

**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, 2023**

**Annual Comprehensive
Financial Report**

of the

**BOROUGH OF BOUND BROOK
SCHOOL DISTRICT**

Bound Brook, New Jersey

For the Fiscal Year Ended June 30, 2023

**Prepared by
Michael C. Gorski, CPA Business Administrator/Board Secretary
Bound Brook Borough Board of Education
and the Business Office Staff**

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INTRODUCTORY SECTION
(UNAUDITED)

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

November 10, 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, 2023 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 annual comprehensive 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 2022-2023 school year with an average daily enrollment of 2,031 students, which is increase of 89 students less than last year.

2. ECONOMIC CONDITION AND OUTLOOK

The School District is one of the most underfunded public school systems in the State and faces some difficult economic situations in the future since the primary funding source is property tax revenue 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 increasing enrollment. The district has engaged a Demographer who updated the enrollment projections, including a five-year projection, to assist in facilities planning. The increase of student enrollment has required adding additional staff and resources to support the increased students. There is a strong need for bilingual staff to assist with our increasing Spanish speaking population. The district is near completion of the construction of a new cafeteria, and kitchen, at Lafayette School required for student enrollment increases over time. The construction cost of the project is \$4,364,000. The district is also near completion of HVAC upgrades at all four elementary schools. The construction costs of the projects are \$5,647,000. Both projects were financed through the General Fund Budget and no external financing was required.

The district has received a 22% increase in General Fund State Aid of \$4.5 million dollars, compared to the previous year, as stipulated under the modification to the School Funding Formula "S-2".

The district had applied for fourteen (14) Regular Operating Districts (ROD) grants, from the NJDOE, and the district has received Preliminary Eligible Cost Letters approving boiler replacement projects at the High School, Smalley School, Lamonte School, and Lafayette School, estimated to cost \$4,635,040. The district has been approved for 66.2319% reimbursement of eligible costs and no external financing was required.

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.

3. MAJOR INITIATIVES (Cont'd)

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.

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, 2023.

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.

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

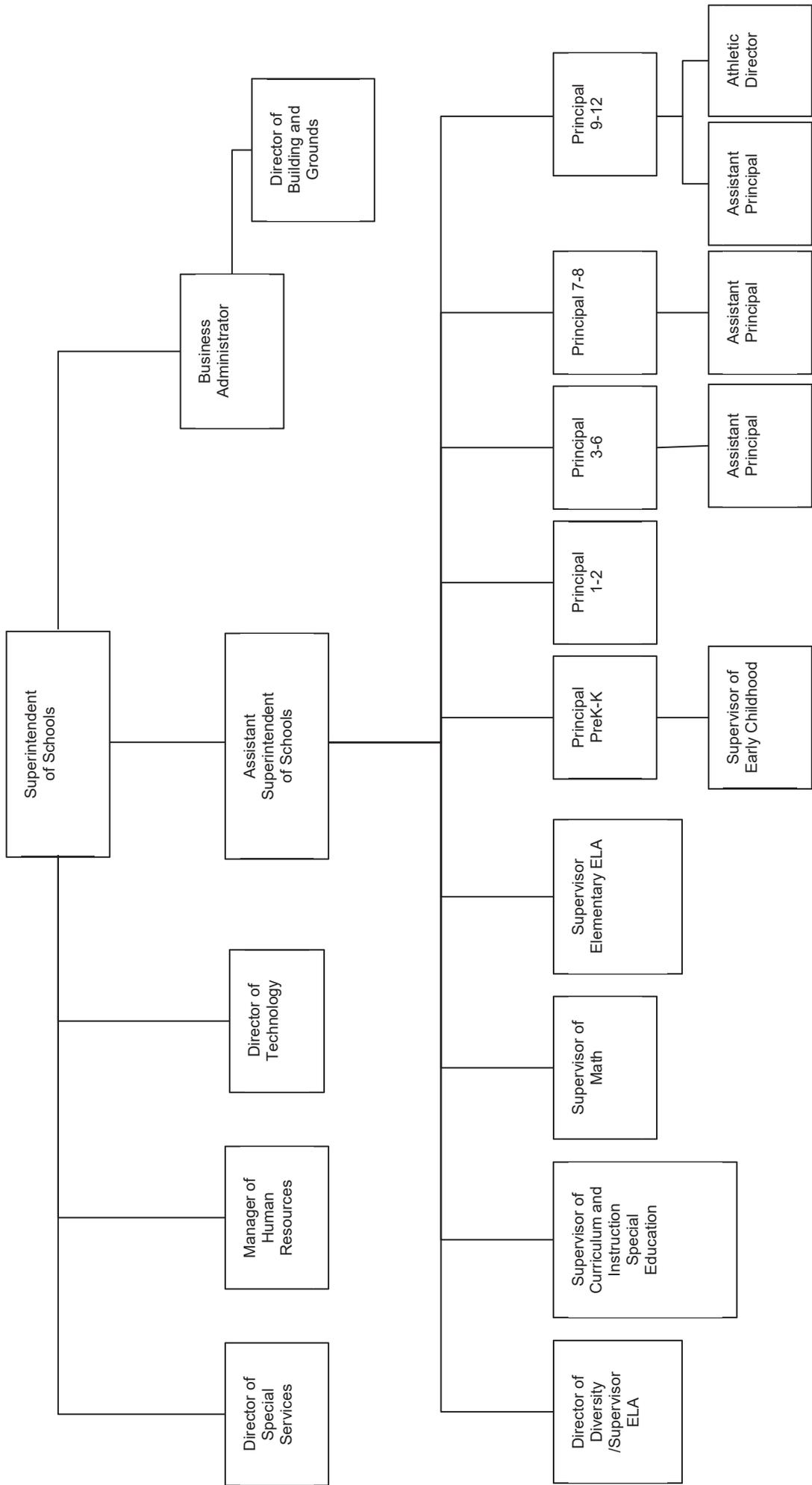


Dr. Alvin L. Freeman
Superintendent



Michael C. Gorski, CPA
Business Administrator/Board Secretary

BOUND BROOK BOARD OF EDUCATION
Organizational Chart
Fiscal Year Ended June 30, 2023



Bound Brook Board of Education
Bound Brook, New Jersey

ROSTER OF OFFICIALS
JUNE 30, 2023

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Richard Januzzi, President	2024
Michael Bal, Vice President	2023
Donald Vollmer	2023
Sidney Dawson	2025
Lisa Guzzino	2024
Gagandeep Minhas	2025
Joanna Musson	2025
Therese Sue High	2024
Roger Zupko	2023
Edith Lima, South Bound Brook Representative	2023

OTHER OFFICIALS

Dr. Alvin Freeman, Superintendent

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

DI Group Architecture
15 Bethany Street
New Brunswick, NJ 08901

Design Group Architects AIA Inc.
371 Hoes Lane Suite 301
Piscataway, NJ 08854

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, 2023, 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, 2023, 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 November 10, 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.

November 10, 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, 2023

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, 2023. 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

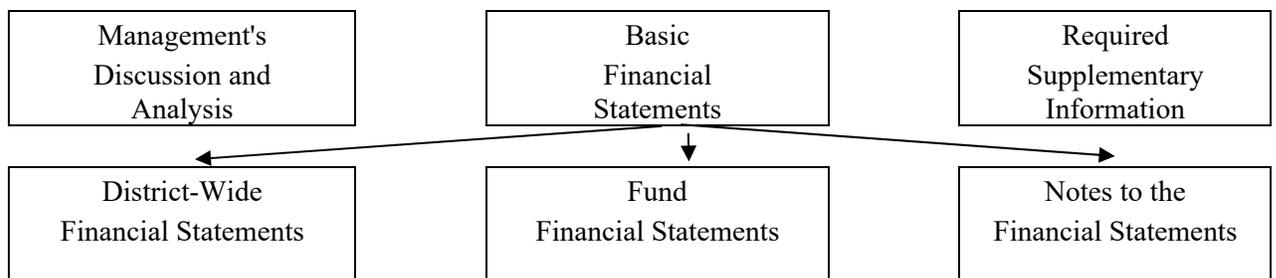
This annual report consists of three parts: management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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, 2023

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,
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position
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, subscription 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, 2023

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 liabilities) 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, 2023

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, 2023 increased by \$11,681,869 from the previous year. The net position from governmental activities increased \$11,568,751 and the net position from business-type activities increased \$95,118. The net investment in capital assets increased by \$12,240,908. Restricted net position decreased by \$786,906. Unrestricted net position increased by \$227,867.

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/2023	(Restated) 2021/2022	2022/2023	(Restated) 2021/2022	2022/2023	(Restated) 2021/2022	
Current and Other Assets	\$ 11,136,188	\$ 11,453,515	\$ 969,018	\$ 699,039	\$ 12,105,206	\$ 12,152,554	
Capital Assets, Net	49,842,782	39,842,617	247,103	193,747	50,089,885	40,036,364	
Total Assets	60,978,970	51,296,132	1,216,121	892,786	62,195,091	52,188,918	19.17%
Deferred Outflows of Resources	1,468,462	1,339,657			1,468,462	1,339,657	9.61%
Other Liabilities	4,285,158	2,943,917	245,330	17,113	4,530,488	2,961,030	
Long-Term Liabilities	27,817,692	28,802,506			27,817,692	28,802,506	
Total Liabilities	32,102,850	31,746,423	245,330	17,113	32,348,180	31,763,536	1.84%
Deferred Inflows of Resources	1,515,828	3,647,363			1,515,828	3,647,363	-58.44%
Net Position:							
Net Investment in							
Capital Assets	27,295,345	15,107,793	247,103	193,747	27,542,448	15,301,540	
Restricted	8,145,384	8,932,290			8,145,384	8,932,290	
Unrestricted / (Deficit)	(6,611,975)	(6,798,080)	723,688	681,926	(5,888,287)	(6,116,154)	
Total Net Position	\$ 28,828,754	\$ 17,242,003	\$ 970,791	\$ 875,673	\$ 29,799,545	\$ 18,117,676	64.48%

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,979,377	\$ 2,392,235	\$ 399,625	\$ 115,761	\$ 3,379,002	\$ 2,507,996	
Operating Grants & Contributions	18,015,979	14,533,262	1,731,207	2,003,647	19,747,186	16,536,909	
General Revenue:							
Property Taxes	13,828,802	13,797,915			13,828,802	13,797,915	
Unrestricted Federal & State Aid	23,611,680	19,134,974			23,611,680	19,134,974	
Other	583,589	692,060	8,949	34	592,538	692,094	
Total Revenue	<u>59,019,427</u>	<u>50,550,446</u>	<u>2,139,781</u>	<u>2,119,442</u>	<u>61,159,208</u>	<u>52,669,888</u>	16.12%
Expenses:							
Instruction	28,664,938	25,093,660			28,664,938	25,093,660	
Pupil & Instruction Services	7,788,414	7,598,615			7,788,414	7,598,615	
Administrative & Business	5,937,640	5,213,756			5,937,640	5,213,756	
Maintenance & Operations	3,260,624	2,859,187			3,260,624	2,859,187	
Transportation	755,000	964,963			755,000	964,963	
Other	1,035,073	829,017	2,035,650	1,722,461	3,070,723	2,551,478	
Total Expenses	<u>47,441,689</u>	<u>42,559,198</u>	<u>2,035,650</u>	<u>1,722,461</u>	<u>49,477,339</u>	<u>44,281,659</u>	11.73%
Transfers	9,013	34	(9,013)	(34)			
Change in Net Position	<u>\$ 11,586,751</u>	<u>\$ 7,991,282</u>	<u>\$ 95,118</u>	<u>\$ 396,947</u>	<u>\$ 11,681,869</u>	<u>\$ 8,388,229</u>	39.27%

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, 2023

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>2022/2023</u>	<u>2021/2022</u>	<u>2022/2023</u>	<u>2021/2022</u>
Instruction	\$ 28,664,938	\$ 25,093,660	\$ 9,679,121	\$ 10,349,403
Pupil and Instruction Services	7,788,414	7,598,615	6,812,052	6,341,432
Administrative and Business	5,937,640	5,213,756	5,051,636	4,500,828
Maintenance and Operations	3,260,624	2,859,187	3,260,624	2,859,187
Transportation	755,000	964,963	607,827	753,834
Other	1,035,073	829,017	1,035,073	829,017
	<u>\$ 47,441,689</u>	<u>\$ 42,559,198</u>	<u>\$ 26,446,333</u>	<u>\$ 25,633,701</u>

Business-Type Activities

Net position from the District’s business-type activity increased by \$95,118 (Refer to Figure A-4). The most significant factor contributing to these results was an increase in operating revenue due to an increase in sales.

Financial Analysis of the District’s Funds

In 2022-2023 school year the District received an increase in General Fund State Aid exceeding \$4,500,000, 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 are 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, 2023

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 \$49,842,782 in capital assets as shown in Figure A-6. Overall Capital Assets had a net increase of \$10,053,521 or 25.11% over the prior year. The District had \$11,031,981 of additions offset by \$978,460 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)

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	2022/2023	(Restated) 2021/2022	2022/2023	(Restated) 2021/2022	2022/2023	(Restated) 2021/2022	
Construction in Progress	\$ 9,641,336	\$ 414,798			\$ 9,641,336	414,798	
Buildings and Building Improvements	38,831,260	37,986,432			38,831,260	\$ 37,986,432	
Machinery and Equipment	1,370,186	1,441,387	\$ 247,103	\$ 193,747	1,617,289	1,635,134	
Total Capital Assets (Net of Depreciation)	\$ 49,842,782	\$ 39,842,617	\$ 247,103	\$ 193,747	\$ 50,089,885	\$ 40,036,364	25.11%

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Long-term Liabilities

At year-end, the District had \$20,620,000 in general obligation bonds and \$1,927,437 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
	2022/2023	2021/2022	
General Obligation Bonds (Financed with Property Taxes)	\$ 20,620,000	\$ 21,560,000	
Financed Purchases Payable	1,927,437	3,174,824	
Net Pension Liability	4,534,553	3,441,911	
Compensated Absences	735,702	625,771	
	<u>\$ 27,817,692</u>	<u>\$ 28,802,506</u>	<u>-3.42%</u>

- The District retired \$940,000 of serial bonds payable.
- The compensated absence payable increased \$109,931.
- The net pension liability increased \$1,092,642.
- The District retired \$1,247,387 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 Michael C. Gorski, CPA 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
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,438,517	\$ 781,351	\$ 2,219,868
Receivable from Federal Government	4,835,314	4,866	4,840,180
Receivable from State Government	627,066	133,917	760,983
Other Accounts Receivable		60,742	60,742
Internal Balances	55,603	(55,603)	
Inventories		43,745	43,745
Restricted Assets:			
Cash and Cash Equivalents	4,179,688		4,179,688
Capital Assets:			
Construction in Progress	9,641,336		9,641,336
Depreciable Buildings and Building Improvements and Machinery and Equipment	40,201,446	247,103	40,448,549
Total Assets	<u>60,978,970</u>	<u>1,216,121</u>	<u>62,195,091</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	1,468,462		1,468,462
Total Deferred Outflows of Resources	<u>1,468,462</u>		<u>1,468,462</u>
LIABILITIES			
Accounts Payable	3,101,442	231,724	3,333,166
Accrued Interest Payable	329,655		329,655
Unearned Revenue	854,061	13,606	867,667
Noncurrent Liabilities:			
Due Within One Year	2,257,324		2,257,324
Due Beyond One Year	25,560,368		25,560,368
Total Liabilities	<u>32,102,850</u>	<u>245,330</u>	<u>32,348,180</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	1,515,828		1,515,828
Total Deferred Inflows of Resources	<u>1,515,828</u>		<u>1,515,828</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 27,295,345	\$ 247,103	\$ 27,542,448
Restricted for:			
Capital Projects	2,500,000		2,500,000
Debt Service	11		11
Maintenance	985,540		985,540
Emergency	259,250		259,250
Excess Surplus	3,965,685		3,965,685
Unemployment Compensation	336,880		336,880
Scholarships	123		123
Student Activities	97,895		97,895
Unrestricted/(Deficit)	<u>(6,611,975)</u>	<u>723,688</u>	<u>(5,888,287)</u>
Total Net Position	<u>\$ 28,828,754</u>	<u>\$ 970,791</u>	<u>\$ 29,799,545</u>

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-Type Activities	Total
			Grants and Contributions				
Governmental Activities:							
Instruction:							
Regular	\$ 20,410,873	\$ 2,630,347	\$ 7,824,972	\$ (9,955,554)	\$	(9,955,554)	
Special Education	4,815,235		7,957,701	3,142,466		3,142,466	
Other Instruction	2,640,184			(2,640,184)		(2,640,184)	
School-Sponsored Instruction	798,646		572,797	(225,849)		(225,849)	
Support Services:							
Tuition	1,798,550			(1,798,550)		(1,798,550)	
Student & Instruction Related Services	5,989,864	326,476	649,886	(5,013,502)		(5,013,502)	
General Administrative Services	1,389,094		147,548	(1,241,546)		(1,241,546)	
School Administrative Services	2,856,780		497,848	(2,358,932)		(2,358,932)	
Central Services and Administrative							
Information Technology	1,691,766		240,608	(1,451,158)		(1,451,158)	
Plant Operations and Maintenance	3,260,624			(3,260,624)		(3,260,624)	
Pupil Transportation	755,000	22,554	124,619	(607,827)		(607,827)	
Interest on Long-Term Liabilities	688,537			(688,537)		(688,537)	
Capital Outlay	9,836			(9,836)		(9,836)	
Transfer to Charter School	336,700			(336,700)		(336,700)	
Total Governmental Activities	47,441,689	2,979,377	18,015,979	(26,446,333)		(26,446,333)	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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	\$ 2,035,650	\$ 399,625	\$ 1,731,207		\$ 95,182	\$ 95,182
Total Business-Type Activities	2,035,650	399,625	1,731,207		95,182	95,182
Total Primary Government	\$ 49,477,339	\$ 3,379,002	\$ 19,747,186	\$ (26,446,333)	\$ 95,182	\$ (26,351,151)
General Revenue and Transfers:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 13,082,282		\$ 13,082,282
Taxes Levied for Debt Service				746,520		746,520
Federal and State Aid not Restricted				23,611,680		23,611,680
Miscellaneous Income				583,589	\$ 8,949	592,538
Transfers				9,013	(9,013)	
Total General Revenue and Transfers				38,033,084	(64)	38,033,020
Change in Net Position				11,586,751	95,118	11,681,869
Net Position - Beginning (Restated)				17,242,003	875,673	18,117,676
Net Position - Ending				28,828,754	970,791	29,799,545

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Debt</u>	<u>Total</u>
	<u>Fund</u>	<u>Revenue</u>	<u>Projects</u>	<u>Service</u>	<u>Governmental</u>
		<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 1,411,352		\$ 27,165		\$ 1,438,517
Receivables From Federal Government		\$ 4,835,314			4,835,314
Receivables From State Government	627,066				627,066
Interfund Receivable	4,143,595			\$ 27,165	4,170,760
Restricted Cash and Cash Equivalents	4,081,670	98,018			4,179,688
Total Assets	<u>\$ 10,263,683</u>	<u>\$ 4,933,332</u>	<u>\$ 27,165</u>	<u>\$ 27,165</u>	<u>\$ 15,251,345</u>
<u>LIABILITIES AND FUND BALANCES:</u>					
Liabilities:					
Accounts Payable	\$ 2,588,495	\$ 54,321			\$ 2,642,816
Interfund Payable		4,060,838	\$ 27,165	\$ 27,154	4,115,157
Unearned Revenue		854,061			854,061
Total Liabilities	<u>2,588,495</u>	<u>4,969,220</u>	<u>27,165</u>	<u>27,154</u>	<u>7,612,034</u>
Fund Balances:					
Restricted:					
Capital Reserve Account	2,500,000				2,500,000
Maintenance Reserve	985,540				985,540
Emergency Reserve Account	259,250				259,250
Unemployment Compensation	336,880				336,880
Excess Surplus - 2024-2025	2,375,432				2,375,432
Excess Surplus - 2023-2024	1,590,253				1,590,253
Scholarships		123			123
Student Activities		97,895			97,895
Debt Service				11	11
Unassigned/(Deficit)	(372,167)	(133,906)			(506,073)
Total Fund Balances/(Deficit)	<u>7,675,188</u>	<u>(35,888)</u>		<u>11</u>	<u>7,639,311</u>
Total Liabilities and Fund Balances	<u>\$ 10,263,683</u>	<u>\$ 4,933,332</u>	<u>\$ 27,165</u>	<u>\$ 27,165</u>	<u>\$ 15,251,345</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Total Fund Balances from Above	\$ 7,639,311
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	49,842,782
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(329,655)
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	(23,283,139)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(4,534,553)
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	1,009,836
Deferred Inflows	(1,515,828)
Net Position of Governmental Activities	\$ 28,828,754

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, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,082,282			\$ 746,520	\$ 13,828,802
Tuition From Other LEAs Within the State	2,630,347				2,630,347
Interest Earned on Current Expense Emergency Reserve	8,293				8,293
Interest Earned on Maintenance Reserve	31,527				31,527
Interest Earned on Capital Reserve Funds	45,105				45,105
Transportation Fees From Other LEAs	22,554				22,554
Restricted Miscellaneous Revenue	4,743	\$ 326,476			331,219
Unrestricted Miscellaneous Revenues	493,911		\$ 10		493,921
Total - Local Sources	<u>16,318,762</u>	<u>326,476</u>	<u>10</u>	<u>746,520</u>	<u>17,391,768</u>
State Sources	33,157,298	1,676,103		874,852	35,708,253
Federal Sources	89,040	8,347,027			8,436,067
Total Revenues	<u>49,565,100</u>	<u>10,349,606</u>	<u>10</u>	<u>1,621,372</u>	<u>61,536,088</u>
EXPENDITURES:					
Current:					
Regular Instruction	9,172,708	5,321,406			14,494,114
Special Education Instruction	2,860,423	505,099			3,365,522
Other Instruction	1,473,564				1,473,564
School-Sponsored	798,646				798,646
Support Services and Undistributed Costs:					
Tuition	1,798,550				1,798,550
Student and Other Instruction Related Services	3,776,958	169,810			3,946,768
General Administration Services	1,059,640				1,059,640
School Administration Services	1,709,904				1,709,904
Central Services & Administrative Information Technology	1,212,778				1,212,778
Plant Operations and Maintenance	2,739,197				2,739,197
Student Transportation	667,326				667,326
Unallocated Benefits	15,467,676				15,467,676

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
EXPENDITURES:					
Debt Service:					
Interest and Other Charges				\$ 701,462	\$ 701,462
Principal				940,000	940,000
Capital Outlay	\$ 7,997,893	\$ 4,440,779			12,438,672
Transfer of Funds to Charter School	336,700				336,700
Total Expenditures	<u>51,071,963</u>	<u>10,437,094</u>		<u>1,641,462</u>	<u>63,150,519</u>
Excess/(Deficit) of Revenue Over/(Under) Expenditures	<u>(1,506,863)</u>	<u>(87,488)</u>	<u>10</u>	<u>(20,090)</u>	<u>(1,614,431)</u>
OTHER FINANCING SOURCES/(USES):					
Transfers In/(Out)	<u>(106,315)</u>	<u>115,328</u>	<u>(10)</u>	<u>10</u>	<u>9,013</u>
Total Other Financing Sources/(Uses)	<u>(106,315)</u>	<u>115,328</u>	<u>(10)</u>	<u>10</u>	<u>9,013</u>
Net Change in Fund Balances	<u>(1,613,178)</u>	<u>27,840</u>		<u>(20,080)</u>	<u>(1,605,418)</u>
Fund Balance / (Deficit) - July 1	<u>9,288,366</u>	<u>(63,728)</u>	<u>-0-</u>	<u>20,091</u>	<u>9,244,729</u>
Fund Balance / (Deficit) - June 30	<u>\$ 7,675,188</u>	<u>\$ (35,888)</u>	<u>\$ -0-</u>	<u>\$ 11</u>	<u>\$ 7,639,311</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, 2023

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ (1,605,418)

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	\$ (945,447)	
	Capital Asset Additions	10,945,612	10,000,165

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 (+).

(109,931)

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.

940,000

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.

1,247,387

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, 2023

In the Statement of Activities, interest on long term liabilities 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 (+).

\$ 26,565

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	(1,092,642)
Change in Deferred Outflows	49,090
Change in Deferred Inflows	<u>2,131,535</u>

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

\$ 11,586,751

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds	
	<u>Major Fund</u>	
	<u>Food Service</u>	<u>Total</u>
ASSETS:		
Current Assets:		
Cash and Cash Equivalents	\$ 781,351	\$ 781,351
Intergovernmental Accounts Receivable:		
Federal	133,917	133,917
State	4,866	4,866
Student Accounts Receivable	60,742	60,742
Inventories	43,745	43,745
Total Current Assets	<u>1,024,621</u>	<u>1,024,621</u>
Non-Current Assets:		
Capital Assets	503,373	503,373
Less: Accumulated Depreciation	<u>(256,270)</u>	<u>(256,270)</u>
Total Non-Current Assets	<u>247,103</u>	<u>247,103</u>
Total Assets	<u>1,271,724</u>	<u>1,271,724</u>
LIABILITIES:		
Current Liabilities:		
Accounts Payable	231,724	231,724
Interfund Accounts Payable - General Fund	55,603	55,603
Unearned Revenue - Prepaid Sales	5,979	5,979
Unearned Revenue - Donated Commodities	<u>7,627</u>	<u>7,627</u>
Total Current Liabilities	<u>300,933</u>	<u>300,933</u>
NET POSITION:		
Investment in Capital Assets	247,103	247,103
Unrestricted	<u>723,688</u>	<u>723,688</u>
Total Net Position	<u>\$ 970,791</u>	<u>\$ 970,791</u>

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Meals		\$ 186,641	\$ 186,641
Daily Sales - Non-Reimbursable Meals		117,451	117,451
Other Income		95,533	95,533
Total Operating Revenue		399,625	399,625
Operating Expenses:			
Cost of Sales - Reimbursable Programs		568,396	568,396
Cost of Sales - Non-Reimbursable Programs		380,057	380,057
Salaries, Benefits & Payroll Taxes		603,944	603,944
Supplies, Insurance & Other Costs		383,532	383,532
Management Fee		55,873	55,873
Miscellaneous		10,835	10,835
Depreciation Expense		33,013	33,013
Total Operating Expenses		2,035,650	2,035,650
Operating Loss		(1,636,025)	(1,636,025)
Non-Operating Revenue:			
Local Sources:			
Interest Income		8,949	8,949
State Sources:			
State School Lunch Program		26,705	26,705
State School Breakfast Program		7,585	7,585
State School Breakfast Program - After the Bell		25,267	25,267
COVID 19 - Summer Food Service Program		570	570
Federal Sources:			
National School Lunch Program		889,986	889,986
School Breakfast Program		507,716	507,716
After School Snack Program		7,909	7,909
COVID 19 - Summer Food Service Program		20,593	20,593
COVID 19 -Supply Chain Assistance		107,010	107,010
NSLP Equipment Grant		23,436	23,436
Food Distribution Program		114,430	114,430
Total Non-Operating Revenue		1,740,156	1,740,156
Change in Net Position Before Transfers		104,131	104,131
Transfer Out - General Fund	\$ (64)	(8,949)	(9,013)
Change in Net Position After Transfers	(64)	95,182	95,118
Net Position - Beginning of Year (Restated)	64	875,609	875,673
Net Position - End of Year	\$ -0-	\$ 970,791	\$ 970,791

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, 2023

	Business-type Activities - Enterprise Funds		
	Non-Major Fund	Major Fund Food Service	Total
Cash Flows from Operating Activities:			
Receipts from Customers		\$ 340,976	\$ 340,976
Payments to Food Service Vendor		(603,944)	(603,944)
Payments to Suppliers		(1,055,304)	(1,055,304)
Net Cash Used for Operating Activities		<u>(1,318,272)</u>	<u>(1,318,272)</u>
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income		8,949	8,949
Net Cash Provided by Investing Activities		<u>8,949</u>	<u>8,949</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets		(86,369)	(86,369)
Net Cash Used for Capital and Related Financing Activities		<u>(86,369)</u>	<u>(86,369)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources		57,155	57,155
Federal Sources		1,558,242	1,558,242
Interfund - General Fund	\$ (64)	(15)	(79)
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>(64)</u>	<u>1,615,382</u>	<u>1,615,318</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(64)	219,690	219,626
Cash and Cash Equivalents, July 1	<u>64</u>	<u>561,661</u>	<u>561,725</u>
Cash and Cash Equivalents, June 30	<u>\$ -0-</u>	<u>\$ 781,351</u>	<u>\$ 781,351</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss		\$ (1,636,025)	\$ (1,636,025)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation		33,013	33,013
Food Distribution Program		114,430	114,430
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable - Students		(56,806)	(56,806)
(Increase)/Decrease in Inventory		(1,101)	(1,101)
Increase/(Decrease) in Unearned Revenue - Donated Commodities		(1,664)	(1,664)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales		(1,843)	(1,843)
Increase/(Decrease) in Accounts Payable		231,724	231,724
Net Cash Used for Operating Activities	<u>\$ -0-</u>	<u>\$ (1,318,272)</u>	<u>\$ (1,318,272)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$112,766 and utilized \$114,430 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2023.

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, 2023

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, 2023
(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, 2023
(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 or subscription 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, 2023
(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, lease asset or subscription 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, 2023 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, 2023
(Continued)

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 50,023,500	\$ 10,698,081
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		(404,979)
Prior Year Encumbrances		32,652
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	2,027,901	157,758
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(2,486,301)	(133,906)
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 49,565,100	\$ 10,349,606
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 51,071,963	\$ 10,809,421
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		(404,979)
Prior Year Encumbrances		32,652
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 51,071,963	\$ 10,437,094

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2023
(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, 2023.

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, 2023
(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. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets is determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

N. 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.

O. 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.

P. 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

P. Compensated Absences: (Cont'd)

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.

Q. 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.

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. 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.

T. Fund Balance Appropriated:

General Fund: Of the \$7,675,188 General Fund balance at June 30, 2023, \$2,500,000 is restricted in a capital reserve account; \$985,540 is restricted in a maintenance reserve account; \$259,250 is restricted in an emergency reserve account; \$336,880 is restricted in an unemployment compensation account; \$2,375,432 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, 2025; \$1,590,253 is restricted as prior year excess and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2024; \$-0- is assigned as designated for subsequent year's expenditures (which is \$898,945 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, 2024). Additionally, there is a deficit balance of \$372,167 in unassigned fund balance (which is \$1,587,356 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, 2024).

Special Revenue Fund: Of the \$35,888 Special Revenue deficit fund balance at June 30, 2023, \$123 is restricted for scholarships; \$97,895 is restricted for student activities; and there is a deficit in unassigned fund balance of \$133,906 at June 30, 2023 Fund on a GAAP basis due to the June state aid payments that are not recognized until the fiscal year ending June 30, 2024.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2023 is \$11 and is restricted for subsequent year's expenditures.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

T. Fund Balance Appropriated: (Cont'd)

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.

U. Deficit Fund Balances / Net Position

The District has a deficit in unrestricted net position of \$6,611,975 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 \$372,167 in the General Fund and \$133,906 in the Special Revenue Fund as of June 30, 2023 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.

V. 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, 2023 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, and subscription 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

V. Net Position (Cont'd)

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.

W. Fund Balance Restrictions, Commitments and Assignments:

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

Fund balance restrictions have been established for a capital reserve, a maintenance reserve, an emergency reserve, unemployment compensation, 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, 2023.

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 the amount designated for subsequent year's expenditures in the General Fund on the budgetary basis at June 30, 2023.

X. 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

X. Revenue - Exchange and Nonexchange Transactions: (Cont'd)

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.

Y. 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.

Z. 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.

AA. 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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.
- (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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Investments: (Cont'd)

- (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.

As of June 30, 2023, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents		Total
	Restricted	Unrestricted	
Checking Accounts	\$ 4,179,688	\$ 2,219,868	\$ 6,399,556

The carrying amount of the Board's cash and cash equivalents at June 30, 2023, was \$6,399,556 and the bank balance was \$7,726,344.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 5,728,888
Transferred by Board Resolution - June 2023	1,090,007
Interest Earnings	45,105
Withdrawal by Board Resolution	<u>(4,364,000)</u>
Ending Balance, June 30, 2023	<u>\$ 2,500,000</u>

The balance in the capital reserve account at June 30, 2023 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawal from the capital reserve was for use in a DOE approved facilities project consistent with the District's LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$175,000 was established by the Borough of Bound Brook School District during the fiscal year ended June 30, 2008. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 954,013
Interest Earnings	<u>31,527</u>
Ending Balance, June 30, 2023	<u>\$ 985,540</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 6. EMERGENCY RESERVE ACCOUNT

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

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

The activity of the emergency reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 250,957
Interest Earnings	<u>8,293</u>
Ending Balance, June 30, 2023	<u><u>\$ 259,250</u></u>

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	(Restated) Beginning Balance	Increases	Decreases/ Adjustments	Ending Balance
Governmental Activities:				
Construction in Progress	\$ 414,798	\$ 9,641,336	\$ (414,798)	\$ 9,641,336
Total Capital Assets Not Being Depreciated	<u>414,798</u>	<u>9,641,336</u>	<u>(414,798)</u>	<u>9,641,336</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	47,019,344	1,120,602	414,798	48,554,744
Machinery and Equipment	<u>2,687,211</u>	<u>183,674</u>		<u>2,870,885</u>
Total Capital Assets Being Depreciated	<u>49,706,555</u>	<u>1,304,276</u>	<u>414,798</u>	<u>51,425,629</u>
Governmental Activities Capital Assets	<u>50,121,353</u>	<u>10,945,612</u>		<u>61,066,965</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(9,032,912)	(690,572)		(9,723,484)
Machinery and Equipment	<u>(1,245,824)</u>	<u>(254,875)</u>		<u>(1,500,699)</u>
	<u>(10,278,736)</u>	<u>(945,447)</u>		<u>(11,224,183)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 39,842,617</u>	<u>\$ 10,000,165</u>	<u>\$ -0-</u>	<u>\$ 49,842,782</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 7. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 417,004	\$ 86,369		\$ 503,373
Less Accumulated Depreciation	<u>(223,257)</u>	<u>(33,013)</u>		<u>(256,270)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 193,747</u>	<u>\$ 53,356</u>	<u>\$ -0-</u>	<u>\$ 247,103</u>

The District expended \$9,641,336 towards active construction projects.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 769,323
Special Education	7,813
Other Instruction	13,802
Student and Instruction Related Services	46,554
General Administration	16,030
School Administration	11,265
Operations and Maintenance of Plant	69,860
Pupil Transportation	10,800
	<u>\$ 945,447</u>

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2023, the following changes occurred in long-term liabilities reported in the District-wide financial statements:

	<u>Beginning Balance</u>	<u>Accrued</u>	<u>Retired</u>	<u>Ending Balance</u>	<u>Due within 1 Year</u>
Serial Bonds Payable	\$ 21,560,000		\$ 940,000	\$ 20,620,000	\$ 980,000
Financed Purchases Payable	3,174,824		1,247,387	1,927,437	1,277,324
Net Pension Liability	3,441,911	\$ 1,092,642		4,534,553	
Compensated Absences Payable	<u>625,771</u>	<u>209,657</u>	<u>99,726</u>	<u>735,702</u>	
	<u>\$ 28,802,506</u>	<u>\$ 1,302,299</u>	<u>\$ 2,287,113</u>	<u>\$ 27,817,692</u>	<u>\$ 2,257,324</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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

A. Bonds Payable (Cont'd)

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, 2023 as follows:

<u>Purpose</u>	<u>Final Maturity Dates</u>	<u>Interest Rates</u>	<u>Principal Amount</u>
School Bonds	1/15/2040	2.00% - 3.750%	<u>\$ 20,620,000</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	1,060,000	550,862	1,610,862
2029-2033	5,770,000	2,255,588	8,025,588
2034-2038	6,870,000	1,239,691	8,109,691
2039-2040	2,840,000	157,976	2,997,976
	<u>\$ 20,620,000</u>	<u>\$ 6,717,165</u>	<u>\$ 27,337,165</u>

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

B. Bonds Authorized But Not Issued:

As of June 30, 2023, the Board had no bonds authorized but not issued.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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 \$5,072,563 has been liquidated as of June 30, 2023. 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, 2023 is as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2024	\$ 1,315,735
June 30, 2025	<u>657,868</u>
Total Minimum Financed Purchase Payments	1,973,603
Less: Amount Representing Interest	<u>(46,166)</u>
Present Value of Net Minimum Financed Purchase Payments	<u><u>\$ 1,927,437</u></u>

The current portion of the financed purchase payable as June 30, 2023 in the governmental activities is \$1,277,324 and the long-term portion is \$650,113. The General Fund will be used to liquidate the financed purchase payable in the governmental activities.

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 portion of compensated absences is \$735,702.

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, 2023, 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, 2023 is \$-0- and the long-term portion is \$4,534,553. See Note 10 for further information on the PERS.

NOTE 9. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2023, the District transferred \$17,300 to the capital outlay accounts for equipment which did not require County Superintendent approval. The District also transferred \$528,092 to the facilities acquisition and construction services accounts for which the required County Superintendent approval was obtained. The \$3,64,000 was transferred to facilities and construction services was a board approved withdrawal from Capital Reserve.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS

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

A. Public Employees’ Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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 includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Contributions (Cont'd)

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 \$378,911 for 2023. During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$9,541 to the PERS for normal pension benefits on behalf of the District.

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

Special Funding Situation

A special funding situation exists for certain local employers of the PERS. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers Chapter 133, P.L. 2001. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation and there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

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

At June 30, 2023, the District's liability was \$4,534,553 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.03%, which was an increase of 0.001% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized an actual pension benefit in the amount of \$709,073. Additionally, for the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$9,541 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 financial statements.

There was no state proportionate share of net pension liability attributable to the District as of June 30, 2023.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2018	5.63		\$ 109,001
	2019	5.21		136,216
	2020	5.16		400,548
	2021	5.13		33,237
	2022	5.04	\$ 14,049	
			<u>14,049</u>	<u>679,002</u>
Changes in Proportion	2018	5.63		19,696
	2019	5.21		788,268
	2020	5.16	239,461	
	2021	5.13	384,508	
	2022	5.04	151,409	
			<u>775,378</u>	<u>807,964</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	4,486	
	2020	5.00	134,798	
	2021	5.00	(840,783)	
	2022	5.00	889,180	
			<u>187,681</u>	
Difference Between Expected and Actual Experience	2018	5.63		4,151
	2019	5.21	10,412	
	2020	5.16	22,316	
	2021	5.13		11,173
	2022	5.04		13,538
			<u>32,728</u>	<u>28,862</u>
District Contribution Subsequent to the Measurement Date	2022	1.00	458,626	
			<u>\$ 1,468,462</u>	<u>\$ 1,515,828</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 detailed on the following page.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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
2023	\$ (388,971)
2024	(198,167)
2025	(96,642)
2026	210,837
2027	(463)
	\$ (473,406)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases	2.75 – 6.55% 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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2023
(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, 2022 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, 2022		
	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 5,825,572	\$ 4,534,553	\$ 4,768,873

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

The following represents the membership tiers for TPAF:

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 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 2023, the State of New Jersey contributed \$5,462,633 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,835,402.

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, 2023, the State's proportionate share of the net pension liability associated with the District was \$68,198,107. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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, 2022, the District's proportion was 0.132%, which was an increase of 0.009% from its proportion measured as of June 30, 2021.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	68,198,107
Total	\$ 68,198,107

For the fiscal year ended June 30, 2022, the State recognized pension expense on behalf of the District in the amount of \$1,835,402 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2023 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	2015	8.30	\$ 213,742,984	
	2016	8.30	1,695,809,748	
	2017	8.30		\$ 3,681,530,748
	2018	8.29		2,705,362,525
	2019	8.04		2,012,738,111
	2020	7.99	1,007,402,060	
	2021	7.93		11,041,509,093
	2022	7.83	96,143,072	
			3,013,097,864	19,441,140,477
Difference Between Expected and Actual Experience	2015	8.30	13,201,022	
	2016	8.30		21,088,845.00
	2017	8.30	65,502,212	
	2018	8.29	474,592,771	
	2019	8.04		78,198,040
	2020	7.99		5,368,990
	2021	7.93	146,524,969	
	2022	7.83	18,009,041	
			699,820,974	122,664,916
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2019	5.00	36,220,692	
	2020	5.00	482,791,080	
	2021	5.00	(2,665,975,358)	
	2022	5.00	3,319,334,659	
			1,172,371,073	
			\$ 4,885,289,911	\$ 19,563,805,393

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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
2023	\$ (2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	(1,687,721,983)
	\$ (14,678,515,482)

Actuarial Assumptions

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021 which was rolled forward to June 30, 2022. 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	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, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2022) 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, 2022 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%	8.12%
Non-U.S. Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2023
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (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, 2022 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, 2022		
	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	\$ 79,963,730	\$ 68,198,107	\$ 58,287,048

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 \$1,320 for the fiscal year ended June 30, 2023. Employee contributions to DCRP amounted to \$2,472 for the year ended June 30, 2023.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2023 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, 2022 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	<u>\$ 419,556,712</u>
Total Net Position	<u>\$ 184,982,708</u>
Total Revenue	<u>\$ 134,563,842</u>
Total Expenses	<u>\$ 121,403,370</u>
Change in Net Position	<u>\$ 13,160,472</u>
Member Dividends	<u>\$ -0-</u>

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

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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>
2022-2023	\$ 42,822	\$ -0-	\$ 336,880
2021-2022	33,249	-0-	294,058
2020-2021	20,306	-0-	260,809

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, 2023
(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, 2023, there were encumbrances as detailed below in the governmental funds:

Special Revenue Fund	Total Governmental Funds
<u> </u>	<u> </u>
\$ 404,979	\$ 404,979
<u> </u>	<u> </u>

On the District's Governmental Funds Balance Sheet as of June 30, 2023, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$404,979 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.

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, 2023
(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	\$ 4,143,595	
Special Revenue Fund		\$ 4,060,838
Capital Projects Fund		27,165
Debt Service Fund	27,165	27,154
Proprietary Funds - Food Service		55,603
	\$ 4,170,760	\$ 4,170,760

The interfund between the General Fund and the Special Revenue Fund is due to a deficit in cash and cash equivalents in the Special Revenue Fund. This deficit is due to timing between expenditure and reimbursement from the State of New Jersey. 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 federal and state reimbursements not turned over by year end.

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities as of June 30, 2023 consisted of the following:

	Governmental Funds			District Contribution	Total	Business- Type
	General Fund	Special Revenue Fund	Total Governmental Funds	Subsequent to Measurement Date		Governmental Activities
Vendors	\$ 2,338,863	\$ 54,321	\$ 2,393,184		\$ 2,393,184	\$ 231,724
Payroll Deductions and Withholdings	249,632		249,632		249,632	
Due to:						
State of New Jersey				\$ 458,626	458,626	
	\$ 2,588,495	\$ 54,321	\$ 2,642,816	\$ 458,626	\$ 3,101,442	\$ 231,724

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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 \$921,665 from payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2022 without the abatement would have been \$2,067,785 of which \$1,062,841 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 Employees 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 paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. 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, 2023
(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, 2021, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	151,669
Active Plan Members	<u>213,148</u>
Total	<u><u>364,817</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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.

	TPAF/ABP	PERS	PFRS
Salary Increases:	2.75 - 4.25%	2.75 - 6.55%	3.25 - 16.25%
	based on years of service	based on years of service	based on years of service

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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 used to measure the total OPEB liability was 3.54%. 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, 2021	\$ 53,357,025
Changes for Year:	
Service Cost	3,551,274
Interest Cost	1,168,573
Changes of Assumptions	(11,828,951)
Differences between Expected and Actual Experience	(1,032,280)
Gross Benefit Payments by the State	(1,157,506)
Contributions from Members	37,133
Net Changes	(9,261,757)
Balance at June 30, 2022	\$ 44,095,268

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, 2022, 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, 2022		
	At 1% Decrease (2.54%)	At Discount Rate (3.54%)	At 1% Increase (4.54%)
	Total OPEB Liability Attributable to the District	\$ 51,829,349	\$ 44,095,268

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(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, 2022, 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, 2022		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 36,447,434	\$ 44,095,268	\$ 54,141,162

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

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$2,565,500 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, 2022 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the sources on the following page.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

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

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

	<u>Deferral</u> <u>Year</u>	<u>Period</u> <u>in Years</u>	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Changes in Assumptions	2017	9.54		\$ 2,289,473
	2018	9.51		2,184,809
	2019	9.29	\$ 308,462	
	2020	9.24	7,282,925	
	2021	9.24	40,388	
	2022	9.13		10,533,338
			<u>7,631,775</u>	<u>15,007,620</u>
Differences between Expected and Actual Experience	2018	9.51		2,065,324
	2019	9.29		3,630,615
	2020	9.24	6,787,972	
	2021	9.24		7,766,856
	2022	9.13	1,084,782	
			<u>7,872,754</u>	<u>13,462,795</u>
Changes in Proportion	N/A	N/A	<u>1,003,883</u>	<u>1,075,847</u>
			<u>\$ 16,508,412</u>	<u>\$ 29,546,262</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2023	\$ (2,191,554)
2024	(2,191,554)
2025	(2,191,554)
2026	(1,894,052)
2027	(1,083,044)
Thereafter	<u>(3,414,128)</u>
	<u>\$ (12,965,886)</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

NOTE 20: PRIOR YEAR ADJUSTMENT

The District made a prior year adjustment in the district-wide financial statements and the proprietary fund financial statements due to a reappraisal of the District's capital assets.

	Balance June 30, 2022 as Previously Reported	Retroactive Adjustments	Balance June 30, 2022 as Restated
<u>Statement of Net Position - Governmental Activities:</u>			
Assets:			
Capital Assets, Net:			
Depreciable Buildings and Building Improvements and Machinery and Equipment	\$ 40,494,934	\$ (1,067,115)	\$ 39,427,819
Total Assets	52,363,247	(1,067,115)	51,296,132
Net Position:			
Net Investment in Capital Assets	16,174,908	(1,067,115)	15,107,793
Net Position - Ending	18,309,118	(1,067,115)	17,242,003
<u>Statement of Net Position - Business-Type Activities/Proprietary Funds:</u>			
Assets:			
Capital Assets, Net:			
Depreciable Buildings and Building Improvements and Machinery and Equipment	545,513	(351,766)	193,747
Total Assets	1,244,552	(351,766)	892,786
Net Position:			
Net Investment in Capital Assets	545,513	(351,766)	193,747
Net Position - Ending	1,227,439	(351,766)	875,673

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
District's proportion of the net pension liability	0.0319661100%	0.0364324082%	0.0377721067%	0.0393884588%	0.0386080136%	0.0236239042%	0.0261647346%	0.0290542469%	0.0300473093%	
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	\$ 4,534,553	
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	\$ 2,424,402	
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%	187.04%	
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%	62.91%	

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
Contractually required contribution	\$ 263,524	\$ 314,090	\$ 340,375	\$ 371,239	\$ 386,845	\$ 231,550	\$ 286,229	\$ 340,259	\$ 378,911	
Contributions in relation to the contractually required contribution	(263,524)	(314,090)	(340,375)	(371,239)	(386,845)	(231,550)	(286,229)	(340,259)	(378,911)	
Contribution deficiency/(excess)	\$ -0-	\$ -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	\$ 2,680,755	
Contributions as a percentage of covered employee payroll	10.59%	12.11%	13.13%	14.05%	21.46%	11.25%	13.35%	14.03%	14.13%	

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
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%	0.1231160637%	0.1321811789%
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	\$ 68,198,107
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	\$ 15,582,257
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%	437.67%
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%	32.29%

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 NINE FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	
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	\$ 1,835,402	
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)	(5,462,633)	
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)	\$ (3,627,231)	
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	\$ 16,295,691	
Contributions as a percentage of covered employee payroll	5.14%	7.95%	10.29%	13.82%	17.50%	16.66%	23.67%	34.92%	33.52%	

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

	Fiscal Years Ending June 30,					
	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 2,739,161	\$ 2,264,147	\$ 2,029,857	\$ 1,951,237	\$ 3,959,082	\$ 3,551,274
Interest Cost	1,484,976	1,728,658	1,612,063	1,322,915	1,384,137	1,168,573
Changes in Assumptions	(6,530,422)	(4,608,757)	541,929	10,917,226	52,641	(11,828,951)
Differences between Expected and Actual Experience		(4,721,773)	(6,916,438)	10,237,273	(10,750,082)	(1,032,280)
Member Contributions	39,690	37,116	33,073	31,537	35,386	37,133
Gross Benefit Payments	(1,077,878)	(1,073,910)	(1,115,728)	(1,040,480)	(1,090,313)	(1,157,506)
Net Change in Total OPEB Liability	(3,344,473)	(6,374,519)	(3,815,244)	23,419,708	(6,409,149)	(9,261,757)
Total OPEB Liability - Beginning	49,880,702	46,536,229	40,161,710	36,346,466	59,766,174	53,357,025
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>	<u>\$ 44,095,268</u>
State's Covered Employee Payroll *	\$ 13,057,330	\$ 14,062,202	\$ 14,581,379	\$ 14,699,177	\$ 16,609,576	\$ 17,265,465
Total OPEB Liability as a Percentage of Covered Employee Payroll	356%	288%	249%	407%	321%	255%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2022 are based on the payroll on the June 30, 2016 - 2021 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, 2023

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 6.55% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 2.00%-6.00% through 2026 and 3.00-7.00% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service while in the July 1, 2020 actuarial valuation the salary increases were 1.55%-4.45% through 2026 and 2.75%-5.65% thereafter based on years of service.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. The actuarial assumptions used in the July 1, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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, 2022 was 3.54%. The discount rate for June 30, 2021 was 2.16%, a change of 1.38%.

The salary increases for TPAF/ABP thereafter were 1.55% - 4.45% through 2026 and 2.75% - 5.65% for thereafter in the valuation as of June 30, 2021. The salary increases for TPAF/ABP were 2.75% - 4.25% in the valuation as of June 30, 2022.

The salary increases for PERS were 2.00% - 6.00% through 2026 and 3.00% - 7.00% for thereafter in the valuation as of June 30, 2021. The salary increases for PERS were 2.75% - 6.55% in the valuation as of June 30, 2022.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

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

Changes of Actuarial Assumptions (Cont'd)

The salary increases for PFRS were 3.25% - 15.25% through 2026 and not applicable for thereafter in the valuation as of June 30, 2021. The salary increases for PFRS were 3.25% - 16.25% in the valuation as of June 30, 2022.

The health care trend rates in the valuation as of June 30, 2022 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long term rate after eight years.

The health care 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 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.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 13,082,282		\$ 13,082,282	\$ 13,082,282	
Tuition From Other LEAs Within the State	2,617,456		2,617,456	2,630,347	\$ 12,891
Transportation Fees From Other LEAs	20,000		20,000	22,554	2,554
Unrestricted Miscellaneous Revenues	263,000		263,000	493,911	230,911
Interest Earned on Current Expense Emergency Reserve	50		50	8,293	8,243
Interest Earned on Maintenance Reserve	50		50	31,527	31,477
Interest Earned on Capital Reserve Funds	50		50	45,105	45,055
Other Restricted Miscellaneous Revenues				4,743	4,743
Total Revenues from Local Sources	15,982,888		15,982,888	16,318,762	335,874
Revenues from State Sources:					
School Choice Aid	177,481		177,481	177,481	
Categorical Transportation Aid	124,699		124,699	124,699	
Extraordinary Aid	210,000		210,000	564,601	354,601
Categorical Special Education Aid	1,574,377		1,574,377	1,574,377	
Equalization Aid	22,232,004		22,232,004	22,232,004	
Categorical Security Aid	784,650		784,650	784,650	
TPAF Post Retirement Contributions (Non-Budgeted)				1,454,930	1,454,930
TPAF Pension Contributions (Non-Budgeted)				5,462,633	5,462,633
TPAF Non-Contributory Insurance (Non-Budgeted)				75,788	75,788
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,731	3,731
Reimbursed TPAF Social Security Contributions				1,160,804	1,160,804
Total Revenues from State Sources	25,103,211		25,103,211	33,615,698	8,512,487
Revenues from Federal Sources:					
Medicaid Reimbursement	59,130		59,130	84,542	25,412
FFCRA/SEMI CARES Act				4,498	4,498
Total Revenues from Federal Sources	59,130		59,130	89,040	29,910
TOTAL REVENUE	41,145,229		41,145,229	50,023,500	8,878,271

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	\$ 6,000	\$ (576)	\$ 5,424		\$ 5,424
Local Contrib. - Trans to Special Rev- Inclusion	115,328	(114,635)	693		693
Kindergarten - Salaries of Teachers	754,043	(79,766)	674,277	\$ 673,475	802
Grades 1-5 - Salaries of Teachers	3,010,871	75,795	3,086,666	3,082,816	3,850
Grades 6-8 - Salaries of Teachers	1,571,096	(26,791)	1,544,305	1,535,723	8,582
Grades 9-12 - Salaries of Teachers	3,181,838	(164,252)	3,017,586	3,017,583	3
Other Salaries for Instruction		424	424		424
Regular Programs - Home Instruction:					
Salaries of Teachers	29,400	9,382	38,782	28,450	10,332
Purchased Professional-Educational Services	64,000	(39,361)	24,639	11,300	13,339
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction		114,726	114,726	113,942	784
Purchased Professional-Educational Services	278,500	52,816	331,316	331,316	
Other Purchased Services (400-500 series)	44,117	(365)	43,752	39,515	4,237
General Supplies	505,514	(308,953)	196,561	133,158	63,403
Textbooks		11,493	11,493		11,493
Other Objects	327,992	(16,156)	311,836	205,430	106,406
Total Regular Programs - Instruction	9,888,699	(486,219)	9,402,480	9,172,708	229,772
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	642,978	(12,880)	630,098	627,053	3,045
Purchased Professional-Educational Services	104,843	65,698	170,541	170,541	
General Supplies	8,750		8,750	2,698	6,052
Total Learning and/or Language Disabilities	756,571	52,818	809,389	800,292	9,097

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Behavioral Disabilities:					
Salaries of Teachers	\$ 229,962	\$ (5,075)	\$ 224,887	\$ 219,947	\$ 4,940
Other Salaries for Instruction	1,000		1,000		1,000
Purchased Professional-Educational Services	83,895	63,433	147,328	147,328	
General Supplies	5,200	(1,110)	4,090	1,641	2,449
Total Behavioral Disabilities	<u>320,057</u>	<u>57,248</u>	<u>377,305</u>	<u>368,916</u>	<u>8,389</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,208,421	57,454	1,265,875	1,253,538	12,337
Purchased Professional-Educational Services	143,500	11,607	155,107	154,660	447
General Supplies	13,500		13,500	1,938	11,562
Total Resource Room/Resource Center	<u>1,365,421</u>	<u>69,061</u>	<u>1,434,482</u>	<u>1,410,136</u>	<u>24,346</u>
Autism:					
Salaries of Teachers	307,508	(32,034)	275,474	271,077	4,397
Purchased Professional-Educational Services	78,500	(51,989)	26,511	8,865	17,646
General Supplies	3,400		3,400	1,137	2,263
Total Autism	<u>389,408</u>	<u>(84,023)</u>	<u>305,385</u>	<u>281,079</u>	<u>24,306</u>
TOTAL SPECIAL EDUCATION - INSTRUCTION	<u>2,831,457</u>	<u>95,104</u>	<u>2,926,561</u>	<u>2,860,423</u>	<u>66,138</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	929,412	(146,464)	782,948	765,930	17,018
Purchased Professional-Educational Services	10,352		10,352	1,985	8,367
Total Basic Skills/Remedial - Instruction	<u>939,764</u>	<u>(146,464)</u>	<u>793,300</u>	<u>767,915</u>	<u>25,385</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 573,418	\$ 27,856	\$ 601,274	\$ 596,175	\$ 5,099
Purchased Professional-Educational Services	7,186	107,940	115,126	109,414	5,712
General Supplies	200		200	60	140
Textbooks	64		64		64
Total Bilingual Education - Instruction	580,868	135,796	716,664	705,649	11,015
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	149,350	(457)	148,893	119,713	29,180
Purchased Services (300-500 series)	12,825		12,825	11,450	1,375
Supplies and Materials	1,350	2,000	3,350	1,600	1,750
Other Objects	5,685	(2,000)	3,685	1,565	2,120
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	169,210	(457)	168,753	134,328	34,425
School-Sponsored Athletics - Instruction:					
Salaries	421,024	(5,111)	415,913	386,911	29,002
Purchased Services (300-500 series)	120,058	2,000	122,058	118,620	3,438
Supplies and Materials	61,783	13,000	74,783	71,972	2,811
Other Objects	34,624	(10,000)	24,624	21,795	2,829
Total School-Sponsored Athletics - Instruction	637,489	(111)	637,378	599,298	38,080
Instructional/Alternative Education Program - Instruction:					
Salaries of Teachers	59,740	4,480	64,220	64,220	
Total Instructional Alternative Education Program - Instruction	59,740	4,480	64,220	64,220	
Other Supplemental/At Risk Programs - Instruction:					
Salaries of Teachers		800	800	800	
Total Other Suppl/at-risk Prog - Instruction		800	800	800	
TOTAL INSTRUCTION	15,107,227	(397,071)	14,710,156	14,305,341	404,815

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	\$ 150,605		\$ 150,605	\$ 85,149	\$ 65,456
Tuition to Other LEAs Within the State-Special	932,114	\$ (93,666)	838,448	694,092	144,356
Tuition to County Voc. School Dist.-Regular	80,000	(11,275)	68,725	36,338	32,387
Tuition to County Voc. School Dist.-Special	7,000	(3,834)	3,166		3,166
Tuition to Priv. Sch. for the Handicap. W/I State	1,702,429	(417,448)	1,284,981	972,502	312,479
Tuition - State Facilities	61,944	(28,606)	33,338		33,338
Tuition - Other		11,275	11,275	10,469	806
Total Undistributed Expenditures - Instruction	2,934,092	(543,554)	2,390,538	1,798,550	591,988
Undistributed Expend. - Attend. & Social Work:					
Salaries	105,382	48,871	154,253	152,752	1,501
Supplies and Materials	250		250		250
Total Undist. Expend. - Attendance and Social Work	105,632	48,871	154,503	152,752	1,751
Undistributed Expenditures - Health Services:					
Salaries	384,573	5,265	389,838	317,004	72,834
Purchased Professional and Technical Services	9,912	(1,412)	8,500	5,628	2,872
Other Purchased Services (400-500 series)	35,371	(6,153)	29,218	21,428	7,790
Supplies and Materials	15,600	2,412	18,012	13,270	4,742
Total Undist. Expenditures - Health Services	445,456	112	445,568	357,330	88,238
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	301,795	10,478	312,273	312,273	
Purchased Professional - Educational Services	75,000	24,523	99,523	54,116	45,407
Supplies and Materials	4,400	56,365	60,765	25,537	35,228
Total Undist. Expend. - Speech, OT, PT, Related Svcs	381,195	91,366	472,561	391,926	80,635

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist.Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Purchased Professional - Educational Services	\$ 228,000	\$ (110,000)	\$ 118,000	\$ 114,492	\$ 3,508
Total Undist. Expend. - Other Supp. Srvs. Students - Extra. Serv.	<u>228,000</u>	<u>(110,000)</u>	<u>118,000</u>	<u>114,492</u>	<u>3,508</u>
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	935,955	(335,897)	600,058	567,386	32,672
Salaries of Secretarial and Clerical Assistants	64,202	2,727	66,929	66,928	1
Other Purchased Prof. and Tech. Services	36,028	(5,775)	30,253	17,210	13,043
Other Purchased Services (400-500 series)	4,161	9,475	13,636	10,808	2,828
Supplies and Materials	24,404	(3,700)	20,704	5,847	14,857
Other Objects	188		188		188
Total Undist Expend. - Guidance	<u>1,064,938</u>	<u>(333,170)</u>	<u>731,768</u>	<u>668,179</u>	<u>63,589</u>
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	1,039,481	(134,103)	905,378	820,574	84,804
Salaries of Secretarial and Clerical Assistants	116,245	4,660	120,905	119,266	1,639
Purchased Professional - Educational Services	172,310	(44,581)	127,729	41,926	85,803
Other Purchased Services (400-500 series)	42,907		42,907	634	42,273
Supplies and Materials	43,400		43,400	16,967	26,433
Other Objects	2,750		2,750	255	2,495
Total Undist Expend. - Child Study Team	<u>1,417,093</u>	<u>(174,024)</u>	<u>1,243,069</u>	<u>999,622</u>	<u>243,447</u>
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	713,934	(41,394)	672,540	598,891	73,649
Other Salaries	127,564	7,545	135,109	134,489	620
Purchased Professional - Educational Services	13,000		13,000	4,063	8,937

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Improv. of Inst. Serv.:					
Other Purchased Prof. and Tech. Services	\$ 62,800	\$ (2,500)	\$ 60,300	\$ 13,346	\$ 46,954
Other Purchased Services (400-500 series)		1,844	1,844	470	1,374
Supplies and Materials	83,539		83,539	81,247	2,292
Other Objects	12,000	656	12,656	10,385	2,271
Total Undist. Expend.-Improv. of Inst. Serv.	<u>1,012,837</u>	<u>(33,849)</u>	<u>978,988</u>	<u>842,891</u>	<u>136,097</u>
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	66,645	(33,781)	32,864	555	32,309
Salaries of Technology Coordinators	182,202	164	182,366	182,363	3
Purchased Professional and Technical Services	5,979		5,979	3,784	2,195
Other Purchased Services (400-500 series)	1,577		1,577		1,577
Supplies and Materials	24,004		24,004	7,569	16,435
Total Undist Expend-Edu. Media Serv./Sch. Library	<u>280,407</u>	<u>(33,617)</u>	<u>246,790</u>	<u>194,271</u>	<u>52,519</u>
Undist.Expend.-Instructional Staff Training Services:					
Other Salaries	67,980	(21,500)	46,480	23,700	22,780
Purchased Professional - Educational Service	68,681	(5,000)	63,681	21,975	41,706
Other Purchased Services (400-500 series)	57,818	(1,500)	56,318	9,820	46,498
Supplies and Materials	1,200		1,200		1,200
Total Undist.Expend.-Instructional Staff Training Services	<u>195,679</u>	<u>(28,000)</u>	<u>167,679</u>	<u>55,495</u>	<u>112,184</u>
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	486,083	44,735	530,818	498,119	32,699
Legal Services	110,000		110,000	100,000	10,000
Audit Fees	60,000		60,000	50,300	9,700
Other Purchased Professional Services	21,056	(4,735)	16,321	14,100	2,221
Communications / Telephone	198,369	(7,177)	191,192	149,516	41,676
BOE Other Purchased Services	24,399	(4,344)	20,055	14,594	5,461

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-Gen. Admin.:					
Other Purch. Serv. (400-500 series other than 530 & 585)	\$ 124,516	\$ 53,192	\$ 177,708	\$ 172,227	\$ 5,481
General Supplies	4,343	8,393	12,736	11,630	1,106
BOE In-house training/ Meeting Supplies	2,000		2,000	1,808	192
Judgments Against The School District		14,733	14,733	14,733	
Miscellaneous Expenditures	22,200	470	22,670	22,588	82
BOE Membership Dues and Fees	11,000		11,000	10,025	975
Total Undist. Expend.-Support Serv.-Gen. Admin.	<u>1,063,966</u>	<u>105,267</u>	<u>1,169,233</u>	<u>1,059,640</u>	<u>109,593</u>
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	1,019,385	88,189	1,107,574	959,543	148,031
Salaries of Other Professional Staff	366,989	9,717	376,706	376,515	191
Salaries of Secretarial and Clerical Assistants	292,275	67,626	359,901	344,668	15,233
Other Purchased Services (400-500 series)	11,268	(1,142)	10,126	4,686	5,440
Supplies and Materials	28,522	1,142	29,664	15,812	13,852
Other Objects	9,043	1,145	10,188	8,680	1,508
Total Undist. Expend.-Support Serv.-School Adm.	<u>1,727,482</u>	<u>166,677</u>	<u>1,894,159</u>	<u>1,709,904</u>	<u>184,255</u>
Undist. Expend. - Central Services:					
Salaries	588,411	82,466	670,877	654,724	16,153
Purchased Professional Services	50,000	(4,500)	45,500	12,518	32,982
Purchased Technical Services	44,500	18,000	62,500	56,712	5,788
Miscellaneous Purchased Services (400-500 series other than 594)	43,142	1	43,143	20,490	22,653
Supplies and Materials	15,100	10,503	25,603	22,594	3,009
Interest on Lease Purchase Agreements	68,304	(829)	67,475	67,475	
Other Objects	200		200	200	
Total Undist. Expend. - Central Services	<u>809,657</u>	<u>105,641</u>	<u>915,298</u>	<u>834,713</u>	<u>80,585</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Admin. Info. Technology:					
Salaries	\$ 188,844	\$ 17,473	\$ 206,317	\$ 157,562	\$ 48,755
Purchased Professional Services	78,500	(27,861)	50,639	28,402	22,237
Purchased Technical Services	99,213	19,999	119,212	117,656	1,556
Other Purchased Services (400-500 series)	34,634		34,634	34,427	207
Supplies and Materials	113,086	(41,397)	71,689	40,018	31,671
Total Undist. Expend. - Admin. Info. Technology	514,277	(31,786)	482,491	378,065	104,426
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	283,358	17,544	300,902	285,497	15,405
Cleaning, Repair, and Maintenance Services	215,463	100,872	316,335	294,577	21,758
General Supplies	84,539		84,539	49,201	35,338
Total Undist. Expend.- Required Maint. for School Facilities	583,360	118,416	701,776	629,275	72,501
Undist. Expend.-Custodial Services:					
Salaries	118,432	(19,628)	98,804	48,584	50,220
Purchased Professional and Technical Services	781,920	(71,851)	710,069	451,376	258,693
Cleaning, Repair, and Maintenance Services	55,000	11,564	66,564	61,063	5,501
Other Purchased Property Services	70,000	(6,701)	63,299	54,548	8,751
Insurance	256,500	41,246	297,746	297,746	
Miscellaneous Purchased Services	10,200		10,200	8,270	1,930
General Supplies	85,000	17,000	102,000	87,002	14,998
Energy (Natural Gas)	308,000		308,000	301,188	6,812
Energy (Electricity)	451,000		451,000	340,133	110,867
Energy (Oil)	7,800		7,800	7,506	294
Energy (Gasoline)	6,500		6,500		6,500
Other Objects	9,000		9,000	8,234	766
Total Undist. Expend.-Custodial Services	2,159,352	(28,370)	2,130,982	1,665,650	465,332

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Care and Upkeep of Grounds:					
Salaries	\$ 136,245	\$ 1,792	\$ 138,037	\$ 75,506	\$ 62,531
Cleaning, Repair, and Maintenance Services	21,312	(3,678)	17,634	15,084	2,550
General Supplies	20,135	(114)	20,021	18,771	1,250
Total Care And Upkeep Of Grounds	<u>177,692</u>	<u>(2,000)</u>	<u>175,692</u>	<u>109,361</u>	<u>66,331</u>
Security:					
Salaries	217,469	5,793	223,262	222,839	423
Purchased Professional and Technical Services	103,000	5,576	108,576	108,576	
Cleaning, Repair, and Maintenance Services		1,200	1,200	1,197	3
General Supplies		2,318	2,318	2,299	19
Total Security	<u>320,469</u>	<u>14,887</u>	<u>335,356</u>	<u>334,911</u>	<u>445</u>
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	<u>3,240,873</u>	<u>102,933</u>	<u>3,343,806</u>	<u>2,739,197</u>	<u>604,609</u>
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	60,000	(22,924)	37,076	37,076	
Sal. for Pupil Trans. (Bet. Home and Sch)-Spl. Ed.	101,202	71,827	173,029	89,149	83,880
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	41,231	34,577	75,808	75,808	
Cleaning, Repair, and Maint. Services	35,000	935	35,935	35,135	800
Contr Serv.-Aid in Lieu of Payments-Charter Sch Stud.	12,000	11,097	23,097	22,451	646
Contr Serv.-Aid in Lieu of Payments-Choice Stud.	1,000		1,000		1,000
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	22,000	(2,009)	19,991	19,570	421
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	437,750	(77,694)	360,056	332,448	27,608
Misc. Purchased Serv. - Transportation	17,250	983	18,233	18,199	34
Transportation Supplies	36,750	(413)	36,337	36,337	
Other Objects	1,700	(450)	1,250	1,153	97
Total Undist. Expend.-Student Trans. Serv.	<u>765,883</u>	<u>15,929</u>	<u>781,812</u>	<u>667,326</u>	<u>114,486</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Social Security Contributions	\$ 393,300	\$ 319,634	\$ 712,934	\$ 712,934	
Other Retirement Contributions - PERS	433,383	(54,472)	378,911	378,911	
Other Retirement Contributions - Regular		2,126	2,126	1,320	\$ 806
Unemployment Compensation		11,014	11,014		11,014
Workers Compensation	239,400	(22,333)	217,067	209,637	7,430
Health Benefits	5,844,434	(204,261)	5,640,173	5,639,265	908
Tuition Reimbursement	114,739	(19,477)	95,262	93,492	1,770
Other Employee Benefits	142,964	67,820	210,784	174,505	36,279
Unused Sick Payment to Terminated/Retired Staff		105,064	105,064	99,726	5,338
TOTAL UNALLOCATED BENEFITS	7,168,220	205,115	7,373,335	7,309,790	63,545
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,454,930	(1,454,930)
TPAF Pension Contributions (Non-Budgeted)				5,462,633	(5,462,633)
TPAF Non-Contributory Insurance (Non-Budgeted)				75,788	(75,788)
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,731	(3,731)
Reimbursed TPAF Social Security Contributions				1,160,804	(1,160,804)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				8,157,886	(8,157,886)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	7,168,220	205,115	7,373,335	15,467,676	(8,094,341)
TOTAL UNDISTRIBUTED EXPENDITURES	23,355,687	(446,089)	22,909,598	28,432,029	(5,522,431)
TOTAL GENERAL CURRENT EXPENSE	38,462,914	(843,160)	37,619,754	42,737,370	(5,117,616)

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Preschool	\$	2,300	\$ 2,300	\$ 2,245	\$ 55
Grades 1-5		1,000	1,000	623	377
Grades 6-8	\$ 14,167	1,000	15,167	14,560	607
Grades 9-12	39,148	(2,000)	37,148	37,039	109
Undistributed:					
Undist. Expend. - Security	15,000		15,000	15,000	
Total Equipment	53,315	17,300	70,615	69,467	1,148
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services		94,286	94,286	15,460	78,826
Other Purchased Prof. and Tech. Services	315,884	(88,362)	227,522	219,824	7,698
Construction Services	1,591,280	4,885,339	6,476,619	6,435,919	40,700
Lease Purchase Agreements - Principal	1,246,558	829	1,247,387	1,247,387	
Assessment for Debt Service on SDA Funding	9,836		9,836	9,836	
Total Facilities Acquisition and Const. Serv.	3,163,558	4,892,092	8,055,650	7,928,426	127,224
TOTAL CAPITAL OUTLAY	3,216,873	4,909,392	8,126,265	7,997,893	128,372
Transfer of Funds to Charter Schools	154,260	182,440	336,700	336,700	
TOTAL EXPENDITURES	41,834,047	4,248,672	46,082,719	51,071,963	(4,989,244)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(688,818)	(4,248,672)	(4,937,490)	(1,048,463)	3,889,027

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Financing Sources/(Uses):					
Transfers from Other Funds - Food Service Fund Interest			\$ 8,949	\$ 8,949	\$ 8,949
Transfers from Other Funds - Summer Enrichment Fund			64	64	64
Transfer to Special Revenue Fund - PreK - Inclusion		\$ (115,328)	\$ (115,328)	(115,328)	
Total Other Financing Sources/(Uses)		(115,328)	(115,328)	(106,315)	9,013
Excess/(Deficit) of Revenues and Other Financing Sources					
Over/(Under) Expenditures and Other Financing Uses	\$ (688,818)	(4,364,000)	(5,052,818)	(1,154,778)	3,898,040
Fund Balance, July 1	11,316,267		11,316,267	11,316,267	
Fund Balance, June 30	\$ 10,627,449	\$ (4,364,000)	\$ 6,263,449	\$ 10,161,489	\$ 3,898,040

Recapitulation:

Restricted Fund Balance:					
Excess Surplus - Restricted For 2024-2025			\$ 2,375,432		
Excess Surplus - Restricted For 2023-2024			1,590,253		
Capital Reserve			2,500,000		
Maintenance Reserve			985,540		
Emergency Reserve			259,250		
Unemployment Compensation			336,880		
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures			898,945		
Unassigned Fund Balance			1,215,189		
			10,161,489		
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis			(2,486,301)		
Fund Balance per Governmental Funds (GAAP)			\$ 7,675,188		

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 104,024	\$ 218,464	\$ 322,488	\$ 326,476	\$ 3,988
State Sources	2,139,855		2,139,855	1,734,608	(405,247)
Federal Sources	8,822,920	44,957	8,867,877	8,636,997	(230,880)
Total Revenues	11,066,799	263,421	11,330,220	10,698,081	(632,139)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund	115,328		115,328	115,328	
Total Revenues and Other Financing Sources	11,182,127	263,421	11,445,548	10,813,409	(632,139)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	2,572,465	(1,721,741)	850,724	790,567	60,157
Other Salaries for Instruction	185,737		185,737	184,551	1,186
Purchased Professional and Technical Services	45,852	27,212	73,064	62,419	10,645
Other Purchased Professional Services	431,364	321,864	753,228	741,499	11,729
General Supplies	8,000	1,040,768	1,048,768	1,048,480	288
Total Instruction	3,243,418	(331,897)	2,911,521	2,827,516	84,005

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Support Services:					
Salaries of Supervisors of Instruction	\$ 13,049	\$	\$ 13,049	\$ 547	\$ 12,502
Salaries of Program Directors	62,347		62,347	62,346	1
Salaries of Other Professional Staff	62,347	\$ 168,628	230,975	230,543	432
Salaries of Secretaries and Clerical Assistants	164,849	(164,849)			
Salaries of Community Parent Involvement Specialist	7,785		7,785	7,785	
Salaries of Master Teachers	83,351		83,351	83,351	
Other Salaries	445,613	186,151	631,764	579,341	52,423
Personal Services - Employee Benefits	352,918	222,549	575,467	305,476	269,991
Purchased Professional and Technical Services	45,000	485,724	530,724	476,980	53,744
Other Purchased Professional Services	150,000	625,300	775,300	689,988	85,312
Cleaning, Repair and Maintenance Services	500,000		500,000	500,000	
Supplies and Materials	100,000	26,940	126,940	126,940	
Student Activities	104,024	65,786	169,810	169,810	
Total Support Services	2,091,283	1,616,229	3,707,512	3,233,107	474,405
Equipment and Facilities Acquisition:					
Buildings	5,784,422	(1,020,911)	4,763,511	4,748,798	14,713
Instructional Equipment	63,004		63,004		63,004
Total Equipment and Facilities Acquisition	5,847,426	(1,020,911)	4,826,515	4,748,798	77,717
Total Expenditures	\$ 11,182,127	\$ 263,421	\$ 11,445,548	\$ 10,809,421	\$ 636,127
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -0-	\$ -0-	\$ -0-	\$ 3,988	\$ 3,988

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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	\$ 50,023,500	\$ 10,698,081
Differences - Budgetary to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		
Current Year Encumbrances		(404,979)
Prior Year Encumbrances		32,652
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	2,027,901	157,758
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(2,486,301)	(133,906)
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 \$ 49,565,100	 \$ 10,349,606
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 51,071,963	\$ 10,809,421
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		(404,979)
Prior Year Encumbrances		32,652
 Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	 \$ 51,071,963	 \$ 10,437,094

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, 2023 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)l. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Elementary and Secondary Education Act			
	Title I	Title I SIA A	Title II Part A	Title III
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 575,141	\$ 20,000	\$ 52,862	\$ 71,924
Total Revenue	575,141	20,000	52,862	71,924
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenues and Other Financing Sources	575,141	20,000	52,862	71,924
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Other Salaries for Instruction				
Purchased Professional and Technical Services	48,438	5,270		5,440
Other Purchased Professional Services				
General Supplies	446,791	14,730		30,000
Total Instruction	495,229	20,000		35,440
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	65,749			34,984
Personal Services - Employee Benefits				
Purchased Professional and Technical Services	9,120		22,862	
Other Purchased Professional Services			25,000	
Cleaning, Repair and Maintenance Services				
Supplies and Materials	5,043		5,000	1,500
Student Activities				
Total Support Services	79,912		52,862	36,484
Equipment and Facilities Acquisition:				
Buildings				
Total Facilities Acquisition				
Total Expenditures	\$ 575,141	\$ 20,000	\$ 52,862	\$ 71,924

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	ACSERS	Elementary and Secondary Education Act	
		Title III Immigrant	Title IV
REVENUE:			
Local Sources			
State Sources			
Federal Sources	\$ 158,640	\$ 21,977	\$ 54,969
Total Revenue	158,640	21,977	54,969
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	158,640	21,977	54,969
EXPENDITURES:			
Instruction:			
Salaries of Teachers			28,075
Other Salaries for Instruction			
Purchased Professional and Technical Services			3,271
Other Purchased Professional Services	74,760		4,974
General Supplies			375
Total Instruction	74,760		36,695
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	83,880	19,728	
Personal Services - Employee Benefits		1,530	18,274
Purchased Professional and Technical Services			
Other Purchased Professional Services			
Cleaning, Repair and Maintenance Services			
Supplies and Materials		719	
Student Activities			
Total Support Services	83,880	21,977	18,274
Facilities Acquisition:			
Buildings			
Total Facilities Acquisition			
Total Expenditures	\$ 158,640	\$ 21,977	\$ 54,969

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	IDEA Part B		
	Basic	Preschool	ARP Basic
REVENUE:			
Local Sources			
State Sources			
Federal Sources	\$ 500,668	\$ 18,666	\$ 4,431
Total Revenue	<u>500,668</u>	<u>18,666</u>	<u>4,431</u>
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	<u>500,668</u>	<u>18,666</u>	<u>4,431</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers			
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Professional Services	500,668	18,666	4,431
General Supplies			
Total Instruction	<u>500,668</u>	<u>18,666</u>	<u>4,431</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			
Cleaning, Repair and Maintenance Services			
Supplies and Materials			
Student Activities			
Total Support Services			
Facilities Acquisition:			
Buildings			
Total Facilities Acquisition			
Total Expenditures	<u>\$ 500,668</u>	<u>\$ 18,666</u>	<u>\$ 4,431</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, 2023

	<u>COVID-19 - CRRSA</u>		
	<u>ESSER II</u>	<u>Learning Acceleration</u>	<u>Mental Health</u>
REVENUE:			
Local Sources			
State Sources			
Federal Sources	\$ 565,516	\$ 165,173	\$ 45,000
Total Revenue	<u>565,516</u>	<u>165,173</u>	<u>45,000</u>
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	<u>565,516</u>	<u>165,173</u>	<u>45,000</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	29,360	153,435	
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Professional Services			
General Supplies			
Total Instruction	<u>29,360</u>	<u>153,435</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			15,000
Personal Services - Employee Benefits		11,738	1,148
Purchased Professional and Technical Services	414,896		28,852
Other Purchased Professional Services			
Cleaning, Repair and Maintenance Services			
Supplies and Materials			
Student Activities			
Total Support Services	<u>414,896</u>	<u>11,738</u>	<u>45,000</u>
Facilities Acquisition:			
Buildings	121,260		
Total Facilities Acquisition	<u>121,260</u>		
Total Expenditures	<u>\$ 565,516</u>	<u>\$ 165,173</u>	<u>\$ 45,000</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, 2023

	<u>COVID-19 - American Rescue Plan</u>		
	<u>ESSER III</u>	<u>Accelerated Learning</u>	<u>Mental Health</u>
REVENUE:			
Local Sources			
State Sources			
Federal Sources	\$ 5,784,422	\$ 204,858	\$ 392,750
Total Revenue	<u>5,784,422</u>	<u>204,858</u>	<u>392,750</u>
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	<u>5,784,422</u>	<u>204,858</u>	<u>392,750</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers		74,358	
Other Salaries for Instruction			
Purchased Professional and Technical Services			
Other Purchased Professional Services			
General Supplies	556,584		
Total Instruction	<u>556,584</u>	<u>74,358</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		90,000	270,000
Personal Services - Employee Benefits		40,500	121,500
Purchased Professional and Technical Services			1,250
Other Purchased Professional Services	600,300		
Cleaning, Repair and Maintenance Services			
Supplies and Materials			
Student Activities			
Total Support Services	<u>600,300</u>	<u>130,500</u>	<u>392,750</u>
Facilities Acquisition:			
Buildings	4,627,538		
Total Facilities Acquisition	<u>4,627,538</u>		
Total Expenditures	<u>\$ 5,784,422</u>	<u>\$ 204,858</u>	<u>\$ 392,750</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, 2023

	Preschool Education Aid	Student Activities	Local Grants	Totals
REVENUE:				
Local Sources		\$ 173,798	\$ 152,678	\$ 326,476
State Sources	\$ 1,734,608			1,734,608
Federal Sources				8,636,997
Total Revenue	<u>1,734,608</u>	<u>173,798</u>	<u>152,678</u>	<u>10,698,081</u>
Other Financing Sources:				
Transfer In - Board Contribution - General Fund	115,328			115,328
Total Revenues and Other Financing Sources	<u>1,849,936</u>	<u>173,798</u>	<u>152,678</u>	<u>10,813,409</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers	505,339			790,567
Other Salaries for Instruction	184,551			184,551
Purchased Professional and Technical Services				62,419
Other Purchased Professional Services			138,000	741,499
General Supplies				1,048,480
Total Instruction	<u>689,890</u>	<u></u>	<u>138,000</u>	<u>2,827,516</u>
Support Services:				
Salaries of Supervisors of Instruction	547			547
Salaries of Program Directors	62,346			62,346
Salaries of Other Professional Staff	230,543			230,543
Salaries of of Community Parent Involvement Specialist	7,785			7,785
Salaries of Master Teachers	83,351			83,351
Other Salaries				579,341
Personal Services - Employee Benefits	110,786			305,476
Purchased Professional and Technical Services				476,980
Other Purchased Professional Services	64,688			689,988
Cleaning, Repair and Maintenance Services	500,000			500,000
Supplies and Materials	100,000		14,678	126,940
Student Activities		169,810		169,810
Total Support Services	<u>1,160,046</u>	<u>169,810</u>	<u>14,678</u>	<u>3,233,107</u>
Equipment and Facilities Acquisition:				
Buildings				4,748,798
Total Equipment and Facilities Acquisition				<u>4,748,798</u>
Total Expenditures	<u>\$ 1,849,936</u>	<u>\$ 169,810</u>	<u>\$ 152,678</u>	<u>\$ 10,809,421</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 509,796	\$ 505,339	\$ 4,457
Other Salaries for Instruction	185,737	184,551	1,186
Total Instruction	<u>695,533</u>	<u>689,890</u>	<u>5,643</u>
Support Services:			
Salaries of Supervisors of Instruction	13,049	547	12,502
Salaries of Program Directors	62,347	62,346	1
Salaries of Other Professional Staff	230,975	230,543	432
Salaries of Community Parent Involvement Specialist	7,785	7,785	
Salaries of Master Teachers	83,351	83,351	
Personal Services - Employee Benefits	349,139	110,786	238,353
Other Purchased Professional Services	150,000	64,688	85,312
Cleaning, Repair and Maintenance Services	500,000	500,000	
Supplies and Materials	100,000	100,000	
Total Support Services	<u>1,496,646</u>	<u>1,160,046</u>	<u>336,600</u>
Facilities Acquisition:			
Instructional Equipment	63,004		63,004
Total Facilities Acquisition	<u>63,004</u>		<u>63,004</u>
Total Expenditures	<u>\$ 2,255,183</u>	<u>\$ 1,849,936</u>	<u>\$ 405,247</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2022-2023 Preschool Education Aid Allocation	\$ 1,340,688
Add: Actual Preschool Education Aid Carryover (June 30, 2022)	1,121,552
Add: Budgeted Transfer from the General Fund 2022-2023	115,328
Total Preschool Education Aid Funds Available for 2022-2023 Budget	<u>2,577,568</u>
Less: 2022-2023 Budgeted PEA (Including prior year budget carryover)	<u>(2,255,183)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2022	322,385
Add: Cancellation of Prior Year Encumbrances	528
Add: Cancellation of Prior Year Accounts Payable	1,093
Add: June 30, 2023 Unexpended Preschool Education Aid	405,247
2022-2023 Carryover - Preschool Education Aid	<u>\$ 729,253</u>
2022-2023 Preschool Education Aid Carryover Budgeted in 2023-2024	<u>\$ 340,377</u>

CAPITAL PROJECTS FUND

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Revenue and Other Financing Sources:	
Interest on Investments	\$ 10
Total Revenue and Other Financing Sources	<u>10</u>
Other Financing Uses:	
Transfer Out - Debt Service Fund	<u>10</u>
Total Other Financing Uses	<u>10</u>
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	-0-
Fund Balance - Beginning of Year	<u>-0-</u>
Fund Balance - End of Year	<u><u>\$ -0-</u></u>

PROPRIETARY FUNDS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Major Fund		Total
	Food		
	Service		
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	\$ 781,351	\$	781,351
Intergovernmental Accounts Receivable:			
Federal	133,917		133,917
State	4,866		4,866
Student Accounts Receivable	60,742		60,742
Inventories	43,745		43,745
	1,024,621		1,024,621
Non-Current Assets:			
Capital Assets	503,373		503,373
Less: Accumulated Depreciation	(256,270)		(256,270)
	247,103		247,103
Total Assets	1,271,724		1,271,724
LIABILITIES:			
Current Liabilities:			
Accounts Payable - Vendors	231,724		231,724
Interfund Accounts Payable - General Fund	55,603		55,603
Unearned Revenue - Prepaid Sales	5,979		5,979
Unearned Revenue - Donated Commodities	7,627		7,627
	300,933		300,933
NET POSITION:			
Investment in Capital Assets	247,103		247,103
Unrestricted	723,688		723,688
Total Net Position	\$ 970,791	\$	970,791

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, 2023

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Summer	Food	
	Enrichment	Service	Total
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Meals		\$ 186,641	\$ 186,641
Daily Sales - Non-Reimbursable Meals		117,451	117,451
Other Income		95,533	95,533
Total Operating Revenue		<u>399,625</u>	<u>399,625</u>
Operating Expenses:			
Cost of Sales - Reimbursable Programs		568,396	568,396
Cost of Sales - Non-Reimbursable Programs		380,057	380,057
Salaries, Benefits & Payroll Taxes		603,944	603,944
Supplies, Insurance & Other Costs		383,532	383,532
Management Fee		55,873	55,873
Miscellaneous		10,835	10,835
Depreciation Expense		33,013	33,013
Total Operating Expenses		<u>2,035,650</u>	<u>2,035,650</u>
Operating Loss		(1,636,025)	(1,636,025)
Non-Operating Revenue:			
Local Sources:			
Interest Income		8,949	8,949
State Sources:			
State School Lunch Program		26,705	26,705
State School Breakfast Program		7,585	7,585
State School Breakfast Program - After the Bell		25,267	25,267
COVID 19 - Summer Food Service Program		570	570
Federal Sources:			
National School Lunch Program		889,986	889,986
School Breakfast Program		507,716	507,716
After School Snack Program		7,909	7,909
COVID 19 - Summer Food Service Program		20,593	20,593
COVID 19 -Supply Chain Assistance		107,010	107,010
NSLP Equipment Grant		23,436	23,436
Food Distribution Program		114,430	114,430
Total Non-Operating Revenue		<u>1,740,156</u>	<u>1,740,156</u>
Change in Net Position Before Transfers		104,131	104,131
Transfer Out - General Fund	\$ (64)	(8,949)	(9,013)
Total Transfers	<u>(64)</u>	<u>(8,949)</u>	<u>(9,013)</u>
Change in Net Position After Transfers	(64)	95,182	95,118
Net Position - Beginning of Year (Restated)	<u>64</u>	<u>875,609</u>	<u>875,673</u>
Net Position - End of Year	<u>\$ -0-</u>	<u>\$ 970,791</u>	<u>\$ 970,791</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Non-Major Fund</u>	<u>Major Fund</u>	
	Summer	Food	
	Enrichment	Service	Total
Cash Flows from Operating Activities:			
Receipts from Customers		\$ 340,976	\$ 340,976
Payments to Food Service Vendor		(603,944)	(603,944)
Payments to Suppliers		(1,055,304)	(1,055,304)
Net Cash Used for Operating Activities		(1,318,272)	(1,318,272)
Cash Flows from Investing Activities:			
Local Sources:			
Interest Income		8,949	8,949
Net Cash Provided by Investing Activities		8,949	8,949
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets		(86,369)	(86,369)
Net Cash Used for Capital and Related Financing Activities		(86,369)	(86,369)
Cash Flows from Noncapital Financing Activities:			
State Sources		57,155	57,155
Federal Sources		1,558,242	1,558,242
Interfund - General Fund	\$ (64)	(15)	(79)
Net Cash Provided by/(Used for) Noncapital Financing Activities	(64)	1,615,382	1,615,318
Net Increase/(Decrease) in Cash and Cash Equivalents	(64)	219,690	219,626
Cash and Cash Equivalents, July 1	64	561,661	561,725
Cash and Cash Equivalents, June 30	\$ -0-	\$ 781,351	\$ 781,351
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss		\$ (1,636,025)	\$ (1,636,025)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation		33,013	33,013
Food Distribution Program		114,430	114,430
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable - Students		(56,806)	(56,806)
(Increase)/Decrease in Inventory		(1,101)	(1,101)
Increase/(Decrease) in Unearned Revenue - Donated Commodities		(1,664)	(1,664)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales		(1,843)	(1,843)
Increase/(Decrease) in Accounts Payable		231,724	231,724
Net Cash Used for Operating Activities	\$ -0-	\$ (1,318,272)	\$ (1,318,272)

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$112,766 and utilized \$114,430 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2023.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITIES

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

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Interest Rate	Balance July 1, 2022	Retired or Matured	Balance June 30, 2023
			Outstanding		Amount	Balance				
			Date	June 30, 2023						
School Bonds	12/23/2014	\$ 27,140,000	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%					
						\$ 21,560,000	\$ 940,000	\$ 20,620,000		
						\$ 21,560,000	\$ 940,000	\$ 20,620,000		

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

<u>Purpose</u>	<u>Original Issue</u>	<u>Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2023</u>
Capital Improvement Smalley School Addition	\$ 7,000,000	2.35%	<u>\$ 3,174,824</u>	<u>\$ 1,247,387</u>	<u>\$ 1,927,437</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
LONG TERM LIABILITIES
STATEMENT OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
LONG TERM LIABILITIES
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOT APPLICABLE

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 746,520		\$ 746,520	\$ 746,520	
State Sources:					
School Building Aid	874,852		874,852	874,852	
Total Revenues	1,621,372		1,621,372	1,621,372	
EXPENDITURES:					
Regular Debt Service:					
Interest	701,463		701,463	701,462	\$ 1
Redemption of Principal	940,000		940,000	940,000	
Total Regular Debt Service	1,641,463		1,641,463	1,641,462	1
Total Expenditures	1,641,463		1,641,463	1,641,462	1
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(20,091)		(20,091)	(20,090)	1
Other Financing Sources:					
Transfers In - Capital Projects Fund				10	10
Total Other Financing Sources				10	10
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(20,091)		(20,091)	(20,080)	11
Fund Balance, July 1	20,091		20,091	20,091	
Fund Balance, June 30	\$ -0-	\$ -0-	\$ -0-	\$ 11	\$ 11
<u>Recapitulation:</u>					
Restricted				\$ 11	\$ 11

STATISTICAL SECTION
(UNAUDITED)

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

Contents

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

Sources: Unless otherwise noted, the information in these schedules is derived from the 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,				
	2014	2015	2016	2017	2018
Governmental Activities/(Deficit)					
Net Investment in Capital Assets	\$ 4,936,220	\$ 5,350,423	\$ 5,910,924	\$ 5,959,764	\$ 6,805,233
Restricted	3,638,379	2,187,690	1,734,140	2,300,098	4,183,956
Unrestricted	(6,077,733)	(5,855,274)	(6,646,582)	(7,960,143)	(9,295,772)
Total Governmental Activities Net Position	<u>\$ 2,496,866</u>	<u>\$ 1,682,839</u>	<u>\$ 998,482</u>	<u>\$ 299,719</u>	<u>\$ 1,693,417</u>
Business-type Activities					
Investment in Capital Assets	\$ 244,069	\$ 288,615	\$ 401,026	\$ 555,675	\$ 556,066
Unrestricted	242,439	297,462	272,464	369,283	430,035
Total Business-type Activities Net Position	<u>\$ 486,508</u>	<u>\$ 586,077</u>	<u>\$ 673,490</u>	<u>\$ 924,958</u>	<u>\$ 986,101</u>
District-wide/(Deficit)					
Net Investment in Capital Assets	\$ 5,180,289	\$ 5,639,038	\$ 6,311,950	\$ 6,515,439	\$ 7,361,299
Restricted	3,638,379	2,187,690	1,734,140	2,300,098	4,183,956
Unrestricted	(5,835,294)	(5,557,812)	(6,374,118)	(7,590,860)	(8,865,737)
Total District Net Position	<u>\$ 2,983,374</u>	<u>\$ 2,268,916</u>	<u>\$ 1,671,972</u>	<u>\$ 1,224,677</u>	<u>\$ 2,679,518</u>

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

UNAUDITED
(Continued)

	June 30,				
	2019	2020	2021	(Restated) 2022	2023
Governmental Activities/(Deficit)					
Net Investment in Capital Assets	\$ 10,171,912	\$ 9,102,266	\$ 13,492,214	\$ 15,107,793	\$ 27,295,345
Restricted	3,300,175	3,270,505	4,800,271	8,932,290	8,145,384
Unrestricted	(9,536,305)	(6,542,643)	(7,974,649)	(6,798,080)	(6,611,975)
Total Governmental Activities Net Position	<u>\$ 3,935,782</u>	<u>\$ 5,830,128</u>	<u>\$ 10,317,836</u>	<u>\$ 17,242,003</u>	<u>\$ 28,828,754</u>
Business-type Activities					
Investment in Capital Assets	\$ 618,081	\$ 593,891	\$ 569,702	\$ 193,747	\$ 247,103
Unrestricted	273,706	148,395	260,790	681,926	723,688
Total Business-type Activities Net Position	<u>\$ 891,787</u>	<u>\$ 742,286</u>	<u>\$ 830,492</u>	<u>\$ 875,673</u>	<u>\$ 970,791</u>
District-wide/(Deficit)					
Net Investment in Capital Assets	\$ 10,789,993	\$ 9,696,157	\$ 14,061,916	\$ 15,301,540	\$ 27,542,448
Restricted	3,300,175	3,270,505	4,800,271	8,932,290	8,145,384
Unrestricted	(9,262,599)	(6,394,248)	(7,713,859)	(6,116,154)	(5,888,287)
Total District Net Position	<u>\$ 4,827,569</u>	<u>\$ 6,572,414</u>	<u>\$ 11,148,328</u>	<u>\$ 18,117,676</u>	<u>\$ 29,799,545</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,				
	2014	2015	2016	2017	2018
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 10,622,657	\$ 11,846,786	\$ 13,025,688	\$ 15,225,678	\$ 16,257,390
Special Education	3,283,366	3,351,241	4,203,934	3,945,318	4,279,100
Other Instruction	854,765	1,065,461	1,427,274	1,595,820	1,764,401
School-Sponsored Instruction	479,070	540,909	552,371	520,906	543,194
Support Services					
Tuition	2,323,753	2,263,257	1,658,891	1,873,933	1,463,570
Student & Instruction Related Services	2,854,172	4,035,498	4,136,282	4,152,379	4,339,060
General and Business Administrative Services	754,316	950,061	1,115,262	1,722,079	959,459
School Administrative Services	1,274,212	1,539,137	1,900,486	2,359,417	2,267,448
Central Services & Administrative					
Information Technology	956,300	760,378	938,214	1,159,296	953,909
Plant Operations and Maintenance	3,107,572	3,004,402	2,809,504	2,813,285	2,320,651
Pupil Transportation	573,206	629,387	689,036	797,625	660,955
Charter Schools	56,001	67,096	81,656	66,431	829,023
Capital Outlay		9,836	9,836	9,836	114,896
Interest on long-term liabilities	76,323	505,583	893,001	862,331	51,407
Total Governmental Activities Expenses	<u>27,215,713</u>	<u>30,569,032</u>	<u>30,569,032</u>	<u>37,104,334</u>	<u>36,804,463</u>
Business-type Activities					
Food Service	981,456	1,159,932	1,271,721	1,323,394	1,323,708
Summer Enrichment					725
Summer Sports					750
Total Business-type Activities Expense	<u>981,456</u>	<u>1,159,932</u>	<u>1,271,721</u>	<u>1,323,394</u>	<u>1,325,183</u>
Total District Expenses	<u>\$ 28,197,169</u>	<u>\$ 31,728,964</u>	<u>\$ 34,713,156</u>	<u>\$ 38,427,728</u>	<u>\$ 38,129,646</u>
Program Revenues					
Governmental Activities					
Charges for Services					
Student & Instruction Related Services					
Tuition & Pupil Transportation	\$ 1,618,263	\$ 1,644,174	\$ 1,611,381	\$ 1,512,921	\$ 1,364,129
Operating Grants and Contributions	4,988,209	7,359,245	9,042,408	11,747,672	12,869,099
Total Governmental Activities Program Revenues	<u>6,606,472</u>	<u>9,003,419</u>	<u>10,653,789</u>	<u>13,260,593</u>	<u>14,233,228</u>
Business-type Activities:					
Charges for Services					
Food Service	206,447	214,846	230,139	223,500	212,074
Summer Enrichment					725
Summer Sports					750
Operating Grants and Contributions	844,829	995,174	1,128,331	1,177,111	1,179,739
Total Business-type Activities Program Revenues	<u>1,051,276</u>	<u>1,210,020</u>	<u>1,358,470</u>	<u>1,400,611</u>	<u>1,393,288</u>
Total District Program Revenues	<u>\$ 7,657,748</u>	<u>\$ 10,213,439</u>	<u>\$ 12,012,259</u>	<u>\$ 14,661,204</u>	<u>\$ 15,626,516</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,				
	2014	2015	2016	2017	2018
Net (Expense)/Revenue					
Governmental Activities	\$(21,565,613)	\$(22,787,646)	\$(23,843,741)	\$(22,571,235)	\$(22,571,235)
Business-type Activities	50,088	86,749	77,217	68,105	68,105
Total District-wide Net Expense	<u>\$(21,515,525)</u>	<u>\$(22,700,897)</u>	<u>\$(23,766,524)</u>	<u>\$(22,503,130)</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	\$ 12,833,220	\$ 13,446,977	\$ 14,056,977	\$ 13,680,017
Taxes Levied for Debt Service	379,939	382,092	382,092	382,092	537,092
Federal and State aid not restricted	7,258,883	7,349,935	8,149,850	8,183,327	9,605,112
Miscellaneous Income	118,502	235,820	124,999	696,794	142,487
Transfers	(13,714)	(49,481)	(630)	(174,211)	225
Total Governmental Activities	<u>20,314,853</u>	<u>20,751,586</u>	<u>22,103,288</u>	<u>23,144,979</u>	<u>23,964,933</u>
Business-type Activities					
Investment Earnings				34	
Miscellaneous					185
Other Items					(6,922)
Transfers	8,463	13,714	49,481	630	(225)
Total Business-type Activities	<u>8,463</u>	<u>13,714</u>	<u>49,481</u>	<u>664</u>	<u>(6,962)</u>
Total District-wide	<u>\$ 20,323,316</u>	<u>\$ 20,765,300</u>	<u>\$ 22,152,769</u>	<u>\$ 23,145,643</u>	<u>\$ 23,957,971</u>
Change in Net Position					
Governmental Activities	\$ (1,250,760)	\$ (2,036,060)	\$ (1,740,453)	\$ 573,744	\$ 1,393,698
Business-type Activities	58,551	100,463	126,698	68,769	61,143
Total District	<u>\$(1,192,209)</u>	<u>\$(1,935,597)</u>	<u>\$(1,613,755)</u>	<u>\$ 642,513</u>	<u>\$ 1,454,841</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,				
	2019	2020	2021	2022	2023
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 14,534,183	\$ 14,280,864	\$ 16,136,795	\$ 17,320,231	\$ 20,410,873
Special Education	4,470,193	5,504,592	4,244,851	4,698,632	4,815,235
Other Instruction	1,645,515	1,804,379	1,966,138	2,298,237	2,640,184
School-Sponsored Instruction	824,073	747,693	670,579	776,560	798,646
Support Services					
Tuition	1,730,757	1,799,150	1,676,168	1,423,741	1,798,550
Student & Instruction Related Services	5,026,671	5,947,403	6,038,563	6,174,874	5,989,864
General and Business Administrative Services	726,327	933,937	956,909	1,075,880	1,389,094
School Administrative Services	2,362,432	2,510,023	2,697,602	2,696,081	2,856,780
Central Services & Administrative					
Information Technology	1,274,615	1,680,552	1,463,018	1,441,795	1,691,766
Plant Operations and Maintenance	2,527,645	2,606,901	2,621,459	2,859,187	3,260,624
Pupil Transportation	749,559	741,171	544,713	964,963	755,000
Charter Schools	35,736	24,810	33,082	105,404	336,700
Capital Outlay	407,927	13,553	80,709	9,837	9,836
Interest on long-term liabilities	793,513	768,903	743,469	713,776	688,537
Total Governmental Activities Expenses	<u>37,109,146</u>	<u>39,363,931</u>	<u>39,874,055</u>	<u>42,559,198</u>	<u>47,441,689</u>
Business-type Activities					
Food Service	1,539,557	1,423,684	891,588	1,722,461	2,035,650
Summer Enrichment	1,975	836			
Summer Sports	825				
Total Business-type Activities Expense	<u>1,542,357</u>	<u>1,424,520</u>	<u>891,588</u>	<u>1,722,461</u>	<u>2,035,650</u>
Total District Expenses	<u>\$ 38,651,503</u>	<u>\$ 40,788,451</u>	<u>\$ 40,765,643</u>	<u>\$ 44,281,659</u>	<u>\$ 49,477,339</u>
Program Revenues					
Governmental Activities					
Charges for Services					
Student & Instruction Related Services			\$ 82,753	\$ 213,539	\$ 326,476
Tuition & Pupil Transportation	\$ 1,208,831	\$ 1,242,180	2,017,529	2,178,696	2,652,901
Operating Grants and Contributions	11,001,994	11,070,250	12,227,633	14,533,262	18,015,979
Total Governmental Activities Program Revenues	<u>12,210,825</u>	<u>12,312,430</u>	<u>14,327,915</u>	<u>16,925,497</u>	<u>20,995,356</u>
Business-type Activities:					
Charges for Services					
Food Service	248,505	201,469	2,605	115,761	399,625
Summer Enrichment	1,975	900			
Summer Sports	825				
Operating Grants and Contributions	1,196,738	1,072,650	977,189	2,003,647	1,731,207
Total Business-type Activities Program Revenues	<u>1,448,043</u>	<u>1,275,019</u>	<u>979,794</u>	<u>2,119,408</u>	<u>2,130,832</u>
Total District Program Revenues	<u>\$ 13,658,868</u>	<u>\$ 13,587,449</u>	<u>\$ 15,307,709</u>	<u>\$ 19,044,905</u>	<u>\$ 23,126,188</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,				
	2019	2020	2021	2022	2023
Net (Expense)/Revenue					
Governmental Activities	\$(24,898,321)	\$(27,051,501)	\$(25,546,140)	\$(25,633,701)	\$(26,446,333)
Business-type Activities	(94,314)	(149,501)	88,206	396,947	95,182
Total District-wide Net Expense	<u>\$(24,992,635)</u>	<u>\$(27,201,002)</u>	<u>\$(25,457,934)</u>	<u>\$(25,236,754)</u>	<u>\$(26,351,151)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes Levied for General Purposes, Net	\$ 13,680,017	\$ 13,261,017	\$ 13,261,017	\$ 13,037,373	\$ 13,082,282
Taxes Levied for Debt Service	537,092	537,092	537,092	760,542	746,520
Federal and State aid not restricted	12,625,558	14,571,783	15,488,894	19,134,974	23,611,680
Miscellaneous Income	297,635	232,034	746,829	692,060	583,589
Transfers	384	219	16	34	9,013
Total Governmental Activities	<u>27,140,686</u>	<u>28,602,145</u>	<u>30,033,848</u>	<u>33,624,983</u>	<u>38,033,084</u>
Business-type Activities					
Investment Earnings					
Miscellaneous	384	219	16	34	8,949
Other Items					
Transfers	(384)	(219)	(16)	(34)	(9,013)
Total Business-type Activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(64)</u>
Total District-wide	<u>\$ 27,140,686</u>	<u>\$ 28,602,145</u>	<u>\$ 30,033,848</u>	<u>\$ 33,624,983</u>	<u>\$ 38,033,020</u>
Change in Net Position					
Governmental Activities	\$ 2,242,365	\$ 1,550,644	\$ 4,487,708	\$ 7,991,282	\$ 11,586,751
Business-type Activities	(94,314)	(149,501)	88,206	396,947	95,118
Total District	<u>\$ 2,148,051</u>	<u>\$ 1,401,143</u>	<u>\$ 4,575,914</u>	<u>\$ 8,388,229</u>	<u>\$ 11,681,869</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,				
	2014	2015	2016	2017	2018
General Fund					
Restricted	\$ 3,638,378	\$ 2,179,449	\$ 1,692,891	\$ 2,083,212	\$ 4,103,782
Assigned	415,345	1,325,094	875,872	620,225	
Unassigned / (Deficit)					(438,481)
Total General Fund	<u>\$ 4,053,723</u>	<u>\$ 3,504,543</u>	<u>\$ 2,568,763</u>	<u>\$ 2,703,437</u>	<u>\$ 3,665,301</u>
All Other Governmental Funds					
Restricted	\$ 1	\$ 23,439,965	\$ 15,643,721	\$ 6,757,778	\$ 1,242,839
Committed					
Unassigned / (Deficit)	<u>(41,423)</u>	<u>(39,193)</u>	<u>(42,678)</u>	<u>(71,598)</u>	<u>(71,350)</u>
Total All Other Governmental Funds/(Deficit)	<u>\$ (41,422)</u>	<u>\$ 23,400,772</u>	<u>\$ 15,601,043</u>	<u>\$ 6,686,180</u>	<u>\$ 1,171,489</u>
Total Governmental Funds	<u>\$ 4,012,301</u>	<u>\$ 26,905,315</u>	<u>\$ 18,169,806</u>	<u>\$ 9,389,617</u>	<u>\$ 4,836,790</u>

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

UNAUDITED
(Continued)

	June 30,				
	2019	2020	2021	2022	2023
General Fund					
Restricted	\$ 3,267,593	\$ 3,160,048	\$ 4,676,033	\$ 8,818,169	\$ 8,047,355
Assigned				470,197	
Unassigned / (Deficit)	(383,910)	(856,174)	313,339		(372,167)
Total General Fund	<u>\$ 2,883,683</u>	<u>\$ 2,303,874</u>	<u>\$ 4,989,372</u>	<u>\$ 9,288,366</u>	<u>\$ 7,675,188</u>
All Other Governmental Funds					
Restricted	\$ 65,143	\$ 130,354	\$ 124,238	\$ 114,121	\$ 98,029
Committed		3,107,012			
Unassigned / (Deficit)	(71,704)	(105,860)	(142,188)	(157,758)	(133,906)
Total All Other Governmental Funds/(Deficit)	<u>\$ (6,561)</u>	<u>\$ 3,131,506</u>	<u>\$ (17,950)</u>	<u>\$ (43,637)</u>	<u>\$ (35,877)</u>
Total Governmental Funds	<u>\$ 2,877,122</u>	<u>\$ 5,435,380</u>	<u>\$ 4,971,422</u>	<u>\$ 9,244,729</u>	<u>\$ 7,639,311</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,				
	2014	2015	2016	2017	2018
Revenues:					
Tax Levy	\$ 12,951,182	\$ 13,215,312	\$ 13,829,069	\$ 14,439,069	\$ 14,217,109
Tuition Charges	1,578,544	1,603,297	1,560,159	1,462,346	1,333,378
Interest Earnings					
Transportation Fees	39,719	40,877	51,222	50,575	30,751
Miscellaneous	171,852	278,790	147,295	703,422	150,657
State Sources	10,561,900	10,907,831	12,409,986	13,071,259	14,908,052
Federal Sources	1,631,842	1,564,502	1,989,233	1,891,421	1,803,398
Total Revenue	26,935,039	27,610,609	29,986,964	31,618,092	32,443,345
Expenditures:					
Instruction					
Regular Instruction	8,174,052	7,954,520	8,516,426	8,981,055	8,974,085
Special Education Instruction	2,593,085	2,360,167	2,857,226	2,311,633	2,504,930
Other Instruction	877,619	968,658	539,533	554,273	579,886
School-Sponsored			552,371	520,906	543,194
Support Services					
Tuition	2,323,753	2,263,257	1,658,891	1,873,933	1,463,570
Student & Other Instruction Related Services	2,100,703	2,615,307	2,589,664	2,322,676	2,447,189
School Administrative Services	646,825	981,259	1,140,120	1,289,527	1,193,250
General & Business Administrative Services	951,231	726,162	900,363	864,762	777,381
Central Services and Administrative					
Information Technology	706,343	541,686	668,299	760,823	805,054
Plant Operations and Maintenance	2,689,719	2,492,118	2,207,295	2,072,498	2,251,237
Pupil Transportation	508,445	545,229	580,826	672,548	587,167
Unallocated Benefits	5,157,841	5,709,500	6,520,465	6,799,458	7,086,206

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,				
	2014	2015	2016	2017	2018
Expenditures:					
Charter School	\$ 81,777	\$ 67,096	\$ 81,656	\$ 66,431	\$ 51,406
Capital Outlay	954,093	4,038,194	7,966,549	9,422,194	5,837,879
Debt Service:					
Principal	460,000	485,000	980,000	995,000	1,050,000
Interest and Other Charges	56,001	59,961	962,160	876,863	843,963
Total Expenditures	<u>28,281,487</u>	<u>31,808,114</u>	<u>38,721,844</u>	<u>40,384,580</u>	<u>36,996,397</u>
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	<u>(1,346,448)</u>	<u>(4,197,505)</u>	<u>(8,734,880)</u>	<u>(8,766,488)</u>	<u>(4,553,052)</u>
Other Financing Sources/(Uses)					
Financed Purchases (Non-budgeted)					
Bond Proceeds		\$ 27,140,000			
Transfers in					\$ 225
Transfers out	(13,714)	(49,481)	(630)	(13,701)	
Total Other Financing Sources/(Uses)	<u>(13,714)</u>	<u>27,090,519</u>	<u>(630)</u>	<u>(13,701)</u>	<u>225</u>
Net Change in Fund Balances	<u>\$ (1,360,162)</u>	<u>\$ 22,893,014</u>	<u>\$ (8,735,510)</u>	<u>\$ (8,780,189)</u>	<u>\$ (4,552,827)</u>
Debt Service as a Percentage of					
Noncapital Expenditures	<u>1.89%</u>	<u>1.96%</u>	<u>6.31%</u>	<u>6.05%</u>	<u>6.08%</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,			
	2019	2020	2021	2022
Revenues:				
Tax Levy	\$ 14,217,109	\$ 13,798,109	\$ 13,798,109	\$ 13,797,915
Tuition Charges	1,180,927	1,215,737	2,010,047	2,092,266
Interest Earnings		5,500	682	1,374
Transportation Fees	27,904	26,443	7,482	86,430
Miscellaneous	312,238	239,052	828,900	884,958
State Sources	19,516,798	21,836,817	24,409,688	30,756,604
Federal Sources	2,016,129	1,524,999	2,050,430	4,020,861
Total Revenue	37,271,105	38,646,657	43,105,338	51,640,408
Expenditures:				
Instruction				
Regular Instruction	9,380,640	9,292,118	10,482,851	12,140,452
Special Education Instruction	2,962,305	4,117,313	2,827,132	3,159,575
Other Instruction	712,757	763,300	822,902	1,066,868
School-Sponsored	824,073	747,693	670,579	776,560
Support Services				
Tuition	1,730,757	1,799,150	1,676,168	1,423,741
Student & Other Instruction Related Services	3,349,511	3,980,938	3,855,661	4,129,710
School Administrative Services	1,423,881	1,535,414	1,627,645	1,631,568
General & Business Administrative Services	794,333	827,182	822,135	958,113
Central Services and Administrative				
Information Technology	1,110,170	1,390,536	1,127,820	1,109,895
Plant Operations and Maintenance	2,346,508	2,405,646	2,392,788	2,545,771
Pupil Transportation	678,151	672,630	464,697	872,843
Unallocated Benefits	7,840,625	8,382,789	10,654,626	13,142,543
				15,467,676
				1,212,778
				2,739,197
				667,326
				1,059,640
				1,709,904
				3,946,768
				1,798,550
				3,365,522
				14,494,114
				798,646
				1,473,564
				84,925
				22,554
				825,140
				35,708,253
				8,436,067
				61,536,088

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,			
	2019	2020	2021	2022
Expenditures:				
Charter School	\$ 35,736	\$ 24,810	\$ 33,082	\$ 105,404
Capital Outlay	4,137,447	5,883,338	4,486,663	2,675,629
Debt Service:				
Principal	1,095,000	830,000	870,000	900,000
Interest and Other Charges	809,263	779,463	754,563	728,463
Total Expenditures	<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>(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	\$ 384	219	\$ 16	\$ 34
Transfers out				
Total Other Financing Sources/(Uses)	<u>384</u>	<u>7,000,219</u>	<u>16</u>	<u>34</u>
Net Change in Fund Balances	<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>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>
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	2,764,136
2023	89,668	2,630,347	22,554	493,911	3,236,480

Source: School District of the Borough of Bound Brook records

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

Year Ended December 31,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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
2022	24,907,900	816,769,500	149,352,900	2,031,300	70,681,900	1,063,743,500	7,831,400	1,071,574,900	1.291	1,020,705,319

* Revaluation Year

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

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

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

Source: Municipal Tax Assessor

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(Rate per \$100 of Assessed Value)

Year Ended December 31,	School District of the Borough of Bound Brook Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Municipality	County	
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
2022	1.221	0.070	1.291	0.845	0.365	2.501

* 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

	2022		2013	
	Taxable Assessed Value	% of Total District Net Assessed Value	Taxable Assessed Value	% of Total District Net Assessed Value
Bound Brook LLC	\$ 38,440,900	3.59%	\$ 20,500,000	2.46%
Middle Brook Center LLC	24,423,000	2.28%	16,500,000	1.98%
Bell Atlantic c/o Duff & Phelps	8,293,800	0.77%	6,857,917	0.82%
Garfield Park Assoc LLC	7,392,600	0.69%	6,585,900	0.79%
IH 476, LLC & ET AL C/O WALGR	5,450,000	0.51%	4,320,000	0.52%
Somerset Savings & Loan Assoc	4,605,300	0.43%	4,260,000	0.51%
Effinger Plaza LLC	4,603,900	0.43%	3,520,000	0.42%
Bound Brook Holdings LLC	4,189,100	0.39%	3,107,500	0.37%
East Gate Holdings Z LLC	3,868,900	0.36%	2,808,000	0.34%
Effinger Plaza LLC	3,388,600	0.32%	2,370,000	0.28%
Total	\$ 104,656,100	9.77%	\$ 70,829,317	8.49%

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a	
		Amount	Percentage of Levy
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%
2023	13,828,802	13,828,802	100.00%

a. School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: School District of the Borough of Bound Brook records including the Certificate and Report of School Taxes (A4F form)

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Obligations Under Financed Purchases	Financed Purchases				
2014	\$ 1,395,000	\$ 230,000	\$ -0-	\$ -0-	\$	1,625,000	0.19%	\$ 19.49
2015	28,280,000	-0-	-0-	-0-		28,280,000	3.09%	319.91
2016	27,300,000	-0-	-0-	-0-		27,300,000	2.86%	295.61
2017	26,305,000	-0-	500,000	-0-		26,805,000	2.62%	270.18
2018	25,255,000	-0-	398,814	-0-		25,653,814	2.39%	245.21
2019	24,160,000	-0-	-0-	-0-		24,160,000	2.14%	218.71
2020	23,330,000	-0-	5,582,575	-0-		28,912,575	2.52%	256.26
2021	22,460,000	-0-	4,392,975	-0-		26,852,975	1.98%	235.60
2022	21,560,000	-0-	3,174,824	-0-		24,734,824	1.81%	217.02
2023	20,620,000	-0-	1,927,437	-0-		22,547,437	1.65%	197.83

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
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%	1,801.02
2023	20,620,000	- 0 -	20,620,000	1.92%	1,722.50

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, 2022
UNAUDITED

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Borough of Bound Brook	\$ 25,346,794	100.00%	\$ 25,346,794
Somerset County General Obligation Debt	265,237,860	1.50%	<u>3,966,322</u>
Subtotal, Overlapping Debt			29,313,117
Bound Brook School District Direct Debt			<u>21,560,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 50,873,117</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 2023

	Equalized valuation basis
	2020 \$ 862,701,253
	2021 954,587,737
	2022 1,063,530,794
	\$ 2,880,819,784
Average Equalized Valuation of Taxable Property	\$ 960,273,261
Debt Limit (4% of average equalization value)	38,410,930
Net Direct School Debt	20,620,000
Legal Debt Margin	\$ 17,790,930

	Fiscal Year				
	2014	2015	2016	2017	2018
Debt Limit	\$ 31,070,746	\$ 29,950,683	\$ 29,201,843	\$ 29,312,284	\$ 30,402,241
Total Net Debt Applicable to Limit	1,625,000	28,280,000	27,300,000	26,305,000	25,255,000
Legal Debt Margin	\$ 29,445,746	\$ 1,670,683	\$ 1,901,843	\$ 3,007,284	\$ 5,147,241
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	5.23%	94.42%	93.49%	89.74%	83.07%

	Fiscal Year				
	2019	2020	2021	2022	2023
Debt Limit	\$ 31,281,121	\$ 32,336,845	\$ 33,087,158	\$ 35,061,060	\$ 38,410,930
Total Net Debt Applicable to Limit	24,160,000	23,330,000	22,460,000	21,560,000	20,620,000
Legal Debt Margin	\$ 7,121,121	\$ 9,006,845	\$ 10,627,158	\$ 13,501,060	\$ 17,790,930
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	77.24%	72.15%	67.88%	61.49%	53.68%

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

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

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

Year	Population ^a	Borough of Bound Brook Personal Income ^b	Somerset County Per Capita Personal Income ^c	Unemployment Rate ^d
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	1,358,468,025	113,975	5.9%
2022	11,971	1,364,394,725 ***	113,975 *	3.5%
2023	11,971 **	1,364,394,725 ***	113,975 *	N/A

* - Latest Somerset County per capita personal income available (2021) was used for calculation purposes.

** - Latest population data available (2022) was used for calculation purposes.

*** - Latest Borough personal income available (2021) and latest population data available (2022) were used for calculation purposes.

N/A - Not Available

Source:

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

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

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

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

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

Employer	2023		
	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	2014		
	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		

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>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>	<u>2023</u>
Instruction										
Regular	101.7	102.2	108.9	114.6	102.4	105.7	120.0	117.9	113.9	143.9
Special education	21.0	22.4	26.6	28.2	29.0	32.8	33.9	45.3	34.3	34.0
Other special education	10.6	7.5	10.1	9.6	10.0	0.0	0.0	0.0	0.0	0.0
Other instruction	13.4	15.6	16.5	16.2	14.7	20.6	25.0	29.0	29.0	37.0
Support Services:										
Student and instruction related services	30.0	42.0	40.4	33.3	28.3	34.3	39.0	41.0	45.0	45.0
General administrative services	2.5	2.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
School administrative services	9.9	12.2	14.2	14.7	13.7	15.7	17.5	18.0	19.0	22.0
Business administrative services	7.3	7.3	5.6	6.8	7.3	9.0	9.0	8.0	8.0	10.0
Plant operations and maintenance	18.8	18.5	22.0	22.0	10.3	12.3	11.0	17.0	12.0	12.0
Pupil transportation	3.7	4.2	3.4	3.4	3.4	3.0	5.7	6.0	8.4	10.0
Total	218.9	234.4	251.7	252.8	223.1	237.4	265.1	286.2	273.6	317.9

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

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle/High				
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	43,063,043	22,175	14.84%	184	1:15.22	1:10.54	1,950.2	1,812.5	1.97%	92.94%
2023	1,997	49,070,385	24,572	10.81%	211	1:11.24	1:11.25	2,032.2	1,902.6	4.20%	93.62%

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<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	169	238	186	155	149	154	155	147	118	131
LaMonte Annex (2006)										
Square Feet	30,240	30,240	30,240	30,240	20,240	20,240	20,240	20,240	20,240	20,240
Capacity (students)	256	256	256	256	256	256	256	256	256	256
Enrollment	333	340	218	234	238	243	244	231	120	128
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)	266	266	266	266	866	866	866	866	866	866
Enrollment	378	327	264	293	282	263	294	298	252	248
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	321	358	373	373	377	397	357	345	552	561
<u>Middle School</u>										
Community Middle School (2014) *										
Square Feet			44,937	44,937	44,937	44,937	44,937	44,937	44,937	44,937
Capacity (students)			335	335	335	335	335	335	335	335
Enrollment			227	240	251	255	338	339	299	286
<u>High School</u>										
Bound Brook High School (1907)										
Square Feet	118,025	118,025	119,595	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	510	537	564	593	586	581	590	580	601	643
<u>Board of Education Administrative Building</u>										
Square Feet				1,649	1,649	1,649	1,649	1,649	1,649	1,649
Number of Schools at June 30, 2023										
Elementary = 4										
Middle School = 1										
Senior High School = 1										
Other = 1										
Source: District Facilities Office										

* - The Community Municipal School was acquired as part of the referendum approved by the voters in 2014 and became operational in 2016.

Note: Year of original construction is shown in parentheses. Enrollment is based on the annual October district count.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

Fiscal Year Ended June 30,	Bound Brook High School		Lafayette Elementary School		LaMonte Elementary School		Smalley Elementary School		LaMonte School Annex		Community Middle School		Administration Building		Total
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
2023		149,363		100,881		96,447		97,337		88,750		93,225		3,272	629,275

* 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, 2023
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
New Jersey Schools Insurance Group		
Package Policy:		
Blanket Real and Personal Property	\$ 99,254,732	\$ 5,000
Comprehensive General Liability	31,000,000	
Comprehensive Blanket Excess Liability		
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	
Cyber Liability (NJSIG)	2,000,000	25,000/250,000
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 & IV	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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 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.

November 10, 2023
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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



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 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, 2023. 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, 2023.

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.

November 10, 2023
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2022		Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2023		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Treasury ACRSERS	21.027	N/A	7/1/22-6/30/23	\$ 158,640			\$ (158,640)			\$ (158,640)		
Total U.S. Department of Treasury							(158,640)			(158,640)		
Total Special Revenue Fund					\$ 4,431		\$ 4,245,689		\$ 35,295	\$ (5,143,333)		
General Fund:												
U.S. Department of Health and Human Services:												
Medicaid Cluster:												
COVID 19 - FFCA/SEMI CARES Act	93.778	N/A	7/1/22-6/30/23	84,542				(84,542)				
	93.778	N/A	1/1/21-12/31/21	4,498				(4,498) *				
Total U.S. Department of Health and Human Services							89,040			(89,040)		
Total General Fund							89,040			(89,040)		
Enterprise Fund: U.S. Department of Agriculture Passed Through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	112,766				(105,139)			\$ 7,627	
COVID 19 - Seamless Summer Option - Breakfast	10.555	N/A	7/1/21-6/30/22	90,298				(9,291)				
COVID 19 - Seamless Summer Option - Lunch	10.555	N/A	7/1/21-6/30/22	620,453		9,291						
National School Lunch Program	10.555	N/A	7/1/21-6/30/22	1,169,500						(53,215)		
National School Breakfast Program	10.555	N/A	7/1/22-6/30/23	889,986				(889,986)			(64,629)	
After-School Snack	10.555	N/A	7/1/22-6/30/23	507,716				(507,716)			(45,852)	
COVID 19 - Summer Food Service Program	10.559	N/A	7/1/22-6/30/23	7,909				(7,909)				
COVID 19 - Supply Chain Assistance	10.555	N/A	7/1/22-6/30/23	20,593				(20,593)				
Total Child Nutrition Cluster				107,010			107,010					
NSLP Equipment Grant	10.579	N/A	7/1/22-6/30/23	23,436				(1,647,644)		(110,481)		
Total U.S. Department of Agriculture/ Enterprise Fund							1,671,008			(23,436)		
Total Federal Awards					\$ 927,260	\$ 13,722	\$ 6,005,737	\$ (10,397,117)	\$ 35,295	\$ (5,277,250)	\$ 7,627	\$ -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, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Adjustments	Cash Received	Budgetary Expenditures	Balance at June 30, 2023		MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	Budgetary Expenditures				GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education													
General Fund:													
Categorical Special Education Aid	23-495-034-5120-089	7/1/22 - 6/30/23	\$ 1,574,377				\$ 1,417,130	\$ (1,574,377)			\$ (157,247)	\$ 1,574,377	
Equalization Aid	23-495-034-5120-078	7/1/22 - 6/30/23	22,232,004				20,011,502	(22,232,004)			(2,220,502)	22,232,004	
Categorical Security Aid	23-495-034-5120-084	7/1/22 - 6/30/23	784,650				706,280	(784,650)			(78,370)	784,650	
School Choice Aid	23-495-034-5120-068	7/1/22 - 6/30/23	177,481				159,754	(177,481)			(17,727)	177,481	
Categorical Transportation Aid	23-495-034-5120-014	7/1/22 - 6/30/23	124,699				112,244	(124,699)			(12,455)	124,699	
Extraordinary Aid	23-495-034-5120-044	7/1/22 - 6/30/23	564,601					(564,601)			(564,601)	564,601	
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	7/1/22 - 6/30/23	1,160,804				1,098,339	(1,160,804)			(62,465)	1,160,804	
Categorical Special Education Aid	22-495-034-5120-089	7/1/21 - 6/30/22	1,574,377				156,765					1,574,377	
Equalization Aid	22-495-034-5120-078	7/1/21 - 6/30/22	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				78,130					784,650	
School Choice Aid	22-495-034-5120-068	7/1/21 - 6/30/22	286,944				28,572					286,944	
Categorical Transportation Aid	22-495-034-5120-014	7/1/21 - 6/30/22	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	
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/21 - 6/30/22	1,111,654				54,532					1,111,654	
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22 - 6/30/23	1,454,930				1,454,930	(1,454,930)				1,454,930	
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22 - 6/30/23	5,462,633				5,462,633	(5,462,633)				5,462,633	
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	75,788				75,788	(75,788)				75,788	
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	3,731				3,731	(3,731)				3,731	
Total General Fund				(2,806,573)			33,308,904	(33,615,698)		(627,066)			56,208,227
Special Revenue Fund													
Preschool Education Aid	23-495-034-5120-025	7/1/22 - 6/30/23	1,340,688				1,206,782	(935,311)		\$ 405,377	(133,906)	935,311	
Preschool Education Aid	22-495-034-5120-025	7/1/21 - 6/30/23	1,584,352				157,758					1,260,476	
Preschool Education Aid	21-495-034-5120-025	7/1/20 - 6/30/23	1,432,833					(427,757)				1,432,833	
Preschool Education Aid	20-495-034-5120-025	7/1/19 - 6/30/23	1,080,562					(224,064)				1,080,562	
Preschool Education Aid	19-495-034-5120-025	7/1/18 - 6/30/23	719,882					(147,476)				402,873	
Total Special Revenue Fund				(157,758)			1,364,540	(1,734,608)		729,253	(133,906)	5,112,055	
Debt Service Fund:													
School Building Aid	23-495-034-5120-017	7/1/22 - 6/30/23	874,852				874,852	(874,852)				874,852	
Total Debt Service Fund							874,852	(874,852)				874,852	
Total New Jersey Department of Education				(2,964,331)			35,548,296	(36,225,158)		(627,066)	(3,247,273)	62,195,134	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2022			Cancellation	Cash Received	Budgetary Expenditures	Balance at June 30, 2023		MEMO
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	GAAP Accounts Receivable				Budgetary Deferred Revenue	Budgetary Accounts Receivable	
New Jersey Department of Agriculture:												
Enterprise Fund:												
COVID 19 - Seamless Summer Option	22-100-010-3350-023	7/1/21 - 6/30/22	\$ 26,004	\$ (1,894)	\$	\$	\$ 1,894	\$	\$	\$	\$	\$ 26,004
COVID 19 - Summer Food Service Program	23-100-010-3350-023	7/1/22 - 6/30/23	570				570	(570)				570
State School Lunch Program	23-100-010-3350-023	7/1/22 - 6/30/23	26,705				24,781	(26,705)		\$ (1,924)		26,705
State School Breakfast Program	23-100-010-3350-023	7/1/22 - 6/30/23	7,585				6,887	(7,585)		(698)		7,585
State School Breakfast Program - After the Bell	23-100-010-3350-023	7/1/22 - 6/30/23	25,267				23,023	(25,267)		(2,244)		25,267
Total Enterprise Fund				(1,894)			57,155	(60,127)	(4,866)		(4,866)	86,131
Total New Jersey Department of Agriculture				(1,894)			57,155	(60,127)	(4,866)		(4,866)	86,131
Total State Awards Subject to Single Audit Determination				(2,966,225)			\$ 35,605,451	\$ (36,285,285)	\$ (631,932)	\$ 729,253	\$ (3,252,139)	\$ 62,281,265
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	23-495-034-5094-001	7/1/22 - 6/30/23	(1,454,930)					\$ 1,454,930				
On-Behalf TPAF Pension Contributions	23-495-034-5094-002	7/1/22 - 6/30/23	(5,462,633)					5,462,633				
On-Behalf TPAF Non-Contributory Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	(75,788)					75,788				
On-Behalf TPAF Long-Term Disability Insurance	23-495-034-5094-004	7/1/22 - 6/30/23	(3,731)					3,731				
Subtotal - On-Behalf TPAF Pension System Contribution								6,997,082				
Total State Awards Subject to Single Audit Major Program Determination								\$ (29,288,203)				

N/A - Not Applicable/Available

SEE ACCOMPANYING NOTES TO SCHEDULES 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, 2023

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, 2023. 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 (\$458,400) for the general fund and (\$348,475) 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, 2023
 (Continued)

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

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

	Federal	State	Total
General Fund	\$ 89,040	\$ 33,157,298	\$ 33,246,338
Special Revenue Fund	8,347,027	1,676,103	10,023,130
Debt Service Fund		874,852	874,852
Food Service Fund	1,671,080	60,127	1,731,207
Total Awards	\$ 10,107,147	\$ 35,768,380	\$ 45,875,527

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, 2023.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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:

	<u>Assistance</u> <u>Listing Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
<u>Federal:</u>				
Child Nutrition Cluster:				
Food Distribution Program	10.555	7/1/22-6/30/23	\$ 112,766	\$ 105,139
Food Distribution Program	10.555	7/1/21-6/30/22	90,298	9,291
National School Lunch Program	10.555	7/1/22-6/30/23	889,986	889,986
School Breakfast Program	10.553	7/1/22-6/30/23	507,716	507,716
After School Snack	10.555	7/1/22-6/30/23	7,909	7,909
COVID 19 - Summer Food Service Program	10.559	7/1/22-6/30/23	20,593	20,593
COVID 19 - Supply Chain Assistance	10.555	7/1/22-6/30/23	107,010	107,010
Education Stabilization Fund:				
COVID-19 - CRRSA:				
ESSER II	84.425D	3/13/20-9/30/23	2,573,788	565,516
Learning Acceleration	84.425D	3/13/20-9/30/23	165,173	165,173
Mental Health	84.425D	3/13/20-9/30/23	45,000	45,000
COVID-19 - ARP:				
ESSER III	84.425U	3/13/20-9/30/24	5,784,422	5,784,422
Accelerated Learning	84.425U	3/13/20-9/30/24	204,858	204,858
NJTSS Mental Health Support Staffing	84.425U	3/13/20-9/30/24	445,613	392,750

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Continued)

Summary of Auditors' Results: (Cont'd)

- The District's federal and state programs tested as major programs for the current fiscal year were the following:

	<u>State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>State:</u>				
General Fund State Aid:				
Categorical Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	\$ 1,574,377	\$ 1,574,377
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	22,232,004	22,232,004
Categorical Security Aid	23-495-034-5120-084	7/1/22-6/30/23	784,650	784,650
School Choice Aid	23-495-034-5120-068	7/1/22-6/30/23	177,481	177,481
Preschool Education Aid	23-495-034-5120-025	7/1/22-6/30/23	1,340,688	935,311
Preschool Education Aid	21-495-034-5120-025	7/1/20-6/30/23	1,432,833	427,757
Preschool Education Aid	20-495-034-5120-025	7/1/19-6/30/23	1,080,562	224,064
Preschool Education Aid	19-495-034-5120-025	7/1/18-6/30/23	719,882	147,476

- The threshold used for distinguishing between Type A and Type B federal programs was \$750,000.
- The threshold used for distinguishing between Type A and Type B state programs was \$878,646.
- 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, 2023

Status of Prior Year Findings:

The District had no prior year findings.