

**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, 2024**

Annual Comprehensive Financial Report

of the

**BOROUGH OF BOUND BROOK
SCHOOL DISTRICT**

Bound Brook, New Jersey

For the Fiscal Year Ended June 30, 2024

Prepared by

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

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INTRODUCTORY SECTION
(UNAUDITED)

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

October 3, 2024

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, 2024 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 2023-2024 school year with an average daily enrollment of 2,067 students, which is increase of 36 students more than last year.

2. ECONOMIC CONDITION AND OUTLOOK

The School District is one of the most underfunded public school systems in the State and faces some difficult economic situations in the future since the primary funding source is property tax revenue 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 consistently increasing enrollment. 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 21% increase in General Fund State Aid of \$5.4 million dollars, compared to the previous year, as stipulated under the modification to the School Funding Formula "S-2".

The district has been approved for fourteen (14) Regular Operating Districts (ROD) grants, from the NJDOE, 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 additional SAC (Student Assistance Counselor) for a total of 2 districtwide. We also have 3 Behaviorists and 3 Clinical Social Workers on staff for 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 course: AP Environmental. 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), Mechanical Engineering, Health Care and EMT. 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 2023 Student Learning Standards (NJSLS): Mathematics and ELA. The high school will continue a dual credit program with a four-year institution Richard Stockton University in the 2024-2025 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 new Math and Social Studies curriculums at the 9-12 levels aligned to both state and national standards. In addition, we have completed curriculum writing updates for courses including: ELA grades K-6, ESL grades K-12, Fine and Performing Arts grades 9-12, and Social Studies grades 7-8. We have added additional gifted and talented programs to the elementary schools for grades K-6.

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 continues to be 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, 2024.

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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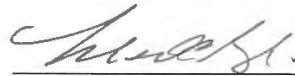
10. ACKNOWLEDGEMENTS:

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,

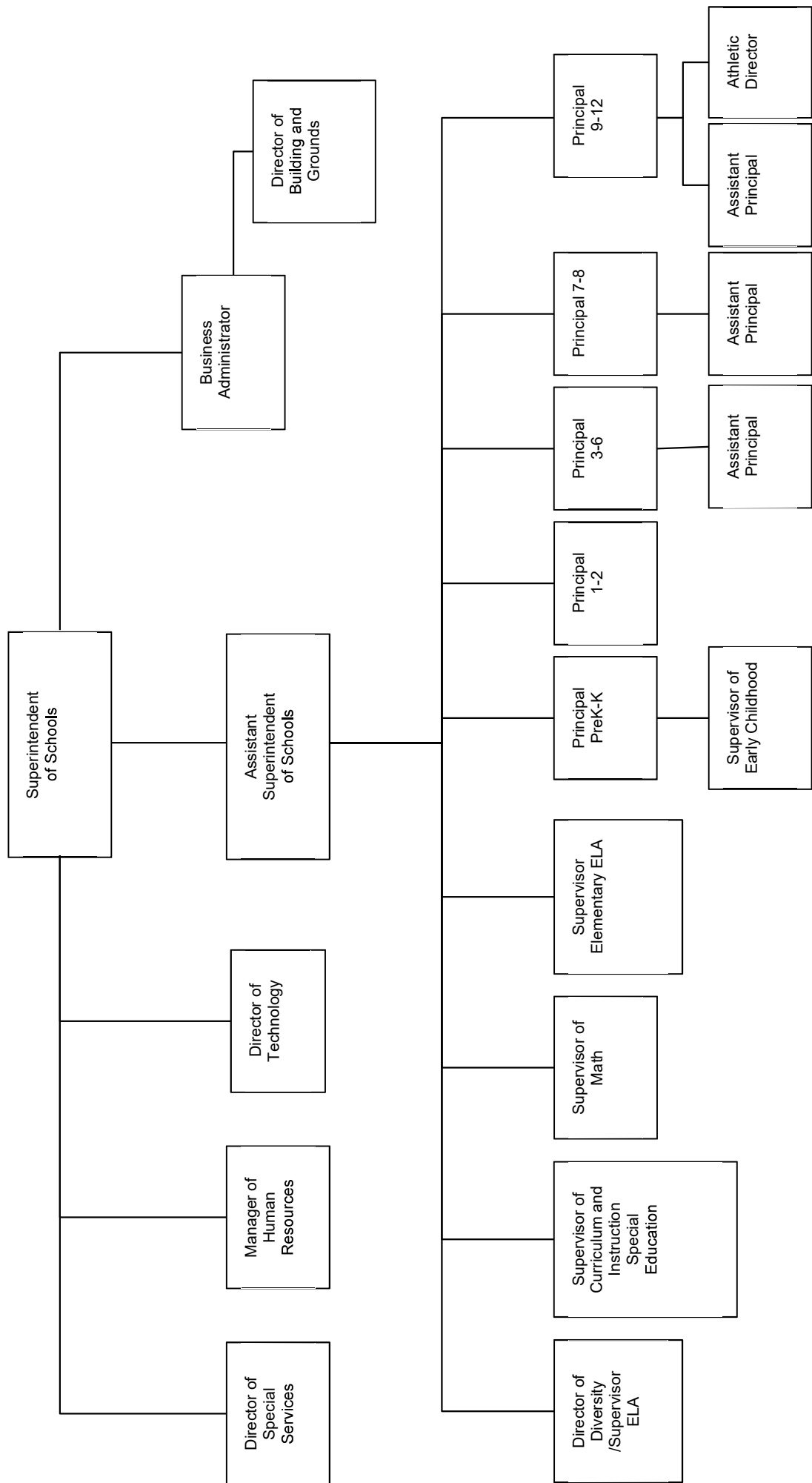


Dr. Alvin L. Freeman
Superintendent



Michael C. Gorski, CPA
Business Administrator/Board Secretary

BOUND BROOK BOARD OF EDUCATION
Organizational Chart
Fiscal Year Ended June 30, 2024



Bound Brook Board of Education
Bound Brook, New Jersey

ROSTER OF OFFICIALS
JUNE 30, 2024

<u>MEMBERS OF THE BOARD OF EDUCATION</u>	<u>TERM EXPIRES</u>
Richard Januzzi, President	2024
Michael Bal, Vice President	2026
Donald Vollmer	2026
Sidney Dawson	2025
Lisa Guzzino	2024
Gagandeep Minhas	2025
Joanna Musson	2025
Therese Sue High	2024
Roger Zupko	2026
Jennifer Carlton, South Bound Brook Representative	2024

OTHER OFFICIALS

Dr. Alvin L. Freeman, Superintendent
Michael C. Gorski CPA, Business Administrator/Board Secretary
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, 2024, 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, 2024, 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 October 3, 2024 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.

October 3, 2024
Mount Arlington, New Jersey

Nisiroccia LLP
NISIVOCIA 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, 2024

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, 2024. 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

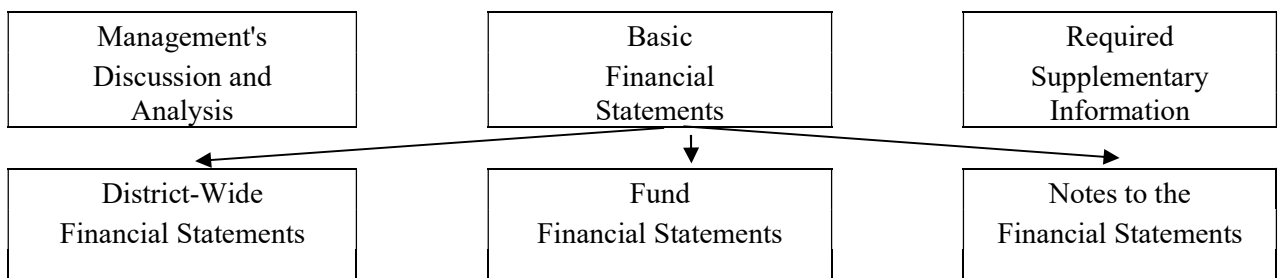
This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- 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.
- *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, 2024

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 • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets, 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, 2024

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 is included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term 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, 2024

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, 2024 increased by \$8,771,713 from the previous year. The net position from governmental activities increased \$8,609,524 and the net position from business-type activities increased \$162,189. The net investment in capital assets increased by \$3,336,420. Restricted net position increased by \$4,494,122. Unrestricted net position increased by \$941,171.

Figure A-3
Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Total
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	Percentage Change
Current and Other Assets	\$ 14,251,268	\$ 11,136,188	\$ 866,158	\$ 969,018	\$ 15,117,426	\$ 12,105,206	
Capital Assets, Net	50,743,612	49,842,782	425,369	247,103	51,168,981	50,089,885	
Total Assets	64,994,880	60,978,970	1,291,527	1,216,121	66,286,407	62,195,091	6.58%
Deferred Outflows of Resources	1,686,765	1,468,462			1,686,765	1,468,462	14.87%
Other Liabilities	2,786,467	4,285,158	158,547	245,330	2,945,014	4,530,488	
Long-Term Liabilities	25,998,555	27,817,692			25,998,555	27,817,692	
Total Liabilities	28,785,022	32,102,850	158,547	245,330	28,943,569	32,348,180	-10.52%
Deferred Inflows of Resources	458,345	1,515,828			458,345	1,515,828	-69.76%
Net Position:							
Net Investment in							
Capital Assets	30,453,499	27,295,345	425,369	247,103	30,878,868	27,542,448	
Restricted	12,608,202	8,145,384			12,608,202	8,145,384	
Unrestricted / (Deficit)	(5,623,423)	(6,611,975)	707,611	723,688	(4,915,812)	(5,888,287)	
Total Net Position	\$ 37,438,278	\$ 28,828,754	\$ 1,132,980	\$ 970,791	\$ 38,571,258	\$ 29,799,545	29.44%

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Figure A-4

Changes in Net Position from Operating Results

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total School District</u>		<u>Total Percentage Change</u>
	<u>2023/2024</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2022/2023</u>	
Revenue:							
Program Revenue:							
Charges for Services	\$ 2,505,111	\$ 2,979,377	\$ 389,223	\$ 399,625	\$ 2,894,334	\$ 3,379,002	
Operating Grants & Contributions	11,141,129	18,015,979	1,789,445	1,731,207	12,930,574	19,747,186	
General Revenue:							
Property Taxes	14,442,785	13,828,802			14,442,785	13,828,802	
Unrestricted Federal & State Aid	28,953,760	23,611,680			28,953,760	23,611,680	
Other	628,178	583,589	15,794	8,949	643,972	592,538	
Total Revenue	<u>57,670,963</u>	<u>59,019,427</u>	<u>2,194,462</u>	<u>2,139,781</u>	<u>59,865,425</u>	<u>61,159,208</u>	-2.12%
Expenses:							
Instruction	27,847,386	28,664,938			27,847,386	28,664,938	
Pupil & Instruction Services	9,134,253	7,788,414			9,134,253	7,788,414	
Administrative & Business	4,948,699	5,937,640			4,948,699	5,937,640	
Maintenance & Operations	4,447,595	3,260,624			4,447,595	3,260,624	
Transportation	1,331,488	755,000			1,331,488	755,000	
Other	1,081,642	1,035,073	2,016,479	2,035,650	3,098,121	3,070,723	
Total Expenses	<u>48,791,063</u>	<u>47,441,689</u>	<u>2,016,479</u>	<u>2,035,650</u>	<u>50,807,542</u>	<u>49,477,339</u>	2.69%
Transfers	15,794	9,013	(15,794)	(9,013)			
Change in Net Position	<u>\$ 8,895,694</u>	<u>\$ 11,586,751</u>	<u>\$ 162,189</u>	<u>\$ 95,118</u>	<u>\$ 9,057,883</u>	<u>\$ 11,681,869</u>	-22.46%

Governmental Activities

The financial position of the District increased significantly from the prior year. However, the 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, 2024

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>2023/2024</u>	<u>2022/2023</u>	<u>2023/2024</u>	<u>2022/2023</u>
Instruction	\$ 27,847,386	\$ 28,664,938	\$ 16,034,354	\$ 10,349,403
Pupil and Instruction Services	9,134,253	7,788,414	8,091,065	6,341,432
Administrative and Business	4,948,699	5,937,640	4,303,554	4,500,828
Maintenance and Operations	4,447,595	3,260,624	4,447,595	2,859,187
Transportation	1,331,488	755,000	1,186,613	753,834
Other	1,081,642	1,035,073	1,081,642	829,017
	<u>\$ 48,791,063</u>	<u>\$ 47,441,689</u>	<u>\$ 35,144,823</u>	<u>\$ 25,633,701</u>

Business-Type Activities

Net position from the District's business-type activity increased by \$162,189 (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 the 2023-2024 school year the District received an increase in General Fund State Aid exceeding \$5,400,000, 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 fourteen Regular Operating Districts (ROD) grants, approved by the NJ DOE to replace boilers at the High School, Smalley School, Lamonte School, and Lafayette School estimated to cost \$4,635,040. The District has been approved for 66% reimbursement of eligible costs with no external financing. 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, 2024

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 which 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 \$51,168,981 in capital assets as shown in Figure A-6. Overall Capital Assets had a net increase of \$1,079,096 or 2.15% over the prior year. The District had \$1,611,700 of additions offset by \$398,785 of depreciation expense and \$133,819 of deletions. (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
	2023/2024	2022/2023	2023/2024	2022/2023	2023/2024	2022/2023	Percentage Change
Construction in Progress	\$ 5,362,882	\$ 9,641,336			\$ 5,362,882	\$ 9,641,336	
Buildings and Building Improvements	43,763,381	38,831,260			43,763,381	38,831,260	
Machinery and Equipment	1,617,349	1,370,186	\$ 425,369	\$ 247,103	2,042,718	1,617,289	
Total Capital Assets (Net of Depreciation)	<u>\$ 50,743,612</u>	<u>\$ 49,842,782</u>	<u>\$ 425,369</u>	<u>\$ 247,103</u>	<u>\$ 51,168,981</u>	<u>\$ 50,089,885</u>	<u>2.15%</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Long-term Liabilities

At year-end, the District had \$19,640,000 in general obligation bonds and \$650,113 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
	2023/2024	2022/2023	
General Obligation Bonds (Financed with Property Taxes)	\$ 19,640,000	\$ 20,620,000	
Financed Purchases Payable	650,113	1,927,437	
Net Pension Liability	4,970,277	4,534,553	
Compensated Absences	738,165	735,702	
	<u>\$ 25,998,555</u>	<u>\$ 27,817,692</u>	<u>-6.54%</u>

- The District retired \$980,000 of serial bonds payable.
- The compensated absence payable increased \$2,463.
- The net pension liability increased \$435,724.
- The District retired \$1,277,324 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 in fiscal year 2025 under the implementation of S-2.
- The school district enrollment has steadily increased over the past three years, with 2,100 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
JUNE 30, 2024

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,657,794	\$ 510,622	\$ 6,168,416
Receivable from Federal Government	615,156	13,406	628,562
Receivable from State Government	534,114	271,077	805,191
Other Accounts Receivable		109,243	109,243
Internal Balances	71,397	(71,397)	
Inventories		33,207	33,207
Restricted Assets:			
Cash and Cash Equivalents	7,372,807		7,372,807
Capital Assets:			
Construction in Progress	5,362,882		5,362,882
Depreciable Buildings and Building Improvements and Machinery and Equipment	45,380,730	425,369	45,806,099
Total Assets	<u>64,994,880</u>	<u>1,291,527</u>	<u>66,286,407</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions	<u>1,686,765</u>		<u>1,686,765</u>
Total Deferred Outflows of Resources	<u>1,686,765</u>		<u>1,686,765</u>
LIABILITIES			
Accounts Payable	1,484,223	145,885	1,630,108
Accrued Interest Payable	309,238		309,238
Unearned Revenue	993,006	12,662	1,005,668
Noncurrent Liabilities:			
Due Within One Year	1,670,113		1,670,113
Due Beyond One Year	24,328,442		24,328,442
Total Liabilities	<u>28,785,022</u>	<u>158,547</u>	<u>28,943,569</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions	<u>458,345</u>		<u>458,345</u>
Total Deferred Inflows of Resources	<u>458,345</u>		<u>458,345</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
NET POSITION			
Net Investment in Capital Assets	\$ 30,453,499	\$ 425,369	\$ 30,878,868
Restricted for:			
Capital Projects	5,578,782		5,578,782
Debt Service	21		21
Maintenance	1,016,597		1,016,597
Emergency	267,420		267,420
Excess Surplus	5,235,374		5,235,374
Unemployment Compensation	404,959		404,959
Scholarships	123		123
Student Activities	104,926		104,926
Unrestricted/(Deficit)	<u>(5,623,423)</u>	<u>707,611</u>	<u>(4,915,812)</u>
Total Net Position	<u><u>\$ 37,438,278</u></u>	<u><u>\$ 1,132,980</u></u>	<u><u>\$ 38,571,258</u></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, 2024

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
Governmental Activities:						
Instruction:						
Regular	\$ 18,399,140	\$ 2,308,629	\$ 5,468,275	\$	(10,622,236)	\$ (10,622,236)
Special Education	5,271,081		3,368,139		(1,902,942)	(1,902,942)
Other Instruction	3,192,203		530,157		(2,662,046)	(2,662,046)
School-Sponsored Instruction	984,962		137,832		(847,130)	(847,130)
Support Services:						
Tuition	2,098,735				(2,098,735)	(2,098,735)
Student & Instruction Related Services	7,035,518	176,308	866,880		(5,992,330)	(5,992,330)
General Administrative Services	810,820		40,749		(770,071)	(770,071)
School Administrative Services	2,560,931		422,515		(2,138,416)	(2,138,416)
Central Services and Administrative						
Information Technology	1,576,948		181,881		(1,395,067)	(1,395,067)
Plant Operations and Maintenance	4,447,595				(4,447,595)	(4,447,595)
Pupil Transportation	1,331,488	20,174	124,701		(1,186,613)	(1,186,613)
Interest on Long-Term Liabilities	659,788				(659,788)	(659,788)
Capital Outlay	9,836				(9,836)	(9,836)
Transfer to Charter School	412,018				(412,018)	(412,018)
Total Governmental Activities	48,791,063	2,505,111	11,141,129		(35,144,823)	(35,144,823)

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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	\$ 2,016,479	\$ 389,223	\$ 1,789,445		\$ 162,189	\$ 162,189
Total Business-Type Activities	2,016,479	389,223	1,789,445		162,189	162,189
Total Primary Government	\$ 50,807,542	\$ 2,894,334	\$ 12,930,574	\$ (35,144,823)	\$ 162,189	\$ (34,982,634)
General Revenue and Transfers:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 13,670,661	\$	\$ 13,670,661
Taxes Levied for Debt Service				772,124		772,124
Federal and State Aid not Restricted				28,953,760		28,953,760
Miscellaneous Income				628,178	\$ 15,794	643,972
Transfers				15,794	(15,794)	
Total General Revenue and Transfers				44,040,517		44,040,517
Change in Net Position				8,895,694	162,189	9,057,883
Net Position - Beginning				28,828,754	970,791	29,799,545
Net Position - Ending				\$ 37,724,448	\$ 1,132,980	\$ 38,857,428

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

FUND FINANCIAL STATEMENTS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<u>ASSETS:</u>					
Cash and Cash Equivalents	\$ 5,379,291	\$ 251,328	\$ 27,175		\$ 5,657,794
Receivables From Federal Government		615,156			615,156
Receivables From State Government	534,114				534,114
Interfund Receivable	98,551		1,527,178	\$ 27,175	1,652,904
Restricted Cash and Cash Equivalents	7,267,758	105,049			7,372,807
Total Assets	\$ 13,279,714	\$ 971,533	\$ 1,554,353	\$ 27,175	\$ 15,832,775
<u>LIABILITIES AND FUND BALANCES:</u>					
<u>Liabilities:</u>					
Accounts Payable	\$ 920,719	\$ 33,504			\$ 954,223
Interfund Payable	1,527,178		\$ 27,175	\$ 27,154	1,581,507
Unearned Revenue		993,006			993,006
Total Liabilities	2,447,897	1,026,510	27,175	27,154	3,528,736
<u>Fund Balances:</u>					
<u>Restricted:</u>					
Capital Reserve Account	5,578,782				5,578,782
Maintenance Reserve	1,016,597				1,016,597
Emergency Reserve Account	267,420				267,420
Unemployment Compensation	404,959				404,959
Excess Surplus - 2025-2026	2,859,942				2,859,942
Excess Surplus - 2024-2025	2,375,432				2,375,432
Scholarships		123			123
Student Activities		104,926			104,926
Debt Service				21	21
Committed - Capital Projects Fund			1,527,178		1,527,178
Unassigned/(Deficit)	(1,671,315)	(160,026)			(1,831,341)
Total Fund Balances/(Deficit)	10,831,817	(54,977)	1,527,178	21	12,304,039
Total Liabilities and Fund Balances	\$ 13,279,714	\$ 971,533	\$ 1,554,353	\$ 27,175	\$ 15,832,775

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

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

Total Fund Balances from Above	\$ 12,304,039
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	50,743,612
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(309,238)
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	(21,028,278)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(4,970,277)
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.	1,156,765
Deferred Outflows	(458,345)
Deferred Inflows	
Net Position of Governmental Activities	<u>\$ 37,438,278</u>

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,670,661			\$ 772,124	\$ 14,442,785
Tuition From Other LEAs Within the State	2,308,629				2,308,629
Interest Earned on Current Expense Emergency Reserve	8,170				8,170
Interest Earned on Maintenance Reserve	31,057				31,057
Interest Earned on Capital Reserve Funds	78,782				78,782
Transportation Fees From Other LEAs	20,174				20,174
Restricted Miscellaneous Revenue	68,079	\$ 176,308			244,387
Unrestricted Miscellaneous Revenues	442,080	9,309	\$ 10		451,399
Total - Local Sources	16,627,632	185,617	10	772,124	17,585,383
State Sources	39,005,093	1,540,021		881,139	41,426,253
Federal Sources	81,368	2,047,502			2,128,870
Total Revenues	55,714,093	3,773,140	10	1,653,263	61,140,506
EXPENDITURES:					
Current:					
Regular Instruction	10,321,679	3,234,264			13,555,943
Special Education Instruction	3,232,835	558,592			3,791,427
Other Instruction	2,092,650				2,092,650
School-Sponsored	984,962				984,962
Support Services and Undistributed Costs:					
Tuition					
Student and Other Instruction Related Services	2,098,735	169,277			2,098,735
General Administration Services	4,689,965				4,689,242
School Administration Services	729,740				729,740
Central Services & Administrative Information Technology	1,745,974				1,745,974
Plant Operations and Maintenance	1,207,790				1,207,790
Student Transportation	3,814,732				3,814,732
Unallocated Benefits	1,248,915				1,248,915
	15,607,345				15,607,345

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
EXPENDITURES:					
Debt Service:					
Interest and Other Charges				\$ 673,263	\$ 673,263
Principal				980,000	980,000
Capital Outlay	\$ 2,561,316	\$ 89,533	\$ 37,987		2,688,836
Transfer of Funds to Charter School	412,018				412,018
Total Expenditures	50,748,656	4,051,666	37,987	1,653,263	56,491,572
Excess/(Deficit) of Revenue Over/(Under) Expenditures	4,965,437	(278,526)	(37,977)		4,648,934
OTHER FINANCING SOURCES/(USES):					
Transfers In/(Out)	(1,808,808)	259,437	1,565,155	10	15,794
Total Other Financing Sources/(Uses)	(1,808,808)	259,437	1,565,155	10	15,794
Net Change in Fund Balances	3,156,629	(19,089)	1,527,178	10	4,664,728
Fund Balance / (Deficit) - July 1	7,675,188	(35,888)	-0-	11	7,639,311
Fund Balance / (Deficit) - June 30	\$ 10,831,817	\$ (54,977)	\$ 1,527,178	\$ 21	\$ 12,304,039

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, 2024

Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 4,664,728

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 and capital asset deletions.

Depreciation Expense	\$ (389,063)
Capital Asset Deletions	(133,819)
Capital Asset Additions	<u>1,423,712</u>
	900,830

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 (+).

(2,463)

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.

980,000

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.

1,277,324

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, 2024

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 (+).

\$ 20,417

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	(435,724)
Change in Deferred Outflows	146,919
Change in Deferred Inflows	1,057,493
	<hr/>

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

\$ 8,609,524

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Business-type Activities Enterprise Funds Major Fund Food Service
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 510,622
Intergovernmental Accounts Receivable:	
Federal	271,077
State	13,406
Student Accounts Receivable	109,243
Inventories	33,207
Total Current Assets	937,555
Non-Current Assets:	
Capital Assets	691,361
Less: Accumulated Depreciation	(265,992)
Total Non-Current Assets	425,369
Total Assets	1,362,924
LIABILITIES:	
Current Liabilities:	
Accounts Payable	145,885
Interfund Accounts Payable - General Fund	71,397
Unearned Revenue - Prepaid Sales	5,751
Unearned Revenue - Donated Commodities	6,911
Total Current Liabilities	229,944
NET POSITION:	
Investment in Capital Assets	425,369
Unrestricted	707,611
Total Net Position	\$ 1,132,980

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, 2024

	Business-type Activities - Enterprise Funds Major Fund Food Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Meals	\$ 345,911
Daily Sales - Non-Reimbursable Meals	34,836
Other Income	8,476
Total Operating Revenue	389,223
Operating Expenses:	
Cost of Sales - Reimbursable Programs	865,068
Cost of Sales - Non-Reimbursable Programs	87,119
Salaries, Benefits & Payroll Taxes	681,776
Supplies, Insurance & Other Costs	274,571
Management Fee	70,297
Miscellaneous	27,926
Depreciation Expense	9,722
Total Operating Expenses	2,016,479
Operating Loss	(1,627,256)
Non-Operating Revenue:	
Local Sources:	
Interest Income	15,794
State Sources:	
State School Lunch Program	25,966
State School Breakfast Program	7,106
State School Breakfast Program - After the Bell	27,532
New Jersey Expanded Income Eligibility - Breakfast	4,387
New Jersey Expanded Income Eligibility - Lunch	8,116
Federal Sources:	
National School Lunch Program	891,992
School Breakfast Program	563,596
After School Snack Program	13,104
Summer Food Service Program	31,880
COVID 19 - Supply Chain Assistance	53,515
Pandemic Electronic Benefit Transfer	3,256
Local Food for Schools	13,581
Food Distribution Program	145,414
Total Non-Operating Revenue	1,805,239

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, 2024

	Business-type Activities - <u>Enterprise Funds</u> <u>Major Fund</u> <u>Food Service</u>
Change in Net Position Before Transfers	\$ 177,983
Transfer Out - General Fund	<u>(15,794)</u>
Change in Net Position After Transfers	<u>162,189</u>
Net Position - Beginning of Year	<u>970,791</u>
Net Position - End of Year	<u><u>\$ 1,132,980</u></u>

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-type Activities - Enterprise Funds Major Fund Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 340,494
Payments to Food Service Vendor	(681,776)
Payments to Suppliers	(1,255,584)
Net Cash Used for Operating Activities	(1,596,866)
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	15,794
Net Cash Provided by Investing Activities	15,794
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	(187,988)
Net Cash Used for Capital and Related Financing Activities	(187,988)
Cash Flows from Noncapital Financing Activities:	
State Sources	64,567
Federal Sources	1,433,764
Net Cash Provided by/(Used for) Noncapital Financing Activities	1,498,331
Net Increase/(Decrease) in Cash and Cash Equivalents	(270,729)
Cash and Cash Equivalents, July 1	781,351
Cash and Cash Equivalents, June 30	\$ 510,622

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Business-type Activities - Enterprise Funds Major Fund Food Service
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (1,627,256)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	9,722
Food Distribution Program	145,414
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable - Students	(48,501)
(Increase)/Decrease in Inventory	10,538
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(716)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(228)
Increase/(Decrease) in Accounts Payable	(85,839)
Net Cash Used for Operating Activities	<u>\$ (1,596,866)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$144,698 and utilized \$145,414 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2024.

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, 2024

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, 2024
(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, 2024
(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 Fund is comprised of the Food Service Fund. This Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

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, 2024
(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, 2024 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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

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

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 48,820,487	\$ 3,394,281
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.		404,979
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	2,486,301	133,906
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(3,027,192)</u>	<u>(160,026)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 48,279,596</u>	<u>\$ 3,773,140</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 43,314,159	\$ 3,646,687
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.		404,979
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 43,314,159</u>	<u>\$ 4,051,666</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

The Capital Projects Fund budgetary revenue differs from GAAP revenue due to a difference in the recognition of SDA ROD grants. These grants are recognized on the budgetary basis in full when they are awarded by recognized on a GAAP basis only to the extent to expenditures which have been submitted for reimbursement.

	Capital Projects Fund	
	Revenue	Fund Balance
Committed Fund Balance	\$ 3,069,885	\$ 4,249,645
Committed - Year End Encumbrances		347,408
	3,069,885	4,597,053
Reconciliation to Governmental Funds Statements (GAAP):		
Grant Revenue not Recognized on GAAP Basis	(3,069,875)	(3,069,875)
Revenue/Fund Balance per Governmental Funds (GAAP)	<u>\$ 10</u>	<u>\$ 1,527,178</u>

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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.

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, 2024.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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:

	<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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

T. Fund Balance Appropriated:

General Fund: Of the \$10,831,817 General Fund balance at June 30, 2024, \$5,578,782 is restricted in a capital reserve account; \$1,016,597 is restricted in a maintenance reserve account; \$267,420 is restricted in an emergency reserve account; \$404,959 is restricted in an unemployment compensation account; \$2,891,246 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, 2026; \$2,375,432 is restricted as prior year excess and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2025; \$-0- is assigned as designated for subsequent year's expenditures (which is \$222,535 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, 2025). Additionally, there is a deficit balance of \$1,702,619 in unassigned fund balance (which is \$2,804,657 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, 2025).

Special Revenue Fund: Of the \$54,977 Special Revenue deficit fund balance at June 30, 2024, \$123 is restricted for scholarships; \$104,926 is restricted for student activities; and there is a deficit in unassigned fund balance of \$160,026 at June 30, 2024 Fund on a GAAP basis due to the June state aid payments that are not recognized until the fiscal year ending June 30, 2025.

Capital Projects Fund: The \$1,527,178 fund balance in the Capital Projects Fund at June 30, 2024 is committed.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2024 is \$21 and is restricted for subsequent year's expenditures.

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

The District's fund balance in the General Fund is less on a GAAP basis than the budgetary basis by \$1,702,619 in unassigned fund balance, as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the June state aid payments in the subsequent fiscal year, the school district cannot recognize the June state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the June state aid payments and not the fund balance reported on the fund statement which excludes the June state aid payments.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

U. Deficit Fund Balances / Net Position

The District has a deficit in unrestricted net position of \$5,654,727 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 \$160,026 in the General Fund and \$160,026 in the Special Revenue Fund as of June 30, 2024 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, 2024 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.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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

Fund balance restrictions have been established for a capital reserve, a maintenance reserve, an emergency reserve, unemployment compensation, 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 committed resources at June 30, 2024 in the Capital Projects Fund on a Budgetary Basis.

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, 2024.

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.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

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.

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Deposits:

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

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

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

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

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

Investments:

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

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

Investments: (Cont'd)

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

As of June 30, 2024, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents</u>		
	<u>Restricted</u>	<u>Unrestricted</u>	<u>Total</u>
Checking Accounts	\$ 7,372,807	\$ 6,168,416	\$ 13,541,223

The carrying amount of the Board's cash and cash equivalents at June 30, 2024, was \$13,541,223 and the bank balance was \$14,487,265.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account in the amount of \$1 was established by Board resolution on October 10, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023	\$ 2,500,000
Transferred by Board Resolution - June 2024	3,000,000
Interest Earnings	<u>78,782</u>
Ending Balance, June 30, 2024	<u><u>\$ 5,578,782</u></u>

The balance in the capital reserve account at June 30, 2024 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP.

NOTE 5. MAINTENANCE RESERVE ACCOUNT

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

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.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 5. MAINTENANCE RESERVE ACCOUNT (Cont'd)

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, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023	\$ 985,540
Interest Earnings	<u>31,057</u>
Ending Balance, June 30, 2024	<u><u>\$ 1,016,597</u></u>

NOTE 6. EMERGENCY RESERVE ACCOUNT

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

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

The activity of the emergency reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023	\$ 259,250
Interest Earnings	<u>8,170</u>
Ending Balance, June 30, 2024	<u><u>\$ 267,420</u></u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 7. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:				
Construction in Progress	\$ 9,641,336	\$ 88,368	\$ (4,366,822)	\$ 5,362,882
Total Capital Assets Not Being Depreciated	<u>9,641,336</u>	<u>88,368</u>	<u>(4,366,822)</u>	<u>5,362,882</u>
Capital Assets Being Depreciated:				
Buildings and Building Improvements	48,554,744	666,370	4,366,822	53,587,936
Machinery and Equipment	<u>2,870,885</u>	<u>668,974</u>	<u>(265,822)</u>	<u>3,274,037</u>
Total Capital Assets Being Depreciated	<u>51,425,629</u>	<u>1,335,344</u>	<u>4,101,000</u>	<u>56,861,973</u>
Governmental Activities Capital Assets	<u>61,066,965</u>	<u>1,423,712</u>	<u>(265,822)</u>	<u>62,224,855</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(9,723,484)	(101,071)		(9,824,555)
Machinery and Equipment	<u>(1,500,699)</u>	<u>(287,992)</u>	132,003	<u>(1,656,688)</u>
	<u>(11,224,183)</u>	<u>(389,063)</u>	132,003	<u>(11,481,243)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 49,842,782</u>	<u>\$ 1,034,649</u>	<u>\$ (133,819)</u>	<u>\$ 50,743,612</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 503,373	\$ 187,988		\$ 691,361
Less Accumulated Depreciation	<u>(256,270)</u>	<u>(9,722)</u>		<u>(265,992)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 247,103</u>	<u>\$ 178,266</u>	<u>\$ -0-</u>	<u>\$ 425,369</u>

The District expended \$88,868 towards active construction projects.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 84,969
Special Education	8,019
Other Instruction	13,500
Student and Instruction Related Services	33,395
General Administration	8,223
School Administration	3,439
Operations and Maintenance of Plant	226,718
Pupil Transportation	<u>10,800</u>
	<u>\$ 389,063</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 8. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2024, the following changes occurred in long-term liabilities reported in the District-wide financial statements:

	Beginning Balance	Accrued	Retired	Ending Balance	Due within 1 Year
Serial Bonds Payable	\$ 20,620,000		\$ 980,000	\$ 19,640,000	\$ 1,020,000
Financed Purchases Payable	1,927,437		1,277,324	650,113	650,113
Net Pension Liability	4,534,553	\$ 435,724		4,970,277	
Compensated Absences Payable	735,703	140,320	137,858	738,165	
	<u>\$ 27,817,693</u>	<u>\$ 576,044</u>	<u>\$ 2,395,182</u>	<u>\$ 25,998,555</u>	<u>\$ 1,670,113</u>

A. Bonds Payable

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

On December 23, 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, 2024 as follows:

Purpose	Final Maturity Dates	Interest Rates	Principal Amount
School Bonds	1/15/2040	3.00% - 3.750%	<u>\$ 19,640,000</u>

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

Fiscal Year	Principal	Interest	Total
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	1,090,000	519,062	1,609,062
2030-2034	5,990,000	2,074,964	8,064,964
2035-2039	6,980,000	1,005,979	7,985,979
2040	1,420,000	53,250	1,473,250
	<u>\$ 19,640,000</u>	<u>\$ 6,043,903</u>	<u>\$ 25,683,903</u>

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

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

B. Bonds Authorized But Not Issued:

As of June 30, 2024, the Board had no bonds authorized but not issued.

C. Financed Purchases Payable:

The District's financed purchase related to financing of construction of improvements for the addition of Smalley School. The financed purchase totaled \$7,000,000 of which \$ 6,349,887 has been liquidated as of June 30, 2024. 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, 2024 is as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
June 30, 2025	\$ 657,868
Less: Amount Representing Interest	<u>(7,755)</u>
Present Value of Net Minimum Financed Purchase Payments	<u><u>\$ 650,113</u></u>

The current portion of the financed purchase payable as June 30, 2024 in the governmental activities 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 \$738,165.

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, 2024, 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, 2024 is \$0 and the long-term portion is \$4,970,277. See Note 10 for further information on the PERS.

NOTE 9. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2024, the District transferred \$357,828 to the capital outlay accounts for equipment which did not require County Superintendent approval.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2024
(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 \$458,626 for 2024. During the fiscal year ended June 30, 2023, the State of New Jersey contributed \$15,500 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

Under N.J.S.A. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be 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 under the legislation 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 statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

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 \$4,970,277 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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, 2023, the District's proportion was 0.034%, which was an increase of .004% from its proportion measured as of June 30, 2022.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

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

For the year ended June 30, 2024, the District recognized an actual pension benefit of \$308,224. Additionally, for the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$1,675,277 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 financial statements. There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

At June 30, 2024, 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	2019	5.21		\$ (26,998)
	2020	5.16		(245,660)
	2021	5.13	\$ 10,919	
	2022	5.04		(28,562)
			<u>10,919</u>	<u>(301,220)</u>
Changes in Proportion	2019	5.21		(136,798)
	2020	5.16	128,591	
	2021	5.13	261,663	
	2022	5.04	113,931	
	2023	5.08	571,240	
			<u>1,075,425</u>	<u>(136,798)</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	76,972	
	2021	5.00	(640,130)	
	2022	5.00	761,599	
	2023	5.00	(175,552)	
			<u>22,889</u>	
Difference Between Expected and Actual Experience	2019	5.21	2,063	
	2020	5.16	13,677	
	2021	5.13		(8,693)
	2022	5.04		(11,634)
	2023	5.08	31,772	
			<u>47,512</u>	<u>(20,327)</u>
District Contribution Subsequent to the Measurement Date	2023	1.00	530,000	
			<u>\$ 1,686,745</u>	<u>\$ (458,345)</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding the District contribution subsequent to the measurement date) related to pensions will be recognized in the pension benefit as detailed below.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2024	\$ 11,986
2025	171,597
2026	398,137
2027	104,877
2028	11,803
	<u>\$ 698,400</u>

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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, 2022 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, 2024
(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, 2023) 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, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Allocation</u>	<u>Rate of Return</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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, 2024
(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, 2023 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, 2023		
	At 1%	At Current	At 1%
	Decrease	Discount Rate	Increase
	(6.00%)	(7.00%)	(8.00%)
District's proportionate share of the Net Pension Liability	\$ 6,470,243	\$ 4,970,277	\$ 3,693,607

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, 2024
(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 2023, 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 2024, the State of New Jersey contributed \$5,775,095 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required contribution of \$1,675,277.

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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

At June 30, 2024, the State's proportionate share of the net pension liability associated with the District was \$68,191,931. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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, 2023, the District's proportion was 0.133%, which was an increase of 0.001% from its proportion measured as of June 30, 2022.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>68,191,931</u>
Total	<u>\$ 68,191,931</u>

For the fiscal year ended June 30, 2023, the State recognized pension expense on behalf of the District in the amount of \$1,675,277 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2024 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	2016	8.30	\$ 391,340,712	
	2017	8.30		\$ 2,080,865,206
	2018	8.29		1,883,063,885
	2019	8.04		1,514,535,609
	2020	7.99	805,517,879	
	2021	7.93		9,179,534,541
	2022	7.83	82,066,487	
			<u>1,278,925,078</u>	<u>14,657,999,241</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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)

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	2016	8.30		\$ 4,866,656
	2017	8.30	\$ 37,022,988	
	2018	8.29	330,339,649	
	2019	8.04		58,842,090
	2020	7.99		4,293,040
	2021	7.93	121,815,868	
	2022	7.83		15,372,285
	2023	7.93	169,161,907	
			<u>658,340,412</u>	<u>83,374,071</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2020	5.00	241,395,539	
	2021	5.00	(1,777,316,905)	
	2022	5.00	2,489,500,994	
	2023	6.00	(477,296,442)	
			<u>476,283,186</u>	
			<u>\$ 2,413,548,676</u>	<u>\$ 14,741,373,312</u>

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
2024	\$ (3,918,676,894)
2025	(3,446,016,070)
2026	(1,604,289,401)
2027	(1,742,641,843)
2028	(1,672,806,952)
Thereafter	<u>56,606,524</u>
	<u>\$ (12,327,824,636)</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022 which was rolled forward to June 30, 2023. 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 – 4.25% 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

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, 2023) 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, 2023 are summarized in the following table:

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

	<u>Target</u>	<u>Long-Term Expected Real Rate of</u>
U.S. Equity	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Markets Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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, 2024
(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, 2023 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, 2023		
	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	\$ 80,410,661	\$ 68,191,931	\$ 57,900,856

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 \$1,315 for the fiscal year ended June 30, 2024. Employee contributions to DCRP amounted to \$1,785 for the year ended June 30, 2024.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2024 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, 2023 is as follows:

	New Jersey Schools Insurance Group (NJSIG)
Total Assets	\$ 429,049,188
Total Net Position	\$ 201,308,725
Total Revenue	\$ 160,069,780
Total Expenses	\$ 141,165,428
Change in Net Position	\$ 16,304,414
Member Dividends	\$ 2,599,938

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, 2024
(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 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>
2023-2024	\$ 68,079	\$ -0-	\$ 404,959
2022-2023	42,822	-0-	336,880
2021-2022	33,249	-0-	294,058

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, 2024
(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, 2024, there were encumbrances as detailed below in the governmental funds:

Capital Projects Fund	Total Governmental Funds
<u>\$ 347,408</u>	<u>\$ 347,408</u>

On the District's Governmental Funds Balance Sheet as of June 30, 2024, \$0 is assigned for year-end encumbrances in the Capital Projects Fund. The \$347,408 of year-end encumbrances in the Capital Projects Fund are included in the \$1,527,178 Committed Fund Balance.

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, 2024
(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	\$ 98,551	\$ 1,527,178
Capital Projects Fund	1,527,178	27,175
Debt Service Fund	27,175	27,154
Proprietary Funds - Food Service		71,397
	\$ 1,652,904	\$ 1,652,904

The interfund between the General Fund and the Capital Projects Fund is due to the local contribution for the ROD grants not being turned over by year end. 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 Fund and the General Fund is for federal and state reimbursements and interest earnings not turned over by year end.

NOTE 17. ACCOUNTS PAYABLE

Accounts payable recorded in the District's Governmental Activities as of June 30, 2024 consisted of the following:

	Governmental Funds			District Contribution Subsequent to Measurement Date	Total Governmental Activities	Business- Type Activities Proprietary Funds
	General Fund	Special Revenue Fund	Total Governmental Funds			
Vendors	\$ 664,509	\$ 33,504	\$ 698,013		\$ 698,013	\$ 145,885
Payroll Deductions and Withholdings	256,210		256,210		256,210	
Due to:						
State of New Jersey				\$ 530,000	530,000	
	\$ 920,719	\$ 33,504	\$ 954,223	\$ 530,000	\$ 1,484,223	\$ 145,885

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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 \$945,715 from payment in lieu of taxes ("PILOT") agreements. The taxes which would have been paid on these properties for 2023 without the abatement would have been \$3,575,914 of which \$1,819,804 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, 2024
(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, 2022, the plan membership consisted of the following:

Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments	152,383
Active Plan Members	<u>217,212</u>
Total	<u><u>369,595</u></u>

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which was rolled forward to June 30, 2023.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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.

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
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 June 30, 2022 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

100% of active employees are considered to participate in the Plan upon retirement.

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 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven 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, 2024
(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 3.65%. 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

	<u>Total OPEB Liability</u>
Balance at June 30, 2022	\$ 44,095,268
Changes for Year:	
Service Cost	2,697,102
Interest Cost	1,650,663
Changes of Assumptions	94,468
Differences between Expected and Actual Experience	(424,255)
Gross Benefit Payments by the State	(1,286,719)
Contributions from Members	42,301
Net Changes	<u>2,773,560</u>
Balance at June 30, 2023	<u>\$ 46,868,828</u>

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, 2023, 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:

	<u>June 30, 2023</u>		
	At 1% Decrease (2.65%)	At Discount Rate (3.65%)	At 1% Increase (4.65%)
Total OPEB Liability Attributable to the District	\$ 54,945,655	\$ 46,868,828	\$ 40,384,074

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2023, 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, 2023		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 38,908,353	\$ 46,868,828	\$ 57,285,130

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

For the fiscal year ended June 30, 2024, the District recognized OPEB expense of \$2,219,969 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, 2023 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, 2024
(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)

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 1,688,861
	2018	9.51		1,748,122
	2019	9.29	\$ 257,176	
	2020	9.24	6,287,533	
	2021	9.24	35,788	
	2022	9.13		9,497,138
	2023	9.30	84,310	
			<u>6,664,807</u>	<u>12,934,121</u>
Differences between Expected and Actual Experience	2018	9.51		1,652,520
	2019	9.29		3,026,980
	2020	9.24	5,860,228	
	2021	9.24		6,882,069
	2022	9.13	978,069	
	2023	9.30		783,214
			<u>6,838,297</u>	<u>12,344,783</u>
Changes in Proportion	N/A	N/A	<u>1,003,883</u>	<u>1,075,847</u>
			<u>\$ 14,506,987</u>	<u>\$ 26,354,751</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2024	\$ (2,337,303)
2025	(2,337,303)
2026	(2,031,446)
2027	(1,197,663)
2028	(245,147)
Thereafter	<u>(3,626,938)</u>
	<u>\$ (11,775,800)</u>

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 TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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%	0.034445033800%
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	\$ 4,970,277
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	\$ 2,680,755
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%	185.41%
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%	65.23%

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	\$ 263,524	\$ 314,090	\$ 340,375	\$ 371,239	\$ 386,845	\$ 231,550	\$ 286,229	\$ 340,259	\$ 378,911	\$ 458,626
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)	(458,626)
Contribution deficiency/(excess)	\$ -0-	\$ -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	\$ 3,020,129
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%	15.19%

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 TEN FISCAL YEARS

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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%	0.1336240711%
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	\$ 68,191,931
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	\$ 16,295,691
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%	418.47%
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%	34.68%

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	\$ 1,675,277
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)	5,775,095
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)	\$ 7,450,372
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	\$ 18,268,659
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%	-31.61%

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 SEVEN FISCAL YEARS

	Fiscal Years Ending June 30,						
	2017	2018	2019	2020	2021	2022	2023
Total OPEB Liability							
Service Cost	\$ 2,739,161	\$ 2,264,147	\$ 2,029,857	\$ 1,951,237	\$ 3,959,082	\$ 3,551,274	\$ 2,697,102
Interest Cost	1,484,976	1,728,658	1,612,063	1,322,915	1,384,137	1,168,573	1,650,663
Changes in Assumptions	(6,530,422)	(4,608,757)	541,929	10,917,226	52,641	(11,828,951)	94,468
Differences between Expected and Actual Experience		(4,721,773)	(6,916,438)	10,237,273	(10,750,082)	(1,032,280)	(424,255)
Member Contributions	39,690	37,116	33,073	31,537	35,386	37,133	42,301
Gross Benefit Payments	(1,077,878)	(1,073,910)	(1,115,728)	(1,040,480)	(1,090,313)	(1,157,506)	(1,286,719)
Net Change in Total OPEB Liability	(3,344,473)	(6,374,519)	(3,815,244)	23,419,708	(6,409,149)	(9,261,757)	2,773,560
Total OPEB Liability - Beginning	49,880,702	46,536,229	40,161,710	36,346,466	59,766,174	53,357,025	44,095,268
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>	<u>\$ 46,868,828</u>
State's Covered Employee Payroll *	\$ 13,057,330	\$ 14,062,202	\$ 14,581,379	\$ 14,699,177	\$ 16,609,576	\$ 17,265,465	\$ 18,006,659
Total OPEB Liability as a Percentage of Covered Employee Payroll	356%	288%	249%	407%	321%	255%	260%

* - Covered payroll for the fiscal years ending June 30, 2017 - 2023 are based on the payroll on the June 30, 2016 - 2022 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, 2024

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

There were none.

B. TEACHERS' PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

In the July 1, 2022 actuarial valuation the salary increases were 2.75 – 4.25% based on years of service while in the July 1, 2021 actuarial valuation the salary increases were 2.75% – 5.65% based on years of service.

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, 2023 was 3.65%. The discount rate for June 30, 2022 was 3.54%, a change of .11%.

The health care trend rates in the valuation as of June 30, 2023 were based on the following:

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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.

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues from Local Sources:					
Local Tax Levy	\$ 13,670,661		\$ 13,670,661	\$ 13,670,661	
Tuition From Other LEAs Within the State	2,308,629		2,308,629	2,308,629	
Transportation Fees From Other LEAs	16,874		16,874	20,174	\$ 3,300
Unrestricted Miscellaneous Revenues	550,044		550,044	442,080	(107,964)
Interest Earned on Current Expense Emergency Reserve	600		600	8,170	7,570
Interest Earned on Maintenance Reserve	2,400		2,400	31,057	28,657
Interest Earned on Capital Reserve Funds	9,000		9,000	78,782	69,782
Other Restricted Miscellaneous Revenues				68,079	68,079
Total Revenues from Local Sources	16,558,208		16,558,208	16,627,632	69,424
Revenues from State Sources:					
School Choice Aid	86,598		86,598	86,598	
Categorical Transportation Aid	124,699		124,699	124,699	
Extraordinary Aid	210,000		210,000	467,200	257,200
Categorical Special Education Aid	1,574,377		1,574,377	1,574,377	
Equalization Aid	27,742,287		27,742,287	27,742,287	
Categorical Security Aid	784,650		784,650	784,650	
TPAF Post Retirement Contributions (Non-Budgeted)				1,589,695	1,589,695
TPAF Pension Contributions (Non-Budgeted)				5,775,095	5,775,095
TPAF Non-Contributory Insurance (Non-Budgeted)				65,862	65,862
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,845	3,845
Reimbursed TPAF Social Security Contributions				1,331,676	1,331,676
Total Revenues from State Sources	30,522,611		30,522,611	39,545,984	9,023,373
Revenues from Federal Sources:					
Medicaid Reimbursement	62,691		62,691	81,368	18,677
Total Revenues from Federal Sources	62,691		62,691	81,368	18,677
TOTAL REVENUE	47,143,510		47,143,510	56,254,984	9,111,474

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
GENERAL CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 783,855	\$ 91,128	\$ 874,983	\$ 871,278	\$ 3,705
Grades 1-5 - Salaries of Teachers	3,304,808	(468,088)	2,836,720	2,835,452	1,268
Grades 6-8 - Salaries of Teachers	1,530,092	527,273	2,057,365	2,057,365	
Grades 9-12 - Salaries of Teachers	3,193,273	(64,456)	3,128,817	3,127,876	941
Regular Programs - Home Instruction:					
Salaries of Teachers	29,400	(11,778)	17,622	15,036	2,586
Purchased Professional-Educational Services	43,000	(23,357)	19,643	8,311	11,332
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	196,172	(36,898)	159,274	159,273	1
Purchased Professional-Educational Services	250,000	623,667	873,667	868,245	5,422
Other Purchased Services (400-500 series)	267,529	(44,583)	222,946	214,851	8,095
General Supplies	468,449	(305,735)	162,714	140,797	21,917
Textbooks	655,150	(654,972)	178	178	
Other Objects	35,750	(12,359)	23,391	23,017	374
Total Regular Programs - Instruction	10,757,478	(380,158)	10,377,320	10,321,679	55,641
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	763,833	200,915	964,748	964,748	
Purchased Professional-Educational Services	150,643	(22,536)	128,107	117,327	10,780
General Supplies	9,050	(6,021)	3,029	2,555	474
Total Learning and/or Language Disabilities	923,526	172,358	1,095,884	1,084,630	11,254

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Behavioral Disabilities:					
Salaries of Teachers	\$ 352,284	\$ (90,524)	\$ 261,760	\$ 261,760	
Other Salaries for Instruction	28,000	(28,000)			
Purchased Professional-Educational Services	76,420	39,689	116,109	97,042	\$ 19,067
General Supplies	5,950	(4,909)	1,041	1,041	
Total Behavioral Disabilities	462,654	(83,744)	378,910	359,843	19,067
Resource Room/Resource Center:					
Salaries of Teachers	1,467,777	(6,835)	1,460,942	1,459,034	1,908
Purchased Professional-Educational Services	55,000	68,112	123,112	109,277	13,835
General Supplies	9,500	(7,296)	2,204	2,204	
Total Resource Room/Resource Center	1,532,277	53,981	1,586,258	1,570,515	15,743
Autism:					
Salaries of Teachers	315,307	(134,489)	180,818	180,818	
Purchased Professional-Educational Services	58,500	(20,138)	38,362	35,818	2,544
General Supplies	6,000	(4,553)	1,447	1,211	236
Total Autism	379,807	(159,180)	220,627	217,847	2,780
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,298,264	(16,585)	3,281,679	3,232,835	48,844
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	716,850	188,267	905,117	905,117	
Purchased Professional-Educational Services	10,584	(10,584)			
General Supplies	2,000	(1,182)	818	818	
Total Basic Skills/Remedial - Instruction	729,434	176,501	905,935	905,935	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Bilingual Education - Instruction:					
Salaries of Teachers	\$ 852,058	\$ 327,096	\$ 1,179,154	\$ 1,179,106	\$ 48
Purchased Professional-Educational Services	54,486	(54,486)			
General Supplies	1,200	5,982	7,182	6,678	504
Other Objects		1,298	1,298	931	367
Total Bilingual Education - Instruction	907,744	279,890	1,187,634	1,186,715	919
School-Spon. Cocurricular & Extracurricular Actvts. - Inst.:					
Salaries	149,350	18,158	167,508	167,508	
Purchased Services (300-500 series)	16,825	(2,506)	14,319	13,252	1,067
Supplies and Materials	17,400	(1,084)	16,316	16,316	
Other Objects	5,955	(3,580)	2,375	2,375	
Total School-Spon. Cocurricular & Extracurricular Actvts. - Inst.	189,530	10,988	200,518	199,451	1,067
School-Sponsored Athletics - Instruction:					
Salaries	451,770	(59,917)	391,853	391,853	
Purchased Services (300-500 series)	136,553	36,798	173,351	173,351	
Supplies and Materials	67,500	61,734	129,234	129,234	
Other Objects	41,645	(17,878)	23,767	23,767	
Total School-Sponsored Athletics - Instruction	697,468	20,737	718,205	718,205	
Summer School - Instruction:					
Salaries of Teachers		476	476	476	
Total Summer School		476	476	476	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Instructional/Alternative Education Program - Instruction:					
Salaries of Teachers	\$ 79,740	\$ (10,910)	\$ 68,830	\$ 66,830	\$ 2,000
Total Instructional Alternative Education Program	79,740	(10,910)	68,830	66,830	2,000
Other Supplemental/At Risk Programs - Instruction:					
Salaries of Teachers	25,000	(25,000)			
Total Other Supplemental/at-risk Programs	25,000	(25,000)			
TOTAL INSTRUCTION	16,684,658	55,939	16,740,597	16,632,126	108,471
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State-Regular	188,000	(188,000)			
Tuition to Other LEAs Within the State-Special	1,223,109	(699,684)	523,425	363,347	160,078
Tuition to County Voc. School Dist.-Regular	50,000	199,113	249,113	249,113	
Tuition to County Voc. School Dist.-Special	7,000	10,289	17,289	17,289	
Tuition to CSSD & Reg. Day Schools		70,000	70,000		70,000
Tuition to Priv. Sch. for the Handicap. W/I State	1,130,756	490,658	1,621,414	1,439,746	181,668
Tuition - State Facilities	50,000	(6,600)	43,400		43,400
Tuition - Other		188,000	188,000	29,240	158,760
Total Undistributed Expenditures - Instruction	2,648,865	63,776	2,712,641	2,098,735	613,906
Undistributed Expend. - Attend. & Social Work:					
Salaries	155,610	38,093	193,703	193,663	40
Total Undist. Expend. - Attendance and Social Work	155,610	38,093	193,703	193,663	40

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed Expenditures - Health Services:					
Salaries	\$ 474,617	\$ (54,796)	\$ 419,821	\$ 419,821	
Purchased Professional and Technical Services	9,915	(1,020)	8,895	5,710	\$ 3,185
Other Purchased Services (400-500 series)	30,721	(11,128)	19,593	17,501	2,092
Supplies and Materials	13,935	8,857	22,792	20,650	2,142
Total Undist. Expenditures - Health Services	529,188	(58,087)	471,101	463,682	7,419
Undist. Expend. - Speech, OT, PT, Related Svcs:					
Salaries	344,766	57,765	402,531	402,531	
Purchased Professional - Educational Services	50,000	(17,768)	32,232	32,232	
Supplies and Materials	14,400	(6,211)	8,189	7,630	559
Total Undist. Expend. - Speech, OT, PT, Related Svcs	409,166	33,786	442,952	442,393	559
Undist. Expend.-Other Supp.Serv.Students-Extra.Serv.:					
Purchased Professional - Educational Services	110,000	24,049	134,049	125,364	8,685
Total Undist. Expend. - Other Supp. Svcs. Students - Extra. Serv.	110,000	24,049	134,049	125,364	8,685
Undist.Expend.-Guidance:					
Salaries of Other Professional Staff	941,716	(53,234)	888,482	885,606	2,876
Salaries of Secretarial and Clerical Assistants	79,467	(14,233)	65,234	65,234	
Other Purchased Prof. and Tech. Services	165,480	(101,749)	63,731	62,479	1,252
Other Purchased Services (400-500 series)	5,900	18,319	24,219	22,168	2,051
Supplies and Materials	31,295	(12,954)	18,341	14,553	3,788
Other Objects	4,095	100	4,195	2,666	1,529
Total Undist Expend. - Guidance	1,227,953	(163,751)	1,064,202	1,052,706	11,496

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Child Study Team:					
Salaries of Other Professional Staff	\$ 1,062,513	\$ (33,829)	\$ 1,028,684	\$ 1,021,827	\$ 6,857
Salaries of Secretarial and Clerical Assistants	125,741	(2,272)	123,469	121,347	2,122
Purchased Professional - Educational Services	103,750	(34,145)	69,605	50,719	18,886
Other Purchased Prof. and Tech. Services	36,500	(8,505)	27,995	24,421	3,574
Other Purchased Services (400-500 series)	10,547	(4,088)	6,459	2,861	3,598
Supplies and Materials	33,400	(16,137)	17,263	4,521	12,742
Other Objects	2,750	558	3,308	2,459	849
Total Undist Expend. - Child Study Team	1,375,201	(98,418)	1,276,783	1,228,155	48,628
Undist. Expend.-Improv. of Inst. Serv.:					
Salaries of Other Professional Staff	727,425	327	727,752	727,752	
Salaries of Secretarial and Clerical Assistants		5,307	5,307	5,307	
Other Salaries	67,335	77,455	144,790	142,547	2,243
Purchased Professional - Educational Services	30,900	(23,852)	7,048	5,498	1,550
Other Purchased Prof. and Tech. Services	58,000	(57,852)	148		148
Other Purchased Services (400-500 series)		275	275	275	
Supplies and Materials	60,000	(18,444)	41,556	10,136	31,420
Other Objects	10,000	(5,899)	4,101	1,908	2,193
Total Undist. Expend.-Improv. of Inst. Serv.	953,660	(22,683)	930,977	893,423	37,554
Undist. Expend.-Edu. Media Serv./Sch. Library:					
Salaries	72,197	(69,812)	2,385		2,385
Salaries of Technology Coordinators	244,190	(12,377)	231,813	231,813	
Purchased Professional and Technical Services	5,379	1,099	6,478	4,295	2,183
Other Purchased Services (400-500 series)	2,077		2,077	386	1,691
Supplies and Materials	26,640	1	26,641	6,622	20,019
Total Undist Expend-Edu. Media Serv./Sch. Library	350,483	(81,089)	269,394	243,116	26,278

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Instructional Staff Training Services:					
Other Salaries	\$ 27,980	\$ (5,940)	\$ 22,040	\$ 21,423	\$ 617
Purchased Professional - Educational Service	131,165	(77,186)	53,979	24,867	29,112
Other Purchased Services (400-500 series)	26,225	(11,252)	14,973	1,173	13,800
Supplies and Materials	1,100	4,513	5,613		5,613
Total Undist. Expend.-Instructional Staff Training Services	186,470	(89,865)	96,605	47,463	49,142
Undist. Expend.-Support Serv.-Gen. Admin.:					
Salaries	335,985	(77,000)	258,985	165,372	93,613
Legal Services	139,900		139,900	77,223	62,677
Audit Fees	59,500		59,500	43,500	16,000
Architectural/Engineering Services	100,000	(25,000)	75,000	9,800	65,200
Other Purchased Professional Services	69,500	(37,403)	32,097	18,098	13,999
Communications / Telephone	87,416	80,102	167,518	137,167	30,351
BOE Other Purchased Services	29,250	5,000	34,250	23,474	10,776
Other Purch. Serv. (400-500 series other than 530 & 585)	173,452	60,965	234,417	198,171	36,246
General Supplies	8,250	22,071	30,321	24,924	5,397
BOE In-house training/ Meeting Supplies	2,750		2,750	891	1,859
Judgments Against The School District		2,000	2,000	2,000	
Miscellaneous Expenditures	25,750	(6,953)	18,797	15,506	3,291
BOE Membership Dues and Fees	19,775	1,953	21,728	13,614	8,114
Total Undist. Expend.-Support Serv.-Gen. Admin.	1,051,528	25,735	1,077,263	729,740	347,523

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Support Serv.-School Admin.:					
Salaries of Principals/Assistant Principals/Prog Director	\$ 1,206,669	\$ (600)	\$ 1,206,069	\$ 1,032,872	\$ 173,197
Salaries of Other Professional Staff	396,467	(86)	396,381	340,074	56,307
Salaries of Secretarial and Clerical Assistants	372,481	85	372,566	341,749	30,817
Other Purchased Services (400-500 series)	10,955	600	11,555	2,281	9,274
Supplies and Materials	28,067	(200)	27,867	18,821	9,046
Other Objects	9,380	2,200	11,580	10,177	1,403
Total Undist. Expend.-Support Serv.-School Adm.	2,024,019	1,999	2,026,018	1,745,974	280,044
Undist. Expend. - Central Services:					
Salaries	674,085	(13,133)	660,952	640,754	20,198
Purchased Professional Services	12,000	(915)	11,085	11,085	
Purchased Professional Services-Public Relations cost	70,000	(2,600)	67,400	59,785	7,615
Purchased Technical Services	42,500	(7,379)	35,121	35,121	
Miscellaneous Purchased Services (400-500 series other than 594)	16,000	6,345	22,345	17,523	4,822
Supplies and Materials	25,000	(4,402)	20,598	20,263	335
Interest on Lease Purchase Agreements	38,386	(849)	37,537	37,537	
Total Undist. Expend. - Central Services	877,971	(22,933)	855,038	822,068	32,970
Undist. Expend. - Admin. Info. Technology:					
Salaries	127,166	(15,139)	112,027	97,371	14,656
Purchased Professional Services	70,000	59,295	129,295	123,234	6,061
Purchased Technical Services	81,172	62,118	143,290	143,290	
Supplies and Materials	26,680	(4,500)	22,180	21,827	353
Total Undist. Expend. - Admin. Info. Technology	305,018	101,774	406,792	385,722	21,070

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undist. Expend.-Required Maintenance for School Facilities:					
Salaries	\$ 496,713	\$ 61,965	\$ 558,678	\$ 557,482	\$ 1,196
Cleaning, Repair, and Maintenance Services	381,708	(68,469)	313,239	268,522	44,717
General Supplies	159,684	(15,000)	144,684	46,323	98,361
Total Undist. Expend.- Required Maint. for School Facilities	1,038,105	(21,504)	1,016,601	872,327	144,274
Undist. Expend.-Custodial Services:					
Salaries	95,500	(15,011)	80,489	69,957	10,532
Salaries of Non-Instructional Aides	56,250	(39,238)	17,012		17,012
Purchased Professional and Technical Services	1,205,158	(25,861)	1,179,297	1,179,297	
Cleaning, Repair, and Maintenance Services	55,000	16,000	71,000	68,134	2,866
Other Purchased Property Services	75,000		75,000	48,991	26,009
Insurance	304,799	10,000	314,799	251,005	63,794
Miscellaneous Purchased Services	40,200	(10,050)	30,150	24,174	5,976
General Supplies	77,500	2,256	79,756	76,842	2,914
Energy (Natural Gas)	418,800	(51,941)	366,859	243,813	123,046
Energy (Electricity)	496,100	(94,551)	401,549	384,295	17,254
Energy (Oil)	10,000		10,000	6,511	3,489
Energy (Gasoline)	10,000		10,000		10,000
Other Objects	5,500	4	5,504	3,578	1,926
Total Undist. Expend.-Custodial Services	2,849,807	(208,392)	2,641,415	2,356,597	284,818
Care and Upkeep of Grounds:					
Salaries	173,921	(39,043)	134,878	116,795	18,083
Cleaning, Repair, and Maintenance Services	20,000	9,296	29,296	26,345	2,951
General Supplies	20,000		20,000	16,688	3,312
Total Care And Upkeep Of Grounds	213,921	(29,747)	184,174	159,828	24,346

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Security:					
Salaries	\$ 226,249	\$ 14,533	\$ 240,782	\$ 237,173	\$ 3,609
Purchased Professional and Technical Services	217,518	(63,533)	153,985	138,392	15,593
Cleaning, Repair, and Maintenance Services	1,500		1,500	1,500	
General Supplies	5,750		5,750	749	5,001
Other Objects		49,000	49,000	48,166	834
Total Security	451,017		451,017	425,980	25,037
Total Undist. Expend.-oper. And Maint. Of Plant Serv.	4,552,850	(259,643)	4,293,207	3,814,732	478,475
Undist. Expend.-Student Transportation Serv.:					
Salaries of Non-Instructional Aides	40,000	1,584	41,584	41,584	
Sal. for Pupil Trans. (Bet. Home and Sch)-Spl. Ed.	160,052	42,971	203,023	107,749	95,274
Sal. for Pupil Trans. (Oth. than Bet. Home & Sch)	62,878	42,214	105,092	105,092	
Cleaning, Repair, and Maint. Services	50,000	(9,171)	40,829	40,829	
Contr Serv.-Aid in Lieu of Payments-Charter Sch Stud.	25,000	63	25,063	25,048	15
Contract. Serv.(Oth. than Bet. Home & Sch.)-Vend.	15,000	1,035	16,035	16,035	
Contract. Serv.(Spl. Ed. Students)-Joint Agrmnts	850,000	23,530	873,530	831,321	42,209
Misc. Purchased Serv. - Transportation	25,500	24,435	49,935	49,935	
Transportation Supplies	35,000	(356)	34,644	29,256	5,388
Other Objects	1,900	166	2,066	2,066	
Total Undist. Expend.-Student Trans. Serv.	1,265,330	126,471	1,391,801	1,248,915	142,886

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
UNALLOCATED BENEFITS					
Group Insurance					
Social Security Contributions	\$ 425,000	\$ 27,462	\$ 452,462	\$ 452,462	
Other Retirement Contributions - PERS	380,000	82,205	462,205	458,626	\$ 3,579
Other Retirement Contributions - Regular		1,315	1,315	1,315	
Unemployment Compensation	15,000	52,355	67,355	67,355	
Workers Compensation	193,147	(15,216)	177,931	174,767	3,164
Health Benefits	6,275,408	(317,746)	5,957,662	5,433,141	524,521
Tuition Reimbursement	120,000		120,000	62,951	57,049
Other Employee Benefits	142,964	(54,500)	88,464	52,697	35,767
Unused Sick Payment to Terminated/Retired Staff		45,298	45,298	45,298	
Unused Vacation Payment to Terminated/Retired Staff		92,560	92,560	92,560	
TOTAL UNALLOCATED BENEFITS	7,551,519	(86,267)	7,465,252	6,841,172	624,080
ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)					
TPAF Post Retirement Contributions (Non-Budgeted)				1,589,695	(1,589,695)
TPAF Pension Contributions (Non-Budgeted)				5,775,095	(5,775,095)
TPAF Non-Contributory Insurance (Non-Budgeted)				65,862	(65,862)
TPAF Long-Term Disability Insurance (Non-Budgeted)				3,845	(3,845)
Reimbursed TPAF Social Security Contributions				1,331,676	(1,331,676)
TOTAL ON-BEHALF CONTRIBUTIONS (NON-BUDGETED)				8,766,173	(8,766,173)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	7,551,519	(86,267)	7,465,252	15,607,345	(8,142,093)
TOTAL UNDISTRIBUTED EXPENDITURES	25,574,831	(467,053)	25,107,778	31,143,196	(6,035,418)
TOTAL GENERAL CURRENT EXPENSE	42,259,489	(411,114)	41,848,375	47,775,322	(5,926,947)

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Equipment					
Preschool	\$ 3,800		\$ 3,800	\$ 3,800	
Kindergarten	3,800		3,800	3,800	
Grades 1-5	7,600		7,600	7,600	
Grades 6-8	3,800		3,800	3,800	
Grades 9-12	142,947	\$ 29,662	172,609	172,372	\$ 237
Vocational Programs:					
School-Sponsored and Other Instructional Programs		2,600	2,600	2,590	10
Undistributed:					
Undistributed Expenditures - Admin. Info. Tech.	35,000	(8,613)	26,387	20,376	6,011
Undist. Expend. - Care and Upkeep of Grounds	88,000	18,013	106,013	94,013	12,000
School Buses - Special		316,166	316,166	254,272	61,894
Total Equipment	284,947	357,828	642,775	562,623	80,152
Facilities Acquisition and Construction Serv.:					
Architectural/Engineering Services	274,000	150,000	424,000	24,000	400,000
Construction Services	5,106,000	(1,915,165)	3,190,835	687,533	2,503,302
Lease Purchase Agreements - Principal	1,276,476	849	1,277,325	1,277,324	1
Other Objects	12,000	(12,000)			
Assessment for Debt Service on SDA Funding	9,836		9,836	9,836	
Total Facilities Acquisition and Const. Serv.	6,678,312	(1,776,316)	4,901,996	1,998,693	2,903,303
TOTAL CAPITAL OUTLAY	6,963,259	(1,418,488)	5,544,771	2,561,316	2,983,455
Transfer of Funds to Charter Schools	409,960	5,000	414,960	412,018	2,942
	409,960	5,000	414,960	412,018	2,942
TOTAL EXPENDITURES	49,632,708	(1,824,602)	47,808,106	50,748,656	(2,940,550)

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (2,489,198)	\$ 1,824,602	\$ (664,596)	\$ 5,506,328	\$ 6,170,924
Other Financing Sources/(Uses):					
Transfers from Other Funds - Food Service Fund Interest				15,794	15,794
Transfer to Special Revenue Fund - PreK - Inclusion		(259,437)	(259,437)	(259,437)	
Capital Outlay - Transfer to Capital Projects Fund		(1,565,165)	(1,565,165)	(1,565,165)	
Total Other Financing Sources/(Uses)		(1,824,602)	(1,824,602)	(1,808,808)	15,794
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,489,198)		(2,489,198)	3,697,520	6,186,718
Fund Balance, July 1	10,161,489		10,161,489	10,161,489	
Fund Balance, June 30	<u>\$ 7,672,291</u>	<u>\$ -0-</u>	<u>\$ 7,672,291</u>	<u>\$ 13,859,009</u>	<u>\$ 6,186,718</u>
<u>Recapitulation:</u>					
Restricted Fund Balance:				\$ 2,859,942	
Excess Surplus - Restricted For 2025-2026				2,375,432	
Excess Surplus - Restricted For 2024-2025				5,578,782	
Capital Reserve				1,016,597	
Maintenance Reserve				267,420	
Emergency Reserve				404,959	
Unemployment Compensation					
Assigned Fund Balance:				222,535	
Designated for Subsequent Year's Expenditures				1,133,342	
Unassigned Fund Balance				<u>13,859,009</u>	
Reconciliation to Governmental Funds Statement (GAAP):				<u>(3,027,192)</u>	
Last State Aid Payments not Recognized on GAAP basis					
Fund Balance per Governmental Funds (GAAP)				<u>\$ 10,831,817</u>	

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ 93,907	\$ 87,710	\$ 181,617	\$ 185,617	\$ 4,000
State Sources	1,602,405	429,910	2,032,315	1,469,181	(563,134)
Federal Sources	1,147,486	641,938	1,789,424	1,739,483	(49,941)
Total Revenues	2,843,798	1,159,558	4,003,356	3,394,281	(609,075)
Other Financing Sources:					
Transfer In - Board Contribution - General Fund		259,437	259,437	259,437	
Total Revenues and Other Financing Sources	2,843,798	1,418,995	4,262,793	3,653,718	(609,075)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	1,063,111	(318,643)	744,468	665,581	78,887
Other Salaries for Instruction	155,313	45,777	201,090	201,090	
Purchased Professional and Technical Services	23,830	107,277	131,107	131,106	1
Other Purchased Professional Services	454,163	263,932	718,095	707,770	10,325
General Supplies	136,000	410,484	546,484	540,314	6,170
Total Instruction	1,832,417	508,827	2,341,244	2,245,861	95,383

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Support Services:					
Salaries of Supervisors of Instruction	\$ 1,097	\$ (1,097)			
Salaries of Program Directors	65,153	(312)	\$ 64,841	\$ 61,788	\$ 3,053
Salaries of Other Professional Staff	83,592	(17,349)	66,243	65,412	831
Salaries of Secretaries and Clerical Assistants		29,193	29,193	29,193	
Salaries of Community Parent Involvement Specialist	8,176	35,277	43,453	8,122	35,331
Salaries of Master Teachers	87,101	(419)	86,682	86,204	478
Other Salaries	32,418	168,863	201,281	168,031	33,250
Personal Services - Employee Benefits	354,068	185,860	539,928	435,289	104,639
Purchased Professional and Technical Services	60,605	67,956	128,561	128,561	
Other Purchased Professional Services	81,250	88,750	170,000	36,319	133,681
Cleaning, Repair and Maintenance Services	72,590	(72,590)			
Supplies and Materials	41,236	275,169	316,405	123,097	193,308
Student Activities	93,907	82,401	176,308	169,277	7,031
Total Support Services	981,193	841,702	1,822,895	1,311,293	511,602
Equipment and Facilities Acquisition:					
Instructional Equipment	30,188	68,466	98,654	89,533	9,121
Total Equipment and Facilities Acquisition	30,188	68,466	98,654	89,533	9,121
Total Expenditures	\$ 2,843,798	\$ 1,418,995	\$ 4,262,793	\$ 3,646,687	\$ 616,106
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources	\$ -0-	\$ 0	\$ 0	\$ 7,031	\$ 7,031

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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	\$ 56,254,984	\$ 3,394,281
Differences - Budgetary to GAAP:		
Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not.		404,979
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Statements	2,486,301	133,906
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(3,027,192)</u>	<u>(160,026)</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 55,714,093</u>	<u>\$ 3,773,140</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 50,748,656	\$ 3,646,687
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.		<u>404,979</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 50,748,656</u>	<u>\$ 4,051,666</u>

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2024 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, 2024

	Elementary and Secondary Education Act		
	Title I	Title II Part A	Title III
REVENUE:			
Local Sources			
State Sources			
Federal Sources	\$ 613,381	\$ 59,173	\$ 95,959
Total Revenue	613,381	59,173	95,959
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	613,381	59,173	95,959
EXPENDITURES:			
Instruction:			
Salaries of Teachers			
Other Salaries for Instruction			
Purchased Professional and Technical Services	84,999		11,825
Other Purchased Professional Services			7,500
General Supplies	427,287		36,936
Total Instruction	512,286		56,261
Support Services:			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretarial & Clerical Assistants			
Salaries of Community Parent Involvement Specialist			
Salaries of Master Teachers			
Other Salaries	101,095		37,198
Personal Services - Employee Benefits			
Purchased Professional and Technical Services		39,812	
Other Purchased Professional Services		17,861	
Supplies and Materials		1,500	2,500
Student Activities			
Total Support Services	101,095	59,173	39,698
Equipment and Facilities Acquisition:			
Instructional Equipment			
Total Facilities Acquisition			
Total Expenditures	\$ 613,381	\$ 59,173	\$ 95,959

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Elementary and Secondary Education Act		
	Title III		
	Immigrant	Title IV	ACSERS
REVENUE:			
Local Sources			
State Sources			
Federal Sources	\$ 23,463	\$ 55,074	\$ 183,969
Total Revenue	23,463	55,074	183,969
Other Financing Sources:			
Transfer In - Board Contribution - General Fund			
Total Revenues and Other Financing Sources	23,463	55,074	183,969
EXPENDITURES:			
Instruction:			
Salaries of Teachers			
Other Salaries for Instruction			
Purchased Professional and Technical Services		34,282	
Other Purchased Professional Services		2,034	183,969
General Supplies	272	9,020	
Total Instruction	272	45,336	183,969
Support Services:			
Salaries of Program Directors			
Salaries of Other Professional Staff			
Salaries of Secretarial & Clerical Assistants			
Salaries of Community Parent Involvement Specialist			
Salaries of Master Teachers			
Other Salaries	20,000	9,738	
Personal Services - Employee Benefits			
Purchased Professional and Technical Services			
Other Purchased Professional Services			
Supplies and Materials	3,191		
Student Activities			
Total Support Services	23,191	9,738	
Facilities Acquisition:			
Instructional Equipment			
Total Facilities Acquisition			
Total Expenditures	\$ 23,463	\$ 55,074	\$ 183,969

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	IDEA Part B		COVID-19 CRRSA ESSER II	SDA Emergent and Capital Maintenance
	Basic	Preschool		
REVENUE:				
Local Sources				
State Sources				\$ 89,533
Federal Sources	\$ 554,592	\$ 18,886	\$ 4,000	
Total Revenue	554,592	18,886	4,000	89,533
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenues and Other Financing Sources	554,592	18,886	4,000	89,533
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Other Salaries for Instruction				
Purchased Professional and Technical Services				
Other Purchased Professional Services	504,592			
General Supplies	25,000		4,000	
Total Instruction	529,592		4,000	
Support Services:				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of Secretarial & Clerical Assistants				
Salaries of Community Parent Involvement Specialist				
Salaries of Master Teachers				
Other Salaries				
Personal Services - Employee Benefits				
Purchased Professional and Technical Services	20,000	15,886		
Other Purchased Professional Services	5,000			
Supplies and Materials		3,000		
Student Activities				
Total Support Services	25,000	18,886		
Facilities Acquisition:				
Instructional Equipment				89,533
Total Facilities Acquisition				89,533
Total Expenditures	\$ 554,592	\$ 18,886	\$ 4,000	\$ 89,533

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	COVID-19 - American Rescue Plan			
	Evidence Based Summer Learning	Evidence Based Beyond The School Day	Learning Acceleration	Mental Health
REVENUE:				
Local Sources				
State Sources				
Federal Sources	\$ 33,986	\$ 26,535	\$ 17,602	\$ 52,863
Total Revenue	33,986	26,535	17,602	52,863
Other Financing Sources:				
Transfer In - Board Contribution - General Fund				
Total Revenues and Other Financing Sources	33,986	26,535	17,602	52,863
EXPENDITURES:				
Instruction:				
Salaries of Teachers	10,213	21,818		
Other Salaries for Instruction				
Purchased Professional and Technical Services				
Other Purchased Professional Services			9,675	
General Supplies	23,773	4,717		
Total Instruction	33,986	26,535	9,675	
Support Services:				
Salaries of Program Directors				
Salaries of Other Professional Staff				
Salaries of Secretarial & Clerical Assistants				
Salaries of Community Parent Involvement Specialist				
Salaries of Master Teachers				
Other Salaries				
Personal Services - Employee Benefits				
Purchased Professional and Technical Services				52,863
Other Purchased Professional Services				
Supplies and Materials			7,927	
Student Activities				
Total Support Services			7,927	52,863
Facilities Acquisition:				
Instructional Equipment				
Total Facilities Acquisition				
Total Expenditures	\$ 33,986	\$ 26,535	\$ 17,602	\$ 52,863

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Preschool Education Aid	Student Activities	Local Grants	Totals
REVENUE:				
Local Sources		\$ 176,308	\$ 9,309	\$ 185,617
State Sources	\$ 1,379,648			1,469,181
Federal Sources				1,739,483
Total Revenue	1,379,648	176,308	9,309	3,394,281
Other Financing Sources:				
Transfer In - Board Contribution - General Fund	259,437			259,437
Total Revenues and Other Financing Sources	1,639,085	176,308	9,309	3,653,718
EXPENDITURES:				
Instruction:				
Salaries of Teachers	633,550			665,581
Other Salaries for Instruction	201,090			201,090
Purchased Professional and Technical Services				131,106
Other Purchased Professional Services				707,770
General Supplies			9,309	540,314
Total Instruction	834,640		9,309	2,245,861
Support Services:				
Salaries of Program Directors	61,788			61,788
Salaries of Other Professional Staff	65,412			65,412
Salaries of Secretarial & Clerical Assistants	29,193			29,193
Salaries of Community Parent Involvement Specialist	8,122			8,122
Salaries of Master Teachers	86,204			86,204
Other Salaries				168,031
Personal Services - Employee Benefits	435,289			435,289
Purchased Professional and Technical Services				128,561
Other Purchased Professional Services	13,458			36,319
Supplies and Materials	104,979			123,097
Student Activities		169,277		169,277
Total Support Services	804,445	169,277		1,311,293
Equipment and Facilities Acquisition:				
Instructional Equipment				89,533
Total Equipment and Facilities Acquisition				89,533
Total Expenditures	\$ 1,639,085	\$ 169,277	\$ 9,309	\$ 3,646,687

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

District-Wide Total

	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 712,438	\$ 633,550	\$ 78,888
Other Salaries for Instruction	201,090	201,090	
Total Instruction	<u>913,528</u>	<u>834,640</u>	<u>78,888</u>
Support Services:			
Salaries of Program Directors	64,841	61,788	3,053
Salaries of Other Professional Staff	66,243	65,412	831
Salaries of Secretaries and Clerical Assistants	29,193	29,193	
Other Salaries	28,125		28,125
Salaries of Community Parent Involvement Specialist	43,453	8,122	35,331
Salaries of Master Teachers	86,685	86,204	481
Personal Services - Employee Benefits	537,525	435,289	102,236
Other Purchased Professional Services	140,000	13,458	126,542
Supplies and Materials	292,626	104,979	187,647
Total Support Services	<u>1,288,691</u>	<u>804,445</u>	<u>484,246</u>
Total Expenditures	<u>\$ 2,202,219</u>	<u>\$ 1,639,085</u>	<u>\$ 563,134</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2023-2024 Preschool Education Aid Allocation	\$ 1,602,405
Add: Actual Preschool Education Aid Carryover (June 30, 2023)	729,253
Add: Budgeted Transfer from the General Fund 2023-2024	<u>259,437</u>
Total Preschool Education Aid Funds Available for 2023-2024 Budget	2,591,095
Less: 2023-2024 Budgeted PEA (Including prior year budget carryover)	<u>(2,202,219)</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2023	388,876
Add: June 30, 2024 Unexpended Preschool Education Aid	<u>563,134</u>
2023-2024 Carryover - Preschool Education Aid	<u>\$ 952,010</u>
2022-2023 Preschool Education Aid Carryover Budgeted in 2024-2025	<u>\$ 388,876</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, 2024

Revenue and Other Financing Sources:	
State Sources - SDA ROD Grant	\$ 3,069,875
Transfer from Capital Outlay	1,565,165
Interest on Investments	10
	<hr/>
Total Revenue and Other Financing Sources	4,635,050
	<hr/>
Expenditures and Other Financing Uses:	
Other Purchased Professional Services	37,987
	<hr/>
Total Expenditures and Other Financing Uses	37,987
	<hr/>
Other Financing Uses:	
Transfer Out - Debt Service Fund	10
	<hr/>
Total Other Financing Uses	10
	<hr/>
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	4,597,053
	<hr/>
Fund Balance - Beginning of Year	-0-
	<hr/>
Fund Balance - End of Year	\$ 4,597,053
	<hr/> <hr/>
<u>Recapitulation:</u>	
Assigned for Year-End Encumbrances	\$ 347,408
Committed Fund Balance	4,249,645
	<hr/>
	4,597,053
Reconciliation to Governmental Funds Statement (GAAP):	
SDA ROD Grants not Recognized on GAAP Basis	(3,069,875)
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 1,527,178
	<hr/> <hr/>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BOUND BROOK HIGH SCHOOL BOILER PLANT REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Prior Periods	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:				
State Sources - SDA ROD Grant		\$ 656,491	\$ 656,491	\$ 656,491
Transfer from Capital Outlay		334,709	334,709	334,709
Total Revenue and Other Financing Sources		991,200	991,200	991,200
Expenditures and Other Financing Uses				
Other Purchased Professional Services		8,529	8,529	86,730
Construction Services				904,470
Total Expenditures and Other Financing Uses		8,529	8,529	991,200
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	\$ -0-	\$ 982,671	\$ 982,671	\$ -0-
Additional Project Information:				
Project Number(s)	0490-020-23-G5BY			
Grant Date(s)	1/25/24			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 991,200			
Percentage Completion	0.86%			
Original Target Completion Date	6/30/2025			

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BOUND BROOK LAMONTE ANNEX ELEMENTARY SCHOOL BOILER PLANT REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Prior Periods	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:				
State Sources - SDA ROD Grant		\$ 555,553	\$ 555,553	\$ 555,553
Transfer from Capital Outlay		283,247	283,247	283,247
Total Revenue and Other Financing Sources		838,800	838,800	838,800
Expenditures and Other Financing Uses				
Other Purchased Professional Services		7,112	7,112	73,395
Construction Services				765,405
Total Expenditures and Other Financing Uses		7,112	7,112	838,800
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	\$ -0-	\$ 831,688	\$ 831,688	\$ -0-
Additional Project Information:				
Project Number(s)	0490-036-23-G5V1			
Grant Date(s)	1/25/24			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 838,800			
Percentage Completion	0.85%			
Original Target Completion Date	6/30/2025			

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BOUND BROOK LAFAYETTE ELEMENTARY SCHOOL BOILER PLANT REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Prior Periods	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:				
State Sources - SDA ROD Grant		\$ 642,979	\$ 642,979	\$ 642,979
Transfer from Capital Outlay		327,821	327,821	327,821
Total Revenue and Other Financing Sources		970,800	970,800	970,800
Expenditures and Other Financing Uses				
Other Purchased Professional Services		8,306	8,306	80,900
Construction Services				889,900
Total Expenditures and Other Financing Uses		8,306	8,306	970,800
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	\$ -0-	\$ 962,494	\$ 962,494	\$ -0-
Additional Project Information:				
Project Number(s)	0490-301-23-G5VJ			
Grant Date(s)	1/25/24			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 970,800			
Percentage Completion	0.86%			
Original Target Completion Date	6/30/2025			

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
BOUND BROOK SMALLEY ELEMENTARY SCHOOL BOILER PLANT REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Prior Periods	Current Year	Totals	Authorized Costs
Revenue and Other Financing Sources:				
State Sources - SDA ROD Grant		\$ 1,214,852	\$ 1,214,852	\$ 1,214,852
Transfer from Capital Outlay		619,388	619,388	619,388
Total Revenue and Other Financing Sources		1,834,240	1,834,240	1,834,240
Expenditures and Other Financing Uses				
Other Purchased Professional Services		14,040	14,040	133,640
Construction Services				1,700,600
Total Expenditures and Other Financing Uses		14,040	14,040	1,834,240
Excess of Revenue and Other Financing Sources over Expenditures and Other Financing Uses	\$ -0-	\$ 1,820,200	\$ 1,820,200	\$ -0-
Additional Project Information:				
Project Number(s)	0490-303-23-G5VK			
Grant Date(s)	1/25/24			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,834,240			
Percentage Completion	0.77%			
Original Target Completion Date	6/30/2025			

PROPRIETARY FUNDS

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>Major Fund</u>
	<u>Food</u>
	<u>Service</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	\$ 510,622
Intergovernmental Accounts Receivable:	
Federal	271,077
State	13,406
Student Accounts Receivable	109,243
Inventories	33,207
Total Current Assets	<u>937,555</u>
Non-Current Assets:	
Capital Assets	691,361
Less: Accumulated Depreciation	<u>(265,992)</u>
Total Non-Current Assets	<u>425,369</u>
Total Assets	<u>1,362,924</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable - Vendors	145,885
Interfund Accounts Payable - General Fund	71,397
Unearned Revenue - Prepaid Sales	5,751
Unearned Revenue - Donated Commodities	6,911
Total Current Liabilities	<u>229,944</u>
NET POSITION:	
Investment in Capital Assets	425,369
Unrestricted	707,611
Total Net Position	<u><u>\$ 1,132,980</u></u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Major Fund
	Food
	Service
Operating Revenue:	
Local Sources:	
Daily Sales - Reimbursable Meals	\$ 345,911
Daily Sales - Non-Reimbursable Meals	34,836
Other Income	8,476
Total Operating Revenue	<u>389,223</u>
Operating Expenses:	
Cost of Sales - Reimbursable Programs	865,068
Cost of Sales - Non-Reimbursable Programs	87,119
Salaries, Benefits & Payroll Taxes	681,776
Supplies, Insurance & Other Costs	274,571
Management Fee	70,297
Miscellaneous	27,926
Depreciation Expense	9,722
Total Operating Expenses	<u>2,016,479</u>
Operating Loss	(1,627,256)
Non-Operating Revenue:	
Local Sources:	
Interest Income	15,794
State Sources:	
State School Lunch Program	25,966
State School Breakfast Program	7,106
State School Breakfast Program - After the Bell	27,532
New Jersey Expanded Income Eligibility - Breakfast	4,387
New Jersey Expanded Income Eligibility - Lunch	8,116
Federal Sources:	
National School Lunch Program	891,992
School Breakfast Program	563,596
After School Snack Program	13,104
Summer Food Service Program	31,880
COVID 19 - Supply Chain Assistance	53,515
Pandemic Electronic Benefit Transfer	3,256
Local Food for Schools	13,581
Food Distribution Program	145,414
Total Non-Operating Revenue	<u>1,805,239</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Major Fund
	Food
	Service
Change in Net Position Before Transfers	\$ 177,983
Transfer Out - General Fund	(15,794)
Total Transfers	(15,794)
Change in Net Position After Transfers	162,189
Net Position - Beginning of Year	970,791
Net Position - End of Year	\$ 1,132,980

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Major Fund</u>
	<u>Food</u>
	<u>Service</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 340,494
Payments to Food Service Vendor	(681,776)
Payments to Suppliers	<u>(1,255,584)</u>
Net Cash Used for Operating Activities	<u>(1,596,866)</u>
Cash Flows from Investing Activities:	
Local Sources:	
Interest Income	<u>15,794</u>
Net Cash Provided by Investing Activities	<u>15,794</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	<u>(187,988)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(187,988)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	64,567
Federal Sources	<u>1,433,764</u>
Net Cash Provided by/(Used for) Noncapital Financing Activities	<u>1,498,331</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	(270,729)
Cash and Cash Equivalents, July 1	<u>781,351</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 510,622</u></u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Major Fund</u>
	<u>Food</u>
	<u>Service</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (1,627,256)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	9,722
Food Distribution Program	145,414
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable - Students	(48,501)
(Increase)/Decrease in Inventory	10,538
Increase/(Decrease) in Unearned Revenue - Donated Commodities	(716)
Increase/(Decrease) in Unearned Revenue - Prepaid Sales	(228)
Increase/(Decrease) in Accounts Payable	(85,839)
Net Cash Used for Operating Activities	<u>\$ (1,596,866)</u>

Noncash Investing and Financing Activities:

The Food Service Enterprise Fund received \$144,698 and utilized \$145,414 of commodities from the Federal Food Distribution Program for the fiscal year ended June 30, 2024.

FIDUCIARY ACTIVITIES
(NOT APPLICABLE)

LONG-TERM LIABILITY

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, 2023	Retired or Matured	Balance June 30, 2024
			Outstanding		Amount	Date				
			June 30, 2024							
School Bonds	12/23/2014	\$ 27,140,000	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%				
				\$	20,620,000	\$	980,000	\$	19,640,000	
				\$	20,620,000	\$	980,000	\$	19,640,000	

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, 2023</u>	<u>Retired or Matured</u>	<u>Balance June 30, 2024</u>
Capital Improvement Smalley School Addition	\$ 7,000,000	2.35%	<u>\$ 1,927,437</u>	<u>\$ 1,277,324</u>	<u>\$ 650,113</u>

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
LONG TERM LIABILITIES
STATEMENT OF OBLIGATIONS UNDER LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024

NOT APPLICABLE

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 772,124		\$ 772,124	\$ 772,124	
State Sources:					
School Building Aid	881,139		881,139	881,139	
Total Revenues	1,653,263		1,653,263	1,653,263	
EXPENDITURES:					
Regular Debt Service:					
Interest	673,263		673,263	673,263	
Redemption of Principal	980,000		980,000	980,000	
Total Regular Debt Service	1,653,263		1,653,263	1,653,263	
Total Expenditures	1,653,263		1,653,263	1,653,263	
Excess/(Deficit) of Revenues Over/(Under) Expenditures					
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				10	10
Fund Balance, July 1	11		11	11	
Fund Balance, June 30	11	\$ -0-	\$ 11	\$ 21	\$ 10
Recapitulation:					
Restricted				\$ 21	

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

Exhibit

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 District provides and the activities it performs.

J-16 thru J-20

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

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

	June 30,				
	2015	2016	2017	2018	2019
Governmental Activities/(Deficit)					
Net Investment in Capital Assets	\$ 5,350,423	\$ 5,910,924	\$ 5,959,764	\$ 6,805,233	\$ 10,171,912
Restricted	2,187,690	1,734,140	2,300,098	4,183,956	3,300,175
Unrestricted	(5,855,274)	(6,646,582)	(7,960,143)	(9,295,772)	(9,536,305)
Total Governmental Activities Net Position	<u>\$ 1,682,839</u>	<u>\$ 998,482</u>	<u>\$ 299,719</u>	<u>\$ 1,693,417</u>	<u>\$ 3,935,782</u>
Business-type Activities					
Investment in Capital Assets	\$ 288,615	\$ 401,026	\$ 555,675	\$ 556,066	\$ 618,081
Unrestricted	297,462	272,464	369,283	430,035	273,706
Total Business-type Activities Net Position	<u>\$ 586,077</u>	<u>\$ 673,490</u>	<u>\$ 924,958</u>	<u>\$ 986,101</u>	<u>\$ 891,787</u>
District-wide/(Deficit)					
Net Investment in Capital Assets	\$ 5,639,038	\$ 6,311,950	\$ 6,515,439	\$ 7,361,299	\$ 10,789,993
Restricted	2,187,690	1,734,140	2,300,098	4,183,956	3,300,175
Unrestricted	(5,557,812)	(6,374,118)	(7,590,860)	(8,865,737)	(9,262,599)
Total District Net Position	<u>\$ 2,268,916</u>	<u>\$ 1,671,972</u>	<u>\$ 1,224,677</u>	<u>\$ 2,679,518</u>	<u>\$ 4,827,569</u>

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

	June 30,			
	2020	2021	2022	2023
Governmental Activities/(Deficit)				
Net Investment in Capital Assets	\$ 9,102,266	\$ 13,492,214	\$ 15,107,793	\$ 27,295,345
Restricted	3,270,505	4,800,271	8,932,290	8,145,384
Unrestricted	(6,542,643)	(7,974,649)	(6,798,080)	(6,611,975)
Total Governmental Activities Net Position	\$ 5,830,128	\$ 10,317,836	\$ 17,242,003	\$ 28,828,754
Business-type Activities				
Investment in Capital Assets	\$ 593,891	\$ 569,702	\$ 193,747	\$ 247,103
Unrestricted	148,395	260,790	681,926	723,688
Total Business-type Activities Net Position	\$ 742,286	\$ 830,492	\$ 875,673	\$ 970,791
District-wide/(Deficit)				
Net Investment in Capital Assets	\$ 9,696,157	\$ 14,061,916	\$ 15,301,540	\$ 27,542,448
Restricted	3,270,505	4,800,271	8,932,290	8,145,384
Unrestricted	(6,394,248)	(7,713,859)	(6,116,154)	(5,888,287)
Total District Net Position	\$ 6,572,414	\$ 11,148,328	\$ 18,117,676	\$ 29,799,545

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,				
	2015	2016	2017	2018	2019
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 11,846,786	\$ 13,025,688	\$ 15,225,678	\$ 16,257,390	\$ 14,534,183
Special Education	3,351,241	4,203,934	3,945,318	4,279,100	4,470,193
Other Instruction	1,065,461	1,427,274	1,595,820	1,764,401	1,645,515
School-Sponsored Instruction	540,909	552,371	520,906	543,194	824,073
Support Services					
Tuition	2,263,257	1,658,891	1,873,933	1,463,570	1,730,757
Student & Instruction Related Services	4,035,498	4,136,282	4,152,379	4,339,060	5,026,671
General and Business Administrative Services	950,061	1,115,262	1,722,079	959,459	726,327
School Administrative Services	1,539,137	1,900,486	2,359,417	2,267,448	2,362,432
Central Services & Administrative					
Information Technology	760,378	938,214	1,159,296	953,909	1,274,615
Plant Operations and Maintenance	3,004,402	2,809,504	2,813,285	2,320,651	2,527,645
Pupil Transportation	629,387	689,036	797,625	660,955	749,559
Charter Schools	67,096	81,656	66,431	829,023	35,736
Capital Outlay	9,836	9,836	9,836	114,896	407,927
Interest on long-term liabilities	505,583	893,001	862,331	51,407	793,513
Total Governmental Activities Expenses	<u>30,569,032</u>	<u>30,569,032</u>	<u>37,104,334</u>	<u>36,804,463</u>	<u>37,109,146</u>
Business-type Activities					
Food Service	1,159,932	1,271,721	1,323,394	1,323,708	1,539,557
Summer Enrichment				725	1,975
Summer Sports				750	825
Total Business-type Activities Expense	<u>1,159,932</u>	<u>1,271,721</u>	<u>1,323,394</u>	<u>1,325,183</u>	<u>1,542,357</u>
Total District Expenses	<u>\$ 31,728,964</u>	<u>\$ 34,713,156</u>	<u>\$ 38,427,728</u>	<u>\$ 38,129,646</u>	<u>\$ 38,651,503</u>
Program Revenues					
Governmental Activities					
Charges for Services					
Student & Instruction Related Services					
Tuition & Pupil Transportation	\$ 1,644,174	\$ 1,611,381	\$ 1,512,921	\$ 1,364,129	\$ 1,208,831
Operating Grants and Contributions	7,359,245	9,042,408	11,747,672	12,869,099	11,001,994
Total Governmental Activities Program Revenues	<u>9,003,419</u>	<u>10,653,789</u>	<u>13,260,593</u>	<u>14,233,228</u>	<u>12,210,825</u>
Business-type Activities:					
Charges for Services					
Food Service	214,846	230,139	223,500	212,074	248,505
Summer Enrichment				725	1,975
Summer Sports				750	825
Operating Grants and Contributions	995,174	1,128,331	1,177,111	1,179,739	1,196,738
Total Business-type Activities Program Revenues	<u>1,210,020</u>	<u>1,358,470</u>	<u>1,400,611</u>	<u>1,393,288</u>	<u>1,448,043</u>
Total District Program Revenues	<u>\$ 10,213,439</u>	<u>\$ 12,012,259</u>	<u>\$ 14,661,204</u>	<u>\$ 15,626,516</u>	<u>\$ 13,658,868</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,				
	2015	2016	2017	2018	2019
Net (Expense)/Revenue					
Governmental Activities	\$ (22,787,646)	\$ (23,843,741)	\$ (22,571,235)	\$ (22,571,235)	\$ (24,898,321)
Business-type Activities	86,749	77,217	68,105	68,105	(94,314)
Total District-wide Net Expense	<u>\$ (22,700,897)</u>	<u>\$ (23,766,524)</u>	<u>\$ (22,503,130)</u>	<u>\$ (22,503,130)</u>	<u>\$ (24,992,635)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes Levied for General Purposes, Net	\$ 12,833,220	\$ 13,446,977	\$ 14,056,977	\$ 13,680,017	\$ 13,680,017
Taxes Levied for Debt Service	382,092	382,092	382,092	537,092	537,092
Federal and State aid not restricted	7,349,935	8,149,850	8,183,327	9,605,112	12,625,558
Miscellaneous Income	235,820	124,999	696,794	142,487	297,635
Transfers	(49,481)	(630)	(174,211)	225	384
Total Governmental Activities	<u>20,751,586</u>	<u>22,103,288</u>	<u>23,144,979</u>	<u>23,964,933</u>	<u>27,140,686</u>
Business-type Activities					
Investment Earnings			34		
Miscellaneous				185	384
Other Items				(6,922)	
Transfers	13,714	49,481	630	(225)	(384)
Total Business-type Activities	<u>13,714</u>	<u>49,481</u>	<u>664</u>	<u>(6,962)</u>	<u>-0-</u>
Total District-wide	<u>\$ 20,765,300</u>	<u>\$ 22,152,769</u>	<u>\$ 23,145,643</u>	<u>\$ 23,957,971</u>	<u>\$ 27,140,686</u>
Change in Net Position					
Governmental Activities	\$ (2,036,060)	\$ (1,740,453)	\$ 573,744	\$ 1,393,698	\$ 2,242,365
Business-type Activities	100,463	126,698	68,769	61,143	(94,314)
Total District	<u>\$ (1,935,597)</u>	<u>\$ (1,613,755)</u>	<u>\$ 642,513</u>	<u>\$ 1,454,841</u>	<u>\$ 2,148,051</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,				
	2020	2021	2022	2023	2024
Expenses					
Governmental Activities					
Instruction					
Regular	\$ 14,280,864	\$ 16,136,795	\$ 17,320,231	\$ 20,410,873	\$ 18,399,140
Special Education	5,504,592	4,244,851	4,698,632	4,815,235	5,271,081
Other Instruction	1,804,379	1,966,138	2,298,237	2,640,184	3,192,203
School-Sponsored Instruction	747,693	670,579	776,560	798,646	984,962
Support Services					
Tuition	1,799,150	1,676,168	1,423,741	1,798,550	2,098,735
Student & Instruction Related Services	5,947,403	6,038,563	6,174,874	5,989,864	7,035,518
General and Business Administrative Services	933,937	956,909	1,075,880	1,389,094	810,820
School Administrative Services	2,510,023	2,697,602	2,696,081	2,856,780	2,560,931
Central Services & Administrative					
Information Technology	1,680,552	1,463,018	1,441,795	1,691,766	1,576,948
Plant Operations and Maintenance	2,606,901	2,621,459	2,859,187	3,260,624	4,447,595
Pupil Transportation	741,171	544,713	964,963	755,000	1,331,488
Charter Schools	24,810	33,082	105,404	336,700	412,018
Capital Outlay	13,553	80,709	9,837	9,836	9,836
Interest on long-term liabilities	768,903	743,469	713,776	688,537	659,788
Total Governmental Activities Expenses	39,363,931	39,874,055	42,559,198	47,441,689	48,791,063
Business-type Activities					
Food Service	1,423,684	891,588	1,722,461	2,035,650	2,016,479
Summer Enrichment	836				
Summer Sports					
Total Business-type Activities Expense	1,424,520	891,588	1,722,461	2,035,650	2,016,479
Total District Expenses	\$ 40,788,451	\$ 40,765,643	\$ 44,281,659	\$ 49,477,339	\$ 50,807,542
Program Revenues					
Governmental Activities					
Charges for Services					
Student & Instruction Related Services		\$ 82,753	\$ 213,539	\$ 326,476	\$ 176,308
Tuition & Pupil Transportation	\$ 1,242,180	2,017,529	2,178,696	2,652,901	2,328,803
Operating Grants and Contributions	11,070,250	12,227,633	14,533,262	18,015,979	11,141,129
Total Governmental Activities Program Revenues	12,312,430	14,327,915	16,925,497	20,995,356	13,646,240
Business-type Activities:					
Charges for Services					
Food Service	201,469	2,605	115,761	399,625	389,223
Summer Enrichment	900				
Summer Sports					
Operating Grants and Contributions	1,072,650	977,189	2,003,647	1,731,207	1,789,445
Total Business-type Activities Program Revenues	1,275,019	979,794	2,119,408	2,130,832	2,178,668
Total District Program Revenues	\$ 13,587,449	\$ 15,307,709	\$ 19,044,905	\$ 23,126,188	\$ 15,824,908

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,				
	2020	2021	2022	2023	2024
Net (Expense)/Revenue					
Governmental Activities	\$ (27,051,501)	\$ (25,546,140)	\$ (25,633,701)	\$ (26,446,333)	\$ (35,144,823)
Business-type Activities	(149,501)	88,206	396,947	95,182	162,189
Total District-wide Net Expense	<u>\$ (27,201,002)</u>	<u>\$ (25,457,934)</u>	<u>\$ (25,236,754)</u>	<u>\$ (26,351,151)</u>	<u>\$ (34,982,634)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Property Taxes Levied for General Purposes, Net	\$ 13,261,017	\$ 13,261,017	\$ 13,037,373	\$ 13,082,282	\$ 13,670,661
Taxes Levied for Debt Service	537,092	537,092	760,542	746,520	772,124
Federal and State aid not restricted	14,571,783	15,488,894	19,134,974	23,611,680	28,953,760
Miscellaneous Income	232,034	746,829	692,060	583,589	628,178
Transfers	219	16	34	9,013	15,794
Total Governmental Activities	<u>28,602,145</u>	<u>30,033,848</u>	<u>33,624,983</u>	<u>38,033,084</u>	<u>44,040,517</u>
Business-type Activities					
Investment Earnings					
Miscellaneous	219	16	34	8,949	15,794
Other Items					
Transfers	(219)	(16)	(34)	(9,013)	(15,794)
Total Business-type Activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(64)</u>	<u>-0-</u>
Total District-wide	<u>\$ 28,602,145</u>	<u>\$ 30,033,848</u>	<u>\$ 33,624,983</u>	<u>\$ 38,033,020</u>	<u>\$ 44,040,517</u>
Change in Net Position					
Governmental Activities	\$ 1,550,644	\$ 4,487,708	\$ 7,991,282	\$ 11,586,751	\$ 8,895,694
Business-type Activities	(149,501)	88,206	396,947	95,118	162,189
Total District	<u>\$ 1,401,143</u>	<u>\$ 4,575,914</u>	<u>\$ 8,388,229</u>	<u>\$ 11,681,869</u>	<u>\$ 9,057,883</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,				
	2015	2016	2017	2018	2019
General Fund					
Restricted	\$ 2,179,449	\$ 1,692,891	\$ 2,083,212	\$ 4,103,782	\$ 3,267,593
Assigned	1,325,094	875,872	620,225		
Unassigned / (Deficit)				(438,481)	(383,910)
Total General Fund	<u>\$ 3,504,543</u>	<u>\$ 2,568,763</u>	<u>\$ 2,703,437</u>	<u>\$ 3,665,301</u>	<u>\$ 2,883,683</u>
All Other Governmental Funds					
Restricted	\$ 23,439,965	\$ 15,643,721	\$ 6,757,778	\$ 1,242,839	\$ 65,143
Committed					
Unassigned / (Deficit)	(39,193)	(42,678)	(71,598)	(71,350)	(71,704)
Total All Other Governmental Funds/(Deficit)	<u>\$ 23,400,772</u>	<u>\$ 15,601,043</u>	<u>\$ 6,686,180</u>	<u>\$ 1,171,489</u>	<u>\$ (6,561)</u>
Total Governmental Funds	<u>\$ 26,905,315</u>	<u>\$ 18,169,806</u>	<u>\$ 9,389,617</u>	<u>\$ 4,836,790</u>	<u>\$ 2,877,122</u>

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

	June 30,			
	2020	2021	2022	2023
General Fund				
Restricted	\$ 3,160,048	\$ 4,676,033	\$ 8,818,169	\$ 8,047,355
Assigned			470,197	
Unassigned / (Deficit)	(856,174)	313,339		(372,167)
Total General Fund	\$ 2,303,874	\$ 4,989,372	\$ 9,288,366	\$ 7,675,188
All Other Governmental Funds				
Restricted	\$ 130,354	\$ 124,238	\$ 114,121	\$ 98,029
Committed	3,107,012			
Unassigned / (Deficit)	(105,860)	(142,188)	(157,758)	(133,906)
Total All Other Governmental Funds/(Deficit)	\$ 3,131,506	\$ (17,950)	\$ (43,637)	\$ (35,877)
Total Governmental Funds	\$ 5,435,380	\$ 4,971,422	\$ 9,244,729	\$ 7,639,311

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,				
	2015	2016	2017	2018	2019
Revenues:					
Tax Levy	\$ 13,215,312	\$ 13,829,069	\$ 14,439,069	\$ 14,217,109	\$ 14,217,109
Tuition Charges	1,603,297	1,560,159	1,462,346	1,333,378	1,180,927
Interest Earnings					
Transportation Fees	40,877	51,222	50,575	30,751	27,904
Miscellaneous	278,790	147,295	703,422	150,657	312,238
State Sources	10,907,831	12,409,986	13,071,259	14,908,052	19,516,798
Federal Sources	1,564,502	1,989,233	1,891,421	1,803,398	2,016,129
Total Revenue	27,610,609	29,986,964	31,618,092	32,443,345	37,271,105
Expenditures:					
Instruction					
Regular Instruction	7,954,520	8,516,426	8,981,055	8,974,085	9,380,640
Special Education Instruction	2,360,167	2,857,226	2,311,633	2,504,930	2,962,305
Other Instruction	968,658	539,533	554,273	579,886	712,757
School-Sponsored		552,371	520,906	543,194	824,073
Support Services					
Tuition	2,263,257	1,658,891	1,873,933	1,463,570	1,730,757
Student & Other Instruction Related Services	2,615,307	2,589,664	2,322,676	2,447,189	3,349,511
School Administrative Services	981,259	1,140,120	1,289,527	1,193,250	1,423,881
General & Business Administrative Services	726,162	900,363	864,762	777,381	794,333
Central Services and Administrative					
Information Technology	541,686	668,299	760,823	805,054	1,110,170
Plant Operations and Maintenance	2,492,118	2,207,295	2,072,498	2,251,237	2,346,508
Pupil Transportation	545,229	580,826	672,548	587,167	678,151
Unallocated Benefits	5,709,500	6,520,465	6,799,458	7,086,206	7,840,625

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,				
	2015	2016	2017	2018	2019
Expenditures:					
Charter School	\$ 67,096	\$ 81,656	\$ 66,431	\$ 51,406	\$ 35,736
Capital Outlay	4,038,194	7,966,549	9,422,194	5,837,879	4,137,447
Debt Service:					
Principal	485,000	980,000	995,000	1,050,000	1,095,000
Interest and Other Charges	59,961	962,160	876,863	843,963	809,263
Total Expenditures	31,808,114	38,721,844	40,384,580	36,996,397	39,231,157
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	(4,197,505)	(8,734,880)	(8,766,488)	(4,553,052)	(1,960,052)
Other Financing Sources/(Uses)					
Financed Purchases (Non-budgeted)					
Bond Proceeds	\$ 27,140,000			\$ 225	\$ 384
Transfers in					
Transfers out	(49,481)	(630)	(13,701)		
Total Other Financing Sources/(Uses)	27,090,519	(630)	(13,701)	225	384
Net Change in Fund Balances	\$ 22,893,014	\$ (8,735,510)	\$ (8,780,189)	\$ (4,552,827)	\$ (1,959,668)
Debt Service as a Percentage of					
Noncapital Expenditures	1.96%	6.31%	6.05%	6.08%	5.43%

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,				
	2020	2021	2022	2023	2024
Revenues:					
Tax Levy	\$ 13,798,109	\$ 13,798,109	\$ 13,797,915	\$ 13,828,802	\$ 14,442,785
Tuition Charges	1,215,737	2,010,047	2,092,266	2,630,347	2,308,629
Interest Earnings	5,500	682	1,374	84,925	118,009
Transportation Fees	26,443	7,482	86,430	22,554	20,174
Miscellaneous	239,052	828,900	884,958	825,140	695,786
State Sources	21,836,817	24,409,688	30,756,604	35,708,253	41,426,253
Federal Sources	1,524,999	2,050,430	4,020,861	8,436,067	2,128,870
Total Revenue	38,646,657	43,105,338	51,640,408	61,536,088	61,140,506
Expenditures:					
Instruction					
Regular Instruction	9,292,118	10,482,851	12,140,452	14,494,114	13,555,943
Special Education Instruction	4,117,313	2,827,132	3,159,575	3,365,522	3,791,427
Other Instruction	763,300	822,902	1,066,868	1,473,564	2,092,650
School-Sponsored	747,693	670,579	776,560	798,646	984,962
Support Services					
Tuition	1,799,150	1,676,168	1,423,741	1,789,550	2,098,735
Student & Other Instruction Related Services	3,980,938	3,855,661	4,129,710	3,946,768	4,859,242
School Administrative Services	1,535,414	1,627,645	1,631,568	1,709,904	1,745,974
General & Business Administrative Services	827,182	822,135	958,113	1,059,640	729,740
Central Services and Administrative					
Information Technology	1,390,536	1,127,820	1,109,895	1,212,778	1,207,790
Plant Operations and Maintenance	2,405,646	2,392,788	2,545,771	2,739,197	3,814,732
Pupil Transportation	672,630	464,697	872,843	667,326	1,248,915
Unallocated Benefits	8,382,789	10,654,626	13,142,543	15,467,676	15,607,345

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,				
	2020	2021	2022	2023	2024
Expenditures:					
Charter School	\$ 24,810	\$ 33,082	\$ 105,404	\$ 336,700	\$ 412,018
Capital Outlay	5,883,338	4,486,663	2,675,629	12,438,672	2,688,836
Debt Service:					
Principal	830,000	870,000	900,000	940,000	980,000
Interest and Other Charges	779,463	754,563	728,463	701,462	673,263
Total Expenditures	43,432,320	43,569,312	47,367,135	63,141,519	56,491,572
Excess/(Deficit) of Revenues					
Over/(Under) Expenditures	(4,785,663)	(463,974)	4,273,273	(1,605,431)	4,648,934
Other Financing Sources/(Uses)					
Financed Purchases (Non-budgeted)	\$ 7,000,000				
Bond Proceeds					
Transfers in	219	\$ 16	\$ 34	\$ 34	\$ 15,794
Transfers out					
Total Other Financing Sources/(Uses)	7,000,219	16	34	34	15,794
Net Change in Fund Balances	\$ 2,214,556	\$ (463,958)	\$ 4,273,307	\$ (1,605,397)	\$ 4,664,728
Debt Service as a Percentage of					
Noncapital Expenditures	4.29%	4.16%	3.64%	3.24%	3.07%

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>
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
2024	186,088	2,308,629	20,174	442,080	2,956,971

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)
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
2023	32,347,100	891,298,300	158,248,600	2,253,800	73,718,500	1,157,866,300	8,293,800	1,166,160,100	1.238	1,123,308,802

* 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	
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
2023	1.172	0.066	1.238	0.800	0.358	2.396

* 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

	2024			2015		
	Taxable Assessed	% of Total District Net Assessed Value		Taxable Assessed Value	% of Total District Net Assessed Value	
Bound Brook LLC	\$ 38,440,900	3.30%	Bound Brook LLC	\$ 22,233,000	3.26%	
Middle Brook Center LLC	24,423,000	2.09%	Middle Brook Center LLC	19,019,000	2.79%	
Bell Atlantic c/o Duff & Phelps	8,293,800	0.71%	Bell Atlantic	6,616,694	0.97%	
Garfield Park Associates LLC	7,392,600	0.63%	Garfield Park Assoc., LLC	4,000,000	0.59%	
IH 476, LLC	5,450,000	0.47%	Tomur Realty	3,712,300	0.55%	
Somerset Savings & Loan Assoc	4,605,300	0.39%	Bragg-Norton LLC	3,210,000	0.47%	
Effinger Plaza LLC	4,603,900	0.39%	Somerset Savings & Loan Assoc	3,012,500	0.44%	
Bound Brook Holding LLC	4,189,100	0.36%	Tomur Realty, LLC	2,874,600	0.42%	
East Gate Holdings LLC	3,868,900	0.33%	Bound Brook Holdings	2,260,000	0.33%	
Effinger Plaza #2 LLC	3,388,600	0.29%	East High Street Properties Inc.	2,200,000	0.32%	
Total	\$ 104,656,100	8.97%		\$ 69,138,094	10.15%	

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
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%
2024	14,442,785	14,442,785	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						Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Obligations		Business-Type Activities				
			Under Financed Purchases		Financed Purchases				
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-	-0-	500,000	-0-		26,805,000	2.62%	270.18
2018	25,255,000	-0-	-0-	398,814	-0-		25,653,814	2.39%	245.21
2019	24,160,000	-0-	-0-	-0-	-0-		24,160,000	2.14%	218.71
2020	23,330,000	-0-	-0-	5,582,575	-0-		28,912,575	2.52%	256.26
2021	22,460,000	-0-	-0-	4,392,975	-0-		26,852,975	1.98%	235.60
2022	21,560,000	-0-	-0-	3,174,824	-0-		24,734,824	1.87%	223.33
2023	20,620,000	-0-	-0-	1,927,437	-0-		22,547,437	1.65%	203.58
2024	19,640,000	-0-	-0-	650,113	-0-		20,290,113	1.48%	183.20

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		
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%	1,666.80
2024	19,640,000	- 0 -	19,640,000	1.68%	1,587.58

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, 2023
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	\$ 27,082,065	100.00%	\$ 27,082,065
Somerset County General Obligation Debt	276,384,694	1.46%	<u>4,034,601</u>
Subtotal, Overlapping Debt			31,116,666
Bound Brook School District Direct Debt			<u>20,620,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 51,736,666</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 2024

	Equalized valuation basis
	2021 \$ 954,587,737
	2022 1,063,530,794
	2023 1,168,381,736
	<u>\$ 3,186,500,267</u>
Average Equalized Valuation of Taxable Property	\$ 1,062,166,756
Debt Limit (4% of average equalization value)	42,486,670
Net Direct School Debt	<u>19,640,000</u>
Legal Debt Margin	<u>\$ 22,846,670</u>

	Fiscal Year				
	2015	2016	2017	2018	2019
Debt Limit	\$ 29,950,683	\$ 29,201,843	\$ 29,312,284	\$ 30,402,241	\$ 31,281,121
Total Net Debt Applicable to Limit	<u>28,280,000</u>	<u>27,300,000</u>	<u>26,305,000</u>	<u>25,255,000</u>	<u>24,160,000</u>
Legal Debt Margin	<u>\$ 1,670,683</u>	<u>\$ 1,901,843</u>	<u>\$ 3,007,284</u>	<u>\$ 5,147,241</u>	<u>\$ 7,121,121</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	94.42%	93.49%	89.74%	83.07%	77.24%

	Fiscal Year				
	2020	2021	2022	2023	2024
Debt Limit	\$ 32,336,845	\$ 33,087,158	\$ 35,061,060	\$ 38,410,930	\$ 42,486,670
Total Net Debt Applicable to Limit	<u>23,330,000</u>	<u>22,460,000</u>	<u>21,560,000</u>	<u>20,620,000</u>	<u>19,640,000</u>
Legal Debt Margin	<u>\$ 9,006,845</u>	<u>\$ 10,627,158</u>	<u>\$ 13,501,060</u>	<u>\$ 17,790,930</u>	<u>\$ 22,846,670</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	72.15%	67.88%	61.49%	53.68%	46.23%

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

<u>Year</u>	<u>Population ^a</u>	<u>Borough of Bound Brook Personal Income ^b</u>	<u>Somerset County Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
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	1,325,824,163	110,753	3.5%
2023	12,371	1,370,125,363 ***	110,753 *	4.2%
2024	12,371 **	1,370,125,363 ***	110,753 *	N/A

* - Latest Somerset County per capita personal income available (2022) was used for calculation purposes.

** - Latest population data available (2023) was used for calculation purposes.

*** - Latest Borough personal income available (2022) and latest population data available (2023) 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	2024		
	Employees	Rank	Percentage of Total Employment

NOT AVAILABLE

Employer	2015		
	Employees	Rank	Percentage of Total Employment

NOT AVAILABLE

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>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>	<u>2024</u>
Instruction										
Regular	102.2	108.9	114.6	102.4	105.7	120.0	117.9	113.9	143.9	158.0
Special education	22.4	26.6	28.2	29.0	32.8	33.9	45.3	34.3	34.0	48.0
Other special education	7.5	10.1	9.6	10.0	0.0	0.0	0.0	0.0	0.0	0.0
Other instruction	15.6	16.5	16.2	14.7	20.6	25.0	29.0	29.0	37.0	35.0
Student and instruction related services										
General administrative services	42.0	40.4	33.3	28.3	34.3	39.0	41.0	45.0	45.0	44.0
School administrative services	2.5	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Business administrative services	12.2	14.2	14.7	13.7	15.7	17.5	18.0	19.0	22.0	21.0
Plant operations and maintenance	7.3	5.6	6.8	7.3	9.0	9.0	8.0	8.0	10.0	9.0
Pupil transportation	18.5	22.0	22.0	10.3	12.3	11.0	17.0	12.0	12.0	11.0
	4.2	3.4	3.4	3.4	3.0	5.7	6.0	8.4	10.0	7.7
Total	<u>234.4</u>	<u>251.7</u>	<u>252.8</u>	<u>223.1</u>	<u>237.4</u>	<u>265.1</u>	<u>286.2</u>	<u>273.6</u>	<u>317.9</u>	<u>337.7</u>

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

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle/High				
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	34,963,043	18,004	-6.76%	184	1:15.22	1:10.54	1,950.2	1,812.5	1.97%	92.94%
2023	2,031	49,070,385	24,161	34.20%	211	1:11.24	1:11.25	2,032.2	1,902.6	4.20%	93.62%
2024	2,067	52,149,474	25,230	4.42%	231	1:10.30	1:11.99	2,070.1	1,949.7	1.86%	94.18%

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District Building										
<u>Elementary School</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	238	186	155	149	154	155	147	118	131	135
LaMonte Annex (2006)										
Square Feet	30,240	30,240	30,240	20,240	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	340	218	234	238	243	244	231	120	128	132
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	866	866	866	866	866	866	866
Enrollment	327	264	293	282	263	294	298	252	248	247
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	358	373	373	377	397	357	345	552	561	562
<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	44,937
Capacity (students)		335	335	335	335	335	335	335	335	335
Enrollment		227	240	251	255	338	339	299	286	288
<u>High School</u>										
Bound Brook High School (1907)										
Square Feet	118,025	119,595	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	537	564	593	586	581	590	580	601	643	703
<u>Board of Education Administrative Building (2017)</u>										
Square Feet			1,649	1,649	1,649	1,649	1,649	1,649	1,649	1,649

Number of Schools at June 30, 2024

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
2015	\$ 297,520	\$ 83,389	\$ 95,994	\$ 100,054	\$ 52,520	\$ 53,963	\$	\$ 629,477
2016	184,406	52,251	39,385	87,808	38,526			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
2024	302,075	119,545	72,572	168,723	82,932	122,050	4,430	872,327

* 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, 2024
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	500,000,000	1,000
Crime Coverage:	100,000,000	5,000
Faithful Performance		
Money and Securities	1,000,000	1,000
Forgery or Alteration	50,000	1,000
Computer Fraud	1,000,000	1,000
Automobile	1,000,000	1,000
School Board Legal Liability	31,000,000	1,000
Workers Compensation	31,000,000	25,000
Supplemental Indemnity (Chubb Insurance Company)	3,000,000	
Cyber Liability (NJSIG)	2,500/ week	
Flood: (Voyager Insurance Company)	2,000,000	25,000/250,000
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)	500,000	1,250
Environmental Liability (each incident/total aggregate)	25,000,000	
Student Accident Insurance (Bollinger)	1 mil/ 11 mil	50,000
Accident Medical Class I		
Accident Medical Class II	25,000	0
Accident Medical Class III & IV	6,000,000	25,000
Selective Insurance Company	50,000	0
Surety Bonds:		
Board Secretary/Business Administrator		
Treasurer of School Moneys	350,000	0
	350,000	0
Environmental (add'l mold)		
Beazley	1mil/1mil	10,000

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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 3, 2024.

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.

October 3, 2024
Mount Arlington, New Jersey

Nisivoccia LLP

NISIVOCCIA LLP

Valerie A. Dolan

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



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Report on Compliance For Each Major Federal and State Program;
 Report on Internal Control Over Compliance Required by 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, 2024. 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, 2024.

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.

October 3, 2024
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

Valerie A. Dolan

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2023			Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2024			
					Budgetary Accounts Receivable	Budgetary Unearned Revenue					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients	
Special Revenue Fund:														
Elementary and Secondary Education Act														
Title I	84.010A	ESEA049023	7/1/23-9/30/24	\$ 613,381				\$ 466,987	\$ (612,982)		\$ (145,995)			
Title I	84.010A	ESEA049022	7/1/22-9/30/23	626,236	\$ (345,742)			345,742	(399)	\$ 399				
Title I	84.010A	ESEA049021	7/1/20-9/30/21	859,902	(21,919)					21,919				
Title I, SIA	84.010A	ESEA049022	7/1/22-9/30/23	20,000	(9,730)			9,730						
Title I, Reallocation	84.010A	ESEA049021	7/1/20-9/30/21	25,136	(5,716)					5,716				
Total Title I					(383,107)			822,459	(613,381)	28,034	(145,995)			
Title II, Part A	84.367A	ESEA049023	7/1/23-9/30/24	66,312				35,876	(59,173)		(23,297)			
Title II, Part A	84.367A	ESEA049022	7/1/22-9/30/23	52,862	(4,625)			4,625						
Title II, Part A	84.367A	ESEA049021	7/1/20-9/30/21	96,971	(3,399)					3,399				
Total Title II, Part A					(8,024)			40,501	(59,173)	3,399	(23,297)			
Title III	84.365A	ESEA049023	7/1/23-9/30/24	95,959				53,336	(85,552)		(32,216)			
Title III	84.365A	ESEA049022	7/1/22-9/30/23	78,185	(16,993)			27,400	(10,407)					
Title III	84.365A	ESEA049021	7/1/20-9/30/21	70,981	(12,990)					12,990				
Title III - Immigrant	84.365A	ESEA049023	7/1/23-9/30/24	23,463				3,119	(23,463)		(20,344)			
Title III - Immigrant	84.365A	ESEA049022	7/1/22-9/30/23	22,249	(3,860)			3,860						
Total Title III					(33,843)			87,715	(119,422)	12,990	(52,560)			
Title IV	84.424A	ESEA049023	7/1/23-9/30/24	62,599				20,908	(55,074)		(34,166)			
Title IV	84.424A	ESEA049022	7/1/22-9/30/23	58,528	(25,405)			11,701		13,704				
Total Title IV					(25,405)			32,609	(55,074)	13,704	(34,166)			
Subtotal Elementary and Secondary Education Act					(450,379)			983,284	(847,050)	58,127	(256,018)			
Education Stabilization Fund:														
COVID-19 - CRRSA:														
ESSER II	84.425D	S425D210027	3/13/20-9/30/23	2,573,788	(13,912)			17,912	(4,000)					
Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	165,173	(12,262)			12,262						
Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000	(19,989)			19,989						
COVID-19 - ARP:														
ESSER III	84.425U	S425U210027	3/13/20-9/30/24	5,784,422	(3,829,263)			3,829,263						
Accelerated Learning	84.425U	S425U210027	3/13/20-9/30/24	204,858	(204,858)			194,533	(17,602)		(27,927)			
Evidence Based Summer Learning	84.425U	S425D210027	3/13/20-9/30/24	40,000				10,213	(33,986)		(23,773)			
Evidence Based Beyond the School Day	84.425U	S425D210027	3/13/20-9/30/24	40,000				26,535	(26,535)					
NJTSS Mental Health Support Staffing	84.425U	S425U210027	3/13/20-9/30/24	445,613	(392,750)			445,613	(52,863)					
Total Education Stabilization Fund					(4,473,034)			4,556,320	(134,986)		(51,700)			
Special Education Cluster:														
ID.E.A. Part B, Basic	84.027	IDEA049024	7/1/23-9/30/24	554,592				339,857	(554,592)		(214,735)			
ID.E.A. Part B, Basic	84.027	IDEA049023	7/1/22-9/30/23	500,668	(56,614)			56,614						
ID.E.A. Part B, Basic	84.027	IDEA049021	7/1/20-9/30/21	482,130	(4,666)					4,666				
ID.E.A. Part B, Preschool	84.173	IDEA049024	7/1/23-9/30/24	18,666				18,167	(18,886)		(719)			
Total Special Education Cluster					(61,280)			414,638	(573,478)	4,666	(215,454)			

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2023			Balance at June 30, 2024				
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received	Budgetary Expenditures	Adjustments	Budgetary Accounts Receivable	Budgetary Unearned Revenue	Amounts Provided to Subrecipients
U.S. Department of Treasury	21.027	SLFRFDOEISES	7/1/23-6/30/24	\$ 183,969			\$ 91,985	\$ (183,969)		\$ (91,984)		
COVID 19 - ACSERS	21.027	SLFRFDOEISES	7/1/22-6/30/23	158,640	\$ (158,640)		158,640					
COVID 19 - ACSERS					(158,640)		250,625	(183,969)		(91,984)		
Total U.S. Department of Treasury					(5,143,333)		6,204,867	(1,739,483)	\$ 62,793	(615,156)		
Total Special Revenue Fund												
General Fund:												
U.S. Department of Health and Human Services:												
Medicaid Cluster:												
Medicaid Assistance Program	93.778	N/A	7/1/23-6/30/24	81,368			81,368	(81,368)				
Total U.S. Department of Health and Human Services							81,368	(81,368)				
Total General Fund							81,368	(81,368)				
Enterprise Fund: U.S. Department of Agriculture Passed Through State Department of Agriculture:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/23-6/30/24	144,698			144,698	(137,787)			\$ 6,911	
Food Distribution Program	10.555	N/A	7/1/22-6/30/23	112,766		\$ 7,627		(7,627)				
National School Lunch Program	10.555	N/A	7/1/23-6/30/24	891,992			730,604	(891,992)		(161,388)		
School Lunch Program	10.555	N/A	7/1/22-6/30/23	889,986	(64,629)		64,629					
School Lunch Program	10.555	N/A	7/1/23-6/30/24	563,596			453,975	(563,596)		(109,621)		
National School Breakfast Program	10.553	N/A	7/1/22-6/30/23	507,716	(45,852)		45,852			(68)		
After School Snack	10.555	N/A	7/1/23-6/30/24	13,104			13,036	(13,104)				
Summer Food Service Program	10.559	N/A	7/1/23-6/30/24	31,880			31,880	(31,880)				
COVID 19 - Supply Chain Assistance	10.555	N/A	7/1/23-6/30/24	53,515			53,515	(53,515)				
Total Child Nutrition Cluster					(110,481)	7,627	1,538,189	(1,699,501)		(271,077)	6,911	
Pandemic Electronic Benefit Transfer	10.649	N/A	7/1/23-6/30/24	3,256			3,256	(3,256)				
Local Food For Schools Cooperative	10.185	N/A	7/1/23-6/30/24	13,581			13,581	(13,581)				
NSLP Equipment Grant	10.579	N/A	7/1/22-6/30/23	23,436	(23,436)		23,436					
Total U.S. Department of Agriculture/ Enterprise Fund					(133,917)	7,627	1,578,462	(1,716,338)		(271,077)	6,911	
Total Federal Awards					\$ (5,277,250)	\$ 7,627	\$ 7,864,697	\$ (3,537,189)	\$ 62,793	\$ (886,233)	\$ 6,911	\$ -0-

N/A - Not Applicable/Available

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023		Balance at June 30, 2024		MEMO	
				Budgetary Accounts Receivable	Budgetary Unearned Revenue	GAAP Accounts Receivable	Budgetary Unearned Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Education									
General Fund:									
Categorical Special Education Aid	24-495-034-5120-089	7/1/23 - 6/30/24	\$ 1,574,377			\$ 1,417,151	\$ (1,574,377)	\$	\$ 1,574,377
Equalization Aid	24-495-034-5120-078	7/1/23 - 6/30/24	27,742,287			24,971,782	(27,742,287)	(2,770,505)	27,742,287
Categorical Security Aid	24-495-034-5120-084	7/1/23 - 6/30/24	784,650			706,290	(784,650)	(78,360)	784,650
School Choice Aid	24-495-034-5120-068	7/1/23 - 6/30/24	86,598			77,950	(86,598)	(8,648)	86,598
Categorical Transportation Aid	24-495-034-5120-014	7/1/23 - 6/30/24	124,699			112,246	(124,699)	(12,453)	124,699
Extraordinary Aid	24-495-034-5120-044	7/1/23 - 6/30/24	467,200						
Reimbursed TPAF Social Security Contributions	24-495-034-5094-003	7/1/23 - 6/30/24	1,331,676			1,264,762	(1,331,676)	\$ (467,200)	467,200
Categorical Special Education Aid	23-495-034-5120-089	7/1/22 - 6/30/23	1,574,377	\$ (157,247)		157,247		(66,914)	1,331,676
Equalization Aid	23-495-034-5120-078	7/1/22 - 6/30/23	22,232,004	(2,220,502)		2,220,502			22,232,004
Categorical Security Aid	23-495-034-5120-084	7/1/22 - 6/30/23	784,650	(78,370)		78,370			784,650
School Choice Aid	22-495-034-5120-068	7/1/22 - 6/30/23	177,481	(17,727)		17,727			177,481
Categorical Transportation Aid	22-495-034-5120-014	7/1/22 - 6/30/23	124,699	(12,455)		12,455			124,699
Extraordinary Aid	22-495-034-5120-044	7/1/22 - 6/30/23	564,601	(564,601)		564,601			564,601
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	7/1/22 - 6/30/23	1,160,804	(62,465)		62,465			1,160,804
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/23 - 6/30/24	1,589,695			1,589,695	(1,589,695)		1,589,695
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/23 - 6/30/24	5,775,095			5,775,095	(5,775,095)		5,775,095
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/23 - 6/30/24	65,862			65,862	(65,862)		65,862
On-Behalf TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/23 - 6/30/24	3,845			3,845	(3,845)		3,845
Total General Fund				(3,113,367)		39,098,045	(39,545,984)	(534,114)	66,555,318
Special Revenue Fund									
Preschool Education Aid	24-495-034-5120-025	7/1/23 - 6/30/24	1,602,405			1,442,379	(1,039,271)	\$ 563,134	1,039,271
Preschool Education Aid	23-495-034-5120-025	7/1/22 - 6/30/23	1,340,688	(133,906)	\$ 388,876	133,906		388,876	951,812
Preschool Education Aid	22-495-034-5120-025	7/1/21 - 6/30/23	1,584,352	(133,906)	729,253	1,576,285	(1,379,648)	952,010	1,584,352
School Development Authority - Emergent and Capital Maintenance Needs	N/A	7/1/23 - 6/30/24	98,654			98,654	(89,533)	9,121	3,575,435
Total Special Revenue Fund				(133,906)	729,253	1,674,939	(1,469,181)	961,131	89,533
Debt Service Fund:									
School Building Aid	24-495-034-5120-017	7/1/23 - 6/30/24	881,139			881,139	(881,139)		3,664,968
Total Debt Service Fund						881,139	(881,139)		881,139
Total New Jersey Department of Education				(3,247,273)	729,253	41,654,123	(41,896,304)	(534,114)	71,101,425

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2023			Balance at June 30, 2024			MEMO	
				Budgetary Accounts Receivable	Budgetary Deferred Revenue	Cash Received	Budgetary Expenditures	GAAP Accounts Receivable	Budgetary Deferred Revenue	Budgetary Accounts Receivable	Cumulative Total Expenditures
New Jersey Department of Agriculture:											
Enterprise Fund:											
State School Lunch Program	24-100-010-3350-023	7/1/23 - 6/30/24	\$ 25,966			\$ 21,357	\$ (25,966)	\$ (4,609)		\$ (4,609)	25,966
State School Lunch Program	23-100-010-3350-023	7/1/22 - 6/30/23	26,705	\$ (1,924)		1,924					26,705
State School Breakfast Program	24-100-010-3350-023	7/1/23 - 6/30/24	7,106			5,764	(7,106)	(1,342)		(1,342)	7,106
State School Breakfast Program	23-100-010-3350-023	7/1/22 - 6/30/23	7,585	(698)		698					7,585
State School Breakfast Program - After the Bell	24-100-010-3350-023	7/1/23 - 6/30/24	27,532			22,330	(27,532)	(5,202)		(5,202)	27,532
State School Breakfast Program - After the Bell	23-100-010-3350-023	7/1/22 - 6/30/23	25,267	(2,244)		2,244					25,267
New Jersey Expanded Income Eligibility - Lunch	24-100-010-3350-023	7/1/23 - 6/30/24	8,116			6,784	(8,116)	(1,332)		(1,332)	8,116
New Jersey Expanded Income Eligibility - Lunch	24-495-010-3350-006	7/1/23 - 6/30/24	4,387			3,466	(4,387)	(921)		(921)	4,387
Total Enterprise Fund				(4,866)		64,567	(73,107)	(13,406)		(13,406)	132,664
Total New Jersey Department of Agriculture				(4,866)		64,567	(73,107)	(13,406)		(13,406)	132,664
Total State Awards Subject to Single Audit Determination				\$ (3,252,139)	\$ 729,253	\$ 41,718,690	\$ (41,969,411)	\$ (547,520)	\$ 961,131	\$ (3,734,738)	\$ 71,234,089
Less: State Awards Not Subject to Single Audit Major Program Determination											
On-Behalf TPAF Pension System Contributions:											
On-Behalf TPAF Post Retirement Contributions	24-495-034-5094-001	7/1/23 - 6/30/24	(1,589,695)								\$ 1,589,695
On-Behalf TPAF Pension Contributions	24-495-034-5094-002	7/1/23 - 6/30/24	(5,775,095)								5,775,095
On-Behalf TPAF Non-Contributory Insurance	24-495-034-5094-004	7/1/23 - 6/30/24	(65,862)								65,862
On-Behalf TPAF Long-Term Disability Insurance	24-495-034-5094-004	7/1/23 - 6/30/24	(3,845)								3,845
Subtotal - On-Behalf TPAF Pension System Contribution											7,434,497
Total State Awards Subject to Single Audit Major Program Determination											\$ (34,534,914)

N/A - Not Applicable/Available

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

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024. 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 (\$540,891) for the general fund and \$378,859 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, 2024
(Continued)

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

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 81,368	\$ 39,005,093	\$ 39,086,461
Special Revenue Fund	2,047,502	1,540,021	3,587,523
Debt Service Fund		881,139	881,139
Food Service Fund	1,716,338	73,107	1,789,445
Total Awards	<u>\$ 3,845,208</u>	<u>\$ 41,499,360</u>	<u>\$ 45,344,568</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2024.

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP.

Unmodified

Internal control over financial reporting:

1.) Material weakness identified?	_____	Yes	_____ X _____	No
2.) Significant deficiencies identified?	_____	Yes	_____ X _____	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____ X _____	No

Federal Awards

Internal control over major programs:

1.) Material weakness identified?	_____	Yes	_____ X _____	No
2.) Significant deficiencies identified?	_____	Yes	_____ X _____	None reported
Noncompliance material to basic financial statements noted?	_____	Yes	_____ X _____	No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____	Yes	_____ X _____	No
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Identification of major programs:

Program Name or Cluster	Assistance Listing No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
Child Nutrition Cluster:					
Food Distribution Program	10.555	7/1/23	6/30/24	\$ 144,698	\$ 137,787
Food Distribution Program	10.555	7/1/22	6/30/23	\$ 112,766	\$ 7,627
National School Lunch Program	10.555	7/1/23	6/30/24	\$ 891,992	\$ 891,992
School Breakfast Program	10.553	7/1/23	6/30/24	\$ 563,596	\$ 563,596
After School Snack	10.555	7/1/23	6/30/24	\$ 13,104	\$ 13,104
Summer Food Service Program	10.559	7/1/23	6/30/24	\$ 31,880	\$ 31,880
COVID 19 - Supply Chain Assistance	10.555	7/1/23	6/30/24	\$ 53,515	\$ 53,515

Dollar threshold used to distinguish between Type A and B programs	\$ 750,000
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Auditee qualified as low-risk auditee?	_____ X _____	Yes	_____ No
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BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

State Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

1.) Material weakness identified? Yes X No
 2.) Significant deficiencies identified? Yes X None reported

Noncompliance material to basic financial statements noted? Yes X No

Any audit findings disclosed that are required to be reported in accordance with New Jersey's OMB Circular 15-08?

 Yes X No

Identification of major programs:

Program Name or Cluster	State Grant No.	Grant Period		Award Amount	Budgetary Expenditures
		Start	End		
State Aid Public:					
Equalization Aid	24-495-034-5120-078	7/1/23	6/30/24	\$ 27,742,287	\$ 27,742,287
Categorical Special Education Aid	24-495-034-5120-089	7/1/23	6/30/24	1,574,377	1,574,377
Categorical Security Aid	24-495-034-5120-084	7/1/23	6/30/24	784,650	784,650
School Choice Aid	24-495-034-5120-068	7/1/23	6/30/24	86,598	86,598

Dollar threshold used to distinguish between Type A and B programs \$ 1,036,047

Auditee qualified as low-risk auditee? X Yes No

BOROUGH OF BOUND BROOK SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024

Status of Prior Year Findings:

The District had no prior year findings.