9,836	9,836	
Total Facilities Acquisition and Construction Services	2,165,058	(44,591)	2,120,467	1,822,176	298,291
<b>TOTAL CAPITAL OUTLAY</b>	2,188,033	810	2,188,843	1,845,151	343,692
Transfer of Funds to Charter Schools	57,958	47,450	105,408	105,404	4
<b>TOTAL EXPENDITURES</b>	37,095,412	(127,314)	36,968,098	40,170,270	(3,202,172)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,068,187)	127,314	(940,873)	4,826,162	5,767,035

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<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):					
Food Service Fund - Interest Earned				34	34
Transfer to Special Revenue Fund - PreK - Inclusion	\$	(127,314)	\$ (127,314)	(127,314)	
Total Other Financing Sources/(Uses)		(127,314)	(127,314)	(127,280)	34
Excess (Deficiency) of Revenues and Other Financing Sources/ Over (Under) Expenditures and Other Financing (Uses)	\$ (1,068,187)		(1,068,187)	4,698,882	5,767,069
Fund Balance, July 1	6,617,385		6,617,385	6,617,385	
Fund Balance, June 30	<u>\$ 5,549,198</u>	<u>\$ -0-</u>	<u>\$ 5,549,198</u>	<u>\$ 11,316,267</u>	<u>\$ 5,767,069</u>
<u>Recapitulation:</u>					
Restricted:					
Excess Surplus - 2023-2024				\$ 1,590,253	
Emergency Reserve				250,957	
Maintenance Reserve				954,013	
Capital Reserve				5,728,888	
Unemployment Compensation				294,058	
Assigned:					
Year-End Encumbrances				688,968	
Unassigned				<u>1,809,130</u>	
				11,316,267	
Reconciliation to Governmental Funds Statements (GAAP):					
Last Two State Aid Payments not Recognized on GAAP Basis				(2,027,901)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 9,288,366</u>	



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	\$ 112,518	\$ 111,142	\$ 223,660	\$ 213,539	\$ (10,121)
State Sources	1,584,352	(83,156)	1,501,196	1,306,255	(194,941)
Federal Sources	1,459,268	3,854,367	5,313,635	3,896,617	(1,417,018)
<b>Total Revenues</b>	<b>3,156,138</b>	<b>3,882,353</b>	<b>7,038,491</b>	<b>5,416,411</b>	<b>(1,622,080)</b>
<b>Other Financing Sources:</b>					
Transfer In - Board Contribution - General Fund		127,314	127,314	127,314	
<b>Total Revenues and Other Financing Sources</b>	<b>3,156,138</b>	<b>4,009,667</b>	<b>7,165,805</b>	<b>5,543,725</b>	<b>(1,622,080)</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Salaries of Teachers	1,805,103	(23,830)	1,781,273	1,560,578	220,695
Other Salaries for Instruction	179,589	51,563	231,152	227,636	3,516
Purchased Professional and Technical Services	19,101	48,861	67,962	53,234	14,728
Other Purchased Professional Services		670,999	670,999	656,001	14,998
General Supplies	27,649	1,053,150	1,080,799	1,049,813	30,986
<b>Total Instruction</b>	<b>2,031,442</b>	<b>1,800,743</b>	<b>3,832,185</b>	<b>3,547,262</b>	<b>284,923</b>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
Support Services:					
Salaries of Supervisors of Instruction	\$ 15,000		\$ 15,000	\$ 12,657	2,343
Salaries of Program Directors	62,000		62,000	60,471	1,529
Salaries of Other Professional Staff	92,330	\$ 58,000	150,330	133,956	16,374
Salaries of Secretaries and Clerical Assistants	7,000		7,000		7,000
Salaries of Community Parent Involvement Specialist	7,551		7,551	7,551	
Salaries of Master Teachers	92,000		92,000	80,845	11,155
Other Salaries		30,124	30,124	19,506	10,618
Personal Services - Employee Benefits	424,030	582,259	1,006,289	445,378	560,911
Purchased Professional and Technical Services	77,576	398,906	476,482	102,747	373,735
Other Purchased Professional Services		93,068	93,068	25,000	68,068
Supplies and Materials	10,000	77,604	87,604	63,662	23,942
Other Objects		7,260	7,260		7,260
Student Activities	100,000	109,615	209,615	209,615	
<b>Total Support Services</b>	<b>887,487</b>	<b>1,356,836</b>	<b>2,244,323</b>	<b>1,161,388</b>	<b>1,082,935</b>
Equipment and Facilities Acquisition:					
Non-Instructional Equipment	237,209	476,836	714,045	574,131	139,914
Instructional Equipment		375,252	375,252	271,061	104,191
<b>Total Equipment and Facilities Acquisition</b>	<b>237,209</b>	<b>852,088</b>	<b>1,089,297</b>	<b>845,192</b>	<b>244,105</b>
<b>Total Expenditures</b>	<b>\$ 3,156,138</b>	<b>\$ 4,009,667</b>	<b>\$ 7,165,805</b>	<b>\$ 5,553,842</b>	<b>\$ 1,611,963</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ (10,117)</b>	<b>\$ (10,117)</b>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	\$ 44,996,432	\$ 5,416,411
Differences - Budgetary to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(33,180)
Prior Year Encumbrances		47,740
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	1,628,013	142,188
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(2,027,901)	(157,758)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 44,596,544	\$ 5,415,401
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 40,170,270	\$ 5,553,842
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.		
Current Year Encumbrances		(33,180)
Prior Year Encumbrances		47,740
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 40,170,270	\$ 5,568,402

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, 2022 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). 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, 2022

	Elementary and Secondary Education Act			
	Title I	Title I SIA A	Title II Part A	Title III
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 712,813	\$ 15,362	\$ 79,982	\$ 67,508
Total Revenue	712,813	15,362	79,982	67,508
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenues and Other Financing Sources	712,813	15,362	79,982	67,508
EXPENDITURES:				
Instruction:				
Salaries of Teachers	433,337			38,525
Other Salaries for Instruction				
Purchased Professional and Technical Services	4,772			7,100
Other Purchased Professional Services		9,735		5,914
General Supplies	25,653	5,627		10,960
Total Instruction	463,762	15,362		62,499
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	19,506			
Personal Services - Employee Benefits	224,288			4,709
Purchased Professional and Technical Services	3,295		22,024	
Other Purchased Professional Services			25,000	
Supplies and Materials	1,962		32,958	300
Student Activities				
Total Support Services	249,051		79,982	5,009
Equipment and Facilities Acquisition:				
Non-Instructional Equipment				
Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	\$ 712,813	\$ 15,362	\$ 79,982	\$ 67,508

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Elementary and Secondary Education Act	
	Title III	Title IV
	Immigrant	
REVENUE:		
Local Sources		
State Sources		
Federal Sources	\$ 11,915	\$ 61,122
Total Revenue	11,915	61,122
Other Financing Sources:		
Transfer In - Board Contribution - General Fund		
Total Revenues and Other Financing Sources	11,915	61,122
EXPENDITURES:		
Instruction:		
Salaries of Teachers	10,500	
Other Salaries for Instruction		
Purchased Professional and Technical Services		11,464
Other Purchased Professional Services		
General Supplies		40,658
Total Instruction	10,500	52,122
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	803	
Purchased Professional and Technical Services		5,000
Other Purchased Professional Services		
Supplies and Materials	612	4,000
Student Activities		
Total Support Services	1,415	9,000
Facilities Acquisition:		
Non-Instructional Equipment		
Instructional Equipment		
Total Facilities Acquisition		
Total Expenditures	\$ 11,915	\$ 61,122

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	IDEA Part B			
	Basic	Preschool	ARP Basic	ARP Preschool
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 539,206	\$ 20,952	\$ 101,146	\$ 8,946
Total Revenue	<u>539,206</u>	<u>20,952</u>	<u>101,146</u>	<u>8,946</u>
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenues and Other Financing Sources	<u>539,206</u>	<u>20,952</u>	<u>101,146</u>	<u>8,946</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Other Salaries for Instruction				
Purchased Professional and Technical Services		20,952		8,946
Other Purchased Professional Services	539,206		101,146	
General Supplies				
Total Instruction	<u>539,206</u>	<u>20,952</u>	<u>101,146</u>	<u>8,946</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				
Student Activities				
Total Support Services				
Facilities Acquisition:				
Non-Instructional Equipment				
Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	<u>\$ 539,206</u>	<u>\$ 20,952</u>	<u>\$ 101,146</u>	<u>\$ 8,946</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, 2022

	<u>COVID-19</u>		Emergent and Capital Maintenance Needs
	<u>CARES Emergency Relief</u>	<u>CRRSA - ESSER II</u>	
REVENUE:			
Local Sources			
State Sources			\$ 44,158
Federal Sources	\$ 273,393	\$ 2,004,272	
Total Revenue	<u>273,393</u>	<u>2,004,272</u>	<u>44,158</u>
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	<u>273,393</u>	<u>2,004,272</u>	<u>44,158</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers		589,640	
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Professional Services			
General Supplies	124,171	749,181	
Total Instruction	<u>124,171</u>	<u>1,338,821</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	29,280		
Purchased Professional and Technical Services	3,253	15,650	44,158
Other Purchased Professional Services			
Supplies and Materials	16,497		
Student Activities			
Total Support Services	<u>49,030</u>	<u>15,650</u>	<u>44,158</u>
Facilities Acquisition:			
Non-Instructional Equipment	100,192	378,740	
Instructional Equipment		271,061	
Total Facilities Acquisition	<u>100,192</u>	<u>649,801</u>	
Total Expenditures	<u>\$ 273,393</u>	<u>\$ 2,004,272</u>	<u>\$ 44,158</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, 2022

	Preschool Education Aid	Student Activities	Local Grants	Totals
REVENUE:				
Local Sources		\$ 199,498	\$ 14,041	\$ 213,539
State Sources	\$ 1,262,097			1,306,255
Federal Sources				3,896,617
Total Revenue	<u>1,262,097</u>	<u>199,498</u>	<u>14,041</u>	<u>5,416,411</u>
Other Financing Sources:				
Transfer In - Board Contribution - General Fund	127,314			127,314
Total Revenues and Other Financing Sources	<u>1,389,411</u>	<u>199,498</u>	<u>14,041</u>	<u>5,543,725</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	488,576			1,560,578
Other Salaries for Instruction	227,636			227,636
Purchased Professional and Technical Services				53,234
Other Purchased Professional Services				656,001
General Supplies	93,563			1,049,813
Total Instruction	<u>809,775</u>			<u>3,547,262</u>
Support Services:				
Salaries of Supervisors of Instruction	12,657			12,657
Salaries of Program Directors	60,471			60,471
Salaries of Other Professional Staff	133,956			133,956
Salaries of of Community Parent Involvement Specialist	7,551			7,551
Salaries of Master Teachers	80,845			80,845
Other Salaries				19,506
Personal Services - Employee Benefits	186,298			445,378
Purchased Professional and Technical Services	9,367			102,747
Other Purchased Professional Services				25,000
Supplies and Materials	7,333			63,662
Student Activities		209,615		209,615
Total Support Services	<u>498,478</u>	<u>209,615</u>		<u>1,161,388</u>
Equipment and Facilities Acquisition:				
Non-Instructional Equipment	81,158		14,041	574,131
Instructional Equipment				271,061
Total Equipment and Facilities Acquisition	<u>81,158</u>		<u>14,041</u>	<u>845,192</u>
Total Expenditures	<u>\$ 1,389,411</u>	<u>\$ 209,615</u>	<u>\$ 14,041</u>	<u>\$ 5,553,842</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 522,038	\$ 488,576	\$ 33,462
Other Salaries for Instruction	228,152	227,636	516
General Supplies	104,983	93,563	11,420
Total Instruction	<u>855,173</u>	<u>809,775</u>	<u>45,398</u>
Support Services:			
Salaries of Supervisors of Instruction	15,000	12,657	2,343
Salaries of Program Directors	62,000	60,471	1,529
Salaries of Other Professional Staff	134,330	133,956	374
Salaries of Secretaries and Clerical Assistants	7,000		7,000
Salaries of Community Parent Involvement Specialist	7,551	7,551	
Salaries of Master Teachers	92,000	80,845	11,155
Personal Services - Employee Benefits	186,298	186,298	
Purchased Professional and Technical Services	10,000	9,367	633
Other Purchased Professional Services	5,000		5,000
Supplies and Materials	10,000	7,333	2,667
Total Support Services	<u>529,179</u>	<u>498,478</u>	<u>30,701</u>
Facilities Acquisition:			
Noninstructional Equipment	200,000	81,158	118,842
Total Facilities Acquisition	<u>200,000</u>	<u>81,158</u>	<u>118,842</u>
Total Expenditures	<u>\$ 1,584,352</u>	<u>\$ 1,389,411</u>	<u>\$ 194,941</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2021-2022 Preschool Education Aid Allocation	\$ 1,584,352
Add: Actual Preschool Education Aid Carryover (June 30, 2021)	799,167
Add: Budgeted Transfer from the General Fund 2021-2022	127,314
Total Preschool Education Aid Funds Available for 2021-2022 Budget	<u>2,510,833</u>
Less: 2021-2022 Budgeted PEA (Including prior year budget carryover)	<u>(1,584,352)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2022	926,481
Add: Cancellation of Prior Year Encumbrances	130
Add: June 30, 2022 Unexpended Preschool Education Aid	194,941
2021-2022 Carryover - Preschool Education Aid	<u>\$ 1,121,552</u>
2021-2022 Preschool Education Aid Carryover Budgeted in 2022-2023	<u>\$ 799,167</u>

CAPITAL PROJECTS FUND  
NOT APPLICABLE

PROPRIETARY FUNDS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2022

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Summer	Food	
	Enrichment	Service	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 64	\$ 561,661	\$ 561,725
Intergovernmental Accounts Receivable:			
Federal		135,509	135,509
State		1,894	1,894
Student Accounts Receivable		3,935	3,935
Inventories		42,644	42,644
Total Current Assets	<u>64</u>	<u>745,643</u>	<u>745,707</u>
Non-Current Assets:			
Capital Assets		1,022,849	1,022,849
Less: Accumulated Depreciation		<u>(477,336)</u>	<u>(477,336)</u>
Total Non-Current Assets		<u>545,513</u>	<u>545,513</u>
Total Assets	<u>64</u>	<u>1,291,156</u>	<u>1,291,220</u>
<b>LIABILITIES:</b>			
Current Liabilities:			
Interfund Accounts Payable - General Fund		46,668	46,668
Unearned Revenue - Prepaid Sales		7,822	7,822
Unearned Revenue - Donated Commodities		<u>9,291</u>	<u>9,291</u>
Total Current Liabilities		<u>63,781</u>	<u>63,781</u>
<b>NET POSITION:</b>			
Investment in Capital Assets		545,513	545,513
Unrestricted	<u>64</u>	<u>681,862</u>	<u>681,926</u>
Total Net Position	<u>\$ 64</u>	<u>\$ 1,227,375</u>	<u>\$ 1,227,439</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, 2022

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	<u>Summer</u>	<u>Food</u>	
	<u>Enrichment</u>	<u>Service</u>	<u>Total</u>
Operating Revenue:			
Local Sources:			
Daily Sales - Non-Reimbursable Meals		\$ 115,761	\$ 115,761
Total Operating Revenue		115,761	115,761
Operating Expenses:			
Cost of Sales - Reimbursable Programs		786,212	786,212
Cost of Sales - Non-Reimbursable Programs		41,130	41,130
Salaries, Benefits & Payroll Taxes		574,340	574,340
Supplies, Insurance & Other Costs		232,209	232,209
Management Fee		52,669	52,669
Miscellaneous		11,712	11,712
Depreciation Expense		24,189	24,189
Total Operating Expenses		1,722,461	1,722,461
Operating Loss		(1,606,700)	(1,606,700)
Non-Operating Revenue:			
Local Sources:			
Interest Income		34	34
State Sources:			
COVID 19 - Seamless Summer Option		26,004	26,004
Federal Sources:			
After School Snack Program		9,348	9,348
COVID 19 - Seamless Summer Option		1,169,500	1,169,500
COVID 19 - Seamless Summer Option - Breakfast		620,453	620,453
COVID 19 - P-EBT Reimbursement		6,198	6,198
COVID 19 - Operational Cost Reimbursement		82,647	82,647
Food Distribution Program		89,497	89,497
Total Non-Operating Revenue		2,003,681	2,003,681
Change in Net Position Before Transfers		396,981	396,981
Transfer Out - General Fund		(34)	(34)
Total Transfers		(34)	(34)
Change in Net Position After Transfers		396,947	396,947
Net Position - Beginning of Year	\$ 64	830,428	830,492
Net Position - End of Year	\$ 64	\$ 1,227,375	\$ 1,227,439

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Non-Major Fund</u>	<u>Major Fund</u>	<u>Total</u>
	<u>Summer Enrichment</u>	<u>Food Service</u>	
Cash Flows from Operating Activities:			
Receipts from Customers		\$ 115,194	\$ 115,194
Payments to Food Service Vendor		(574,340)	(574,340)
Payments to Suppliers		(1,145,744)	(1,145,744)
Net Cash Used for Operating Activities		(1,604,890)	(1,604,890)
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income		34	34
Net Cash Provided by Investing Activities		34	34
Cash Flows from Noncapital Financing Activities:			
State Sources		24,110	24,110
Federal Sources		1,871,208	1,871,208
Interfund - General Fund		(82,647)	(82,647)
Net Cash Provided by Noncapital Financing Activities		1,812,671	1,812,671
Net Increase in Cash and Cash Equivalents		207,815	207,815
Cash and Cash Equivalents, July 1	\$ 64	353,846	353,910
Cash and Cash Equivalents, June 30	\$ 64	\$ 561,661	\$ 561,725
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss		\$ (1,606,700)	\$ (1,606,700)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation		24,189	24,189
Food Distribution Program		89,497	89,497
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable - Students		1,798	1,798
(Increase)/Decrease in Inventory		(5,764)	(5,764)
Increase/(Decrease) in Unearned Revenue - Donated Commodities		801	801
Increase/(Decrease) in Unearned Revenue - Prepaid Sales		(2,365)	(2,365)
Increase/(Decrease) in Accounts Payable		(106,346)	(106,346)
Net Cash Used for Operating Activities	\$ -0-	\$ (1,604,890)	\$ (1,604,890)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$90,298 and utilized \$89,497 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2022.



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				Interest Rate	Balance July 1, 2021	Retired or Matured	Balance June 30, 2022
			Outstanding		Amount	Rate				
			Date	June 30, 2022						
School Bonds	12/23/2014	\$ 27,140,000	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%					
							\$ 22,460,000	\$ 900,000	\$ 21,560,000	
							\$ 22,460,000	\$ 900,000	\$ 21,560,000	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF OBLIGATIONS UNDER FINANCED PURCHASES

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance July 1, 2021</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2022</u>
Capital Improvement Smalley School Addition	\$ 7,000,000	2.35%	<u>\$ 4,392,975</u>	<u>\$ 1,218,151</u>	<u>\$ 3,174,824</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
LONG-TERM DEBT  
STATEMENT OF OBLIGATIONS UNDER LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOT APPLICABLE

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 760,542		\$ 760,542	\$ 760,542	
State Sources:					
School Building Aid	867,921		867,921	867,921	
Total Revenues	1,628,463		1,628,463	1,628,463	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	728,463		728,463	728,463	
Redemption of Principal	900,000		900,000	900,000	
Total Regular Debt Service	1,628,463		1,628,463	1,628,463	
Total Expenditures	1,628,463		1,628,463	1,628,463	
Fund Balance, July 1	20,091		20,091	20,091	
Fund Balance, June 30	\$ 20,091	\$ -0-	\$ 20,091	\$ 20,091	\$ -0-

Recapitulation:  
Restricted - Designated for Subsequent Year's Expenditures

\$ 20,091

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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,				
	2013	2014	2015	2016	2017
Governmental Activities/(Deficit)					
Net Investment in Capital Assets	\$ 3,914,713	\$ 4,936,220	\$ 5,350,423	\$ 5,910,924	\$ 5,959,764
Restricted	4,846,267	3,638,379	2,187,690	1,734,140	2,300,098
Unrestricted	(41,070)	(6,077,733)	(5,855,274)	(6,646,582)	(7,960,143)
Total Governmental Activities Net Position	<u>\$ 8,719,910</u>	<u>\$ 2,496,866</u>	<u>\$ 1,682,839</u>	<u>\$ 998,482</u>	<u>\$ 299,719</u>
Business-type Activities					
Investment in Capital Assets	\$ 241,035	\$ 244,069	\$ 288,615	\$ 401,026	\$ 555,675
Unrestricted	161,939	242,439	297,462	272,464	369,283
Total Business-type Activities Net Position	<u>\$ 402,974</u>	<u>\$ 486,508</u>	<u>\$ 586,077</u>	<u>\$ 673,490</u>	<u>\$ 924,958</u>
District-wide/(Deficit)					
Net Investment in Capital Assets	\$ 4,155,748	\$ 5,180,289	\$ 5,639,038	\$ 6,311,950	\$ 6,515,439
Restricted	4,846,267	3,638,379	2,187,690	1,734,140	2,300,098
Unrestricted	120,869	(5,835,294)	(5,557,812)	(6,374,118)	(7,590,860)
Total District Net Position	<u>\$ 9,122,884</u>	<u>\$ 2,983,374</u>	<u>\$ 2,268,916</u>	<u>\$ 1,671,972</u>	<u>\$ 1,224,677</u>



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

	June 30,				
	2018	2019	2020	2021	2022
Governmental Activities/(Deficit)					
Net Investment in Capital Assets	\$ 6,805,233	\$ 10,171,912	\$ 9,102,266	\$ 13,492,214	\$ 16,174,908
Restricted	4,183,956	3,300,175	3,270,505	4,800,271	8,932,290
Unrestricted	(9,295,772)	(9,536,305)	(6,542,643)	(7,974,649)	(6,798,080)
Total Governmental Activities Net Position	<u>\$ 1,693,417</u>	<u>\$ 3,935,782</u>	<u>\$ 5,830,128</u>	<u>\$ 10,317,836</u>	<u>\$ 18,309,118</u>
Business-type Activities					
Investment in Capital Assets	\$ 556,066	\$ 618,081	\$ 593,891	\$ 569,702	\$ 545,513
Unrestricted	430,035	273,706	148,395	260,790	681,926
Total Business-type Activities Net Position	<u>\$ 986,101</u>	<u>\$ 891,787</u>	<u>\$ 742,286</u>	<u>\$ 830,492</u>	<u>\$ 1,227,439</u>
District-wide/(Deficit)					
Net Investment in Capital Assets	\$ 7,361,299	\$ 10,789,993	\$ 9,696,157	\$ 14,061,916	\$ 16,720,421
Restricted	4,183,956	3,300,175	3,270,505	4,800,271	8,932,290
Unrestricted	(8,865,737)	(9,262,599)	(6,394,248)	(7,713,859)	(6,116,154)
Total District Net Position	<u>\$ 2,679,518</u>	<u>\$ 4,827,569</u>	<u>\$ 6,572,414</u>	<u>\$ 11,148,328</u>	<u>\$ 19,536,557</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,				
	2013	2014	2015	2016	2017
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 9,662,684	\$ 10,622,657	\$ 11,846,786	\$ 13,025,688	\$ 15,225,678
Special Education	3,091,112	3,283,366	3,351,241	4,203,934	3,945,318
Other Instruction	1,171,293	854,765	1,065,461	1,427,274	1,595,820
School-Sponsored Instruction		479,070	540,909	552,371	520,906
Support Services					
Tuition	1,653,671	2,323,753	2,263,257	1,658,891	1,873,933
Student & Instruction Related Services	2,690,669	2,854,172	4,035,498	4,136,282	4,152,379
General and Business Administrative Services	667,296	754,316	950,061	1,115,262	1,722,079
School Administrative Services	1,325,535	1,274,212	1,539,137	1,900,486	2,359,417
Central Services & Administrative					
Information Technology	620,910	956,300	760,378	938,214	1,159,296
Plant Operations and Maintenance	2,743,694	3,107,572	3,004,402	2,809,504	2,813,285
Pupil Transportation	547,810	573,206	629,387	689,036	797,625
Charter Schools	22,933	56,001	67,096	81,656	66,431
Capital Outlay			9,836	9,836	9,836
Interest on long-term debt	97,286	76,323	505,583	893,001	862,331
Total Governmental Activities Expenses	<u>24,294,893</u>	<u>27,215,713</u>	<u>30,569,032</u>	<u>30,569,032</u>	<u>37,104,334</u>
Business-type Activities					
Food Service	766,869	981,456	1,159,932	1,271,721	1,323,394
Summer Enrichment					
Summer Sports					
Total Business-type Activities Expense	<u>766,869</u>	<u>981,456</u>	<u>1,159,932</u>	<u>1,271,721</u>	<u>1,323,394</u>
Total District Expenses	<u>\$ 25,061,762</u>	<u>\$ 28,197,169</u>	<u>\$ 31,728,964</u>	<u>\$ 34,713,156</u>	<u>\$ 38,427,728</u>
Program Revenues					
Governmental Activities					
Charges for Services					
Student & Instruction Related Services					
Tuition & Pupil Transportation	\$ 1,427,304	\$ 1,618,263	\$ 1,644,174	\$ 1,611,381	\$ 1,512,921
Operating Grants and Contributions	4,723,498	4,988,209	7,359,245	9,042,408	11,747,672
Total Governmental Activities Program Revenues	<u>6,150,802</u>	<u>6,606,472</u>	<u>9,003,419</u>	<u>10,653,789</u>	<u>13,260,593</u>
Business-type Activities:					
Charges for Services					
Food Service	211,181	206,447	214,846	230,139	223,500
Summer Enrichment					
Summer Sports					
Operating Grants and Contributions	558,940	844,829	995,174	1,128,331	1,177,111
Total Business-type Activities Program Revenues	<u>770,121</u>	<u>1,051,276</u>	<u>1,210,020</u>	<u>1,358,470</u>	<u>1,400,611</u>
Total District Program Revenues	<u>\$ 6,920,923</u>	<u>\$ 7,657,748</u>	<u>\$ 10,213,439</u>	<u>\$ 12,012,259</u>	<u>\$ 14,661,204</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,				
	2013	2014	2015	2016	2017
Net (Expense)/Revenue					
Governmental Activities	\$(20,609,241)	\$(21,565,613)	\$(22,787,646)	\$(23,843,741)	\$(22,571,235)
Business-type Activities	69,820	50,088	86,749	77,217	68,105
Total District-wide Net Expense	<u>\$(20,539,421)</u>	<u>\$(21,515,525)</u>	<u>\$(22,700,897)</u>	<u>\$(23,766,524)</u>	<u>\$(22,503,130)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes Levied for General Purposes, Net	\$ 12,571,243	\$ 12,571,243	\$ 12,833,220	\$ 13,446,977	\$ 14,056,977
Taxes Levied for Debt Service	376,744	379,939	382,092	382,092	382,092
Federal and State aid not restricted	6,823,930	7,258,883	7,349,935	8,149,850	8,183,327
Investment Earnings	132				
Miscellaneous Income	115,902	118,502	235,820	124,999	696,794
Insurance Reimbursement due to Losses from Hurricane Sandy	45,097				
Transfers	(8,463)	(13,714)	(49,481)	(630)	(174,211)
Total Governmental Activities	<u>19,924,585</u>	<u>20,314,853</u>	<u>20,751,586</u>	<u>22,103,288</u>	<u>23,144,979</u>
Business-type Activities					
Investment Earnings					34
Miscellaneous					
Other Items					
Transfers		8,463	13,714	49,481	630
Total Business-type Activities		<u>8,463</u>	<u>13,714</u>	<u>49,481</u>	<u>664</u>
Total District-wide	<u>\$ 19,924,585</u>	<u>\$ 20,323,316</u>	<u>\$ 20,765,300</u>	<u>\$ 22,152,769</u>	<u>\$ 23,145,643</u>
Change in Net Position					
Governmental Activities	\$ (684,656)	\$ (1,250,760)	\$ (2,036,060)	\$ (1,740,453)	\$ 573,744
Business-type Activities	69,820	58,551	100,463	126,698	68,769
Total District	<u>\$(614,836)</u>	<u>\$(1,192,209)</u>	<u>\$(1,935,597)</u>	<u>\$(1,613,755)</u>	<u>\$ 642,513</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,				
	2018	2019	2020	2021	2022
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 16,257,390	\$ 14,534,183	\$ 14,280,864	\$ 16,136,795	\$ 17,320,231
Special Education	4,279,100	4,470,193	5,504,592	4,244,851	4,698,632
Other Instruction	1,764,401	1,645,515	1,804,379	1,966,138	2,298,237
School-Sponsored Instruction	543,194	824,073	747,693	670,579	776,560
Support Services					
Tuition	1,463,570	1,730,757	1,799,150	1,676,168	1,423,741
Student & Instruction Related Services	4,339,060	5,026,671	5,947,403	6,038,563	6,174,874
General and Business Administrative Services	959,459	726,327	933,937	956,909	1,075,880
School Administrative Services	2,267,448	2,362,432	2,510,023	2,697,602	2,696,081
Central Services & Administrative					
Information Technology	953,909	1,274,615	1,680,552	1,463,018	1,441,795
Plant Operations and Maintenance	2,320,651	2,527,645	2,606,901	2,621,459	2,859,187
Pupil Transportation	660,955	749,559	741,171	544,713	964,963
Charter Schools	829,023	35,736	24,810	33,082	105,404
Capital Outlay	114,896	407,927	13,553	80,709	9,837
Interest on long-term debt	51,407	793,513	768,903	743,469	713,776
Total Governmental Activities Expenses	<u>36,804,463</u>	<u>37,109,146</u>	<u>39,363,931</u>	<u>39,874,055</u>	<u>42,559,198</u>
Business-type Activities					
Food Service	1,323,708	1,539,557	1,423,684	891,588	1,722,461
Summer Enrichment	725	1,975	836		
Summer Sports	750	825			
Total Business-type Activities Expense	<u>1,325,183</u>	<u>1,542,357</u>	<u>1,424,520</u>	<u>891,588</u>	<u>1,722,461</u>
Total District Expenses	<u>\$ 38,129,646</u>	<u>\$ 38,651,503</u>	<u>\$ 40,788,451</u>	<u>\$ 40,765,643</u>	<u>\$ 44,281,659</u>
Program Revenues					
Governmental Activities					
Charges for Services					
Student & Instruction Related Services				\$ 82,753	\$ 213,539
Tuition & Pupil Transportation	\$ 1,364,129	\$ 1,208,831	\$ 1,242,180	2,017,529	2,178,696
Operating Grants and Contributions	12,869,099	11,001,994	11,070,250	12,227,633	14,533,262
Total Governmental Activities Program Revenues	<u>14,233,228</u>	<u>12,210,825</u>	<u>12,312,430</u>	<u>14,327,915</u>	<u>16,925,497</u>
Business-type Activities:					
Charges for Services					
Food Service	212,074	248,505	201,469	2,605	115,761
Summer Enrichment	725	1,975	900		
Summer Sports	750	825			
Operating Grants and Contributions	1,179,739	1,196,738	1,072,650	977,189	2,003,647
Total Business-type Activities Program Revenues	<u>1,393,288</u>	<u>1,448,043</u>	<u>1,275,019</u>	<u>979,794</u>	<u>2,119,408</u>
Total District Program Revenues	<u>\$ 15,626,516</u>	<u>\$ 13,658,868</u>	<u>\$ 13,587,449</u>	<u>\$ 15,307,709</u>	<u>\$ 19,044,905</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,				
	2018	2019	2020	2021	2022
Net (Expense)/Revenue					
Governmental Activities	\$(22,571,235)	\$(24,898,321)	\$(27,051,501)	\$(25,546,140)	\$(25,633,701)
Business-type Activities	68,105	(94,314)	(149,501)	88,206	396,947
Total District-wide Net Expense	<u>\$(22,503,130)</u>	<u>\$(24,992,635)</u>	<u>\$(27,201,002)</u>	<u>\$(25,457,934)</u>	<u>\$(25,236,754)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes Levied for General Purposes, Net	\$ 13,680,017	\$ 13,680,017	\$ 13,261,017	\$ 13,261,017	\$ 13,037,373
Taxes Levied for Debt Service	537,092	537,092	537,092	537,092	760,542
Federal and State aid not restricted	9,605,112	12,625,558	14,571,783	15,488,894	19,134,974
Investment Earnings					
Miscellaneous Income	142,487	297,635	232,034	746,829	692,060
Insurance Reimbursement due to Losses from Hurricane Sandy					
Transfers	225	384	219	16	34
Total Governmental Activities	<u>23,964,933</u>	<u>27,140,686</u>	<u>28,602,145</u>	<u>30,033,848</u>	<u>33,624,983</u>
Business-type Activities					
Investment Earnings					
Miscellaneous	185	384	219	16	34
Other Items	(6,922)				
Transfers	(225)	(384)	(219)	(16)	(34)
Total Business-type Activities	<u>(6,962)</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total District-wide	<u>\$ 23,957,971</u>	<u>\$ 27,140,686</u>	<u>\$ 28,602,145</u>	<u>\$ 30,033,848</u>	<u>\$ 33,624,983</u>
Change in Net Position					
Governmental Activities	\$ 1,393,698	\$ 2,242,365	\$ 1,550,644	\$ 4,487,708	\$ 7,991,282
Business-type Activities	61,143	(94,314)	(149,501)	88,206	396,947
Total District	<u>\$ 1,454,841</u>	<u>\$ 2,148,051</u>	<u>\$ 1,401,143</u>	<u>\$ 4,575,914</u>	<u>\$ 8,388,229</u>

Source: School District Financial Reports

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

	June 30,				
	2013	2014	2015	2016	2017
General Fund					
Restricted	\$ 4,846,267	\$ 3,638,378	\$ 2,179,449	\$ 1,692,891	\$ 2,083,212
Assigned	556,617	415,345	1,325,094	875,872	620,225
Unassigned / (Deficit)					
Total General Fund	<u>\$ 5,402,884</u>	<u>\$ 4,053,723</u>	<u>\$ 3,504,543</u>	<u>\$ 2,568,763</u>	<u>\$ 2,703,437</u>
All Other Governmental Funds					
Restricted		\$ 1	\$ 23,439,965	\$ 15,643,721	\$ 6,757,778
Committed					
Unassigned / (Deficit)	<u>\$ (30,421)</u>	<u>(41,423)</u>	<u>(39,193)</u>	<u>(42,678)</u>	<u>(71,598)</u>
Total All Other Governmental Funds/(Deficit)	<u>\$ (30,421)</u>	<u>\$ (41,422)</u>	<u>\$ 23,400,772</u>	<u>\$ 15,601,043</u>	<u>\$ 6,686,180</u>
Total Governmental Funds	<u>\$ 5,372,463</u>	<u>\$ 4,012,301</u>	<u>\$ 26,905,315</u>	<u>\$ 18,169,806</u>	<u>\$ 9,389,617</u>

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

UNAUDITED  
(Continued)

	June 30,				
	2018	2019	2020	2021	2022
General Fund					
Restricted	\$ 4,103,782	\$ 3,267,593	\$ 3,160,048	\$ 4,676,033	\$ 8,818,169
Assigned					470,197
Unassigned / (Deficit)	(438,481)	(383,910)	(856,174)	313,339	
Total General Fund	<u>\$ 3,665,301</u>	<u>\$ 2,883,683</u>	<u>\$ 2,303,874</u>	<u>\$ 4,989,372</u>	<u>\$ 9,288,366</u>
All Other Governmental Funds					
Restricted	\$ 1,242,839	\$ 65,143	\$ 130,354	\$ 124,238	\$ 114,121
Committed			3,107,012		
Unassigned / (Deficit)	(71,350)	(71,704)	(105,860)	(142,188)	(157,758)
Total All Other Governmental Funds/(Deficit)	<u>\$ 1,171,489</u>	<u>\$ (6,561)</u>	<u>\$ 3,131,506</u>	<u>\$ (17,950)</u>	<u>\$ (43,637)</u>
Total Governmental Funds	<u>\$ 4,836,790</u>	<u>\$ 2,877,122</u>	<u>\$ 5,435,380</u>	<u>\$ 4,971,422</u>	<u>\$ 9,244,729</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,				
	2013	2014	2015	2016	2017
<b>Revenues:</b>					
Tax Levy	\$ 12,947,987	\$ 12,951,182	\$ 13,215,312	\$ 13,829,069	\$ 14,439,069
Tuition Charges	1,392,846	1,578,544	1,603,297	1,560,159	1,462,346
Interest Earnings	132				
Transportation Fees	34,458	39,719	40,877	51,222	50,575
Miscellaneous	148,455	171,852	278,790	147,295	703,422
State Sources	10,147,444	10,561,900	10,907,831	12,409,986	13,071,259
Federal Sources	1,367,431	1,631,842	1,564,502	1,989,233	1,891,421
<b>Total Revenue</b>	<b>26,038,753</b>	<b>26,935,039</b>	<b>27,610,609</b>	<b>29,986,964</b>	<b>31,618,092</b>
<b>Expenditures:</b>					
<b>Instruction</b>					
Regular Instruction	7,263,271	8,174,052	7,954,520	8,516,426	8,981,055
Special Education Instruction	2,323,453	2,593,085	2,360,167	2,857,226	2,311,633
Other Instruction	764,077	877,619	968,658	539,533	554,273
School-Sponsored				552,371	520,906
<b>Support Services</b>					
Tuition	1,653,671	2,323,753	2,263,257	1,658,891	1,873,933
Student & Other Instruction Related Services	1,904,266	2,100,703	2,615,307	2,589,664	2,322,676
School Administrative Services	593,598	646,825	981,259	1,140,120	1,289,527
General & Business Administrative Services	932,549	951,231	726,162	900,363	864,762
Central Services and Administrative					
Information Technology	463,224	706,343	541,686	668,299	760,823
Plant Operations and Maintenance	2,327,704	2,689,719	2,492,118	2,207,295	2,072,498
Pupil Transportation	443,737	508,445	545,229	580,826	672,548
Unallocated Benefits	5,132,037	5,157,841	5,709,500	6,520,465	6,799,458



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,				
	2013	2014	2015	2016	2017
Expenditures:					
Charter School	\$ 22,933	\$ 81,777	\$ 67,096	\$ 81,656	\$ 66,431
Capital Outlay	95,528	954,093	4,038,194	7,966,549	9,422,194
Debt Service:					
Principal	435,000	460,000	485,000	980,000	995,000
Interest and Other Charges	102,420	56,001	59,961	962,160	876,863
Total Expenditures	<u>24,457,468</u>	<u>28,281,487</u>	<u>31,808,114</u>	<u>38,721,844</u>	<u>40,384,580</u>
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	<u>1,581,285</u>	<u>(1,346,448)</u>	<u>(4,197,505)</u>	<u>(8,734,880)</u>	<u>(8,766,488)</u>
Other Financing Sources/(Uses)					
Financed Purchases (Non-budgeted)					
Bond Proceeds	\$ 135,763		\$ 27,140,000		\$ (13,701)
Transfers in	(144,226)	\$ (13,714)	(49,481)	\$ (630)	
Transfers out					
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>	<u>(13,701)</u>
Net Change in Fund Balances	<u>\$ 1,617,919</u>	<u>\$ (1,360,162)</u>	<u>\$ 22,893,014</u>	<u>\$ (8,735,510)</u>	<u>\$ (8,780,189)</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>2.21%</u>	<u>1.89%</u>	<u>1.96%</u>	<u>6.31%</u>	<u>6.05%</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,				
	2018	2019	2020	2021	2022
<b>Revenues:</b>					
Tax Levy	\$ 14,217,109	\$ 14,217,109	\$ 13,798,109	\$ 13,798,109	\$ 13,797,915
Tuition Charges	1,333,378	1,180,927	1,215,737	2,010,047	2,092,266
Interest Earnings			5,500	682	1,374
Transportation Fees	30,751	27,904	26,443	7,482	86,430
Miscellaneous	150,657	312,238	239,052	828,900	884,958
State Sources	14,908,052	19,516,798	21,836,817	24,409,688	30,756,604
Federal Sources	1,803,398	2,016,129	1,524,999	2,050,430	4,020,861
<b>Total Revenue</b>	<b>32,443,345</b>	<b>37,271,105</b>	<b>38,646,657</b>	<b>43,105,338</b>	<b>51,640,408</b>
<b>Expenditures:</b>					
<b>Instruction</b>					
Regular Instruction	8,974,085	9,380,640	9,292,118	10,482,851	12,140,452
Special Education Instruction	2,504,930	2,962,305	4,117,313	2,827,132	3,159,575
Other Instruction	579,886	712,757	763,300	822,902	1,066,868
School-Sponsored	543,194	824,073	747,693	670,579	776,560
<b>Support Services</b>					
Tuition	1,463,570	1,730,757	1,799,150	1,676,168	1,423,741
Student & Other Instruction Related Services	2,447,189	3,349,511	3,980,938	3,855,661	4,129,710
School Administrative Services	1,193,250	1,423,881	1,535,414	1,627,645	1,631,568
General & Business Administrative Services	777,381	794,333	827,182	822,135	958,113
Central Services and Administrative					
Information Technology	805,054	1,110,170	1,390,536	1,127,820	1,109,895
Plant Operations and Maintenance	2,251,237	2,346,508	2,405,646	2,392,788	2,545,771
Pupil Transportation	587,167	678,151	672,630	464,697	872,843
Unallocated Benefits	7,086,206	7,840,625	8,382,789	10,654,626	13,142,543

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,				
	2018	2019	2020	2021	2022
Expenditures:					
Charter School	\$ 51,406	\$ 35,736	\$ 24,810	\$ 33,082	\$ 105,404
Capital Outlay	5,837,879	4,137,447	5,883,338	4,486,663	2,675,629
Debt Service:					
Principal	1,050,000	1,095,000	830,000	870,000	900,000
Interest and Other Charges	843,963	809,263	779,463	754,563	728,463
Total Expenditures	<u>36,996,397</u>	<u>39,231,157</u>	<u>43,432,320</u>	<u>43,569,312</u>	<u>47,367,135</u>
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	<u>(4,553,052)</u>	<u>(1,960,052)</u>	<u>(4,785,663)</u>	<u>(463,974)</u>	<u>4,273,273</u>
Other Financing Sources/(Uses)					
Financed Purchases (Non-budgeted)			\$ 7,000,000		
Bond Proceeds					
Transfers in	\$ 225	\$ 384	219	\$ 16	\$ 34
Transfers out					
Insurance Reimbursement due to Losses from Hurricane Sandy					
Total Other Financing Sources/(Uses)	<u>225</u>	<u>384</u>	<u>7,000,219</u>	<u>16</u>	<u>34</u>
Net Change in Fund Balances	<u>\$ (4,552,827)</u>	<u>\$ (1,959,668)</u>	<u>\$ 2,214,556</u>	<u>\$ (463,958)</u>	<u>\$ 4,273,307</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>6.08%</u>	<u>5.43%</u>	<u>4.29%</u>	<u>4.16%</u>	<u>3.64%</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>
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
2022	1,528	2,092,266	86,430	671,265	2,851,489

Source: School District of the Borough of Bound Brook records

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
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
2021	18,961,600	692,522,500	143,433,500	1,883,800	68,003,200	924,804,600	7,734,706	932,539,306	1.480	925,759,882

\* Revaluation Year

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

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

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

Source: Municipal Tax Assessor

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

Year Ended December 31,	School District of the Borough of Bound Brook Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Municipality	County	
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
2021	1.398	0.082	1.480	0.957	0.391	2.828

\* 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

	2021		2012		
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value	
Bound Brook LLC	\$ 35,769,600	3.87%	\$ 20,500,000	2.42%	
Middle Brook Center LLC	22,000,000	2.38%	16,500,000	1.95%	
Garfield Park Assoc LLC	7,918,000	0.86%	7,787,577	0.92%	
Bell Atlantic c/o Duff & Phelps	7,734,706	0.84%	4,320,000	0.51%	
Bragg Norton LLC	6,859,500	0.74%	4,260,000	0.50%	
Somerset Savings & Loan Assoc	4,067,300	0.44%	3,712,300	0.44%	
Bound Brook Holdings LLC	4,000,000	0.43%	3,520,000	0.42%	
Effinger Plaza LLC	3,827,300	0.41%	3,107,500	0.37%	
East High St Properties Inc	3,100,000	0.34%	2,873,600	0.34%	
Effinger Plaza LLC	2,988,600	0.32%	2,808,000	0.33%	
Total	\$ 98,265,006	10.63%		8.19%	

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy <sup>a</sup>	
		Amount	Percentage of Levy
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%
2022	13,797,915	13,797,915	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 <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Obligations Under Financed Purchases	Financed Purchases				
2013	\$ 1,640,000	\$ 445,000	\$ -0-	\$ -0-	\$ -0-	2,085,000	0.25%	\$ 26
2014	1,395,000	230,000	-0-	-0-	-0-	1,625,000	0.19%	19.49
2015	28,280,000	-0-	-0-	-0-	-0-	28,280,000	3.09%	319.91
2016	27,300,000	-0-	-0-	-0-	-0-	27,300,000	2.86%	295.61
2017	26,305,000	-0-	500,000	-0-	-0-	26,805,000	2.62%	270.18
2018	25,255,000	-0-	398,814	-0-	-0-	25,653,814	2.39%	245.21
2019	24,160,000	-0-	-0-	-0-	-0-	24,160,000	2.14%	218.71
2020	23,330,000	-0-	5,582,575	-0-	-0-	28,912,575	2.52%	256.26
2021	22,460,000	-0-	4,392,975	-0-	-0-	26,852,975	2.00%	238.01
2022	21,560,000	-0-	3,174,824	-0-	-0-	24,734,824	1.84%	219.23

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation <sup>a</sup> Taxable	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ 1,640,000	\$ - 0 -	\$ 1,640,000	0.20%	\$ 156.82
2014	1,395,000	- 0 -	1,395,000	0.17%	133.86
2015	28,280,000	- 0 -	28,280,000	4.15%	2,727.62
2016	27,300,000	- 0 -	27,300,000	3.83%	2,643.81
2017	26,305,000	- 0 -	26,305,000	3.61%	2,551.65
2018	25,255,000	- 0 -	25,255,000	3.46%	2,458.86
2019	24,160,000	- 0 -	24,160,000	3.21%	2,366.77
2020	23,330,000	- 0 -	23,330,000	2.98%	2,296.49
2021	22,460,000	- 0 -	22,460,000	2.69%	1,884.39
2022	21,560,000	- 0 -	21,560,000	2.31%	1,808.88

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, 2021  
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Borough of Bound Brook	\$ 23,160,160	100.00%	\$ 23,160,160
Somerset County General Obligation Debt	268,745,720	1.38%	<u>3,713,659</u>
Subtotal, Overlapping Debt			26,873,819
Bound Brook School District Direct Debt			<u>22,460,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 49,333,819</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 2022

	Equalized valuation basis
	2019    \$    812,290,493
	2020            862,701,253
	2021            954,587,737
	\$    2,629,579,483
Average Equalized Valuation of Taxable Property	\$    876,526,494
Debt Limit (4% of average equalization value)	35,061,060
Net Direct School Debt	21,560,000
Legal Debt Margin	\$    13,501,060

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt Limit	\$ 33,121,740	\$ 31,070,746	\$ 29,950,683	\$ 29,201,843	\$ 29,312,284
Total Net Debt Applicable to Limit	2,085,000	1,625,000	28,280,000	27,300,000	26,305,000
Legal Debt Margin	\$ 31,036,740	\$ 29,445,746	\$ 1,670,683	\$ 1,901,843	\$ 3,007,284
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	6.29%	5.23%	94.42%	93.49%	89.74%

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt Limit	\$ 30,402,241	\$ 31,281,121	\$ 32,336,845	\$ 33,087,158	\$ 35,061,060
Total Net Debt Applicable to Limit	25,255,000	24,160,000	23,330,000	22,460,000	21,560,000
Legal Debt Margin	\$ 5,147,241	\$ 7,121,121	\$ 9,006,845	\$ 10,627,158	\$ 13,501,060
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	83.07%	77.24%	72.15%	67.88%	61.49%

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

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

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

Year	Population <sup>a</sup>	Borough of Bound Brook Personal Income <sup>b</sup>	Somerset County Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2013	10,458	\$ 824,791,086	\$ 78,867	8.5%
2014	10,421	868,965,506	83,386	5.1%
2015	10,368	916,520,832	88,399	4.7%
2016	10,326	953,626,752	92,352	4.3%
2017	10,309	1,022,755,890	99,210	4.3%
2018	10,271	1,074,552,020	104,620	4.1%
2019	10,208	1,127,636,928	110,466	3.5%
2020	10,159	1,146,189,175	112,825	9.2%
2021	11,919	1,344,761,175 ***	112,825 *	5.9%
2022	11,919 **	1,344,761,175 ***	112,825 *	N/A

\* - Latest Somerset County per capita personal income available (2020) was used for calculation purposes.

\*\* - Latest population data available (2021) was used for calculation purposes.

\*\*\* - Latest Borough personal income available (2020) and latest population data available (2021) were used for calculation purposes.

N/A - Not Available

Source:

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

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

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

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

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

Employer	2022		
	Employees	Rank	Percentage of Total Employment
Amazon	2,000	1	N/A
AT&T Labs	2,000	2	N/A
Baush & Lomb	400	3	N/A
Catalent	195	4	N/A
Eli Lilly	27	5	N/A
Haleon	100	6	N/A
MetLife	120	7	N/A
Morgan Stanley	26	8	N/A
PSE&G	150	9	N/A
SHI International	10	10	
	5,028		
Employer	2013		
	Employees	Rank	Percentage of Total Employment
N/A	N/A	1	N/A
N/A	N/A	2	N/A
N/A	N/A	3	N/A
N/A	N/A	4	N/A
N/A	N/A	5	N/A
N/A	N/A	6	N/A
N/A	N/A	7	N/A
N/A	N/A	8	N/A
N/A	N/A	9	N/A
N/A	N/A	10	N/A
	-		

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>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>	<u>2022</u>
Instruction										
Regular	89.2	101.7	102.2	108.9	114.6	102.4	105.7	120.0	117.9	113.9
Special education	18.6	21.0	22.4	26.6	28.2	29.0	32.8	33.9	45.3	34.3
Other special education	12.0	10.6	7.5	10.1	9.6	10.0	0.0	0.0	0.0	0.0
Other instruction	10.6	13.4	15.6	16.5	16.2	14.7	20.6	25.0	29.0	29.0
Support Services:										
Student and instruction related services	29.8	30.0	42.0	40.4	33.3	28.3	34.3	39.0	41.0	45.0
General administrative services	2.3	2.5	2.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0
School administrative services	15.4	9.9	12.2	14.2	14.7	13.7	15.7	17.5	18.0	19.0
Business administrative services	5.3	7.3	7.3	5.6	6.8	7.3	9.0	9.0	8.0	8.0
Plant operations and maintenance	19.8	18.8	18.5	22.0	22.0	10.3	12.3	11.0	17.0	12.0
Pupil transportation	4.3	3.7	4.2	3.4	3.4	3.4	3.0	5.7	6.0	8.4
<b>Total</b>	<b>207.3</b>	<b>218.9</b>	<b>234.4</b>	<b>251.7</b>	<b>252.8</b>	<b>223.1</b>	<b>237.4</b>	<b>265.1</b>	<b>286.2</b>	<b>273.6</b>

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

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle/High				
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%
2022	1,942	44,596,544	22,964	18.93%	184	1:15.22	1:10.54	1,950.2	1,812.5	1.97%	92.94%

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>District Building</u>										
<u>Elementary</u>										
LaMonte Elementary (1913)										
Square Feet	28,800	28,800	28,800	28,800	28,800	28,800	28,800	28,800	28,800	28,800
Capacity (students)	139	139	139	139	139	139	139	139	139	139
Enrollment	133	169	238	186	155	149	154	155	147	118
LaMonte Annex (2006)										
Square Feet	30,240	30,240	30,240	30,240	30,240	20,240	20,240	20,240	20,240	20,240
Capacity (students)	256	256	256	256	256	256	256	256	256	256
Enrollment	344	333	340	218	234	238	243	244	231	120
Lafayette Elementary (1962)										
Square Feet	39,640	39,640	39,640	39,640	39,640	39,640	39,640	39,640	39,640	39,640
Capacity (students)	226	266	266	266	266	866	866	866	866	866
Enrollment	353	378	327	264	293	282	263	294	298	252
Smalley Elementary School (1957)										
Square Feet	42,877	42,877	42,877	42,877	42,877	42,877	42,877	42,877	42,877	42,877
Capacity (students)	356	356	356	356	356	356	356	356	356	356
Enrollment	293	321	358	373	373	377	397	357	345	552
<u>Middle School</u>										
Community Middle School (2014) *										
Square Feet				44,937	44,937	44,937	44,937	44,937	44,937	44,937
Capacity (students)				335	335	335	335	335	335	335
Enrollment				227	240	251	255	338	339	299
<u>High School</u>										
Bound Brook High School (1907)										
Square Feet	118,025	118,025	118,025	119,595	119,595	119,595	119,595	119,595	119,595	119,595
Capacity (students)	869	869	869	869	869	869	869	869	869	869
Enrollment	483	510	537	564	593	586	581	590	580	601
<u>Board of Education Administrative Building</u>										
Square Feet					1,649	1,649	1,649	1,649	1,649	1,649
Number of Schools at June 30, 2022										
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	Lafayette	LaMonte	Smalley	LaMonte	Community	Administration Building	Total
	Brook High School	Elementary School	Elementary School	Elementary School	School Annex	Middle School		
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
2022	147,703	45,882	28,607	126,976	42,911	54,762		446,841

\* 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, 2022  
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
New Jersey Schools Insurance Group		
Package Policy:		
Blanket Real and Personal Property	\$ 92,315,446	\$ 5,000
Comprehensive General Liability	31,000,000	
Computer Equipment	500,000,000	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	0
Treasurer of School Moneys	350,000	0
Environmental (add'l mold)	1mil/1mil	10,000
Beazley		

Source: District's Records

SINGLE AUDIT SECTION

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 "Office"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bound Brook School District (the "District"), in the County of Somerset, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 30, 2023.

**Report on 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 or significant deficiencies may exist that were not identified.

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

**Report on 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.

January 30, 2023  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*

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



Mount Arlington, NJ  
 Newton, NJ  
 Bridgewater, NJ  
 973.298.8500  
 nisivoccia.com  
 Independent Member  
 BKR International

Report on Compliance For Each Major Federal and State Program;  
 Report on Internal Control Over Compliance Required by the Uniform Guidance and NJOMB 15-08

Independent Auditors' Report

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

**Report on Compliance for Each Major Federal and State Program**

***Opinion on Each Major Federal and State Program***

We have audited the Bound Brook School District (the District's) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, the District complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal and State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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*. Our responsibilities under those standards, the Uniform Guidance and New Jersey's OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

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

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey's OMB Circular 15-08, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey's OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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.



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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 New Jersey’s OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

January 30, 2023  
Mount Arlington, New Jersey

*Nisivoccia LLP*  
NISIVOCCIA LLP

*Valerie A. Dolan*

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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, 2022**

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2022		
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable				Budgetary Unearned Revenue		
<b>Special Revenue Fund:</b>													
<b>Elementary and Secondary Education Act</b>													
Title I				\$	737,462		7/1/21-9/30/22	\$	576,038	\$	(712,813)	\$	(136,775)
Title I	84.010A	ESE/A049022			859,902		7/1/20-9/30/21		369,004		(15,362)		(21,919)
Title I, SIA	84.010A	ESE/A049022			15,627		7/1/21-9/30/22				(15,362)		(15,362)
Title I, SIA	84.010A	ESE/A049021			12,780		7/1/20-9/30/21		7,153				(5,716)
Title I, Reallocation	84.010A	ESE/A049021			25,136		7/1/20-9/30/21		952,195		(728,175)		(179,772)
Total Title I													
Title II, Part A	84.367A	ESE/A049022			79,982		7/1/21-9/30/22		64,855		(79,982)		(15,127)
Title II, Part A	84.367A	ESE/A049021			96,971		7/1/20-9/30/21		3,750		(3,399)		(3,399)
Total Title II, Part A									68,605		(79,982)		(18,526)
Title III	84.365A	ESE/A049022			77,915		7/1/21-9/30/22		32,330		(67,508)		(35,178)
Title III	84.365A	ESE/A049021			70,981		7/1/20-9/30/21		8,894		(612)		(12,990)
Title III - Immigrant	84.365A	ESE/A049022			612		7/1/21-9/30/22				(612)		(612)
Title III - Immigrant	84.365A	ESE/A049021			11,915		7/1/20-9/30/21		11,303		(11,303)		
Total Title III									52,527		(79,423)		(48,780)
Title IV	84.186A	ESE/A049022			61,122		7/1/21-9/30/22		2,957		(61,122)		(58,165)
Title IV	84.186A	ESE/A049021			23,877		7/1/20-9/30/21		991				
Total Title IV									3,948		(61,122)		(58,165)
Subtotal Elementary and Secondary Education Act									1,077,275		(948,702)		(305,243)
<b>Education Stabilization Fund:</b>													
COVID-19 CARES Emergency Relief	84.425D	CARES049020			662,207		3/13/20-9/30/22		307,321		(273,393)		(32,533)
COVID-19 - CRRSA:													
ESSER II	84.425D	S425D210027			2,573,788		3/13/20-9/30/23		1,569,663		(2,004,272)		(434,609)
Total Education Stabilization Fund									1,876,984		(2,277,665)		(467,142)
<b>Special Education Cluster:</b>													
I.D.E.A. Part B, Basic	84.027	IDE/A049022			539,206		7/1/21-9/30/22		539,206		(539,206)		
I.D.E.A. Part B, Basic	84.027	IDE/A049021			482,130		7/1/20-9/30/21		87,616				(4,666)
COVID 19 - I.D.E.A. Basic - ARP	84.027X	IDE/A049022			105,577		7/1/21-9/30/22		105,577		(101,146)		\$ 4,431
I.D.E.A. Part B, Preschool	84.173	IDE/A049022			20,952		7/1/21-9/30/22		6,252		(20,952)		(14,700)
I.D.E.A. Part B, Preschool	84.173	IDE/A049021			16,197		7/1/20-9/30/21		890				
COVID 19 - I.D.E.A. Preschool - ARP	84.173X	IDE/A049022			8,946		7/1/21-9/30/22		8,946		(8,946)		
Total Special Education Cluster									748,487		(670,250)		(19,366)
Total Special Revenue Fund									3,702,746		(3,896,617)		(791,751)
													4,431

**BOROUGH OF BOUND BROOK SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor Program Title/Cluster Title	Assistance Listing Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2022		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
<b>General Fund:</b>												
U.S. Department of Health and Human Services:												
Medicaid Assistance Program	93.778	N/A	7/1/21-6/30/22	\$ 75,321			\$ 75,321	\$ (75,321)				
Total U.S. Department of Health and Human Services							75,321	(75,321)				
U.S. Department of Homeland Security:												
Passed-through State Department of Law and Public Safety: COVID 19 - Public Assistance Grant FEMA	97.036	N/A	3/13/20-6/30/22	19,267			19,267	(19,267) *				
Total U.S. Department of Homeland Security							19,267	(19,267)				
Total General Fund							94,588	(94,588)				
<b>Enterprise Fund: U.S. Department of Agriculture Passed Through State Department of Agriculture:</b>												
<b>Child Nutrition Cluster:</b>												
Food Distribution Program	10.555	N/A	7/1/21-6/30/22	90,298			90,298	(81,007)			\$ 9,291	
Food Distribution Program	10.555	N/A	7/1/20-6/30/21	31,765				(8,490)				
After School Snack Program	10.555	N/A	7/1/21-6/30/22	9,348			9,348	(9,348)				
COVID 19 - Seamless Summer Option - Breakfast	10.553	N/A	7/1/21-6/30/22	620,453			567,238	(620,453)			\$ (53,215)	
COVID 19 - Seamless Summer Option - Lunch	10.555	N/A	7/1/21-6/30/22	1,169,500			1,087,206	(1,169,500)			(82,294)	
COVID 19 - Seamless Summer Option	10.555	N/A	7/1/20-6/30/21	939,835			118,571					
COVID 19 - Emergency Operational Cost Reimbursement Program	10.555	N/A	7/1/21-6/30/22	82,647			82,647	(82,647)				
Total Child Nutrition Cluster							1,955,308	(1,971,445)			(135,509)	
COVID 19 - P-EBT Cost Reimbursement	10.649	N/A	7/1/21-6/30/22	6,198			6,198	(6,198)				
Total U.S. Department of Agriculture/ Enterprise Fund							1,961,506	(1,977,643)			(135,509)	
Total Federal Awards							\$ 5,758,840	\$ (5,968,848)	\$ -0-		\$ (927,260)	\$ -0-

N/A - Not Applicable/Available  
\* - Expended in a prior year.

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, 2022

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021			Balance at June 30, 2022			MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Adjustments	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable
New Jersey Department of Education											
General Fund:											
Categorical Special Education Aid	22-495-034-5120-089	7/1/21 - 6/30/22	\$ 1,574,377	\$	\$	\$	\$ 1,417,612	\$ (1,574,377)	\$	\$ (156,765)	\$ 1,574,377
Equalization Aid	22-495-034-5120-078	7/1/21 - 6/30/22	17,595,347				15,843,330	(17,595,347)		(1,752,017)	17,595,347
Categorical Security Aid	22-495-034-5120-084	7/1/21 - 6/30/22	784,650				706,520	(784,650)		(78,130)	784,650
School Choice Aid	22-495-034-5120-068	7/1/21 - 6/30/22	286,944				258,372	(286,944)		(28,572)	286,944
Categorical Transportation Aid	22-495-034-5120-014	7/1/21 - 6/30/22	124,699				112,282	(124,699)		(12,417)	124,699
Extraordinary Aid	22-495-034-5120-044	7/1/21 - 6/30/22	724,140					(724,140)		(724,140)	724,140
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21 - 6/30/22	1,111,654				1,057,122	(1,111,654)		(54,532)	1,111,654
Categorical Special Education Aid	21-495-034-5120-089	7/1/20 - 6/30/21	1,574,377	\$	\$	\$	1,562,234	(1,574,377)			1,574,377
Equalization Aid	21-495-034-5120-078	7/1/20 - 6/30/21	13,511,055				1,340,780	(13,511,055)			13,511,055
Categorical Security Aid	21-495-034-5120-084	7/1/20 - 6/30/21	784,650				77,865	(784,650)			784,650
School Choice Aid	21-495-034-5120-068	7/1/20 - 6/30/21	410,725				40,759	(410,725)			410,725
Categorical Transportation Aid	21-495-034-5120-014	7/1/20 - 6/30/21	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
Reimbursed TPAF Social Security Contributions	21-495-034-5094-003	7/1/20 - 6/30/21	1,078,915				54,821	(1,078,915)			1,078,915
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21 - 6/30/22	1,289,278				1,289,278	(1,289,278)			1,289,278
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21 - 6/30/22	5,441,445				5,441,445	(5,441,445)			5,441,445
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21 - 6/30/22	76,771				76,771	(76,771)			76,771
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21 - 6/30/22	3,677				3,677	(3,677)			3,677
Total General Fund							28,248,776	(29,012,982)		(2,806,573)	47,247,654
Special Revenue Fund											
Preschool Education Aid	22-495-034-5120-025	7/1/21 - 6/30/22	1,584,352				1,426,594	(1,562,097)	\$	322,255	1,262,097
Preschool Education Aid	21-495-034-5120-025	7/1/20 - 6/30/21	1,432,833				142,188			427,757	1,005,076
Preschool Education Aid	20-495-034-5120-025	7/1/19 - 6/30/20	1,080,562				224,064			224,064	856,498
Preschool Education Aid	19-495-034-5120-025	7/1/18 - 6/30/19	719,882				147,476			147,476	402,873
School Development Authority: Emergent and Capital Maintenance Needs	N/A	7/1/21 - 6/30/22	44,158				44,158	(44,158)			44,158
Total Special Revenue Fund							1,612,940	(1,306,255)		1,121,552	3,570,702
Debt Service Fund: School Building Aid	22-495-034-5120-017	7/1/21 - 6/30/22	867,921				867,921	(867,921)			867,921
Total Debt Service Fund							867,921	(867,921)			867,921
Total New Jersey Department of Education							30,729,637	(31,187,158)		1,121,552	51,686,277

**BOROUGH OF BOUND BROOK SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2021		Cancellation	Cash Received	Budgetary Expenditures	Balance at June 30, 2022		MEMO	
				Budgetary Accounts Receivable	Budgetary Deferred Revenue				GAAP Accounts Receivable	Budgetary Deferred Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
<b>New Jersey Department of Agriculture:</b>												
<b>Enterprise Fund:</b>												
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21 - 6/30/22	\$ 26,004				\$ 24,110	\$ (26,004)	\$ (1,894)	\$ (1,894)	\$ (1,894)	\$ 26,004
Total Enterprise Fund							24,110	(26,004)	(1,894)	(1,894)	(1,894)	26,004
Total New Jersey Department of Agriculture							24,110	(26,004)	(1,894)	(1,894)	(1,894)	26,004
Total State Awards Subject to Single Audit Determination				\$ (2,184,555)	\$ 799,167	\$ 130	\$ 30,753,747	\$ (31,213,162)	\$ (780,566)	\$ 1,121,552	\$ (2,966,225)	\$ 51,712,281
<b>Less: State Awards Not Subject to Single Audit Major Program Determination</b>												
<b>On-Behalf TPAF Pension System Contributions:</b>												
On-Behalf TPAF Post Retirement Contributions	22-495-034-5094-001	7/1/21 - 6/30/22	(1,289,278)					\$ 1,289,278				
On-Behalf TPAF Pension Contributions	22-495-034-5094-002	7/1/21 - 6/30/22	(5,441,445)					5,441,445				
On-Behalf TPAF Non-Contributory Insurance	22-495-034-5094-004	7/1/21 - 6/30/22	(76,771)					76,771				
On-Behalf TPAF Long-Term Disability Insurance	22-495-034-5094-004	7/1/21 - 6/30/22	(3,677)					3,677				
Subtotal - On-Behalf TPAF Pension System Contribution								6,811,171				
Total State Awards Subject to Single Audit Major Program Determination								\$ (24,401,991)				

N/A - Not Applicable/Available

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022. 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 (\$399,888) for the general fund and (\$1,010) 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, 2022  
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 94,588	\$ 28,613,094	\$ 28,707,682
Special Revenue Fund	3,926,273	1,275,589	5,201,862
Debt Service Fund		867,921	867,921
Food Service Fund	1,977,643	26,004	2,003,647
Total Awards	<u>\$ 5,998,504</u>	<u>\$ 30,782,608</u>	<u>\$ 36,781,112</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2022.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 Required by the Uniform Guidance and NJOMB 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported 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:

	Assistance Listing Number/ <u>State Grant Number</u>	<u>Grant Period</u>	Award Amount	Budgetary Expenditures
<u>Federal:</u>				
Education Stabilization Fund:				
COVID-19 CARES Emergency Relief	84.425D	3/13/20 - 9/30/22	\$ 662,207	\$ 273,393
COVID-19 - CRRSA ESSER II	84.425D	3/13/20 - 9/30/23	2,573,788	2,004,272
<u>State:</u>				
General Fund State Aid:				
Categorical Special Education Aid	22-495-034-5120-089	7/1/21 - 6/30/22	1,574,377	1,574,377
Equalization Aid	22-495-034-5120-078	7/1/21 - 6/30/22	17,595,347	17,595,347
Categorical Security Aid	22-495-034-5120-084	7/1/21 - 6/30/22	784,650	784,650
School Choice Aid	22-495-034-5120-068	7/1/21 - 6/30/22	286,944	286,944
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21 - 6/30/22	1,111,654	1,111,654



BOROUGH OF BOUND BROOK SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(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, 2022

Status of Prior Year Findings:

The District had no prior year findings.