

# Livingston Board of Education

Township of Livingston  
Board of Education  
County of Essex  
New Jersey

*Comprehensive Annual Financial Report  
For the Year Ended  
June 30, 2019*

# **Livingston Board of Education**

## **Livingston Township, New Jersey**

Comprehensive Annual Financial Report  
For the Year Ended June 30, 2019

Prepared by Livingston Township School District  
Business Office  
Mr. Steven K. Robinson  
Business Administrator, Board Secretary  
Ms. Patricia Ramos  
Assistant Business Administrator

## Table of Contents

|   | <u>Page</u> |
|---|-------------|
| <b>INTRODUCTORY SECTION – Other Information</b>   |             |
| Letter of Transmittal   | 1           |
| Organizational Chart  | 8           |
| Roster of Officials   | 9           |
| Independent Auditors and Advisors   | 10          |
| <b>FINANCIAL SECTION</b>  |             |
| Independent Auditors' Report  | 11          |
| <b>Required Supplementary Information – Part I</b>  |             |
| Management's Discussion and Analysis  | 14          |
| <b>Basic Financial Statements</b>   |             |
| Government-wide Financial Statements:   |             |
| A-1 Statement of Net Position   | 24          |
| A-2 Statement of Activities   | 25          |
| Fund Financial Statements:  |             |
| Governmental Funds:   |             |
| B-1 Balance Sheet   | 26          |
| B-2 Statement of Revenues, Expenditures and Changes in Fund Balances  | 27          |
| B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes<br>in Fund Balances of Governmental Funds to the Statement of<br>Activities | 27          |
| Proprietary Funds:  |             |
| B-4 Statement of Net Position   | 29          |
| B-5 Statement of Revenues, Expenses and Changes in Fund<br>Net Position   | 30          |
| B-6 Statement of Cash Flows   | 31          |
| Fiduciary Funds:  |             |
| B-7 Statement of Fiduciary Net Position   | 32          |
| B-8 Statement of Changes in Fiduciary Net Position  | 33          |

## Table of Contents (continued)

|  | <u>Page</u> |
|--|-------------|
| <b>FINANCIAL SECTION (continued)</b>   |             |
| Notes to the Basic Financial Statements  | 34          |
| <b>Required Supplementary Information – Part II</b>  |             |
| Schedules Related to Accounting and Reporting for Pensions (GASB 68)   |             |
| L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – Public Employee’s Retirement System (PERS)   | 75          |
| L-2 Schedule of District Pension Contributions – Public Employee’s Retirement System (PERS)  | 76          |
| L-3 Schedule of the State’s Proportionate Share of the Net Pension Liability Associated with the District – Teacher’s Pension and Annuity Fund (TPAF)                              | 77          |
| Schedule Related to Accounting and Reporting for OPEB (GASB 75)  |             |
| M-1 Schedule of the State’s Proportionate Share of the Net OPEB Liability Associated with the District and Changes in the Total OPEB Liability and Related Ratios– (PERS and TPAF) | 78          |
| Notes to Required Supplementary Information  | 79          |
| <b>Required Supplementary Information – Part III</b>   |             |
| Budgetary Comparison Schedules:  |             |
| C-1 Budgetary Comparison Schedule – General Fund (Budgetary Basis)   | 80          |
| C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis)– Not Applicable  | N/A         |
| C-1b Community Development Block Grant Program - Budget and Actual (Budgetary Basis) – Not Applicable  | N/A         |
| C-2 Budgetary Comparison Schedule – Special Revenue Fund (Budgetary Basis)   | 88          |
| C-3 Note to Required Supplementary Information - Budget to GAAP Reconciliation   | 89          |



## Table of Contents (continued)

| <b>FINANCIAL SECTION (continued)</b>   | <b>Page</b> |
|--|-------------|
| <b>Supplementary Information</b>   |             |
| D School Based Budget Schedules - Not Applicable   | N/A         |
| Special Revenue Fund:  |             |
| E-1 Combining Schedule of Program Revenues and Expenditures – Budgetary Basis                        | 90          |
| E-2 Schedule of Preschool Education Aid Expenditures – Budgetary Basis – Not Applicable              | N/A         |
| Capital Projects Fund:   |             |
| F-1 Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Budgetary Basis | 92          |
| F-2 Summary Schedule of Project Expenditures   | 94          |
| Enterprise Fund:   |             |
| G-1 Combining Statement of Net Position – Not Applicable   | N/A         |
| G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Not Applicable      | N/A         |
| G-3 Combining Statement of Cash Flows – Not Applicable   | N/A         |
| Fiduciary Funds:   |             |
| H-1 Combining Statement of Fiduciary Net Position  | 95          |
| H-2 Combining Statement of Changes in Fiduciary Net Position – Not Applicable                        | N/A         |
| H-3 Schedule of Cash Receipts and Disbursements – Student Activity Agency Fund                       | 96          |
| H-4 Schedule of Cash Receipts and Disbursements – Payroll Agency Fund                                | 97          |
| Long-Term Debt:  |             |
| I-1 Schedule of Serial Bonds Payable   | 98          |
| I-2 Schedule of Obligations Under Capital Leases   | 99          |
| I-3 Budgetary Comparison Schedule – Debt Service Fund  | 100         |

## Table of Contents (continued)

### STATISTICAL SECTION (Unaudited) – Other Information

|  | <u>Page</u> |
|--|-------------|
| <b>Financial Trends:</b>   |             |
| J-1 Net Position by Component                                    | 101         |
| J-2 Changes in Net Position                                      | 102         |
| J-3 Fund Balances – Governmental Funds                           | 104         |
| J-4 Changes in Fund Balances – Governmental Funds                | 105         |
| J-5 General Fund - Other Local Revenue by Source                 | 106         |
| <b>Revenue Capacity:</b>   |             |
| J-6 Assessed Value and Actual Value of Taxable Property          | 107         |
| J-7 Direct and Overlapping Property Tax Rates                    | 108         |
| J-8 Principal Property Taxpayers                                 | 109         |
| J-9 Property Tax Levies and Collections                          | 110         |
| <b>Debt Capacity:</b>  |             |
| J-10 Ratios of Outstanding Debt by Type                          | 111         |
| J-11 Ratios of General Bonded Debt Outstanding                   | 112         |
| J-12 Ratios of Overlapping Governmental Activities Debt          | 113         |
| J-13 Legal Debt Margin Information                               | 114         |
| <b>Demographic and Economic Information:</b>                     |             |
| J-14 Demographic and Economic Statistics                         | 115         |
| J-15 Principal Employers   | 116         |
| <b>Operating Information:</b>                                    |             |
| J-16 Full-Time Equivalent District Employees by Function/Program | 117         |
| J-17 Operating Statistics  | 118         |
| J-18 School Building Information                                 | 119         |
| J-19 Schedule of Required Maintenance                            | 120         |
| J-20 Insurance Schedule  | 121         |

## Table of Contents (continued)

| <b>SINGLE AUDIT SECTION</b>   | <b><u>Page</u></b> |
|---|--------------------|
| 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 <i>Government Auditing Standards</i> | 122                |
| K-2 Report on Compliance For Each Major Federal and State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB Circular 15-08                     | 124                |
| K-3 Schedule A – Schedule of Expenditures of Federal Awards – Supplementary Information   | 127                |
| K-4 Schedule B – Schedule of Expenditures of State Financial Assistance – Supplementary Information   | 128                |
| K-5 Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance   | 130                |
| K-6 Schedule of Findings and Questioned Costs - Part I - Summary of Auditors' Results   | 133                |
| K-7 Schedule of Findings and Questioned Costs – Parts II and III - Schedule of Financial Statement Findings and Federal Awards and State Financial Assistance Findings and Questioned Costs             | 135                |
| K-8 Summary Schedule of Prior Year Audit Findings   | 137                |

## Introductory Section

**LIVINGSTON BOARD OF EDUCATION**  
11 Foxcroft Drive  
Livingston, New Jersey 07039

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Steven K. Robinson  
**Business Administrator/Board Secretary**

December 18, 2019

Honorable President and Members  
of the Board of Education  
Livingston Township School District  
County of Essex  
Livingston, New Jersey

Dear Board Members and Constituents:

The Comprehensive Annual Financial Report (CAFR) of the Livingston Public Schools (the "District") as of and for the year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the administration of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information at June 30, 2019 and the respective changes in financial position and, where applicable, cash flows thereof, of the District for the year then ended. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The introductory section includes this transmittal letter (designed to complement Management's Discussion and Analysis and should be read in conjunction with it), the District's organizational chart, roster of officials and independent auditor and advisors. The financial section includes management's discussion and analysis (immediately following the independent auditors' report), basic financial statements, required supplementary information and supplementary information, as well as the auditors' report thereon. The statistical section, which includes selected financial, demographic and operating information, is unaudited and generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*. Information related to this single audit, including the auditor's reports on internal control and compliance with applicable major programs are included in the single audit section of this report.

## **1. Reporting Entity and Its Services**

The Livingston Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds and the government-wide financial statements of the District are included in this report. The Livingston Board of Education and all its schools constitute the District's reporting entity. The District provides a full range of educational services appropriate to grade levels K through 12 as well as a Pre-K program for students with disabilities. These services are provided for regular, vocational and special education youngsters. The District completed the 2018-2019 fiscal year with an average daily enrollment of 6,007 students, which is an increase of 36 students from the previous year's average daily enrollment. The following details the changes in the average daily enrollment of the District over the last five years.

### **Average Daily Enrollment**

| <b>Fiscal<br/>Year</b> | <b>Student<br/>Enrollment</b> | <b>Percent<br/>Change</b> |
|------------------------|-------------------------------|---------------------------|
| 2018-19                | 6,007                         | 0.60%                     |
| 2017-18                | 5,971                         | 0.98%                     |
| 2016-17                | 5,913                         | (0.22)%                   |
| 2015-16                | 5,926                         | 0.78%                     |
| 2014-15                | 5,880                         | 0.15%                     |

## **2. Economic Condition and Outlook**

The Township of Livingston was incorporated in 1813 and is located in west-central Essex County. Livingston operates under the Council-Manager form of government, with the Township Manager as the Chief Executive Officer. The Mayor is elected from among the five members of the Township Council. All legislative power of the Township is exercised by the Township Council.

A comprehensive cyclical process of program assessment, development and implementation provides for ongoing program improvement. Every instructional program and support service undergoes an intensive review and identified needs are addressed in terms of curriculum and resources. Assessment results, improvement plans and curriculum changes are approved by the Board and disseminated to administrators, staff, parents, and the community, thereby fostering a shared vision and commitment to growth and improvement.

Programmatic and instructional changes reflect the revised New Jersey Student Learning Standards in English Language Arts, Mathematics, Science, Social Studies, Visual/Performing Arts, Comprehensive Health/Physical Education, Technology, World Languages, 21<sup>st</sup> Century Life and Careers, and Social-Emotional Learning. We continue to implement the *Understanding by Design (UbD)* framework as the model for our curriculum writing. This approach to curriculum is designed to engage students in the process of inquiry, promote transfer of learning, and provide a conceptual framework for helping students make sense of discrete facts and skills while uncovering the "big ideas" of content.

Our professional development supports the implementation of our standards-based curriculum and ties into our district goals of Differentiation and Individualized Learning, Building Quality Assessments for ALL Learners, Mindfulness for Building Relationships, and Questioning and Inquiry-Designing Questions and Learning Tasks to Access Student Thinking and Understanding. Specific topics and initiatives for this year include: Assessment and Student Learning, Classroom Management, Instructional Strategies, Home and School-Health and Safety, Best Practices in ELA and Mathematics Instruction, Social and Emotional Learning, Special Populations, STEAM, Technology, and Transition. Significant staff development has been presented through local, state, and national conferences, in-service workshops, book studies, school-based or department meetings and Professional Learning Communities (PLCs). District and building administrators and content area supervisors support teachers in the implementation of these curricula and monitor instructional effectiveness. Staff development for the integration of technology is a major focus because of the increased use of computers at every level in the district. LPS uses Charlotte Danielson's teacher observation and evaluation model which is based on the following domains: planning, instructional methods and strategies, classroom management and professional responsibilities.

A Summer School Academy for remediation and enrichment was introduced in the summer of 2016 and continues to be in place. The enrichment includes Bridge programs to support students taking honors and advanced placement courses. The focus is grades 6 through 12.

Several large-scale initiatives are currently under way to support standards based curriculum and the integration of technology:

a) **Math:**

To support the math curriculum, a new textbook series was purchased for grades K-1. Technology is integrated into this instructional approach. Our elementary math supervisor trained teachers in grades 2 through 5 in the use of the on-line component of the math series and the additional support needed for identified students to augment their instruction. On the middle and high school levels, the teacher uses an on-line program to target individual student needs.

b) **Technology:**

LPS continues to strengthen its use of technology at every level. In the elementary schools, additional carts of Chromebooks were purchased for instructional use. Students in grade 6 through 12 are part of a 1:1 computer initiative. All K-12 teachers have a Surface 4 to support their integration of technology in every subject area. To support these initiatives, we have four technology coaches and expanded professional development for teachers across the district.

c) **Science:**

The implementation of the Next Generation Science Standards has led us to revise our science curricula and instructional practices to include more inquiry-based learning, experimentation, and the integration of technology and engineering. New STEM/STEAM initiatives in grades K through 6 have been integrated into all curricula. Grades 6 through 8 implemented a more hands-on, on-line pilot program in science this year.

d) **English Language Arts (ELA):**

We maintain our focus on teaching English Language Arts through a balanced literacy approach. A scope and sequence for each area of ELA (reading, writing, word study, vocabulary, phonics, spelling, grammar, usage, and mechanics) has been developed to ensure that all aspects of ELA receive the appropriate emphasis. Curricula in grades K through 12 are written to meet the New Jersey Student Learning Standards in English Language

Arts; and resources, curricula, and professional development support implementation of the standards. The DRA2 assessment tool is used to track long range growth and achievement in the areas of reading engagement, fluency (expression, rate, and accuracy) and comprehension in grades K-6. The Predictive Assessment for Readiness (PAR) is the dyslexia screening tool that is used in the district. Link-It benchmark reading assessments are used to track growth in the areas of reading and writing in grades 3-10, and authentic writing portfolios and correlating rubrics are used to demonstrate evidence of growth and achievement in the various genres of writing. The Words Their Way Development Spelling Assessment is used in grades K-5 to determine growth and achievement in the areas of phonemic awareness, phonics, and spelling.

## **Student Services**

The Livingston School District enjoys a reputation of quality across the state, one that is grounded in clear goals, consistent advocacy, diverse services, and multi-dimensional circles of support. Within our department, we are fortunate to have the leadership of an Assistant Superintendent, a Director of Elementary Special Education, a Director of Secondary Special Education, Curriculum Directors, a Director of School Counseling, and a Transition Coordinator to lead the staff to meet the expectations set forth. The services and supports available are as follows:

- 1- Pre-School Programming – Full Day and Half Day Self-Contained Classrooms; Integrated Classrooms
- 2- Applied Behavior Analysis Classes from Pre-K-Elementary
- 3- Life Skills-Multiply Disabled Classes K-Age 21
- 4- Career Internship Program
- 5- Community-Based Instruction
- 6- Speech and Language Services
- 7- Augmentative and Assistive Communication Expertise
- 8- Occupational Therapy Services
- 9- Physical Therapy Services
- 10- School Counseling Services
- 11- Teacher of the Deaf Services
- 12- Transportation Services
- 13- Clinical Counseling Services K-12
- 14- In-Class Support – Co-Teaching
- 15- Supplementary Aides and Services including specialized equipment
- 16- Resource Center Programs K-12
- 17- Child Study Team Services
- 18- BCBA and Behavior Specialist Support
- 19- School Counseling Program K-12
- 20- Nursing Services within each school building
- 21- Assistive Technology

The Department of Student Services continues to work closely with the general education departments to ensure progress towards district goals and expectations, while promoting education in the least restrictive environment. Highlighted components of our program are:

- An exemplary pre-school program which includes an integrated model and a pre-school disabled program with full and half-day opportunities that relies upon a scientifically research based curriculum.



- An Extended School Year program for special education students with a full complement of services.
- Expert related services component, complete with OTRs, Speech/Language Specialists, Physical Therapists, Behaviorists and Clinical Counseling professionals.
- A 21<sup>st</sup> Century Career Readiness Program that addresses each of the areas of transition to post-secondary life and is supported by realistic job, community, and academic experiences including job sampling, job coaching, and supported employment.
- A full complement of Community Based Instruction.
- Expert Child Study Team services embedded within each building.
- Comprehensive and Developmental K-12 School Counseling Program.
- A continuum of clinical counseling services available to at-risk students with emotional, school refusal, and behavioral challenges is available K-12.
- School nursing services within each school wherein school nurses are specially trained to meet the needs of all populations of students.

### **Staff Development**

The Livingston Public Schools continue to support teachers and staff members through a variety of staff development opportunities including local, state, and national workshops and conferences. Administrators and content area supervisors provide professional development opportunities throughout the school year and voluntarily over the summer months. These take place in the form of PD days, in-service days, after-school courses, book clubs, graduate level coursework, department meetings/days, professional learning communities/teams (PLCs and PLTs), and faculty meetings. We also have a robust LPS “University” learning catalog; and we partner with local universities to take advantage of the professional development opportunities offered through institutions such as Fairleigh Dickinson University, Montclair State University, Kean University, and Rutgers University.

Our main themes for professional development for the 2019-2020 school year include the following:

- Assessment and Student Learning
- Instructional Strategies
- Classroom Management
- Social and Emotional Learning
- Best Practices in ELA Instruction
- STEAM (Science, Technology, Engineering, Arts, and Mathematics)
- Implementation of Technology as an Instructional Tool (SAMR Model)

District administration continues to use multiple measures and data from a variety of sources to identify student and staff needs. Some of the measures include survey data, LPS Professional Development Committee feedback, information gleaned from New Teacher Orientation and our Mentoring Program, teacher observation data, and local benchmark and state testing data focusing on student growth and achievement.

### **3. Internal Control**

Management of the District is responsible for establishing and maintaining internal control 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 accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. Internal control is also subject to periodic evaluation by the District management.

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

### **4. Budgetary Controls**

In addition to internal control, 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 State Department of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The legal level of budgetary control is established at the line item level within each fund. The final budget amount as amended for the fiscal year is reflected in the required supplementary information-Part III section of this report.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as assigned fund balance at June 30, 2019.

### **5. Accounting System and Reports**

The District's financial statements are presented in conformity with accounting principles generally accepted in the United States of America, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These government-wide financial statements and funds are explained in "Notes to the Basic Financial Statements," Note 1.

## **6. Cash Management**

The investment policy of the District is guided in large part by State statute as detailed in "Notes to the Basic Financial Statements," Note 3. The District utilizes 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.

## **7. Risk Management**

The Board carries various forms of insurance, including but not limited to hazard and theft insurance on property and contents, general liability, umbrella liability, automobile liability, boiler and machinery, errors and omissions, crime insurance, Board Secretary bond, Treasurer of School Monies bond, volunteer accident, medical, dental, workers' compensation and media liability.

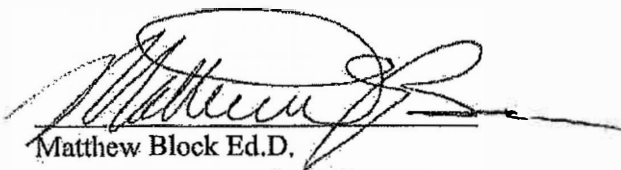
## **8. Other Information**

*Independent Audit:* State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wiss & Company, LLP was selected by the Board. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Federal Uniform Guidance and New Jersey OMB Circular 15-08. The auditors' report on the basic financial statements and combining and individual fund statements, required supplementary information and other supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

## **9. Acknowledgments**

We would like to express our appreciation to the members of the Livingston School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully Submitted,

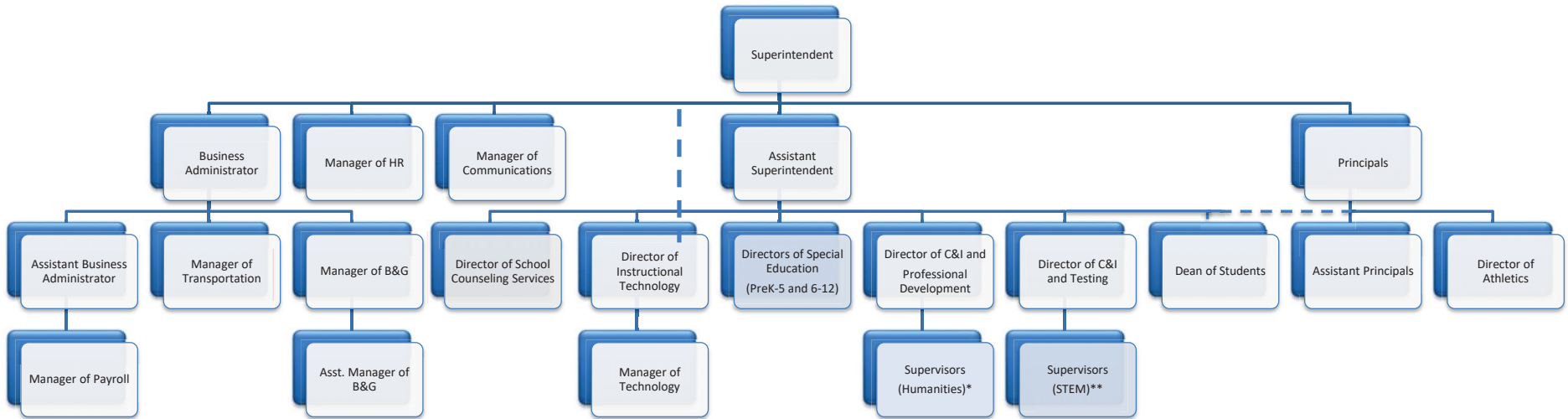


Matthew Block Ed.D.  
Superintendent of Schools



Steven Robinson  
School Business Administrator/Board Secretary

# Livingston Board of Education Organization Chart



*\*Humanities includes: Supervisor of English (7-12) Supervisor of ELA (Pre-K-6), Supervisor of Social Studies (7-12), Supervisor of Social Studies (Pre-K-6), Supervisor of Health & Physical Education, Supervisor of Visual and Performing Arts and Supervisor of World Language/ESL*

*\*\* STEM includes: Supervisor of Science (7-12), Supervisor of Science (Pre-K-6), Supervisor of Math (7-12), Supervisor of Math (Pre-K-6) and Supervisor of Business & Technology*

# Livingston Board of Education

## Roster of Officials

As of June 30, 2019

| <b><u>Members of the Board of Education</u></b> | <b><u>Term Expires</u></b> |
|---|----------------------------|
| Mr. Charles "Buddy" August, President           | 2020                       |
| Mrs. Ronnie Ferber Konner, Vice President       | 2021                       |
| Mrs. Pam Chirls                                 | 2021                       |
| Ms. Samantha Messer                             | 2019                       |
| Dr. George Shen                                 | 2019                       |

| <b><u>Other Officials</u></b>   |
|---|
| Mr. James O'Neill, Superintendent of Schools                          |
| Mr. Steven K. Robinson, School Business Administrator/Board Secretary |
| Mrs. Lisa Capone-Steiger, Assistant Superintendent of Schools         |
| Mrs. Patricia Ramos, Assistant Business Administrator                 |

Livingston Board of Education

Independent Auditor and Advisors

June 30, 2019

**Architect**

Gianforcaro Architects  
555 East Main Street  
Chester, New Jersey 07930

**Independent Auditor**

Wiss & Company, LLP  
354 Eisenhower Parkway  
Livingston, New Jersey 07039

**Attorney**

Sciarrillo, Cornell, Merlino, McKeever & Osborne  
328 St. Paul Street  
Westfield, New Jersey 07090

**Official Depositories**

Regal Bank  
570 West Mt. Pleasant Avenue  
Livingston, New Jersey 07039

Investors Savings Bank  
493 South Livingston Avenue  
Livingston, New Jersey 07039

New Jersey Cash Management Fund  
Division of Investments  
Department of the Treasury  
CN 290  
Trenton, New Jersey 08625

TD Bank  
185 South Livingston Avenue  
Livingston, New Jersey 07039

## Financial Section

## Independent Auditors' Report

Honorable President and Members  
of the Board of Education  
Livingston Board of Education  
Livingston, New Jersey  
County of Essex

### **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 Livingston Board of Education, County of Essex, New Jersey (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and requirements 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the 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 management's discussion and analysis, schedule of the District's proportionate share of the net pension liability-PERS, schedule of District pension contributions-PERS, schedule of the State's proportionate share of the net pension liability associated with the District-TPAF, schedule of the State's proportionate share of the net OPEB liability associated with the District and Changes in the Total OPEB Liability and Related Ratios – PERS and TPAF and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB

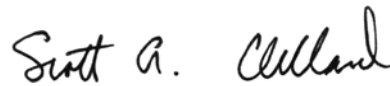
Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, and the other information, such as the introductory and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and 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 fund financial statements, long-term debt schedules and the 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 and statistical sections 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 December 18, 2019 on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.



Scott A. Clelland

Licensed Public School Accountant

No. 1049



WISS & COMPANY, LLP

December 18, 2019  
Livingston, New Jersey

## Required Supplementary Information - Part I

### Management's Discussion and Analysis

Livingston Board of Education  
Livingston, New Jersey

Management's Discussion and Analysis  
Year ended June 30, 2019

This management discussion and analysis of the Livingston Board of Education's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements, notes and additional information in the transmittal letter to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information and required by the Governmental Accounting Standards Board (GASB). Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for fiscal 2019 are as follows:

- Total net position is \$39,639,461. It is comprised of both current and capital assets and deferred outflows of resources less current and outstanding long-term liabilities and deferred inflows of resources (Schedule A-1).
- General revenues accounted for \$149,927,655 of revenue or 96 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital contributions accounted for \$5,521,131 or 4 percent of total revenues of \$155,448,786 (Schedule A-2).
- The District had \$142,497,134 in governmental funds expenditures (Schedule B-2). Of that amount, the General Fund expenditures totaled \$131,779,236 including \$18,129,199 in State on-behalf TPAF pension and social security contributions. Grant-related expenditures totaled \$2,600,073 in the special revenue fund. Business-type activities expenses were \$2,155,042 (Schedule B-5).

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Livingston Board of Education as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The three components that comprise the District's basic financial statements are: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. The CAFR also contains required, supplementary and other information in addition to the basic financial statements themselves.

## **Reporting the School District as a Whole**

### Government-wide Statements

The Statement of Net Position and Statement of Activities provide information about the activities of the entire District, and are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. These government-wide statements found at A-1 and A-2 are not intended to drive budgetary decisions of the Board of Education. Instead, the fund statements found at B-1 through B-8 as well as the supplementary budgetary comparison at C-1 should be utilized, as in the past, for the decision making of the Board of Education. The fund financial statements are explained later in this MD&A.

These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

In the Statement of Net Position and Statement of Activities, the District is divided into two distinct kinds of activities:

- Governmental activities – All of the District's programs and services are reported here including instruction, support services, operation and maintenance of facilities, pupil transportation, and extracurricular activities.
- Business-type activities – Programs reported here are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the District is that the costs of providing goods and services be financed through user charges. The Food Service Enterprise Fund is reported as a business-type activity.

The government-wide financial statements are Schedules A-1 and A-2.

## **Reporting the School District's Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the District's funds. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary fund and fiduciary funds. The fund financial statements are utilized for District financial decision making.

## **Governmental Funds**

The District's main activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund, special revenue fund, capital projects fund and debt service fund, all of which are considered to be major funds. The District adopts an annual appropriated budget for its general fund, special revenue fund and debt service fund. Budgetary comparison statements have been provided as required supplementary information for the general fund and special revenue fund and as supplementary information for the debt service fund to demonstrate compliance with this budget. The basic governmental fund financial statements are Schedules B-1, B-2 and B-3.

## **Proprietary Funds**

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses a proprietary fund to account for the operations of its food service program. The basic proprietary fund financial statements are Schedules B-4, B-5 and B-6.

## **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District uses a trust fund to account for its unemployment compensation fund. The District uses agency funds to account for resources held for student activities and groups and payroll related liabilities. The basic fiduciary fund financial statements are Schedules B-7 and B-8.

## **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 34 to 76 of this report.

## The School District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. Net position may serve over time as a useful indicator of a government's financial position. However, as noted earlier, net position is not the primary basis for the decision making for each budget cycle. The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

The following table provides a summary of the net position relating to the District's governmental and business-type activities over the past two years.

Table 1  
Net Position  
June 30,

|                                     | 2019                       |                                 |               | 2018                       |                                 |               |
|-------------------------------------|----------------------------|---------------------------------|---------------|----------------------------|---------------------------------|---------------|
|                                     | Governmental<br>Activities | Business-<br>type<br>Activities | Total         | Governmental<br>Activities | Business-<br>type<br>Activities | Total         |
| <b>Assets:</b>                      |                            |                                 |               |                            |                                 |               |
| Current and other assets            | \$ 12,957,303              | \$ 493,903                      | \$ 13,454,206 | \$ 12,486,471              | \$ 397,635                      | \$ 12,884,106 |
| Capital assets, net                 | 152,301,806                | 178,836                         | 152,480,642   | 155,756,177                | 71,264                          | 155,827,441   |
| Total assets                        | 165,259,109                | 675,739                         | 165,934,848   | 168,242,648                | 468,899                         | 168,711,547   |
| Deferred outflows of<br>resources   | 10,583,139                 |                                 | 10,583,139    | 13,704,481                 |                                 | 13,704,481    |
| <b>Liabilities:</b>                 |                            |                                 |               |                            |                                 |               |
| Current liabilities                 | 10,844,027                 | 390,369                         | 11,234,396    | 10,840,756                 | 334,621                         | 11,175,367    |
| Long-term liabilities               | 116,136,587                | 83,891                          | 116,220,478   | 127,089,481                |                                 | 127,089,481   |
| Total liabilities                   | 126,980,614                | 474,260                         | 127,454,874   | 137,930,237                | 334,621                         | 138,264,838   |
| Deferred inflow of<br>resources     | 9,423,652                  |                                 | 9,423,652     | 6,951,199                  |                                 | 6,951,199     |
| <b>Net position:</b>                |                            |                                 |               |                            |                                 |               |
| Net investment in capital<br>assets | 64,178,646                 | 63,335                          | 64,241,981    | 62,345,455                 | 71,264                          | 62,416,719    |
| Restricted                          | 8,249,348                  |                                 | 8,249,348     | 7,736,318                  |                                 | 7,736,318     |
| Unrestricted (deficit)              | (32,990,012)               | 138,144                         | (32,851,868)  | (33,016,080)               | 63,014                          | (32,953,066)  |
| Total net position                  | \$ 39,437,982              | \$ 201,479                      | \$ 39,639,461 | \$ 37,065,693              | \$ 134,278                      | \$ 37,199,971 |

The largest portion of the District's net position is its net investment in capital assets, e.g. land, construction in progress, buildings and improvements, and furniture and equipment, net of accumulated depreciation less any related debt (general obligation bonds payable and related unamortized premium and deferred interest costs on the refunding of bonds and obligations under capital leases) used to acquire those assets that are still outstanding.

The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's capital assets, net, decreased in the current fiscal year due to current depreciation expense exceeding current year capital asset additions. Current and other assets increased mainly due to the increase in cash and cash equivalents due to current year fiscal results as well as a \$200,000 increase in accounts receivable from the State.

Current liabilities increased mainly due to the timing of invoices received by the District at year-end as well as an increase in the District's PERS obligation due in April 2020.

Long-term liabilities decreased mainly due to the decrease in the net pension liability, which is the result of the actuarial valuation of the PERS pension liability completed for the current fiscal year. This decrease is also due to current year bond principal payments.

Net investment in capital assets increased by approximately \$1.8 million as a result of a decrease in serial bonds, an increase in unamortized deferred interest costs and a decrease in unamortized bond premiums, offset by a decrease in capital leases. A portion of the District's net position represents a balance of restricted net position. This balance reflects the net position in the capital projects fund and other restricted accounts in the general fund, including capital reserve, emergency reserve and excess fund balance designated for subsequent years expenditures. The increase primarily resulted from an increase in the District's net investment in capital assets.

The following table presents changes in net position for the fiscal years ended June 30, 2019 and 2018.

Table 2  
Changes in Net Position  
Year ended June 30,

|   | 2019                       |                                 |               | 2018                       |                                 |               |
|---|----------------------------|---------------------------------|---------------|----------------------------|---------------------------------|---------------|
|   | Governmental<br>Activities | Business-<br>type<br>Activities | Total         | Governmental<br>Activities | Business-<br>type<br>Activities | Total         |
| Revenues:                                       |                            |                                 |               |                            |                                 |               |
| Program revenues:                               |                            |                                 |               |                            |                                 |               |
| Charges for services                            | \$ 708,770                 | \$ 2,212,288                    | \$ 2,921,058  | \$ 732,271                 | \$ 2,113,314                    | \$ 2,845,585  |
| Operating grants and contributions              | 2,600,073                  |                                 | 2,600,073     | 2,469,246                  |                                 | 2,469,246     |
| Capital grants and contributions                |                            |                                 |               | 20,623                     |                                 | 20,623        |
| Total program revenues                          | 3,308,843                  | 2,212,288                       | 5,521,131     | 3,222,140                  | 2,113,314                       | 5,335,454     |
| General revenues:                               |                            |                                 |               |                            |                                 |               |
| Property taxes                                  | 112,946,917                |                                 | 112,946,917   | 109,855,712                |                                 | 109,855,712   |
| Federal aid not restricted to specific purposes | 12,167                     |                                 | 12,167        | 9,157                      |                                 | 9,157         |
| State aid not restricted to specific purposes   | 35,945,138                 |                                 | 35,945,138    | 42,517,441                 |                                 | 42,517,441    |
| Investment earnings                             | 248,204                    | 9,955                           | 258,159       | 221,777                    | 6,274                           | 228,051       |
| Rental income                                   | 436,443                    |                                 | 436,443       | 497,508                    |                                 | 497,508       |
| Miscellaneous                                   | 328,831                    |                                 | 328,831       | 196,469                    |                                 | 196,469       |
| Total general revenues                          | 149,917,700                | 9,955                           | 149,927,655   | 153,298,064                | 6,274                           | 153,304,338   |
| Expenses:                                       |                            |                                 |               |                            |                                 |               |
| Instructional services                          | 96,778,911                 |                                 | 96,778,911    | 100,285,889                |                                 | 100,285,889   |
| Support services                                | 50,875,380                 | 2,155,042                       | 53,030,422    | 51,548,759                 | 2,075,522                       | 53,624,281    |
| Charter schools                                 | 43,071                     |                                 | 43,071        | 69,317                     |                                 | 69,317        |
| Interest on long-term debt                      | 3,156,892                  |                                 | 3,156,892     | 3,311,348                  |                                 | 3,311,348     |
| Total expenses                                  | 150,854,254                | 2,155,042                       | 153,009,296   | 155,215,313                | 2,075,522                       | 157,290,835   |
| Change in net position                          | 2,372,289                  | 67,201                          | 2,439,490     | 1,304,891                  | 44,066                          | 1,348,957     |
| Net position -- beginning                       | 37,065,693                 | 134,278                         | 37,199,971    | 35,760,802                 | 90,212                          | 35,851,014    |
| Net position -- ending                          | \$ 39,437,982              | \$ 201,479                      | \$ 39,639,461 | \$ 37,065,693              | \$ 134,278                      | \$ 37,199,971 |



Property taxes made up 75.3% of revenues for governmental activities for the District for fiscal year 2019. Federal and state unrestricted aid accounted for another 23.9% of revenue.

The total cost of all programs and services was \$153,009,296. Instruction comprised 63.3% of District expenses. Instructional expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Property taxes increased within allowable caps as permitted by New Jersey regulations.

Capital grants and contributions decreased due to a decrease in the state revenue related to the New Jersey Schools Development Authority funding. State aid decreased mainly due to a decrease in the TPAF pension expense adjustment based on the June 30, 2019 audited schedule of employer allocations for the TPAF.

Business-type program expenses increased from the prior year due to an increase in supply purchases made in the current year.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

## **Financial Analysis of the District's Funds**

### **Governmental Funds (Schedules B-1 and B-2)**

Governmental funds are accounted for using the modified accrual basis of accounting. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources. Such information is essential in assessing the District's financing requirements.

*General Fund.* The general fund is the main operating fund of the District. At the end of the current fiscal year, restricted fund balances were \$4,325,441, assigned fund balances were \$588,463 and the unassigned fund balance was \$3,099,988 while the total fund balance was \$8,013,892 (B-1). For the year ended June 30, 2019, the District generated excess surplus in the amount of \$830,211.

*Special Revenue Fund.* The special revenue fund is used to track the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes, other than debt service or capital projects. Revenue and expenditures for the current fiscal year increased by \$88,315 mainly due to the increase in state Nonpublic Security Aid. IDEA continues to be the largest grant in the special revenue fund, with expenditures in the current fiscal year of \$1,336,108.

*Capital Projects Fund.* The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other assets (other than those financed by proprietary funds). There were no expenditures in the current fiscal year. Total restricted fund balance was \$4,540,653 as of June 30, 2019.

*Debt Service Fund.* The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The fund balance in the debt service fund is \$163,560 at June 30, 2019.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The following schedules present a summary of the revenues of the General Fund, Special Revenue Fund and Debt Service Fund for the fiscal year ended June 30, 2019, and the amount and percentage of increases in relation to prior year revenues.

| <b>Revenues</b> | <b>Amount</b>        | <b>Percent of Total</b> | <b>Increase from 2018</b> | <b>Percent of Increase</b> |
|-----------------|----------------------|-------------------------|---------------------------|----------------------------|
| Local sources   | \$ 114,663,825       | 81.0%                   | \$ 3,162,077              | 2.8%                       |
| State sources   | 25,421,839           | 17.9                    | 4,007,560                 | 18.7                       |
| Federal sources | 1,589,381            | 1.1                     | 7,103                     | 0.4                        |
| <b>Total</b>    | <b>\$141,675,045</b> | <b>100.0%</b>           | <b>\$ 7,176,740</b>       | <b>5.4%</b>                |

The increase in local revenue was due to mainly to an increase in the tax levy to fund the costs to provide a thorough and efficient education to the District students.

The increase in state sources is mainly due to an increase of the on behalf TPAF contributions made by the State of New Jersey on behalf of the District as well as an increase in Transportation Aid.

The increase in federal sources is mainly attributable to increases in the special revenue fund activity.

The following schedule represents a summary of general fund, special revenue fund and debt service fund expenditures for the year ended June 30, 2019, and the amount and percentage of increases and decreases in relation to prior year expenditures.

| <b>Expenditures</b> | <b>Amount</b>        | <b>Percent of Total</b> | <b>Increase (Decrease) from 2018</b> | <b>Percent of Increase (Decrease)</b> |
|---------------------|----------------------|-------------------------|--------------------------------------|---------------------------------------|
| Current expense:    |                      |                         |                                      |                                       |
| Instruction         | \$61,052,378         | 42.8%                   | \$1,377,558                          | 2.3%                                  |
| Support services    | 68,990,171           | 48.4                    | 5,019,780                            | 7.8                                   |
| Capital outlay      | 4,293,689            | 3.0                     | (1,448,602)                          | (25.2)                                |
| Charter schools     | 43,071               | 0.1                     | (26,246)                             | (37.8)                                |
| Debt service        | 8,117,825            | 5.7                     | (66,975)                             | (1.0)                                 |
| <b>Total</b>        | <b>\$142,497,134</b> | <b>100.0%</b>           | <b>\$6,917,527</b>                   | <b>5.4%</b>                           |

The increase in instruction expenditures is not tied to one specific program. There were slight increases in a variety of areas.

The increase in support services is mainly the result of increases in on-behalf TPAF contributions by the State of New Jersey and health benefits.

The decrease in capital outlay represents lower construction activity during the 2018-19 school year.

### **General Fund Budgetary Highlights**

The District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of revenues and expenditures. The most significant budgeted fund is the General Fund.

Over the course of the year, the District revised the annual operating budget through transfers approved by the Board.

Significant budgetary transfers were made between budgetary line items and approved by the Board for various reasons including:

- Special education – an increase of \$299,890 was mainly due to an increase in the number of teaching staff for in district special education programs and instructional aides, as the District had an increased need for serving students with learning and/or language disabilities and in resource room in the current year.
- Undistributed expenditures: Instruction – an increase of \$450,069 was necessary due to additional enrollments in private schools for the disabled – within state – special education.
- Improvement of instructional services – a decrease of \$260,246 was mainly attributable to budgeted positions not being filled during the year.
- Student transportation services – an increase of \$450,017 was necessary mainly due to an increased need for contracted services, mainly for the transportation of special education students.
- Unallocated benefits – health benefits – a decrease of \$1,348,310 was mainly attributable to the actual premium increase being less than anticipated at the time of budget adoption.

## Capital Assets

At the end of fiscal year 2019, the District had \$152,480,643 invested in land, land improvements, building and building improvements, machinery, equipment and vehicles, net of accumulated depreciation.

The following presents a comparison for 2019 and 2018:

### Capital Assets (Net of Depreciation)

|                                    | Year Ended June 30,   |                       |
|------------------------------------|-----------------------|-----------------------|
|                                    | 2019                  | 2018                  |
| Land                               | \$ 3,253,263          | \$ 3,253,263          |
| Land improvements                  | 579,685               | 637,688               |
| Building and building improvements | 143,258,697           | 145,567,998           |
| Machinery, equipment and vehicles  | 5,388,998             | 6,368,492             |
| Total                              | <u>\$ 152,480,643</u> | <u>\$ 155,827,441</u> |

For more detailed information, please refer to Note 4 to the basic financial statements.

## Debt Administration and Long-term Liabilities

At June 30, 2019, the District had \$123,727,761 of long-term liabilities. Of this amount, \$4,887,203 relates to compensated absences; \$4,024,052 relates to various capital leases payable; \$79,915,000 of serial bonds for school construction and renovation projects; \$27,314,488 relates to the net pension liability and \$7,587,018 is for the unamortized premium on bonds.

At June 30, 2019, the District's overall remaining limitation of indebtedness was \$238,933,414. For more detailed information, please refer to Note 5 to the basic financial statements.

## For the Future

The Livingston Board of Education is presently in good financial condition. The District is proud of its community support of the public schools.

In conclusion, the Livingston Board of Education has committed itself to sound financial practices. The District plans to continue to improve its fiscal management to meet the challenges of the future.

## **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. Steven Robinson, Business Administrator/Board Secretary at Livingston Board of Education, 11 Foxcroft Drive, Livingston, New Jersey 07039.

## Basic Financial Statements

## Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2019.

## Livingston Board of Education

## Statement of Net Position

June 30, 2019

|  | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>         |
|--|------------------------------------|-------------------------------------|----------------------|
| <b>Assets</b>                                  |                                    |                                     |                      |
| Cash and cash equivalents                      | \$ 7,077,338                       | \$ 508,569                          | \$ 7,585,907         |
| Investments                                    | 64,207                             |                                     | 64,207               |
| Internal balances                              | 25,422                             | (25,422)                            | -                    |
| Accounts receivable                            | 3,084,052                          |                                     | 3,084,052            |
| Inventories                                    |                                    | 13,756                              | 13,756               |
| Restricted assets:                             |                                    |                                     |                      |
| Cash and cash equivalents                      | 2,706,284                          |                                     | 2,706,284            |
| Capital assets, non-depreciable                | 3,253,263                          |                                     | 3,253,263            |
| Capital assets, depreciable, net               | 149,048,543                        | 178,836                             | 149,227,379          |
| Total assets                                   | <u>165,259,109</u>                 | <u>675,739</u>                      | <u>165,934,848</u>   |
| <b>Deferred outflows of resources</b>          |                                    |                                     |                      |
| Unamortized deferred loss on refunding of debt | 2,786,164                          |                                     | 2,786,164            |
| Pension deferrals                              | 7,796,975                          |                                     | 7,796,975            |
| Total deferred outflows of resources           | <u>10,583,139</u>                  |                                     | <u>10,583,139</u>    |
| <b>Liabilities</b>                             |                                    |                                     |                      |
| Accounts payable                               | 1,496,983                          | 209,192                             | 1,706,175            |
| Accrued interest payable                       | 1,609,324                          |                                     | 1,609,324            |
| Intergovernmental payables:                    |                                    |                                     |                      |
| State  | 124,146                            |                                     | 124,146              |
| Unearned revenue                               | 22,400                             | 149,567                             | 171,967              |
| Net pension liability                          | 27,314,488                         |                                     | 27,314,488           |
| Current portion of long-term obligations       | 7,591,174                          | 31,610                              | 7,622,784            |
| Noncurrent portion of long-term obligations    | 88,822,099                         | 83,891                              | 88,905,990           |
| Total liabilities                              | <u>126,980,614</u>                 | <u>474,260</u>                      | <u>127,454,874</u>   |
| <b>Deferred inflow of resources</b>            |                                    |                                     |                      |
| Pension deferrals                              | 9,423,652                          |                                     | 9,423,652            |
| <b>Net position</b>                            |                                    |                                     |                      |
| Net investment in capital assets               | 64,178,646                         | 63,335                              | 64,241,981           |
| Restricted for:                                |                                    |                                     |                      |
| Capital projects                               | 3,923,907                          |                                     | 3,923,907            |
| Capital reserve                                | 2,382,949                          |                                     | 2,382,949            |
| Emergency reserve                              | 323,335                            |                                     | 323,335              |
| Excess fund balance                            | 1,619,157                          |                                     | 1,619,157            |
| Unrestricted (deficit)                         | (32,990,012)                       | 138,144                             | (32,851,868)         |
| Total net position                             | <u>\$ 39,437,982</u>               | <u>\$ 201,479</u>                   | <u>\$ 39,639,461</u> |



## Livingston Board of Education

## Statement of Activities

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 | Governmental Activities                           | Business-type Activities |                 |
| <b>Governmental activities</b>                      |                |                      |                                    |   |                          |                 |
| Instruction   | \$ 96,778,911  | \$ 266,347           | \$ 2,125,517                       | \$ (94,387,047)                                   |                          | \$ (94,387,047) |
| Support services:                                   |                |                      |                                    |   |                          |                 |
| Attendance/social work                              | 103,821        |                      |                                    | (103,821)   |                          | (103,821)       |
| Health services                                     | 1,582,457      |                      |                                    | (1,582,457)                                       |                          | (1,582,457)     |
| Other support services                              | 13,576,938     |                      | 474,556                            | (13,102,382)                                      |                          | (13,102,382)    |
| Improvement of instruction                          | 3,657,125      |                      |                                    | (3,657,125)                                       |                          | (3,657,125)     |
| Other support: instructional staff                  | 908,879        |                      |                                    | (908,879)   |                          | (908,879)       |
| School library                                      | 2,033,503      |                      |                                    | (2,033,503)                                       |                          | (2,033,503)     |
| General administration                              | 1,724,782      |                      |                                    | (1,724,782)                                       |                          | (1,724,782)     |
| School administration                               | 7,229,252      |                      |                                    | (7,229,252)                                       |                          | (7,229,252)     |
| Required maintenance of plant services              | 2,292,152      |                      |                                    | (2,292,152)                                       |                          | (2,292,152)     |
| Operation of plant                                  | 8,234,493      |                      |                                    | (8,234,493)                                       |                          | (8,234,493)     |
| Student transportation                              | 4,943,858      | 442,423              |                                    | (4,501,435)                                       |                          | (4,501,435)     |
| Central services                                    | 2,309,731      |                      |                                    | (2,309,731)                                       |                          | (2,309,731)     |
| Administrative information technology               | 2,278,389      |                      |                                    | (2,278,389)                                       |                          | (2,278,389)     |
| Charter Schools                                     | 43,071         |                      |                                    | (43,071)  |                          | (43,071)        |
| Interest and other charges on long-term obligations | 3,156,892      |                      |                                    | (3,156,892)                                       |                          | (3,156,892)     |
| Total governmental activities                       | 150,854,254    | 708,770              | 2,600,073                          | (147,545,411)                                     |                          | (147,545,411)   |
| <b>Business-type activities</b>                     |                |                      |                                    |   |                          |                 |
| Food service  | 2,155,042      | 2,212,288            |                                    |   | \$ 57,246                | 57,246          |
| Total business-type activities                      | 2,155,042      | 2,212,288            |                                    |   | 57,246                   | 57,246          |
| Total primary government                            | \$ 153,009,296 | \$ 2,921,058         | \$ 2,600,073                       | (147,545,411)                                     | 57,246                   | (147,488,165)   |
| <b>General revenues:</b>                            |                |                      |                                    |   |                          |                 |
| Property taxes, levied for general purposes         |                |                      |                                    | 105,790,062                                       |                          | 105,790,062     |
| Property taxes, levied for debt service             |                |                      |                                    | 7,156,855   |                          | 7,156,855       |
| Unrestricted federal sources                        |                |                      |                                    | 12,167  |                          | 12,167          |
| Unrestricted state sources                          |                |                      |                                    | 35,945,138  |                          | 35,945,138      |
| Investment earnings                                 |                |                      |                                    | 248,204   | 9,955                    | 258,159         |
| Rental income                                       |                |                      |                                    | 436,443   |                          | 436,443         |
| Miscellaneous income                                |                |                      |                                    | 328,831   |                          | 328,831         |
| Total general revenues                              |                |                      |                                    | 149,917,700                                       | 9,955                    | 149,927,655     |
| Change in net position                              |                |                      |                                    | 2,372,289   | 67,201                   | 2,439,490       |
| Net position—beginning of year                      |                |                      |                                    | 37,065,693  | 134,278                  | 37,199,971      |
| Net position—end of year                            |                |                      |                                    | \$ 39,437,982                                     | \$ 201,479               | \$ 39,639,461   |

## Fund Financial Statements

## Governmental Funds

Livingston Board of Education  
Governmental Funds

Balance Sheet

June 30, 2019

|   | Major Funds         |                            |                             |                         | Total<br>Governmental<br>Funds |
|---|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
|   | General<br>Fund     | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund |                                |
| <b>Assets</b>                                 |                     |                            |                             |                         |                                |
| Cash and cash equivalents                     | \$ 3,663,854        | \$ 80,625                  | \$ 3,169,299                | \$ 163,560              | \$ 7,077,338                   |
| Investments                                   | 64,207              |                            |                             |                         | 64,207                         |
| Accounts receivable:                          |                     |                            |                             |                         |                                |
| State   | 1,479,931           | 1,389                      | 1,430,976                   |                         | 2,912,296                      |
| Federal                                       |                     | 106,945                    |                             |                         | 106,945                        |
| Interfund                                     | 85,044              |                            |                             |                         | 85,044                         |
| Other   | 64,811              |                            |                             |                         | 64,811                         |
| Restricted assets:                            |                     |                            |                             |                         |                                |
| Cash and cash equivalents                     | 2,706,284           |                            |                             |                         | 2,706,284                      |
| <b>Total assets</b>                           | <b>\$ 8,064,131</b> | <b>\$ 188,959</b>          | <b>\$ 4,600,275</b>         | <b>\$ 163,560</b>       | <b>\$ 13,016,925</b>           |
| <b>Liabilities and fund balances</b>          |                     |                            |                             |                         |                                |
| <b>Liabilities:</b>                           |                     |                            |                             |                         |                                |
| Accounts payable                              | \$ 50,239           | \$ 42,413                  |                             |                         | \$ 92,652                      |
| Intergovernmental payables:                   |                     |                            |                             |                         |                                |
| State   |                     | 124,146                    |                             |                         | 124,146                        |
| Unearned revenue                              |                     | 22,400                     |                             |                         | 22,400                         |
| Interfunds payable                            |                     |                            | \$ 59,622                   |                         | 59,622                         |
| <b>Total liabilities</b>                      | <b>50,239</b>       | <b>188,959</b>             | <b>59,622</b>               |                         | <b>298,820</b>                 |
| <b>Fund balances:</b>                         |                     |                            |                             |                         |                                |
| <b>Restricted for:</b>                        |                     |                            |                             |                         |                                |
| Capital reserve                               | 2,382,949           |                            |                             |                         | 2,382,949                      |
| Emergency reserve                             | 323,335             |                            |                             |                         | 323,335                        |
| Excess fund balance - prior year              |                     |                            |                             |                         |                                |
| designated for subsequent years expenditures  | 788,946             |                            |                             |                         | 788,946                        |
| Excess fund balance-current year              | 830,211             |                            |                             |                         | 830,211                        |
| Debt service                                  |                     |                            |                             | \$ 163,560              | 163,560                        |
| Capital projects                              |                     |                            | 4,540,653                   |                         | 4,540,653                      |
| <b>Assigned to:</b>                           |                     |                            |                             |                         |                                |
| Designated for subsequent years' expenditures | 511,054             |                            |                             |                         | 511,054                        |
| Other purposes                                | 77,409              |                            |                             |                         | 77,409                         |
| Unassigned                                    | 3,099,988           |                            |                             |                         | 3,099,988                      |
| <b>Total fund balances</b>                    | <b>8,013,892</b>    | <b>-</b>                   | <b>4,540,653</b>            | <b>163,560</b>          | <b>12,718,105</b>              |
| <b>Total liabilities and fund balances</b>    | <b>\$ 8,064,131</b> | <b>\$ 188,959</b>          | <b>\$ 4,600,275</b>         | <b>\$ 163,560</b>       |                                |

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

|   |                      |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$217,299,109 and the accumulated depreciation is \$64,997,303.   | 152,301,806          |
| Accrued interest on long-term bonds, notes and capital leases is not due and payable in the current period and therefore is not reported as a liability in the funds.   | (1,609,324)          |
| Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.  | (1,626,677)          |
| Losses arising from the issuance of refunding bonds that are a result of the difference in the carrying value of the refunded bonds and the new bonds are deferred and amortized over the life of the bonds.  | 2,786,164            |
| Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.   | (27,314,488)         |
| Accrued pension contributions for the June 30, 2019 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position. | (1,404,331)          |
| Long-term liabilities, including bonds payable, capital leases, compensated absences and unamortized premium on bonds are not due and payable in the current period and therefore are not reported as liabilities in the funds.                                   | (96,413,273)         |
| <b>Net position of governmental activities</b>  | <b>\$ 39,437,982</b> |

Livingston Board of Education  
Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2019

|  | Major Funds     |                            |                             |                         | Total<br>Governmental<br>Funds |
|--|-----------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
|  | General<br>Fund | Special<br>Revenue<br>Fund | Capital<br>Projects<br>Fund | Debt<br>Service<br>Fund |                                |
| <b>Revenues</b>  |                 |                            |                             |                         |                                |
| Local sources:   |                 |                            |                             |                         |                                |
| Local tax levy   | \$ 105,790,062  |                            |                             | \$ 7,156,855            | \$ 112,946,917                 |
| Tuition  | 132,181         |                            |                             |                         | 132,181                        |
| Tuition from other LEA's                                     | 134,166         |                            |                             |                         | 134,166                        |
| Transportation fees from individuals                         | 442,423         |                            |                             |                         | 442,423                        |
| Interest on investments                                      | 149,704         |                            | \$ 34,293                   |                         | 183,997                        |
| Investment income  | 64,207          |                            |                             |                         | 64,207                         |
| Rental income  | 436,443         |                            |                             |                         | 436,443                        |
| Miscellaneous  | 207,557         | \$ 28,953                  |                             | 121,274                 | 357,784                        |
| Total local sources  | 107,356,743     | 28,953                     | 34,293                      | 7,278,129               | 114,698,118                    |
| State sources  | 23,616,963      | 993,906                    |                             | 810,970                 | 25,421,839                     |
| Federal sources  | 12,167          | 1,577,214                  |                             |                         | 1,589,381                      |
| Total revenues   | 130,985,873     | 2,600,073                  | 34,293                      | 8,089,099               | 141,709,338                    |
| <b>Expenditures</b>  |                 |                            |                             |                         |                                |
| Current:   |                 |                            |                             |                         |                                |
| Instruction  | 52,054,181      | 2,125,517                  |                             |                         | 54,179,698                     |
| Undistributed-current:                                       |                 |                            |                             |                         |                                |
| Instruction  | 6,872,680       |                            |                             |                         | 6,872,680                      |
| Attendance/social work                                       | 61,050          |                            |                             |                         | 61,050                         |
| Health services  | 936,873         |                            |                             |                         | 936,873                        |
| Support services   | 8,222,620       | 474,556                    |                             |                         | 8,697,176                      |
| Improvement of instruction                                   | 2,170,172       |                            |                             |                         | 2,170,172                      |
| School library   | 1,260,467       |                            |                             |                         | 1,260,467                      |
| Instructional staff training                                 | 577,929         |                            |                             |                         | 577,929                        |
| General administration                                       | 1,314,908       |                            |                             |                         | 1,314,908                      |
| School administration  | 4,421,915       |                            |                             |                         | 4,421,915                      |
| Required maintenance of plant services                       | 1,487,391       |                            |                             |                         | 1,487,391                      |
| Operation of plant   | 5,955,341       |                            |                             |                         | 5,955,341                      |
| Student transportation                                       | 3,755,261       |                            |                             |                         | 3,755,261                      |
| Central services   | 1,465,756       |                            |                             |                         | 1,465,756                      |
| Administrative information technology                        | 1,540,635       |                            |                             |                         | 1,540,635                      |
| Unallocated benefits   | 17,216,098      |                            |                             |                         | 17,216,098                     |
| On-behalf TPAF social security<br>and pension contributions  | 18,129,199      |                            |                             |                         | 18,129,199                     |
| Capital outlay   | 4,293,689       |                            |                             |                         | 4,293,689                      |
| Charter Schools  | 43,071          |                            |                             |                         | 43,071                         |
| Debt service:  |                 |                            |                             |                         |                                |
| Principal  |                 |                            |                             | 4,635,000               | 4,635,000                      |
| Interest   |                 |                            |                             | 3,482,825               | 3,482,825                      |
| Total expenditures   | 131,779,236     | 2,600,073                  | -                           | 8,117,825               | 142,497,134                    |
| (Deficiency)/excess of revenues<br>(under)/over expenditures | (793,363)       | -                          | 34,293                      | (28,726)                | (787,796)                      |
| Other financing sources (uses):                              |                 |                            |                             |                         |                                |
| Capital leases (non-budgeted)                                | 1,500,000       |                            |                             |                         | 1,500,000                      |
| Transfers in   | 34,293          |                            |                             | 61,918                  | 96,211                         |
| Transfers out  | (61,918)        |                            | (34,293)                    |                         | (96,211)                       |
| Total other financing sources (uses)                         | 1,472,375       | -                          | (34,293)                    | 61,918                  | 1,500,000                      |
| Net change in fund balances                                  | 679,012         | -                          | -                           | 33,192                  | 712,204                        |
| Fund balances, July 1  | 7,334,880       | -                          | 4,540,653                   | 130,368                 | 12,005,901                     |
| Fund balances, June 30                                       | \$ 8,013,892    | \$ -                       | \$ 4,540,653                | \$ 163,560              | \$ 12,718,105                  |

The reconciliation of the fund balances of governmental funds to the net position of governmental activities in the statement of activities is presented in an accompanying schedule (B-3).

Livingston Board of Education  
Governmental Funds

Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2019

|  |                                |
|--|--------------------------------|
| <b>Total net change in fund balances - governmental funds (from B-2)</b>   | <b>\$ 712,204</b>              |
| Amounts reported for governmental activities in the statement of activities (A-2) are different because:   |                                |
| Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital additions in the period.   |                                |
| Capital additions  | \$ 2,381,908                   |
| Depreciation expense   | <u>(5,836,278)</u> (3,454,370) |
| In the statement of activities, interest on debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due.  | 50,660                         |
| Repayments of bond and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities.  |                                |
| Serial bonds payable   | 4,635,000                      |
| Obligations under capital lease  | <u>1,877,289</u> 6,512,289     |
| The issuance of capital leases proceeds provides current financial resources to governmental funds and has no effect on net position.  | (1,500,000)                    |
| Governmental funds report the effect of premiums on bonds and deferred interest costs 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. |                                |
| Amortization of premium on bonds   | 480,325                        |
| Amortization of deferred loss on refunding of debt   | <u>(205,052)</u> 275,273       |
| 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 the governmental funds.   |                                |
| Pension expense accrual basis adjustment   | (410,801)                      |
| In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid).                     | 187,034                        |
| <b>Change in net position of governmental activities (A-2)</b>   | <b><u>\$ 2,372,289</u></b>     |

## Proprietary Fund

Livingston Board of Education  
Proprietary Fund

Statement of Net Position

June 30, 2019

|                                  | <b>Major<br/>Enterprise Fund</b><br><hr/> <b>Food<br/>Service</b><br><hr/> |
|----------------------------------|--|
| <b>Assets</b>                    |  |
| Current assets:                  |  |
| Cash and cash equivalents        | \$ 508,569   |
| Inventories                      | 13,756   |
| Total current assets             | <hr/> 522,325  |
| Non-current assets:              |  |
| Capital assets - depreciable:    |  |
| Equipment                        | 341,917  |
| Accumulated depreciation         | (163,081)  |
| Total capital assets, net        | <hr/> 178,836  |
| Total assets                     | <hr/> <hr/> 701,161  |
| <b>Liabilities</b>               |  |
| Current liabilities:             |  |
| Accounts payable                 | 209,192  |
| Interfund payable                | 25,422   |
| Unearned revenue                 | 149,567  |
| Purchase agreement payable       | 31,610   |
| Total current liabilities        | <hr/> 415,791  |
| Noncurrent liabilities:          |  |
| Purchase agreement payable       | 83,891   |
| Total noncurrent liabilities     | <hr/> 83,891   |
| Total liabilities                | <hr/> <hr/> 499,682  |
| <b>Net position</b>              |  |
| Net investment in capital assets | 63,335   |
| Unrestricted                     | 138,144  |
| Total net position               | <hr/> <hr/> \$ 201,479   |

*See accompanying notes to the basic financial statements.*



Livingston Board of Education  
Proprietary Fund

Statement of Revenues, Expenses and  
Changes in Fund Net Position

Year ended June 30, 2019

|                              | <b>Major<br/>Enterprise Fund</b><br><hr/> <b>Food<br/>Service</b><br><hr/> |
|------------------------------|--|
| Operating revenues:          |  |
| Local sources:               |  |
| Daily food sales             | \$ 2,141,321   |
| Special event income         | 70,967   |
| Total operating revenues     | <hr/> 2,212,288  |
| Operating expenses:          |  |
| Salaries                     | 702,341  |
| Employee benefits            | 110,127  |
| Supplies and materials       | 148,077  |
| Purchased property services  | 159,804  |
| Other purchased services     | 12,826   |
| Cost of sales                | 924,439  |
| Depreciation                 | 30,138   |
| Management fee               | 59,338   |
| Miscellaneous                | 7,952  |
| Total operating expenses     | <hr/> 2,155,042  |
| Operating income             | 57,246   |
| Nonoperating revenues:       |  |
| Interest                     | 9,955  |
| Total nonoperating revenues  | <hr/> 9,955  |
| Change in net position       | 67,201   |
| Total net position-beginning | 134,278  |
| Total net position-ending    | <hr/> <hr/> \$ 201,479   |

Livingston Board of Education  
Proprietary Fund

Statement of Cash Flows

Year ended June 30, 2019

|   | <b>Major<br/>Enterprise Fund<br/>Food<br/>Service</b> |
|---|---|
| <b>Cash flows from operating activities</b>   |   |
| Receipts from customers   | \$ 2,227,848  |
| Payments to employees and for employee benefits   | (812,468)   |
| Payments to suppliers   | (1,301,818)   |
| Net cash provided by operating activities   | <u>113,562</u>  |
| <b>Cash flows from capital and related financing activities</b>                         |   |
| Payment of purchase agreement payable   | <u>(22,209)</u>                                       |
| Net cash used in capital and related financing activities                               | (22,209)  |
| <b>Cash flows from investing activities</b>   |   |
| Interest received   | <u>9,955</u>  |
| Net cash provided by investing activities   | 9,955   |
| Net increase in cash and cash equivalents   | 101,308   |
| Cash and cash equivalents, beginning of year  | <u>407,261</u>  |
| Cash and cash equivalents, end of year  | <u><u>\$ 508,569</u></u>                              |
| <b>Reconciliation of operating income to net cash provided by operating activities</b>  |   |
| Operating income  | \$ 57,246   |
| Adjustments to reconcile operating income to net cash provided by operating activities: |   |
| Depreciation  | 30,138  |
| Change in assets and liabilities:   |   |
| Decrease in inventory   | 2,040   |
| Increase in accounts payable  | 8,578   |
| Increase in unearned revenue  | 15,560  |
| Net cash provided by operating activities   | <u><u>\$ 113,562</u></u>                              |

**Noncash financing activities:**

The District's food service management company purchased \$137,710 of equipment on behalf of the District under a purchase agreement during the year ended June 30, 2019.

## Fiduciary Funds

Livingston Board of Education  
Fiduciary Funds

Statement of Fiduciary Net Position

June 30, 2019

|   | <b>Unemployment<br/>Compensation<br/>Trust</b> | <b>Agency Fund</b> |
|---|--|--------------------|
| <b>Assets</b>                               |  |                    |
| Cash and cash equivalents                   | \$ 297,725                                     | \$ 3,399,667       |
| Total assets                                | 297,725  | \$ 3,399,667       |
| <b>Liabilities</b>                          |  |                    |
| Payroll deductions and withholdings payable |  | \$ 710,520         |
| Summer payroll escrow payable               |  | 2,252,557          |
| Accounts payable                            | 26,503   |                    |
| Due to student groups                       |  | 436,590            |
| Total liabilities                           | 26,503   | \$ 3,399,667       |
| <b>Net position</b>                         |  |                    |
| Held in trust for unemployment claims       | \$ 271,222                                     |                    |

Livingston Board of Education  
Fiduciary Funds

Statement of Changes in Fiduciary Net Position

Year ended June 30, 2019

|                                    | <u>Unemployment<br/>Compensation<br/>Trust</u> |
|------------------------------------|--|
| <b>Additions</b>                   |  |
| Interest income                    | \$ 4,534                                       |
| Employee contributions             | 90,258   |
| Total additions                    | <u>94,792</u>                                  |
| <b>Deductions</b>                  |  |
| Unemployment claims paid           | <u>159,624</u>                                 |
| Total deductions                   | <u>159,624</u>                                 |
| Change in net position             | (64,830)                                       |
| Net position-beginning of the year | 336,052  |
| Net position-end of the year       | <u><u>\$ 271,222</u></u>                       |

# Livingston Board of Education

## Notes to the Basic Financial Statements

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies

The financial statements of the Livingston Board of Education (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### A. Reporting Entity

The financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

The District, as the primary government for financial reporting entity purposes, has oversight responsibility and control over all activities related to the Livingston Board of Education in the Township of Livingston, New Jersey. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District has no component units that are required to be included within the reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

#### B. Government-Wide and Fund Financial Statements

The government-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 District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in the basic financial statements and are reported separately from business-type activities, which rely on a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The New Jersey Department of Education requires all funds be reported as major to promote consistency among school districts in the State of New Jersey.

#### C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-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. Revenues are recorded when earned and expenses are recorded when a liability is 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 as soon as 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 District considers all revenues to be available if they are collected within sixty days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, unfunded pension liabilities and capital leases, are recorded only when payment is due.

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

Property taxes, interest, and state aid 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 year.

In accordance with GASB Statement No. 72, funds invested in solar renewable energy certificates associated with the current fiscal period are considered revenue under the full accrual and modified accrual basis of accounting. These investments, however, are not recognized on the budgetary basis of accounting until sold or expected to be sold within sixty days after year end.

The District has reported the following major governmental funds:

*General Fund:* The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

*Special Revenue Fund:* The District maintains one special revenue fund, which includes the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes, other than debt service or capital projects.

*Capital Projects Fund:* The capital projects fund is used to account for and report financial resources that are restricted, committed, or assigned to an expenditure for capital outlays, including the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds and state aid that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

*Debt Service Fund:* The debt service fund accounts for and reports financial resources that are restricted, committed, or assigned to an expenditure for the principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary fund:

*Food Service Enterprise Fund:* The food service fund accounts for all revenues and expenses pertaining to cafeteria operations. This fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods and services to the students or other entities on a continuing basis are financed or recovered primarily through user charges.



# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

Additionally, the District reports the following fund types:

Fiduciary funds of the District include the unemployment compensation trust fund and agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurements of results of operations. The following is a description of the fiduciary funds of the District.

*Trust Funds:* The unemployment compensation fund is accounted for in essentially the same manner as governmental funds. The unemployment compensation fund is used to account for contributions from employees and interest earned on the balance as well as payments to the State for reimbursement of unemployment claims.

*Agency Funds (Payroll and Student Activities Fund):* Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

As a general rule the effect of internal activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) fees charged to customers or applicants for goods, services, or privileges 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 taxes.

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 District enterprise fund are charges for sales of food. Operating expenses for the enterprise fund include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District reports unearned revenue on its balance sheet and statement of net position. Unearned revenue arises when resources are received by the District before it has legal claim to them, as when federal assistance is received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and statement of net position and revenue is recognized.

Ad Valorem (Property) taxes are susceptible to accrual as, under New Jersey State Statute, a municipality is required to remit to its school district the entire balance of taxes in the amount certified

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### **1. Summary of Significant Accounting Policies (continued)**

prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." The County Board of Taxation is responsible for the assessment of properties and the Township Tax Collector is responsible for the collection of taxes. Assessments are certified and taxes are levied on January 1; taxes are due February 1, May 1, August 1 and November 1. Unpaid taxes are considered delinquent the following January 1 and are then subject to lien.

### **D. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets are submitted to the county superintendent and approved by the Department of Education. Budgets are prepared using the modified accrual basis of accounting and the special revenue fund uses a non-GAAP budget (budgetary basis). The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referred in N.J.A.C. 6A:23. All budget amendments must be approved by School Board resolution. The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

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 with the exception of the legally mandated revenue recognition of the last state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year-end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. 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.

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

#### E. Cash, Cash Equivalents and Investments

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less from the date of purchase.

Investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and Statement No. 72 *Fair Value Measurement and Application*. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

#### F. Interfund Receivables/Payables

Interfund receivables/payables represent amounts that are owed to/from a particular fund in the District and that are due within one year.

#### G. Inventories

Inventories that benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase. The food service enterprise fund inventories are valued at cost, which approximates fair value, using first-in, first-out (FIFO) method.

#### H. Capital Assets

Capital assets, which include land, buildings, property, plant and equipment and construction in progress, are reported in the applicable governmental activities in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are valued at their acquisition value on the date of acquisition.

The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend the assets lives are not capitalized.

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

Property, plant and equipment of the District is depreciated using the straight line method (half year convention in first and last year). The following estimated useful lives are used to compute depreciation:

|                         | <u>Years</u> |
|-------------------------|--------------|
| Machinery and equipment | 3-20         |
| Buildings               | 50-100       |
| Building improvements   | 20           |
| Solar panels            | 25           |
| Vehicles                | 5-10         |

#### I. Accrued Salaries and Wages

Certain District employees who provided services to the District over the ten-month academic year have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but not disbursed amounts be retained in a separate bank account. As of June 30, 2019, the amount earned by these employees and not disbursed as of June 30, 2019 was \$2,252,557 and is included in liabilities-summer payroll escrow payable in the fiduciary fund.

#### J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 district has two items that qualify for reporting in this category, including deferred amounts from the refunding of debt and deferred amounts related to pensions. In addition to liabilities, the statement of net 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 future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

#### K. Deferred Loss on Defeasance of Debt

Deferred loss on refunding arising from the issuance of the refunding bonds is recorded as a deferred outflow of resources. It is amortized in a systematic and rational manner over the duration of the related debt as a component of interest and other charges on long-term debt. The

## Livingston Board of Education

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **1. Summary of Significant Accounting Policies (continued)**

amortization expense for the year ended June 30, 2019 amounted to \$205,052 and the remaining balance at June 30, 2019 is \$2,786,164.

#### **L. Compensated Absences**

A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits. The District uses the "vesting method" for estimating its accrued sick and vacation leave liability.

#### **L. Compensated Absences (continued)**

District employees are granted vacation and sick leave in varying amounts under the District's personnel policies. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after one year of service.

The liability for vested compensated absences of the District is recorded in the government-wide financial statements and includes salary related payments.

As of June 30, 2019, a liability existed for compensated absences in the government-wide financial statements in the amount of \$4,887,203.

#### **M. Long-Term Obligations**

In the government-wide financial statements and enterprise fund 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 enterprise fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

#### N. Fund Balances

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”) 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. Under GASB 54, fund balances in the governmental funds financial statements are reported under the modified accrual basis of accounting and classified into the following five categories, as defined below:

- 1) Nonspendable – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Assets included in this fund balance category include prepaid assets, inventories, long-term receivables, and corpus of any permanent funds.
- 2) Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- 3) Committed - includes amounts that can be used only for the specific purposes imposed by a formal action of the government’s highest level of decision-making authority. The District’s highest level of decision-making authority is the Board of Education (the “Board”) and formal action is taken by resolution of the Board at publicly held meetings. Once committed, amounts cannot be used for other purposes unless the Board revises or changes the specified use by taking the same action (resolution) taken to originally commit these funds.
- 4) Assigned – amounts intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Intent is expressed by either the Board or Business Administrator, to whom the Board has delegated the authority to assign amounts to be used for specific purposes, including the encumbering of funds.
- 5) Unassigned - includes all spendable amounts not contained in the other classifications in the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. In the other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

#### N. Fund Balances (continued)

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. For the unrestricted fund balance, the District first spends committed funds, then assigned funds, and finally, unassigned funds.

Of the \$8,013,892 of fund balance in the General Fund, \$2,382,949, has been restricted in the capital reserve account, \$323,335 has been restricted in an emergency reserve account, \$830,211 has been restricted for excess surplus-current year, \$788,946 has been restricted for prior year excess surplus that has been designated for subsequent year's expenditures, \$77,409 of outstanding encumbrances is assigned to other purposes, \$511,054 of fund balance has been assigned and designated for subsequent year's expenditures and \$3,099,988 is unassigned. There is \$4,540,653 of fund balance in the Capital Projects Fund at June 30, 2019. There is \$163,560 of fund balance at June 30, 2019 in the Debt Service Fund. The entire debt service fund balance amount has been budgeted as revenue in the 2019-20 budget.

#### O. Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net positions are reported as restricted in the government-wide and fund financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

#### P. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### Q. On-Behalf Payments

Revenues and expenditures of the general fund include payments made by the State of New Jersey social security and post-retirement pension and medical contributions for certified teachers and other members of the New Jersey Teachers Pension and Annuity Fund. Additionally, revenues and expenses

## Livingston Board of Education

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 1. Summary of Significant Accounting Policies (continued)

##### Q. On-Behalf Payments (continued)

related to on behalf pension contributions in the government-wide financial statements have been increased by \$8,015,397 to adjust for the full accrual basis expense incurred by the State of New Jersey during the most recent measurement period. The amounts are not required to be included in the District's annual budget.

##### R. Calculation of Excess Surplus

The designation for restricted fund balance -- excess surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve general fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2019 was 1,619,157. Of this amount, \$788,946 has been appropriated in the 2019-20 budget and the remaining \$830,211 will be appropriated in the 2020-21 budget.

##### S. GASB Pronouncements

###### Recently Issued

The GASB issued Statement No. 84, *Fiduciary Activities* in January 2017. This Statement establishes standards of accounting and financial reporting for fiduciary activities. The requirements of this Statement are effective for periods beginning after December 15, 2018. Management has not determined the impact of the statement on the financial statements.

The GASB issued Statement No. 87, *Leases* in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for periods beginning after December 15, 2019. Management has not determined the impact of the statement on the financial statements.

The GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* in April 2018. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments. The requirements of this Statement are effective for periods beginning after June 15, 2018. Management has adopted this statement in the 2019 fiscal year and it was determined that it did not have an impact on its financial statements or disclosures.



# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 1. Summary of Significant Accounting Policies (continued)

#### T. Subsequent Events

Management has reviewed and evaluated all events and transactions that occurred from June 30, 2019 through December 18, 2019, the date that the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

### 2. Reconciliation of Government-Wide and Fund Financial Statements

#### Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-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 government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds payable and related unamortized premium, capital leases payable and compensated absences are not due and payable in the current period and therefore are not reported in the funds. The details of this \$96,413,273 difference are as follows:

|  |    |                   |
|--|----|-------------------|
| Bonds payable  | \$ | 79,915,000        |
| Premium on bonds   |    | 7,587,018         |
| Capital leases payable   |    | 4,024,052         |
| Compensated absences   |    | 4,887,203         |
| Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities | \$ | <u>96,413,273</u> |

### 3. Deposits and Investments

Cash and cash equivalents include petty cash, change funds, amounts on deposit and short-term investments with original maturities of three months or less.

Investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. The Board classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments and are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

## Livingston Board of Education

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **3. Deposits and Investments (continued)**

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

#### **Deposits**

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

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

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

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

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

Operating cash accounts are held in the District's name by several commercial banking institutions. At June 30, 2019, the carrying amount of the District's deposits was \$13,840,184 and the bank balance was \$16,221,682 not including funds deposited in NJCMF. Of the bank balance, \$500,000

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 3. Deposits and Investments (continued)

was secured by federal depository insurance The New Jersey Governmental Unit Deposit Protection Act (GUDPA) covered the bank balance of \$12,690,574. \$3,031,108 held in the District agency accounts is not covered by GUDPA.

Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures* ("GASB 40"), the District's operating cash accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the District would not be able to recover the value of its deposits and investments). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized (securities not pledged to the depositor), collateralized with securities held by the pledging financial institution, or collateralized with securities held by the financial institution's trust department or agent but not in the government's name.

The District does not have a policy for the management of custodial credit risk, other than depositing all of its funds in banks covered by GUDPA. At least five percent of the District's deposits were fully collateralized by funds held by the financial institution, but not in the name of the District. Due to the nature of GUDPA, further information is not available regarding the full amount that is collateralized.

#### Investments

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

- a. Bonds and other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or of any United States Bank for Cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.
- d. New Jersey Cash Management Fund and New Jersey Asset and Rebate Management Fund.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurement as of June 30, 2019:

- Solar Renewable Energy Credits in the amount of \$64,207 are valued using quoted market prices (Level 1 inputs).

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 3. Deposits and Investments (continued)

#### New Jersey Cash Management Fund

In order to maximize liquidity, the District utilizes the New Jersey Cash Management Fund (“NJCMF”). The NJCMF is administered by the State of New Jersey, Department of the Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. The fair value of the District’s portion in the pool is the same as the fair value of the pool shares. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investments rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty.

All investments in the Fund are governed by the regulations of the Investment Council, which prescribes specific standards designed to ensure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment’s existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the “Other-than-State” participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

The District has investments in the New Jersey Cash Management Fund in the amount of \$149,614, which are classified as cash equivalents and are considered uncategorized.

*Custodial Credit Risk:* Pursuant to GASB 40, the NJCMF which is a pooled investment is exempt from custodial credit risk exposure. The District does not have a policy for custodial credit risk.

*Credit Risk:* The District does not have an investment policy regarding the management of credit risk. GASB 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or investments guaranteed by the U.S. government. The debt instruments in the NJCMF are rated by three national rating agencies.

*Interest Rate Risk:* The District does not have a policy to limit interest rate risk. The average maturity of the District’s investment in the NJCMF, is less than one year.

*Concentration of Credit Risk:* The District places no limit on the amount the District may invest in any one issuer. At June 30, 2019, all of the District’s investments were invested in NJCMF and SRECs.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**4. Capital Assets**

The following schedule is a summarization of the governmental activities changes in capital assets for the year ended June 30, 2019:

|  | <b>Beginning<br/>Balance</b> | <b>Increases</b> | <b>Ending<br/>Balance</b> |
|--|------------------------------|------------------|---------------------------|
| Governmental activities:                     |                              |                  |                           |
| Capital assets, not being depreciated:       |                              |                  |                           |
| Land   | \$ 3,253,263                 |                  | \$ 3,253,263              |
| Total capital assets, not being depreciated  | 3,253,263                    |                  | 3,253,263                 |
| Capital assets, being depreciated:           |                              |                  |                           |
| Land improvements                            | 2,891,343                    |                  | 2,891,343                 |
| Buildings and building improvements          | 190,953,706                  | \$ 2,381,907     | 193,335,613               |
| Machinery, equipment and vehicles            | 17,818,890                   |                  | 17,818,890                |
| Total capital assets being depreciated       | 211,663,939                  | 2,381,907        | 214,045,846               |
| Less accumulated depreciation for:           |                              |                  |                           |
| Land improvements                            | (2,253,655)                  | (58,003)         | (2,311,658)               |
| Buildings and building improvements          | (45,385,708)                 | (4,691,209)      | (50,076,917)              |
| Machinery, equipment and vehicles            | (11,521,662)                 | (1,087,066)      | (12,608,728)              |
| Total accumulated depreciation               | (59,161,025)                 | (5,836,278)      | (64,997,303)              |
| Total capital assets, being depreciated, net | 152,502,914                  | (3,454,371)      | 149,048,543               |
| Governmental activities capital assets, net  | \$ 155,756,177               | \$ (3,454,371)   | \$ 152,301,806            |

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**4. Capital Assets (continued)**

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

|  |                     |
|--|---------------------|
| Current:   |                     |
| Instruction  | \$ 3,339,143        |
| Undistributed – current:                             |                     |
| Instruction  | 423,570             |
| Attendance/social work                               | 3,763               |
| Health services                                      | 57,740              |
| Support services                                     | 536,015             |
| Improvement of instruction                           | 133,750             |
| Other support – instruction staff                    | 35,618              |
| School library                                       | 77,684              |
| General administration                               | 81,039              |
| School administration                                | 272,527             |
| Required maintenance of plant services               | 91,669              |
| Operation of plant                                   | 367,033             |
| Student transportation                               | 231,440             |
| Central services                                     | 90,336              |
| Administrative information technology                | 94,951              |
| Total depreciation expense – governmental activities | <u>\$ 5,836,278</u> |

The following is a summary of business-type activity changes in capital assets for the year ended June 30, 2019.

|  | <b>Beginning<br/>Balance</b> | <b>Increases</b>  | <b>Ending<br/>Balance</b> |
|--|------------------------------|-------------------|---------------------------|
| Business-type activity:                    |                              |                   |                           |
| Capital assets, being depreciated:         |                              |                   |                           |
| Equipment                                  | \$204,207                    | \$137,710         | \$341,917                 |
| Less accumulated depreciation for:         |                              |                   |                           |
| Equipment                                  | (132,943)                    | (30,138)          | (163,081)                 |
| Business-type activity capital assets, net | <u>\$ 71,264</u>             | <u>\$ 107,572</u> | <u>\$ 178,836</u>         |

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**5. Long-Term Liabilities**

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

|   | Beginning<br>Balance  | Additions           | Reductions           | Ending<br>Balance     | Due within<br>One Year |
|---|-----------------------|---------------------|----------------------|-----------------------|------------------------|
| Governmental activities:                      |                       |                     |                      |                       |                        |
| Compensated absences payable                  | \$ 5,074,237          | \$ 314,066          | \$ 501,100           | \$ 4,887,203          | \$ 421,488             |
| Premium on bonds                              | 8,067,343             |                     | 480,325              | 7,587,018             | 480,325                |
| Serial bonds payable                          | 84,550,000            |                     | 4,635,000            | 79,915,000            | 4,820,000              |
| Obligations under capital leases              | 4,401,341             | 1,500,000           | 1,877,289            | 4,024,052             | 1,869,361              |
| Subtotal                                      | 102,092,921           | 1,814,066           | 7,493,714            | 96,413,273            | 7,591,174              |
| Net pension liability                         | 32,316,885            |                     | 5,002,397            | 27,314,488            |                        |
| Governmental activities long-term liabilities | <u>\$ 134,409,806</u> | <u>\$ 1,814,066</u> | <u>\$ 12,496,111</u> | <u>\$ 123,727,761</u> | <u>\$ 7,591,174</u>    |

The debt service fund is utilized to liquidate the serial bonds payable. The general fund liquidates the liabilities associated with compensated absences and obligations under capital leases. The net pension liability will be liquidated with payments from the general fund.

|  | Beginning<br>Balance | Additions         | Reductions       | Ending<br>Balance | Due within<br>One Year |
|--|----------------------|-------------------|------------------|-------------------|------------------------|
| Business-type activities:                      |                      |                   |                  |                   |                        |
| Purchase Agreement Payable                     |                      | \$ 137,710        | \$ 22,209        | \$ 115,501        | \$ 31,610              |
| Business-type activities long-term liabilities | <u>\$ -</u>          | <u>\$ 137,710</u> | <u>\$ 22,209</u> | <u>\$ 115,501</u> | <u>\$ 31,610</u>       |

**Bonds Payable**

Bonds are authorized in accordance with State law or by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds. The principal and interest of these bonds will be paid from the debt service fund as required by New Jersey statutes.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**5. Long-Term Liabilities (continued)**

Principal and interest due on all bonds outstanding is as follows:

|                      | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>          |
|----------------------|----------------------|----------------------|-----------------------|
| Year ending June 30: |                      |                      |                       |
| 2020                 | \$ 4,820,000         | \$ 3,325,350         | 8,145,350             |
| 2021                 | 5,010,000            | 3,161,250            | 8,171,250             |
| 2022                 | 5,425,000            | 2,963,300            | 8,388,300             |
| 2023                 | 5,460,000            | 2,731,675            | 8,191,675             |
| 2024                 | 5,190,000            | 2,505,050            | 7,695,050             |
| 2025-2029            | 24,075,000           | 9,234,438            | 33,309,438            |
| 2030-2034            | 18,665,000           | 5,583,788            | 24,248,788            |
| 2035-2039            | 11,270,000           | 181,625              | 11,451,625            |
|                      | <u>\$ 79,915,000</u> | <u>\$ 29,686,476</u> | <u>\$ 109,601,476</u> |

At June 30, 2019, there are bonds and notes authorized but not issued in the amount of \$6,410,849.

Bonds payable at June 30, 2019 are comprised of the following issues:

\$12,405,000, 2010 school refunding bonds due in annual installments ranging from \$475,000 to \$1,475,000, through July 2022 at an interest rate of 4.0%.

\$9,000,000, 2010 school bonds due in annual installments of \$1,000,000 through July 2020 at interest rates ranging from 2.35% to 2.50%.

\$8,500,000, 2013 school bonds due in annual installments ranging from \$650,000 to \$700,000 through August 2028 at interest rates ranging from 2.0% to 3.0%.

\$8,500,000, 2015 school bonds due in annual installments ranging from \$450,000 to \$700,000 through August 2030 at interest rates ranging from 2.0% to 3.0%.

\$61,010,000, 2016 school refunding bonds due in annual installments ranging from \$1,350,000 to \$3,945,000 through July 2037 at interest rates ranging from 4.0% to 5.0%.

**Capital Leases Payable**

The District has remaining capital leases totaling \$4,024,052 with interest rates ranging from 1.22% to 2.90%. The terms of the leases are from three to five years. The following is a schedule of the future



Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**5. Long-Term Liabilities (continued)**

minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2019:

| Fiscal year:                                | <u>Amount</u>       |
|---|---------------------|
| 2020  | \$ 1,950,031        |
| 2021  | 1,006,600           |
| 2022  | 522,200             |
| 2023  | 450,570             |
| 2024  | <u>282,461</u>      |
| Total minimum lease payments                | 4,024,052           |
| Less: amount representing interest          | <u>(187,810)</u>    |
| Present value of net minimum lease payments | <u>\$ 4,024,052</u> |

Many of the assets acquired through the capital leases are below the capitalization threshold of the District. Assets capitalized through capital leases at June 30, 2019 are as follows:

|                                   |                     |
|-----------------------------------|---------------------|
| Machinery, equipment and vehicles | \$ 12,561,037       |
| Less accumulated depreciation     | <u>(8,211,079)</u>  |
| Total                             | <u>\$ 4,349,958</u> |

**Purchase Agreement Payable – Enterprise Fund**

The District's food services agreement with Aramark authorizes Aramark to purchase food service equipment for use on the District's premises. The District reimburses Aramark, interest free, on a monthly basis for a term of three or five years, based on the useful life of the equipment.

The following is a schedule of future payments under the purchase agreement payable at June 30, 2019:

| Fiscal Year:                     | <u>Amount</u>     |
|----------------------------------|-------------------|
| 2020                             | \$ 31,610         |
| 2021                             | 24,706            |
| 2022                             | 21,597            |
| 2023                             | 21,440            |
| 2024                             | <u>16,148</u>     |
| Total purchase agreement payable | <u>\$ 115,501</u> |

## Livingston Board of Education

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **6. Pension Plans**

##### **Description of Systems**

Substantially all of the District's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State statute: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). These systems are sponsored and administered by the State of New Jersey. The Teachers' Pension and Annuity Fund Retirement System is considered a cost-sharing multiple-employer plan, with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. The Public Employees' Retirement System is considered a cost-sharing multiple-employer plan.

##### **Teachers' Pension and Annuity Fund**

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively, with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be 1/60<sup>th</sup> of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

##### **Public Employee's Retirement System**

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be 1/55<sup>th</sup> of the average annual compensation for the

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 6. Pension Plans (continued)

highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be 1/60<sup>th</sup> of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issued publicly available financial reports that include the financial statements and required supplementary information for TPAF and PERS. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295.

### Funding Policy

The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing members. Plan member and employer contributions may be amended by State of New Jersey legislation. Under the provisions of Chapter 78, P.L. 2011, employee contribution rates for TPAF and PERS increased to 7.5% of employees' annual compensation. Employers are required to contribute at an actuarially determined rate in both the TPAF and PERS. The actuarially determined contribution includes funding for noncontributory death benefits and post-retirement medical premiums. Under current statute, the District is a non-contributing employer of the TPAF.

During the year ended June 30, 2019, the State of New Jersey contributed \$14,380,759 to the TPAF for on-behalf medical, long-term disability insurance, and pension contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66, the State of New Jersey reimbursed the District \$3,748,440 during the year ended June 30, 2019 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the fund financial statements.

The District's actuarially calculated contributions to PERS for each of the years ended June 30, 2019, 2018 and 2017 were \$1,379,877, \$1,286,091 and \$1,192,759, respectively, equal to the required contributions for each year.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**6. Pension Plans (continued)**

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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the 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.

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

*Public Employee's Retirement System (PERS)*

At June 30, 2019, the District reported a liability of \$27,314,488 for its proportionate share of the 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 July 1, 2017, which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.1387261505 percent, which was an increase of 0.0045663790 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized full accrual pension expense of \$1,790,677 in the government-wide financial statements. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

|   | <b>Deferred<br/>Outflows<br/>of Resources</b> | <b>Deferred<br/>Inflows<br/>of Resources</b> |
|---|---|--|
| Changes of assumptions  | \$ 4,500,975                                  | \$ 8,733,721                                 |
| Difference between expected and actual experience   | 520,891                                       | 140,842                                      |
| Changes in proportion   | 1,370,778                                     |  |
| Net difference between projected and actual earnings<br>on pension plan investments                                 |   | 256,211                                      |
| Changes in proportion and differences between<br>District contributions and proportionate share of<br>contributions |   | 292,878                                      |
| District contributions subsequent to the<br>measurement date  | 1,404,331                                     |  |
|   | <u>\$ 7,796,975</u>                           | <u>\$ 9,423,652</u>                          |

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 6. Pension Plans (continued)

\$1,404,331 is reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: |                       |
|---------------------|-----------------------|
| 2020                | \$ 414,956            |
| 2021                | 108,798               |
| 2022                | (1,480,635)           |
| 2023                | (1,523,074)           |
| 2024                | (551,053)             |
|                     | <u>\$ (3,031,008)</u> |

#### *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 included in the measurement:

|                              |                              |
|------------------------------|------------------------------|
| Inflation rate               | 2.25%                        |
| Salary increase through 2026 | 1.65 - 4.15%                 |
| Thereafter                   | based on age<br>2.65 - 5.15% |
| Investment rate of return    | based on age<br>7.00%        |

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### **6. Pension Plans (continued)**

#### *Mortality Rates*

Pre-retirement mortality rates were based on the RP-2000 Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale.

Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA.

In addition, the tables for service retirements and beneficiaries of formers members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

#### *Long-Term Rate of Return*

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2018 are summarized in the following table:

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

| <u>Asset Class</u>               | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| Absolute return/risk mitigation  | 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 market equity | 11.50%                   | 9.00%   |
| Emerging markets equity          | 6.50%                    | 11.64%  |
| Buyouts/venture capital          | 8.25%                    | 13.08%  |
|                                  | <u>100.00%</u>           |   |

*Discount rate*

The discount rate used to measure the total pension liability was 5.66% as of June 30, 2018. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**6. Pension Plans (continued)**

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate*

The following presents the District's proportionate share of the net pension liability as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.66 percent) or 1-percentage-point higher (6.66 percent) than the current rate:

|  | At 1%<br>decrease<br>(4.66%) | At current<br>discount rate<br>(5.66%) | At 1%<br>increase<br>(6.66%) |
|--|------------------------------|--|------------------------------|
| District's proportionate share of<br>the net pension liability | \$ 34,344,821                | \$ 27,314,488                          | \$ 21,416,488                |

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report for the State of New Jersey Public Employees Retirement System.

*Additional Information*

Collective balances - Local Group at June 30, 2018 are as follows:

|                                |                   |
|--------------------------------|-------------------|
| Deferred outflows of resources | \$ 4,684,852,302  |
| Deferred inflows of resources  | \$ 7,464,736,226  |
| Net pension liability          | \$ 19,689,501,539 |
| District's Proportion          | 0.1387261505%     |

Collective pension expense for the Local Group for the measurement period ended June 30, 2018 is \$1,099,708,157.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2018, 2017, 2016, 2015, and 2014 is 5.63, 5.48, 5.57, 5.72, and 6.44 years, respectively.



## Livingston Board of Education

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 6. Pension Plans (continued)

##### Teachers Pensions and Annuity Fund (TPAF) – Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. The State's proportionate share of the TPAF net pension liability associated with the District as of June 30, 2018 was \$307,078,346. The District's proportionate share was \$0.

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 July 1, 2017, which was rolled forward to June 30, 2018. The State's proportionate share of the net pension liability associated with the District was based on a projection of the State's long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2018, the State's proportionate share of the TPAF net pension liability associated with the District was 0.4826921006 percent, which was an increase of 0.0126378401 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue in the government wide financial statements of \$17,901,594 for contributions incurred by the State.

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 6. Pension Plans (continued)

#### *Actuarial assumptions*

The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

|                           |              |
|---------------------------|--------------|
| Inflation rate            | 2.25%        |
| Salary increases:         |              |
| 2011-2026                 | 1.55 – 4.55% |
| Thereafter                | 2.00 – 5.45% |
| Investment rate of return | 7.00%        |

#### *Mortality Rates*

Pre-retirement mortality rates were based on the RP-2006 Employee White Collar Mortality Tables, set back 3 years for males and 5 years for females, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Post-retirement mortality rates were based on the RP-2006 Healthy Annuitant White Collar Mortality Tables, with adjustments as described in the latest experience study, projected on a generational basis from a base year of 2006 using a 60-year average of improvement rates based on Social Security data from 1953 to 2013. Disability mortality rates were based on the RP-2006 Disabled Retiree Mortality Tables with rates adjusted by 90%. No mortality improvement is assumed for disabled retiree mortality.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

6. Pension Plans (continued)

| <u>Asset Class</u>               | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| Absolute return/risk mitigation  | 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 market equity | 11.50%                   | 9.00%   |
| Emerging markets equity          | 6.50%                    | 11.64%  |
| Buyouts/venture capital          | 8.25%                    | 13.08%  |
|                                  | <u>100.00%</u>           |   |

*Discount Rate*

The discount rate used to measure the total pension liability was 4.86% as of June 30, 2018 and 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term rate of return on pension plan investments of 7.00%, and a municipal bond rate of 3.87% as of June 30, 2018 based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**6. Pension Plans (continued)**

*Sensitivity of the State's proportionate share of the net pension liability associated with the District to changes in the discount rate*

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District 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:

|   | At 1%<br>decrease<br>(3.86%) | At current<br>discount rate<br>(4.86%) | At 1%<br>increase<br>(5.86%) |
|---|------------------------------|--|------------------------------|
| State's proportionate share of the net pension liability associated with the District | \$ 362,960,774               | \$ 307,078,346                         | \$ 260,753,175               |

*Pension plan fiduciary net position*

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

**Additional Information**

Collective balances of the Local Group at June 30, 2018 are as follows:

|                                |                   |
|--------------------------------|-------------------|
| Deferred outflows of resources | \$ 12,599,296,329 |
| Deferred inflows of resources  | \$ 16,171,861,734 |
| Net pension liability          | \$ 63,617,852,031 |
| District's Proportion          | 0.4826921006%     |

Collective pension expense-Local Group for the plan for the measurement period ended June 30, 2019 is \$3,726,181,598.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2018, 2017, 2016, 2015, and 2014 is 8.29, 8.3, 8.3, 8.3, and 8.5 years, respectively.

## Livingston Board of Education

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **7. Post-Retirement Benefits**

##### **Plan description and benefits provided**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health benefits) for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers. The State Health Benefits Program Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pension and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SHBP. That report may be obtained by writing to Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 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. In Fiscal Year 2018, the State paid PRM benefits for 148,401 State and local retirees.

The State's contributions to the SHBP Fund for TPAF retirees' post-retirement benefits on behalf of the District for the years ended June 30, 2019, 2018 and 2017 were \$4,484,364, \$4,702,548, and \$4,405,428 respectively, which equaled the required contributions for each year.

The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2018, the State contributed \$1.909 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**7. Post-Retirement Benefits (continued)**

The increase in the State's pay-as-you-go contribution between Fiscal Year 2017 and Fiscal Year 2018 is attributed to rising health care costs, an increase in the number of participants qualifying for State-paid PRM benefits at retirement and larger fund balance utilization in Fiscal Year 2017 than in Fiscal Year 2018. The Fiscal Year 2019 Appropriations Act includes \$1.921 billion as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. As such, the Fiscal Year 2017 total State OPEB liability to provide these benefits has been re-measured to \$97.1 billion, an increase of \$60.6 billion or 166 percent from the previous year's \$36.5 billion liability booked in accordance with GASB Statement No. 45. For Fiscal Year 2018, the total OPEB liability for the State is \$90.5 billion, a decrease of \$6.6 billion or 7 percent from the re-measured total OPEB liability in Fiscal Year 2017.

**Total OPEB Liability**

The total non-employer (State) OPEB liability from New Jersey's plan is \$46,110,832,982.

*Changes in Total OPEB Liability*

Below represents the changes in the State's portion of the OPEB liability associated with the District for the year ended June 30, 2018:

|   | <u>Total OPEB Liability</u> |
|---|-----------------------------|
| Beginning Total OPEB Liability June 30, 2017      | \$ 194,419,690              |
| Changes for the year                              |                             |
| Service cost                                      | 7,057,004                   |
| Interest  | 7,135,055                   |
| Difference between expected and actual experience | (14,853,146)                |
| Changes in assumptions or other inputs            | (19,494,428)                |
| Member contributions                              | 156,996                     |
| Benefit payments                                  | (4,542,495)                 |
| Net changes                                       | (24,541,014)                |
| Ending Total OPEB Liability June 30, 2018         | \$ 169,878,676              |

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**7. Post-Retirement Benefits (continued)**

*Employees covered by benefit terms*

The following employees were covered by the benefit terms:

| <u>Local Education Group</u>  | <u>June 30, 2018</u> |
|---|----------------------|
| Active Plan Members   | 217,131              |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | 145,050              |
| Inactive Plan Members Entitled to but Not Receiving Benefits        | <u>-</u>             |
| Total Plan Members  | <u>362,181</u>       |

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective OPEB liability on the Statement of Net Position. The State's proportionate share of the total OPEB liability associated with the District as of June 30, 2018 was \$169,878,676. Additional information can be obtained from the State of New Jersey's comprehensive annual financial report.

*Actuarial assumptions and other inputs*

The total non-employer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

|                              | TPAF         | PERS   |
|------------------------------|--------------|--|
| Inflation rate               | 2.50%        | 2.50%  |
| Salary increase through 2026 | 1.55 – 4.55% | 2.15 – 4.15%                                 |
| Thereafter                   | 2.00 – 5.45% | based on age<br>3.15 – 5.15%<br>based on age |

*Mortality Rates*

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 based on MP- 2017 scale. Postretirement mortality rates were based on the RP-2006

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### 7. Post-Retirement Benefits (continued)

Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

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

100% of all retirees who currently have health care coverage are assumed to continue with that coverage. 100% of all active members are considered to participate in the Plan upon retirement, having a coverage blend of 85% and 15% in PPO and HMO, respectively.

#### *Discount Rate*

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This 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.

#### *Health Care Trend Assumptions*

For pre-Medicare preferred provider organization (PPO) and health maintenance organization (HMO) medical benefits, the trend rate is initially 5.8% and decreases to a 5.0% long-term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

*The following represents sensitivity of total non-employer OPEB liability to changes in the discount rate and health care cost trend rate*

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2018 calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current rate:



Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**7. Post-Retirement Benefits (continued)**

|  | At<br>1% Decrease<br>(2.87%) | At Current<br>Discount Rate<br>(3.87%) | At<br>1% Increase<br>(4.87%) |
|--|------------------------------|--|------------------------------|
| Total OPEB Liability (Allocable to the District and the responsibility of the State) | \$ 200,831,177               | \$ 169,878,676                         | \$ 145,274,634               |

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2018 calculated using the healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

|  | At a<br>1% Decrease | At Healthcare<br>Cost Trend<br>Rates | At a<br>1% Increase |
|--|---------------------|--------------------------------------|---------------------|
| Total OPEB Liability (Allocable to the District and the responsibility of the State) | \$ 140,414,620      | \$ 169,878,676                       | \$ 208,846,018      |

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

For the year ended June 30, 2019, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$7,986,172 for OPEB expenses incurred by the State. Collective balances of the Education Group at June 30, 2018 are as follows:

|                                |                   |
|--------------------------------|-------------------|
| Deferred outflows of resources | \$ 1,377,313,892  |
| Deferred inflows of resources  | \$ 16,189,378,926 |
| Collective OPEB expense        | \$ 2,129,660,368  |
| District's Proportion          | 0.36%             |

*Special Funding Situation*

The employer contributions for local participating employers are legally required to be funded by the State. Therefore, the District records an expense and corresponding revenue for its respective share of total OPEB expense and revenue attributable to the State of New Jersey.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**8. Interfund Receivables and Payables**

The total interfund accounts receivable and payable for the District at June 30, 2019 is as follows:

| <u>Fund</u>                  | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|------------------------------|---------------------------------|------------------------------|
| General Fund                 | \$ 85,044                       |                              |
| Capital Projects Fund        |                                 | \$ 59,622                    |
| Food Service Enterprise Fund |                                 | 25,422                       |
|                              | <u>\$ 85,044</u>                | <u>\$ 85,044</u>             |

The interfund between the capital projects fund and the general fund in the amount of \$59,622 represents interest earned in the capital projects fund that has not been turned over to the general fund at June 30, 2019. New Jersey statutes require that interest earned on the investments in the capital projects fund be credited to the general or debt service fund. This includes prior year and current year interest.

The interfund between the food service enterprise fund and the general fund in the amount of \$25,422 represents an over-transfer from the general fund to the enterprise fund that was made during the year and is due back to the general fund as of June 30, 2019. All interfunds are expected to be liquidated within one year.

**9. Economic Dependency**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, could have an effect on the District's programs and activities.

**10. Contingent Liabilities**

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 may be impaired. In addition, the District is receiving funding in the form of grants from the New Jersey Schools Development Authority (NJSDA) in connection with capital projects. The costs associated with the funding received from the NJSDA are subject to a final review of eligible costs and compliance by the New Jersey Department of Education and the NJSDA. To the extent that the District has not complied with the

# Livingston Board of Education

## Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

### **10. Contingent Liabilities (continued)**

rules and regulations governing the NJSDA funds or has not met the final eligible costs requirements, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019 may be impaired.

In the opinion of the District management, there are no significant contingent liabilities relating to compliance with the rules and regulations or final eligible cost requirements governing the respective grants or funding; therefore, no provisions have been recorded in the accompanying basic financial statements for such contingencies.

The District is also involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial position of the District.

### **11. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has obtained insurance coverage to guard against these events which will provide minimum exposure to the District should they occur.

#### **Property and Liability Insurance**

The District maintains commercial insurance coverage for property, liability, student accident and surety bonds and does not retain risk of loss. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. There have been no significant reductions in insurance coverage from the prior year and no settlements have exceeded insurance coverages over the past three years.

#### **New Jersey Unemployment Compensation Insurance**

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the District is required to reimburse the 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.

Livingston Board of Education

Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

**11. Risk Management (continued)**

The following is a summary of contributions, payments to the State for benefits paid and the ending balance of the District's unemployment trust fund for the past three years:

| Fiscal Year | Contributions<br>and Interest<br>Earned | Deductions | Ending<br>Balance |
|-------------|---|------------|-------------------|
| 2018-19     | \$ 94,792                               | \$ 159,624 | \$ 271,222        |
| 2017-18     | 136,040                                 | 126,384    | 336,052           |
| 2016-17     | 108,503                                 | 112,654    | 326,396           |

**12. Transfers – Reconciliation**

The following represents transfers between funds during the year ended June 30, 2019:

|                       | Transfers<br>In | Transfers<br>Out |
|-----------------------|-----------------|------------------|
| General Fund          | \$ 34,293       | \$ 61,918        |
| Capital Projects Fund |                 | 34,293           |
| Debt Service Fund     | 61,918          |                  |
|                       | \$ 96,211       | \$ 96,211        |

The transfer from the capital projects fund to the general fund represents interest earned. New Jersey statutes require that interest earned on the investments in the capital projects fund be credited to the general or debt service fund. The transfer from the general fund to the debt service fund represents earnings from SRECs recorded in general fund that were transferred to the debt service fund where the revenue was budgeted.

**13. Capital Reserve Account**

Capital reserve accounts may be established by New Jersey school districts for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve accounts are restricted to capital projects in the District's Long Range Facilities Plan (LRFP) and updated annually in the Quality Assurance Annual Report (QAAR). Upon submission of the LRFP to the Department of Education, 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 (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the

## Livingston Board of Education

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### 13. Capital Reserve Account (continued)

express approval of the voters has been obtained either by separate proposal at budget time or by a special question at one of the four special elections pursuant to N.J.S.A. 19:60-2.

Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve account for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

|                                  |                     |
|----------------------------------|---------------------|
| Beginning balance, July 1, 2018  | \$ 1,982,949        |
| Interest earnings                | 12,167              |
| Deposit per June 2019 resolution | 387,833             |
| Ending balance, June 30, 2019    | <u>\$ 2,382,949</u> |

The June 30, 2019 capital reserve balance does not exceed local support costs identified in the District's Long Range Facility Plan at June 30, 2019. The District has not budgeted any capital reserve funds for use in the District's 2019-20 fiscal year.

#### 14. Restricted Assets

The District has \$2,706,284 of capital reserve and emergency reserve funds that are classified as restricted assets on the statement of net position because they are restricted by the New Jersey Department of Education codified in Administrative Code to be utilized for future capital projects that have been approved in the District's Long-Range Facility Plan and emergencies.

#### 15. Commitments

The District has \$77,409 of contracts encumbered that are reported in the balance sheet of the general fund as assigned to other purposes.

#### 16. GASB 77 Tax Abatements

As defined by the 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. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

## Livingston Board of Education

### Notes to the Basic Financial Statements (continued)

Year ended June 30, 2019

#### **16. GASB 77 Tax Abatements**

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provision at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

For the 2018 year, the Township recognized revenue of \$67,727 from the annual service charge in lieu of payment of taxes, while the taxes that would have been paid for this property were \$900,751, resulting in a reduction of taxes collected by the Township of \$833,024. A portion of this would have been allocated to the District.

Required Supplementary Information  
Part II

Schedules Related to Accounting and Reporting  
For Pensions and Other Postemployment Benefits

Livingston Board of Education  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 Public Employee's Retirement System  
 Required Supplementary Information  
 Last Ten Fiscal Years\*

|  | Year Ended June 30,<br>2019 | Year Ended June 30,<br>2018 | Year Ended June 30,<br>2017 | Year Ended June 30,<br>2016 | Year Ended June 30,<br>2015 | Year Ended June 30,<br>2014 | Year Ended June 30,<br>2013 | Year Ended June 30,<br>2012 | Year Ended June 30,<br>2011 | Year Ended June 30,<br>2010 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| District's proportion of the net pension liability (asset) - Local Group                                   | 0.1387261505%               | 0.1388277676%               | 0.1342613886%               | 0.1263054356%               | 0.1261425514%               | 0.1325548871%               | Not available               | Not available               | Not available               | Not available               |
| District's proportionate share of the net pension liability (asset)  | \$ 27,314,488               | \$ 32,316,885               | \$ 39,764,372               | \$ 28,353,039               | \$ 23,617,336               | \$ 25,333,873               | Not available               | Not available               | Not available               | Not available               |
| District's covered payroll   | \$ 9,927,347                | \$ 9,557,009                | \$ 9,354,907                | \$ 8,637,855                | \$ 8,554,915                | \$ 8,651,763                | \$ 8,831,222                | \$ 8,801,531                | \$ 10,343,746               | \$ 9,914,190                |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 275.14%                     | 338.15%                     | 425.06%                     | 328.24%                     | 276.07%                     | 292.82%                     | Not available               | Not available               | Not available               | Not available               |
| Plan fiduciary net position as a percentage of the total pension liability - Local Group                   | 53.60%                      | 48.10%                      | 40.14%                      | 47.93%                      | 52.08%                      | 48.72%                      | Not available               | Not available               | Not available               | Not available               |

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 ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.



Livingston Board of Education  
 Schedule of District Contributions  
 Public Employee's Retirement System  
 Required Supplementary Information  
 Last Ten Fiscal Years \*

|  | <u>Year Ended June 30,</u><br>2019 | <u>Year Ended June 30,</u><br>2018 | <u>Year Ended June 30,</u><br>2017 | <u>Year Ended June 30,</u><br>2016 | <u>Year Ended June 30,</u><br>2015 | <u>Year Ended June 30,</u><br>2014 | <u>Year Ended June 30,</u><br>2013 | <u>Year Ended June 30,</u><br>2012 | <u>Year Ended June 30,</u><br>2011 | <u>Year Ended June 30,</u><br>2010 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Contractually required contribution                                  | \$ 1,379,877                       | \$ 1,286,091                       | \$ 1,192,759                       | \$ 1,123,789                       | \$ 1,085,888                       | \$ 1,039,901                       | \$ 998,774                         | \$ 1,004,737                       | \$ 1,172,517                       | \$ 1,124,960                       |
| Contributions in relation to the contractually required contribution | (1,379,877)                        | (1,286,091)                        | (1,192,759)                        | (1,123,789)                        | (1,085,888)                        | (1,039,901)                        | (998,774)                          | (1,004,737)                        | (1,172,517)                        | (1,124,960)                        |
| Contribution deficiency (excess)                                     | <u>\$ -</u>                        | <u>\$ -</u>                        | <u>\$ -</u>                        | <u>\$ -</u>                        | <u>\$ -</u>                        | <u>\$ -</u>                        | <u>\$ -</u>                        | <u>\$ -</u>                        | <u>\$ -</u>                        | <u>\$ -</u>                        |
| District's covered payroll   | \$ 10,124,857                      | \$ 9,927,347                       | \$ 9,557,009                       | \$ 9,354,907                       | \$ 8,637,855                       | \$ 8,554,915                       | \$ 8,651,763                       | \$ 8,831,222                       | \$ 8,801,531                       | \$ 10,343,746                      |
| Contributions as a percentage of covered payroll                     | 13.63%                             | 12.96%                             | 12.48%                             | 12.01%                             | 12.57%                             | 12.16%                             | 11.54%                             | 11.38%                             | 13.32%                             | 10.88%                             |

Livingston Board of Education  
 Schedule of the State's Proportionate Share of the Net Pension Liability Associated With the District  
 Teachers' Pension and Annuity Fund  
 Required Supplementary Information  
 Last Ten Fiscal Years\*

|  | Year Ended June 30,<br>2019 | Year Ended June 30,<br>2018 | Year Ended June 30,<br>2017 | Year Ended June 30,<br>2016 | Year Ended June 30,<br>2015 | Year Ended June 30,<br>2014 | Year Ended June 30,<br>2013 | Year Ended June 30,<br>2012 | Year Ended June 30,<br>2011 | Year Ended June 30,<br>2010 |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| State's proportion of the net pension liability (asset) associated with the District - Local Group | 0.4826921006%               | 0.4700542605%               | 0.4547057578%               | 0.4577869858%               | 0.4317288047%               | 0.4492756174%               | Not available               | Not available               | Not available               | Not available               |
| District's proportionate share of the net pension liability (asset)                                | \$ -                        | \$ -                        | \$ -                        | \$ -                        | \$ -                        | \$ -                        | \$ -                        | \$ -                        | \$ -                        | \$ -                        |
| State's proportionate share of the net pension liability (asset) associated with the District      | \$ 307,078,346              | \$ 316,927,532              | \$ 357,700,500              | \$ 289,340,924              | \$ 230,744,995              | \$ 227,060,363              | Not available               | Not available               | Not available               | Not available               |
| Total proportionate share of the net pension liability (asset) associated with the District        | <u>\$ 307,078,346</u>       | <u>\$ 316,927,532</u>       | <u>\$ 357,700,500</u>       | <u>\$ 289,340,924</u>       | <u>\$ 230,744,995</u>       | <u>\$ 227,060,363</u>       | <u>\$ -</u>                 | <u>\$ -</u>                 | <u>\$ -</u>                 | <u>\$ -</u>                 |
| Plan fiduciary net position as a percentage of the total pension liability                         | 26.49%                      | 25.41%                      | 27.96%                      | 28.71%                      | 33.64%                      | 33.76%                      | Not available               | Not available               | Not available               | Not available               |

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 ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

Covered payroll information is not presented since the Teachers' Pension and Annuity Fund is a special funding situation in which the District does not make contributions to this plan.

Livingston Board of Education  
Schedule of the State's Proportionate Share of the Net OPEB Liability Associated with the District  
and Changes in the Total OPEB Liability and Related Ratios  
Public Employees' Retirement System and Teachers' Pension and Annuity Fund  
Required Supplementary Information  
Last Ten Fiscal Years\*

M-1

|  | <u>Year Ended June 30,</u><br>2019 | <u>Year Ended June 30,</u><br>2018 | <u>Year Ended June 30,</u><br>2017 |
|--|------------------------------------|------------------------------------|------------------------------------|
| State's proportion of the net OPEB liability (asset) associated with the District -        | 0.36%                              | 0.36%                              | 0.36%                              |
| District's proportionate share of the net OPEB liability (asset)                           | \$ -                               | \$ -                               | \$ -                               |
| State's proportionate share of the net OPEB liability (asset) associated with the District | \$ 169,878,676                     | \$ 194,419,690                     | \$ 209,408,366                     |
| Total proportionate share of the net OPEB liability (asset) associated with the District   | <u>\$ 169,878,676</u>              | <u>\$ 194,419,690</u>              | <u>\$ 209,408,366</u>              |
| Plan fiduciary net position as a percentage of the total OPEB liability                    | 0.00%                              | 0.00%                              | 0.00%                              |
| <b>Total OPEB Liability</b>  | <u>2019</u>                        | <u>2018</u>                        | <u>2017**</u>                      |
| Service cost   | 7,057,004                          | 8,516,952                          |                                    |
| Interest cost  | 7,135,055                          | 6,149,498                          |                                    |
| Differences between expected and actual experience   | (14,853,146)                       | -                                  |                                    |
| Changes in assumptions   | (19,494,428)                       | (25,317,771)                       |                                    |
| Member contributions   | 156,996                            | 165,818                            |                                    |
| Gross benefit payments   | (4,542,495)                        | (4,503,173)                        |                                    |
| Net change in the total OPEB liability   | <u>(24,541,014)</u>                | <u>(14,988,676)</u>                |                                    |
| Total OPEB liability - beginning   | <u>194,419,690</u>                 | <u>209,408,366</u>                 |                                    |
| Total OPEB liability - ending  | <u>\$ 169,878,676</u>              | <u>\$ 194,419,690</u>              |                                    |
| Covered-employee payroll   | <u>\$ 62,791,654</u>               | <u>\$ 60,741,598</u>               |                                    |
| Total OPEB liability as a percentage of covered-employee payroll                           | 270.54%                            | 320.08%                            |                                    |

\* This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, governments should present information for those years for which information is available.

\*\* Information not available

Livingston Board of Education  
Notes to Required Supplementary Information  
Year ended June 30, 2019

**PENSION - PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.00% as of June 30, 2017 to 5.66% as of June 30, 2018.

**PENSION - TEACHERS PENSION AND ANNUITY FUND**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.25 % as of June 30, 2017 to 4.86% as of June 30, 2018.

**OTHER POST-RETIREMENT BENEFIT PLAN – PUBLIC EMPLOYEES' RETIREMENT SYSTEM AND TEACHERS' PENSION AND ANNUITY FUND**

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

Required Supplementary Information  
Part III

Budgetary Comparison Schedules

Livingston Board of Education  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2019

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual         | Variance<br>Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|-----------------------------|
| <b>Revenues</b>  |                    |                     |                 |                |                             |
| Local sources:   |                    |                     |                 |                |                             |
| Local tax levy   | \$ 105,790,062     |                     | \$ 105,790,062  | \$ 105,790,062 |                             |
| Tuition  | 12,500             |                     | 12,500          | 132,181        | \$ 119,681                  |
| Tuition from other LEA's   | 100,000            |                     | 100,000         | 134,166        | 34,166                      |
| Transportation fees from individuals   | 300,000            |                     | 300,000         | 442,423        | 142,423                     |
| Interest on investments  | 50,000             |                     | 50,000          | 149,704        | 99,704                      |
| Rental income  | 450,000            |                     | 450,000         | 436,443        | (13,557)                    |
| Miscellaneous  | 255,000            |                     | 255,000         | 207,557        | (47,443)                    |
| Total - local sources  | 106,957,562        |                     | 106,957,562     | 107,292,536    | 334,974                     |
| State sources:   |                    |                     |                 |                |                             |
| Extraordinary aid  | 300,000            |                     | 300,000         | 1,438,157      | 1,138,157                   |
| On behalf TPAF pension, disability insurance and medical contribution (non-budgeted) |                    |                     |                 | 14,380,759     | 14,380,759                  |
| Reimbursed TPAF social security (non-budgeted)                                       |                    |                     |                 | 3,748,440      | 3,748,440                   |
| Additional nonpublic transportation aid  |                    |                     |                 | 41,774         | 41,774                      |
| Transportation aid   | 1,303,530          |                     | 1,303,530       | 1,303,530      |                             |
| Security aid   | 434,880            |                     | 434,880         | 434,880        |                             |
| Categorical Special Education aid  | 2,398,755          |                     | 2,398,755       | 2,398,755      |                             |
| Total - state sources  | 4,437,165          |                     | 4,437,165       | 23,746,295     | 19,309,130                  |
| Federal sources:   |                    |                     |                 |                |                             |
| Medicaid Assistance  | 31,844             |                     | 31,844          | 12,167         | (19,677)                    |
| Total - federal sources  | 31,844             |                     | 31,844          | 12,167         | (19,677)                    |
| Total revenues   | 111,426,571        |                     | 111,426,571     | 131,050,998    | 19,624,427                  |
| <b>Expenditures</b>  |                    |                     |                 |                |                             |
| Current expenditures:  |                    |                     |                 |                |                             |
| Instruction - regular programs:  |                    |                     |                 |                |                             |
| Salaries of teachers:  |                    |                     |                 |                |                             |
| Preschool  | 45,824             |                     | 45,824          | 45,824         |                             |
| Kindergarten   | 1,730,734          |                     | 1,730,734       | 1,730,734      |                             |
| Grades 1-5   | 11,269,506         | \$ (207,462)        | 11,062,044      | 11,049,926     | 12,118                      |
| Grades 6-8   | 8,597,824          |                     | 8,597,824       | 8,597,824      |                             |
| Grades 9-12  | 13,085,864         |                     | 13,085,864      | 13,084,492     | 1,372                       |
| Home instruction:  |                    |                     |                 |                |                             |
| Salaries of teachers   | 150,000            |                     | 150,000         | 150,000        |                             |
| Purchased professional-educational services  | 33,000             | 6,884               | 39,884          | 39,883         | 1                           |
| Undistributed instruction:   |                    |                     |                 |                |                             |
| Other salaries for instruction   | 430,068            | 130,000             | 560,068         | 560,068        |                             |
| Purchased professional-educational services  | 67,000             | 4,968               | 71,968          | 71,916         | 52                          |
| Purchased technical services   | 2,040              |                     | 2,040           | 1,837          | 203                         |
| Other purchased services   | 31,603             | (1,022)             | 30,581          | 28,897         | 1,684                       |
| General supplies   | 1,377,431          | (17,579)            | 1,359,852       | 1,358,604      | 1,248                       |
| Textbooks  | 176,949            | (38,699)            | 138,250         | 138,055        | 195                         |
| Other objects  | 15,265             | (9,512)             | 5,753           | 5,574          | 179                         |
| Total instruction - regular programs   | 37,013,108         | (132,422)           | 36,880,686      | 36,863,634     | 17,052                      |

Livingston Board of Education  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2019

|   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual     | Variance<br>Final to Actual |
|---|--------------------|---------------------|-----------------|------------|-----------------------------|
| <b>Expenditures (continued)</b>               |                    |                     |                 |            |                             |
| Current expenditures (continued):             |                    |                     |                 |            |                             |
| Special education:                            |                    |                     |                 |            |                             |
| Learning and/or language disabilities:        |                    |                     |                 |            |                             |
| Salaries of teachers                          | \$ 487,517         |                     | \$ 487,517      | \$ 487,517 |                             |
| Other salaries for instruction                | 3,148,015          | \$ 93,083           | 3,241,098       | 3,241,097  | \$ 1                        |
| General supplies                              | 5,000              |                     | 5,000           | 4,911      | 89                          |
| Total learning and/or language disabilities   | 3,640,532          | 93,083              | 3,733,615       | 3,733,525  | 90                          |
| Multiple Disabilities:                        |                    |                     |                 |            |                             |
| Salaries of Teachers                          | 355,784            |                     | 355,784         | 355,784    |                             |
| Other salaries for instruction                | 997,559            |                     | 997,559         | 997,559    |                             |
| General supplies                              | 23,000             | (163)               | 22,837          | 22,837     |                             |
| Total multiple disabilities                   | 1,376,343          | (163)               | 1,376,180       | 1,376,180  |                             |
| Resource room/center:                         |                    |                     |                 |            |                             |
| Salaries of teachers                          | 4,946,435          | 194,060             | 5,140,495       | 5,140,495  |                             |
| General supplies                              | 40,000             | 517                 | 40,517          | 40,516     | 1                           |
| Total resource room/center                    | 4,986,435          | 194,577             | 5,181,012       | 5,181,011  | 1                           |
| Preschool disabilities - part time:           |                    |                     |                 |            |                             |
| Salaries of teachers                          | 272,359            |                     | 272,359         | 272,359    |                             |
| Other salaries for instruction                | 97,549             | 11,552              | 109,101         | 109,101    |                             |
| General supplies                              | 10,000             |                     | 10,000          | 9,932      | 68                          |
| Total preschool disabilities - part time      | 379,908            | 11,552              | 391,460         | 391,392    | 68                          |
| Preschool disabilities - full time:           |                    |                     |                 |            |                             |
| Salaries of teachers                          | 55,991             | 442                 | 56,433          | 56,432     | 1                           |
| Other salaries for instruction                | 36,367             | 399                 | 36,766          | 36,765     | 1                           |
| Total preschool disabilities-full time        | 92,358             | 841                 | 93,199          | 93,197     | 2                           |
| Total special education                       | 10,475,576         | 299,890             | 10,775,466      | 10,775,305 | 161                         |
| Bilingual education:                          |                    |                     |                 |            |                             |
| Salaries of teachers                          | 665,573            | 7,609               | 673,182         | 673,182    |                             |
| Total bilingual education                     | 665,573            | 7,609               | 673,182         | 673,182    |                             |
| Basic skills/remedial instruction:            |                    |                     |                 |            |                             |
| Salaries of teachers                          | 1,027,556          | (31,655)            | 995,901         | 995,900    | 1                           |
| General supplies                              | 2,100              | (1,500)             | 600             | 416        | 184                         |
| Total basic skills/remedial instruction       | 1,029,656          | (33,155)            | 996,501         | 996,316    | 185                         |
| Vocational programs - local instruction:      |                    |                     |                 |            |                             |
| Salaries of teachers                          | 35,311             | 3,500               | 38,811          | 36,602     | 2,209                       |
| Other purchased services                      | 4,000              | (2,700)             | 1,300           | 1,225      | 75                          |
| General supplies                              | 8,000              | (4,645)             | 3,355           | 3,355      |                             |
| Other objects                                 | 500                |                     | 500             |            | 500                         |
| Total vocational programs - local instruction | 47,811             | (3,845)             | 43,966          | 41,182     | 2,784                       |

Livingston Board of Education  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2019

|   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual     | Variance<br>Final to Actual |
|---|--------------------|---------------------|-----------------|------------|-----------------------------|
| <b>Expenditures (continued)</b>                             |                    |                     |                 |            |                             |
| Current expenditures (continued):                           |                    |                     |                 |            |                             |
| School - sponsored cocurricular activities:                 |                    |                     |                 |            |                             |
| Salaries  | \$ 442,800         |                     | \$ 442,800      | \$ 442,799 | \$ 1                        |
| Purchased services  | 18,265             | \$ (11,342)         | 6,923           | 6,233      | 690                         |
| Supplies and materials                                      | 27,200             | (7,427)             | 19,773          | 19,772     | 1                           |
| Other objects   | 13,400             |                     | 13,400          | 13,399     | 1                           |
| Total school - sponsored cocurricular activities            | 501,665            | (18,769)            | 482,896         | 482,203    | 693                         |
| School - sponsored athletics - instruction:                 |                    |                     |                 |            |                             |
| Salaries  | 902,145            | 10,332              | 912,477         | 912,477    |                             |
| Purchased services  | 135,400            | (4,905)             | 130,495         | 130,352    | 143                         |
| Supplies and materials                                      | 90,490             | (4,415)             | 86,075          | 85,913     | 162                         |
| Total school - sponsored athletics - instruction            | 1,128,035          | 1,012               | 1,129,047       | 1,128,742  | 305                         |
| Other instructional programs:                               |                    |                     |                 |            |                             |
| Purchased services  | 45,000             |                     | 45,000          | 45,000     |                             |
| Total other instructional programs                          | 45,000             |                     | 45,000          | 45,000     |                             |
| Other supplemental/at-risk programs-instruction:            |                    |                     |                 |            |                             |
| Salaries of reading specialists                             | 1,048,617          |                     | 1,048,617       | 1,048,617  |                             |
| Total other supplemental/at-risk programs-instruction       | 1,048,617          |                     | 1,048,617       | 1,048,617  |                             |
| Total instruction   | 51,955,041         | 120,320             | 52,075,361      | 52,054,181 | 21,180                      |
| Undistributed expenditures:                                 |                    |                     |                 |            |                             |
| Instruction:  |                    |                     |                 |            |                             |
| Tuition to other LEAs within the state-special              | 916,232            | (2,893)             | 913,339         | 913,339    |                             |
| Tuition to private school for the disabled - within state   | 5,024,724          | 434,549             | 5,459,273       | 5,455,994  | 3,279                       |
| Tuition to priv sch for the disabled & oth LEAs-Spl, O/S St | 484,934            | 18,413              | 503,347         | 503,347    |                             |
| Total undistributed instruction                             | 6,425,890          | 450,069             | 6,875,959       | 6,872,680  | 3,279                       |
| Attendance and social work services:                        |                    |                     |                 |            |                             |
| Salaries  | 61,050             |                     | 61,050          | 61,050     |                             |
| Total attendance and social work services                   | 61,050             |                     | 61,050          | 61,050     |                             |
| Health services:  |                    |                     |                 |            |                             |
| Salaries  | 920,018            |                     | 920,018         | 920,018    |                             |
| Supplies and materials                                      | 27,837             | (10,830)            | 17,007          | 16,855     | 152                         |
| Total health services                                       | 947,855            | (10,830)            | 937,025         | 936,873    | 152                         |



Livingston Board of Education  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2019

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|--|--------------------|---------------------|-----------------|--------------|-----------------------------|
| <b>Expenditures (continued)</b>                          |                    |                     |                 |              |                             |
| Current expenditures (continued):                        |                    |                     |                 |              |                             |
| Undistributed expenditures (continued):                  |                    |                     |                 |              |                             |
| Speech, OT, PT & related services:                       |                    |                     |                 |              |                             |
| Salaries   | \$ 1,073,038       |                     | \$ 1,073,038    | \$ 1,073,038 |                             |
| Purchased professional - educational services            | 356,919            | \$ 1,937            | 358,856         | 349,704      | \$ 9,152                    |
| Supplies and materials                                   | 11,800             | (39)                | 11,761          | 11,755       | 6                           |
| Total speech, OT, PT & related services                  | 1,441,757          | 1,898               | 1,443,655       | 1,434,497    | 9,158                       |
| Other support services - students - extra services:      |                    |                     |                 |              |                             |
| Purchased professional - educational services            | 891,585            |                     | 891,585         | 891,559      | 26                          |
| Total other support services - students - extra services | 891,585            |                     | 891,585         | 891,559      | 26                          |
| Guidance:  |                    |                     |                 |              |                             |
| Salaries of other professional staff                     | 1,903,292          |                     | 1,903,292       | 1,903,292    |                             |
| Salaries of secretarial and clerical assistants          | 247,800            |                     | 247,800         | 247,800      |                             |
| Other purchased professional - technical services        | 12,606             |                     | 12,606          | 12,606       |                             |
| Other purchased services                                 | 700                | (199)               | 501             | 500          | 1                           |
| Supplies and materials                                   | 51,610             | 2,207               | 53,817          | 53,664       | 153                         |
| Total guidance   | 2,216,008          | 2,008               | 2,218,016       | 2,217,862    | 154                         |
| Child study teams:                                       |                    |                     |                 |              |                             |
| Salaries of other professional staff                     | 3,289,801          |                     | 3,289,801       | 3,289,801    |                             |
| Salaries of secretarial and clerical assistants          | 284,330            |                     | 284,330         | 284,330      |                             |
| Purchased professional - educational services            | 100,000            | (57,700)            | 42,300          | 42,283       | 17                          |
| Other purchased prof. and tech. services                 | 30,000             |                     | 30,000          | 30,000       |                             |
| Other purchased serv.                                    | 8,000              | (3,749)             | 4,251           | 4,250        | 1                           |
| Supplies and materials                                   | 20,000             | 39                  | 20,039          | 20,038       | 1                           |
| Other objects  | 8,000              |                     | 8,000           | 8,000        |                             |
| Total child study teams                                  | 3,740,131          | (61,410)            | 3,678,721       | 3,678,702    | 19                          |
| Improvement of instructional services:                   |                    |                     |                 |              |                             |
| Salaries of supervisors of instruction                   | 1,848,848          | (253,293)           | 1,595,555       | 1,595,554    | 1                           |
| Salaries of other professional staff                     | 241,536            |                     | 241,536         | 241,535      | 1                           |
| Salaries of secretaries and clerical assistants          | 280,767            |                     | 280,767         | 280,766      | 1                           |
| Purchased professional - educational services            | 23,000             | (848)               | 22,152          | 22,151       | 1                           |
| Supplies and materials                                   | 27,104             | (2,405)             | 24,699          | 24,645       | 54                          |
| Other objects  | 9,300              | (3,700)             | 5,600           | 5,521        | 79                          |
| Total improvement of instructional services              | 2,430,555          | (260,246)           | 2,170,309       | 2,170,172    | 137                         |

Livingston Board of Education  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2019

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|--|--------------------|---------------------|-----------------|--------------|-----------------------------|
| <b>Expenditures (continued)</b>                  |                    |                     |                 |              |                             |
| Current expenditures (continued):                |                    |                     |                 |              |                             |
| Undistributed expenditures (continued):          |                    |                     |                 |              |                             |
| Educational media services/school library:       |                    |                     |                 |              |                             |
| Salaries   | \$ 1,088,275       |                     | \$ 1,088,275    | \$ 1,088,274 | \$ 1                        |
| Other purchased services                         | 8,054              | \$ (4,386)          | 3,668           | 3,589        | 79                          |
| Supplies and materials                           | 176,262            | (7,463)             | 168,799         | 168,604      | 195                         |
| Other objects                                    | 318                | (318)               |                 |              |                             |
| Total educational media services/school library  | 1,272,909          | (12,167)            | 1,260,742       | 1,260,467    | 275                         |
| Instructional staff training services:           |                    |                     |                 |              |                             |
| Salaries of supervisors of instruction           | 462,215            |                     | 462,215         | 462,214      | 1                           |
| Purchased professional - educational services    | 40,100             | 6,000               | 46,100          | 46,068       | 32                          |
| Other purchased services                         | 66,848             | (18,563)            | 48,285          | 47,081       | 1,204                       |
| Supplies and materials                           | 15,060             | 315                 | 15,375          | 15,375       |                             |
| Other objects                                    | 7,430              | (223)               | 7,207           | 7,191        | 16                          |
| Total instructional staff training services      | 591,653            | (12,471)            | 579,182         | 577,929      | 1,253                       |
| Support services-general administration:         |                    |                     |                 |              |                             |
| Salaries   | 404,947            | 109,702             | 514,649         | 514,649      |                             |
| Legal services                                   | 200,000            | (10,533)            | 189,467         | 189,466      | 1                           |
| Audit services                                   | 60,000             | (4,000)             | 56,000          | 55,870       | 130                         |
| Other purchased prof. services                   | 10,000             | (171)               | 9,829           | 9,829        |                             |
| Purchased technical services                     | 10,000             | 5,700               | 15,700          | 9,619        | 6,081                       |
| Communications/telephone                         | 250,000            | (35,711)            | 214,289         | 214,288      | 1                           |
| BOE other purchased services                     | 1,000              | (350)               | 650             | 650          |                             |
| Miscellaneous purchased services                 | 239,100            | (6,484)             | 232,616         | 232,517      | 99                          |
| General supplies                                 | 28,000             | (10,425)            | 17,575          | 17,445       | 130                         |
| Miscellaneous expenditures                       | 72,000             | (1,355)             | 70,645          | 70,575       | 70                          |
| Total support services-general administration    | 1,275,047          | 46,373              | 1,321,420       | 1,314,908    | 6,512                       |
| Support services-school administration:          |                    |                     |                 |              |                             |
| Salaries of principals/ assistant principals     | 2,098,370          |                     | 2,098,370       | 2,098,191    | 179                         |
| Salaries of other professional staff             | 330,525            | 45,000              | 375,525         | 375,525      |                             |
| Salaries of secretarial and clerical assistants  | 1,400,076          | 93,360              | 1,493,436       | 1,493,435    | 1                           |
| Purchased professional and technical services    | 46,500             | (9,533)             | 36,967          | 36,966       | 1                           |
| Other purchased services                         | 59,250             | (14,113)            | 45,137          | 45,102       | 35                          |
| Supplies and materials                           | 375,244            | 360                 | 375,604         | 372,696      | 2,908                       |
| Total support services-school administration     | 4,309,965          | 115,074             | 4,425,039       | 4,421,915    | 3,124                       |
| Required maintenance for school facilities:      |                    |                     |                 |              |                             |
| Salaries   | 879,147            | 222,231             | 1,101,378       | 1,101,375    | 3                           |
| Cleaning, repair and maintenance services        | 256,000            | (5,992)             | 250,008         | 249,521      | 487                         |
| General supplies                                 | 140,000            | (2,886)             | 137,114         | 136,495      | 619                         |
| Total required maintenance for school facilities | 1,275,147          | 213,353             | 1,488,500       | 1,487,391    | 1,109                       |

Livingston Board of Education  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2019

|   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|---|--------------------|---------------------|-----------------|--------------|-----------------------------|
| <b>Expenditures (continued)</b>                             |                    |                     |                 |              |                             |
| Current expenditures (continued):                           |                    |                     |                 |              |                             |
| Undistributed expenditures (continued):                     |                    |                     |                 |              |                             |
| Operation and maintenance of plant services-                |                    |                     |                 |              |                             |
| Custodial services:   |                    |                     |                 |              |                             |
| Salaries  | \$ 2,622,130       |                     | \$ 2,622,130    | \$ 2,622,128 | \$ 2                        |
| Purchased professional and technical services               | 40,000             | \$ (9,423)          | 30,577          | 30,576       | 1                           |
| Cleaning, repair and maintenance services                   | 102,000            | 38,308              | 140,308         | 139,236      | 1,072                       |
| Rental of land and bldg. other than lease purch. agreements | 132,000            | (1,961)             | 130,039         | 130,039      |                             |
| Other purchased property services                           | 70,000             | (3,644)             | 66,356          | 66,356       |                             |
| Insurance   | 500,000            | 11,995              | 511,995         | 511,995      |                             |
| General supplies  | 365,000            | 333,711             | 698,711         | 690,998      | 7,713                       |
| Energy (Natural Gas and Electricity)                        | 1,581,501          | (148,636)           | 1,432,865       | 1,432,864    | 1                           |
| Total custodial services                                    | 5,412,631          | 220,350             | 5,632,981       | 5,624,192    | 8,789                       |
| Operation and maintenance of plant services-                |                    |                     |                 |              |                             |
| care and upkeep of grounds:                                 |                    |                     |                 |              |                             |
| Salaries  | 64,161             |                     | 64,161          | 64,161       |                             |
| Total care and upkeep of grounds                            | 64,161             |                     | 64,161          | 64,161       |                             |
| Security:   |                    |                     |                 |              |                             |
| Salaries  | 206,988            | 60,000              | 266,988         | 266,988      |                             |
| Total security  | 206,988            | 60,000              | 266,988         | 266,988      |                             |
| Total operation and maintenance of plant services           | 6,958,927          | 493,703             | 7,452,630       | 7,442,732    | 9,898                       |
| Student transportation services:                            |                    |                     |                 |              |                             |
| Salaries for pupil transportation:                          |                    |                     |                 |              |                             |
| Salaries of non-instructional aides                         | 161,872            |                     | 161,872         | 161,871      | 1                           |
| Between home and school - regular                           | 1,036,146          |                     | 1,036,146       | 1,036,145    | 1                           |
| Other than bet. home & sch - regular                        | 300,000            |                     | 300,000         | 300,000      |                             |
| Contracted services:  |                    |                     |                 |              |                             |
| Other than bet. home & sch - vendors                        | 160,700            | 8,300               | 169,000         | 168,757      | 243                         |
| Special ed stds - vendors                                   | 1,225,000          | 335,799             | 1,560,799       | 1,560,798    | 1                           |
| Aid in lieu of payments - nonpublic                         | 125,000            | 21,020              | 146,020         | 146,000      | 20                          |
| General supplies  | 290,000            | 84,898              | 374,898         | 374,898      |                             |
| Other objects   | 7,000              |                     | 7,000           | 6,792        | 208                         |
| Total student transportation services                       | 3,305,718          | 450,017             | 3,755,735       | 3,755,261    | 474                         |
| Undistributed expenditures - central services:              |                    |                     |                 |              |                             |
| Salaries  | 1,179,496          |                     | 1,179,496       | 1,179,496    |                             |
| Purchased professional services                             | 134,500            | (1,854)             | 132,646         | 132,645      | 1                           |
| Misc purch serv   | 23,000             | 1,062               | 24,062          | 24,061       | 1                           |
| Supplies and materials                                      | 65,000             | (3,370)             | 61,630          | 61,531       | 99                          |
| Interest on lease purchase agreements                       | 62,183             |                     | 62,183          | 62,084       | 99                          |
| Miscellaneous expenditures                                  | 6,000              |                     | 6,000           | 5,939        | 61                          |
| Total central services                                      | 1,470,179          | (4,162)             | 1,466,017       | 1,465,756    | 261                         |
| Admin. info. tech.:   |                    |                     |                 |              |                             |
| Salaries  | 1,006,030          |                     | 1,006,030       | 1,006,030    |                             |
| Purchased professional services                             | 41,000             | 698                 | 41,698          | 41,698       |                             |
| Other purchased services                                    | 471,212            | 4,371               | 475,583         | 475,583      |                             |
| Supplies and materials                                      | 17,350             |                     | 17,350          | 17,324       | 26                          |
| Total admin. info. tech.                                    | 1,535,592          | 5,069               | 1,540,661       | 1,540,635    | 26                          |

Livingston Board of Education  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)  
Year ended June 30, 2019

|   | Original<br>Budget | Budget<br>Transfers | Final<br>Budget | Actual       | Variance<br>Final to Actual |
|---|--------------------|---------------------|-----------------|--------------|-----------------------------|
| <b>Expenditures (continued)</b>   |                    |                     |                 |              |                             |
| Current expenditures (continued):   |                    |                     |                 |              |                             |
| Undistributed expenditures (continued):   |                    |                     |                 |              |                             |
| Unallocated benefits - empl benefits:   |                    |                     |                 |              |                             |
| Social security contributions   | \$ 1,490,000       | \$ 77,904           | \$ 1,567,904    | \$ 1,567,903 | \$ 1                        |
| Other retirement contributions - PERS   | 1,430,000          | (40,221)            | 1,389,779       | 1,389,779    |                             |
| Other retirement contributions - Regular  |                    | 152,000             | 152,000         | 151,025      | 975                         |
| Worker's compensation   | 500,000            | (26,967)            | 473,033         | 473,032      | 1                           |
| Health benefits   | 15,464,374         | (1,348,310)         | 14,116,064      | 13,496,710   | 619,354                     |
| Tuition reimbursement   | 154,690            |                     | 154,690         | 137,649      | 17,041                      |
| Total unallocated benefits  | 19,039,064         | (1,185,594)         | 17,853,470      | 17,216,098   | 637,372                     |
| On behalf TPAF pension, disability insurance and medical contribution (non-budgeted)  |                    |                     |                 | 14,380,759   | (14,380,759)                |
| Reimbursed TPAF social security contributions (non-budgeted)                          |                    |                     |                 | 3,748,440    | (3,748,440)                 |
| Total on-behalf payments  |                    |                     |                 | 18,129,199   | (18,129,199)                |
| Total undistributed expenditures  | 57,913,885         | 17,331              | 57,931,216      | 75,388,295   | (17,457,079)                |
| Total expenditures - current  | 109,868,926        | 137,651             | 110,006,577     | 127,442,476  | (17,435,899)                |
| Capital outlay:   |                    |                     |                 |              |                             |
| Equipment:  |                    |                     |                 |              |                             |
| Regular programs - instruction:   |                    |                     |                 |              |                             |
| Grades 1-5  | 18,105             |                     | 18,105          | 14,574       | 3,531                       |
| Grades 6-8  | 13,025             |                     | 13,025          | 12,671       | 354                         |
| Undistributed expenditures:   |                    |                     |                 |              |                             |
| Noninstructional services   | 15,500             |                     | 15,500          | 12,790       | 2,710                       |
| Total equipment   | 46,630             |                     | 46,630          | 40,035       | 6,595                       |
| Facilities acquisition and construction services:                                     |                    |                     |                 |              |                             |
| Lease purchase agreements-principal   | 1,877,219          | 70                  | 1,877,289       | 1,877,289    |                             |
| Construction services   | 822,100            | 37,295              | 859,395         | 807,631      | 51,764                      |
| Other objects-assessment of debt service  | 68,734             |                     | 68,734          | 68,734       |                             |
| Total facilities acquisition and construction services                                | 2,768,053          | 37,365              | 2,805,418       | 2,753,654    | 51,764                      |
| Capital leases (unbudgeted)   |                    |                     |                 | 1,500,000    | (1,500,000)                 |
| Total expenditures - capital outlay   | 2,814,683          | 37,365              | 2,852,048       | 4,293,689    | (1,441,641)                 |
| Transfer of funds to charter schools  | 42,962             | 109                 | 43,071          | 43,071       |                             |
| Total expenditures  | 112,726,571        | 175,125             | 112,901,696     | 131,779,236  | (18,877,540)                |
| (Deficiency)/excess of revenues (under)/over expenditures                             | (1,300,000)        | (175,125)           | (1,475,125)     | (728,238)    | 746,887                     |
| Other financing sources:  |                    |                     |                 |              |                             |
| Assets acquired under capital leases (non-budgeted)                                   |                    |                     |                 | 1,500,000    | 1,500,000                   |
| Transfers in  |                    |                     |                 | 34,293       | 34,293                      |
| Total other financing sources   |                    |                     |                 | 1,534,293    | 1,534,293                   |
| (Deficiency) excess of revenues (under) over expenditures and other financing sources | (1,300,000)        | (175,125)           | (1,475,125)     | 806,055      | 2,281,180                   |
| Fund balances, July 1   | 7,530,781          |                     | 7,530,781       | 7,530,781    |                             |
| Fund balances, June 30  | \$ 6,230,781       | \$ (175,125)        | \$ 6,055,656    | \$ 8,336,836 | \$ 2,281,180                |

Livingston Board of Education  
General Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2019

|  | Original<br>Budget    | Budget<br>Transfers | Final<br>Budget       | Actual              | Variance<br>Final to Actual |
|--|-----------------------|---------------------|-----------------------|---------------------|-----------------------------|
| <b>Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources</b> |                       |                     |                       |                     |                             |
| Budgeted fund balance  | \$ (1,300,000)        |                     | \$ (1,300,000)        | \$ 946,887          | \$ 2,246,887                |
| Capital projects fund transfer to general fund   |                       |                     |                       | 34,293              | 34,293                      |
| Adjustment for prior year encumbrances   |                       | \$ (175,125)        | (175,125)             | (175,125)           |                             |
| <b>Total</b>   | <b>\$ (1,300,000)</b> | <b>\$ (175,125)</b> | <b>\$ (1,475,125)</b> | <b>\$ 806,055</b>   | <b>\$ 2,281,180</b>         |
| <b>Recapitulation of fund balance:</b>   |                       |                     |                       |                     |                             |
| <b>Restricted Fund Balance:</b>  |                       |                     |                       |                     |                             |
| Excess surplus restricted for subsequent years expenditures  |                       |                     |                       | \$ 788,946          |                             |
| Excess surplus - current year  |                       |                     |                       | 830,211             |                             |
| Capital reserve  |                       |                     |                       | 2,382,949           |                             |
| Emergency reserve  |                       |                     |                       | 323,335             |                             |
| <b>Assigned to:</b>  |                       |                     |                       |                     |                             |
| Designated for subsequent years' expenditures  |                       |                     |                       | 511,054             |                             |
| Year end encumbrances  |                       |                     |                       | 77,409              |                             |
| Unassigned fund balance  |                       |                     |                       | 3,422,932           |                             |
|  |                       |                     |                       | <u>8,336,836</u>    |                             |
| <b>Reconciliation to Governmental Funds Statements (GAAP):</b>   |                       |                     |                       |                     |                             |
| Last state aid payments not recognized on GAAP basis   |                       |                     |                       | (387,151)           |                             |
| Solar Renewable Energy Credits (SREC) income   |                       |                     |                       | 64,207              |                             |
| Fund balance per Governmental Funds (GAAP)   |                       |                     |                       | <u>\$ 8,013,892</u> |                             |

Livingston Board of Education  
Special Revenue Fund

Budgetary Comparison Schedule  
(Budgetary Basis)

Year ended June 30, 2019

|  | Original<br>Budget | Budget<br>Transfers | Final<br>Budget  | Actual           | Variance<br>Final to Actual |
|--|--------------------|---------------------|------------------|------------------|-----------------------------|
| <b>Revenues:</b>   |                    |                     |                  |                  |                             |
| State sources  | \$ 1,107,996       |                     | \$ 1,107,996     | \$ 983,850       | \$ (124,146)                |
| Federal sources  | 1,577,214          |                     | 1,577,214        | 1,577,214        |                             |
| Other sources  | 28,953             |                     | 28,953           | 28,953           |                             |
| <b>Total revenues</b>  | <u>2,714,163</u>   |                     | <u>2,714,163</u> | <u>2,590,017</u> | <u>(124,146)</u>            |
| <b>Expenditures:</b>   |                    |                     |                  |                  |                             |
| <b>Current expenditures:</b>                                   |                    |                     |                  |                  |                             |
| <b>Instruction:</b>  |                    |                     |                  |                  |                             |
| Salaries   | 786,955            |                     | 786,955          | 786,955          |                             |
| Other purchased services                                       | 360,964            |                     | 360,964          | 360,964          |                             |
| Instructional supplies   | 69,874             | \$ 130              | 70,004           | 70,002           | 2                           |
| Textbooks  | 48,006             |                     | 48,006           | 47,203           | 803                         |
| Other objects  | 1,006,134          |                     | 1,006,134        | 882,793          | 123,341                     |
| <b>Total instruction</b>                                       | <u>2,271,933</u>   | 130                 | <u>2,272,063</u> | <u>2,147,917</u> | <u>124,146</u>              |
| <b>Support services:</b>                                       |                    |                     |                  |                  |                             |
| Salaries   | 1,040              | (130)               | 910              | 910              |                             |
| Benefits   | 50,069             |                     | 50,069           | 50,069           |                             |
| Purchased professional and educational /<br>technical services | 362,168            |                     | 362,168          | 362,168          |                             |
| General supplies   | 28,953             |                     | 28,953           | 28,953           |                             |
| <b>Total support services</b>                                  | <u>442,230</u>     | <u>(130)</u>        | <u>442,100</u>   | <u>442,100</u>   | <u>-</u>                    |
| <b>Total expenditures</b>                                      | <u>2,714,163</u>   | <u>-</u>            | <u>2,714,163</u> | <u>2,590,017</u> | <u>124,146</u>              |
| (Deficiency) of revenues (under) expenditures                  | -                  | -                   | -                | -                | -                           |
| Fund balance, July 1   | -                  | -                   | -                | -                | -                           |
| Fund balance, June 30  | <u>\$ -</u>        | <u>\$ -</u>         | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>                 |

Livingston Board of Education  
Note to Required Supplementary Information

Budget to GAAP Reconciliation

Year ended June 30, 2019

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

|  | <b>General<br/>Fund</b> | <b>Special<br/>Revenue<br/>Fund</b> |
|--|-------------------------|-------------------------------------|
| <b>Sources/inflows of resources</b>  |                         |                                     |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-1, C-2)   | \$ 131,050,998          | \$ 2,590,017                        |
| Differences - Budgetary 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 of cancellations   |                         | \$ 32,456                           |
| Current year   |                         | (22,400)                            |
| State aid payments recognized for GAAP statements in the current year, not previously recognized.  | (387,151)               |                                     |
| The last state aid payments from the prior year are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33). | 257,819                 |                                     |
| Adjustment to record the value of Solar Renewable Energy credits (SREC) income on the modified accrual basis.  | 64,207                  |                                     |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds (B-2)  | <u>\$ 130,985,873</u>   | <u>\$ 2,600,073</u>                 |
| <b>Uses/outflows of resources</b>  |                         |                                     |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (C-1, C-2)  | \$ 131,779,236          | \$ 2,590,017                        |
| Differences - Budgetary to GAAP:   |                         |                                     |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:                                |                         |                                     |
| Prior year, net of cancellations   |                         | 32,456                              |
| Current year   |                         | (22,400)                            |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (B-2)   | <u>\$ 131,779,236</u>   | <u>\$ 2,600,073</u>                 |

## Supplementary Information



## Special Revenue Fund

Livingston Board of Education  
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures –  
Budgetary Basis

Year ended June 30, 2019

|   | Nonpublic Aid    |                  |                  |                   |                  |                   | Title I A         | Title II A       | Title III        | Title IV         |
|---|------------------|------------------|------------------|-------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|
|   | Text-<br>books   | Tech-<br>nology  | Security         | Nursing           | Auxiliary        | Handicapped       |                   |                  |                  |                  |
| Revenues:   |                  |                  |                  |                   |                  |                   |                   |                  |                  |                  |
| State sources   | \$ 47,203        | \$ 53,854        | \$231,399        | \$ 149,671        | \$ 57,986        | \$ 443,737        | \$ 133,418        | \$ 76,630        | \$ 21,058        | \$ 10,000        |
| Federal sources   |                  |                  |                  |                   |                  |                   |                   |                  |                  |                  |
| Local sources   |                  |                  |                  |                   |                  |                   |                   |                  |                  |                  |
| Total revenues  | <u>\$ 47,203</u> | <u>\$ 53,854</u> | <u>\$231,399</u> | <u>\$ 149,671</u> | <u>\$ 57,986</u> | <u>\$ 443,737</u> | <u>\$ 133,418</u> | <u>\$ 76,630</u> | <u>\$ 21,058</u> | <u>\$ 10,000</u> |
| Expenditures:   |                  |                  |                  |                   |                  |                   |                   |                  |                  |                  |
| Instruction:  |                  |                  |                  |                   |                  |                   |                   |                  |                  |                  |
| Salaries  |                  |                  |                  |                   |                  |                   | \$ 101,483        | \$ 58,496        |                  |                  |
| Other purchased services                                      |                  |                  |                  |                   |                  |                   |                   |                  |                  |                  |
| Instructional supplies  |                  | \$ 53,854        |                  |                   |                  |                   |                   |                  | \$ 15,148        | \$ 1,000         |
| Textbooks   | \$ 47,203        |                  |                  |                   |                  |                   |                   |                  |                  |                  |
| Other objects   |                  |                  | \$231,399        | \$ 149,671        | \$ 57,986        | \$ 443,737        |                   |                  |                  |                  |
| Total instruction   | <u>47,203</u>    | <u>53,854</u>    | <u>231,399</u>   | <u>149,671</u>    | <u>57,986</u>    | <u>443,737</u>    | <u>101,483</u>    | <u>58,496</u>    | <u>15,148</u>    | <u>1,000</u>     |
| Undistributed:  |                  |                  |                  |                   |                  |                   |                   |                  |                  |                  |
| Support services:   |                  |                  |                  |                   |                  |                   |                   |                  |                  |                  |
| Salaries  |                  |                  |                  |                   |                  |                   |                   |                  | 910              |                  |
| Benefits  |                  |                  |                  |                   |                  |                   | 31,935            | 18,134           |                  |                  |
| Purchased professional and educational/<br>technical services |                  |                  |                  |                   |                  |                   |                   |                  | 5,000            | 9,000            |
| General supplies  |                  |                  |                  |                   |                  |                   |                   |                  |                  |                  |
| Total support services  |                  |                  |                  |                   |                  |                   | <u>31,935</u>     | <u>18,134</u>    | <u>5,910</u>     | <u>9,000</u>     |
| Total expenditures  | <u>47,203</u>    | <u>53,854</u>    | <u>231,399</u>   | <u>149,671</u>    | <u>57,986</u>    | <u>443,737</u>    | <u>133,418</u>    | <u>76,630</u>    | <u>21,058</u>    | <u>10,000</u>    |
| Net change in fund balance                                    | -                | -                | -                | -                 | -                | -                 | -                 | -                | -                | -                |
| Fund balance, July 1  | -                | -                | -                | -                 | -                | -                 | -                 | -                | -                | -                |
| Fund balance, June 30   | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |

Livingston Board of Education  
Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures –  
Budgetary Basis

Year ended June 30, 2019

|   | IDEA                |                           |                      | LMAC             | Crayola          | NJSBAIG          | Totals              |
|---|---------------------|---------------------------|----------------------|------------------|------------------|------------------|---------------------|
|   | Part B<br>Basic     | Part B<br>Basic Carryover | Preschool<br>Current | Grant<br>Current | Grant<br>Current | Grant<br>Current |                     |
| Revenues:   |                     |                           |                      |                  |                  |                  |                     |
| State sources   |                     |                           |                      |                  |                  |                  | \$ 983,850          |
| Federal sources   | \$ 1,273,304        | \$ 6,976                  | \$ 55,828            |                  |                  |                  | 1,577,214           |
| Local sources   |                     |                           |                      | \$ 11,600        | \$ 2,500         | \$ 14,853        | 28,953              |
| Total revenues  | <u>\$ 1,273,304</u> | <u>\$ 6,976</u>           | <u>\$ 55,828</u>     | <u>\$ 11,600</u> | <u>\$ 2,500</u>  | <u>\$ 14,853</u> | <u>\$ 2,590,017</u> |
| Expenditures:   |                     |                           |                      |                  |                  |                  |                     |
| Instruction:  |                     |                           |                      |                  |                  |                  |                     |
| Salaries  | \$ 590,609          |                           | \$ 36,367            |                  |                  |                  | \$ 786,955          |
| Other purchased services                                      | 360,964             |                           |                      |                  |                  |                  | 360,964             |
| Instructional supplies  |                     |                           |                      |                  |                  |                  | 70,002              |
| Textbooks   |                     |                           |                      |                  |                  |                  | 47,203              |
| Other objects   |                     |                           |                      |                  |                  |                  | 882,793             |
| Total instruction   | <u>951,573</u>      |                           | <u>36,367</u>        |                  |                  |                  | <u>2,147,917</u>    |
| Undistributed:  |                     |                           |                      |                  |                  |                  |                     |
| Support services:   |                     |                           |                      |                  |                  |                  |                     |
| Salaries  |                     |                           |                      |                  |                  |                  | 910                 |
| Health benefits   |                     |                           |                      |                  |                  |                  | 50,069              |
| Purchased professional and educational/<br>technical services | 321,731             | \$ 6,976                  | 19,461               | \$ 11,600        | \$ 2,500         | \$ 14,853        | 362,168             |
| General supplies  |                     |                           |                      |                  |                  |                  | 28,953              |
| Total support services  | <u>321,731</u>      | <u>6,976</u>              | <u>19,461</u>        | <u>11,600</u>    | <u>2,500</u>     | <u>14,853</u>    | <u>442,100</u>      |
| Total expenditures  | <u>1,273,304</u>    | <u>6,976</u>              | <u>55,828</u>        | <u>11,600</u>    | <u>2,500</u>     | <u>14,853</u>    | <u>2,590,017</u>    |
| Net change in fund balance                                    | -                   | -                         | -                    | -                | -                | -                | -                   |
| Fund balance, July 1  | -                   | -                         | -                    | -                | -                | -                | -                   |
| Fund balance, June 30   | <u>\$ -</u>         | <u>\$ -</u>               | <u>\$ -</u>          | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>         |

## Capital Projects Fund

Livingston Board of Education  
 Capital Projects Fund  
 Summary Schedule of Project Revenues, Expenditures,  
 Project Balance and Project Status  
 (Budgetary Basis)  
 Year ended June 30, 2019

|   | Current<br>Year |
|---|-----------------|
| <b>Revenues and other financing sources</b>                 |                 |
| Interest on investments                                     | \$ 34,293       |
| State Sources-SDA Grant                                     |                 |
| Bond Proceeds   |                 |
| Transfer from Capital Reserve                               |                 |
| Transfer from Capital Outlay                                |                 |
| Total revenues  | 34,293          |
| <b>Expenditures</b>   | -               |
| Excess of revenues over expenditures                        | 34,293          |
| Other financing uses:                                       |                 |
| Transfers out   | (34,293)        |
| Total other financing uses                                  | (34,293)        |
| Net change in fund balance                                  | -               |
| Fund Balance, July 1  | 8,790,041       |
| Fund Balance, June 30                                       | \$ 8,790,041    |
| <br><u>Reconciliation of budgetary basis to GAAP basis:</u> |                 |
| Fund balance, budgetary basis, June 30, 2019                | \$ 8,790,041    |
| Less: Revenue not recognized on a GAAP basis                | (4,249,388)     |
| Fund balance, GAAP basis, June 30, 2019                     | \$ 4,540,653    |

Livingston Board of Education  
Capital Projects Fund

Schedule of Project Revenues, Expenditures, Project Balance and Project Status  
(Budgetary Basis)

From Inception and for the year ended June 30, 2019

|  | Prior<br>Periods    | Current<br>Year | Totals              | Revised<br>Authorized<br>Cost |
|--|---------------------|-----------------|---------------------|-------------------------------|
| <b>Revenues and other financing sources</b>                  |                     |                 |                     |                               |
| State Sources - SDA Grant                                    | \$ 23,858,811       |                 | \$ 23,858,811       | \$ 23,858,811                 |
| Bond proceeds and transfers                                  | 105,596,000         |                 | 105,596,000         | 112,006,849                   |
| Transfer from capital reserve                                | 2,660,000           |                 | 2,660,000           | 2,660,000                     |
| Transfer from capital outlay                                 | 480,382             |                 | 480,382             | 480,382                       |
| Total revenues   | <u>132,595,193</u>  | -               | <u>132,595,193</u>  | <u>\$ 139,006,042</u>         |
| <b>Expenditures and other financing uses</b>                 |                     |                 |                     |                               |
| Purchased professional and technical services                | 10,493,035          |                 | 10,493,035          |                               |
| Construction services  | 113,024,910         |                 | 113,024,910         |                               |
| Equipment  |                     |                 |                     |                               |
| Transfers out  | 68,496              |                 | 68,496              |                               |
| Bond issuance costs  | 218,711             |                 | 218,711             |                               |
| Total expenditures and other financing uses                  | <u>123,805,152</u>  | -               | <u>123,805,152</u>  |                               |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>\$ 8,790,041</u> | <u>\$ -</u>     | <u>\$ 8,790,041</u> |                               |

Referendums

|                            |                |
|----------------------------|----------------|
| Bonds Authorized           | \$ 112,006,849 |
| Bonds Issued               | 105,596,000    |
| Original Authorized Cost   | \$ 139,006,042 |
| Additional Authorized Cost |                |
| Revised Authorized Cost    | \$ 139,006,042 |

Livingston Board of Education  
Capital Projects Fund

Summary Schedule of Project Expenditures  
(Budgetary Basis)

Year ended June 30, 2019

| Issue/Project Title                       | Appropriations        | Expenditures<br>to Date<br>Prior<br>Years | Unexpended<br>Balance |
|---|-----------------------|---|-----------------------|
| High school renovation-referendum         | \$ 51,521,000         | \$ 51,510,226                             | \$ 10,774             |
| Facility upgrades and HVAC                | 59,677,417            | 48,973,564                                | 10,703,853            |
| Additions/renovations at Various Schools  | 18,200,000            | 16,383,254                                | 1,816,746             |
| LHS Roof Part A                           | 610,000               | 436,369                                   | 173,631               |
| Solar Panels                              | 8,687,905             | 6,192,019                                 | 2,495,886             |
|   | <u>\$ 138,696,322</u> | <u>\$ 123,495,432</u>                     | 15,200,890            |
| Bonds and notes authorized and not issued |                       |   | (6,410,849)           |
|   |                       |   | <u>\$ 8,790,041</u>   |

Components of appropriations for referendum questions - high school renovations

|                          |                      |
|--------------------------|----------------------|
| Bonds authorized 6/15/06 | \$ 8,000,000         |
| Bonds authorized 10/9/07 | 43,521,000           |
|                          | <u>\$ 51,521,000</u> |

Components of appropriations - Facility upgrades and HVAC

|                                  |                      |
|----------------------------------|----------------------|
| NJ Schools Development Authority | \$ 23,490,923        |
| Bonds authorized 12/14/09        | 33,597,944           |
| Transfer from capital reserve    | 2,294,000            |
| Transfer from capital outlay     | 294,550              |
|                                  | <u>\$ 59,677,417</u> |

Components of appropriations - Solar panels

|                           |                     |
|---------------------------|---------------------|
| Bonds authorized 12/14/09 | \$ 8,687,905        |
|                           | <u>\$ 8,687,905</u> |

Components of appropriations for referendum question - additions and renovations at various schools

|                          |                      |
|--------------------------|----------------------|
| Bonds authorized 3/12/13 | \$ 18,200,000        |
|                          | <u>\$ 18,200,000</u> |

Components of appropriations - LHS Roof Part A

|                                  |                   |
|----------------------------------|-------------------|
| NJ Schools Development Authority | \$ 244,000        |
| Transfer from capital outlay     | 366,000           |
|                                  | <u>\$ 610,000</u> |

## Fiduciary Funds



Livingston Board of Education  
Trust and Agency Funds

Combining Statement of Fiduciary Net Position

June 30, 2019

|   | <u>Trust</u>                         | <u>Agency</u>               |                     |                         |
|---|--------------------------------------|-----------------------------|---------------------|-------------------------|
|   | <u>Unemployment<br/>Compensation</u> | <u>Student<br/>Activity</u> | <u>Payroll</u>      | <u>Total<br/>Agency</u> |
| <b>Assets</b>                               |                                      |                             |                     |                         |
| Cash and cash equivalents                   | \$ 297,725                           | \$ 436,590                  | \$ 2,963,077        | \$ 3,399,667            |
| Total assets                                | <u>297,725</u>                       | <u>\$ 436,590</u>           | <u>\$ 2,963,077</u> | <u>\$ 3,399,667</u>     |
| <b>Liabilities</b>                          |                                      |                             |                     |                         |
| Payroll deductions and withholdings payable |                                      |                             | \$ 710,520          | \$ 710,520              |
| Summer payroll escrow payable               |                                      |                             | 2,252,557           | 2,252,557               |
| Accounts payable                            | 26,503                               |                             |                     |                         |
| Due to student groups                       |                                      | \$ 436,590                  |                     | 436,590                 |
| Total liabilities                           | <u>26,503</u>                        | <u>\$ 436,590</u>           | <u>\$ 2,963,077</u> | <u>\$ 3,399,667</u>     |
| <b>Net position</b>                         |                                      |                             |                     |                         |
| Held in trust for unemployment claims       | <u>271,222</u>                       |                             |                     |                         |
| Total net position                          | <u>\$ 271,222</u>                    |                             |                     |                         |

Livingston Board of Education  
Student Activity Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2019

|                     | <b>Balance</b>    |                   |                      | <b>Balance</b>    |
|---------------------|-------------------|-------------------|----------------------|-------------------|
|                     | <b>July</b>       | <b>Cash</b>       | <b>Cash</b>          | <b>June</b>       |
|                     | <b>1, 2018</b>    | <b>Receipts</b>   | <b>Disbursements</b> | <b>30, 2019</b>   |
| Elementary schools: |                   |                   |                      |                   |
| Burnet Hill         | \$ 3,737          | \$ 13,630         | \$ 15,528            | \$ 1,839          |
| Riker Hill          | 7,219             | 10,202            | 13,024               | 4,397             |
| Collins             | 11,044            | 11,940            | 18,163               | 4,821             |
| Harrison            | 2,363             | 21,732            | 22,648               | 1,447             |
| Hillside            | 1,956             | 16,799            | 15,433               | 3,322             |
| Mount Pleasant      | 6,333             | 7,899             | 11,514               | 2,718             |
|                     | <u>32,652</u>     | <u>82,202</u>     | <u>96,310</u>        | <u>18,544</u>     |
| Middle schools:     |                   |                   |                      |                   |
| Heritage            | 28,679            | 81,365            | 86,783               | 23,261            |
| Mount Pleasant      | 39,099            | 28,580            | 23,900               | 43,779            |
|                     | <u>67,778</u>     | <u>109,945</u>    | <u>110,683</u>       | <u>67,040</u>     |
| High school:        |                   |                   |                      |                   |
| Senior High School  | 383,110           | 659,759           | 706,461              | 336,408           |
| Athletic account    | 2,053             | 128,221           | 115,676              | 14,598            |
|                     | <u>385,163</u>    | <u>787,980</u>    | <u>822,137</u>       | <u>351,006</u>    |
| Total all schools   | <u>\$ 485,593</u> | <u>\$ 980,127</u> | <u>\$ 1,029,130</u>  | <u>\$ 436,590</u> |

Livingston Board of Education  
Payroll Agency Fund

Schedule of Cash Receipts and Cash Disbursements

Year ended June 30, 2019

|                                     | <b>Balance<br/>July<br/>1, 2018</b> | <b>Cash<br/>Receipts</b> | <b>Cash<br/>Disbursements</b> | <b>Balance<br/>June<br/>30, 2019</b> |
|-------------------------------------|-------------------------------------|--------------------------|-------------------------------|--------------------------------------|
| <b>Assets</b>                       |                                     |                          |                               |                                      |
| Cash and cash equivalents           | \$ 3,020,452                        | \$ 90,226,878            | \$ 90,284,253                 | \$ 2,963,077                         |
| Total assets                        | <u>\$ 3,020,452</u>                 | <u>\$ 90,226,878</u>     | <u>\$ 90,284,253</u>          | <u>\$ 2,963,077</u>                  |
| <b>Liabilities</b>                  |                                     |                          |                               |                                      |
| Payroll deductions and withholdings | \$ 778,419                          | \$ 87,974,321            | \$ 88,042,220                 | \$ 710,520                           |
| Summer payroll escrow payable       | 2,242,033                           | 2,252,557                | 2,242,033                     | 2,252,557                            |
| Total liabilities                   | <u>\$ 3,020,452</u>                 | <u>\$ 90,226,878</u>     | <u>\$ 90,284,253</u>          | <u>\$ 2,963,077</u>                  |

## Long-Term Debt

Livingston Board of Education  
Long-Term Debt  
Schedule of Serial Bonds Payable

Year ended June 30, 2019

| Issue                  | Date of Issue | Amount of Issue | Annual Maturities      |              | Interest Rate | Balance July 1, 2018 | Retired      | Balance June 30, 2019 |
|------------------------|---------------|-----------------|------------------------|--------------|---------------|----------------------|--------------|-----------------------|
|                        |               |                 | Date                   | Amount       |               |                      |              |                       |
| School Refunding Bonds | 3/11/10       | \$ 12,405,000   | 7/15/19                | \$ 1,370,000 | 4.000         | \$ 6,040,000         | \$ 1,315,000 | \$ 4,725,000          |
|                        |               |                 | 7/15/20                | 1,405,000    | 4.000         |                      |              |                       |
|                        |               |                 | 7/15/21                | 1,475,000    | 4.000         |                      |              |                       |
|                        |               |                 | 7/15/22                | 475,000      | 4.000         |                      |              |                       |
| Renovations to Schools | 8/3/10        | 9,000,000       | 7/15/19                | 1,000,000    | 2.350         | 3,000,000            | 1,000,000    | 2,000,000             |
|                        |               |                 | 7/15/20                | 1,000,000    | 2.500         |                      |              |                       |
| Renovations to Schools | 10/1/13       | 8,500,000       | 8/1/19                 | 650,000      | 2.000         | 6,875,000            | 525,000      | 6,350,000             |
|                        |               |                 | 8/1/20                 | 700,000      | 2.000         |                      |              |                       |
|                        |               |                 | 8/1/21                 | 350,000      | 2.000         |                      |              |                       |
|                        |               |                 | 8/1/22                 | 650,000      | 2.000         |                      |              |                       |
|                        |               |                 | 8/1/23                 | 650,000      | 3.000         |                      |              |                       |
|                        |               |                 | 8/1/24                 | 650,000      | 3.000         |                      |              |                       |
|                        |               |                 | 8/1/25                 | 650,000      | 3.000         |                      |              |                       |
|                        |               |                 | 8/1/26                 | 650,000      | 3.000         |                      |              |                       |
|                        |               |                 | 8/1/27                 | 700,000      | 3.000         |                      |              |                       |
|                        |               |                 | 8/1/28                 | 700,000      | 3.000         |                      |              |                       |
| Renovations to Schools | 8/6/15        | 8,500,000       | 8/1/19                 | 450,000      | 2.000         | 8,100,000            | 450,000      | 7,650,000             |
|                        |               |                 | 8/1/20                 | 550,000      | 2.000         |                      |              |                       |
|                        |               |                 | 8/1/21                 | 350,000      | 2.000         |                      |              |                       |
|                        |               |                 | 8/1/22                 | 700,000      | 2.000         |                      |              |                       |
|                        |               |                 | 8/1/23                 | 700,000      | 2.000         |                      |              |                       |
|                        |               |                 | 8/1/24                 | 700,000      | 2.000         |                      |              |                       |
|                        |               |                 | 8/1/25                 | 700,000      | 2.125         |                      |              |                       |
|                        |               |                 | 8/1/26                 | 700,000      | 3.000         |                      |              |                       |
|                        |               |                 | 8/1/27                 | 700,000      | 3.000         |                      |              |                       |
|                        |               |                 | 8/1/28                 | 700,000      | 3.000         |                      |              |                       |
|                        |               |                 | 8/1/29                 | 700,000      | 3.000         |                      |              |                       |
|                        |               |                 | 8/1/30                 | 700,000      | 3.000         |                      |              |                       |
|                        |               |                 | School Refunding Bonds | 9/24/15      | 61,010,000    |                      |              |                       |
| 7/15/20                | 1,355,000     | 4.000           |                        |              |               |                      |              |                       |
| 7/15/21                | 3,250,000     | 5.000           |                        |              |               |                      |              |                       |
| 7/15/22                | 3,635,000     | 5.000           |                        |              |               |                      |              |                       |
| 7/15/23                | 3,840,000     | 5.000           |                        |              |               |                      |              |                       |
| 7/15/24                | 3,790,000     | 5.000           |                        |              |               |                      |              |                       |
| 7/15/25                | 3,945,000     | 5.000           |                        |              |               |                      |              |                       |
| 7/15/26                | 3,060,000     | 5.000           |                        |              |               |                      |              |                       |
| 7/15/27                | 3,180,000     | 5.000           |                        |              |               |                      |              |                       |
| 7/15/28                | 3,250,000     | 5.000           |                        |              |               |                      |              |                       |
| 7/15/29                | 3,305,000     | 4.000           |                        |              |               |                      |              |                       |
| 7/15/30                | 3,315,000     | 4.000           |                        |              |               |                      |              |                       |
| 7/15/31                | 3,440,000     | 4.360           |                        |              |               |                      |              |                       |
| 7/15/32                | 3,515,000     | 4.500           |                        |              |               |                      |              |                       |
| 7/15/33                | 3,690,000     | 4.160           |                        |              |               |                      |              |                       |
| 7/15/34                | 3,800,000     | 5.000           |                        |              |               |                      |              |                       |
| 7/15/35                | 3,825,000     | 5.000           |                        |              |               |                      |              |                       |
| 7/15/36                | 1,835,000     | 5.000           |                        |              |               |                      |              |                       |
| 7/15/37                | 1,810,000     | 5.000           |                        |              |               |                      |              |                       |
|                        |               |                 |                        |              |               | 60,535,000           | 1,345,000    | 59,190,000            |
|                        |               |                 |                        |              |               | \$ 84,550,000        | \$ 4,635,000 | \$ 79,915,000         |

Livingston Board of Education  
Long-Term Debt

Schedule of Obligations Under Capital Leases

Year ended June 30, 2019

|                        | Interest<br>Rate | Amount of<br>Original<br>Issue | Balance<br>July<br>1, 2018 | Issued              | Retired             | Balance<br>June<br>30, 2019 |
|------------------------|------------------|--------------------------------|----------------------------|---------------------|---------------------|-----------------------------|
| TD Equipment Financing | 1.48%            | \$ 1,000,000                   | \$ 338,424                 |                     | \$ 338,424          |                             |
| TD Equipment Financing | 1.22%            | 2,800,000                      | 1,852,917                  |                     | 920,846             | \$ 932,071                  |
| City National          | 1.61%            | 2,210,000                      | 2,210,000                  |                     | 618,019             | 1,591,981                   |
| TD Bank                | 2.90%            | 1,500,000                      |                            | \$ 1,500,000        |                     | 1,500,000                   |
|                        |                  |                                | <u>\$ 4,401,341</u>        | <u>\$ 1,500,000</u> | <u>\$ 1,877,289</u> | <u>\$ 4,024,052</u>         |

Livingston Board of Education  
Debt Service Fund

Budgetary Comparison Schedule

Year ended June 30, 2019

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Final to Actual</u> |
|---|----------------------------|-------------------------|-------------------|-------------------------------------|
| Revenues:                                     |                            |                         |                   |                                     |
| Local sources:                                |                            |                         |                   |                                     |
| Miscellaneous-sale of SREC's                  | \$ 139,555                 | \$ 139,555              | \$ 121,274        | \$ (18,281)                         |
| Local tax levy                                | 7,156,855                  | 7,156,855               | 7,156,855         |                                     |
| State sources:                                |                            |                         |                   |                                     |
| Debt service aid type II                      | 810,970                    | 810,970                 | 810,970           |                                     |
| Total revenues                                | <u>8,107,380</u>           | <u>8,107,380</u>        | <u>8,089,099</u>  | <u>(18,281)</u>                     |
| Expenditures:                                 |                            |                         |                   |                                     |
| Interest on bonds                             | 3,482,825                  | 3,482,825               | 3,482,825         |                                     |
| Principal on bonds                            | 4,635,000                  | 4,635,000               | 4,635,000         |                                     |
| Total expenditures                            | <u>8,117,825</u>           | <u>8,117,825</u>        | <u>8,117,825</u>  |                                     |
| (Deficiency) of revenues (under) expenditures | <u>(10,445)</u>            | <u>(10,445)</u>         | <u>(28,726)</u>   | <u>(18,281)</u>                     |
| Other financing sources:                      |                            |                         |                   |                                     |
| Transfers in                                  |                            |                         | 61,918            | 61,918                              |
| Total other financing sources                 |                            |                         | <u>61,918</u>     | <u>61,918</u>                       |
| Net change in fund balances                   | (10,445)                   | (10,445)                | 33,192            | 43,637                              |
| Fund balance, July 1                          | 130,368                    | 130,368                 | 130,368           |                                     |
| Fund balance, June 30                         | <u>\$ 119,923</u>          | <u>\$ 119,923</u>       | <u>\$ 163,560</u> | <u>\$ 43,637</u>                    |

## Statistical Section



**Statistical Section**  
**Unaudited**

**Contents**

**Financial Trends**

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

**Revenue Capacity**

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

**Debt Capacity**

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

**Demographic and Economic Information**

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

**Operating Information**

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

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

Livingston Board of Education  
 Net Position by Component  
 Last Ten Fiscal Years  
 (accrual basis of accounting)  
 Unaudited

|  | As of June 30,       |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 | 2018                 | 2019                 |
| <b>Governmental activities at Government-wide level</b>  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets                         | \$ 32,361,810        | \$ 29,780,271        | \$ 51,502,583        | \$ 54,448,601        | \$ 55,919,463        | \$ 58,372,950        | \$ 59,527,328        | \$ 58,713,884        | \$ 62,345,455        | \$ 64,178,646        |
| Restricted   | 2,083,754            | 9,634,285            | 1,797,535            | 2,603,315            | 4,402,174            | 6,028,772            | 5,540,059            | 8,775,638            | 7,736,318            | 8,249,348            |
| Unrestricted (deficit)                                   | (4,665,561)          | (2,790,043)          | (1,407,628)          | (1,756,316)          | (2,953,511)          | (30,011,401)         | (29,175,486)         | (31,728,720)         | (33,016,080)         | (32,990,012)         |
| <b>Total governmental activities net position</b>        | <b>\$ 29,780,003</b> | <b>\$ 36,624,513</b> | <b>\$ 51,892,490</b> | <b>\$ 55,295,600</b> | <b>\$ 57,368,126</b> | <b>\$ 34,390,321</b> | <b>\$ 35,891,901</b> | <b>\$ 35,760,802</b> | <b>\$ 37,065,693</b> | <b>\$ 39,437,982</b> |
| <b>Business-type activities at Government-wide level</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net Investment in capital assets                         |                      |                      |                      |                      |                      |                      |                      | \$ 64,260            | \$ 71,264            | \$ 63,335            |
| Unrestricted   | \$ 37,129            | \$ 101,382           | \$ 117,150           | \$ 123,159           | \$ 156,564           | \$ 163,609           | \$ 124,697           | 25,952               | 63,014               | 138,144              |
| <b>Total business-type activities net position</b>       | <b>\$ 37,129</b>     | <b>\$ 101,382</b>    | <b>\$ 117,150</b>    | <b>\$ 123,159</b>    | <b>\$ 156,564</b>    | <b>\$ 163,609</b>    | <b>\$ 124,697</b>    | <b>\$ 90,212</b>     | <b>\$ 134,278</b>    | <b>\$ 201,479</b>    |
| <b>Government-wide level</b>                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets                         | \$ 32,361,810        | \$ 29,780,271        | \$ 51,502,583        | \$ 54,448,601        | \$ 55,919,463        | \$ 58,372,950        | \$ 59,527,328        | \$ 58,778,144        | \$ 62,416,719        | \$ 64,241,981        |
| Restricted   | 2,083,754            | 9,634,285            | 1,797,535            | 2,603,315            | 4,402,174            | 6,028,772            | 5,540,059            | 8,775,638            | 7,736,318            | 8,249,348            |
| Unrestricted (deficit)                                   | (4,628,432)          | (2,688,661)          | (1,290,478)          | (1,633,157)          | (2,796,947)          | (29,847,792)         | (29,050,789)         | (31,702,768)         | (32,953,066)         | (32,851,868)         |
| <b>Total government-wide net position</b>                | <b>\$ 29,817,132</b> | <b>\$ 36,725,895</b> | <b>\$ 52,009,640</b> | <b>\$ 55,418,759</b> | <b>\$ 57,524,690</b> | <b>\$ 34,553,930</b> | <b>\$ 36,016,598</b> | <b>\$ 35,851,014</b> | <b>\$ 37,199,971</b> | <b>\$ 39,639,461</b> |

Source: CAFR Schedule A-1 and District records.

GASB 63 was implemented during the 2013 fiscal year which required reclassification of balances previously reported as net assets to net position.

GASB 68 was implemented during the 2015 fiscal year, which required the restatement of beginning net position in the amount of \$25,333,873. This amount is not reflected in the June 30, 2014 Net Position above.

Livingston Board of Education  
Changes in Net Position, Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

|   | 2010                   | 2011                   | 2012                   | 2013                    | 2014                    | 2015                    | 2016                    | 2017                    | 2018                    | 2019                    |
|---|------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Expenses</b>                                       |                        |                        |                        |                         |                         |                         |                         |                         |                         |                         |
| <b>Governmental activities</b>                        |                        |                        |                        |                         |                         |                         |                         |                         |                         |                         |
| <b>Instruction</b>                                    | \$ 64,714,624          | \$ 63,878,756          | \$ 66,272,731          | \$ 68,887,506           | \$ 69,825,515           | \$ 77,101,975           | \$ 87,448,186           | \$ 97,533,309           | \$ 100,285,889          | \$ 96,778,911           |
| <b>Support Services:</b>                              |                        |                        |                        |                         |                         |                         |                         |                         |                         |                         |
| Attendance and social work                            | 101,614                | 111,223                | 87,045                 | 83,146                  | 68,300                  | 81,890                  | 111,626                 | 175,412                 | 114,992                 | 103,821                 |
| Health services                                       | 1,315,293              | 1,155,226              | 1,250,211              | 1,293,287               | 1,297,647               | 1,399,384               | 1,602,126               | 1,735,851               | 1,751,864               | 1,582,457               |
| Other support services                                | 8,749,413              | 8,527,200              | 8,969,414              | 8,902,828               | 9,723,856               | 10,309,217              | 11,618,707              | 14,017,612              | 14,328,859              | 13,576,938              |
| Improvement of instruction                            | 2,239,925              | 2,287,581              | 2,474,874              | 2,460,982               | 2,565,356               | 3,059,826               | 3,109,500               | 3,893,894               | 3,638,064               | 3,657,125               |
| Other support instructional staff                     | 430,135                | 618,138                | 602,057                | 578,017                 | 616,615                 | 721,986                 | 631,642                 | 782,759                 | 742,174                 | 908,879                 |
| School library  | 1,420,543              | 1,402,614              | 1,534,227              | 1,590,230               | 1,599,911               | 1,684,934               | 1,953,426               | 2,132,844               | 2,124,858               | 2,033,503               |
| General administration                                | 1,614,441              | 1,501,121              | 1,602,967              | 1,620,516               | 1,746,326               | 1,434,998               | 1,614,656               | 1,617,068               | 1,532,530               | 1,724,782               |
| School administration                                 | 5,490,678              | 5,330,008              | 5,319,153              | 5,641,806               | 5,725,353               | 6,170,061               | 6,813,282               | 7,511,172               | 8,002,939               | 7,229,252               |
| Required maintenance of plant                         | 1,806,197              | 1,548,439              | 1,679,427              | 1,656,110               | 1,779,831               | 1,926,852               | 1,781,738               | 1,986,685               | 2,103,451               | 2,292,152               |
| Operation of plant                                    | 6,361,609              | 6,452,481              | 6,743,825              | 6,787,794               | 7,325,687               | 7,824,561               | 7,359,396               | 7,920,082               | 8,004,142               | 8,234,493               |
| Student transportation                                | 3,517,749              | 2,859,259              | 3,327,734              | 3,680,205               | 3,401,837               | 3,523,893               | 3,757,943               | 4,136,495               | 4,513,329               | 4,943,858               |
| Central services                                      | 1,877,854              | 1,813,338              | 1,805,295              | 2,031,579               | 1,810,997               | 2,024,454               | 2,108,249               | 2,301,045               | 2,422,989               | 2,309,731               |
| Administrative information technology                 | 1,001,413              | 1,099,190              | 1,334,838              | 1,566,865               | 1,546,072               | 1,712,196               | 1,881,804               | 2,100,888               | 2,268,568               | 2,278,389               |
| <b>Charter Schools</b>                                |                        |                        |                        |                         |                         | 35,575                  | 30,910                  | 35,671                  | 69,317                  | 43,071                  |
| Interest on long-term debt                            | 2,731,585              | 3,534,830              | 3,759,553              | 3,498,671               | 3,784,711               | 3,540,119               | 4,439,833               | 3,387,409               | 3,311,348               | 3,156,892               |
| <b>Total governmental activities expenses</b>         | <b>103,373,073</b>     | <b>102,119,404</b>     | <b>106,763,351</b>     | <b>110,279,542</b>      | <b>112,818,014</b>      | <b>122,551,921</b>      | <b>136,263,024</b>      | <b>151,268,196</b>      | <b>155,215,313</b>      | <b>150,854,254</b>      |
| <b>Business-type activities</b>                       |                        |                        |                        |                         |                         |                         |                         |                         |                         |                         |
| Food service  | 785,620                | 899,767                | 942,943                | 935,828                 | 1,064,344               | 1,326,939               | 1,731,199               | 2,139,565               | 2,075,522               | 2,155,042               |
| <b>Total business-type activities</b>                 | <b>785,620</b>         | <b>899,767</b>         | <b>942,943</b>         | <b>935,828</b>          | <b>1,064,344</b>        | <b>1,326,939</b>        | <b>1,731,199</b>        | <b>2,139,565</b>        | <b>2,075,522</b>        | <b>2,155,042</b>        |
| <b>Total district expenses</b>                        | <b>\$ 104,158,693</b>  | <b>\$ 103,019,171</b>  | <b>\$ 107,706,294</b>  | <b>\$ 111,215,370</b>   | <b>\$ 113,882,358</b>   | <b>\$ 123,878,860</b>   | <b>\$ 137,994,223</b>   | <b>\$ 153,407,761</b>   | <b>\$ 157,290,835</b>   | <b>\$ 153,009,296</b>   |
| <b>Program Revenues</b>                               |                        |                        |                        |                         |                         |                         |                         |                         |                         |                         |
| <b>Governmental activities:</b>                       |                        |                        |                        |                         |                         |                         |                         |                         |                         |                         |
| <b>Charges for services:</b>                          |                        |                        |                        |                         |                         |                         |                         |                         |                         |                         |
| Instruction (tuition)                                 | \$ 72,370              | \$ 116,574             | \$ 53,985              | \$ 10,083               | \$ 46,993               | \$ 112,693              | \$ 170,384              | \$ 241,640              | \$ 354,819              | \$ 266,347              |
| Pupil transportation                                  | 158,408                | 114,679                | 310,880                | 315,153                 | 301,983                 | 337,630                 | 372,107                 | 489,254                 | 377,452                 | 442,423                 |
| Operating grants and contributions                    | 2,835,726              | 2,326,694              | 2,355,452              | 2,121,250               | 2,015,767               | 2,331,758               | 2,287,885               | 2,428,516               | 2,469,246               | 2,600,073               |
| Capital grants and contributions                      | 978,472                | 4,427,857              | 12,398,388             | 449,567                 | 280,721                 | 123,888                 | 121,562                 | 1,034,268               | 20,623                  |                         |
| <b>Total governmental activities program revenues</b> | <b>4,044,976</b>       | <b>6,985,804</b>       | <b>15,118,705</b>      | <b>2,896,053</b>        | <b>2,645,464</b>        | <b>2,905,969</b>        | <b>2,951,938</b>        | <b>4,193,678</b>        | <b>3,222,140</b>        | <b>3,308,843</b>        |
| <b>Business-type activities</b>                       |                        |                        |                        |                         |                         |                         |                         |                         |                         |                         |
| <b>Charges for services</b>                           |                        |                        |                        |                         |                         |                         |                         |                         |                         |                         |
| Food service  | 822,498                | 955,095                | 946,322                | 941,083                 | 1,097,056               | 1,333,216               | 1,691,124               | 2,102,683               | 2,113,314               | 2,212,288               |
| <b>Total business-type activities</b>                 | <b>822,498</b>         | <b>955,095</b>         | <b>946,322</b>         | <b>941,083</b>          | <b>1,097,056</b>        | <b>1,333,216</b>        | <b>1,691,124</b>        | <b>2,102,683</b>        | <b>2,113,314</b>        | <b>2,212,288</b>        |
| <b>Total district program revenues</b>                | <b>\$ 4,867,474</b>    | <b>\$ 7,940,899</b>    | <b>\$ 16,065,027</b>   | <b>\$ 3,837,136</b>     | <b>\$ 3,742,520</b>     | <b>\$ 4,239,185</b>     | <b>\$ 4,643,062</b>     | <b>\$ 6,296,361</b>     | <b>\$ 5,335,454</b>     | <b>\$ 5,521,131</b>     |
| <b>Net (Expense)/Revenue</b>                          |                        |                        |                        |                         |                         |                         |                         |                         |                         |                         |
| <b>Governmental activities</b>                        | <b>\$ (99,328,097)</b> | <b>\$ (95,133,600)</b> | <b>\$ (91,644,646)</b> | <b>\$ (107,383,489)</b> | <b>\$ (110,172,550)</b> | <b>\$ (119,645,952)</b> | <b>\$ (133,311,086)</b> | <b>\$ (147,074,518)</b> | <b>\$ (151,993,173)</b> | <b>\$ (147,545,411)</b> |
| <b>Business-type activities</b>                       | <b>36,878</b>          | <b>55,328</b>          | <b>3,379</b>           | <b>5,255</b>            | <b>32,712</b>           | <b>6,277</b>            | <b>(40,075)</b>         | <b>(36,882)</b>         | <b>37,792</b>           | <b>57,246</b>           |
| <b>Total government-wide net expense</b>              | <b>\$ (99,291,219)</b> | <b>\$ (95,078,272)</b> | <b>\$ (91,641,267)</b> | <b>\$ (107,378,234)</b> | <b>\$ (110,139,838)</b> | <b>\$ (119,639,675)</b> | <b>\$ (133,351,161)</b> | <b>\$ (147,111,400)</b> | <b>\$ (151,955,381)</b> | <b>\$ (147,488,165)</b> |

Livingston Board of Education  
Changes in Net Position, Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

|   | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  | 2017                  | 2018                  | 2019                  |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>General Revenues and Other Changes in Net Position</b> |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities:                                  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Property taxes levied for general purposes, net           | \$ 85,302,647         | \$ 88,714,753         | \$ 90,069,759         | \$ 90,955,519         | \$ 92,768,603         | \$ 94,517,808         | \$ 97,514,537         | \$ 99,918,029         | \$ 102,743,234        | \$ 105,790,062        |
| Property taxes levied for debt service                    | 4,352,410             | 4,293,987             | 5,065,306             | 5,433,634             | 6,050,287             | 6,338,900             | 6,514,901             | 6,853,299             | 7,112,478             | 7,156,855             |
| Unrestricted grants and contributions                     | 11,386,017            | 8,453,252             | 10,964,111            | 13,646,676            | 12,427,412            | 20,268,622            | 29,929,512            | 39,400,851            | 42,526,598            | 35,957,305            |
| Investment earnings                                       | 34,904                | 65,852                | 96,553                | 38,900                | 61,224                | 23,943                | 88,831                | 150,948               | 221,777               | 248,204               |
| Rental income   | 464,417               | 418,764               | 487,216               | 496,484               | 601,549               | 586,959               | 564,534               | 504,525               | 497,508               | 436,443               |
| Miscellaneous income                                      | 118,070               | 40,180                | 241,280               | 215,386               | 336,001               | 265,788               | 200,351               | 115,767               | 196,469               | 328,831               |
| Transfers   |                       | (8,678)               | (11,602)              |                       |                       |                       |                       |                       |                       |                       |
| Total governmental activities                             | <u>101,658,465</u>    | <u>101,978,110</u>    | <u>106,912,623</u>    | <u>110,786,599</u>    | <u>112,245,076</u>    | <u>122,002,020</u>    | <u>134,812,666</u>    | <u>146,943,419</u>    | <u>153,298,064</u>    | <u>149,917,700</u>    |
| Business-type activities:                                 |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Interest earnings   | 251                   | 247                   | 787                   | 754                   | 693                   | 768                   | 1,163                 | 2,397                 | 6,274                 | 9,955                 |
| Transfers   |                       | 8,678                 | 11,602                |                       |                       |                       |                       |                       |                       |                       |
| Total business-type activities                            | <u>251</u>            | <u>8,925</u>          | <u>12,389</u>         | <u>754</u>            | <u>693</u>            | <u>768</u>            | <u>1,163</u>          | <u>2,397</u>          | <u>6,274</u>          | <u>9,955</u>          |
| Total government-wide                                     | <u>\$ 101,658,716</u> | <u>\$ 101,987,035</u> | <u>\$ 106,925,012</u> | <u>\$ 110,787,353</u> | <u>\$ 112,245,769</u> | <u>\$ 122,002,788</u> | <u>\$ 134,813,829</u> | <u>\$ 146,945,816</u> | <u>\$ 153,304,338</u> | <u>\$ 149,927,655</u> |
| <b>Change in Net Position</b>                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities                                   | \$ 2,330,368          | \$ 6,844,510          | \$ 15,267,977         | \$ 3,403,110          | \$ 2,072,526          | \$ 2,356,068          | \$ 1,501,580          | \$ (131,099)          | \$ 1,304,891          | \$ 2,372,289          |
| Business-type activities                                  | 37,129                | 64,253                | 15,768                | 6,009                 | 33,405                | 7,045                 | (38,912)              | (34,485)              | 34,066                | 67,201                |
| Total district  | <u>\$ 2,367,497</u>   | <u>\$ 6,908,763</u>   | <u>\$ 15,283,745</u>  | <u>\$ 3,409,119</u>   | <u>\$ 2,105,931</u>   | <u>\$ 2,363,113</u>   | <u>\$ 1,462,668</u>   | <u>\$ (165,584)</u>   | <u>\$ 1,348,957</u>   | <u>\$ 2,439,490</u>   |

Source: CAFR Schedule A-2 and District records.

The District commenced operations of its food service enterprise fund during the 2009 fiscal year.

GASB 63 was implemented during the 2013 fiscal year which required reclassification of balances previously reported as net assets to net position.

GASB 75 was implemented in the 2018 fiscal year. Implementation resulted in an increase in unrestricted grants and contributions and various expense lines from the previous year.

Livingston Board of Education  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

|                                    | 2010         | 2011          | 2012         | 2013         | 2014          | 2015           | 2016         | 2017         | 2018         | 2019         |
|------------------------------------|--------------|---------------|--------------|--------------|---------------|----------------|--------------|--------------|--------------|--------------|
| General Fund                       |              |               |              |              |               |                |              |              |              |              |
| Reserved                           | \$ 2,104,121 |               |              |              |               |                |              |              |              |              |
| Unreserved                         | 1,225,531    |               |              |              |               |                |              |              |              |              |
| Restricted                         |              | \$ 1,529,895  | \$ 1,787,522 | \$ 2,603,315 | \$ 4,402,174  | \$ 6,028,772   | \$ 5,018,625 | \$ 4,807,728 | \$ 3,812,411 | \$ 4,325,441 |
| Assigned                           |              | 748,065       | 1,618,550    | 1,382,881    | 525,508       | 670,709        | 524,747      | 740,234      | 757,944      | 588,463      |
| Unassigned                         |              | 2,495,826     | 2,842,943    | 2,615,086    | 2,634,903     | 2,412,411      | 2,501,855    | 2,666,800    | 2,764,525    | 3,099,988    |
| Total general fund                 | \$ 3,329,652 | \$ 4,773,786  | \$ 6,249,015 | \$ 6,601,282 | \$ 7,562,585  | \$ 9,111,892   | \$ 8,045,227 | \$ 8,214,762 | \$ 7,334,880 | \$ 8,013,892 |
| All Other Governmental Funds       |              |               |              |              |               |                |              |              |              |              |
| Unreserved, reported in:           |              |               |              |              |               |                |              |              |              |              |
| Special revenue fund               |              |               |              |              |               |                | \$ 2,302,593 |              |              |              |
| Capital projects fund (deficit)    | \$ (596,959) |               |              |              |               |                |              |              |              |              |
| Debt service fund                  |              |               | \$ 10,013    | \$ 53,510    | \$ 323,480    | \$ 87,680      | 234,706      | \$ 157,471   | \$ 130,368   | \$ 163,560   |
| Restricted for capital projects    |              | \$ 23,905,996 | 5,059,573    | 3,799,090    | 9,749,837     | (1,619,867)    | 6,436,140    | 4,608,223    | 4,540,653    | 4,540,653    |
| Total all other governmental funds | \$ (596,959) | \$ 23,905,996 | \$ 5,069,586 | \$ 3,852,600 | \$ 10,073,317 | \$ (1,532,187) | \$ 8,973,439 | \$ 4,765,694 | \$ 4,671,021 | \$ 4,704,213 |

Source: CAFR Schedule B-1 and District records.

Note 1: GASB #54 was implemented in the 2011 fiscal year, which required the presentation of governmental fund balances to be reported in different classifications from those presented in prior years (See footnote 1 in the basic financial statements). Prior years have not been restated, nor are they required to be.

Livingston Board of Education  
Changes in Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
Unaudited

|  | 2010                  | 2011                 | 2012                   | 2013                | 2014                | 2015                   | 2016                | 2017                  | 2018                | 2019               |
|--|-----------------------|----------------------|------------------------|---------------------|---------------------|------------------------|---------------------|-----------------------|---------------------|--------------------|
| <b>Revenues</b>  |                       |                      |                        |                     |                     |                        |                     |                       |                     |                    |
| Tax levy   | \$ 89,655,057         | \$ 93,008,740        | \$ 95,135,065          | \$ 96,389,153       | \$ 98,818,890       | \$ 100,856,708         | \$ 104,029,438      | \$ 106,771,328        | \$ 109,855,712      | \$ 112,946,917     |
| Tuition charges  | 72,370                | 116,574              | 53,985                 | 10,083              | 46,993              | 112,693                | 170,384             | 241,640               | 354,819             | 266,347            |
| Interest earnings  | 34,904                | 65,852               | 96,553                 | 38,900              | 61,224              | 23,943                 | 47,132              | 63,519                | 159,859             | 183,997            |
| Investment income  |                       |                      |                        |                     |                     |                        | 41,699              | 87,429                | 61,918              | 64,207             |
| Rental income  | 464,417               | 418,764              | 487,216                | 496,484             | 601,549             | 586,959                | 564,534             | 504,525               | 497,508             | 436,443            |
| Miscellaneous  | 276,478               | 154,859              | 410,544                | 389,913             | 780,894             | 636,806                | 633,408             | 605,021               | 573,921             | 771,254            |
| State sources  | 12,852,852            | 13,348,247           | 23,681,722             | 14,600,118          | 13,180,841          | 15,016,087             | 16,645,702          | 19,648,364            | 21,434,902          | 25,421,839         |
| Local sources  | 13,664                | 45,108               | 41,027                 | 41,914              | 16,418              | 32,279                 | 22,806              | 30,465                | 24,340              | 28,953             |
| Federal sources  | 2,333,699             | 1,814,448            | 1,995,202              | 1,575,461           | 1,526,641           | 1,663,626              | 1,644,134           | 1,595,776             | 1,582,278           | 1,589,381          |
| <b>Total revenue</b>   | <b>105,703,441</b>    | <b>108,972,592</b>   | <b>121,901,314</b>     | <b>113,542,026</b>  | <b>115,033,450</b>  | <b>118,929,101</b>     | <b>123,799,237</b>  | <b>129,548,067</b>    | <b>134,545,257</b>  | <b>141,709,338</b> |
| <b>Expenditures</b>  |                       |                      |                        |                     |                     |                        |                     |                       |                     |                    |
| <b>Instruction</b>   |                       |                      |                        |                     |                     |                        |                     |                       |                     |                    |
| Regular and Special Education Instruction                        | 42,786,848            | 42,024,591           | 43,186,148             | 44,393,126          | 46,757,561          | 48,276,223             | 50,594,191          | 52,497,911            | 53,137,649          | 54,179,698         |
| Undistributed:   |                       |                      |                        |                     |                     |                        |                     |                       |                     |                    |
| Instruction  | 6,810,121             | 7,490,876            | 7,131,761              | 7,205,470           | 6,247,242           | 6,305,889              | 6,476,692           | 6,520,234             | 6,537,171           | 6,872,680          |
| Attendance and social work                                       | 73,647                | 81,403               | 62,593                 | 58,889              | 49,494              | 54,685                 | 67,821              | 97,710                | 63,228              | 61,050             |
| Health services  | 956,004               | 849,055              | 901,743                | 919,492             | 944,287             | 938,827                | 983,322             | 976,076               | 970,191             | 936,873            |
| Other support services   | 6,777,277             | 6,766,390            | 7,066,352              | 6,845,403           | 7,319,178           | 7,475,078              | 7,744,379           | 8,220,147             | 8,603,722           | 8,697,176          |
| Improvement of instruction                                       | 1,637,143             | 1,687,413            | 1,792,477              | 1,757,197           | 1,870,400           | 2,057,792              | 1,904,505           | 2,191,192             | 2,016,432           | 2,170,172          |
| School library   | 1,077,288             | 1,069,818            | 1,145,961              | 1,167,858           | 1,201,197           | 1,169,916              | 1,251,112           | 1,259,289             | 1,244,696           | 1,260,467          |
| Instructional staff training                                     | 337,040               | 480,072              | 452,692                | 430,027             | 464,605             | 524,358                | 403,168             | 467,394               | 446,711             | 577,929            |
| General administration   | 1,422,440             | 1,312,701            | 1,382,282              | 1,381,455           | 1,461,045           | 1,192,799              | 1,310,194           | 1,290,969             | 1,168,022           | 1,314,908          |
| School administration  | 4,067,474             | 3,986,684            | 3,904,353              | 4,100,046           | 4,258,497           | 4,239,852              | 4,328,243           | 4,381,197             | 4,586,777           | 4,421,915          |
| Required maintenance of plant                                    | 1,372,954             | 1,208,903            | 1,298,926              | 1,227,905           | 1,271,843           | 1,249,197              | 1,247,717           | 1,274,856             | 1,323,260           | 1,487,391          |
| Operation of plant   | 5,153,046             | 5,349,562            | 5,458,252              | 5,315,576           | 5,600,664           | 5,575,230              | 5,485,748           | 5,534,372             | 5,569,037           | 5,955,341          |
| Student transportation   | 3,061,159             | 2,549,481            | 2,935,670              | 3,189,477           | 2,929,453           | 2,925,012              | 3,004,148           | 3,163,306             | 3,294,251           | 3,755,261          |
| Business and oth supp. svcs & benefits                           | 16,656,328            | 15,709,449           | 15,272,843             | 15,580,630          | 15,800,186          | 16,256,309             | 17,135,977          | 17,963,795            | 18,953,666          | 20,222,489         |
| On Behalf TPAF social security & pension/medical contributions   | 6,290,285             | 6,105,549            | 7,302,384              | 9,437,008           | 8,157,415           | 9,822,692              | 11,507,978          | 13,351,771            | 15,730,398          | 18,129,199         |
| Capital outlay   | 8,255,244             | 19,167,762           | 34,168,616             | 4,707,251           | 4,860,773           | 14,396,288             | 5,720,943           | 6,483,837             | 5,830,484           | 4,293,689          |
| Charter Schools  |                       |                      |                        |                     |                     | 35,575                 | 30,910              | 35,671                | 69,317              | 43,071             |
| Costs of issuance  | 144,797               | 96,800               |                        |                     | 53,298              |                        |                     |                       |                     |                    |
| Debt service:  |                       |                      |                        |                     |                     |                        |                     |                       |                     |                    |
| Principal  | 2,180,000             | 2,340,000            | 2,385,000              | 3,160,000           | 3,585,000           | 4,005,000              | 4,310,000           | 4,030,000             | 4,560,000           | 4,635,000          |
| Interest   | 2,880,139             | 2,565,316            | 4,152,840              | 3,574,080           | 3,520,142           | 3,684,577              | 3,153,228           | 3,846,550             | 3,624,800           | 3,482,825          |
| <b>Total expenditures</b>  | <b>111,939,234</b>    | <b>120,841,825</b>   | <b>140,000,893</b>     | <b>114,450,890</b>  | <b>116,352,280</b>  | <b>130,185,299</b>     | <b>126,660,276</b>  | <b>133,586,277</b>    | <b>137,729,812</b>  | <b>142,497,134</b> |
| <b>Excess (Deficiency) of revenues over (under) expenditures</b> | <b>(6,235,793)</b>    | <b>(11,869,233)</b>  | <b>(18,099,579)</b>    | <b>(908,864)</b>    | <b>(1,318,830)</b>  | <b>(11,256,198)</b>    | <b>(2,861,039)</b>  | <b>(4,038,210)</b>    | <b>(3,184,555)</b>  | <b>(787,796)</b>   |
| <b>Other Financing sources (uses)</b>                            |                       |                      |                        |                     |                     |                        |                     |                       |                     |                    |
| Capital leases (non-budgeted)                                    | 1,250,000             | 750,000              | 750,000                |                     |                     | 1,200,000              | 3,800,000           |                       | 2,210,000           | 1,500,000          |
| Bond proceeds  |                       | 37,075,000           |                        |                     | 8,500,000           |                        |                     |                       |                     |                    |
| Insurance recovery related to other costs of Super Storm Sandy   |                       |                      |                        | 44,145              |                     |                        |                     |                       |                     |                    |
| Refunding bonds issued   | 12,405,000            |                      |                        |                     |                     |                        | 69,510,000          |                       |                     |                    |
| Premium on bonds issued  | 873,835               |                      |                        |                     | 850                 |                        | 8,886,902           |                       |                     |                    |
| Equity contribution  |                       |                      |                        |                     |                     |                        | 134,265             |                       |                     |                    |
| Payment to refunding bond escrow agent                           | (13,134,038)          |                      |                        |                     |                     |                        | (69,607,319)        |                       |                     |                    |
| Transfers in   | 15,290                | 53,849               | 815,679                | 424,584             | 18,119              | 234,691                | 2,967,026           | 48,763                | 112,758             | 96,211             |
| Transfers out  | (15,290)              | (62,527)             | (827,281)              | (424,584)           | (18,119)            | (234,691)              | (2,967,026)         | (48,763)              | (112,758)           | (96,211)           |
| <b>Total other financing sources (uses)</b>                      | <b>1,394,797</b>      | <b>37,816,322</b>    | <b>738,398</b>         | <b>44,145</b>       | <b>8,500,850</b>    | <b>1,200,000</b>       | <b>12,723,848</b>   | <b>-</b>              | <b>2,210,000</b>    | <b>1,500,000</b>   |
| <b>Net change in fund balances</b>                               | <b>\$ (4,840,996)</b> | <b>\$ 25,947,089</b> | <b>\$ (17,361,181)</b> | <b>\$ (864,719)</b> | <b>\$ 7,182,020</b> | <b>\$ (10,056,198)</b> | <b>\$ 9,862,809</b> | <b>\$ (4,038,210)</b> | <b>\$ (974,555)</b> | <b>\$ 712,204</b>  |
| <b>Debt service as a percentage of noncapital expenditures</b>   | <b>4.9%</b>           | <b>4.8%</b>          | <b>6.2%</b>            | <b>6.1%</b>         | <b>6.4%</b>         | <b>6.6%</b>            | <b>6.2%</b>         | <b>6.2%</b>           | <b>6.2%</b>         | <b>5.87%</b>       |

Source: CAFR Schedule B-2

Livingston Board of Education  
 General Fund Other Local Revenue by Source  
 Last Ten Fiscal Years  
 Unaudited

| Fiscal Year<br>Ended June 30, | Tuition   | Investment Income | Rentals    | Transportation | Misc.      | Total      |
|-------------------------------|-----------|-------------------|------------|----------------|------------|------------|
| 2010                          | \$ 72,370 | \$ 19,614         | \$ 464,417 | \$ 158,408     | \$ 118,070 | \$ 832,879 |
| 2011                          | 116,574   | 12,003            | 418,764    | 114,679        | 40,180     | 702,200    |
| 2012                          | 53,985    | 80,874            | 487,216    | 310,880        | 89,651     | 1,022,606  |
| 2013                          | 10,083    | 32,812            | 496,484    | 315,153        | 74,760     | 929,292    |
| 2014                          | 46,993    | 43,955            | 601,549    | 301,983        | 68,119     | 1,062,599  |
| 2015                          | 112,693   | 7,187             | 586,959    | 337,630        | 86,957     | 1,131,426  |
| 2016                          | 170,384   | 34,656            | 564,534    | 372,107        | 105,544    | 1,247,225  |
| 2017                          | 241,640   | 56,455            | 504,525    | 489,254        | 122,130    | 1,414,004  |
| 2018                          | 354,819   | 196,448           | 497,508    | 377,452        | 76,295     | 1,502,522  |
| 2019                          | 266,347   | 213,911           | 436,443    | 442,423        | 207,557    | 1,566,681  |

Source: District Records

Livingston Board of Education  
 Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
 Unaudited

| Fiscal Year Ended June 30, | Vacant Land    | Residential      | Farm Reg.  | Commercial       | Industrial     | Apartments   | Total Assessed Value | Public Utilities <sup>a</sup> | Net Valuation Taxable | Total Direct School Tax Rate <sup>b</sup> |
|----------------------------|----------------|------------------|------------|------------------|----------------|--------------|----------------------|-------------------------------|-----------------------|---|
| 2010                       | \$ 169,485,100 | \$ 5,967,646,796 | \$ 740,300 | \$ 1,256,161,078 | \$ 121,318,500 | \$ 2,658,800 | \$ 7,518,010,574     | \$ 12,139,900                 | \$ 7,530,150,474      | \$ 1.236                                  |
| 2011                       | 163,904,500    | 5,947,204,496    | 740,300    | 1,206,463,078    | 115,804,400    | 2,658,800    | 7,436,775,574        | 12,139,900                    | 7,448,915,474         | 1.277                                     |
| 2012                       | 155,825,800    | 5,925,469,396    | 740,300    | 1,084,979,478    | 112,693,200    | 2,658,800    | 7,282,366,974        | 12,139,900                    | 7,294,506,874         | 1.321                                     |
| 2013                       | 142,157,500    | 5,938,761,771    | 740,300    | 1,032,942,678    | 97,978,100     | 2,658,800    | 7,215,239,149        | 11,213,456                    | 7,226,452,605         | 1.368                                     |
| 2014                       | 116,045,300    | 5,953,673,571    | 740,300    | 1,002,976,178    | 90,110,600     | 2,658,800    | 7,166,204,749        | 9,716,768                     | 7,175,921,517         | 1.406                                     |
| 2015                       | 105,448,800    | 5,976,634,671    | 740,300    | 977,333,378      | 90,641,900     | 2,658,800    | 7,153,457,849        | 9,528,870                     | 7,162,986,719         | 1.452                                     |
| 2016                       | 115,384,300    | 5,993,856,017    | 734,300    | 979,149,578      | 104,657,200    | 2,658,800    | 7,196,440,195        | 9,738,270                     | 7,162,986,719         | 1.482                                     |
| 2017                       | 98,933,300     | 6,047,597,017    | 740,300    | 977,445,878      | 103,643,300    | 2,658,800    | 7,231,018,595        | 9,686,530                     | 7,240,705,125         | 1.517                                     |
| 2018                       | 95,026,200     | 6,122,581,917    | 740,300    | 981,362,878      | 104,191,300    | 2,658,800    | 7,306,561,395        | 9,534,432                     | 7,316,095,827         | 1.544                                     |
| 2019                       | 126,981,700    | 6,140,915,920    | 740,300    | 998,823,678      | 106,211,800    | 42,517,600   | 7,416,190,998        | 9,293,999                     | 7,425,484,997         | 1.559                                     |

Source: District records, Tax list summary & Municipal Tax Assessor and Collector, abstract of ratables, County Board of Taxation

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

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

b Tax rates are per \$100

\* The significant increase in 2019 relates to new apartments constructed in The Township.



Livingston Board of Education  
 - Direct and Overlapping Governments - Property Tax Rates  
 Last Ten Fiscal Years  
 (rate per \$100 of assessed value)  
 Unaudited

| Fiscal Year<br>Ended June<br>30, | Livingston Township School District |  |              | Overlapping Rates      |              | Total Direct and<br>Overlapping Tax<br>Rate |
|----------------------------------|-------------------------------------|--|--------------|------------------------|--------------|---|
|                                  | Basic Rate <sup>a</sup>             | General<br>Obligation Debt<br>Service <sup>b</sup> | Total Direct | Livingston<br>Township | Essex County |   |
| 2010                             | \$ 1.18                             | \$ 0.06  | \$ 1.24      | \$ 0.39                | \$ 0.41      | \$ 2.04                                     |
| 2011                             | 1.22                                | 0.06   | 1.28         | 0.40                   | 0.44         | 2.12  |
| 2012                             | 1.26                                | 0.06   | 1.32         | 0.41                   | 0.47         | 2.20  |
| 2013                             | 1.31                                | 0.06   | 1.37         | 0.44                   | 0.49         | 2.30  |
| 2014                             | 1.35                                | 0.06   | 1.41         | 0.45                   | 0.53         | 2.38  |
| 2015                             | 1.36                                | 0.09   | 1.45         | 0.46                   | 0.55         | 2.46  |
| 2016                             | 1.38                                | 0.10   | 1.48         | 0.47                   | 0.55         | 2.50  |
| 2017                             | 1.42                                | 0.10   | 1.52         | 0.46                   | 0.56         | 2.54  |
| 2018                             | 1.44                                | 0.10   | 1.54         | 0.48                   | 0.56         | 2.58  |
| 2019                             | 1.46                                | 0.10   | 1.56         | 0.48                   | 0.57         | 2.61  |

**Source:** District Records and Municipal Tax Collector.

**a** The District's basic tax rate is calculated from the A4F form which is submitted with the budget and the net valuation taxable.

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

Livingston Board of Education  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
Unaudited

| Taxpayer                          | 2019                   |      |  | 2010                   |      |  |
|-----------------------------------|------------------------|------|--|------------------------|------|--|
|                                   | Taxable Assessed Value | Rank | % of Total District Net Assessed Value | Taxable Assessed Value | Rank | % of Total District Net Assessed Value |
| Livingston Mall                   | \$ 132,000,000         | 1    | 1.78%                                  | \$ 242,288,304         | 1    | 3.22%                                  |
| Squiretown Properties             | 39,858,800             | 2    | 0.54%                                  |                        |      |  |
| Livingston Circle Associates      | 38,000,000             | 3    | 0.51%                                  | 60,602,600             | 2    | 0.80%                                  |
| 369 East Mount Pleasant Ave., LLC | 37,655,800             | 4    | 0.51%                                  |                        |      |  |
| CIT Bank, N.A.                    | 31,992,000             | 5    | 0.43%                                  |                        |      |  |
| Burris Post Acute Network LLC     | 31,168,000             | 6    | 0.42%                                  |                        |      |  |
| Eastgreen, Inc.                   | 30,175,000             | 7    | 0.41%                                  | 39,426,700             | 4    | 0.52%                                  |
| Formosa Plastics, Corp., USA      | 28,000,000             | 8    | 0.38%                                  | 32,969,800             | 6    | 0.44%                                  |
| Livingston Retirement Care Assoc. | 28,000,000             | 8    | 0.38%                                  | 30,250,300             | 7    | 0.40%                                  |
| KRG Livingston Center, LLC        | 27,492,900             | 10   | 0.37%                                  |                        |      |  |
| CIT Group Inc.                    |                        |      |  | 45,938,500             | 3    | 0.61%                                  |
| City of East Orange               |                        |      |  | 35,919,800             | 5    | 0.48%                                  |
| Esplanade Livingston, LLC         |                        |      |  | 30,195,000             | 8    | 0.40%                                  |
| Marsag, L.P.                      |                        |      |  | 26,892,600             | 10   | 0.36%                                  |
| Trste Src Facilities              |                        |      |  | 29,469,900             | 9    | 0.39%                                  |
| Total                             | \$ 424,342,500         |      | 5.74%                                  | \$ 573,953,504         |      | 7.62%                                  |

Source: Municipal Tax Assessor and Treasurer.

Livingston Board of Education  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
Unaudited

| Fiscal Year<br>Ended June<br>30, | Taxes Levied for the<br>Fiscal Year | Collected within the<br>Fiscal Year of the<br>Levy Amount | Percentage of Levy | Collections in<br>Subsequent Years |
|----------------------------------|-------------------------------------|---|--------------------|------------------------------------|
| 2010                             | \$ 89,655,057                       | \$ 89,655,057   | 100.00%            | -                                  |
| 2011                             | 93,008,740                          | 93,008,740  | 100.00%            | -                                  |
| 2012                             | 95,135,065                          | 95,135,065  | 100.00%            | -                                  |
| 2013                             | 96,389,153                          | 96,389,153  | 100.00%            | -                                  |
| 2014                             | 98,818,890                          | 98,818,890  | 100.00%            | -                                  |
| 2015                             | 100,856,708                         | 100,856,708   | 100.00%            | -                                  |
| 2016                             | 104,029,438                         | 104,029,438   | 100.00%            | -                                  |
| 2017                             | 106,771,328                         | 106,771,328   | 100.00%            | -                                  |
| 2018                             | 109,855,712                         | 109,855,712   | 100.00%            | -                                  |
| 2019                             | 112,946,917                         | 112,946,917   | 100.00%            | -                                  |

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

**Note:** School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, prior to the end of the school year.

Livingston Board of Education  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
Unaudited

| Fiscal<br>Year<br>Ended<br><u>June 30,</u> | Governmental Activities         |                |                               | Grant<br>Anticipation<br>Notes | Total District | Percentage of<br>Personal<br>Income <sup>a</sup> | Per Capita <sup>a</sup> |
|--|---------------------------------|----------------|-------------------------------|--------------------------------|----------------|--|-------------------------|
|  | General<br>Obligation<br>Bonds* | Capital Leases | Bond<br>Anticipation<br>Notes |                                |                |  |                         |
| 2010                                       | \$ 64,366,000                   | \$ 4,200,183   | \$ 9,000,000                  |                                | \$ 77,566,183  | 0.07%  | \$ 51,617               |
| 2011                                       | 99,101,000                      | 3,816,319      |                               |                                | 102,917,319    | 0.05%  | 51,617                  |
| 2012                                       | 96,716,000                      | 3,410,771      |                               | \$ 9,250,000                   | 109,376,771    | 0.05%  | 59,342                  |
| 2013                                       | 93,556,000                      | 2,251,617      |                               | 9,250,000                      | 105,057,617    | 0.06%  | 60,577                  |
| 2014                                       | 98,471,000                      | 1,235,856      |                               | 8,000,000                      | 107,706,856    | 0.05%  | 54,879                  |
| 2015                                       | 94,466,000                      | 1,359,372      | 4,300,000                     | 8,000,000                      | 108,125,372    | 0.05%  | 54,606                  |
| 2016                                       | 93,140,000                      | 4,555,541      |                               | 5,000,000                      | 102,695,541    | 0.06%  | 58,319                  |
| 2017                                       | 89,110,000                      | 3,736,161      |                               |                                | 92,846,161     | 0.06%  | 60,030                  |
| 2018                                       | 84,550,000                      | 4,401,341      |                               |                                | 88,951,341     | 0.07%  | 60,887                  |
| 2019                                       | 79,915,000                      | 4,024,052      |                               |                                | 83,939,052     | 0.08%  | 63,554                  |

Source: District CAFR Schedules I-1, I-2 and District records.

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

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

\* Does not include bonds and notes authorized and not issued.

Livingston Board of Education  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years  
Unaudited

| Fiscal<br>Year<br>Ended<br>June 30, | General Bonded Debt Outstanding       |            | Net General<br>Bonded Debt<br>Outstanding | Percentage of<br>Actual Taxable<br>Value <sup>a</sup> of<br>Property | Per Capita <sup>b</sup> |
|-------------------------------------|---------------------------------------|------------|---|--|-------------------------|
|                                     | General Obligation<br>Bonds and Notes | Deductions |   |  |                         |
| 2010                                | \$ 73,366,000                         |            | \$ 73,366,000                             | 0.97%  | \$ 51,617               |
| 2011                                | 99,101,000                            |            | 99,101,000                                | 1.33%  | 51,617                  |
| 2012                                | 105,966,000                           |            | 105,966,000                               | 1.45%  | 59,342                  |
| 2013                                | 102,806,000                           |            | 102,806,000                               | 1.42%  | 60,577                  |
| 2014                                | 106,471,000                           | \$ 323,480 | 106,147,520                               | 1.48%  | 54,879                  |
| 2015                                | 102,466,000                           | 87,680     | 102,378,320                               | 1.43%  | 54,606                  |
| 2016                                | 98,140,000                            | 234,706    | 97,905,294                                | 1.36%  | 58,319                  |
| 2017                                | 89,110,000                            | 157,471    | 88,952,529                                | 1.23%  | 60,030                  |
| 2018                                | 84,550,000                            | 130,368    | 84,419,632                                | 1.16%  | 60,887                  |
| 2019                                | 79,915,000                            | 163,560    | 79,751,440                                | 1.08%  | 63,554                  |

**Source:**

a See J-6 for property tax data.

b Population data can be found in J-14.

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

Livingston Board of Education  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2019  
Unaudited

|   | <u>Debt Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable <sup>a</sup></u> | <u>Estimated Share of<br/>Overlapping Debt</u> |
|---|-------------------------|---|--|
| <b>Debt repaid with property taxes</b>                  |                         |   |  |
| Livingston Township                                     | \$ 90,028,946           | 100.00%   | \$ 90,028,946                                  |
| County of Essex   | 524,217,998             | 9.09%   | 47,651,416                                     |
| Subtotal, overlapping debt                              |                         |   | 137,680,362                                    |
| <b>Livingston Township School District Direct Debt*</b> |                         |   | 90,349,901                                     |
| <b>Total direct and overlapping debt</b>                |                         |   | <u>\$ 228,030,263</u>                          |

**Sources:** Livingston Township Finance Officer, Essex County Finance Office and Utility Authorities

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Livingston. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

<sup>a</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

\* Includes bonds and notes authorized but not issued in the amount of \$6,410,849 and capital leases.

Livingston Board of Education  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years  
 Unaudited

Legal Debt Margin Calculation for Fiscal Year 2019

|   |  |      |                          |
|---|--|------|--------------------------|
| Equalized valuation basis                       |  | 2018 | \$ 8,131,481,567         |
|   |  | 2017 | 8,037,144,154            |
|   |  | 2016 | <u>7,757,298,906</u>     |
|   |  |      | <u>\$ 23,925,924,627</u> |
| Average equalized valuation of taxable property |  |      | <u>\$ 7,975,308,209</u>  |
| Debt limit (4 % of average equalization value)  |  |      | \$ 319,012,328           |
| Net bonded school debt                          |  |      | <u>90,349,901</u>        |
| Legal debt margin                               |  |      | <u>\$ 228,662,427</u>    |

Fiscal Year Ended June 30,

|   | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  | 2017               | 2018               | 2019               |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|--------------------|--------------------|
| Debt limit  | \$ 319,449,317        | \$ 318,454,434        | \$ 315,283,754        | \$ 305,485,359        | \$ 300,587,113        | \$ 299,917,352        | \$ 303,157,184        | \$ 306,676,231     | \$ 312,482,797     | \$ 319,012,328     |
| Total net debt applicable to limit                                      | <u>106,651,849</u>    | <u>104,311,849</u>    | <u>111,176,849</u>    | <u>126,216,849</u>    | <u>121,058,369</u>    | <u>117,289,169</u>    | <u>104,316,143</u>    | <u>95,363,378</u>  | <u>95,101,454</u>  | <u>90,349,901</u>  |
| Legal debt margin   | <u>\$ 212,797,468</u> | <u>\$ 214,142,585</u> | <u>\$ 204,106,905</u> | <u>\$ 179,268,510</u> | <u>\$ 179,528,744</u> | <u>\$ 182,628,183</u> | <u>\$ 198,841,041</u> | <u>211,312,853</u> | <u>217,381,343</u> | <u>228,662,427</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 33.39%                | 32.76%                | 35.26%                | 41.32%                | 40.27%                | 39.11%                | 34.41%                | 31.10%             | 30.43%             | 28.32%             |

Source: Abstract of Ratables, Annual Report of the State of New Jersey, Department of the Treasury, Division of Taxation and District Records.

\* Includes bonds and notes authorized but not issued in the amount of \$6,410,849.

Livingston Board of Education  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
Unaudited

| Year | Population <sup>a</sup> | Personal Income<br>(thousands of<br>dollars) <sup>b</sup> | Per Capita Personal<br>Income <sup>c</sup> | Unemployment Rate <sup>d</sup> |
|------|-------------------------|---|--|--------------------------------|
| 2010 | 27,584                  | N/A   | \$ 51,617                                  | 6.4%                           |
| 2011 | 27,584                  | N/A   | 51,617                                     | 6.5%                           |
| 2012 | 29,366                  | N/A   | 59,342                                     | 6.1%                           |
| 2013 | 29,526                  | N/A   | 60,577                                     | 6.2%                           |
| 2014 | 29,594                  | N/A   | 54,879                                     | 5.5%                           |
| 2015 | 29,931                  | N/A   | 54,606                                     | 4.5%                           |
| 2016 | 29,849                  | N/A   | 58,319                                     | 3.8%                           |
| 2017 | 29,801                  | N/A   | 60,030                                     | 3.3%                           |
| 2018 | 30,142                  | N/A   | 60,887                                     | 3.3%                           |
| 2019 | 30,054                  | N/A   | 63,554                                     | 2.7%                           |

**Source:**

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

<sup>b</sup> Personal income data is not available.

<sup>c</sup> Per Capita Personal Income information provided by NJ Dept of Labor and Workforce Development.

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

N/A - Not available.



Livingston Board of Education  
Principal Employers  
Current Year and Nine Years Ago  
Unaudited

Information was not available.

Livingston Board of Education  
 Full-time Equivalent District Employees by Function/Program  
 Last Ten Fiscal Years  
 Unaudited

| <u>Function/Program</u>                | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|------|------|------|------|------|------|------|------|------|------|
| Instruction                            |      |      |      |      |      |      |      |      |      |      |
| Regular                                | 388  | 392  | 394  | 397  | 398  | 399  | 402  | 402  | 403  | 412  |
| Special education                      | 50   | 53   | 55   | 59   | 63   | 67   | 67   | 70   | 71   | 75   |
| Support services                       |      |      |      |      |      |      |      |      |      |      |
| Student & instruction related services | 94   | 95   | 99   | 102  | 102  | 104  | 104  | 110  | 110  | 114  |
| General administrative services        | 12   | 12   | 13   | 13   | 13   | 13   | 13   | 14   | 16   | 17   |
| School administrative services         | 43   | 43   | 42   | 42   | 42   | 42   | 42   | 43   | 44   | 44   |
| Business administrative services       | 13   | 13   | 12   | 12   | 12   | 12   | 12   | 12   | 12   | 12   |
| Plant operations and maintenance       | 55   | 56   | 55   | 57   | 57   | 57   | 57   | 59   | 59   | 59   |
| Pupil transportation                   | 28   | 27   | 27   | 28   | 27   | 28   | 28   | 29   | 29   | 32   |
| Total                                  | 683  | 691  | 697  | 710  | 714  | 722  | 725  | 739  | 744  | 765  |

Source: District Personnel Records

Livingston Board of Education  
 Operating Statistics  
 Last Ten Fiscal Years  
 Unaudited

Pupil/Teacher Ratio

| Fiscal Year | Enrollment | Operating Expenditures <sup>a</sup> | Cost Per Pupil | Percentage Change | Teaching Staff <sup>b</sup> | Elementary | Middle School | High School | Average Daily Enrollment (ADE) <sup>c</sup> | Average Daily Attendance (ADA) <sup>c</sup> | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|-------------------------------------|----------------|-------------------|-----------------------------|------------|---------------|-------------|---|---|--------------------------------------|-------------------------------|
| 2010        | 5,706      | \$ 98,479,054                       | \$ 17,259      | 5.15%             | 437                         | 1:13       | 1:11          | 1:11        | 5,695                                       | 5,485                                       | 0.41%                                | 96.31%                        |
| 2011        | 5,746      | 96,671,947                          | 16,824         | -2.52%            | 445                         | 1:13       | 1:11          | 1:11        | 5,740                                       | 5,553                                       | 0.79%                                | 96.74%                        |
| 2012        | 5,734      | 99,294,437                          | 17,317         | 2.93%             | 449                         | 1:13       | 1:11          | 1:11        | 5,732                                       | 5,551                                       | -0.14%                               | 96.84%                        |
| 2013        | 5,830      | 103,009,559                         | 17,669         | 2.03%             | 456                         | 1:13       | 1:11          | 1:11        | 5,802                                       | 5,594                                       | 1.22%                                | 96.42%                        |
| 2014        | 5,875      | 104,333,067                         | 17,759         | 0.51%             | 461                         | 1:13       | 1:11          | 1:11        | 5,871                                       | 5,690                                       | 1.19%                                | 96.92%                        |
| 2015        | 5,893      | 108,099,434                         | 18,344         | 3.29%             | 461                         | 1:13       | 1:11          | 1:11        | 5,880                                       | 5,692                                       | 0.15%                                | 96.80%                        |
| 2016        | 5,950      | 113,476,105                         | 19,072         | 3.97%             | 466                         | 1:13       | 1:11          | 1:11        | 5,926                                       | 5,731                                       | 0.78%                                | 96.71%                        |
| 2017        | 5,923      | 119,225,890                         | 20,129         | 5.55%             | 472                         | 1:13       | 1:11          | 1:11        | 5,913                                       | 5,703                                       | -0.22%                               | 96.45%                        |
| 2018        | 5,971      | 123,714,528                         | 20,719         | 2.93%             | 474                         | 1:13       | 1:11          | 1:11        | 5,971                                       | 5,757                                       | 0.98%                                | 96.42%                        |
| 2019        | 6,007      | 130,085,620                         | 21,656         | 4.52%             | 487                         | 1:13       | 1:11          | 1:11        | 6,007                                       | 5,784                                       | 0.60%                                | 96.29%                        |

Sources: District records and ASSA.

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Livingston Board of Education  
 School Building Information  
 Last Ten Fiscal Years  
 Unaudited

| <u>District Building</u>         | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b><u>Elementary</u></b>         |         |         |         |         |         |         |         |         |         |         |
| <b>Burnet Hill Elementary</b>    |         |         |         |         |         |         |         |         |         |         |
| Square Feet                      | 51,521  | 51,521  | 51,521  | 51,521  | 51,521  | 51,521  | 55,467  | 55,467  | 55,467  | 55,467  |
| Capacity (students)              | 412     | 412     | 412     | 412     | 412     | 412     | 522     | 522     | 522     | 522     |
| Enrollment                       | 452     | 432     | 413     | 454     | 440     | 464     | 472     | 447     | 475     | 461     |
| <b>Riker Hill Elementary</b>     |         |         |         |         |         |         |         |         |         |         |
| Square Feet                      | 48,279  | 48,279  | 48,279  | 48,279  | 48,279  | 48,279  | 53,440  | 53,440  | 53,440  | 53,440  |
| Capacity (students)              | 386     | 386     | 386     | 386     | 386     | 386     | 414     | 414     | 414     | 414     |
| Enrollment                       | 403     | 423     | 417     | 421     | 406     | 400     | 398     | 375     | 402     | 396     |
| <b>Collins Elementary</b>        |         |         |         |         |         |         |         |         |         |         |
| Square Feet                      | 48,589  | 48,589  | 48,589  | 48,589  | 48,589  | 48,589  | 53,309  | 53,309  | 53,309  | 53,309  |
| Capacity (students)              | 389     | 389     | 389     | 389     | 389     | 389     | 424     | 424     | 424     | 424     |
| Enrollment                       | 413     | 427     | 424     | 432     | 452     | 453     | 481     | 467     | 453     | 464     |
| <b>Harrison Elementary</b>       |         |         |         |         |         |         |         |         |         |         |
| Square Feet                      | 64,555  | 64,555  | 64,555  | 64,555  | 64,555  | 64,555  | 75,151  | 75,151  | 75,151  | 75,151  |
| Capacity (students)              | 516     | 516     | 516     | 516     | 516     | 516     | 656     | 656     | 656     | 656     |
| Enrollment                       | 549     | 535     | 528     | 517     | 485     | 487     | 480     | 451     | 473     | 465     |
| <b>Hillside Elementary</b>       |         |         |         |         |         |         |         |         |         |         |
| Square Feet                      | 45,168  | 45,168  | 45,168  | 45,168  | 45,168  | 45,168  | 51,694  | 51,694  | 51,694  | 51,694  |
| Capacity (students)              | 361     | 361     | 361     | 361     | 361     | 361     | 529     | 529     | 529     | 529     |
| Enrollment a                     | 413     | 401     | 398     | 412     | 406     | 412     | 407     | 394     | 399     | 404     |
| <b>Mount Pleasant Elementary</b> |         |         |         |         |         |         |         |         |         |         |
| Square Feet                      | 48,086  | 48,086  | 48,086  | 48,086  | 48,086  | 48,086  | 48,086  | 48,086  | 48,086  | 48,086  |
| Capacity (students)              | 385     | 385     | 385     | 385     | 385     | 385     | 385     | 385     | 385     | 385     |
| Enrollment                       | 414     | 428     | 423     | 435     | 450     | 454     | 446     | 428     | 434     | 438     |
| <b><u>Middle Schools</u></b>     |         |         |         |         |         |         |         |         |         |         |
| <b>Heritage</b>                  |         |         |         |         |         |         |         |         |         |         |
| Square Feet                      | 150,861 | 150,861 | 150,861 | 150,861 | 150,861 | 150,861 | 150,861 | 150,861 | 150,861 | 150,861 |
| Capacity (students)              | 1,152   | 1,152   | 1,152   | 1,152   | 1,152   | 1,152   | 1,152   | 1,152   | 1,152   | 1,152   |
| Enrollment                       | 929     | 921     | 893     | 921     | 918     | 920     | 973     | 958     | 958     | 991     |
| <b>Mount Pleasant</b>            |         |         |         |         |         |         |         |         |         |         |
| Square Feet                      | 87,421  | 87,421  | 87,421  | 87,421  | 87,421  | 87,421  | 87,421  | 87,421  | 87,421  | 87,421  |
| Capacity (students)              | 687     | 687     | 687     | 687     | 687     | 687     | 687     | 687     | 687     | 687     |
| Enrollment                       | 451     | 435     | 477     | 425     | 471     | 476     | 463     | 464     | 481     | 484     |
| <b><u>High School</u></b>        |         |         |         |         |         |         |         |         |         |         |
| <b>Livingston High School</b>    |         |         |         |         |         |         |         |         |         |         |
| Square Feet                      | 302,127 | 302,127 | 302,127 | 302,127 | 302,127 | 302,127 | 302,127 | 302,127 | 302,127 | 302,127 |
| Capacity (students)              | 1,736   | 1,736   | 1,736   | 1,736   | 1,736   | 1,736   | 1,736   | 1,736   | 1,736   | 1,736   |
| Enrollment                       | 1,682   | 1,744   | 1,761   | 1,813   | 1,847   | 1,827   | 1,830   | 1,892   | 1,896   | 1,902   |

Number of Schools at June 30, 2019  
 High School = 1  
 Elementary = 6  
 Middle Schools = 2

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

Livingston Board of Education  
 General Fund  
 Schedule of Required Maintenance for School Facilities  
 Last Ten Fiscal Years  
 Unaudited

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

| School Facilities              | Project # (s) | 2019                | 2018                | 2017                | 2016                | 2015                | 2014                | 2013                | 2012                | 2011                | 2010                |
|--------------------------------|---------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Livingston High School         | 50            | \$ 416,470          | \$ 370,514          | \$ 356,961          | \$ 349,361          | \$349,774           | \$ 356,114          | \$ 343,815          | \$ 363,700          | \$ 338,494          | \$ 384,428          |
| Heritage Middle School         | 55            | 282,605             | 251,420             | 242,222             | 237,066             | 237,347             | 241,650             | 233,302             | 246,796             | 229,692             | 260,860             |
| Mt. Pleasant Middle School     | 60            | 193,361             | 172,024             | 165,731             | 162,203             | 162,396             | 165,340             | 159,628             | 168,860             | 157,157             | 178,484             |
| Burnet Hill                    | 70            | 104,117             | 92,628              | 89,240              | 87,340              | 87,444              | 89,029              | 85,953              | 90,925              | 84,623              | 96,108              |
| Collins                        | 80            | 89,243              | 79,395              | 76,491              | 74,863              | 74,952              | 76,311              | 73,674              | 77,936              | 77,936              | 82,377              |
| Harrison                       | 90            | 133,866             | 119,094             | 114,738             | 112,295             | 112,428             | 114,466             | 110,511             | 116,903             | 108,801             | 123,566             |
| Hillside                       | 100           | 89,243              | 79,395              | 76,491              | 74,863              | 74,952              | 76,311              | 73,674              | 77,936              | 77,936              | 82,377              |
| Mt. Pleasant                   | 110           | 89,243              | 79,395              | 76,491              | 74,863              | 74,952              | 76,311              | 73,674              | 77,936              | 77,936              | 82,377              |
| Riker Hill                     | 118           | 89,243              | 79,395              | 76,491              | 74,863              | 74,952              | 76,311              | 73,674              | 77,936              | 77,936              | 82,377              |
| <b>Total School Facilities</b> |               | <u>\$ 1,487,391</u> | <u>\$ 1,323,260</u> | <u>\$ 1,274,856</u> | <u>\$ 1,247,717</u> | <u>\$ 1,249,197</u> | <u>\$ 1,271,843</u> | <u>\$ 1,227,905</u> | <u>\$ 1,298,926</u> | <u>\$ 1,208,903</u> | <u>\$ 1,372,954</u> |

Source: District records of required maintenance.

**LIVINGSTON BOARD OF EDUCATION**  
**INSURANCE SCHEDULE**  
**As of June 30, 2019**  
**UNAUDITED**

|   | COVERAGE            | DEDUCTIBLE          |
|---|---------------------|---------------------|
| <b>Commercial Package Policy</b>  |                     |                     |
| Real & Personal Property (per occurrence)   | \$500,000,000       | \$5,000             |
| Blanket Extra Expense   | \$50,000,000        | \$5,000             |
| Blanket Valuable Paper & Records  | \$10,000,000        | \$5,000             |
| Demolition & Increased Cost of Construction   | \$25,000,000        |                     |
| Limited Builders Risk   | \$10,000,000        |                     |
| Fire Dept. Service Charge   | \$10,000            |                     |
| Arson Reward  | \$10,000            |                     |
| Pollution Cleanup & Removal   | \$250,000           |                     |
| <b>Flood/Earthquake:</b>  |                     |                     |
| Flood Zone A & V  | \$25,000,000        | \$500,000           |
| All Other Flood Zones   | \$75,000,000        | \$10,000            |
| Earthquake  | \$50,000,000        | \$1,000             |
| Terrorism   | \$1,000,000         |                     |
| <b>Electronic Data Processing:</b>  |                     |                     |
| Blanket Hardware/Software, Extra Expense, Business Income, Transit,<br>Debris Removal | \$2,167,000         | \$1,000             |
| Flood (Deductible for Zone A & Z)   |                     | \$500,000           |
| (Deductible All Other Flood Zones)  |                     | \$10,000            |
| <b>Equipment Breakdown</b>  |                     |                     |
| Combined Single Limit/Accident for Property Damage & Business Income                  | \$100,000,000       | \$5,000             |
| Property Damage   | Included            | \$5,000             |
| Off Premises Property Damage  | \$1,000,000         | \$5,000             |
| Extra Expense   | \$10,000,000        | \$5,000             |
| Service Interruption  | \$10,000,000        | \$5,000             |
| Perishable Goods  | \$1,000,000         | \$5,000             |
| Data Restoration  | \$1,000,000         | \$5,000             |
| Demolition  | \$1,000,000         | \$5,000             |
| Ordinance or Law  | \$1,000,000         | \$5,000             |
| Expediting Expense  | \$1,000,000         | \$5,000             |
| Hazardous Substances  | \$1,000,000         | \$5,000             |
| Newly Acquired Locations - 120 Days Notice  | \$1,000,000         | \$5,000             |
| <b>Crime Coverage:</b>  |                     |                     |
| Public Employee Dishonesty  | \$50,000            | \$1,000             |
| Theft, Disapp. & Destruction/Money Orders & Counterfeit Currency                      | \$50,000            | \$1,000             |
| Forgery or Alteration   | \$50,000            | \$1,000             |
| Computer Fraud  | \$50,000            | \$1,000             |
| <b>General Liability:</b>   |                     |                     |
| Bodily Injury & Property Damage   | \$16,000,000        |                     |
| Employee Benefits Liability   | \$16,000,000        | \$1,000             |
| Terrorism   | \$1,000,000         |                     |
| <b>Automotive Coverage:</b>   |                     |                     |
| Combined Single Limit for Bodily Injury & Property Damage                             | \$16,000,000        | \$1,000             |
| Personal Injury Protection  | \$250,000           | \$1,000             |
| Medical Payments  | \$10,000            | \$1,000             |
| Underinsured  | \$1,000,000         | \$1,000             |
| Terrorism   | \$1,000,000         | \$1,000             |
| <b>School Leaders Errors &amp; Omissions</b>  |                     |                     |
| Coverage A - protection againsts "loss"/Wrongful Acts                                 | \$16,000,000        | \$5,000             |
| Coverage B - defense costs for specific administrative actions                        | \$100,000/claim     | \$5,000             |
| <b>Workers' Compensation</b>  |                     |                     |
| Bodily Injury by Accident   | \$2,000,000         |                     |
| Bodily Injury by Disease  | \$2,000,000         |                     |
| <b>Student Accident</b>   |                     |                     |
| All Student Coverage  | \$25,000            |                     |
| Catastrophic Coverage   | \$7,500,000         | \$25,000            |
| <b>Excess Liability</b>   | <b>\$24,000,000</b> | <b>\$16,000,000</b> |

# Single Audit Section

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

**Independent Auditors' Report**

Honorable President and  
Members of the Board of Education  
Livingston Board of Education  
Livingston, New Jersey  
County of Essex

We have audited, in accordance with the auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Livingston Board of Education, in the County of Essex, New Jersey (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.



A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

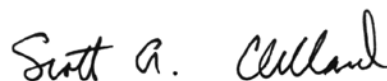
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 District'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 the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

### **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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Scott A. Clelland

Licensed Public School Accountant

No. 1049



WISS & COMPANY, LLP

December 18, 2019  
Livingston, New Jersey

Report on Compliance For Each Major Federal and State Program and Report  
on Internal Control Over Compliance Required by the Uniform Guidance and New  
Jersey OMB Circular 15-08

Independent Auditors' Report

Honorable President and  
Members of the Board of Education  
Livingston Board of Education  
Livingston, New Jersey  
County of Essex

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

We have audited the Livingston Board of Education's, in the County of Essex, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2019. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and

the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for major federal and state programs. However, our audit does not provide a legal determination of the District's compliance.

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

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

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

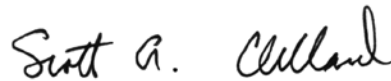
Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and 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 District's internal control over compliance.

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

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.

### **Purpose of the Report**

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



Scott A. Clelland  
Licensed Public School Accountant  
No. 1049



WISS & COMPANY, LLP

December 18, 2019  
Livingston, New Jersey

Livingston Board of Education  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2019

| Federal Grantor/Pass-Through Grantor/Program Title  | Federal CFDA Number | Federal FAIN Number | Grant Period   | Award Amount | June 30, 2018    |                       |                | Carryover Amount | Cash Received      | Budgetary Expenditures | Repayment of Prior year Balances | June 30, 2019         |                  |                |
|---|---------------------|---------------------|----------------|--------------|------------------|-----------------------|----------------|------------------|--------------------|------------------------|----------------------------------|-----------------------|------------------|----------------|
|   |                     |                     |                |              | Unearned Revenue | (Accounts Receivable) | Due to Grantor |                  |                    |                        |                                  | (Accounts Receivable) | Unearned Revenue | Due to Grantor |
| <b>General Fund:</b>  |                     |                     |                |              |                  |                       |                |                  |                    |                        |                                  |                       |                  |                |
| U.S. Department of Health and Human Services--<br>Passed Through the State Department of Education: |                     |                     |                |              |                  |                       |                |                  |                    |                        |                                  |                       |                  |                |
| Medicaid Assistance - SEMI  | 93.778              | 1905N15MAP          | 7/1/18-6/30/19 | \$ 12,167    |                  |                       |                | \$ 12,167        | \$ (12,167)        |                        |                                  |                       |                  |                |
| Total General Fund  |                     |                     |                |              |                  |                       |                | <u>12,167</u>    | <u>(12,167)</u>    |                        |                                  |                       |                  |                |
| <b>Special Revenue Fund:</b>  |                     |                     |                |              |                  |                       |                |                  |                    |                        |                                  |                       |                  |                |
| U.S. Department of Education -<br>Passed Through the State Department of Education:                 |                     |                     |                |              |                  |                       |                |                  |                    |                        |                                  |                       |                  |                |
| Temporary Emergency Impact Aid  | 84.938C             | Not available       | 7/1/17-6/30/18 | 13,500       | \$ (13,500)      |                       |                |                  | 13,500             |                        |                                  |                       |                  |                |
| Title I, Part A   | 84.010A             | S010A180030         | 7/1/18-6/30/19 | 133,418      |                  |                       |                | 133,418          | (133,418)          |                        |                                  |                       |                  |                |
| Title I, Part A   | 84.010A             | S010A170030         | 7/1/17-6/30/18 | 132,773      |                  | (41,789)              |                | 41,789           |                    |                        |                                  |                       |                  |                |
| Title II-A  | 84.367A             | S367A180029         | 7/1/18-6/30/19 | 76,630       |                  |                       |                | 76,630           | (76,630)           |                        |                                  |                       |                  |                |
| Title III   | 84.365A             | S365A180030         | 7/1/18-6/30/19 | 21,058       |                  |                       |                | 21,058           | (21,058)           |                        |                                  |                       |                  |                |
| Title III   | 84.365A             | S365A170030         | 7/1/17-6/30/18 | 18,361       |                  | (3,118)               |                | 3,118            |                    |                        |                                  |                       |                  |                |
| Title III Immigrant   | 84.365A             | S365A170030         | 7/1/17-6/30/18 | 9,822        |                  | (494)                 |                | 494              |                    |                        |                                  |                       |                  |                |
| Title IV  | 84.424              | S424A180031         | 7/1/18-6/30/19 | 10,000       |                  |                       |                | 9,910            | (10,000)           |                        | \$ (90)                          |                       |                  |                |
| Special Education Cluster:  |                     |                     |                |              |                  |                       |                |                  |                    |                        |                                  |                       |                  |                |
| IDEA Part B, Basic  | 84.027A             | H027A180100         | 7/1/18-6/30/19 | 1,292,345    |                  |                       |                | 1,166,449        | (1,273,304)        |                        |                                  | (106,855)             |                  |                |
| IDEA Part B, Basic  | 84.027A             | H027A170100         | 7/1/17-6/30/19 | 1,265,404    |                  | (102,972)             |                | 109,948          | (6,976)            |                        |                                  |                       |                  |                |
| IDEA Part B, Preschool  | 84.173A             | H173A180114         | 7/1/18-6/30/19 | 55,828       |                  |                       |                | 55,828           | (55,828)           |                        |                                  |                       |                  |                |
| IDEA Part B, Preschool  | 84.173A             | H173A170114         | 7/1/17-6/30/18 | 54,192       |                  | (4,356)               |                | 4,356            |                    |                        |                                  |                       |                  |                |
| Total Special Education Cluster   |                     |                     |                |              |                  | <u>(166,229)</u>      |                | <u>1,336,581</u> | <u>(1,336,108)</u> |                        |                                  | <u>(106,855)</u>      |                  |                |
| Total Special Revenue Fund  |                     |                     |                |              |                  | <u>(166,229)</u>      |                | <u>1,636,498</u> | <u>(1,577,214)</u> |                        |                                  | <u>(106,945)</u>      |                  |                |
| Total Federal Awards Expenditures   |                     |                     |                |              |                  | \$ -                  | \$ (166,229)   | \$ -             | \$ -               | \$ 1,648,665           | \$ (1,589,381)                   | \$ -                  | \$ (106,945)     |                |

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

Livingston Board of Education  
Schedule of Expenditures of State Financial Assistance

K-4  
Schedule B  
Sheet 1 of 2

Year ended June 30, 2019

| State Grantor/Program Title  | State or State Project Number | Grant Period   | Award Amount | June 30, 2018         |                | June 30, 2019         |                | Repayment of Prior Years' Balance | Unearned Revenue | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures |
|--|-------------------------------|----------------|--------------|-----------------------|----------------|-----------------------|----------------|-----------------------------------|------------------|----------------|----------------------|-------------------------------|
|  |                               |                |              | (Accounts Receivable) | Due to Grantor | (Accounts Receivable) | Due to Grantor |                                   |                  |                |                      |                               |
| <b>State Department of Education</b>                                     |                               |                |              |                       |                |                       |                |                                   |                  |                |                      |                               |
| <b>General Fund:</b>   |                               |                |              |                       |                |                       |                |                                   |                  |                |                      |                               |
| Special Education Aid  | 495-034-5120-089              | 7/1/18-6/30/19 | \$ 2,398,755 | \$                    | \$             | 2,174,207             | \$             | (2,398,755)                       |                  | \$             | (224,548)            | \$ (2,398,755)                |
| Special Education Aid  | 495-034-5120-089              | 7/1/17-6/30/18 | 2,398,755    | (211,519)             |                | 211,519               |                | (2,398,755)                       |                  |                | (123,888)            | (1,305,530)                   |
| Transporation Aid  | 495-034-5120-014              | 7/1/18-6/30/19 | 1,305,530    | (21,256)              |                | 1,179,642             |                | (1,305,530)                       |                  |                | (38,715)             | (434,880)                     |
| Transporation Aid  | 495-034-5120-014              | 7/1/17-6/30/18 | 241,089      |                       |                | 21,256                |                |                                   |                  |                |                      |                               |
| Security Aid   | 495-034-5120-084              | 7/1/18-6/30/19 | 434,880      | (9,223)               |                | 396,165               |                | (434,880)                         |                  |                |                      |                               |
| Security Aid   | 495-034-5120-084              | 7/1/17-6/30/18 | 1,497        | (2,463)               |                | 9,223                 |                |                                   |                  |                |                      |                               |
| PARCC Readiness Aid  | 495-034-5120-098              | 7/1/17-6/30/18 | 59,680       | (5,263)               |                | 5,263                 |                |                                   |                  |                |                      |                               |
| Per Pupil Growth Aid   | 495-034-5120-097              | 7/1/17-6/30/18 | 60,880       | (5,295)               |                | 5,295                 |                |                                   |                  |                |                      |                               |
| Prof/Learning Comm Aid   | 495-034-5120-101              | 7/1/18-6/30/19 | 1,438,157    | (1,438,157)           |                |                       |                |                                   |                  |                |                      |                               |
| Extraordinary Aid  | 100-034-5120-473              | 7/1/18-6/30/19 | 1,056,833    | (1,056,833)           |                | 1,056,833             |                | (1,438,157)                       |                  |                |                      | (1,438,157)                   |
| Additional NonPublic Transportation Aid                                  | Not available                 | 7/1/18-6/30/19 | 41,774       | (41,774)              |                |                       |                | (41,774)                          |                  |                |                      | (41,774)                      |
| On-Behalf Teachers Pension and Annuity Fund                              | 495-034-5094-002              | 7/1/18-6/30/19 | 9,886,197    | (9,886,197)           |                | 9,886,197             |                | (9,886,197)                       |                  |                |                      | (9,886,197)                   |
| On-Behalf Teachers Pension and Annuity Fund - Post-Retirement Medical    | 495-034-5094-001              | 7/1/18-6/30/19 | 4,484,364    | (4,484,364)           |                | 4,484,364             |                | (4,484,364)                       |                  |                |                      | (4,484,364)                   |
| On-Behalf Teachers Pension and Annuity Fund - Non-Contributory Insurance | 495-034-5094-004              | 7/1/18-6/30/19 | 10,198       | (10,198)              |                | 10,198                |                | (10,198)                          |                  |                |                      | (10,198)                      |
| Reimbursed TPAF - Social Security  | 495-034-5094-003              | 7/1/18-6/30/19 | 3,748,440    | (3,748,440)           |                | 3,748,440             |                | (3,748,440)                       |                  |                |                      | (3,748,440)                   |
| Reimbursed TPAF - Social Security  | 495-034-5094-003              | 7/1/17-6/30/18 | 3,736,267    | (182,165)             |                | 182,165               |                |                                   |                  |                |                      |                               |
| Total General Fund   |                               |                | 23,398,680   | (1,319,467)           |                | 23,398,680            |                | (23,746,295)                      |                  | (1,479,931)    | (387,151)            | (23,746,295)                  |
| <b>Special Revenue Fund:</b>   |                               |                |              |                       |                |                       |                |                                   |                  |                |                      |                               |
| New Jersey Non-Public Aid:   |                               |                |              |                       |                |                       |                |                                   |                  |                |                      |                               |
| Textbook Aid   | 100-034-5120-064              | 7/1/18-6/30/19 | 48,006       | \$                    | 388            | 48,006                |                | (47,203)                          |                  | \$             | 803                  | (47,203)                      |
| Textbook Aid   | 100-034-5120-064              | 7/1/17-6/30/18 | 49,739       |                       |                |                       |                |                                   |                  |                |                      |                               |
| Technology Aid   | 100-034-5120-373              | 7/1/18-6/30/19 | 53,856       |                       | 197            | 53,856                |                | (53,854)                          |                  |                |                      | (53,854)                      |
| Technology Aid   | 100-034-5120-373              | 7/1/17-6/30/18 | 55,537       |                       |                |                       |                |                                   |                  |                |                      |                               |
| Security Aid   | 100-034-5120-509              | 7/1/18-6/30/19 | 231,430      |                       |                | 231,430               |                | (231,399)                         |                  |                |                      | (231,399)                     |
| Non Public Auxiliary Services (Ch. 193):                                 |                               |                |              |                       |                |                       |                |                                   |                  |                |                      |                               |
| English as a Second Language   | 100-034-5120-067              | 7/1/17-6/30/18 | 1,807        |                       | 1,807          | 65,990                |                | (56,597)                          |                  |                |                      |                               |
| Compensatory Education   |                               | 7/1/18-6/30/19 | 65,990       |                       |                | 65,990                |                |                                   |                  | 9,393          |                      | (96,397)                      |
| Compensatory Education   |                               | 7/1/17-6/30/18 | 58,465       |                       | 16,567         |                       |                |                                   |                  |                |                      |                               |
| Home Instruction   |                               | 7/1/18-6/30/19 | 1,389        |                       |                | 8,936                 |                | (1,389)                           |                  |                |                      |                               |
| Home Instruction   |                               | 7/1/17-6/30/18 | 8,936        | (8,936)               |                |                       |                |                                   |                  |                |                      |                               |
| Non Public Handicapped Services (Ch. 193):                               |                               |                |              |                       |                |                       |                |                                   |                  |                |                      |                               |
| Supplemental Instruction   | 100-034-5120-066              | 7/1/18-6/30/19 | 192,372      |                       |                | 192,372               |                | (162,406)                         |                  |                |                      | (162,406)                     |
| Examination and Classification   |                               | 7/1/18-6/30/19 | 288,839      |                       |                | 288,839               |                | (231,334)                         |                  |                |                      |                               |
| Examination and Classification   |                               | 7/1/17-6/30/18 | 256,231      |                       | 17,802         |                       |                |                                   |                  |                |                      |                               |
| Examination and Classification   |                               | 7/1/18-6/30/19 | 76,423       |                       |                | 76,423                |                | (49,997)                          |                  |                |                      |                               |
| Corrective Speech  |                               | 7/1/17-6/30/18 | 76,781       |                       | 16,874         |                       |                |                                   |                  |                |                      |                               |
| Corrective Speech  |                               | 7/1/18-6/30/19 | 149,671      |                       |                | 149,671               |                | (149,671)                         |                  |                |                      |                               |
| Non Public Nursing Services  | 100-034-5120-070              | 7/1/18-6/30/19 | 1,115,543    | (8,936)               | 53,635         | 1,115,543             |                | (983,830)                         |                  | (1,389)        | 124,146              | (551,459)                     |
| Total Special Revenue Funds  |                               |                | 3,398,680    | (1,319,467)           |                | 3,398,680             |                | (23,746,295)                      |                  | (1,479,931)    | (387,151)            | (23,746,295)                  |

Livingston Board of Education  
Schedule of Expenditures of State Financial Assistance

K-4  
Schedule B  
Sheet 2 of 2

Year ended June 30, 2019

| State Grantor/Program Title  | Grant or State Project Number | Grant Period      | Award Amount | June 30, 2018         |                | Cash Received | Budgetary Expenditures | Repayment of Prior Years' Balances | June 30, 2019    |                       |                | Memo                 |                               |
|--|-------------------------------|-------------------|--------------|-----------------------|----------------|---------------|------------------------|------------------------------------|------------------|-----------------------|----------------|----------------------|-------------------------------|
|  |                               |                   |              | (Accounts Receivable) | Due to Grantor |               |                        |                                    | Unearned Revenue | (Accounts Receivable) | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures |
| <b>Capital Projects Fund:</b>  |                               |                   |              |                       |                |               |                        |                                    |                  |                       |                |                      |                               |
| New Jersey School Development Authority Grants                               | Various                       | 7/1/09-completion | 22,896,440   | (1,430,976)           |                |               |                        |                                    |                  | (1,430,976)           |                |                      | (19,469,397)                  |
| Total Capital Projects Fund  |                               |                   |              | (1,430,976)           |                |               |                        |                                    |                  | (1,430,976)           |                |                      | (19,469,397)                  |
| <b>Debt Service Fund:</b>  |                               |                   |              |                       |                |               |                        |                                    |                  |                       |                |                      |                               |
| Debt Service Aid   | 495-034-5120-017              | 7/1/18-6/30/19    | 810,970      |                       |                | 810,970       | (810,970)              |                                    |                  |                       |                |                      | (810,970)                     |
| Total Debt Service Fund  |                               |                   |              |                       |                | 810,970       | (810,970)              |                                    |                  |                       |                |                      | (810,970)                     |
| Total State Financial Assistance   |                               |                   |              | \$ (2,959,379)        | \$ 53,635      | \$ 25,325,193 | \$ (25,541,115)        | \$ 53,635                          | \$ -             | \$ (2,912,296)        | \$ 124,146     | \$ (387,151)         | \$ (44,578,121)               |
| <b>State Financial Assistance Not Subject to Single Audit Determination:</b> |                               |                   |              |                       |                |               |                        |                                    |                  |                       |                |                      |                               |
| On-Behalf Teachers' Pension and Annuity Fund                                 | 495-034-5094-002              | 7/1/18-6/30/19    | 9,886,197    |                       |                | 9,886,197     | (9,886,197)            |                                    |                  |                       |                |                      | (9,886,197)                   |
| On-Behalf Teachers' Pension and Annuity Fund - Post-Retirement Medical       | 495-034-5094-001              | 7/1/18-6/30/19    | 4,484,364    |                       |                | 4,484,364     | (4,484,364)            |                                    |                  |                       |                |                      | (4,484,364)                   |
| On-Behalf Teachers' Pension and Annuity Fund - Non-Contributory Insurance    | 495-034-5094-004              | 7/1/18-6/30/19    | 10,198       |                       |                | 10,198        | (10,198)               |                                    |                  |                       |                |                      | (10,198)                      |
| Total State Financial Assistance Subject to Single Audit Determination       |                               |                   |              | \$ (2,959,379)        | \$ 53,635      | \$ 10,944,434 | \$ (11,160,356)        | \$ 53,635                          | \$ -             | \$ (7,912,296)        | \$ 124,146     | \$ (387,151)         | \$ (10,197,362)               |

See accompanying notes to schedules of expenditures of federal awards and state financial assistance.

## Livingston Board of Education

### Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance

Year ended June 30, 2019

#### **1. General**

The accompanying schedules of expenditures of federal awards and state financial assistance present the activity of all expenditures of federal award and state financial assistance programs of the District. The District is defined in Note 1 to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

#### **2. Basis of Accounting**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the enterprise fund, which are presented using the accrual basis of accounting and those recorded in the special revenue fund, which are presented using the budgetary basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 amounts presented, or used in the preparation of, the basic financial statements.

#### **3. Relationship to Basic Financial Statements**

Amounts reported in the accompanying schedules agree with amounts reported in the District's basic financial statements. The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the fiscal year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.



Livingston Board of Education

Notes to Schedules of Expenditures of  
Federal Awards and State Financial Assistance

Year ended June 30, 2019

**3. Relationship to Basic Financial Statements (continued)**

The general fund is presented in the accompanying schedules on the modified accrual basis of accounting with the exception of the revenue recognition of the last two state aid payments in the current 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 the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last 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 \$65,125 for the general fund and \$10,056 for the special revenue fund. See Note to Required Supplementary Information for a reconciliation for the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds (C-3). Federal and State award revenues are reported in the District's basic financial statements on a GAAP basis as follows:

|                                | <u>Federal</u>      | <u>State</u>         | <u>Total</u>         |
|--------------------------------|---------------------|----------------------|----------------------|
| General Fund                   | \$ 12,167           | \$ 23,616,963        | \$ 23,629,130        |
| Special Revenue Fund           | 1,577,214           | 993,906              | 2,571,120            |
| Debt Service Fund              |                     | 810,970              | 810,970              |
| Total financial award revenues | <u>\$ 1,589,381</u> | <u>\$ 25,421,839</u> | <u>\$ 27,011,220</u> |

**4. Relationship to Federal and State Financial Reports**

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

Livingston Board of Education  
Notes to Schedules of Expenditures of  
Federal Awards and State Financial Assistance

Year ended June 30, 2019

**5. Indirect Costs**

The District elected to not use the 10% de minimis indirect cost rate as allowed by the Uniform Guidance.

**6. Other**

TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2019.

The post retirement pension and medical benefits received on-behalf of the District for the year ended June 30, 2019 amounted to \$14,380,759. Since on-behalf post retirement pension, disability insurance and medical benefits are paid by the State directly, these expenditures are not subject to a single audit in accordance with New Jersey OMB Circular 15-08, however they are reported on the Schedule of Expenditures of State Financial Assistance, as directed by the funding agency.

Livingston Board of Education

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

**Part I – Schedule of Auditors’ Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

           Yes   X   No

Significant deficiency(ies) identified?

           Yes   X   None Reported

Noncompliance material to the basic financial statements noted?

           Yes   X   No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

           Yes   X   No

Significant deficiency(ies) identified?

           Yes   X   None Reported

Type of auditors’ report issued on compliance for major federal programs:

Unmodified

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

           Yes   X   No

Identification of major federal programs:

| CFDA Number(s) | FAIN Number | Name of Federal Program or Cluster |
|----------------|-------------|------------------------------------|
|----------------|-------------|------------------------------------|

|               |                           |  |
|---------------|---------------------------|--|
| 84.027,84.173 | H027A180100 / H173A180114 | IDEA Part B, Basic and Preschool (Special Education Cluster) |
|---------------|---------------------------|--|

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes            No

Livingston Board of Education  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2019

**Part I – Schedule of Auditors’ Results**

**State Financial Assistance**

Dollar threshold used to distinguish between a Type A and Type B programs:

                    \$750,000                    

Auditee qualified as low-risk auditee?

    X     Yes                 No

Type of auditors’ report issued on compliance for major state programs:

                    Unmodified                    

Internal control over major state programs:

Material weakness(es) identified?

           Yes          X     No

Significant deficiency(ies) identified?

           Yes          X     None Reported

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08 as applicable?

           Yes          X     No

Identification of major state programs:

| <u>GMIS/Program Number</u> | <u>Name of State Program or Cluster</u> |
|----------------------------|---|
| 100-034-5120-473           | Extraordinary Aid                       |
| 495-034-5120-014           | Transportation Aid                      |

Livingston Board of Education  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2019

**Part II - Schedule of Financial Statement Findings**

No compliance or internal control over financial reporting findings noted that are required to be reported under *Government Auditing Standards*.

Livingston Board of Education  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2019

**Part III - Schedule of Federal Awards and State Financial  
Assistance 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 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

**Federal Award Programs**

No compliance or internal control over compliance findings noted that are required to be reported in accordance with 2 CFR 200 Section 516(a).

**State Award Programs**

No compliance or internal control over compliance findings noted that are required to be reported in accordance with New Jersey Treasury Circular OMB 15-08.

Livingston Board of Education  
Summary Schedule of Prior Year Audit Findings  
Year ended June 30, 2019

No prior year findings were noted.