

**CARTERET**  
**BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**CARTERET, NEW JERSEY**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Carteret Board of Education**

**Carteret, New Jersey**

**For The Fiscal Year Ended June 30, 2019**

**Prepared by the  
The Business Office**

**CARTERET BOARD OF EDUCATION  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	i-ix
Organizational Chart	x
Roster of Officials	xi
Consultants and Advisors	xii

**FINANCIAL SECTION**

Independent Auditor's Report	1-3
------------------------------	-----

**REQUIRED SUPPLEMENTARY INFORMATION- PART I**

Management's Discussion and Analysis	4-16
--------------------------------------	------

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1 Statement of Net Position	17
A-2 Statement of Activities	18-19

**B. Fund Financial Statements**

*Governmental Funds*

B-1 Balance Sheet	20-21
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	22
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	23

*Proprietary Funds*

B-4 Statement of Net Position	24
B-5 Statement of Revenues, Expenses, and Changes in Net Position	25
B-6 Statement of Cash Flows	26

*Fiduciary Funds*

B-7 Statement of Fiduciary Net Position	27
B-8 Statement of Changes in Fiduciary Net Position	28

<b>Notes to the Basic Financial Statements</b>	29-68
--	-------

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. Budgetary Comparison Schedules**

C-1 Budgetary Comparison Schedule – General Fund	69-76
C-2 Budgetary Comparison Schedule – Special Revenue Fund	77

**CARTERET BOARD OF EDUCATION  
TABLE OF CONTENTS**

	<u>Page</u>
<b>NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART II</b>	
C-3 Notes to the Required Supplementary Information – Budget to GAAP Reconciliation	78
<b>REQUIRED SUPPLEMENTARY INFORMATION – PART III</b>	
<b>L. Schedules Related to Accounting and Reporting for Pensions and OPEB (GASB 68 and 75)</b>	
L-1 Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employees Retirement System	79
L-2 Required Supplementary Information – Schedule of District Contributions – Public Employees Retirement System	80
L-3 Required Supplementary Information – Schedule of the District’s Proportionate Share of the Net Pension Liability – Teachers Pension and Annuity Fund	81
L-4 Notes to Required Supplementary Information – Net Pension Liability	82
L-5 Required Supplementary Information – Schedule of Changes in District’s Proportionate Share of the Total OPEB Liability	83
L-6 Notes to Required Supplementary Information – OPEB Liability	84
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
<b>D. School Level Schedules – Not Applicable</b>	
<b>E. Special Revenue Fund</b>	
E-1 Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	85-87
E-2 Preschool Education Aid Schedule of Expenditures – Budgetary Basis	88
<b>F. Capital Projects Fund</b>	
F-1 Summary Schedule of Project Expenditures – Not Applicable	89
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis – Not Applicable	90
<b>G. Enterprise Fund</b>	
G-1 Statement of Net Position – Not Applicable	91
G-2 Statement of Revenues, Expenses and Changes in Net Position – Not Applicable	91
G-3 Statement of Cash Flows – Not Applicable	91
<b>H. Fiduciary Funds</b>	
H-1 Combining Statement of Assets and Liabilities	92
H-2 Combining Statement of Changes in Net Position – Not Applicable	93
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	93
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	94
<b>I. Long-Term Debt</b>	
I-1 Schedule of Bonds Payable	95
I-2 Schedule of Obligations Under Certificates of Participation	96
I-3 Schedule of Capital Leases	97
I-4 Debt Service Fund Budgetary Comparison Schedule	98

**CARTERET BOARD OF EDUCATION  
TABLE OF CONTENTS**

Page

J.

**STATISTICAL SECTION (Unaudited)**

**Introduction to the Statistical Section**

**Financial Trends**

J-1	Net Position by Component	99
J-2	Changes in Net Position	100-101
J-3	Fund Balances – Governmental Funds	102
J-4	Changes in Fund Balances – Governmental Funds	103
J-5	General Fund Other Local Revenue by Source	104

**Revenue Capacity**

J-6	Assessed Value and Actual Value of Taxable Property	105
J-7	Direct and Overlapping Property Tax Rates	106
J-8	Principal Property Taxpayers	107
J-9	Property Tax Levies and Collections	108

**Debt Capacity**

J-10	Ratios of Outstanding Debt by Type	109
J-11	Ratios of Net General Bonded Debt Outstanding	110
J-12	Direct and Overlapping Government Activities Debt	111
J-13	Legal Debt Margin Information	112

**Demographic and Economic Information**

J-14	Demographic and Economic Statistics	113
J-15	Principal Employers	114

**Operating Information**

J-16	Full Time Equivalent District Employees by Function/Program	115
J-17	Operating Statistics	116
J-18	School Building Information	117
J-19	Schedule of Required Maintenance for School Facilities	118
J-20	Schedule of Insurance	119

**SINGLE AUDIT SECTION**

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards – Independent Auditor’s Report	120-121
K-2	Report on Compliance for each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08 – Independent Auditor’s Report	122-124
K-3	Schedule of Expenditures of Federal Awards	125
K-4	Schedule of Expenditures of State Financial Assistance	126
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	127-128
K-6	Schedule of Findings and Questioned Costs – Part 1 – Summary of Auditor’s Results	129-130
K-7	Schedule of Findings and Questioned Costs – Part 2 – Schedule of Financial Statement Findings	131
K-7	Schedule of Findings and Questioned Costs – Part 3 – Schedule of Federal and State Award Findings and Questioned Costs	132
K-8	Summary Schedule of Prior Year Audit Findings	133

## **INTRODUCTORY SECTION**

# CARTERET BOARD OF EDUCATION

599 ROOSEVELT AVENUE  
CARTERET, NEW JERSEY 07008-2199

Hector Berrios  
Business Administrator/Board Secretary



Tel: (732) 541-8960  
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November 11, 2019

Honorable President and  
Members of the Carteret Board of Education  
599 Roosevelt Ave.  
Carteret, NJ 07008

Dear President and Members of the Board of Education:

State Department of Education statutes require all school districts to prepare a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Carteret Board of Education for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances of the Carteret Board of Education. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the Carteret Board of Education has established a comprehensive internal control framework that are designed both to protect the school district's assets from loss, theft, or misuses and to compile sufficient reliable information for the preparation of the Carteret Board of Education's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Carteret Board of Education's comprehensive framework of internal controls are designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants, have audited the Carteret Board of Education's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Carteret Board of Education for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Carteret Board of Education's financial statements, for the fiscal year ended June 30, 2019, are

fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Carteret Board of Education was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards and state financial assistance. These reports are available in the Single Audit Section of the Carteret Board of Education's CAFR.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Carteret Board of Education's MD&A can be found immediately following the report of the independent auditors.

## **REPORT FORMAT**

The Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The purpose of each section of the CAFR is as follows:

- **Introductory Section** – This section includes this transmittal letter, the District's organization chart and a list of principal officials. This section is intended to familiarize the reader with the organizational structure of the District, the nature and scope of the services it provides, and the specifics of its legal operating environment. It is primarily designed for the taxpayer.
- **Financial Section** – This includes the independent auditor's report, the Management's Discussion and Analysis (MD&A), basic financial statements, supplemental information, and the combining and individual fund schedules. It is primarily designed for oversight and legislative bodies.

Generally, Accepted Accounting Principles in the United States of America, (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A of the Carteret Public Schools can be found immediately following the report of the independent auditor.

- **Statistical Section** – This section includes selected financial and demographic information, generally presented on a multi-year basis. This section is intended to provide CAFR users with a broader and complete understanding of the school district and its financial affairs than are possible from the financial statements and supporting schedules included in the Financial Section. It is primarily designed for investors and creditors (similar to information contained in an Official Statement).



- **Single Audit Section** – The District is required to undergo an annual single audit in conformity with the provisions Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the New Jersey OMB’s Circular 15-08, “Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid”.

Information related to this single audit, including the auditor’s report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the Single Audit Section of this report.

This section includes independent auditor’s reports on compliance and internal control, schedules of expenditure for federal awards and state financial assistance, notes to the schedules of expenditures of federal awards and state financial assistance, schedule of findings and questioned costs, and a summary schedule of prior year audit findings. Uniform Guidance and New Jersey OMB Circular 15-08 require this information

## **REPORTING ENTITY AND ITS SERVICES**

The Carteret Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by Statement No. 14. All funds of the District are included in this report. The Board of Education and all its schools constitute the District’s reporting entity.

### **Organization of the Board of Education**

The Board of Education is a Type II school district whose boundaries are coterminous with the Borough of Carteret in Middlesex County, New Jersey.

The Board of Education has nine (9) members that are elected for three (3) year overlapping terms. The members of the Board are residents of the Borough of Carteret and vote on all matters before the Board of Education.

On January 25, 2012, the Board of Education adopted a resolution to move the annual school election for school board members to November during the regular general election pursuant to Public Law 2011, Chapter 202. In the first week of January, following the annual school election the Board of Education will be organized. The above legislation provides that if a board of education’s annual school election is moved to November, voter approval shall not be required for the board of education’s base budget, which is a budget with a proposed tax levy that does not exceed its tax levy cap. This decision shall remain in effect for a minimum of four years pursuant to Section 1 of the said Public Law.

The Board holds a Regular Meeting once a month, with certain exceptions. These meetings dates are adopted at the Annual Reorganization Meeting.

The general mandatory powers and duties of the Board of Education are:

1. To adopt an official seal;
2. To enforce the rules of the State Board of Education
3. To make, amend and repeal rules, not inconsistent with applicable laws or with the rules of the State Board, for its own governance and the transaction of its business and for the

governance and management of the public schools and public school property, and for the employment, regulations of conduct and discharge of its employees, subject where applicable to the provisions of Article 14, Civil Services of the Revised Statutes.

4. To perform all acts and do all things consistent with law and the rules of the State Board of Education necessary for the lawful and proper conduct, equipment and maintenance of the public schools.

The Board of Education provides a full range of educational services appropriate to grade levels Pre-K through 12 for residents of the Borough of Carteret. These include regular, vocational, as well as special education for handicapped youngsters. The District also provides programs for the children requiring academic remediation and for children with limited English language proficiency.

**Enrollment as Per ASSA**

School	Grade Configuration	Actual Enrollment October 15, 2018	Actual Enrollment October 15, 2019	Projected Enrollment October 15, 2020
Regular Full Time	Pre K – 12	3333	3367	3441
Special Needs Full Time	Pre K – 12	436	449	449
Special Needs Shared Time	Pre K – 12	4.5	4	4
Out of District Placement, Shared, State Facilities, etc	Pre K – 12	67	70	75
		<b>3,841</b>	<b>3,890</b>	<b>3,969</b>

\* Source Advertised FY2019 Budget

## **ECONOMIC CONDITIONS AND OUTLOOK**

The financial condition of the District is linked to the status of the taxable ratables of the Borough of Carteret. The tax base is relatively stable. Elected municipal officials and the members of the Board of Education have both expressed strong concern for increased economic vitality within the Borough of Carteret, and development of budgets that reflect stability with preferably no increase in the local tax levy. The high tax burden and the need to attract tax ratables remain a challenge to the local elected officials.

The Mayor of the Borough of Carteret, together with Borough Council, is exploring the creation of an economic development authority that would be charged with stimulating growth and encouraging investment. Carteret currently has eighty businesses participating in the New Jersey Urban Enterprise Zone Program. The Mayor has proposed to develop the Borough's waterfront, which would increase the ratables by approximately one billion dollars. The Borough of Carteret has constructed a wellness center, which is managed by Robert Wood Johnson Hospital. An investment in the community is required to improve the quality of life for the citizenry. Quality of life factors include an improved life style, recreation, employment opportunities, commercial and industrial growth, and well-planned full municipal services to address the needs of its constituency.

The Borough of Carteret has approved and has commenced work on various developments to revitalize the local economy. The following future economic developments projects are planned:

- Ferry Service to NYC
- Marina for 200 boats
- Performing Arts Center and Concert Hall
- West Carteret Façade Project
- Blazing Star Cultural Arts Center
- Marriot Hotel in West Carteret
- Rita's Italian Ice
- Tim Horton's

Strengths of Carteret include a diverse population, abundant and eager workforce, and an accessible highway system. Carteret can serve as a spur to surrounding hub municipalities like Woodbridge, Elizabeth, Edison, and airport and seaport access within five (5) miles. A key factor involves the restoration of usable land for development.

The Borough of Carteret is designated an Urban Enterprise Zone that carries a reduced New Jersey sales tax rate as an incentive to economic growth. The New Jersey sales tax in an Urban Enterprise zone was and remains three and a half (3.5%) percent, as compared with a seven (7%) percent sales tax in other areas of the State.

The low tax base and the high local tax rate in the Borough of Carteret classifies the school district as a "B" district in the New Jersey Department of Education's district factor groupings (DFG). In 1980, the school district was given the ranking of "C." In 1990, the school ranking was given the ranking of "B." The School District Factor Grouping (DFG) is a system of ranking schools by socio-economic status. The DFG group designations are based on information from census data and include the following community data:

- \* Income;
- \* Poverty;
- \* Unemployment;
- \* Percent with no high school diploma;
- \* Percent with some college;
- \* Occupations; and
- \* Population density;

There are eight DFG groupings: A designates the lowest socio-economic level and includes B, CD, DE, FG, GH, J, and I. The DFG groupings are valuable for comparison of districts with similar profiles for purposes of state aid and assessment information.

## **MAJOR INITIATIVES**

During the FY2019, the Carteret Board of Education has implemented the following to enhance the instructional programs and improvements to infrastructure:

### **Major Initiatives in Education & Instruction:**

- Implementation of AVID at CHS, a program that aims to close the opportunity gap for students
- Implementation of Algebra IA for students needing additional time and support
- Implementation of Ready Math Curriculum program for grades 7-8
- New curricula for Algebra I, Geometry, Algebra II
- PALS (Providing Alternate Learning Support) Program- Trauma in tuned classroom
- Autism Program- ABA based program grades K-2
- Expansion of the 1:1 Chromebook Initiative for Grades 6, and 9-12
- Investment in grade-level classroom libraries
- Quality Professional development initiatives:
  - Project Based Learning
  - Reader's Workshop Model Grades K-6
  - Responsive Classroom at the elementary level. Teaching self-regulation with a focus on
  - Reading Strategies for ESL Teacher
  - Social Emotional Learning (SEL) for staff and students
  - Mindfulness Strategies Training
  - Computer Science Initiative with Rutgers
- Additional AP offerings
- Offered PSAT & SAT to all students during the school day
- Continued training of ESL and Special education teachers in Orton Gillingham reading intervention program
- ASPIRE HIGH college and career readiness at the elementary levels via STEM Camps
- Purchase of furniture for the entire middle school
- Purchase of furniture for English classrooms at the high school
- The district continued with an aggressive curriculum plan revising a variety of curricula ensuring alignment with common core NJSLs, NGSS, and 21st century standards.
- College partnerships were continued with Middlesex County College, Kean University, and Rutgers University.

- The Seal of Bi-literacy continued to be offered to students at the high school.
- The district continued a partnership with Effective School Solutions to implement a school based program
- ASPIRE HIGH academic mentoring program at the middle and high school level for immigrant students
- Purchased and Implemented additional features of Naviance at the high school
- Partnered with Lincoln Tech to allow students to enroll in Medical Assistant, and Computer Networking programs

### **FINANCIAL ACCOUNTING AND REPORTING:**

The Carteret Bard of Education continues to utilize the Systems 3000 software for financial accounting, payroll, and personnel since July 1, 2005. Beginning in Fiscal Year 2015, the parents were able to input the lunch applications on-line. The district has implemented point of sales (POS) system for the food service. Since the implementation of the POS System, the district has realized an increase in revenue. All maintenance and technology work orders are processed utilizing the School Dude software for Maintenance and Technology work-order system The Special Education Department utilizes IEP Direct special needs students' data base software. The Student Database software provider was changed from PowerSchool to Realtime.

### **INTERNAL ACCOUNTING CONTROLS:**

The Administrators are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of controls should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

The District receives federal and state financial assistance, and is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the management of the school district. The District has established policies and procedures to effectively implement and maintain an internal accounting control structure that safeguards the District's financial integrity. These policies and procedures are evaluated and revised on an on-going basis.

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

### **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 the voters of the municipality. Annual appropriated budgets are adopted for the General, the Special Revenue, and the Debt Service Funds. 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 year-end either are canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2019.

The New Jersey Department of Education has prescribed forms and formats for the presentation of the annual school budget. The Board of Education adheres to Department of Education requirements for budget development, presentation, and adoption.

### **PROPRIETARY FUND**

The Food Service Fund accounts for the operation of food service in all schools within the school district. The Enrichment Academy Fund accounts for the Before and After School program offered to the students of Carteret Public Schools.

### **DEBT ADMINISTRATION**

The Carteret Public Schools is authorized to issue debt based on the action of voters at authorized elections where a referendum is approved. Once the voters approve the referendum, the district is authorized to issue debt, with the payment of principal and interest becoming a part of the annual budget. The School Funding Reform Act of 2008 (SFRA) provides state aid to assist in the support of the district's debt obligation.

In prior fiscal years, the District completed capital construction programs financed through a lease-purchase transaction. The balance of the refunded portion of the lease is \$5,700,000 as of June 30, 2019.

During the FY2003, the District issued \$1,430,000 of pension obligation refunding bonds to finance the unfunded pension liability pertaining to the District's participation in the State's Early Retirement Incentive Program. The balance of the bonds is \$400,000 as of June 30, 2019.

### **CASH MANAGEMENT**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements." 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.

## **RISK MANAGEMENT**

The Board of Education utilizes an insurance consultant to assist in the review and evaluation of its third party commercial insurances. The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents and fidelity bonds. The statistical section of the CAFR includes a schedule that outlines the types and amounts of coverage.

## **OTHER INFORMATION**

**Independent Audit** – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Lerch, Vinci & Higgins, LLP CPA's. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of U. S. Uniform Guidance and State Treasury Circular OMB 15-08. The auditor's report on the basic financial statements and combining an individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## **ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Carteret School Board for their concern in providing fiscal accountability to the citizens and taxpayers of Carteret and thereby contributing their full support to the development and maintenance of our financial operation. We also acknowledge the efforts of the Business Office staff without which this report could not have been completed.

Respectfully Submitted,

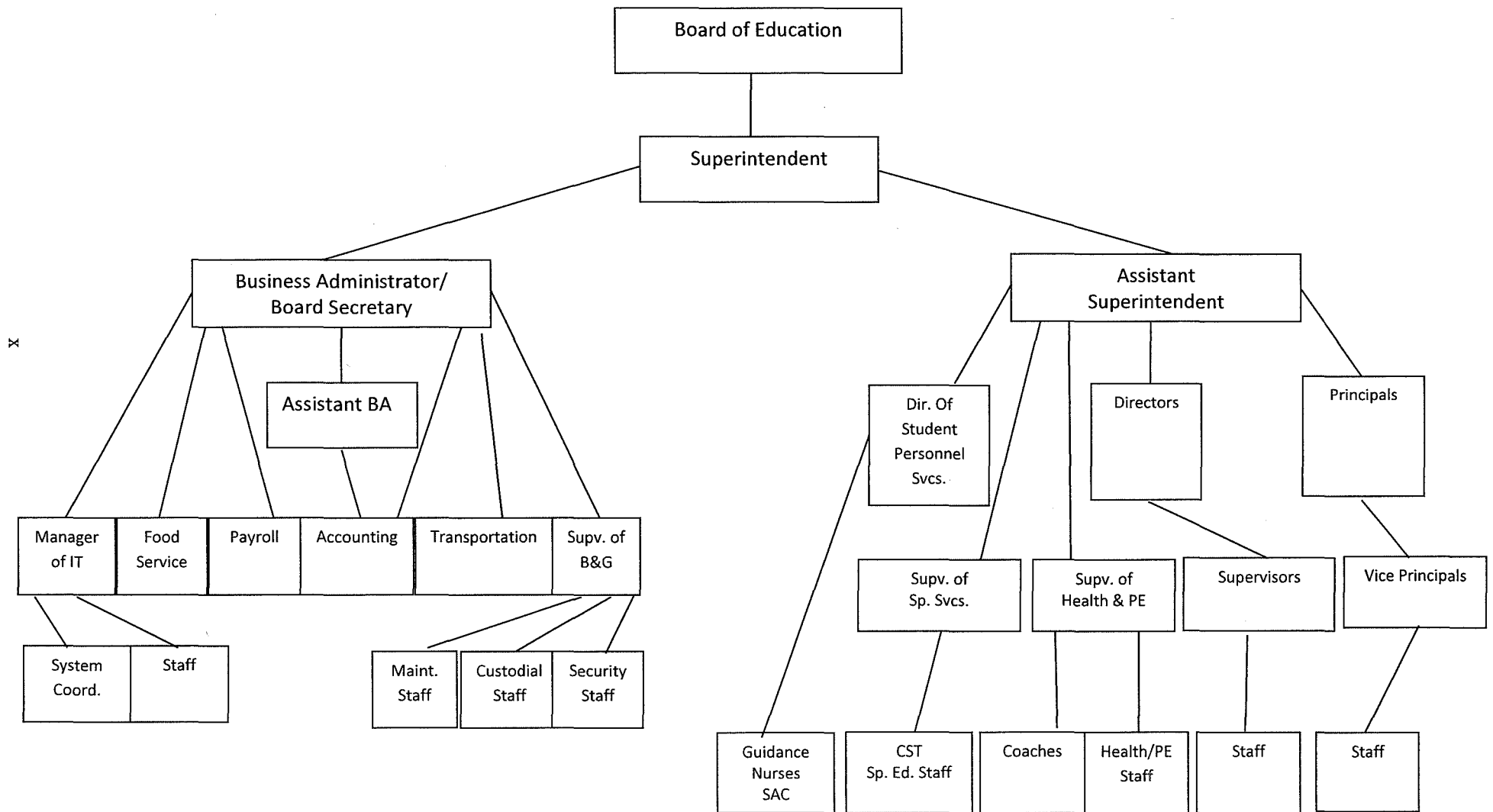


Rosa Diaz  
Superintendent of Schools



Hector Berrios  
Business Administrator/Board Secretary

# CARTERET PUBLIC SCHOOLS TABLE OF ORGANIZATION



x



**CARTERET BOARD OF EDUCATION  
ROSTER OF OFFICIALS  
AS OF JUNE 30, 2019**

Members of the Board of Education

Term Expires  
December 31,

Martin Murray, President	2019
James P. Hart III, Vice President	2021
Dennis Cherepski	2020
Patricia Golino	2019
Lydia Singura	2019
Jean Bellino	2020
Jasbir Judge	2021
Joseph Gasparro	2021
Debra A. Weaver	2020

Other Officials

Rosa Diaz, Superintendent of Schools

Hector Berrios, Business Administrator/Board Secretary

**CARTERET BOARD OF EDUCATION  
CONSULTANTS AND ADVISORS  
AS OF JUNE 30, 2019**

**AUDITORS**

LERCH, VINCI & HIGGINS, LLP  
17-17 ROUTE 208  
FAIR LAWN, NEW JERSEY 07410

**ATTORNEYS**

DECOTIIS, FITZPATRICK & COLE LLP  
GLENPOINTE CENTRE WEST  
500 FRANK W. BURR BOULEVARD, SUITE 31  
TEANECK, NJ 07666

**OFFICIAL DEPOSITORY**

INVESTORS BANK  
101 WOOD AVENUE SOUTH  
ISELIN, NJ 08830

**FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
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JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA

ELIZABETH A. SHICK, CPA, RMA, PSA  
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RALPH M. PICONE, CPA, RMA, PSA  
DEBRA GOLLE, CPA  
MARK SACO, CPA  
SHERYL M. LEIDIG, CPA, PSA  
ROBERT LERCH, CPA  
CHRIS SOHN, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Carteret Board of Education  
Carteret, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carteret Board of Education, as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carteret Board of Education as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carteret Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal 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 (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey 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 of the Carteret Board of Education.

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

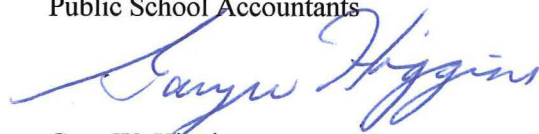
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2019 on our consideration of the Carteret Board of Education'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 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 Carteret Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carteret Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants



Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 11, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



# **Carteret Board of Education Carteret, New Jersey**

## **Management's Discussion and Analysis Fiscal Year Ended June 30, 2019**

This section of Carteret Board of Education annual financial report presents our discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2018-2019) and the prior year (2017-2018) is required to be presented in the MD&A.

### **FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2018-2019 fiscal years include the following:

- The General Fund fund balance on a GAAP basis at June 30, 2019 was \$521,339 a decrease of \$64,034 when compared with the beginning balance at July 1, 2018.
- The General Fund budgetary fund balance at June 30, 2019 was \$4,202,810 which represents an increase of \$145,810 when compared to the ending budgetary fund balance of \$4,057,000 at June 30, 2018. The difference in GAAP basis fund balance to budgetary fund balance is \$3,681,471, represents the delay of certain State aid payments and the 2018-2019 Extraordinary Aid, which were not realized as revenue in the GAAP basis financial statements.
- The General Fund unassigned (unreserved, undesignated) budgetary fund balance was \$882,418 at June 30, 2019. This represents a decrease of \$350,183 when compared to the balance of \$1,232,601 as of June 30, 2018.

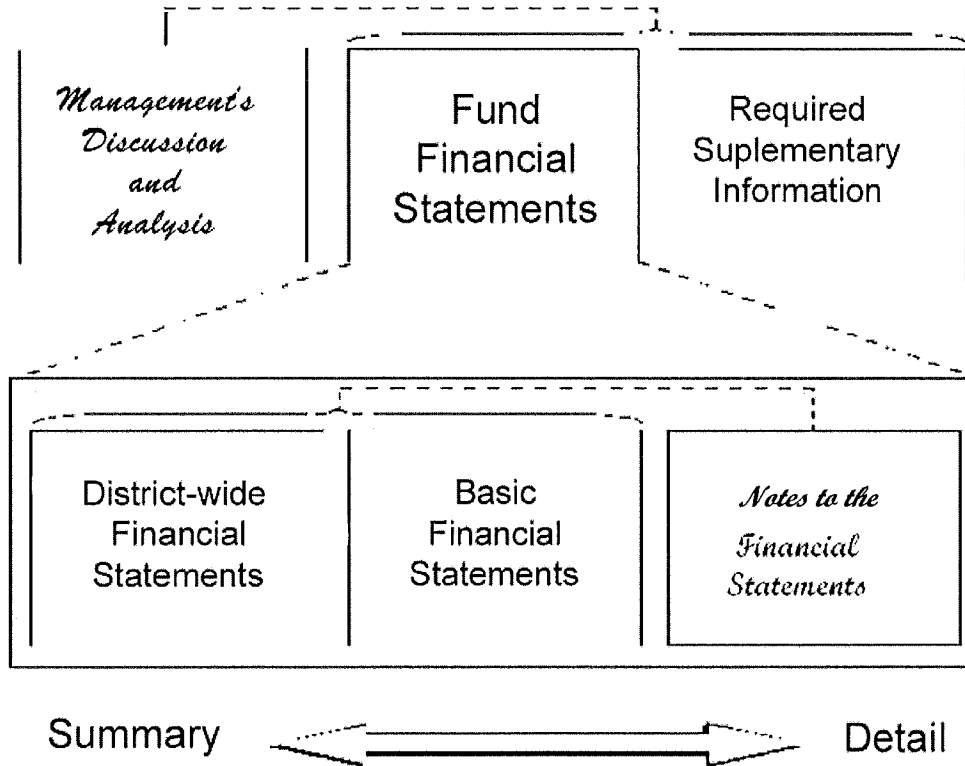
### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information that includes the management's discussion and analysis (this section), the basic financial statements including the notes to the financial statements. The basic financial statements include two kinds of statements that present different views of the Carteret Board of Education.

Carteret Board of Education  
Carteret, New Jersey

Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2019

Figure A-1. Required Components of the Board's Annual Financial Report



- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Carteret Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Carteret Board of Education, reporting the Carteret Board of Education's operation 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 short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the Carteret Board of Education operates like businesses.

**Carteret Board of Education  
Carteret, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2019**

The basic financial statements include the notes that explain some of the information in the statements and provide data that are more detailed. Figure A-2 summarizes the major features of the Carteret Board of Education's financial statements, including the portion of the Carteret Board of Education's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

<b>Figure A-2 Major Features of the District-Wide and Financial Statements</b>			
	District-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance, food service, and community education	Activities the district operates similar to private businesses: Food service fund; Enrichment Academy
Required financial statements	Statements of net position  Statement of activities	Balance sheet  Statement of revenues expenditures and changes in fund balances	Statement of net position  Statement of revenues, expenses, and changes in fund net position  Statement of cash flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, liabilities, deferred inflows/outflows of resources, and 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 there after; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues 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 revenues and expenses during the year, regardless of when cash is received or paid

**District-wide Statements**

The district-wide statements report information about the Carteret Board of Education 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 outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

**Carteret Board of Education**  
Carteret, New Jersey

**Management's Discussion and Analysis (continued)**  
Fiscal Year Ended June 30, 2019

**District-wide Statements (Continued)**

The two district-wide statements report the Carteret Board of Education's net position and how they have changed. Net position – the difference between the district's assets and deferred outflows of resources versus liabilities and deferred inflows of resources – are one way to measure the Board's financial health or position.

- Over time, increase or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the district you need to consider additional non-financial factors such as changes in the district's property tax base and the condition of school building and other facilities.

In the district-wide financial statements, the district's activities are shown in two categories:

- *Governmental activities*- Most of the district's basic services are included here, such as regular and special education, transportation, administration and plant operations. Property taxes and state aids finance most of these activities.
- *Business-type activities*- The Board charges fees to customers to help it cover the costs of certain services it provides. The Board's Food Service Fund and Enrichment Academy Fund are included here.

**Fund Financial Statements**

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

- Some funds are required by State law and by bond covenants.
- The district uses other funds, established in accordance with the State of New Jersey Uniform Chart of Accounts, to control and manage money for particular purposes (e.g., repaying its long-term debts) or to show that it is properly using certain revenues (e.g., federal funds).

Carteret Board of Education  
Carteret, New Jersey

Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2019

**Fund Financial Statements (Continued)**

The district has three types of funds:

- *Governmental funds*- Most of the Board'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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*- Services for which the Board charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide business-type statements.
- *Fiduciary funds*- The Board is the trustee, or *fiduciary*, for assets that belong to others such as unemployment funds, payroll and payroll agency funds, and student activity funds. The Board is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Board's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the Board's district-wide financial statements because the Board cannot use these assets to finance its operations.

**Carteret Board of Education  
Carteret, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2019**

**FINANCIAL ANALYSIS OF THE CARTERET BOARD OF EDUCATION AS A WHOLE**

**Net Position.** The District's net position for governmental and business type activities were \$(1,963,953) and \$(2,958,510) on June 30, 2019 and 2018, respectively. (See Table A-1).

**Table A-1  
Statement of Net Position  
As of June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 2,236,952	\$ 1,982,489
Capital Assets	19,974,187	20,836,293
<b>Total Assets</b>	<b>22,211,139</b>	<b>22,818,782</b>
Deferred Outflows of Resources	2,667,966	3,799,648
<b>Total Deferred Outflows of Resources</b>	<b>2,667,966</b>	<b>3,799,648</b>
Non-Current Liabilities	21,744,503	25,404,918
Other Liabilities	956,587	1,145,696
<b>Total Liabilities</b>	<b>22,701,090</b>	<b>26,550,614</b>
Deferred Inflows of Resources	4,141,968	3,026,326
<b>Total Deferred Inflows of Resources</b>	<b>4,141,968</b>	<b>3,026,326</b>
Net Position:		
Net Investment in Capital Assets	14,331,765	13,569,430
Restricted	509,470	519,188
Unrestricted	(16,805,188)	(17,047,128)
<b>Total Net Position</b>	<b>\$ (1,963,953)</b>	<b>\$ (2,958,510)</b>

Net position from current year operations for the fiscal year ended June 30, 2019 increased \$994,557.

The District's financial position is the product of these factors:

- Program revenues for Governmental Activities were \$24,212,985 for operating grants and contributions.
- Program revenues for business – type activities
  - ✓ Charges for services \$896,292.
  - ✓ Operating grants and contributions \$1,963,892.
- Combined general revenues for Governmental activities and Business-Type activities during the 2018-2019 school year were \$53,667,127.
- Expenditures were \$77,357,790 for Governmental activities and \$2,387,949 for business type activities.
- On the Statement of Activities, general revenues and beginning net position are adjusted by expenses net of program revenues to arrive at net position of \$(1,963,953) at June 30, 2019.

**Carteret Board of Education  
Carteret, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2019**

**Table A-2  
Changes in Net Position  
For the Fiscal Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Revenues</b>		
Program revenues		
Charges for Services	\$ 943,368	\$ 839,517
Operating Grants and Contributions	28,423,682	29,587,355
General revenues		
Property Taxes	28,445,897	27,915,568
Federal and State Aid	25,043,764	25,466,680
Other	177,466	218,454
<b>Total Revenues</b>	<b>83,034,177</b>	<b>84,027,574</b>
<b>Expenses</b>		
Instruction		
Regular	35,738,554	35,287,441
Special Education	15,456,654	15,684,751
Other Instruction	3,255,382	3,287,124
School Sponsored Activities and Athletic Support Services	677,616	662,544
Support Services		
Student and Instruction Related Services	7,989,432	8,173,073
General Administration Services	1,474,490	1,350,446
School Administration Services	3,541,865	4,072,383
Plant Operations and Maintenance	6,458,542	7,577,581
Pupil Transportation	3,465,427	2,948,428
Central Services	1,365,407	1,357,978
Interest on Long-Term Debt	228,302	512,680
Food Service	2,169,812	2,354,336
Enrichment Academy	218,137	178,231
<b>Total Expenses</b>	<b>82,039,620</b>	<b>83,446,996</b>
<b>Change in Net Position</b>	<u>994,557</u>	<u>580,578</u>
Net Position, Beginning of Year	(2,958,510)	(3,539,088)
<b>Net Position, End of Year</b>	<b>\$ (1,963,953)</b>	<b>\$ (2,958,510)</b>

**Changes in Net Position.** The district's total revenues were \$83,034,177 and \$84,027,574 in 2019 and 2018, respectively. Property taxes of \$28,445,897 and \$27,915,568 represented 34% and 33% of revenues for the years ended June 30, 2019 and 2018, respectively. The District's state and federal aid of \$53,467,446 and \$55,054,035 represented 64% and 66% of revenues for the years ended June 30, 2019 and 2018, respectively. Charges for services of \$943,368 and \$839,517 in 2019 and 2018, respectively, relate to the District's business type activities and represent approximately 1% of revenues for both years.

**Carteret Board of Education  
Carteret, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2019**

The smallest component of revenues is "Other Revenue." The largest source of "Other Revenue" is miscellaneous and interest income, with \$177,466 and \$218,454 earned in the fiscal years ended June 30, 2019 and 2018, respectively.

The Board's expenses for governmental activities are predominantly related to instruction and support services. Instruction totaled \$55,128,206 and \$54,921,860 which represented 69% and 67% of total governmental expenditures for the years ended June 30, 2019 and 2018, respectively. Student support services, exclusive of administration, totaled \$7,989,432 and \$8,173,073 (10% and 10%) of total expenditures for the years ended June 30, 2019 and 2018, respectively.

**Table A-3  
Total and Net Cost of Services of Governmental Activities  
For the Fiscal Years Ended June 30, 2019 and 2018**

<u>Functions/Programs</u>	<u>Source Exhibit</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Governmental Activities</b>					
Instruction					
Regular	A-2	35,738,554	35,287,441	23,366,638	21,595,344
Special Education	A-2	15,456,654	15,684,751	8,532,411	8,679,245
Other Instruction	A-2	3,255,382	3,287,124	2,320,752	2,193,526
School Sponsored Activities and Athletics	A-2	677,616	662,544	508,463	451,999
<b>Support Services</b>					
Student and Instruction Related Services	A-2	7,989,432	8,173,073	5,545,193	5,271,589
General Administration Services	A-2	1,474,490	1,350,446	1,280,125	1,189,563
School Administration Services	A-2	3,541,865	4,072,383	2,559,556	2,691,165
Plant Operations and Maintenance	A-2	6,458,542	7,577,581	4,891,879	6,866,053
Pupil Transportation	A-2	3,465,427	2,948,428	2,946,525	2,724,939
Central Services	A-2	1,365,407	1,357,978	1,037,999	1,162,358
Interest on Long-Term Debt	A-2	228,302	512,680	155,264	420,137
<b>Total Governmental Activities</b>		<b>\$ 79,651,671</b>	<b>\$ 80,914,429</b>	<b>\$ 53,144,805</b>	<b>\$ 53,245,918</b>



**Carteret Board of Education  
Carteret, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2019**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The financial performance of the Carteret Board of Education is reflected in its governmental funds as well. The district completed the fiscal years ended June 30, 2019 and 2018 with its governmental funds reporting combined fund balance (GAAP Basis) of \$530,809 and \$604,561 as of June 30, 2019 and 2018, respectively.

Revenues for the district's governmental funds were \$73,730,096 and \$69,054,253 for the fiscal years ended June 30, 2019 and 2018, respectively. Total expenditures were \$73,803,848 and \$68,806,737 for the fiscal years ended June 30, 2019 and 2018, respectively.

**GENERAL FUND**

The General Fund includes the primary operations of the district in providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund revenues for the fiscal years ended June 30, 2019 and 2018.

**Table A-4  
Summary of General Fund Revenues  
For the Fiscal Years Ended June 30, 2019 and 2018**

<b>General Fund Revenues</b>	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>Local Sources:</b>		
Local Tax Levy	\$ 27,057,788	\$ 26,527,244
Tuition from Other LEAs Within the State	47,076	
Interest Income	85,703	67,298
Miscellaneous	91,763	131,968
<b>Total Local Sources</b>	<u>27,282,330</u>	<u>26,726,510</u>
<b>Intergovernmental</b>		
State Sources	39,472,065	36,661,809
Federal Sources	126,736	131,078
<b>Total Intergovernmental Sources</b>	<u>39,598,801</u>	<u>36,792,887</u>
<b>Total Revenues</b>	<u><u>\$ 66,881,131</u></u>	<u><u>\$ 63,519,397</u></u>

Property taxes and state formula aid accounted for 99 percent of total revenues for both the 2019 and 2018 fiscal years. Interest income, tuition and miscellaneous revenues accounted for 1 percent of total revenues.

**Carteret Board of Education  
Carteret, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2019**

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2019 and 2018.

**Table A-5  
Summary of General Fund Expenditures  
For the Fiscal Years Ended June 30, 2019 and 2018**

<b>General Fund Expenditures</b>	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>Current</b>		
Regular Instruction	\$ 28,775,775	\$ 26,492,103
Special Education Instruction	13,505,110	12,913,167
Other Special Instruction	2,872,467	2,644,168
School Sponsored Activities and Athletics	609,245	540,071
<b>Support Services and Undistributed Costs:</b>		
Student and Instruction Related Services	6,556,232	6,121,282
School Administration Services	3,124,989	3,230,729
General Administration Services	1,381,284	1,215,174
Plant Operations and Maintenance	5,292,532	6,099,968
Pupil Transportation	3,453,490	2,891,260
Central Services	1,218,814	1,143,774
Capital Outlay	155,227	59,482
<b>Total Expenditures</b>	<u><u><b>\$ 66,945,165</b></u></u>	<u><u><b>\$ 63,351,178</b></u></u>

**General Fund Budgetary Highlights**

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of both years, the Board revised the annual operating budgets several times. These budget amendments were related to:

- ✓ Reserved for Encumbrance— The roll over of prior year reserved for encumbrances increased the district-operating budget.

Actual expenditures (exclusive of on-behalf expenditures) were \$57,313,756 and \$55,125,012 for the years ended June 30, 2019 and 2018, respectively. Revenues (exclusive of on-behalf revenues) were \$57,459,566 and \$55,293,231 for the fiscal years ended June 30, 2019 and 2018, respectively.

**Carteret Board of Education  
Carteret, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2019**

**DEBT ADMINISTRATION**

The amount of debt service expenditures were \$2,061,812 and \$2,049,844 for the fiscal years ended June 30, 2019 and 2018, respectively. Revenues include \$1,388,109 and \$1,407,512 from the local tax levies and miscellaneous revenue, and \$663,985 and \$661,020 coming from state aid for the fiscal years ended June 30, 2019 and 2018, respectively.

**BUSINESS-TYPE ENTERPRISE FUNDS**

The District's total business-type activities revenues were \$2,860,184 and \$2,758,361 for the years ended June 30, 2019 and 2018, respectively. Charges for services accounted for 31% and 30% of total revenue for the 2019 and 2018 years. Operating grants and contributions of \$1,963,892 and \$1,918,844 accounted for 68% and 70% of total revenue, for the fiscal years ended June 30, 2019 and 2018, respectively.

The total cost of all business-type activities programs and services was \$2,387,949 and \$2,532,567 for the fiscal years ended June 30, 2019 and 2018, respectively. The District's expenses are related to food service programs provided to all students and faculty and the operation of the program for enrichment academy for before and after school activities.

Total business-type activities revenues exceeded expenses during the year ended June 30, 2019 increasing net position by \$472,235 over the prior year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets – Governmental Activities**

As of June 30, 2019 and 2018, the district had invested \$40,203,001 and \$40,047,774, respectively, in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Table A-6) More detailed information about capital assets can be found in Note 4 of the basic financial statements. Total depreciation expense for the fiscal years ended June 30, 2019 and 2018 was \$982,981 and \$1,029,006, respectively.

**Table A-6  
Capital Assets - Governmental Activities  
as of June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Land	\$ 71,603	\$ 71,603
Land Improvements	339,635	339,635
Buildings and Building Improvements	37,360,940	37,360,940
Machinery and Equipment	2,430,823	2,275,596
<b>Total</b>	<b>40,203,001</b>	<b>40,047,774</b>
Less: Accumulated Depreciation	20,510,154	19,527,173
<b>Total</b>	<b>\$ 19,692,847</b>	<b>\$ 20,520,601</b>

**Carteret Board of Education  
Carteret, New Jersey**

**Management’s Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2019**

**Capital Assets – Business-type Activities**

The District as of June 30, 2019 and 2018 had \$903,401 and \$896,292, respectively invested in machinery and equipment for its food service fund. Depreciation was \$41,461 and \$41,710 for the fiscal years ended June 30, 2019 and 2018, respectively.

**Table A-7  
Capital Assets - Business-Type Activities  
as of June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Machinery and Equipment	\$ 903,401	\$ 896,292
Less: Accumulated Depreciation	622,061	580,600
<b>Total Net</b>	<b><u>\$ 281,340</u></b>	<b><u>\$ 315,692</u></b>

**Long-term Liabilities**

At year-end, the District had \$400,000 and \$590,000 at June 30, 2019 and 2018, respectively, in general obligation bonds which refunded the unfunded pension liabilities previously outstanding. This refunding substantially reduced the District’s interest expense for the pension liability.

In addition, the District had \$5,700,000 and \$7,340,000 at June 30, 2019 and 2018, respectively, in lease purchase agreements for various school improvements. These agreements were funded by the issuance of certificates of participation (“COPS”) which have been refunded as discussed in Note 4 to the basic financial statements.

The District also had \$3,696,197 and \$3,449,342 at June 30, 2019 and 2018, respectively, as a liability for compensated absences. This liability represents the district’s contractual obligation to compensate employees for accumulated unused sick leave and severance pay upon retirement.

The District had \$11,960,022 and \$14,040,040 at June 30, 2019 and 2018, respectively, in net pension liability regarding the Public Employees Retirement System. The District is not liable to fund this liability.

More detailed information about the district’s long-term liabilities is presented in Note 4 to the basic financial statements.

**Carteret Board of Education  
Carteret, New Jersey**

**Management's Discussion and Analysis (continued)  
Fiscal Year Ended June 30, 2019**

**Table A-8  
Long Term Debt Liabilities  
as of June 30, 2019 and 2018**

<b>Governmental Activities</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Bonds Payable	\$ 400,000	\$ 590,000
Lease Purchase Agreements	5,700,000	7,340,000
Net Pension Liability	11,960,022	14,040,040
Compensated Absences	3,696,197	3,449,342
<b>Total</b>	<b><u>\$ 21,756,219</u></b>	<b><u>\$ 25,419,382</u></b>

**FOR THE FUTURE**

The Carteret Board of Education is in sound financial condition presently. The District is proud of its community support of the public schools. A major concern is the continued enrollment growth of the District and the increased reliance on property taxes.

In conclusion, the District has committed itself to continue its system of financial planning, budgeting and internal financial controls to meet the challenge of the future.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Carteret Board of Education, 599 Roosevelt Avenue, Carteret, New Jersey 07008.

**Contact:**

Hector Berrios, School Business Administrator/Board Secretary  
Telephone: 732-541-8960 ext. 6005  
Fax: 732-541-2106  
Email: [Hberrios@carteretschools.org](mailto:Hberrios@carteretschools.org)

**BASIC FINANCIAL STATEMENTS**

**CARTERET BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2019**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 374,044	\$ 678,981	\$ 1,053,025
Other Receivables		6,153	6,153
Receivable from Other Governments	1,027,956	120,493	1,148,449
Inventories		29,325	29,325
Capital Assets Not Being Depreciated	71,603		71,603
Capital Assets, Being Depreciated, net	<u>19,621,244</u>	<u>281,340</u>	<u>19,902,584</u>
Total Assets	<u>21,094,847</u>	<u>1,116,292</u>	<u>22,211,139</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Refunding of Debt	45,862		45,862
Deferred Amount on Net Pension Liability	<u>2,622,104</u>	<u>-</u>	<u>2,622,104</u>
Total Deferred Outflows of Resources	<u>2,667,966</u>	<u>-</u>	<u>2,667,966</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	711,531	12,534	724,065
Payable to Other Governments	82,118		82,118
Accrued Interest Payable	72,862		72,862
Unearned Revenue	77,542		77,542
Noncurrent Liabilities			
Due Within One Year	1,019,620		1,019,620
Due Beyond One Year	<u>20,724,883</u>	<u>-</u>	<u>20,724,883</u>
Total Liabilities	<u>22,688,556</u>	<u>12,534</u>	<u>22,701,090</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue		7,265	7,265
Deferred Amount on Net Pension Liability	<u>4,134,703</u>	<u>-</u>	<u>4,134,703</u>
Total Deferred Inflows of Resources	<u>4,134,703</u>	<u>7,265</u>	<u>4,141,968</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	14,050,425	281,340	14,331,765
Restricted for			
Capital Projects	500,000		500,000
Debt Service	9,470		9,470
Unrestricted	<u>(17,620,341)</u>	<u>815,153</u>	<u>(16,805,188)</u>
Total Net Position	<u>\$ (3,060,446)</u>	<u>\$ 1,096,493</u>	<u>\$ (1,963,953)</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**CARTERET BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 35,738,554	\$ 47,076	\$ 12,324,840		\$ (23,366,638)		\$ (23,366,638)
Special Education	15,456,654		6,924,243		(8,532,411)		(8,532,411)
Other Instruction	3,255,382		934,630		(2,320,752)		(2,320,752)
School Sponsored Activities and Athletics	677,616		169,153		(508,463)		(508,463)
Support Services							
Student and Instruction Related Services	7,989,432		2,444,239		(5,545,193)		(5,545,193)
General Administration Services	1,474,490		194,365		(1,280,125)		(1,280,125)
School Administration Services	3,541,865		982,309		(2,559,556)		(2,559,556)
Central Services	1,365,407		327,408		(1,037,999)		(1,037,999)
Plant Operations and Maintenance	6,458,542		1,566,663		(4,891,879)		(4,891,879)
Pupil Transportation	3,465,427		518,902		(2,946,525)		(2,946,525)
Interest on Long-Term Debt	228,302	-	73,038	-	(155,264)	-	(155,264)
Total Governmental Activities	<u>79,651,671</u>	<u>47,076</u>	<u>26,459,790</u>	<u>-</u>	<u>(53,144,805)</u>	<u>-</u>	<u>(53,144,805)</u>
<b>Business-Type Activities</b>							
Food Service	2,169,812	\$ 509,755	1,963,892			\$ 303,835	303,835
Enrichment Academy	218,137	386,537	-	-	-	168,400	168,400
Total Business-Type Activities	<u>2,387,949</u>	<u>896,292</u>	<u>1,963,892</u>	<u>-</u>	<u>-</u>	<u>472,235</u>	<u>472,235</u>
Total Primary Government	<u>\$ 82,039,620</u>	<u>\$ 943,368</u>	<u>\$ 28,423,682</u>	<u>\$ -</u>	<u>(53,144,805)</u>	<u>472,235</u>	<u>(52,672,570)</u>



**CARTERET BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>General Revenues</b>			
Taxes			
Property Taxes Levied for General Purposes	\$ 27,057,788		\$ 27,057,788
Property Taxes Levied for Debt Service	1,388,109		1,388,109
Federal and State Aid -Unrestricted	24,452,817		24,452,817
State/Federal Aid - Restricted	590,947		590,947
Miscellaneous Income	177,466	-	177,466
Total General Revenues	53,667,127	-	53,667,127
Change in Net Position	522,322	\$ 472,235	994,557
Net Position, Beginning of Year	(3,582,768)	624,258	(2,958,510)
Net Position, End of Year	\$ (3,060,446)	\$ 1,096,493	\$ (1,963,953)

**FUND FINANCIAL STATEMENTS**

**CARTERET BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 364,574		\$ 9,470	\$ 374,044
Due from Other Funds	472,224			472,224
Receivables from Other Governments	138,105	\$ 889,851	-	1,027,956
	<hr/>		<hr/>	<hr/>
Total Assets	<u>\$ 974,903</u>	<u>\$ 889,851</u>	<u>\$ 9,470</u>	<u>\$ 1,874,224</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Due to Other Funds		\$ 472,224		472,224
Accounts Payable	\$ 453,564	257,967		711,531
Payable to State Government		82,118		82,118
Unearned Revenue	-	77,542	-	77,542
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>453,564</u>	<u>889,851</u>	<u>-</u>	<u>1,343,415</u>
Fund Balances				
Restricted				
Capital Reserve	500,000			500,000
Excess Surplus - Designated for Subsequent Year's Expenditures	107,411			107,411
Debt Service			\$ 9,470	9,470
Assigned Fund Balance				
Designated for Subsequent Year's Expenditures	1,116,504			1,116,504
Year End Encumbrances	1,596,477			1,596,477
Unassigned Fund Balance:				
General Fund	(2,799,053)	-	-	(2,799,053)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>521,339</u>	<u>-</u>	<u>9,470</u>	<u>530,809</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 974,903</u>	<u>\$ 889,851</u>	<u>\$ 9,470</u>	<u>\$ 1,874,224</u>

Continued

**CARTERET BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2019**

Total Fund Balances - Governmental Funds		\$ 530,809
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$40,203,001 and the accumulated depreciation is \$20,510,154.</p>		19,692,847
<p>The District has financed capital assets through the issuance of bonds. The interest accrual at year end is :</p>		(72,862)
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		45,862
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
	Deferred Outflows of Resources	\$ 2,622,104
	Deferred Inflows of Resources	<u>(4,134,703)</u>
		(1,512,599)
<p>Long-term liabilities, including bonds and certificates of participation payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (Note 2)</p>		<u>(21,744,503)</u>
<b>Net position of governmental activities (Exhibit A-1)</b>		<b><u>\$ (3,060,446)</u></b>

**CARTERET BOARD OF EDUCATION  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Local Sources				
Local Tax Levy	\$ 27,057,788		\$ 1,388,109	\$ 28,445,897
Tuition from Other LEAs Within the State	47,076			47,076
Miscellaneous	<u>177,466</u>	<u>\$ 14,340</u>	<u>-</u>	<u>191,806</u>
Total - Local Sources	<u>27,282,330</u>	<u>14,340</u>	<u>1,388,109</u>	<u>28,684,779</u>
State Sources	39,472,065	2,576,980	663,985	42,713,030
Federal Sources	<u>126,736</u>	<u>2,205,551</u>	<u>-</u>	<u>2,332,287</u>
Total Revenues	<u>66,881,131</u>	<u>4,796,871</u>	<u>2,052,094</u>	<u>73,730,096</u>
<b>EXPENDITURES</b>				
Current				
Instruction:				
Regular Instruction	28,775,775	3,262,062		32,037,837
Special Education Instruction	13,505,110	909,547		14,414,657
Other Special Instruction	2,872,467			2,872,467
School-Sponsored Activities and Athletics	609,245			609,245
Support Services and Undistributed Costs:				
Student and Instruction Related Services	6,556,232	620,145		7,176,377
General Administration Services	1,381,284			1,381,284
School Administration Services	3,124,989			3,124,989
Central Services	1,218,814			1,218,814
Plant Operations and Maintenance	5,292,532			5,292,532
Pupil Transportation	3,453,490	5,117		3,458,607
Debt Service:				
Principal			1,830,000	1,830,000
Interest and Other Charges			231,812	231,812
Capital Outlay	<u>155,227</u>	<u>-</u>	<u>-</u>	<u>155,227</u>
Total Expenditures	<u>66,945,165</u>	<u>4,796,871</u>	<u>2,061,812</u>	<u>73,803,848</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(64,034)</u>	<u>-</u>	<u>(9,718)</u>	<u>(73,752)</u>
Net Change in Fund Balances	(64,034)	-	(9,718)	(73,752)
Fund Balance, Beginning of Year	<u>585,373</u>	<u>-</u>	<u>19,188</u>	<u>604,561</u>
Fund Balance, End of Year	<u>\$ 521,339</u>	<u>\$ -</u>	<u>\$ 9,470</u>	<u>\$ 530,809</u>

**CARTERET BOARD OF EDUCATION  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
 REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 WITH THE DISTRICT-WIDE STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Total net change in fund balances - governmental funds (Exhibit B-2)** \$ (73,752)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period. (Note 2) (827,754)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. (Note 2) 1,830,000

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Also, certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 2) (406,172)

**Change in net position of governmental activities (Exhibit A-2)** \$ 522,322

**CARTERET BOARD OF EDUCATION  
PROPRIETARY FUNDS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2019**

	<u>Business-Type Activities</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Other Non-Major Enterprise Fund- Enrichment Academy</u>	
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents	\$ 329,978	\$ 349,003	\$ 678,981
Intergovernmental Receivable			
State	1,628		1,628
Federal	118,865		118,865
Inventories	29,325		29,325
Other Accounts Receivable	-	6,153	6,153
	<u>479,796</u>	<u>355,156</u>	<u>834,952</u>
Total Current Assets			
Capital Assets			
Equipment	903,401		903,401
Less: Accumulated Depreciation	<u>(622,061)</u>	<u>-</u>	<u>(622,061)</u>
Total Capital Assets, Net	<u>281,340</u>	<u>-</u>	<u>281,340</u>
Total Assets	<u>761,136</u>	<u>355,156</u>	<u>1,116,292</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	<u>5,286</u>	<u>7,248</u>	<u>12,534</u>
Total Current Liabilities	<u>5,286</u>	<u>7,248</u>	<u>12,534</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Commodities Revenue	<u>7,265</u>	<u>-</u>	<u>7,265</u>
Total Deferred Inflows of Resources	<u>7,265</u>	<u>-</u>	<u>7,265</u>
Total Liabilities and Deferred Inflows of Resources	<u>12,551</u>	<u>7,248</u>	<u>19,799</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	281,340		281,340
Unrestricted	<u>467,245</u>	<u>347,908</u>	<u>815,153</u>
Total Net Position	<u>\$ 748,585</u>	<u>\$ 347,908</u>	<u>\$ 1,096,493</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CARTERET BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Business-Type Activities</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Other Non-Major Enterprise Fund- Enrichment Academy</u>	
<b>OPERATING REVENUES</b>			
Charges for Services			
Daily Sales - Reimbursable Program	\$ 208,825		\$ 208,825
Daily Sales - Non-Reimbursable Program	300,930		300,930
Program Fees	-	\$ 386,537	386,537
	<u>509,755</u>	<u>386,537</u>	<u>896,292</u>
Total Operating Revenues			
<b>OPERATING EXPENSES</b>			
Salaries and Employee Benefits	837,833	211,490	1,049,323
Cost of Sales - Reimbursable Program	969,525		969,525
Cost of Sales - Non-Reimbursable Program	121,335		121,335
Other Purchased Services	41,200		41,200
Insurance	71,609		71,609
Depreciation	41,461		41,461
Supplies and Materials	65,744	2,627	68,371
Miscellaneous	21,105	4,020	25,125
	<u>2,169,812</u>	<u>218,137</u>	<u>2,387,949</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(1,660,057)</u>	<u>168,400</u>	<u>(1,491,657)</u>
<b>NONOPERATING REVENUES</b>			
State Sources			
School Lunch Program	23,551		23,551
Federal Sources			
National School Lunch Program	1,256,493		1,256,493
National School Breakfast Program	489,444		489,444
Snack Program	40,238		40,238
Food Distribution Program	154,166	-	154,166
	<u>1,963,892</u>	<u>-</u>	<u>1,963,892</u>
Total Nonoperating Revenues			
Net Income	<u>303,835</u>	<u>168,400</u>	<u>472,235</u>
Change in Net Position	303,835	168,400	472,235
Net Position, Beginning of Year	<u>444,750</u>	<u>179,508</u>	<u>624,258</u>
Net Position, End of Year	<u>\$ 748,585</u>	<u>\$ 347,908</u>	<u>\$ 1,096,493</u>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement



**CARTERET BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Business-Type Activities</u>		
	<u>Food Service</u>	<u>Other Non-Major Enterprise Fund- Enrichment Academy</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from Customers	\$ 536,755	\$ 383,860	\$ 920,615
Payments for Employees' Salaries and Benefits	(832,547)	(204,660)	(1,037,207)
Payments to Suppliers for Goods and Services	<u>(1,135,085)</u>	<u>(6,229)</u>	<u>(1,141,314)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(1,430,877)</u>	<u>172,971</u>	<u>(1,257,906)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
State and Federal Subsidy Reimbursements	<u>1,813,950</u>	<u>-</u>	<u>1,813,950</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,813,950</u>	<u>-</u>	<u>1,813,950</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	<u>(7,109)</u>	<u>-</u>	<u>(7,109)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(7,109)</u>	<u>-</u>	<u>(7,109)</u>
Net Increase in Cash and Cash Equivalents	375,964	172,971	548,935
Cash and Cash Equivalents, Beginning of Year	<u>(45,986)</u>	<u>176,032</u>	<u>130,046</u>
Cash and Cash Equivalents, End of Year	<u>\$ 329,978</u>	<u>\$ 349,003</u>	<u>\$ 678,981</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash    Provided by (Used for) Operating Activities</b>			
Operating Income (Loss)	\$ (1,660,057)	\$ 168,400	\$ (1,491,657)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	41,461		41,461
Non-Cash Federal Assistance - National School Lunch Program (Food Distribution)	154,166		154,166
Change in Assets and Liabilities:			
(Increase)/Decrease in Other Accounts Receivable	27,000	(2,677)	24,323
(Increase)/Decrease in Inventories	1,540		1,540
Increase/(Decrease) in Accounts Payable	<u>5,013</u>	<u>7,248</u>	<u>12,261</u>
Total Adjustments	<u>229,180</u>	<u>4,571</u>	<u>233,751</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,430,877)</u>	<u>\$ 172,971</u>	<u>\$ (1,257,906)</u>
Non-Cash Financing Activities - National School Lunch (Food Distribution)	\$ 145,834		

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**CARTERET BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
AS OF JUNE 30, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Employee Benefits (Flexible Spending) Program Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 324,152	\$ 19,456	\$ 507,146
Total Assets	<u>324,152</u>	<u>19,456</u>	<u>\$ 507,146</u>
<b>LIABILITIES</b>			
Due to Student Groups			\$ 188,161
Intergovernmental Payable	14,801		
Payroll Deductions and Withholdings			318,820
Accrued Salaries and Wages	<u>-</u>	<u>-</u>	<u>165</u>
Total Liabilities	<u>14,801</u>	<u>-</u>	<u>\$ 507,146</u>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims	<u>\$ 309,351</u>		
Held in Trust for Employee Benefits		<u>\$ 19,456</u>	

**CARTERET BOARD OF EDUCATION  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Unemployment Compensation Trust</u>	<u>Employee Benefits (Flexible Spending) Program Fund</u>
<b>ADDITIONS</b>		
Contributions		
Employees	\$ 83,255	\$ 42,736
	<hr/>	<hr/>
Total Contributions	83,255	42,736
	<hr/>	<hr/>
Investment Earnings		
Interest	4,465	170
	<hr/>	<hr/>
Net Investment Earnings	4,465	170
	<hr/>	<hr/>
Total Additions	87,720	42,906
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Benefit Reimbursements		44,424
Transfer to General Fund		170
Unemployment Claims and Contributions	78,351	-
	<hr/>	<hr/>
Total Deductions	78,351	44,594
	<hr/>	<hr/>
Change in Net Position	9,369	(1,688)
Net Position, Beginning of the Year	299,982	21,144
	<hr/>	<hr/>
Net Position, End of the Year	\$ 309,351	\$ 19,456
	<hr/> <hr/>	<hr/> <hr/>

The accompanying Notes to the Financial Statements are an Integral Part of this Statement

**NOTES TO THE FINANCIAL STATEMENTS**

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Carteret Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine 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. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Carteret Board of Education this includes general operations, food service, enrichment academy and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2019, the District adopted the following GASB statement as required:

- GASB No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistency provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms association with debt will be disclosed.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB No. 84, *Fiduciary Activities*, will be effective with the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB No. 87, *Leases*, will be effective with the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, will be effective beginning with the year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

**C. Basis of Presentation - Financial Statements**

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and the food service enterprise fund to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund which is organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The District reports the following non-major proprietary fund which is organized to be self-supporting through user charges:

The *enrichment academy* accounts for the activities of the District's after school activities, which provides extra-curricular activities for students as well as child care.

Additionally, the government reports the following fund types:

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for employee benefits flexible spending transactions. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

***1. Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.



**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**3. *Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

**4. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings and Building Improvements	20-50
Machinery and Equipment	5-20

**5. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from the loss on a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the loss on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***5. Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed. The other item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

***6. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits and severance pay. A long-term liability of accumulated sick leave, severance pay and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***7. Pensions***

In the district-wide financial statements and proprietary fund types in the fund financial statements 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.

***8. Long-Term Obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses are reported as deferred outflows of resources. Bond discounts are deferred and amortized over the life of the bonds using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3).

*Excess Surplus – Designated for Subsequent Year's Expenditures* – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2018 audited excess surplus that is required to be appropriated in the 2019/2020 original budget certified for taxes.

*Debt Service* – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2019/2020 District budget certified for taxes.

*Year-End Encumbrances* – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Unassigned Fund Balance** – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***10. Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the government that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

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 committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

***2. Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

***3. Tuition Revenues and Expenditures***

Tuition Revenues - Tuition charges were established by the Board the Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2017-2018 and 2018-2019 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses (Continued)**

**4. *Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund and the enrichment academy enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(21,744,503) difference are as follows:

Bonds Payable	\$ (400,000)
Certificates of Participation Payable	(5,700,000)
Less: Original Issuance Discount (to be amortized as interest expense)	11,716
Compensated Absences	(3,696,197)
Net Pension Liability	<u>(11,960,022)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ (21,744,503)</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the district-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$(827,754) difference are as follows:

Capital Outlay	\$155,227
Depreciation Expense	<u>(982,981)</u>
Net Adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	<u>\$(827,754)</u>

**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the district-wide statement of activities (Continued)**

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$1,830,000 difference are as follows:

Principal Repayments:	
Bonds Payable	\$ 190,000
Certificates of Participation	<u>1,640,000</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net position of <i>governmental activities</i>	<u>\$ 1,830,000</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”. The details of this \$(406,172) difference are as follows:

Compensated Absences	\$ (246,855)
Accrued Interest	19,069
Amortization of Deferred Amounts on Refunding	(12,811)
Amortization of Bond Discounts	(2,748)
Net Pension Expense	<u>(162,827)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of government activities	<u>\$ (406,172)</u>

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them. Capital lease transactions are accounted for on the GAAP basis.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The budget is submitted to the county superintendent for review and approval prior to adoption. Prior to the 2012/2013 budget year, the annual budget was required to be voted upon at the annual school election held on the third Tuesday in April. On January 17, 2012, Chapter 202 of the Laws of P.L. 2011 was approved which established procedures for moving the date of a school district’s annual school election from April to the general election in November. Under the new law, districts that have their school board members elected in November no longer have to submit their budgets that meet levy cap requirements for voter approval beginning with the 2012/2013 budget year. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot. On January 25, 2012, the Board adopted a resolution to move its annual election to the date of the general elections in accordance with the law; therefore voter approval of the annual budget is not required.

**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2018/2019. Also, during 2018/2019 the Board increased the original budget by \$2,397,851. The increase was funded by additional grant awards and the reappropriation of prior year general fund encumbrances.

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 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 which are reappropriated and honored during the subsequent fiscal year.

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriation resulted in an unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<u>General Fund</u>			
Unallocated Benefits – Employee Benefits			
Health Benefits	\$6,710,379	\$6,808,878	(\$98,499)
<u>Debt Service Fund</u>			
Principal on Lease Purchase – COPS	1,595,000	1,640,000	(45,000)
Principal on Early Retirement Bonds	180,000	190,000	(10,000)

The above variances were offset with other available resources.

**C. Deficit Fund Equity**

The District has an unassigned fund deficit of \$2,799,053 in the General Fund as of June 30, 2018 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2018/2019 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Deficit Fund Equity (Continued)**

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$2,799,053 in the General Fund is less than the delayed state aid payments at June 30, 2019.

**D. Capital Reserve**

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve 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 reserve 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 fiscal year ended June 30, 2019 is as follows:

Balance, July 1, 2018	<u>\$ 500,000</u>
Balance, June 30, 2019	<u><u>\$ 500,000</u></u>

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC and NCUSIF.



**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2019, the book value of the Board's deposits were \$1,903,779 and bank and brokerage firm balances of the Board's deposits amounted to \$5,116,481. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

**Depository Account**

Insured	\$ <u>5,116,481</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2019 none of the Board's bank balances were exposed to custodial credit risk.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; 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 "Local Authorities Fiscal Control Law," (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 school districts; Local Government investment pools; 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2019, the Board had no outstanding investments.

Interest Rate Risk – The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The Board places no limit in the amount the District may invest in any one issuer.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2018 for the district’s individual major funds and nonmajor fund in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Enrichment Academy</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Federal		\$ 889,851	\$118,865		\$ 1,008,716
State	\$ 138,105		1,628		139,733
Accounts	-	-	-	\$ 6,153	6,153
	138,105	889,851	120,493	6,153	1,154,602
Gross Receivables	138,105	889,851	120,493	6,153	1,154,602
Less: Allowance for Uncollectibles	-	-	-	-	-
Net Total Receivables	<u>\$ 138,105</u>	<u>\$ 889,851</u>	<u>\$120,493</u>	<u>\$ 6,153</u>	<u>\$ 1,154,602</u>

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 53,073
Grant drawdowns reserved for encumbrances	24,469
Total Unearned Revenue for Governmental Funds	<u>\$ 77,542</u>

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	<u>Balance, July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2019</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 71,603	-	-	\$ 71,603
Total capital assets, not being depreciated	<u>71,603</u>	<u>-</u>	<u>-</u>	<u>71,603</u>
Capital assets, being depreciated:				
Buildings and Building Improvements	37,360,940			37,360,940
Land Improvements	339,635			339,635
Machinery and equipment	<u>2,275,596</u>	\$ 155,227	-	<u>2,430,823</u>
Total capital assets being depreciated	<u>39,976,171</u>	<u>155,227</u>	<u>-</u>	<u>40,131,398</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(17,345,579)	(133,523)		(17,479,102)
Land Improvements	(261,297)	(4,857)		(266,154)
Machinery and equipment	<u>(1,920,297)</u>	<u>(844,601)</u>	-	<u>(2,764,898)</u>
Total accumulated depreciation	<u>(19,527,173)</u>	<u>(982,981)</u>	<u>-</u>	<u>(20,510,154)</u>
Total capital assets, being depreciated, net	<u>20,448,998</u>	<u>(827,754)</u>	<u>-</u>	<u>19,621,244</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,520,601</u>	<u>\$ (827,754)</u>	<u>\$ -</u>	<u>\$ 19,692,847</u>
	<u>Balance, July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2019</u>
<b>Business-Type Activities:</b>				
Capital assets, being depreciated:				
Machinery and equipment	\$ 896,292	\$ 7,109	-	\$ 903,401
Total capital assets being depreciated	<u>896,292</u>	<u>7,109</u>	<u>-</u>	<u>903,401</u>
Less accumulated depreciation for:				
Machinery and equipment	(580,600)	(41,461)	-	(622,061)
Total accumulated depreciation	<u>(580,600)</u>	<u>(41,461)</u>	<u>-</u>	<u>(622,061)</u>
Total capital assets, being depreciated, net	<u>315,692</u>	<u>(34,352)</u>	<u>-</u>	<u>281,340</u>
Business-Type Activities Capital Assets, Net	<u>\$ 315,692</u>	<u>\$ (34,352)</u>	<u>\$ -</u>	<u>\$ 281,340</u>

**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the District as follows:

**Governmental Activities:**

Instruction	
Regular	\$ 12,173
Total Instruction	<u>12,173</u>
Support Services	
Student and Instruction Related Services	56,906
Plant Operations and Maintenance	911,837
Pupil Transportation	<u>2,065</u>
Total Support Services	<u>970,808</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 982,981</u>

**Business-Type Activities:**

Food Service Fund	\$ 41,461
Total Depreciation Expense-Business-Type Activities	<u>\$ 41,461</u>

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2019, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	<u>\$ 472,224</u>

The above balances are to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**F. Leases**

**Lease Purchase Agreements**

**Refunding Certificates of 2010**

The Board of Education adopted a resolution on April 26, 2009 for the purpose of issuing Refunding Certificates of Participation (the Refunding Certificates) in order to advance refund all of the outstanding Certificates of Participation dated April 8, 1999, (the Prior Certificate) which were issued to finance building improvements.

On February 25, 2010 the Board of Education issued \$9,375,000 Refunding Certificates and the proceeds of the Refunding Certificates were deposited into an escrow fund, and together with other available funds, will be used to pay all principal and interest on the Prior Certificates. These certificates were completely paid in the 2018/19 fiscal year.

**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Leases (Continued)**

**Lease Purchase Agreements (Continued)**

Under the Refunding Certificates, the Board is required to pay Basic Rent due on each April 15 and October 15 commencing October 15, 2010. Basic Rent is composed of an interest component and a principal component. The Refunding Certificates carry interest rates in the range of 2.0% to 3.625%; and mature on April 15, 2019. Payments of the principal and interest on the Refunding Certificates are insured by National Public Finance Guarantee. Bank of New York Mellon has been appointed to serve as a trustee in the agreement.

**Refunding Certificates of 2015**

The Board of Education adopted a resolution on August 27, 2014 for the purpose of issuing Refunding Certificates of Participation (the Refunding Certificates) in order to currently refund all of the outstanding Certificates of Participation dated January 15, 2006 (the Prior Certificate) which were issued to finance building improvements.

On April 30, 2015 the Board of Education issued \$7,455,000 Refunding Certificates and the proceeds of the Refunding Certificates were deposited into an escrow fund, and together with other available funds, will be used to pay all principal and interest on the Prior Certificates.

Under the Refunding Certificates, the Board is required to pay Basic Rent due on January 15 commencing January 15, 2016. Basic Rent is composed of an interest component and a principal component. The Refunding Certificates carry interest rates in the range of 1.25% to 4.00%; and mature on January 15, 2030. Payments of the principal and interest on the Refunding Certificates are insured by National Public Finance Guarantee. Bank of New York Mellon has been appointed to serve as a trustee in the agreement.

The maturity schedule of the remaining lease payments for principal and interest is as follows:

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Certificates of Participation</u>		Total
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 455,000	\$ 150,063	\$ 605,063
2021	470,000	136,413	606,413
2022	480,000	127,012	607,012
2023	495,000	116,812	611,812
2024	500,000	105,675	605,675
2025-2029	2,710,000	329,200	3,039,200
2030	<u>590,000</u>	<u>17,700</u>	<u>607,700</u>
Total	<u>\$ 5,700,000</u>	<u>\$ 982,875</u>	<u>\$ 6,682,875</u>

**G. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to refund certain pension obligations. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2019 is comprised of the following issue:

\$1,430,000, 2013 Pension Refunding Bonds, due in annual installments of \$195,000 to \$205,000 through March 15, 2021, interest at 3.50% \$400,000

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Long-Term Debt (Continued)**

**General Obligation Bonds (Continued)**

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Pension Refunding Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 195,000	\$ 14,000	\$ 209,000
2021	<u>205,000</u>	<u>7,175</u>	<u>212,175</u>
Total	<u>\$ 400,000</u>	<u>\$ 21,175</u>	<u>\$ 421,175</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2019 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 96,729,684
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 96,729,684</u>

**H. Other Long-Term Liabilities**

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2019, was as follows:

	Balance, July 1, 2018	Additions	Reductions	Balance, June 30, 2019	Due Within One Year
<b>Governmental Activities:</b>					
Lease-Purchase Agreements ("COPS")	\$ 7,340,000		\$ (1,640,000)	\$ 5,700,000	\$ 455,000
Original Issue Discount	<u>(14,464)</u>	-	<u>2,748</u>	<u>(11,716)</u>	-
Lease-Purchase Agreements, net	7,325,536	-	(1,637,252)	5,688,284	455,000
Bonds payable	590,000		(190,000)	400,000	195,000
Net Pension Liability	14,040,040		(2,080,018)	11,960,022	
Compensated Absences	<u>3,449,342</u>	\$ 246,855	-	<u>3,696,197</u>	<u>369,620</u>
Governmental Activity Long-term Liabilities	<u>\$ 25,404,918</u>	<u>\$ 246,855</u>	<u>\$ (3,907,270)</u>	<u>\$ 21,744,503</u>	<u>\$ 1,019,620</u>

For the governmental activities, the liabilities for compensated absences and net pension liability are generally liquidated by the general fund.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District is a member of the New Jersey School’s Insurance Group (NJSIG). The Group is a risk sharing public entity pool, established for the purpose of insuring against various risks.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the fund, to report claims on a timely basis, cooperate with the management of the fund, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the fund. Members have a contractual obligation to fund any deficit of the fund attributable to a membership year during which they were a member.

NJSIG provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the insurance fund are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage’s in any of the prior three years.

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s fiduciary trust fund for the current and previous two years:

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2019	\$-0-	\$ 83,255	\$ 78,351	\$ 309,351
2018	\$-0-	82,338	107,709	299,982
2017	\$-0-	85,736	107,858	321,710

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2019, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2019, the District has not estimated its arbitrage earnings due to the IRS, if any.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, by which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Comprehensive Annual Financial Report (CAFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).



**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

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, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. 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 represent 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

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

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS and do not earn the minimum salary required or do not work the minimum required hours but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Plan Amendments**

The authority to amend the provisions of the above plans rests with new legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2018 is \$19.7 billion and the plan fiduciary net position as a percentage of the total pension liability is 53.60%. The collective net pension liability of the State funded TPAF at June 30, 2018 is \$63.81 billion and the plan fiduciary net position as a percentage of total pension liability is 26.49%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2017 which were rolled forward to June 30, 2018.

**Actuarial Methods and Assumptions**

In the July 1, 2017 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2019.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions (Continued)**

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2019 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than this actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2019, 2018 and 2017 were equal to the required contributions.

During the fiscal years ended June 30, 2019, 2018 and 2017 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended June 30,	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2019	\$ 604,198	\$ 5,206,215	\$ 1,666
2018	558,741	3,805,323	722
2017	540,971	2,786,794	2,007

In addition for fiscal years 2019, 2018 and 2017 the District contributed \$1,090, \$2,240 and \$869, respectively for PERS and the State contributed \$5,933, \$6,387 and \$7,169 respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,057,730 during the fiscal year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 85.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2017 through June 30, 2018. Employer allocation percentages have been rounded for presentation purposes.

Although the NJ Division of Pensions and Benefits (“Division”) administers one cost-sharing multiple employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense are determined separately for each individual employer of the State and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2018 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2018.

At June 30, 2019, the District reported in the statement of net position (accrual basis) a liability of \$11,960,022 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on the District’s share of contributions to the pension plan relative to the contributions of all participating governmental entities, actuarially determined. At June 30, 2018, the District’s proportionate share was .06074 percent, which was an increase of .00043 percent from its proportionate share measured as of June 30, 2017 of .06031 percent.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$767,025 for PERS. The pension contribution made by the District during the current 2018/2019 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2019 with a measurement date of the prior fiscal year end of June 30, 2018. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2019 for contributions made subsequent to the measurement date. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 228,079	\$ 61,670
Changes of Assumptions	1,970,813	3,824,179
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		112,186
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>423,212</u>	<u>136,668</u>
Total	<u>\$ 2,622,104</u>	<u>\$ 4,134,703</u>

At June 30, 2019, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Year Ending <u>June 30,</u>	<u>Total</u>
2020	\$ 80,966
2021	52,956
2022	(729,440)
2023	(697,144)
2024	(219,937)
Thereafter	<u>-</u>
	<u>\$ (1,512,599)</u>

**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
 Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

*Actuarial Assumptions*

The District's total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	2.25%
Salary Increases:	
Through 2026	1.65-4.15% Based on Age
Thereafter	2.65-5.15% Based on Age
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2000

Assumptions for mortality improvements are based on Society of Actuaries Scale AA.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
US Equities	30.00%	8.19%
Non-US Developed Markets Equity	11.50%	9.00%
Emerging Market Equities	6.50%	11.64%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
Buyouts/Venture Capital	8.25%	13.08%

***Discount Rate***

The discount rate used to measure the total pension liabilities of the PERS plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	5.66%
2018	June 30, 2017	5.00%



**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate (Continued)***

The following table represents the crossover period, if applicable, for the PERS defined benefit plan:

Period of Projected Benefit

Payments for which the Following  
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2046
Municipal Bond Rate *	From July 1, 2046 and Thereafter

\* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 5.66%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

	<b>1% Decrease <u>4.66%</u></b>	<b>Current Discount Rate <u>5.66%</u></b>	<b>1% Increase <u>6.66%</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 15,038,350</u>	<u>\$ 11,960,022</u>	<u>\$ 9,377,502</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability at June 30, 2018. A sensitivity analysis specific to the District's net pension liability at June 30, 2018 was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the fiscal year ended June 30, 2018. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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. For the fiscal year ended June 30, 2018, the State's pension contribution was less than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$9,356,231 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the net pension liability attributable to the District is \$160,493,860. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2018. At June 30, 2018, the State's share of the net pension liability attributable to the District was .25228 percent, which was an increase of .00452 percent from its proportionate share measured as of June 30, 2017 of .24776 percent.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of July 1, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u><b>TPAF</b></u>
Inflation Rate	2.25%
Salary Increases:	
2011-2026	1.55-4.55%
Thereafter	2.00-5.45%
Investment Rate of Return	7.00%
Mortality Rate Table	RP-2006

Assumptions for mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational bases based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the pension plans' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Estate	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Markets Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liabilities of the TPAF plan was as follows:

<b>Fiscal Year</b>	<b>Measurement Date</b>	<b>Discount Rate</b>
2019	June 30, 2018	4.86%
2018	June 30, 2017	4.25%

The following table represents the crossover period, if applicable, for the TPAF defined benefit plan:

Period of Projected Benefit

Payments for which the Following  
Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2040
Municipal Bond Rate *	From July 1, 2040 and Thereafter

\* The municipal bond return rate used is 3.87% as of the measurement date of June 30, 2018. 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.

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 4.86%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (3.86 percent) or 1-percentage-point higher (5.86 percent) than the current rate:

	<b>1% Decrease (3.86%)</b>	<b>Current Discount Rate (4.86%)</b>	<b>1% Increase (5.86%)</b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 189,700,695</u>	<u>\$ 160,493,860</u>	<u>\$ 136,282,106</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2018. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2018 was not provided by the pension system.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.

**State Health Benefit Program Fund – Local Education Retired Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

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 or more years 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.

**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

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 above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2017:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u>          -</u>
Total	<u>362,181</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plans. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2018 is \$46.1 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2017 which were rolled forward to June 30, 2018.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2017 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.23 billion to the OPEB plan in fiscal year 2018.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan.

The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2019, 2018 and 2017 were \$2,361,531, \$2,457,777 and \$2,322,033 respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2017 through June 30, 2018. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.



**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

For the fiscal year ended June 30, 2019, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$4,655,412. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 85.

At June 30, 2019 the State's proportionate share of the OPEB liability attributable to the District is \$99,644,806. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2018. At June 30, 2018, the state's share of the OPEB liability attributable to the District was .21610 percent, which was an increase of .00499 percent from its proportionate share measured as of June 30, 2017 of .21111 percent.

**Actuarial Assumptions**

The OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases *	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.55%
Rate Thereafter	2.00% to 5.45%
Mortality	Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disable Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.
Long-Term Rate of Return	1.00%

\*Salary increases are based on the defined benefit plan that the individual is enrolled in and his or her year of service for TPAF or his or her age for PERS.

Healthcare cost trend rates for pre-Medicare Preferred Provider Organization (PPO) medical benefits, this amount initially is 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For self-insured post-65 PPO medical benefits, the trend rate is 4.5 percent. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8 percent and decreases to a 5.0 percent long-term trend rate after eight years. For prescription drug benefits, the initial trend rate is 8.0 percent and decreases to a 5.0 percent long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0 percent. This reflects the known underlying cost of the Part B premium. The Medicare Advantage trend rate is 4.5 percent and will continue in all future years.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2012 to June 30, 2015 and July 1, 2011 to June 30, 2014, respectively.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Long-Term Expected Rate of Return**

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 1.00% as of June 30, 2018.

**Discount Rate**

The discount rate used to measure the total OPEB liabilities of the plan was as follows:

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2019	June 30, 2018	3.87%
2018	June 30, 2017	3.58%

The discount rate represents the municipal bond return rate as chosen by the Division. 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 Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2019 (measurement date June 30, 2018) is as follows:

	<u>Total OPEB Liability (State Share 100%)</u>
Balance, June 30, 2017 Measurement Date	\$ <u>113,236,629</u>
Changes Recognized for the Fiscal Year:	
Service Cost	4,054,143
Interest on the Total OPEB Liability	4,153,369
Differences Between Expected and Actual Experience	(7,792,216)
Changes of Assumptions	(11,434,740)
Gross Benefit Payments	(2,664,467)
Contributions from the Member	<u>92,088</u>
<b>Net Changes</b>	<b>\$ <u>(13,591,823)</u></b>
Balance, June 30, 2018 Measurement Date	\$ <u>99,644,806</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. A change in the total OPEB liability specific to the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2018 was not provided by the pension system.

**CARTERET BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.87% as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current rate:

	<b>1% Decrease <u>(2.87%)</u></b>	<b>Current Discount Rate <u>(3.87%)</u></b>	<b>1% Increase <u>(4.87%)</u></b>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ 117,800,445	\$ 99,644,806	\$ 85,212,948

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
Total OPEB Liability (School Retirees)	\$ 82,362,236	\$ 99,644,806	\$ 122,501,667

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2018 were not provided by the pension system.

**F. 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 school tax revenue 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 Carteret Board of Education, the District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate.

**CARTERET BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 5 OTHER INFORMATION (Continued)**

**G. Subsequent Events**

On September 24, 2019, the legal voters of the Borough of Carteret approved at a special school election a capital project proposal in the amount of \$36,999,995. The proposal included the construction of a new Junior High School for grades 7 and 8 and various renovations and capital improvements to the District's existing schools. The proposal authorized the issuance of school bonds in the amount not to exceed \$36,999,995. As of the date of audit, the District has not issued any of the bonds authorized.

**BUDGETARY COMPARISON SCHEDULES**

CARTERET BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 27,057,788		\$ 27,057,788	\$ 27,057,788	
Tuition from Other LEAs Within the State				47,076	\$ 47,076
Rents and Royalties	5,000		5,000		(5,000)
Unrestricted Miscellaneous	45,000		45,000	177,466	132,466
State Sources					
Equalization Aid	24,379,037		24,379,037	24,379,037	
Categorical Special Education Aid	2,809,761		2,809,761	2,809,761	
Security Aid	1,526,650		1,526,650	1,526,650	
Extraordinary Aid - 2018-19	600,000		600,000	784,403	184,403
Extraordinary Aid - 2017-18				2,712	2,712
Categorical Transportation Aid	511,027		511,027	511,027	
Additional Nonpublic School Transportation Costs				36,910	36,910
Reimb TPAF Social Security Payments (Non-Budget)				2,057,730	2,057,730
On-behalf TPAF Post Retirement Medical Contribution (Non-Budget)				2,361,531	2,361,531
On-behalf TPAF Pension System Contribution - Normal (Non-Budget)				5,099,470	5,099,470
On-behalf TPAF Pension System Contribution - NCGI (Non-Budget)				106,745	106,745
On-behalf TPAF Pension System Contribution - LTDI (Non-Budget)				5,933	5,933
Federal Sources					
Medical Assistance Program (SEMI)	83,656	-	83,656	126,736	43,080
<b>Total Revenues</b>	<u>57,017,919</u>	<u>-</u>	<u>57,017,919</u>	<u>67,090,975</u>	<u>10,073,056</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	247,541	\$ (216,381)	31,160	31,160	-
Grades 1-5	7,782,298	(93,606)	7,688,692	7,688,692	-
Grades 6-8	3,585,118	(148,599)	3,436,519	3,436,519	-
Grades 9-12	5,495,049	(32,069)	5,462,980	5,462,980	-
Regular Programs - Home Instruction					
Salaries of Teachers	55,000	13,947	68,947	68,947	-
Purchased Professional-Educational Services	15,000	(4,311)	10,689	6,798	3,891
General Supplies	57,414	(57,386)	28	28	-
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	248,616	34,610	283,226	283,226	-
Purchased Professional-Educational Services	174,547	231,435	405,982	347,968	58,014
Other Purchased Services	5,475	(2,747)	2,728	2,578	150
General Supplies	331,555	1,412,740	1,744,295	1,035,279	709,016
Textbooks	11,111	273,286	284,397	284,397	-
Other Objects	735,829	(171,796)	564,033	558,802	5,231
<b>Total Regular Programs</b>	<u>18,744,553</u>	<u>1,239,123</u>	<u>19,983,676</u>	<u>19,207,374</u>	<u>776,302</u>

CARTERET BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 302,232	\$ 192,541	\$ 494,773	\$ 494,773	
Other Salaries for Instruction	152,616	(6,910)	145,706	145,706	
Purchased Professional-Educational Services	100,000	(25,000)	75,000	67,779	\$ 7,221
General Supplies	-	144	144	144	-
Total Learning and/or Language Disabilities	<u>554,848</u>	<u>160,775</u>	<u>715,623</u>	<u>708,402</u>	<u>7,221</u>
Behavioral Disabilities					
Salaries of Teachers	60,000	(60,000)			
Purchased Professional-Educational Services	<u>673,869</u>	<u>26,770</u>	<u>700,639</u>	<u>698,727</u>	<u>1,912</u>
Total Behavioral Disabilities	<u>733,869</u>	<u>(33,230)</u>	<u>700,639</u>	<u>698,727</u>	<u>1,912</u>
Multiple Disabilities					
Salaries of Teachers	248,090	61,383	309,473	309,473	
Other Salaries for Instruction	114,712	(76,308)	38,404	38,404	
Purchased Professional-Educational Services	<u>125,000</u>	<u>2,500</u>	<u>127,500</u>	<u>118,143</u>	<u>9,357</u>
Total Multiple Disabilities	<u>487,802</u>	<u>(12,425)</u>	<u>475,377</u>	<u>466,020</u>	<u>9,357</u>
Resource Room/Resource Center					
Salaries of Teachers	3,873,769	(380,011)	3,493,758	3,491,376	2,382
Other Salaries for Instruction	458,848	(49,657)	409,191	409,191	
Purchased Professional-Educational Services	<u>200,000</u>	<u>(174,164)</u>	<u>25,836</u>	<u>23,958</u>	<u>1,878</u>
Total Resource Room	<u>4,532,617</u>	<u>(603,832)</u>	<u>3,928,785</u>	<u>3,924,525</u>	<u>4,260</u>
Autism					
Salaries of Teachers	60,000	(60,000)			
Other Salaries for Instruction	38,404	-	38,404	3,840	34,564
Purchased Professional-Educational Services	<u>27,500</u>	<u>100,000</u>	<u>127,500</u>	<u>118,844</u>	<u>8,656</u>
Total Autism	<u>125,904</u>	<u>40,000</u>	<u>165,904</u>	<u>122,684</u>	<u>43,220</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	99,443	-	99,443	99,443	
Other Salaries for Instruction	76,808	-	76,808	76,808	
Purchased Professional-Educational Services	<u>50,000</u>	<u>280,000</u>	<u>330,000</u>	<u>318,258</u>	<u>11,742</u>
Total Preschool Disabilities - Full Time	<u>226,251</u>	<u>280,000</u>	<u>506,251</u>	<u>494,509</u>	<u>11,742</u>
Total Special Education	<u>6,661,291</u>	<u>(168,712)</u>	<u>6,492,579</u>	<u>6,414,867</u>	<u>77,712</u>
Bilingual Education					
Salaries of Teachers	1,617,609	30,466	1,648,075	1,648,075	
Other Salaries for Instruction	38,404	-	38,404	38,404	
Purchased Professional-Educational Services	<u>25,000</u>	<u>112,467</u>	<u>137,467</u>	<u>123,914</u>	<u>13,553</u>
Total Bilingual Education	<u>1,681,013</u>	<u>142,933</u>	<u>1,823,946</u>	<u>1,810,393</u>	<u>13,553</u>

CARTERET BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
School-Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	\$ 102,161	\$ (4,172)	\$ 97,989	\$ 89,905	\$ 8,084
Total School-Sponsored Co/Extra Curricular Activities	102,161	(4,172)	97,989	89,905	8,084
School Sponsored Athletics - Instruction					
Salaries	218,079	4,172	222,251	222,251	
Purchased Services		33,501	33,501	31,140	2,361
Supplies and Materials		90,595	90,595	77,856	12,739
Other Objects	-	19,518	19,518	16,372	3,146
Total School Sponsored Athletics	218,079	147,786	365,865	347,619	18,246
Total Instruction	27,407,097	1,356,958	28,764,055	27,870,158	893,897
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Regular	77,000	23,381	100,381	92,210	8,171
Tuition to Other LEA's Within the State - Special	213,312	344,824	558,136	464,655	93,481
Tuition to CSSD & Regional Day Schools	2,122,676	(112,996)	2,009,680	1,895,667	114,013
Tuition to Private Schools for Disabled - Within State	1,633,943	221,001	1,854,944	1,842,188	12,756
Tuition - State Facilities	128,583	-	128,583	128,583	-
Total Undistributed Expenditures - Instruction	4,175,514	476,210	4,651,724	4,423,303	228,421
Attendance and Social Work					
Salaries	348,322	(39,150)	309,172	309,172	
Purchased Professional and Technical Services	17,618	(5,448)	12,170	12,170	
Supplies and Materials	1,500	(1,413)	87	-	87
Total Attendance and Social Work	367,440	(46,011)	321,429	321,342	87
Health Services					
Salaries	440,725	(11,265)	429,460	428,952	508
Purchased Professional and Technical Services	21,600	8,105	29,705	28,442	1,263
Supplies and Materials	4,750	1,120	5,870	5,512	358
Other Objects	550	(550)	-	-	-
Total Health Services	467,625	(2,590)	465,035	462,906	2,129



CARTERET BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Speech, OT, PT and Related Svcs.					
Salaries	\$ 297,203	\$ (47,144)	\$ 250,059	\$ 250,059	
Purchased Professional-Educational Services		58,036	58,036	57,117	\$ 919
Supplies and Materials	15,000	(285)	14,715	14,709	6
Total Speech, OT, PT and Related Svcs.	312,203	10,607	322,810	321,885	925
Guidance					
Salaries of Other Professional Staff	603,148	(2,972)	600,176	600,176	
Salaries of Secretarial and Clerical Assistants	45,726	-	45,726	45,726	
Purchased Professional-Educational Services		2,670	2,670	1,080	1,590
Other Purchased Professional and Technical Services	185,949	53,186	239,135	229,091	10,044
Other Purchased Services	9,050	(6,548)	2,502	2,502	
Supplies and Materials	132,651	(65,146)	67,505	65,952	1,553
Other Objects	31,600	(29,275)	2,325	2,325	-
Total Guidance	1,008,124	(48,085)	960,039	946,852	13,187
Child Study Teams					
Salaries of Other Professional Staff	1,182,752	(35,977)	1,146,775	1,146,250	525
Salaries of Secretarial and Clerical Assistants	107,773	(3,561)	104,212	104,212	
Purchased Professional-Educational Services	388,140	(47,602)	340,538	238,621	101,917
Other Purchased Professional and Technical Services	417,094	(9,553)	407,541	363,137	44,404
Other Purchases Services	5,000	(1,097)	3,903	3,255	648
Supplies and Materials	16,500	1,982	18,482	18,054	428
Total Child Study Teams	2,117,259	(95,808)	2,021,451	1,873,529	147,922
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	15,000	(15,000)			
Salaries of Other Professional Staff	25,000	(18,250)	6,750	6,750	
Salaries of Secretarial and Clerical Assistants	60,047	-	60,047	60,047	
Salaries of Facilitators, Math & Literacy Coaches	529,630	30,136	559,766	559,766	
Purchased Professional - Educational Services	1,000	(1,000)			
Other Purchased Services	6,800	(4,622)	2,178	1,755	423
Supplies and Materials	2,000	(1,144)	856	853	3
Total Improvement of Instructional Services	639,477	(9,880)	629,597	629,171	426
Educational Media Services/School Library					
Salaries	37,681	531	38,212	38,212	
Purchased Professional and Technical Services	4,227	(3,758)	469		469
Supplies and Materials	1,743	(1,358)	385	385	-
Total Educational Media Serv./School Library	43,651	(4,585)	39,066	38,597	469
Instructional Staff Training Services					
Salaries of Other Professional Staff	5,000	(4,850)	150	150	
Purchased Professional - Educational Services	67,900	(49,248)	18,652	18,352	300
Other Purchased Professional and Technical Services	5,000	(5,000)	-	-	-
Total Instructional Staff Training Services	77,900	(59,098)	18,802	18,502	300

(Continued)

CARTERET BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services - General Administration					
Salaries	\$ 503,616	\$ (2,631)	\$ 500,985	\$ 500,985	
Legal Services	125,000	64,288	189,288	171,004	\$ 18,284
Audit Fees	45,000	4,263	49,263	49,263	
Architectural /Engineering Services	75,000	98,380	173,380	172,505	875
Other Purchased Professional Services	45,560	(39,207)	6,353	6,353	
Communications/Telephone	201,636	(62,505)	139,131	137,619	1,512
BOE Other Purchased Services	4,700	339	5,039	5,039	
Misc Purchased Services	27,850	(9,375)	18,475	17,919	556
General Supplies	4,000	9,555	13,555	11,365	2,190
Judgements Against the School District	10,000	-	10,000	10,000	
Miscellaneous Expenditures	4,500	60,708	65,208	8,463	56,745
BOE Membership Dues and Fees	22,500	(565)	21,935	21,935	-
<b>Total Support Services - General Administration</b>	<b>1,069,362</b>	<b>123,250</b>	<b>1,192,612</b>	<b>1,112,450</b>	<b>80,162</b>
Support Services - School Administration					
Salaries of Principal/Asst. Principals	1,893,102	(108,580)	1,784,522	1,784,522	
Salaries of Secretarial and Clerical Assistants	185,577	35,365	220,942	220,942	
Purchased Professional and Technical Services		1,500	1,500	1,500	
Other Purchased Services	2,410	1,536	3,946	3,946	
Supplies and Materials	33,309	(9,308)	24,001	19,199	4,802
Other Objects	-	1,280	1,280	1,280	-
<b>Total Support Services - School Administration</b>	<b>2,114,398</b>	<b>(78,207)</b>	<b>2,036,191</b>	<b>2,031,389</b>	<b>4,802</b>
Central Services					
Salaries	425,692	(17,416)	408,276	408,276	
Purchased Professional Services	57,845	(17,524)	40,321	40,321	
Purchased Technical Services	40,000	(18,380)	21,620	21,620	
Supplies and Materials	13,661	(6,142)	7,519	7,519	
Miscellaneous Expenditures	7,430	(995)	6,435	3,585	2,850
<b>Total Central Services</b>	<b>544,628</b>	<b>(60,457)</b>	<b>484,171</b>	<b>481,321</b>	<b>2,850</b>
Administrative Information Technology					
Salaries	360,916	(26,444)	334,472	334,472	
Other Purchased Services	2,675	(1,325)	1,350	1,350	-
<b>Total Administrative Information Technology</b>	<b>363,591</b>	<b>(27,769)</b>	<b>335,822</b>	<b>335,822</b>	<b>-</b>
Required Maintenance for School Facilities					
Salaries	674,696	(115,562)	559,134	558,138	996
Cleaning, Repair and Maintenance Services	690,228	62,816	753,044	650,653	102,391
General Supplies	156,400	249,012	405,412	257,772	147,640
Other Objects	6,935	(1,050)	5,885	4,885	1,000
<b>Total Required Maintenance for School Facilities</b>	<b>1,528,259</b>	<b>195,216</b>	<b>1,723,475</b>	<b>1,471,448</b>	<b>252,027</b>

CARTERET BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 1,251,628	\$ (9,477)	\$ 1,242,151	\$ 1,242,151	
Purchased Professional and Technical Services	17,000	(15,123)	1,877	473	\$ 1,404
Cleaning, Repair and Maintenance Services	24,000	(737)	23,263	23,263	
Other Purchased Property Services	124,040	(46,299)	77,741	77,741	
Insurance	443,510	(37,637)	405,873	405,873	
General Supplies	97,800	(7,157)	90,643	43,616	47,027
Energy (Natural Gas)	100,000	22,956	122,956	120,677	2,279
Energy (Electricity)	400,000	2,129	402,129	402,129	-
Total Custodial Services	<u>2,457,978</u>	<u>(91,345)</u>	<u>2,366,633</u>	<u>2,315,923</u>	<u>50,710</u>
Care and Upkeep of Grounds					
Salaries	66,920	(4,960)	61,960	61,960	
General Supplies	25,400	(25,400)	-	-	-
Other Objects	6,000	(6,000)	-	-	-
Total Care and Upkeep of Grounds	<u>98,320</u>	<u>(36,360)</u>	<u>61,960</u>	<u>61,960</u>	<u>-</u>
Security					
Salaries	310,710	(9,414)	301,296	296,283	5,013
Purchased Professional and Technical Services	35,500	(2,540)	32,960	28,283	4,677
General Supplies	11,300	87,051	98,351	68,699	29,652
Total Security	<u>357,510</u>	<u>75,097</u>	<u>432,607</u>	<u>393,265</u>	<u>39,342</u>
Student Transportation Services					
Salaries for Pupil Transportation(Bet Home & Sch) Reg	53,040	(12,665)	40,375	40,375	
Management Fee-ESC and CTSA Transportation Prog.	60,000	20,536	80,536	75,816	4,720
Contracted Services - Aid in Lieu of Payments - Non Public	125,528	(33,616)	91,912	88,000	3,912
Contracted Svcs. (Between Home & School) -					
Vendors	544,383	(55,560)	488,823	487,353	1,470
Contracted Services (Other than Between					
Home and School) - Vendors	116,800	24,706	141,506	118,845	22,661
Contracted Services (Special Ed. Students)-					
Vendors	266,330	2,266	268,596	268,118	478
Contracted Services (Regular Students) - ESCs and CTSA	27,500	73,874	101,374	98,775	2,599
Contracted Services (Special Ed. Students)-					
ESCs and CTSA	1,722,170	540,677	2,262,847	2,255,757	7,090
Total Student Transportation Services	<u>2,915,751</u>	<u>560,218</u>	<u>3,475,969</u>	<u>3,433,039</u>	<u>42,930</u>

CARTERET BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 565,000	\$ 137,955	\$ 702,955	\$ 531,988	\$ 170,967
Other Retirement Contributions - PERS	606,991	-	606,991	605,288	1,703
Workmen's Compensation	310,000	50,000	360,000	353,865	6,135
Health Benefits	7,584,895	(874,516)	6,710,379	6,808,878	(98,499)
Tuition Reimbursement	125,000	(42,754)	82,246	80,838	1,408
Other Employee Benefits	272,060	(149,029)	123,031	118,153	4,878
Total Unallocated Benefits-Employee Benefits	<u>9,463,946</u>	<u>(878,344)</u>	<u>8,585,602</u>	<u>8,499,010</u>	<u>86,592</u>
On-behalf TPAF Pension System Contribution - Normal (Non-Budget)				5,099,470	(5,099,470)
On-behalf TPAF Pension System Contribution - NCGI (Non-Budget)				106,745	(106,745)
On-behalf TPAF Pension System Contribution - LTDI (Non-Budget)				5,933	(5,933)
On-behalf TPAF Post Retirement Medical Contribution (Non-Budget)				2,361,531	(2,361,531)
Reimb TPAF Social Security Payments (Non-Budget)	-	-	-	2,057,730	(2,057,730)
Total On-Behalf TPAF	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,631,409</u>	<u>(9,631,409)</u>
Total Undistributed Expenditures	<u>30,122,936</u>	<u>2,059</u>	<u>30,124,995</u>	<u>38,803,123</u>	<u>(8,678,128)</u>
Total Expenditures - Current Expenditures	<u>57,530,033</u>	<u>1,359,017</u>	<u>58,889,050</u>	<u>66,673,281</u>	<u>(7,784,231)</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Grade 9-12		21,138	21,138	20,259	879
Undistributed Expenditures					
Required Maintenance for School Facilities	<u>100,000</u>	<u>59,913</u>	<u>159,913</u>	<u>91,555</u>	<u>68,358</u>
Total Equipment	<u>100,000</u>	<u>81,051</u>	<u>181,051</u>	<u>111,814</u>	<u>69,237</u>
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	<u>348</u>	<u>-</u>	<u>348</u>	<u>348</u>	<u>-</u>
Total Facilities Acquisition and Construction Services	<u>348</u>	<u>-</u>	<u>348</u>	<u>348</u>	<u>-</u>
Total Capital Outlay	<u>100,348</u>	<u>81,051</u>	<u>181,399</u>	<u>112,162</u>	<u>69,237</u>

CARTERET BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>SPECIAL SCHOOLS</b>					
Summer School - Instruction					
Salaries of Teachers	\$ 72,000	\$ -	\$ 72,000	\$ 69,373	\$ 2,627
Other Salaries for Instruction	21,000	-	21,000	18,891	2,109
Total Summer School - Instruction	93,000	-	93,000	88,264	4,736
Total Special Schools	93,000	-	93,000	88,264	4,736
Transfer of Funds to Charter Schools	40,533	30,925	71,458	71,458	-
Total Expenditures	57,763,914	1,470,993	59,234,907	66,945,165	(7,710,258)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(745,995)	(1,470,993)	(2,216,988)	145,810	2,362,798
Change in Fund Balance	(745,995)	(1,470,993)	(2,216,988)	145,810	2,362,798
Fund Balance, Beginning of Year	4,057,000	-	4,057,000	4,057,000	-
Fund Balance, End of Year	\$ 3,311,005	\$ (1,470,993)	\$ 1,840,012	\$ 4,202,810	\$ 2,362,798

**Recapitulation Of Fund Balance:**

Restricted Fund Balance:				
Capital Reserve				\$ 500,000
Excess Surplus - Designated for Subsequent Year's Expenditures				107,411
Assigned Fund Balance:				
Designated for Subsequent Year's Expenditures				1,116,504
Year End Encumbrances				1,596,477
Unassigned Fund Balance				882,418
Reconciliation to Governmental Fund Statement (GAAP)				4,202,810
State Aid Payments Not Recognized on GAAP Basis				
Extraordinary Aid			\$ 784,403	
Delayed State Aid Payments			2,897,068	
				3,681,471
Fund Balance Per Governmental Funds (GAAP)				\$ 521,339

**CARTERET BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 1,894,398	\$ 797,295	\$ 2,691,693	\$ 2,583,121	\$ (108,572)
Federal	2,363,503	129,563	2,493,066	2,178,896	(314,170)
Total Revenues	<u>4,257,901</u>	<u>926,858</u>	<u>5,184,759</u>	<u>4,762,017</u>	<u>(422,742)</u>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries of Teachers	1,992,812	(528,021)	1,464,791	1,298,137	166,654
Other Salaries for Instruction	248,102	(102,307)	145,795	141,838	3,957
Purch. Prof./Tech. Services	270,478	96,418	366,896	354,666	12,230
Tuition	779,676	135,381	915,057	871,367	43,690
General Supplies	16,013	216,080	232,093	199,701	32,392
Textbooks	10,200	-	10,200	8,064	2,136
Other Objects	2,469	(2,196)	273	-	273
Total Instruction	<u>3,319,750</u>	<u>(184,645)</u>	<u>3,135,105</u>	<u>2,873,773</u>	<u>261,332</u>
<b>Support Services</b>					
Salaries of Teachers		175,129	175,129	156,314	18,815
Salaries of Supervisors of Instruction		15,000	15,000	15,000	-
Salaries of Community Parent Involvement		840	840	840	-
Salaries of Master Teachers		97,303	97,303	68,026	29,277
Purch. Prof./Tech. Services	4,500	625,500	630,000	630,000	-
Purchased Professional Educational Services	91,900	189,601	281,501	211,979	69,522
Other Purchased Professional Educational Svcs	360,000	(347,389)	12,611	290	12,321
Other Purchased Professional Services	125,000	139,533	264,533	264,533	-
Other Purchased Services		49,425	49,425	44,489	4,936
Supplies and Materials		35,810	35,810	9,678	26,132
Other Objects	-	295	295	282	13
Total Support Services	<u>581,400</u>	<u>981,047</u>	<u>1,562,447</u>	<u>1,401,431</u>	<u>161,016</u>
<b>Employee Benefits</b>					
Personal Services - Employee Benefits	356,751	130,456	487,207	486,813	394
Total Allocated Benefits	<u>356,751</u>	<u>130,456</u>	<u>487,207</u>	<u>486,813</u>	<u>394</u>
<b>Capital Outlay:</b>					
Instructional Equipment		-	-	-	-
Non-Instructional Equipment		-	-	-	-
Total Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>4,257,901</u>	<u>926,858</u>	<u>5,184,759</u>	<u>4,762,017</u>	<u>422,742</u>
Total Outflows	<u>4,257,901</u>	<u>926,858</u>	<u>5,184,759</u>	<u>4,762,017</u>	<u>422,742</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**CARTERET BOARD OF EDUCATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET TO GAAP RECONCILIATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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 accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedules - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedules (Exhibits C-1 and C-2)	\$ 67,090,975	\$ 4,762,017
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year, Net		59,323
Current Year		(24,469)
State Aid payments recognized for GAAP purpose not recognized for Budgetary statements (Prior Year), Net	3,471,627	
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (Current Year)	<u>(3,681,471)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 66,881,131</u>	<u>\$ 4,796,871</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 66,945,165	\$ 4,762,017
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year, Net		59,323
Current Year	<u>-</u>	<u>(24,469)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 66,945,165</u>	<u>\$ 4,796,871</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

**CARTERET BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Six Fiscal Years \***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.06074%	0.06031%	0.06089%	0.05747%	0.05844%	0.05775%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 11,960,022</u>	<u>\$ 14,040,040</u>	<u>\$ 18,034,970</u>	<u>\$ 12,900,005</u>	<u>\$ 10,941,522</u>	<u>\$ 11,037,440</u>
District's Covered Payroll	<u>\$ 4,094,130</u>	<u>\$ 4,299,920</u>	<u>\$ 4,203,373</u>	<u>\$ 4,136,669</u>	<u>\$ 4,081,927</u>	<u>\$ 3,996,800</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	292%	327%	429%	312%	268%	276%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.60%	48.10%	40.14%	47.92%	52.08%	48.72%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CARTERET BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS**

PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 604,198	\$ 558,741	\$ 540,971	\$ 494,055	\$ 481,768	\$ 435,433
Contributions in Relation to the Contractually Required Contributions	<u>604,198</u>	<u>558,741</u>	<u>540,971</u>	<u>494,055</u>	<u>481,768</u>	<u>435,433</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 4,094,130</u>	<u>\$ 4,299,920</u>	<u>\$ 4,203,373</u>	<u>\$ 4,136,669</u>	<u>\$ 4,081,927</u>	<u>\$ 3,996,800</u>
Contributions as a Percentage of Covered Payroll	14.76%	12.99%	12.87%	11.94%	11.80%	10.89%

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CARTERET BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**TEACHERS PENSION AND ANNUITY FUND  
Last Six Fiscal Years \***

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>160,493,860</u>	<u>167,047,650</u>	<u>174,200,588</u>	<u>140,909,092</u>	<u>122,101,519</u>	<u>121,216,238</u>
Total	<u>\$ 160,493,860</u>	<u>\$ 167,047,650</u>	<u>\$ 174,200,588</u>	<u>\$ 140,909,092</u>	<u>\$ 122,101,519</u>	<u>\$ 121,216,238</u>
District's Covered Payroll	<u>\$ 27,164,014</u>	<u>\$ 27,224,857</u>	<u>\$ 25,807,372</u>	<u>\$ 25,029,848</u>	<u>\$ 22,245,908</u>	<u>\$ 22,319,992</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 68. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CARTERET BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5D.

**CARTERET BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OPEB LIABILITY**

**POSTEMPLOYMENT HEALTH BENEFIT PLAN**

**Last Two Fiscal Years\***

	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ 4,054,143	\$ 4,877,797
Interest on the Total OPEB Liability	4,153,369	3,596,203
Differences Between Expected and Actual Experience	(7,792,216)	
Changes of Assumptions	(11,434,740)	(14,960,197)
Gross Benefit Payments	(2,664,467)	(2,757,013)
Contribution from the Member	<u>92,088</u>	<u>101,520</u>
<b>Net Change in Total OPEB Liability</b>	(13,591,823)	(9,141,690)
<b>Total OPEB Liability - Beginning</b>	<u>113,236,629</u>	<u>122,378,319</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 99,644,806</u>	<u>\$ 113,236,629</u>
District's Proportionate Share	\$0	\$0
State's Proportionate Share	<u>\$ 99,644,806</u>	<u>\$ 113,236,629</u>
Total OPEB Liability - Ending	<u>\$ 99,644,806</u>	<u>\$ 113,236,629</u>
<b>Covered Payroll</b>	\$ 31,258,144	\$ 31,524,777
<b>Total OPEB Liability as a Percentage of Covered Payroll:</b>	318.78%	359.20%

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75.

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**CARTERET BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 5E.

**SCHOOL LEVEL SCHEDULES**

**NOT APPLICABLE**



**SPECIAL REVENUE FUND**

**CARTERET BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	Chapter 192			Chapter 193			Preschool	Subtotal Page 2	Subtotal Page 3	Total
	Compensatory Education	ESL	Transportation	Exam & Class.	Corrective Speech	Supplementary Instruction	Education Aid			
<b>REVENUES</b>										
State	\$ 32,149	\$ 2,588	\$ 5,117	\$ 7,460	\$ 4,464	\$ 3,965	\$ 2,205,131	\$ 322,247		\$ 2,583,121
Federal	-	-	-	-	-	-	-	1,120,768	\$ 1,058,128	2,178,896
<b>Total Revenues</b>	<b>\$ 32,149</b>	<b>\$ 2,588</b>	<b>\$ 5,117</b>	<b>\$ 7,460</b>	<b>\$ 4,464</b>	<b>\$ 3,965</b>	<b>\$ 2,205,131</b>	<b>\$ 1,443,015</b>	<b>\$ 1,058,128</b>	<b>\$ 4,762,017</b>
<b>EXPENDITURES</b>										
<b>Instruction</b>										
Salaries of Teachers							\$ 747,603	\$ 520,527	\$ 30,007	\$ 1,298,137
Other Salaries for Instruction							121,498	-	20,340	141,838
Purch. Prof./Tech. Services								331,756	22,910	354,666
Tuition									871,367	871,367
General Supplies							82,548	74,736	42,417	199,701
Textbooks								8,064		8,064
Other Objects	-	-	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>951,649</b>	<b>935,083</b>	<b>987,041</b>	<b>2,873,773</b>
<b>Support Services</b>										
Salaries of Teachers								156,314	-	156,314
Salaries of Supervisors of Instruction							15,000	-		15,000
Salaries of Community Parent Involvement							840	-		840
Salaries of Master Teachers							68,026	-		68,026
Personal Services - Employee Benefits							274,793	202,724	9,296	486,813
Purchased Professional Educational Svs	\$ 32,149	\$ 2,588	\$ 5,117	\$ 7,460	\$ 4,464	\$ 3,965		118,375	37,861	211,979
Purchased Educational Services - Head Start							630,000			630,000
Other Purchased Professional Educational Services							290			290
Other Purchased Professional Services							264,533			264,533
Other Purchased Services								28,895	15,594	44,489
Supplies and Materials								1,342	8,336	9,678
Other Objects	-	-	-	-	-	-	-	282	-	282
<b>Total Support Services</b>	<b>32,149</b>	<b>2,588</b>	<b>5,117</b>	<b>7,460</b>	<b>4,464</b>	<b>3,965</b>	<b>1,253,482</b>	<b>507,932</b>	<b>71,087</b>	<b>1,888,244</b>
<b>Capital Outlay:</b>										
Instructional Equipment										-
Non-Instructional Equipment										-
<b>Total Expenditures</b>	<b>\$ 32,149</b>	<b>\$ 2,588</b>	<b>\$ 5,117</b>	<b>\$ 7,460</b>	<b>\$ 4,464</b>	<b>\$ 3,965</b>	<b>\$ 2,205,131</b>	<b>\$ 1,443,015</b>	<b>\$ 1,058,128</b>	<b>\$ 4,762,017</b>

Continued

**CARTERET BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology</u>	<u>Nonpublic Security</u>	<u>School Based Youth Services</u>	<u>Title I</u>	<u>Title I SIA</u>	<u>Title II A</u>	<u>Page 2 Total</u>
<b>REVENUES</b>									
State	\$ 15,035	\$ 8,064	\$ 5,420	\$ 23,250	\$ 270,478				\$ 322,247
Federal	-	-	-	-	-	\$ 878,401	\$ 88,077	\$ 154,290	1,120,768
<b>Total Revenues</b>	<b>\$ 15,035</b>	<b>\$ 8,064</b>	<b>\$ 5,420</b>	<b>\$ 23,250</b>	<b>\$ 270,478</b>	<b>\$ 878,401</b>	<b>\$ 88,077</b>	<b>\$ 154,290</b>	<b>\$ 1,443,015</b>
<b>EXPENDITURES</b>									
<b>Instruction</b>									
Salaries of Teachers						\$ 471,682	\$ 40,565	\$ 8,280	\$ 520,527
Purch. Prof./Tech. Services					\$ 270,478	61,278			331,756
General Supplies			\$ 5,420	\$ 23,250		17,426	28,640		74,736
Textbooks		\$ 8,064							8,064
Other Objects	-	-	-	-	-	-	-	-	-
<b>Total Instruction</b>	<b>-</b>	<b>8,064</b>	<b>5,420</b>	<b>23,250</b>	<b>270,478</b>	<b>550,386</b>	<b>69,205</b>	<b>8,280</b>	<b>935,083</b>
<b>Support Services</b>									
Salaries of Teachers						74,820		\$ 81,494	156,314
Personal Services - Employee Benefits						157,509	14,072	31,143	202,724
Purchased Professional									
Educational Services	\$ 15,035					88,775	4,800	9,765	118,375
Other Purchased Services						5,574		23,321	28,895
Supplies and Materials						1,055		287	1,342
Other Objects	-	-	-	-	-	282	-	-	282
<b>Total Support Services</b>	<b>15,035</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>328,015</b>	<b>18,872</b>	<b>146,010</b>	<b>507,932</b>
<b>Capital Outlay:</b>									
Instructional Equipment	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 15,035</b>	<b>\$ 8,064</b>	<b>\$ 5,420</b>	<b>\$ 23,250</b>	<b>\$ 270,478</b>	<b>\$ 878,401</b>	<b>\$ 88,077</b>	<b>\$ 154,290</b>	<b>\$ 1,443,015</b>

Continued

**CARTERET BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Title III</u>	<u>Title IV</u>	<u>I.D.E.A. Basic</u>	<u>Page 3 Total</u>
<b>REVENUES</b>				
Federal	\$ 113,018	\$ 51,433	\$ 893,677	\$ 1,058,128
 Total Revenues	 <u>\$ 113,018</u>	 <u>\$ 51,433</u>	 <u>\$ 893,677</u>	 <u>\$ 1,058,128</u>
 <b>EXPENDITURES</b>				
Instruction				
Salaries of Teachers	\$ 23,550	\$ 6,457		\$ 30,007
Other Salaries for Instruction	20,340			20,340
Purch. Prof./Tech. Services	5,850	4,250	\$ 12,810	22,910
Tuition			871,367	871,367
General Supplies	23,231	19,186		42,417
Other Objects	-	-	-	-
 Total Instruction	 <u>72,971</u>	 <u>29,893</u>	 <u>884,177</u>	 <u>987,041</u>
 Support Services				
Salaries of Teachers				-
Personal Services - Employee Benefits	7,056	2,240		9,296
Purchased Professional				
Educational Services	18,561	19,300		37,861
Other Purchased Services	6,094		9,500	15,594
Supplies and Materials	8,336	-	-	8,336
 Total Support Services	 <u>40,047</u>	 <u>21,540</u>	 <u>9,500</u>	 <u>71,087</u>
 Capital Outlay:				
Instructional Equipment	-	-	-	-
 Total Expenditures	 <u>\$ 113,018</u>	 <u>\$ 51,433</u>	 <u>\$ 893,677</u>	 <u>\$ 1,058,128</u>

**CARTERET BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 805,057	\$ 747,603	\$ 57,454
Other Salaries of Instruction	138,667	121,498	17,169
General Supplies	<u>99,013</u>	<u>82,548</u>	<u>16,465</u>
 Total Instruction	 <u>1,042,737</u>	 <u>951,649</u>	 <u>91,088</u>
Support Services:			
Salaries of Supervisors of Instruction	15,000	15,000	-
Salaries of Secretaries and Clerical Assistants	2,500		2,500
Salaries of Community Parent Involvement Spec.	840	840	-
Salaries of Master Teachers	97,463	68,026	29,437
Employee Benefits	274,793	274,793	-
Purchased Educational Services - Head Start	666,000	630,000	36,000
Other Purchased Professional Educational Services	28,316	290	28,026
Other Purchased Professional Services	264,533	264,533	-
Contracted Services - Transportation (Bet. Home & School)	43,480		43,480
Supplies and Materials	11,440		11,440
Other Objects	<u>924</u>	<u>-</u>	<u>924</u>
 Total Support Services	 <u>1,405,289</u>	 <u>1,253,482</u>	 <u>151,807</u>
Capital Outlay:			
Instructional Equipment	5,000		5,000
Noninstructional Equipment	<u>1,468</u>	<u>-</u>	<u>1,468</u>
 Total Capital Outlay	 <u>6,468</u>	 <u>-</u>	 <u>6,468</u>
 Total Expenditures	 <u>\$ 2,454,494</u>	 <u>\$ 2,205,131</u>	 <u>\$ 249,363</u>

**CALCULATION OF BUDGET & CARRYOVER**

Total revised 2018-2019 Preschool Education Aid Allocation	\$ 2,275,371
Add: Actual PEA Carryover (June 30, 2018)	177,443
2017-2018 Cancelled Encumbrances	1,680
Add: Budgeted Transfer from the General Fund 2018-2019	<u>-</u>
Total Preschool Education Aid Funds Available for 2018-2019 Budget	2,454,494
Less: 2018-2019 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>2,454,494</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2019	-
Add: June 30, 2019 Unexpended Preschool Education Aid	249,363
Less: 2018-2019 Commissioner-approved Transfer to the General Fund	<u>-</u>
 2018-2019 Carryover - Preschool Education Aid	 <u>\$ 249,363</u>
 2018-2019 Preschool Education Aid Carryover Budgeted for Preschool Programs 2019-2020	  <u>\$ 177,080</u>

**CAPITAL PROJECTS FUND**

**CARTERET BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**CARTERET BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCE - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**



**ENTERPRISE FUND**

**EXHIBIT G-1**

**CARTERET BOARD OF EDUCATION  
ENTERPRISE FUND  
COMBINING STATEMENT OF NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**EXHIBIT G-2**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**EXHIBIT G-3**

**COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**CARTERET BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES  
AS OF JUNE 30, 2019**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 188,161	\$ 318,985	\$ 507,146
Total Assets	<u>\$ 188,161</u>	<u>\$ 318,985</u>	<u>\$ 507,146</u>
<b>LIABILITIES</b>			
Due to Student Groups	\$ 188,161		\$ 188,161
Payroll Deductions and Withholdings		\$ 318,820	318,820
Accrued Salaries and Wages	\$ -	<u>165</u>	<u>165</u>
Total Liabilities	<u>\$ 188,161</u>	<u>\$ 318,985</u>	<u>\$ 507,146</u>

**CARTERET BOARD OF EDUCATION  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**THIS STATEMENT IS NOT APPLICABLE**

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Balance, July 1, 2018</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2019</u>
<b>ELEMENTARY SCHOOLS</b>				
Columbus	\$ 3,438	\$ 42,335	\$ 22,433	\$ 23,340
Nicholas Minue	19,278	25,770	35,610	9,438
Nathan Hale	9,420	23,955	27,035	6,340
	<u>32,136</u>	<u>92,060</u>	<u>85,078</u>	<u>39,118</u>
<b>TOTAL Elementary Schools</b>				
	<u>32,136</u>	<u>92,060</u>	<u>85,078</u>	<u>39,118</u>
<b>JUNIOR HIGH SCHOOL</b>				
Student Activities Fund	12,685	56,468	52,666	16,487
	<u>12,685</u>	<u>56,468</u>	<u>52,666</u>	<u>16,487</u>
<b>TOTAL Junior High School</b>				
	<u>12,685</u>	<u>56,468</u>	<u>52,666</u>	<u>16,487</u>
<b>SENIOR HIGH SCHOOL</b>				
Carteret Senior High School				
Student Activities Fund	125,744	204,529	204,201	126,072
Athletic Fund	3,334	36,574	33,424	6,484
	<u>129,078</u>	<u>241,103</u>	<u>237,625</u>	<u>132,556</u>
<b>TOTAL Senior High School</b>				
	<u>129,078</u>	<u>241,103</u>	<u>237,625</u>	<u>132,556</u>
<b>TOTAL All Schools</b>				
	<u>\$ 173,899</u>	<u>\$ 389,631</u>	<u>\$ 375,369</u>	<u>\$ 188,161</u>

**CARTERET BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Balance, July 1, <u>2018</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2019</u></b>
<b>ASSETS</b>				
Cash	\$ 305,222	\$ 39,180,608	\$ 39,166,845	\$ 318,985
Total Assets	<u>\$ 305,222</u>	<u>\$ 39,180,608</u>	<u>\$ 39,166,845</u>	<u>\$ 318,985</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 6,500	\$ 7,506	\$ 14,006	
Payroll Deductions and Withholdings	298,722	17,864,065	17,843,967	\$ 318,820
Accrued Salaries and Wages	<u>-</u>	<u>21,309,037</u>	<u>21,308,872</u>	<u>165</u>
Total Liabilities	<u>\$ 305,222</u>	<u>\$ 39,180,608</u>	<u>\$ 39,166,845</u>	<u>\$ 318,985</u>

**LONG-TERM DEBT**

**CARTERET BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2018</u>	<u>Retired Current Year</u>	<u>Balance June 30, 2019</u>
Pension Obligation Refunding Bonds, Series 2013	December 12, 2013	\$ 1,430,000	3/15/2020	\$ 195,000	3.50%			
			3/15/2021	205,000	3.50%	\$ 590,000	\$ 190,000	\$ 400,000
						<u>\$ 590,000</u>	<u>\$ 190,000</u>	<u>\$ 400,000</u>



**CARTERET BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CERTIFICATES OF PARTICIPATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<b>Interest Rate Payable on Remaining <u>Balance</u></b>	<b>Amount of Original Issue</b>	<b>Balance, <u>July 1, 2018</u></b>	<b>Retired <u>Current Year</u></b>	<b>Balance, <u>June 30, 2019</u></b>
2010 Refunding (COP)		\$ 9,375,000	\$ 1,200,000	\$ 1,200,000	
2015 Refunding (COP)	2.00 - 3.00	7,455,000	<u>6,140,000</u>	<u>440,000</u>	<u>\$ 5,700,000</u>
			<u>\$ 7,340,000</u>	<u>\$ 1,640,000</u>	<u>\$ 5,700,000</u>

Note: COP Indicates Certificates of Participation

**CARTERET BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF CAPITAL LEASES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOT APPLICABLE**

**CARTERET BOARD OF EDUCATION  
LONG-TERM DEBT  
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 1,388,109		\$ 1,388,109	\$ 1,388,109	
State Sources					
State Aid Type II	<u>663,985</u>	<u>-</u>	<u>663,985</u>	<u>663,985</u>	<u>-</u>
Total Revenues	<u>2,052,094</u>	<u>-</u>	<u>2,052,094</u>	<u>2,052,094</u>	<u>-</u>
<b>EXPENDITURES</b>					
Regular Debt Service					
Principal on Lease Purchase - COPS	1,595,000		1,595,000	1,640,000	\$ (45,000)
Interest on Lease Purchase - COPS	250,144		250,144	211,162	38,982
Interest on Early Retirement Bonds	26,950		26,950	20,650	6,300
Principal on Early Retirement Bonds	<u>180,000</u>	<u>-</u>	<u>180,000</u>	<u>190,000</u>	<u>(10,000)</u>
Total Expenditures	<u>2,052,094</u>	<u>-</u>	<u>2,052,094</u>	<u>2,061,812</u>	<u>(9,718)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,718)</u>	<u>(9,718)</u>
Net Change in Fund Balance	-	-	-	(9,718)	(9,718)
Fund Balance, Beginning of Year	<u>19,188</u>	<u>-</u>	<u>19,188</u>	<u>19,188</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 19,188</u>	<u>\$ -</u>	<u>\$ 19,188</u>	<u>\$ 9,470</u>	<u>\$ (9,718)</u>
<b>Recapitulation of Fund Balance:</b>					
Restricted for Debt Service:					
Designated for Subsequent Year's Budgeted Debt Service Expenditures				<u>\$ 9,470</u>	
Total Fund Balance - Restricted for Debt Service				<u>\$ 9,470</u>	

## STATISTICAL SECTION

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

### Contents

### Exhibits

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. J-16 to J-20

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

**CARTERET BOARD OF EDUCATION  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
			(Restated)		(Restated)					
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 4,961,120	\$ 5,913,716	\$ 6,644,390	\$ 9,597,816	\$ 9,641,524	\$ 10,581,863	\$ 12,139,789	\$ 12,881,900	\$ 13,253,738	\$ 14,050,425
Restricted	76,563	12,466	967	1	536,241	92	650,501	1,400,500	519,188	509,470
Unrestricted	(4,393,323)	(5,252,956)	(2,519,840)	(3,996,414)	(17,999,614)	(16,938,060)	(17,048,567)	(18,219,952)	(17,355,694)	(17,620,341)
<b>Total Governmental Activities Net Position</b>	<b>\$ 644,360</b>	<b>\$ 673,226</b>	<b>\$ 4,125,517</b>	<b>\$ 5,601,403</b>	<b>\$ (7,821,849)</b>	<b>\$ (6,356,105)</b>	<b>\$ (4,258,277)</b>	<b>\$ (3,937,552)</b>	<b>\$ (3,582,768)</b>	<b>\$ (3,060,446)</b>
<b>Business-Type Activities</b>										
Net Investment in Capital Assets	\$ 147,510	\$ 310,468	\$ 282,944	\$ 480,535	\$ 486,681	\$ 440,820	\$ 399,111	\$ 357,402	\$ 315,692	\$ 281,340
Unrestricted	780,203	397,506	586,128	240,465	254,942	216,204	655,448	41,062	308,566	815,153
<b>Total Business-Type Activities Net Position</b>	<b>\$ 927,713</b>	<b>\$ 707,974</b>	<b>\$ 869,072</b>	<b>\$ 721,000</b>	<b>\$ 741,623</b>	<b>\$ 657,024</b>	<b>\$ 1,054,559</b>	<b>\$ 398,464</b>	<b>\$ 624,258</b>	<b>\$ 1,096,493</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 5,108,630	\$ 5,781,735	\$ 6,927,334	\$ 10,078,351	\$ 10,128,205	\$ 11,022,683	\$ 12,538,900	\$ 13,239,302	\$ 13,569,430	\$ 14,331,765
Restricted	76,563	12,466	967	1	536,241	92	650,501	1,400,500	519,188	509,470
Unrestricted	(3,613,120)	(4,855,450)	(1,933,712)	(3,755,949)	(17,744,672)	(16,721,856)	(16,393,119)	(18,178,890)	(17,047,128)	(16,805,188)
<b>Total District Net Position</b>	<b>\$ 1,572,073</b>	<b>\$ 938,751</b>	<b>\$ 4,994,589</b>	<b>\$ 6,322,403</b>	<b>\$ (7,080,226)</b>	<b>\$ (5,699,081)</b>	<b>\$ (3,203,718)</b>	<b>\$ (3,539,088)</b>	<b>\$ (2,958,510)</b>	<b>\$ (1,963,953)</b>

Note 1 - Net Position at June 30, 2011 is restated to reflect the implementation of GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position" and GASB Statement No. 65, "Items Previously Reported in Assets and Liabilities".

Note 2 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB No. 68, "Accounting and Financial Reporting for Pensions".



**CARTERET BOARD OF EDUCATION  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Revenues And Other Changes In Net Assets</b>										
<b>Governmental Activities:</b>										
Property Taxes Levied For General Purposes, Net	\$ 22,190,278	\$ 22,801,000	\$ 22,801,000	\$ 22,801,000	\$ 23,257,020	\$ 24,451,486	\$ 24,940,515	\$ 25,230,391	\$ 26,527,244	\$ 27,057,788
Taxes Levied For Debt Service	1,466,288	1,216,605	1,423,990	1,426,667	1,425,197	1,414,072	1,392,490	1,414,624	1,388,324	1,388,109
Unrestricted Grants And Contributions	19,588,638	21,913,754	23,435,915	23,472,402	23,968,004	24,050,778	24,092,213	24,239,661	24,898,203	24,452,817
State/Federal Aid - Restricted	801,932	353,114	458,356	462,246	467,051	464,209	450,133	541,716	568,477	590,947
Interest Income	10,111	12,058	13,000	14,218	6,574	10,340	14,665	25,080	-	-
Miscellaneous Income	59,606	9,370	44,294	30,030	191,619	40,946	64,746	57,681	218,454	177,466
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>44,116,853</b>	<b>46,305,901</b>	<b>48,176,555</b>	<b>48,206,563</b>	<b>49,315,465</b>	<b>50,431,831</b>	<b>50,954,762</b>	<b>51,509,153</b>	<b>53,600,702</b>	<b>53,667,127</b>
<b>Business-Type Activities:</b>										
Investment Earnings	4,385	2,412	268	-	-	-	-	-	-	-
Federal Aid Restricted	24,550	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>28,935</b>	<b>2,412</b>	<b>268</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 44,145,788</b>	<b>\$ 46,308,313</b>	<b>\$ 48,176,823</b>	<b>\$ 48,206,563</b>	<b>\$ 49,315,465</b>	<b>\$ 50,431,831</b>	<b>\$ 50,954,762</b>	<b>\$ 51,509,153</b>	<b>\$ 53,600,702</b>	<b>\$ 53,667,127</b>
<b>Change In Net Position</b>										
Governmental Activities	\$ 3,177,414	\$ 28,866	\$ 3,894,730	\$ 1,475,886	\$ (409,977)	\$ 1,465,744	\$ 2,097,828	\$ 320,725	\$ 354,784	\$ 522,322
Business-Type Activities	(364,842)	(219,739)	161,098	(148,072)	(17,067)	(84,599)	397,535	(656,095)	225,794	472,235
<b>Total District</b>	<b>\$ 2,812,572</b>	<b>\$ (190,873)</b>	<b>\$ 4,055,828</b>	<b>\$ 1,327,814</b>	<b>\$ (427,044)</b>	<b>\$ 1,381,145</b>	<b>\$ 2,495,363</b>	<b>\$ (335,370)</b>	<b>\$ 580,578</b>	<b>\$ 994,557</b>

**CARTERET BOARD OF EDUCATION**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Reserved	\$ 1,351,222									
Unreserved	(1,416,197)									
Committed		\$ 262,572	\$ 3,163,980	\$ 3,164,957	\$ 453,689	\$ 356,969	\$ 463,977			
Restricted							650,000	\$ 1,400,000	\$ 607,411	\$ 607,411
Assigned		629,847	1,825,000		944,532	950,000	1,900,107	2,196,387	2,216,988	2,712,981
Unassigned		(1,944,674)	(3,245,704)	(3,164,559)	(4,675,878)	(2,443,606)	(3,243,219)	(3,179,233)	(2,239,026)	(2,799,053)
<b>Total General Fund</b>	<u>\$ (64,975)</u>	<u>\$ (1,052,255)</u>	<u>\$ 1,743,276</u>	<u>\$ 398</u>	<u>\$ (3,277,657)</u>	<u>\$ (1,136,637)</u>	<u>\$ (229,135)</u>	<u>\$ 417,154</u>	<u>\$ 585,373</u>	<u>\$ 521,339</u>
<b>All Other Governmental Funds</b>										
Reserved										
Unreserved	\$ 2,878									
Restricted		\$ 12,466	\$ 967	\$ 1	\$ 536,241	\$ 92	\$ 501	\$ 500	\$ 19,188	\$ 9,470
Assigned										
Unassigned		(75,405)	(64,346)	(69,659)	(92,514)	(75,694)	(73,591)	(60,609)		-
<b>Total All Other Governmental Funds</b>	<u>\$ 2,878</u>	<u>\$ (62,939)</u>	<u>\$ (63,379)</u>	<u>\$ (69,658)</u>	<u>\$ 443,727</u>	<u>\$ (75,602)</u>	<u>\$ (73,090)</u>	<u>\$ (60,109)</u>	<u>\$ 19,188</u>	<u>\$ 9,470</u>

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 54 is not required.





**CARTERET BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)**

<b><u>Fiscal Year</u> <u>Ended June 30,</u></b>	<b><u>Interest</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Tuition</u></b>	<b><u>Total</u></b>
2010	\$ 10,111	\$ 59,606	\$ 1,951	\$ 71,668
2011	12,058	9,370		21,428
2012	13,000	44,294		57,294
2013	14,218	30,030		44,248
2014	6,574	191,619		198,193
2015	10,340	40,946		51,286
2016	13,701	64,746		78,447
2017	25,080	57,681		82,761
2018	67,298	131,968		199,266
2019	85,703	91,763	47,076	224,542

Source: District Records

**CARTERET BOARD OF EDUCATION**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate <sup>a</sup>
2010	\$ 24,380,384	\$ 613,251,449	\$ 109,754,030	\$ 230,831,700	\$ 50,077,300	\$ 1,028,294,863	\$ 1,364,342	\$ 1,029,659,205	\$ 2,765,720,450	\$ 2.315
2011	33,703,784	613,319,324	113,732,600	214,466,430	44,021,500	1,019,243,638	1,330,124	1,020,573,762	2,589,228,214	2.363
2012 (b)	39,038,800	1,064,039,900	232,518,000	454,569,400	90,049,100	1,880,215,200	3,395,429	1,883,610,629	1,883,610,629	1.287
2013	50,431,500	1,064,182,600	202,584,900	476,104,400	90,049,100	1,883,352,500	2,628,950	1,885,981,450	2,073,387,003	1.297
2014	42,044,200	1,065,493,007	220,603,200	469,660,300	86,082,700	1,883,883,407	2,830,695	1,886,714,102	1,927,910,817	1.340
2015	49,410,800	1,066,310,457	225,843,500	458,755,983	92,762,400	1,893,083,140	2,444,838	1,895,527,978	2,181,976,879	1.376
2016	40,092,400	1,066,429,882	209,102,500	489,878,983	92,762,400	1,898,266,165	2,494,459	1,900,760,624	2,151,155,075	1.394
2017 (b)	54,547,300	1,245,829,200	279,228,900	741,107,283	129,192,300	2,449,904,983	2,818,532	2,452,723,515	2,171,901,581	1.113
2018	50,741,800	1,243,002,320	274,207,900	729,064,683	125,749,800	2,422,766,503	2,965,620	2,425,732,123	2,289,561,570	1.162
2019	51,245,300	1,247,946,920	286,254,000	730,098,283	125,820,400	2,441,364,903	-	2,441,364,903	2,566,484,822	1.150

Source: County Abstract of Ratables

a Tax rates are per \$100

b The Borough undertook a reassessment of real property which was effective in calendar years 2012 and 2017

**CARTERET BOARD OF EDUCATION**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**  
(Unaudited)  
*(rate per \$100 of assessed value)*

<u>Assessment Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>				<u>County Open Space</u>	<u>Total Direct and Overlapping Tax Rate</u>
		<u>Carteret Municipality</u>	<u>Municipal Open Space</u>	<u>Municipal Library</u>	<u>County</u>		
2010	\$2.315	\$1.987	\$0.030		\$0.760	\$0.055	\$5.147
2011	2.363	1.984	0.030	\$ 0.085	0.798	0.079	5.339
2012 (A)	1.287	1.122	0.030	0.040	0.360	0.033	2.872
2013	1.297	1.165	0.030	0.035	0.382	0.033	2.942
2014	1.340	1.175	0.030	0.034	0.375	0.031	2.985
2015	1.376	1.222	0.030	0.038	0.420	0.035	3.121
2016	1.394	1.258	0.030	0.037	0.413	0.035	3.167
2017 (A)	1.113	1.101	0.030	0.029	0.330	0.027	2.630
2018	1.162	1.134	0.030	0.031	0.342	0.028	2.727
2019	1.150	1.175	0.030	0.034	0.372	0.032	2.793

Source: The Borough Tax Duplicate

(A) The Borough undertook a reassessment of real property which was effective in calendar years 2012 and 2017

**CARTERET BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

	2019			2010	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% Total of District Net Assessed Value
GATX/Kinder Morgan	\$ 132,000,000	5.41%	GATX/Kinder Morgan	\$ 57,500,000	5.58%
50 Bryla HPFVIII Urban Renewal	72,551,900	2.97%	Titan-PDC	37,064,600	3.60%
KTR UR REN c/o Prologis	58,981,800	2.42%	Federal Blvd, LLC	25,584,700	2.48%
KTR Carteret c/o Prologis	57,262,683	2.35%	KTR Carteret LLC	24,106,100	2.34%
Federal Blvd LLC	47,319,600	1.94%	Keystone	20,963,200	2.04%
Bristol Tic LLC Etal	41,748,000	1.71%	Carteret Investors - Bristol	17,472,300	1.70%
T-C 200 Milik Street LLC	38,296,500	1.57%	Cyprus Amax	14,155,600	1.37%
Keystone c/o Prologis Tax	35,488,000	1.45%	Meridian II LLC	12,494,000	1.21%
760 Port Carteret Middlesex Assoc	35,347,500	1.45%	UTR Carteret LLC	9,500,000	0.92%
GATX/Kinder Morgan	34,129,200	1.40%	2 Germak Dr LLC	8,951,700	0.87%
<b>Total</b>	<b>\$ 553,125,183</b>	<b>22.66%</b>		<b>\$ 227,792,200</b>	<b>22.12%</b>

Source: Municipal Tax Assessor

**CARTERET BOARD OF EDUCATION  
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		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 23,656,566	\$ 23,656,566	100.00%	N/A
2011	24,017,605	24,017,605	100.00%	N/A
2012	24,224,990	24,224,990	100.00%	N/A
2013	24,227,667	24,227,667	100.00%	N/A
2014	24,682,217	24,682,217	100.00%	N/A
2015	25,865,558	25,865,558	100.00%	N/A
2016	26,333,005	26,333,005	100.00%	N/A
2017	26,645,015	26,645,015	100.00%	N/A
2018	27,915,568	27,915,568	100.00%	N/A
2019	28,445,897	28,445,897	100.00%	N/A

**CARTERET BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>					Capital Leases	Total District	Population (A)	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)					
2010	\$ 1,745,000	\$ 18,135,000	N/A	N/A	N/A	\$ 19,880,000	23,776	\$ 836	
2011	1,625,000	17,145,000	N/A	N/A	N/A	18,770,000	22,864	821	
2012	1,500,000	15,845,000	N/A	N/A	N/A	17,345,000	23,597	735	
2013	1,370,000	14,515,000	N/A	N/A	N/A	15,885,000	23,719	670	
2014	1,275,000	13,150,000	251,900	1,800,000	N/A	16,476,900	23,716	695	
2015	1,115,000	12,025,000	923,860	3,516,636	N/A	17,580,496	23,746	740	
2016	945,000	10,465,000	N/A	N/A	N/A	11,410,000	23,733	481	
2017	770,000	8,920,000	N/A	N/A	N/A	9,690,000	23,664	409	
2018	590,000	7,340,000	N/A	N/A	N/A	7,930,000	23,646	335	
2019	400,000	5,700,000	N/A	N/A	N/A	6,100,000	23,652	258	

Source: District records  
N/A : Not Applicable

(A) -Estimated

**CARTERET BOARD OF EDUCATION**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2010	\$ 1,745,000		\$ 1,745,000	0.17%	\$ 73
2011	1,625,000		1,625,000	0.16%	71
2012	1,500,000		1,500,000	0.08%	64
2013	1,370,000		1,370,000	0.07%	58
2014	1,275,000		1,275,000	0.07%	54
2015	1,115,000		1,115,000	0.06%	47
2016	945,000		945,000	0.05%	40
2017	770,000		770,000	0.03%	33
2018	590,000		590,000	0.02%	25
2019	400,000		400,000	0.02%	17

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.



**CARTERET BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
FOR YEAR ENDED DECEMBER 31, 2018  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
MUNICIPAL DEBT: (1)			
Borough of Carteret	\$ 93,567,984	\$ 43,403,926	\$ 50,164,058
Carteret Board of Education	<u>7,930,000</u>	<u>7,930,000</u>	<u>-</u>
	<u>\$ 101,497,984</u>	<u>\$ 51,333,926</u>	<u>50,164,058</u>
OVERLAPPING DEBT APPORTIONED TO THE MUNICIPALITY			
Middlesex County			
County of Middlesex (A)			14,224,932
Middlesex County Utilities Authority (B)			<u>3,566,488</u>
			<u>17,791,420</u>
Total Direct and Overlapping Bonded Debt			<u>\$ 67,955,478</u>

## SOURCE:

(1) Borough of Carteret 2018 Annual Debt Statement

(A) The debt information for this entity was obtained from the Middlesex County Treasurer's office and was apportioned to the Borough of Carteret by dividing the municipality's 2018 equalized value by the total 2018 equalized value for Middlesex County.

(B) Overlapping debt was computed based upon municipal flow to the Authority.

Source: Borough of Carteret Chief Financial Officer and Middlesex County Treasurer's Office.

**CARTERET BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

**Legal Debt Margin Calculation for Fiscal Year 2018**

Equalized Valuation Basis			
2018			\$ 2,516,637,066
2017			2,281,740,694
2016			<u>2,456,348,557</u>
	[A]		<u>\$ 7,254,726,317</u>
Average Equalized Valuation of Taxable Property		[A/3]	<u>\$ 2,418,242,106</u>
Debt Limit (4.0% of average equalization value)		[B]	96,729,684
Total Net Debt Applicable to Limit		[C]	-
Legal debt margin		[B-C]	<u>\$ 96,729,684</u>

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Debt Limit	\$ 104,338,196	\$ 106,504,603	\$ 101,822,057	\$ 106,960,253	\$ 97,839,937	\$ 83,475,544	\$ 83,178,360	\$ 90,269,173	\$ 91,740,739	\$ 96,729,684
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 104,338,196</u>	<u>\$ 106,504,603</u>	<u>\$ 101,822,057</u>	<u>\$ 106,960,253</u>	<u>\$ 97,839,937</u>	<u>\$ 83,475,544</u>	<u>\$ 83,178,360</u>	<u>\$ 90,269,173</u>	<u>\$ 91,740,739</u>	<u>\$ 96,729,684</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Annual Debt Statements

**CARTERET BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Year	Population (A)	County Per Capita Personal Income	Unemployment Rate
2010	23,776	\$ 47,306	14.80%
2011	22,864	50,805	14.40%
2012	23,597	53,084	14.60%
2013	23,719	51,944	12.70%
2014	23,716	53,211	7.30%
2015	23,746	54,179	5.00%
2016	23,733	55,540	5.40%
2017	23,664	57,598	5.30%
2018	23,646	57,598 (A)	4.70%
2019	23,652	57,598 (A)	Not Available

(A) - Estimated

Source: New Jersey State Department of Education

**CARTERET BOARD OF EDUCATION  
 PRINCIPAL EMPLOYERS,  
 CURRENT YEAR AND NINE YEARS AGO  
 (Unaudited)**

<u>Employer</u>	<u>2019</u>		<u>2010</u>	
	<u>Employees</u>	<u>Percentage of Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Municipal Employment</u>
	-		-	

NOT AVAILABLE

Source: Information was not available

**CARTERET BOARD OF EDUCATION  
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM  
 LAST TEN FISCAL YEARS  
 (Unaudited)**

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Instruction</b>										
Regular	275.20	242.00	239.00	244.00	244.00	236.00	241.00	250.00	264.00	254.00
Special education	15.80	50.00	49.00	49.00	61.00	81.00	83.00	81.00	62.00	60.00
Other special education	46.00	27.00	14.00	14.00	22.00	25.00	27.00	28.00	35.00	35.00
Adult/continuing education programs										
<b>Support Services:</b>										
Student & instruction related services	51.00	54.00	45.00	47.00	22.80	26.00	26.00	21.00	24.00	24.00
General administration	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
School administrative services	25.00	23.00	23.00	21.00	19.20	20.00	20.00	20.00	20.00	20.00
Other administrative services					4.00					
Central services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Administrative Information Technology	5.00	4.00	4.00	5.00	4.00	5.00	5.00	5.00	5.00	5.00
Plant operations and maintenance	35.00	32.00	30.00	30.00	28.00	26.00	27.00	27.00	24.00	25.00
<b>Total</b>	<u>462.00</u>	<u>441.00</u>	<u>413.00</u>	<u>419.00</u>	<u>414.00</u>	<u>428.00</u>	<u>438.00</u>	<u>441.00</u>	<u>443.00</u>	<u>432.00</u>

Source: District Personnel Records

CARTERET BOARD OF EDUCATION  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff	Elementary	Middle School	Senior High School				
2010	3,869	\$ 55,096,486	\$ 14,240	3.42%	321	8.69:1	10.20:1	10.35:1	3,824	3,653	0.05%	95.53%
2011	3,838	54,375,786	14,168	-0.51%	322	8.78:1	10.20:1	10.35:1	3,794	3,612	-0.78%	95.20%
2012	3,896	53,250,615	13,668	-3.52%	310	11.70:1	14.10:1	11.50:1	3,767	3,617	-0.71%	96.02%
2013	3,896	56,871,122	14,597	6.80%	307	12.61:1	13.84:1	11.80:1	3,886	3,696	3.16%	95.11%
2014	3,864	59,723,244	15,456	5.89%	307	12.14:1	13.52:1	11.83:1	3,837	3,531	-1.26%	92.03%
2015	3,828	58,811,118	15,363	-0.59%	305	12.29:1	13.00:1	11.09:1	3,724	3,550	-2.95%	95.33%
2016	3,808	59,732,850	15,686	2.11%	312	11.70:1	12.13:1	11.27:1	3,715	3,542	-0.24%	95.34%
2017	3,832	62,710,801	16,365	4.33%	306	12.12:1	13.00:1	12.49:1	3,713	3,555	-0.05%	95.74%
2018	3,840	66,697,411	17,369	6.14%	318	13.16:1	13.85:1	13.12:1	3,701	3,700	-0.32%	99.97%
2019	3,890	71,586,809	18,403	5.95%	314	13.16:1	13.00:1	13.12:1	3,955	3,763	6.87%	95.14%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
  - b Operating expenditures equal total expenditures less debt service and capital outlay.
  - c Cost per pupil represents operating expenditures divided by enrollment.

CARTERET BOARD OF EDUCATION  
 SCHOOL BUILDING INFORMATION  
 LAST TEN FISCAL YEARS  
 (Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
<b><u>Columbus School</u></b>										
Square Feet	51,539	51,539	51,539	51,539	51,539	51,539	51,539	51,539	51,539	51,539
Capacity (students)	526	526	526	526	526	526	526	526	526	526
Enrollment	658	658	626	681	663	675	680	707	728	771
<b><u>Minue School</u></b>										
Square Feet	69,705	69,705	69,705	69,705	69,705	69,705	69,705	69,705	69,705	69,705
Capacity (students)	457	457	457	457	457	457	457	457	457	457
Enrollment	677	676	630	665	677	695	648	665	680	660
<b><u>Nathan Hale School (Reopened Sept. 2001)</u></b>										
Square Feet	57,858	57,858	57,858	57,858	57,858	57,858	57,858	57,858	57,858	57,858
Capacity (students)	525	525	525	525	525	525	525	525	525	525
Enrollment	525	525	564	531	523	531	504	518	498	492
<b><u>Middle School</u></b>										
Square Feet	78,595	78,595	78,595	78,595	78,595	78,595	78,595	78,595	78,595	78,595
Capacity (students)	544	544	544	544	544	544	544	544	544	544
Enrollment	912	912	933	886	865	864	878	832	861	844
<b><u>High School</u></b>										
Square Feet	157,745	157,745	157,745	157,745	157,745	157,745	157,745	157,745	157,745	157,745
Capacity (students)	765	765	765	765	765	765	765	765	765	765
Enrollment	1,048	1,048	1,031	1,038	1,041	1,009	1,012	1,020	997	1,053
<b><u>Other</u></b>										
Square Feet - Stadium	10,104	10,104	10,104	10,104	10,104	10,104	10,104	10,104	10,104	10,104
Square Feet - Administration Building	17,248	17,248	17,248	17,248	17,248	17,248	17,248	17,248	17,248	17,248
Number of Schools at June 30, 2019										
Elementary =	3									
Middle School =	1									
Senior High School =	1									
Other =	0									

Source: District Facilities Office

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

**CARTERET BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN YEARS  
(Unaudited)**

**UNDISTRIBUTED EXPENDITURES -  
REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-XXX**

	<u>Project # (s)</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>*School Facilities</b>											
Columbus School	N/A	\$ 187,683	\$ 111,866	\$ 153,972	\$ 264,925	\$ 263,553	\$ 137,279	\$ 109,640	\$ 131,420	\$ 100,585	\$ 148,985
Nicholas Minue School	N/A	162,875	144,995	74,765	185,927	238,453	149,532	193,243	231,632	177,284	262,590
Nathan Hale School	N/A	71,126	164,972	201,894	137,248	200,802	175,302	200,854	240,755	184,266	272,933
Middle School	N/A	239,413	141,080	155,733	94,504	138,052	269,434	120,657	144,626	110,692	163,956
High School	N/A	468,735	435,297	531,802	241,241	276,103	388,820	339,147	406,520	311,137	460,853
Total School Facilities		1,129,832	998,210	1,118,166	923,845	1,116,963	1,120,367	963,541	1,154,953	883,964	1,309,317
Other Facilities	N/A	126,200	114,282	146,696	167,184	138,052	240,902	119,315	143,017	109,461	162,131
Grand Total		<u>\$ 1,256,032</u>	<u>\$ 1,112,492</u>	<u>\$ 1,264,862</u>	<u>\$ 1,091,029</u>	<u>\$ 1,255,015</u>	<u>\$ 1,361,269</u>	<u>\$ 1,082,856</u>	<u>\$ 1,297,970</u>	<u>\$ 993,425</u>	<u>\$ 1,471,448</u>

118

Source: District Records



**CARTERET BOARD OF EDUCATION  
SCHEDULE OF INSURANCE  
JUNE 30, 2019  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
<b>Property</b>		
Blanket Building and Contents (Per Fund)	\$ 500,000,000	\$ 5,000
Electronic Data Processing Equipment	2,000,000	1,000
Equipment Breakdown/Boiler & Machinery	100,000,000	5,000
Crime	250,000	1,000
<b>General Liability</b>		
Each Occurrence	11,000,000	
Medical Expense (Per person)	5,000	
Personal & Advertising Injury	11,000,000	
Employee Benefits Liability	11,000,000	1,000
<b>Automobile Liability</b>		
Combined Single Limit	11,000,000	
Bodily Personal Injury Protection	250,000	
<b>Workers Compensation &amp; Employers Liability</b>		
E.L. Each Accident	2,000,000	
E.L. Disease - Each Employee	2,000,000	
E.L. Disease - Policy Limit	2,000,000	
<b>Surety Bonds</b>		
Board Secretary	310,000	1,000
<b>School Board Legal Leaders Errors and Omissions</b>		
Legal Liability	11,000,000	10,000

Source: District's records

**SINGLE AUDIT SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
GARY W. HIGGINS, CPA, RMA, PSA  
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ANDREW D. PARENTE, CPA, RMA, PSA

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DEBRA GOLLE, CPA  
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CHRIS SOHN, CPA

## 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 AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Carteret Board of Education  
Carteret, 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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carteret Board of Education as of and for the fiscal year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Carteret Board of Education's basic financial statements and have issued our report thereon dated November 11, 2019.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Carteret of Education's internal control over financial reporting (internal control) to determine the 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 Carteret Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Carteret Board of Education'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 entity'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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

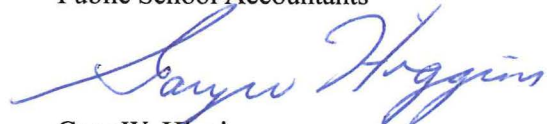
As part of obtaining reasonable assurance about whether the Carteret Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Carteret Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 11, 2019.

### **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 results of that testing, and not to provide an opinion on the effectiveness of the Carteret Board of Education'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 Carteret Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

  
Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 11, 2019



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA  
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ROBERT LERCH, CPA  
CHRIS SOHN, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE U.S. UNIFORM GUIDANCE-AND  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY NEW JERSEY OMB  
CIRCULAR 15-08**

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
Carteret Board of Education  
Carteret, New Jersey

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

We have audited the Carteret Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Carteret Board of Education's major federal and state programs for the fiscal year ended June 30, 2019. The Carteret Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of federal and state statutes, regulations, and the terms and conditions of its federal awards and state financial assistance applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Carteret Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Carteret Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Carteret Board of Education's compliance.

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

In our opinion, the Carteret Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2019.

### **Report on Internal Control Over Compliance**

Management of the Carteret Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Carteret Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Carteret Board of Education's internal control over compliance.

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

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

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

**Report on Schedules of Expenditures of Federal Awards Required by the U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the Carteret Board of Education, as of and for the fiscal year ended June 30, 2019 and have issued our report thereon dated November 11, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 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 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

*Lerch, Vinci & Higgins LLP*

LERCH, VINCI & HIGGINS, LLP  
Certified Public Accountants  
Public School Accountants

*Gary W. Higgins*

Gary W. Higgins  
Public School Accountant  
PSA Number CS00814

Fair Lawn, New Jersey  
November 11, 2019

CARTERET BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2018	Accounts Receivable Carrvoer	Unearned Revenue Carrvoer	Cash Received	Budgetary Expenditures	Accounts Receivable Adjustments	Unearned Revenue Adjustments	June 30, 2019			MEMO GAAP Receivable	
													Adjustments (A)	Accounts Receivable	Unearned Revenue		Due to Grantor
U.S. Department of Education Passed-through State Department of Education																	
<b>Enterprise Fund</b>																	
National School Lunch Program	10.555																
Cash Assistance		181NJ304N1099	N/A	7/1/17-6/30/18	1,202,413	\$ (89,792)		\$ 89,792									
Cash Assistance		191NJ304N1099	N/A	7/1/18-6/30/19	1,256,493			1,169,698	\$ 1,256,493				\$ (86,795)			\$ (86,795)	
Non-Cash Assistance (Food Distribution)		181NJ304N1099	N/A	7/1/17-6/30/18	155,691	15,597			15,597								
Non-Cash Assistance (Food Distribution)		191NJ304N1099	N/A	7/1/18-6/30/19	145,834			145,834	138,569								
National School Breakfast Program	10.553	181NJ304N1099	N/A	7/1/17-6/30/18	498,501	(30,485)			30,485								
National School Breakfast Program	10.553	191NJ304N1099	N/A	7/1/18-6/30/19	489,444			459,906	489,444				(29,538)			(29,538)	
Fresh Fruits and Vegetable Program	10.582	181NJ304L1603	N/A	7/1/17-6/30/18	10,295	(794)		794									
After School Snack Program	10.555	181NJ304N1099	N/A	7/1/17-6/30/18	34,382	(1,932)		1,932									
After School Snack Program	10.555	191NJ304N1099	N/A	7/1/18-6/30/19	40,238	-	-	37,706	40,238				(2,532)			(2,532)	
Total Child Nutrition Cluster						(107,406)	-	-	1,936,147	1,940,341	-	-	-	(118,865)	7,265	-	(118,865)
<b>Special Revenue Fund</b>																	
IDEA Basic	84.027	H027A180100	IDEA-0750-19	7/1/18-6/30/19	909,509	\$ (551,831)	\$ 140,454	819,722	893,677			\$ 17,683	(641,618)	173,969		(467,649)	
IDEA Basic C/O	84.027	H027A170100	IDEA-0750-18	7/1/17-6/30/18	889,296	(411,377)	551,831	(140,454)									
I.D.E.A. Preschool	84.173	H173A180114	IDEA-0750-19	7/1/18-6/30/19	29,094		(27,970)	27,970					(29,094)	29,094			
I.D.E.A. Preschool C/O	84.173	H173A170114	IDEA-0750-18	7/1/17-6/30/18	27,970		27,970										
Total Special Education Cluster (IDEA)									893,677								
Temporary Emergency Impact Aid	84.938C	S938C18005	N/A	7/1/17-6/30/18	45,500	(45,500)		45,500									
Title I-A	84.010	S010A180030	ESEA-0750-19	7/1/18-6/30/19	960,046		(954,478)	126,953	1,402,166	878,401		4,003	(512,358)	212,601		(299,757)	
Title I-A C/O	84.010	S010A170030	ESEA-0750-18	7/1/17-6/30/18	954,478	(827,525)	954,478	(126,953)									
Title I SIA Part A	84.010	S010A180030	ESEA-0750-19	7/1/18-6/30/19	59,761		(68,686)	46,686	41,310	88,077			(87,137)	18,370		(68,767)	
Title I SIA Part A	84.010	S010A170030	ESEA-0750-18	7/1/17-6/30/18	68,686	(22,000)	68,686	(46,686)									
Total ESEA Title I Cluster									966,478								
Title II A	84.367A	S367A180029	ESEA-0750-19	7/1/18-6/30/19	150,788		(134,199)	14,162	233,176	154,290		2,200	(51,811)	12,860		(38,951)	
Title II A C/O	84.367A	S367A170029	ESEA-0750-18	7/1/17-6/30/18	134,199	(120,037)	134,199	(14,162)									
Title III	84.365	S365A180030	ESEA-0750-19	7/1/18-6/30/19	97,955		(93,805)	34,389	164,190	113,018		7	(27,570)	19,333		(8,237)	
Title III C/O	84.365	S365A170030	ESEA-0750-18	7/1/17-6/30/18	93,805	(59,416)	93,805	(34,389)									
Title IV Part A	84.424	S424A180031	ESEA-0750-19	7/1/18-6/30/19	57,746		(12,977)	7,920	50,000	51,433			(20,723)	14,233		(6,490)	
Title IV Part A	84.424	S424A170031	ESEA-0750-18	7/1/17-6/30/18	12,977	(5,057)	12,977	(7,920)									
Total Special Revenue Fund						(1,518,882)	-	-	2,784,034	2,178,896	-	-	23,893	(1,370,311)	480,460	-	(889,851)
<b>General Fund</b>																	
Medical Assistance Program (SEMI)	93.778	1905NJ5MAP	N/A	7/1/18-6/30/19	126,736	-	-	-	126,736	126,736	-	-	-	-	-	-	-
Total General Fund						-	-	-	126,736	126,736	-	-	-	-	-	-	-
Total Federal Awards Subject to Single Audit in accordance with Uniform Guidance						\$ (1,626,288)	\$ -	\$ -	\$ 4,846,917	\$ 4,245,973	\$ -	\$ -	\$ 23,893	\$ (1,489,176)	\$ 487,725	\$ -	\$ (1,008,716)

(A) Represents cancelled encumbrances.

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance





**CARTERET BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Carteret Board of Education. The Board of Education is defined in Note 1(A) to the Board's financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. 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 (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

**NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS**

The 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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 revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$209,844 for the general fund and an increase of \$34,854 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 126,736	\$ 39,472,065	\$ 39,598,801
Special Revenue Fund	2,205,551	2,576,980	4,782,531
Debt Service Fund		663,985	663,985
Food Service Fund	<u>1,940,341</u>	<u>23,551</u>	<u>1,963,892</u>
Total Financial Assistance	<u>\$ 4,272,628</u>	<u>\$ 42,736,581</u>	<u>\$ 47,009,209</u>

**CARTERET BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$2,057,730 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2019. The amount reported as TPAF Pension System Contributions in the amount of \$5,206,215, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,361,531 and TPAF Long-Term Disability Insurance in the amount of \$5,993 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2019.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**NOTE 7 DE MINIMIS INDIRECT COST RATE**

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

**CARTERET BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Part I – Summary of Auditor's Results*

**Financial Statement Section**

Type of auditor's report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified?      yes   X   no

2) Were significant deficiencies identified that were not considered to be material weaknesses?      yes   X   no

Noncompliance material to the basic financial statements noted?      yes   X   no

**Federal Awards Section**

Internal Control over compliance:

(1) Material weakness(es) identified?      yes   X   no

(2) Were significant deficiencies identified that were not considered to be material weaknesses?      yes   X   no

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?      yes   X   no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>S010A180030</u>	<u>Title I-A</u>
<u>84.010</u>	<u>S010A180030</u>	<u>Title I-SIA</u>
<u>10.555</u>	<u>191NJ304N1099</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>191NJ304N1099</u>	<u>National School Breakfast Program</u>
<u>10.555</u>	<u>191NJ304N1099</u>	<u>After School Snack Program</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?   X   yes      no

**CARTERET BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Internal Control over compliance:

(1) Material weakness(es) identified?             yes        X   no

(2) Were significant deficiencies identified that were not  
considered to be material weakness(es)?             yes        X   none reported

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

Any audit findings disclosed that are required to be reported  
in accordance with N.J. Circular Letter 15-08             yes        X   no

Identification of major state programs:

GMIS Number(s)	Name of State Program
19-495-034-5120-089	Special Education Categorical Aid
19-495-034-5120-078	Equalization Aid
19-495-034-5120-084	Security Aid
19-100-034-5120-044	Extraordinary Aid
19-495-034-5120-086	Preschool Education Aid

Dollar threshold used to distinguish between  
Type A and Type B programs:        \$ 1,061,367  

Auditee qualified as low-risk auditee?        X   yes             no

**CARTERET BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**CARTERET BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**CURRENT YEAR STATE AWARDS**

There are none.

**CARTERET BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. Uniform Guidance and New Jersey OMB's Circular 15-08.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2018-001:**

With respect to year end encumbrances and accounts payable:

- Our audit of year end outstanding purchase orders in the General Fund revealed a significant encumbrance for a previously utilized vendor remained open of record.
- Our audit of payments made subsequent to June 30, 2018 indicated unrecorded liabilities that were not reflected in the District's accounting records at year end.

**Status**

Corrective action has been taken.

**Finding 2018-002:**

Our audit of the ESEA Title I grant programs revealed employee benefits charged were not properly supported by a detail calculation nor were they charged on a monthly basis. We noted the District made an entry to reallocate General Fund employee benefit charges to the grant programs.

**Status**

Corrective action has been taken.

**Finding 2018-003:**

The audit of ESEA grant reimbursements indicated the District requested no reimbursements for actual grant expenditures during the 2017/18 fiscal year.

**Status**

Corrective action has been taken.

**Finding 2018-004:**

The audit revealed the original budget included in the District's revenue and appropriation reports for the Special Revenue Fund were not in agreement with the adopted budget.

**Status**

Corrective action has been taken.