

CARTERET

BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CARTERET, NEW JERSEY

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Carteret Board of Education

Carteret, New Jersey

For The Fiscal Year Ended June 30, 2021

**Prepared by the
The Business Office**

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INTRODUCTORY SECTION

CARTERET BOARD OF EDUCATION
599 ROOSEVELT AVENUE
CARTERET, NEW JERSEY 07008-2199

Carmela Collazo
Business Administrator/Board Secretary



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March 9, 2022

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

Dear President and Members of the Board of Education:

State Department of Education statutes require all school districts to prepare a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Carteret Board of Education for the fiscal year ended June 30, 2021.

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

Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants, have audited the Carteret Board of Education's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Carteret Board of Education for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Carteret Board of

Education's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

REPORT FORMAT

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

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

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

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

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

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

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

REPORTING ENTITY AND ITS SERVICES

The Carteret Board of Education is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB). All funds of the District are included in this report. The Board of Education and all its schools constitute the District’s reporting entity.

Organization of the Board of Education

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

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

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

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

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

1. To adopt an official seal;
2. To enforce the rules of the State Board of Education

3. To make, amend and repeal rules, not inconsistent with applicable laws or with the rules of the State Board, for its own governance and the transaction of its business and for the governance and management of the public schools and public school property, and for the employment, regulations of conduct and discharge of its employees, subject where applicable to the provisions of Article 14, Civil Services of the Revised Statutes.
4. To perform all acts and do all things consistent with law and the rules of the State Board of Education necessary for the lawful and proper conduct, equipment and maintenance of the public schools.

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

ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

- Ferry Service to NYC

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

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

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

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

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

MAJOR INITIATIVES

During the FY2021, the Carteret Board of Education has implemented the following to enhance the instructional programs and improvements to infrastructure:

Facilities

The district is in the process of constructing a new Jr. High School for the 7th and 8th grades, which is scheduled to open in Fall 2022. As part of the Referendum project, renovations to the existing facilities are underway, including renovations to bathrooms, stairwells, HVAC systems and the High School auditorium.

Additionally, plans are underway to relocate the main entrance of Columbus School to Carteret Avenue and upgrade HVAC systems and ceilings in the Columbus gymnasium and High School gymnasium.

Major Initiatives in Education & Instruction:

- Addressing learning loss caused by Pandemic
- Ensuring that all staff and students were prepared for remote work and instruction in the event of COVID-related school closures (Purchase of mifis, teacher laptops, student Chromebooks, document cameras, zoom licenses and online textbooks)
- Implementing additional mental health supports and services for students and staff
- Curriculum revision and staff training to support the adoption of the revised state standards
- Curriculum materials/resources-novels, magazines, journals, digital resources
- Investment in grade-level classroom libraries
- Continued quality Professional development initiatives:
 - Equity and Diversity
 - Math

- SIOP
- Responsive Classroom
- Social Emotional Learning (SEL) for staff
- Mindfulness Strategies Training
- Continued training of ESL and Special education teachers in Orton Gillingham reading intervention program
- College partnerships were continued with Middlesex County College, Kean University, and Rutgers University.
- The Seal of Bi-literacy continued to be offered to students at the high school.
- Continue partnership with Lincoln Tech to allow students to enroll in Medical Assistant, and Computer Networking programs

FINANCIAL ACCOUNTING AND REPORTING:

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

INTERNAL ACCOUNTING CONTROLS:

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

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

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

BUDGETARY CONTROLS:

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the General, the Special Revenue, and the Debt Service Funds. Project-length budgets are approved for the capital improvements accounted for in the Capital Projects Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end either are canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2021.

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

PROPRIETARY FUND

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

DEBT ADMINISTRATION

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

In prior fiscal years, the District completed capital construction programs financed through a lease-purchase transaction. The balance of the refunded portion of the lease is \$4,775,000 as of June 30, 2021.

During the FY2020, the District issued \$36,999,995 of serial bonds to construct a new junior high school for grades 7 and 8; make all necessary onsite improvements and purchase the necessary equipment, furniture, apparatus and fixtures associated with the new junior high school; and undertake various interior renovations and capital improvements to Columbus Elementary School, Minue Elementary School, Nathan Hale Elementary School, Carteret Middle School and Carteret High School consisting of, as applicable, renovations to bathrooms, stair towers/handrails and the high school auditorium, and replacement of HVAC in the gym/auditorium at Minue Elementary School and Carteret Middle School, including all fixtures, furnishings, equipment and related work. The balance of the serial bonds payable is \$36,999,995 as of June 30, 2021.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements." The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT

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

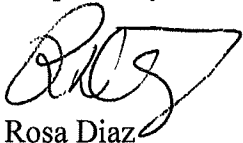
OTHER INFORMATION

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

ACKNOWLEDGMENTS:

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

Respectfully Submitted,

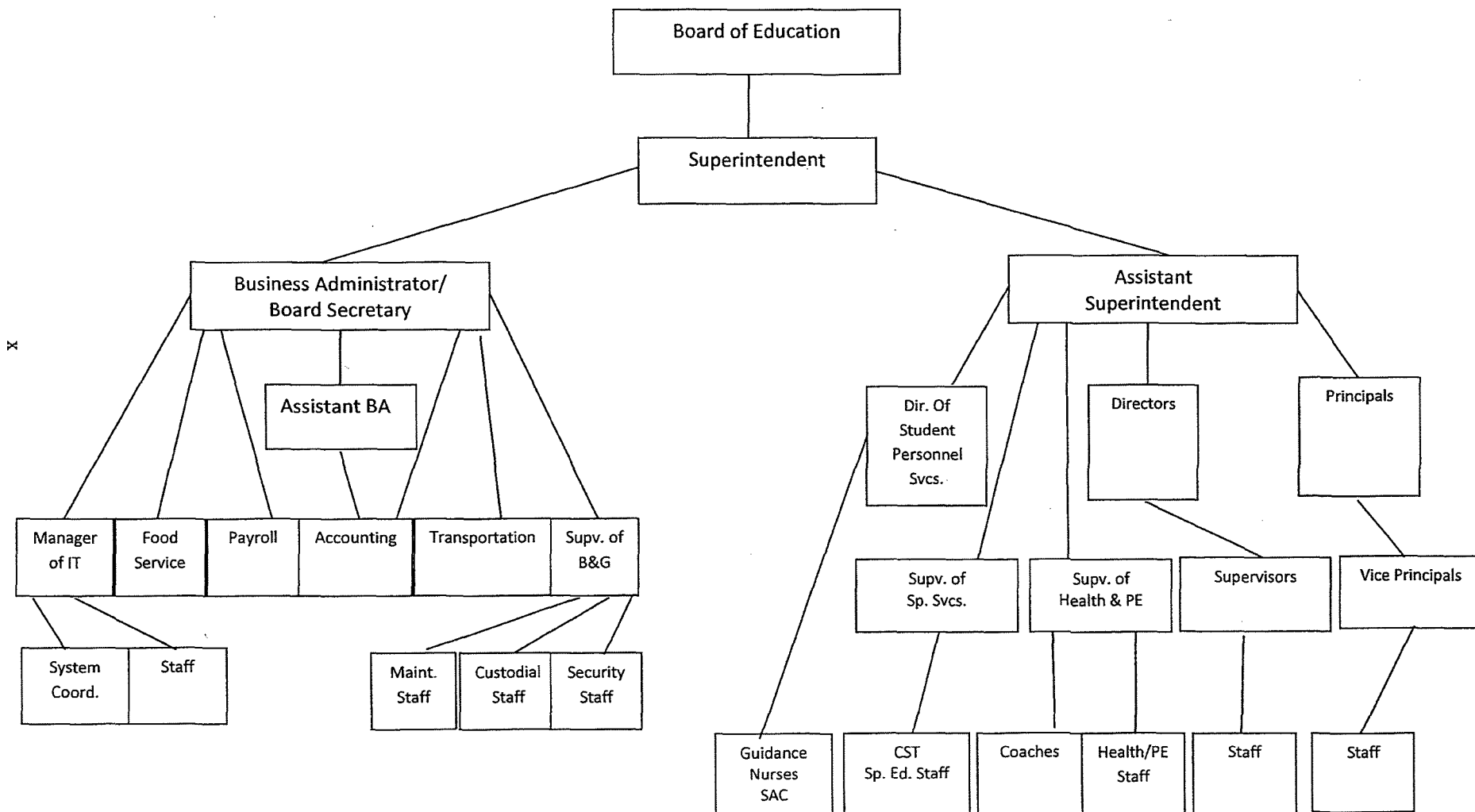


Rosa Diaz
Superintendent of Schools



Carmela Collazo
Business Administrator/Board Secretary

CARTERET PUBLIC SCHOOLS TABLE OF ORGANIZATION



x

**CARTERET BOARD OF EDUCATION
ROSTER OF OFFICIALS
AS OF JUNE 30, 2021**

Members of the Board of Education

Term Expires
December 31,

Martin Murray, President

2022

James P. Hart III, Vice President

2021

Dennis Cherepski

2023

Patricia Golino

2022

Taqualla Lowman

2022

Jean Bellino

2023

Jasbir Judge

2021

Joseph Gasparro

2021

Tina Vallejos

2021

Other Officials

Rosa Diaz, Superintendent of Schools

Hector Berrios, Business Administrator/Board Secretary

**CARTERET BOARD OF EDUCATION
CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2021**

AUDITORS

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

ATTORNEYS

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

OFFICIAL DEPOSITORIES

INVESTORS BANK
101 WOOD AVENUE SOUTH
ISELIN, NJ 08830

UNITED ROOSEVELT SAVINGS BANK
11-15 COOKE AVENUE
CARTERET, NJ 07008

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carteret Board of Education, as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carteret Board of Education as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2021, the Carteret Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities which provided guidance on identifying fiduciary activities and how they should be reported. The adoption of this standard resulted in a change to how previously reported fiduciary fund activities are currently reported in the financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carteret Board of Education's basic financial statements. The introductory section, financial schedules, statistical section, schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Carteret Board of Education.

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

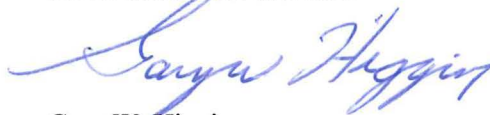
The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated March 9, 2022 on our consideration of the Carteret Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Carteret Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carteret Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
March 9, 2022

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carteret Board of Education Carteret, New Jersey

Management's Discussion and Analysis Fiscal Year Ended June 30, 2021

This section of Carteret Board of Education annual financial report presents our discussion and analysis of the Board's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the Board's financial statements, which immediately follow this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34- Basic Financial Statements- and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2020-2021) and the prior year (2019-2020) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2020-2021 fiscal years include the following:

- The General Fund fund balance on a GAAP basis at June 30, 2021 was \$6,496,976 an increase of \$4,482,216 when compared with the beginning balance at July 1, 2020.
- The General Fund budgetary fund balance at June 30, 2021 was \$10,562,864 which represents an increase of \$4,579,864 when compared to the ending budgetary fund balance of \$5,983,000 at June 30, 2020. The difference in GAAP basis fund balance to budgetary fund balance is \$4,065,888, which represents the delay of certain State aid payments and the 2020-2021 Extraordinary Aid, which were not realized as revenue in the GAAP basis financial statements.
- The General Fund unassigned (unreserved, undesignated) budgetary fund balance was \$2,512,139 at June 30, 2021. This represents an increase of \$1,104,266 when compared to the balance of \$1,407,873 as of June 30, 2020.

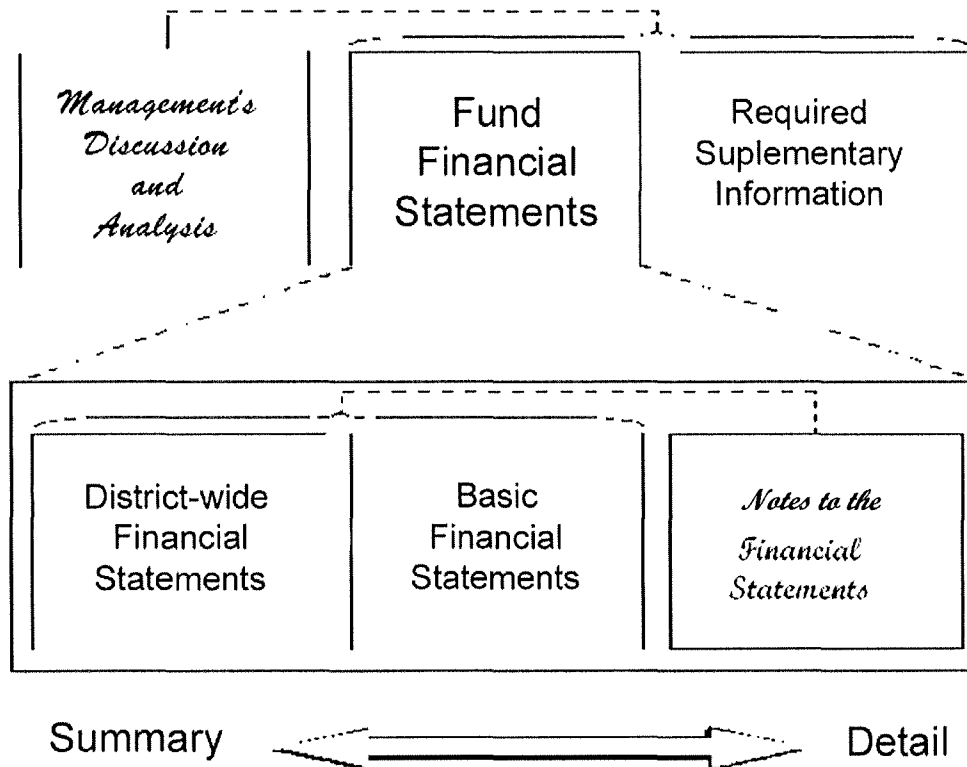
OVERVIEW OF THE FINANCIAL STATEMENTS

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

Carteret Board of Education
Carteret, New Jersey

Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021

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



- The first two statements are district-wide financial statements that provide both short-term and long-term information about the Carteret Board of Education's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Carteret Board of Education, reporting the Carteret Board of Education's operation in more detail than the district-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in short term as well as what remains for future spending.
- Proprietary funds statements offer short- and long-term financial information about the activities the Carteret Board of Education operates like businesses.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

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

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

District-wide Statements

The district-wide statements report information about the Carteret Board of Education as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

District-wide Statements (Continued)

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

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

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

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

Fund Financial Statements

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

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

Fund Financial Statements (Continued)

The district has two types of funds:

- *Governmental funds*- Most of the Board's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.

- *Proprietary funds*- Services for which the Board charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide business-type statements.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

FINANCIAL ANALYSIS OF THE CARTERET BOARD OF EDUCATION AS A WHOLE

Net Position. The District's net position for governmental and business type activities were \$4,483,204 and \$(252,777) on June 30, 2021 and 2020, respectively. (See Table A-1).

**Table A-1
Statement of Net Position
As of June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u> (Restated)
Assets		
Current and Other Assets	\$ 36,088,979	\$ 39,174,604
Capital Assets	29,509,698	21,409,979
Total Assets	65,598,677	60,584,583
Deferred Outflows of Resources	896,871	1,506,813
Total Deferred Outflows of Resources	896,871	1,506,813
Liabilities		
Non-Current Liabilities	55,389,944	56,674,939
Other Liabilities	1,986,869	1,144,187
Total Liabilities	57,376,813	57,819,126
Deferred Inflows of Resources	4,635,531	4,525,047
Total Deferred Inflows of Resources	4,635,531	4,525,047
Net Position:		
Net Investment in Capital Assets	14,006,386	13,741,056
Restricted	3,773,513	2,629,450
Unrestricted	(13,296,695)	(16,623,283)
Total Net Position	\$ 4,483,204	\$ (252,777)

Net position from current year operations for the fiscal year ended June 30, 2021 increased \$4,735,981.

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

- Program revenues for Governmental Activities were \$32,206,662 for operating grants and contributions.
- Program revenues for business – type activities
 - ✓ Charges for services \$132,839.
 - ✓ Operating grants and contributions \$1,393,311.
- Combined general revenues for Governmental activities and Business-Type activities during the 2020-2021 school year were \$57,402,065.
- Expenditures were \$85,108,185 for Governmental activities and \$1,290,991 for business type activities.
- On the Statement of Activities, general revenues and beginning net position are adjusted by expenses net of program revenues to arrive at net position of \$4,483,204 at June 30, 2021.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues		
Charges for Services	\$ 235,283	\$ 687,592
Operating Grants and Contributions	33,497,529	26,687,817
General revenues		
Property Taxes	29,262,277	27,695,980
Federal and State Aid	27,939,447	26,649,831
Other	200,621	200,914
Total Revenues	91,135,157	81,922,134
Expenses		
Instruction		
Regular	40,488,877	35,770,081
Special Education	13,410,986	14,347,977
Other Instruction	3,802,158	3,504,382
School Sponsored Activities and Athletic Support Services	382,317	652,932
Support Services		
Student and Instruction Related Services	9,915,466	8,521,121
General Administration Services	1,416,925	1,563,327
School Administration Services	4,103,085	3,554,257
Plant Operations and Maintenance	6,028,833	5,918,261
Pupil Transportation	2,859,554	3,244,933
Central Services	1,536,247	1,359,248
Interest on Long-Term Debt	1,163,737	262,048
Food Service	1,237,519	1,813,753
Enrichment Academy	53,472	175,680
Total Expenses	86,399,176	80,688,000
Change in Net Position	4,735,981	1,234,134
Net Position, Beginning of Year	(252,777)	(1,963,953)
Prior Period Adjustment		477,042
Net Position, End of Year	\$ 4,483,204	\$ (252,777)

Changes in Net Position. The district's total revenues were \$91,135,157 and \$81,922,134 in 2021 and 2020, respectively. Property taxes of \$29,262,277 and \$27,695,980 represented 32% and 34% of revenues for the years ended June 30, 2021 and 2020, respectively. The District's state and federal aid of \$61,436,976 and \$53,337,648 represented 67% and 65% of revenues for the years ended June 30, 2021 and 2020, respectively. Charges for services of \$235,283 and \$687,592 in 2021 and 2020, respectively, relate to the District's business type activities and represent approximately 1% of revenues for both years.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

The smallest component of revenues is "Other Revenue." The largest source of "Other Revenue" is miscellaneous and interest income, with \$200,621 and \$200,914 earned in the fiscal years ended June 30, 2021 and 2020, respectively.

The Board's expenses for governmental activities are predominantly related to instruction and support services. Instruction totaled \$58,084,338 and \$54,275,372 which represented 68% and 69% of total governmental expenditures for the years ended June 30, 2021 and 2020, respectively. Student support services, exclusive of administration, totaled \$9,915,466 and \$8,521,121 (12% and 11%) of total expenditures for the years ended June 30, 2021 and 2020, respectively.

**Table A-3
Total and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2021 and 2020**

<u>Functions/Programs</u>	<u>Source Exhibit</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Governmental Activities					
Instruction					
Regular	A-2	40,488,877	35,770,081	(24,862,561)	24,332,096
Special Education	A-2	13,410,986	14,347,977	(5,773,839)	7,431,659
Other Instruction	A-2	3,802,158	3,504,382	(2,621,066)	2,627,034
School Sponsored Activities and Athletics	A-2	382,317	652,932	(200,507)	503,637
Support Services					
Student and Instruction Related Services	A-2	9,915,466	8,521,121	(6,845,988)	6,307,397
General Administration Services	A-2	1,416,925	1,563,327	(1,151,700)	1,403,833
School Administration Services	A-2	4,103,085	3,554,257	(2,819,013)	2,684,199
Plant Operations and Maintenance	A-2	6,028,833	5,918,261	(4,185,336)	4,369,527
Pupil Transportation	A-2	2,859,554	3,244,933	(2,299,937)	2,717,495
Central Services	A-2	1,536,247	1,359,248	(1,097,471)	1,075,134
Interest on Long-Term Debt	A-2	1,163,737	262,048	(1,044,105)	218,643
Total Governmental Activities		\$ 85,108,185	\$ 78,698,567	\$ (52,901,523)	\$ 53,670,654

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the Carteret Board of Education is reflected in its governmental funds as well. The district completed the fiscal years ended June 30, 2021 and 2020 with its governmental funds reporting combined fund balance (GAAP Basis) of \$33,239,721 and \$36,943,114, as restated, as of June 30, 2021 and 2020, respectively.

Revenues and other financing sources for the district's governmental funds were \$81,742,048 and \$112,500,024 for the fiscal years ended June 30, 2021 and 2020, respectively. Total expenditures were \$85,445,441 and \$76,564,761 for the fiscal years ended June 30, 2021 and 2020, respectively.

GENERAL FUND

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

The following schedule presents a summary of General Fund revenues and transfers for the fiscal years ended June 30, 2021 and 2020.

**Table A-4
Summary of General Fund Revenues and Transfers
For the Fiscal Years Ended June 30, 2021 and 2020**

General Fund Revenues and Transfers	<u>2021</u>	<u>2020</u>
Local Sources:		
Local Tax Levy	\$ 27,711,201	\$ 27,098,944
Interest Income - Capital Projects Fund	87,045	79,093
Miscellaneous	113,296	116,775
Total Local Sources	<u>27,911,542</u>	<u>27,294,812</u>
Intergovernmental		
State Sources	45,945,622	42,038,302
Federal Sources	153,667	143,350
Total Intergovernmental Sources	<u>46,099,289</u>	<u>42,181,652</u>
Total Revenues and Transfers	<u>\$ 74,010,831</u>	<u>\$ 69,476,464</u>

Property taxes and state formula aid accounted for 99 percent of total revenues for both the 2021 and 2020 fiscal years. Interest income, tuition and miscellaneous revenues accounted for less than 1 percent of total revenues.

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

**Management’s Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2021 and 2020.

**Table A-5
Summary of General Fund Expenditures
For the Fiscal Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Current		
Regular Instruction	\$ 31,794,634	\$ 29,863,575
Special Education Instruction	11,277,559	12,597,313
Other Special Instruction	3,331,882	3,240,391
School Sponsored Activities and Athletics	244,151	607,770
Support Services and Undistributed Costs:		
Student and Instruction Related Services	8,254,903	7,390,539
School Administration Services	3,595,882	3,295,398
General Administration Services	1,315,559	1,518,344
Plant Operations and Maintenance	5,100,573	5,093,049
Pupil Transportation	2,849,394	3,242,478
Central Services	1,364,329	1,276,094
Capital Outlay	399,749	145,777
Total Expenditures	\$ 69,528,615	\$ 68,270,728

General Fund Budgetary Highlights

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

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

- ✓ Reserved for Encumbrance— The roll over of prior year reserved for encumbrances increased the district-operating budget.
- ✓ Reduction of 2020/21 state aid.

Actual expenditures (exclusive of on-behalf expenditures) were \$57,132,050 and \$58,351,412 the years ended June 30, 2021 and 2020, respectively. Revenues (exclusive of on-behalf revenues) and other financing sources were \$61,614,266 and \$59,848,963 for the fiscal years ended June 30, 2021 and 2020, respectively.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

DEBT ADMINISTRATION

The amount of debt service expenditures were \$1,486,128 and \$814,063 for the fiscal years ended June 30, 2021 and 2020, respectively. Revenues include \$1,551,076 and \$597,036 from the property tax levies and miscellaneous revenue, and \$217,512 and \$217,027 coming from state aid for the fiscal years ended June 30, 2021 and 2020, respectively.

BUSINESS-TYPE ENTERPRISE FUNDS

The District's total business-type activities revenues were \$1,526,430 and \$2,347,496 for the years ended June 30, 2021 and 2020, respectively. Charges for services accounted for 9% and 29% of total revenue for the 2021 and 2020 years. Operating grants and contributions of \$1,393,591 and \$1,659,904 accounted for 91% and 71% of total revenue, for the fiscal years ended June 30, 2021 and 2020, respectively.

The total cost of all business-type activities programs and services was \$1,290,991 and \$1,989,433 for the fiscal years ended June 30, 2021 and 2020, respectively. The District's expenses are related to food service programs provided to all students and faculty and the operation of the program for enrichment academy for before and after school activities.

Total business-type activities revenues exceeded expenses during the year ended June 30, 2021 increasing net position by \$235,439 over the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – Governmental Activities

As of June 30, 2021 and 2020, the district had invested \$51,529,323 and \$42,602,325, respectively, in a broad range of capital assets, including school buildings, athletic facilities, computer and audio-visual equipment, and administrative offices. (See Table A-6) More detailed information about capital assets can be found in Note 4 of the basic financial statements. Total depreciation expense for the fiscal years ended June 30, 2021 and 2020 was \$953,939 and \$922,070, respectively.

**Table A-6
Capital Assets - Governmental Activities
as of June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Land	\$ 384,459	\$ 71,603
Land Improvements	393,249	362,396
Buildings and Building Improvements	37,424,380	37,360,940
Construction in Progress	10,739,606	2,253,547
Machinery and Equipment	2,587,629	2,553,839
Total	51,529,323	42,602,325
Less: Accumulated Depreciation	22,386,163	21,432,224
Total	\$ 29,143,160	\$ 21,170,101

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

Capital Assets – Business-type Activities

The District as of June 30, 2021 and 2020 had \$1,065,865 and \$903,401 invested in building improvements and machinery and equipment for its Food Service Fund. Depreciation was \$35,804 and \$41,462 for the fiscal years ended June 30, 2021 and 2020, respectively.

**Table A-7
Capital Assets - Business-Type Activities
as of June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Building Improvements	\$ 10,269	
Machinery and Equipment	<u>1,055,596</u>	\$ 903,401
	1,065,865	903,401
Less: Accumulated Depreciation	<u>699,327</u>	<u>663,523</u>
Total Net	<u>\$ 366,538</u>	<u>\$ 239,878</u>

Long-term Liabilities

At year-end, the District had \$36,999,995 and \$37,204,995 at June 30, 2021 and 2020, respectively, in general obligation bonds, respectively. The bonds were comprised of pension refunding bonds of \$-0- and \$205,000 at June 30, 2021 and 2020, respectively and \$36,999,995 and \$36,999,995 of 2021 school bonds at June 30, 2021 and 2020, respectively.

In addition, the District had \$4,775,000 and \$5,245,000 at June 30, 2021 and 2020, respectively, in lease purchase agreements for various school improvements. These agreements were funded by the issuance of certificates of participation (“COPS”) which have been refunded as discussed in Note 4 to the basic financial statements.

The District also had \$4,504,373 and \$3,909,494 at June 30, 2021 and 2020, respectively, as a liability for compensated absences. This liability represents the district’s contractual obligation to compensate employees for accumulated unused sick leave and severance pay upon retirement.

The District had \$9,112,984 and \$10,322,642 at June 30, 2021 and 2020, respectively, in net pension liability regarding the Public Employees Retirement System. The District is not liable to fund this liability.

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

**Table A-8
Long Term Debt Liabilities
as of June 30, 2021 and 2020**

Governmental Activities	<u>2021</u>	<u>2020</u>
Bonds Payable	\$ 36,999,995	\$ 37,204,995
Lease Purchase Agreements	4,775,000	5,245,000
Net Pension Liability	9,112,984	10,322,642
Compensated Absences	4,504,373	3,909,494
Total	<u>\$ 55,392,352</u>	<u>\$ 56,682,131</u>

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2021**

FOR THE FUTURE

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

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Contact:

Carmela Collazo, School Business Administrator/Board Secretary
Telephone: 732-541-8960 ext. 6005
Fax: 732-541-2106
Email: ccollazo@carteretschools.org

BASIC FINANCIAL STATEMENTS

CARTERET BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 31,496,336	\$ 807,205	\$ 32,303,541
Receivable from Other Governments	3,498,010	222,224	3,720,234
Internal Balances	(244,928)	244,928	-
Inventories		65,204	65,204
Capital Assets Not Being Depreciated	11,124,065		11,124,065
Capital Assets, Being Depreciated, net	18,019,095	366,538	18,385,633
Total Assets	63,892,578	1,706,099	65,598,677
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding of Debt	8,886		8,886
Deferred Amount on Net Pension Liability	887,985	-	887,985
Total Deferred Outflows of Resources	896,871	-	896,871
LIABILITIES			
Accounts Payable and Other Current Liabilities	396,193	-	396,193
Payroll Deductions and Withholdings Payable	397,011		397,011
Payable to Other Governments	111,074		111,074
Accrued Interest Payable	477,172		477,172
Unearned Revenue	605,419		605,419
Noncurrent Liabilities			
Due Within One Year	1,835,432		1,835,432
Due Beyond One Year	53,554,512	-	53,554,512
Total Liabilities	57,376,813	-	57,376,813
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue		16,104	16,104
Deferred Amount on Net Pension Liability	4,619,427	-	4,619,427
Total Deferred Inflows of Resources	4,619,427	16,104	4,635,531
NET POSITION			
Net Investment in Capital Assets	13,639,848	366,538	14,006,386
Restricted for			
Capital Projects	3,008,518		3,008,518
Other	473,065		473,065
Debt Service	291,930		291,930
Unrestricted	(14,620,152)	1,323,457	(13,296,695)
Total Net Position	\$ 2,793,209	\$ 1,689,995	\$ 4,483,204

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

**CARTERET BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction							
Regular	\$ 40,488,877		\$ 15,626,316		\$ (24,862,561)		\$ (24,862,561)
Special Education	13,410,986		7,637,147		(5,773,839)		(5,773,839)
Other Instruction	3,802,158		1,181,092		(2,621,066)		(2,621,066)
School Sponsored Activities and Athletics	382,317	\$ 102,444	79,366		(200,507)		(200,507)
Support Services							
Student and Instruction Related Services	9,915,466		3,069,478		(6,845,988)		(6,845,988)
General Administration Services	1,416,925		265,225		(1,151,700)		(1,151,700)
School Administration Services	4,103,085		1,284,072		(2,819,013)		(2,819,013)
Central Services	1,536,247		438,776		(1,097,471)		(1,097,471)
Plant Operations and Maintenance	6,028,833		1,843,497		(4,185,336)		(4,185,336)
Pupil Transportation	2,859,554		559,617		(2,299,937)		(2,299,937)
Interest on Long-Term Debt	1,163,737	-	119,632	-	(1,044,105)	-	(1,044,105)
Total Governmental Activities	<u>85,108,185</u>	<u>102,444</u>	<u>32,104,218</u>	<u>-</u>	<u>(52,901,523)</u>	<u>-</u>	<u>(52,901,523)</u>
Business-Type Activities							
Food Service	1,237,519	\$ 2,925	1,393,311			\$ 158,717	158,717
Enrichment Academy	53,472	129,914	-	-	-	76,442	76,442
Total Business-Type Activities	<u>1,290,991</u>	<u>132,839</u>	<u>1,393,311</u>	<u>-</u>	<u>-</u>	<u>235,159</u>	<u>235,159</u>
Total Primary Government	<u>\$ 86,399,176</u>	<u>\$ 235,283</u>	<u>\$ 33,497,529</u>	<u>\$ -</u>	<u>(52,901,523)</u>	<u>235,159</u>	<u>(52,666,364)</u>

Continued

**CARTERET BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues			
Taxes			
Property Taxes Levied for General Purposes	\$ 27,711,201		\$ 27,711,201
Property Taxes Levied for Debt Service	1,551,076		1,551,076
Federal and State Aid -Unrestricted	27,841,567		27,841,567
State/Federal Aid - Restricted	97,880		97,880
Miscellaneous Income	200,341	\$ 280	200,621
 Total General Revenues	 57,402,065	 280	 57,402,345
 Change in Net Position	 4,500,542	 \$ 235,439	 4,735,981
Net Position, Beginning of Year, Restated	(1,707,333)	1,454,556	(252,777)
Net Position, End of Year	\$ 2,793,209	\$ 1,689,995	\$ 4,483,204

FUND FINANCIAL STATEMENTS

**CARTERET BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 4,753,591	\$ 190,426	\$ 26,260,389	\$ 291,930	\$ 31,496,336
Due from Other Funds	1,451,722				1,451,722
Receivables from Other Governments	<u>1,084,619</u>	<u>2,413,391</u>	<u>-</u>	<u>-</u>	<u>3,498,010</u>
Total Assets	<u>\$ 7,289,932</u>	<u>\$ 2,603,817</u>	<u>\$ 26,260,389</u>	<u>\$ 291,930</u>	<u>\$ 36,446,068</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds	\$ 246,579	\$ 1,450,071			1,696,650
Accounts Payable	114,311	281,882			396,193
Payroll Deductions and Withholdings Payable	397,011				397,011
Payable to State Government	35,055	76,019			111,074
Unearned Revenue	<u>-</u>	<u>605,419</u>	<u>-</u>	<u>-</u>	<u>605,419</u>
Total Liabilities	<u>792,956</u>	<u>2,413,391</u>	<u>-</u>	<u>-</u>	<u>3,206,347</u>
Fund Balances					
Restricted					
Capital Reserve	1,408,518				1,408,518
Capital Reserve - Designated for Subsequent Year's Expenditures	1,600,000				1,600,000
Emergency Reserve	500,000				500,000
Unemployment Compensation	282,639				282,639
Capital Projects			26,260,389		26,260,389
Debt Service				\$ 291,930	291,930
Student Activities		190,426			190,426
Committed					
Year End Encumbrances	193,500				193,500
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures	1,372,235				1,372,235
FFCRA/SEMI - Designated for Subsequent Year's Expenditures	12,637				12,637
Year End Encumbrances	2,681,196				2,681,196
Unassigned Fund Balance:					
General Fund	<u>(1,553,749)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,553,749)</u>
Total Fund Balances	<u>6,496,976</u>	<u>190,426</u>	<u>26,260,389</u>	<u>291,930</u>	<u>33,239,721</u>
Total Liabilities and Fund Balances	<u>\$ 7,289,932</u>	<u>\$ 2,603,817</u>	<u>\$ 26,260,389</u>	<u>\$ 291,930</u>	<u>\$ 36,446,068</u>

Continued

**CARTERET BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

Total Fund Balances - Governmental Funds		\$ 33,239,721
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$51,529,323 and the accumulated depreciation is \$22,386,163.</p>		29,143,160
<p>The District has financed capital assets through the issuance of bonds. The interest accrual at year end is :</p>		(477,172)
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		8,886
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>		
Deferred Outflows of Resources	\$ 887,985	
Deferred Inflows of Resources	<u>(4,619,427)</u>	
		(3,731,442)
<p>Long-term liabilities, including bonds and certificates of participation payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (Note 2)</p>		<u>(55,389,944)</u>
Net position of governmental activities (Exhibit A-1)		<u>\$ 2,793,209</u>

CARTERET BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 27,711,201			\$ 1,551,076	\$ 29,262,277
Miscellaneous	113,296	\$ 129,692	\$ 87,045	-	330,033
Total - Local Sources	<u>27,824,497</u>	<u>129,692</u>	<u>87,045</u>	<u>1,551,076</u>	<u>29,592,310</u>
State Sources	45,945,622	2,682,915		217,512	48,846,049
Federal Sources	153,667	3,062,977	-	-	3,216,644
Total Revenues	<u>73,923,786</u>	<u>5,875,584</u>	<u>87,045</u>	<u>1,768,588</u>	<u>81,655,003</u>
EXPENDITURES					
Current					
Instruction:					
Regular Instruction	31,794,634	4,061,808			35,856,442
Special Education Instruction	11,277,559	1,007,581			12,285,140
Other Instruction	3,331,882				3,331,882
School-Sponsored Activities and Athletics	244,151	106,421			350,572
Support Services and Undistributed Costs:					-
Student and Instruction Related Services	8,254,903	637,343			8,892,246
General Administration Services	1,315,559				1,315,559
School Administration Services	3,595,882				3,595,882
Central Services	1,364,329				1,364,329
Plant Operations and Maintenance	5,100,573				5,100,573
Pupil Transportation	2,849,394	3,251			2,852,645
Debt Service:					
Principal				675,000	675,000
Interest and Other Charges				811,128	811,128
Capital Outlay	399,749	41,190	8,486,059	-	8,926,998
Total Expenditures	<u>69,528,615</u>	<u>5,857,594</u>	<u>8,486,059</u>	<u>1,486,128</u>	<u>85,358,396</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,395,171</u>	<u>17,990</u>	<u>(8,399,014)</u>	<u>282,460</u>	<u>(3,703,393)</u>
Other Financing Sources (Uses)					
Transfers In	87,045				87,045
Transfers Out	-	-	(87,045)	-	(87,045)
Total Other Financing Sources (Uses)	<u>87,045</u>	<u>-</u>	<u>(87,045)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	4,482,216	17,990	(8,486,059)	282,460	(3,703,393)
Fund Balances, Beginning of Year, Restated	<u>2,014,760</u>	<u>172,436</u>	<u>34,746,448</u>	<u>9,470</u>	<u>36,943,114</u>
Fund Balances, End of Year	<u>\$ 6,496,976</u>	<u>\$ 190,426</u>	<u>\$ 26,260,389</u>	<u>\$ 291,930</u>	<u>\$ 33,239,721</u>

**CARTERET BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ (3,703,393)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period. (Note 2) 7,973,059

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. (Note 2) 675,000

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Also, certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 2) (444,124)

Change in net position of governmental activities (Exhibit A-2) \$ 4,500,542

**CARTERET BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2021**

	<u>Business-Type Activities</u>		
	<u>Food Service</u>	<u>Other Non-Major Enterprise Fund- Enrichment Academy</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 230,127	\$ 577,078	\$ 807,205
Intergovernmental Receivable			
State	9,737		9,737
Federal	212,487		212,487
Inventories	65,204		65,204
Due from Other Funds	<u>246,579</u>	<u>-</u>	<u>246,579</u>
 Total Current Assets	 <u>764,134</u>	 <u>577,078</u>	 <u>1,341,212</u>
Capital Assets			
Building Improvements	10,269		10,269
Equipment	1,055,596		1,055,596
Less: Accumulated Depreciation	<u>(699,327)</u>	<u>-</u>	<u>(699,327)</u>
 Total Capital Assets, Net	 <u>366,538</u>	 <u>-</u>	 <u>366,538</u>
 Total Assets	 <u>1,130,672</u>	 <u>577,078</u>	 <u>1,707,750</u>
LIABILITIES			
Current Liabilities			
Due to Other Funds	<u>-</u>	<u>1,651</u>	<u>1,651</u>
 Total Current Liabilities	 <u>-</u>	 <u>1,651</u>	 <u>1,651</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Commodities Revenue	<u>16,104</u>	<u>-</u>	<u>16,104</u>
 Total Deferred Inflows of Resources	 <u>16,104</u>	 <u>-</u>	 <u>16,104</u>
 Total Liabilities and Deferred Inflows of Resources	 <u>16,104</u>	 <u>1,651</u>	 <u>17,755</u>
NET POSITION			
Investment in Capital Assets	366,538		366,538
Unrestricted	<u>748,030</u>	<u>575,427</u>	<u>1,323,457</u>
 Total Net Position	 <u>\$ 1,114,568</u>	 <u>\$ 575,427</u>	 <u>\$ 1,689,995</u>

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

**CARTERET BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Business-Type Activities</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Other Non-Major Enterprise Fund- Enrichment Academy</u>	
OPERATING REVENUES			
Charges for Services			
Daily Sales - Reimbursable Program	\$ 1,912		\$ 1,912
Daily Sales - Non-Reimbursable Program	1,013		1,013
Program Fees	<u>-</u>	\$ 129,914	<u>129,914</u>
Total Operating Revenues	<u>2,925</u>	<u>129,914</u>	<u>132,839</u>
OPERATING EXPENSES			
Salaries and Employee Benefits	469,628	49,183	518,811
Cost of Sales - Reimbursable Program	552,170		552,170
Cost of Sales - Non-Reimbursable Program	-		-
Other Purchased Services	71,627		71,627
Insurance	52,586		52,586
Depreciation	35,804		35,804
Supplies and Materials	54,060	2,269	56,329
Miscellaneous	<u>1,644</u>	<u>2,020</u>	<u>3,664</u>
Total Operating Expenses	<u>1,237,519</u>	<u>53,472</u>	<u>1,290,991</u>
Operating Income (Loss)	<u>(1,234,594)</u>	<u>76,442</u>	<u>(1,158,152)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	36,138		36,138
Federal Sources			
National School Lunch Program	755,712		755,712
National School Breakfast Program	459,804		459,804
No Kid Hungry Grant	20,000		20,000
Fresh Fruits and Vegetable Program	31,401		31,401
Food Distribution Program	90,256		90,256
Interest on Deposits	<u>280</u>	<u>-</u>	<u>280</u>
Total Nonoperating Revenues	<u>1,393,591</u>	<u>-</u>	<u>1,393,591</u>
Net Income	<u>158,997</u>	<u>76,442</u>	<u>235,439</u>
Change in Net Position	158,997	76,442	235,439
Net Position, Beginning of Year	<u>955,571</u>	<u>498,985</u>	<u>1,454,556</u>
Net Position, End of Year	<u>\$ 1,114,568</u>	<u>\$ 575,427</u>	<u>\$ 1,689,995</u>

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

**CARTERET BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Business-Type Activities</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Other Non-Major Enterprise Fund- Enrichment Academy</u>	
Cash Flows from Operating Activities			
Receipts from Customers	\$ 2,925	\$ 129,914	\$ 132,839
Payments for Employees' Salaries and Benefits	(469,628)	(49,183)	(518,811)
Payments to Suppliers for Goods and Services	(636,350)	(4,289)	(640,639)
Net Cash Provided by (Used for) Operating Activities	<u>(1,103,053)</u>	<u>76,442</u>	<u>(1,026,611)</u>
Cash Flows from Noncapital Financing Activities			
Transfers to Other Funds		280	280
State and Federal Subsidy Reimbursements	890,641	-	890,641
Net Cash Provided by Noncapital Financing Activities	<u>890,641</u>	<u>280</u>	<u>890,921</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(162,464)	-	(162,464)
Net Cash Used by Capital and Related Financing Activities	<u>(162,464)</u>	<u>-</u>	<u>(162,464)</u>
Cash Flows from Investing Activities			
Interest on Deposits	280	-	280
Net Cash Provided by Investing Activities	<u>280</u>	<u>-</u>	<u>280</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(374,596)	76,722	(297,874)
Cash and Cash Equivalents, Beginning of Year	604,723	500,356	1,105,079
Cash and Cash Equivalents, End of Year	<u>\$ 230,127</u>	<u>\$ 577,078</u>	<u>\$ 807,205</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Operating Income (Loss)	\$ (1,234,594)	\$ 76,442	\$ (1,158,152)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
Depreciation	35,804		35,804
Non-Cash Federal Assistance - National School Lunch Program (Food Distribution)	90,256		90,256
Change in Assets and Liabilities: (Increase)/Decrease in Inventories	5,481	-	5,481
Total Adjustments	<u>131,541</u>	<u>-</u>	<u>131,541</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (1,103,053)</u>	<u>\$ 76,442</u>	<u>\$ (1,026,611)</u>
Non-Cash Financing Activities - National School Lunch (Food Distribution)	<u>\$ 85,842</u>	<u>\$ -</u>	<u>\$ -</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Carteret Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District. A Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade twelve (12) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent to the Board.

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

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

B. New Accounting Standards

During fiscal year 2021, the District adopted the following GASB statement:

- GASB No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.
- GASB No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objectives of this Statement is to improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.
- GASB No. 92, *Omnibus 2020*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022 except requirements related to GASB No. 87 and Implementation Guide No. 2019-3 are effective upon issuance. The objective of this Statement is to enhance comparability in the application of accounting and financial reporting requirements and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics.
- GASB No. 96, *Subscription – Based Information Technology Arrangements*, will be effective beginning with the fiscal year ending June 30, 2023. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.
- GASB No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No.84, and a Supersession of GASB Statement No. 32*, the section that maybe applicable to the District will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to provide more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The requirements also will enhance the relevance, consistency, and comparability of (1) the information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans.

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently, the District has no fiduciary funds.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

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

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

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

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

4. *Capital Assets*

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets (Continued)*

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

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

5. *Deferred Outflows/Inflows of Resources*

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

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

6. *Compensated Absences*

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Pensions

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

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

8. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses.

9. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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

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

Capital Reserve - Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2021/2022 District budget certified for taxes.

Emergency Reserve – This restriction was created in accordance with NJAC 6A:23A-14.4(A)1 to accumulate funds in accordance with State statute to finance unanticipated general fund expenditures required for a thorough and efficient education. (See Note 3).

Unemployment Compensation – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 5).

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

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

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Committed Fund Balance – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Year-End Encumbrances – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustees for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2021/2022 District budget certified for taxes.

FFCRA/SEMI - Represents fund balance assigned specifically for the Family First Coronavirus Response Act in the General Fund that was not appropriated in the 2020/2021 school year. These funds are available for appropriation in subsequent year's budgets.

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

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

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. *Fund Balance Policies*

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the school district's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

F. Revenues and Expenditures/Expenses

1. *Program Revenues*

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

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

Tuition Expenditures - Tuition charges for the fiscal years 2019-2020 and 2020-2021 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

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

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(55,389,944) difference are as follows:

Bonds Payable	\$ (36,999,995)
Certificates of Participation Payable	(4,775,000)
Less: Original Issuance Discount (to be amortized as interest expense)	2,408
Compensated Absences	(4,504,373)
Net Pension Liability	<u>(9,112,984)</u>
 Net adjustment to reduce <i>fund balance - total governmental</i> funds to arrive at <i>net position - governmental activities</i>	 <u>\$ (55,389,944)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the district-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense”. The details of this \$7,973,059 difference are as follows:

Capital Outlay	\$8,926,998
Depreciation Expense	<u>(953,939)</u>
 Net Adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	 <u>\$7,973,059</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$675,000 difference are as follows:

Principal Repayments:	
Bonds Payable	\$ 205,000
Certificates of Participation	<u>470,000</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 675,000</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”. The details of this \$(444,124) difference are as follows:

Compensated Absences	\$ (594,879)
Accrued Interest	(329,279)
Amortization of Deferred Amounts on Refunding	(18,546)
Amortization of Bond Discounts	(4,784)
Net Pension Expense	<u>503,364</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of government activities	<u>\$ (444,124)</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2020/2021. Also, during 2020/2021 the Board increased the original budget by \$4,468,925. The General Fund budget was decreased by \$1,044,512 as a result of a reduction of \$2,694,062 due to a decrease in state aid net of the reappropriation of prior year general fund encumbrances of \$1,649,550. The special revenue fund increase of \$5,513,437 was funded by additional grant awards student activity revenues.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$1,553,749 in the General Fund as of June 30, 2021 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2020/2021 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$1,553,749 in the General Fund is less than the delayed state aid payments at June 30, 2021.

C. Capital Reserve

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve (Continued)

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

The activity of the capital reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020	\$ 2,142,938
Increased by	
Deposits Approved by Board Resolution	<u>1,365,580</u>
Withdrawals	
Approved in District Budget	<u>500,000</u>
Balance, June 30, 2021	<u>\$ 3,008,518</u>

Of the \$3,008,518 capital reserve balance at June 30, 2021, \$1,600,000 was designated and appropriated for use in the 2021/2022 original budget certified for taxes.

D. Emergency Reserve

An emergency reserve account was established by the District. The accumulation of funds will be used to finance unanticipated General Fund current expenditures required for a thorough and efficient education in subsequent fiscal years.

Funds placed in the emergency reserve are restricted to finance reasonably unforeseeable costs and shall not include additional costs due to poor planning. A District may appropriate funds into the emergency reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent or the withdrawal is included in the original budget certified for taxes to finance school security improvements to school facilities pursuant to 18A:7G-6(c)1. Pursuant to NJAC 6A:23A-14.4(A), the balance in the reserve cannot at any time exceed the greater of \$250,000 or one percent of the school district’s General Fund budget as certified for taxes up to a maximum of \$1,000,000.

The activity of the emergency reserve for the fiscal year ended June 30, 2021 is as follows:

Balance, July 1, 2020	<u>\$ 500,000</u>
Balance, June 30, 2021	<u>\$ 500,000</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2021, the book value of the Board's deposits were \$32,303,541 and bank and brokerage firm balances of the Board's deposits amounted to \$36,732,917. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>36,732,917</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2021 none of the Board's bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law," (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2021, the Board had no outstanding investments.

Interest Rate Risk – Interest rate risk is the risk that changes in the market interest rate will adversely affect the fair value of an investment. The Board does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law limits investments as noted above (N.J.S.A. 18A:20-37). The District does not have an investment policy that would further limit its investment choices.

Concentration of Credit Risk – The concentration of credit risk is the risk of loss that may be caused by the Board's investment in a single issuer. The Board places no limit in the amount the District may invest in any one issuer.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2021 for the district's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Food Service</u>	<u>Total</u>
Receivables:				
Intergovernmental				
Federal		\$ 2,372,201	\$212,487	\$ 2,584,688
State	\$ 138,660	41,190	9,737	189,587
Property Taxes	<u>945,959</u>	<u>-</u>	<u>-</u>	<u>945,959</u>
Gross Receivables	1,084,619	2,413,391	222,224	3,720,234
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 1,084,619</u>	<u>\$ 2,413,391</u>	<u>\$222,224</u>	<u>\$ 3,720,234</u>

C. Unearned Revenue

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

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 197,625
Grant drawdowns year end encumbrances	<u>407,794</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 605,419</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	<u>Balance, July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2021</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 71,603	\$ 312,856		\$ 384,459
Construction in Progress	<u>2,253,547</u>	<u>8,486,059</u>	-	<u>10,739,606</u>
Total capital assets, not being depreciated	<u>2,325,150</u>	<u>8,798,915</u>	-	<u>11,124,065</u>
Capital assets, being depreciated:				
Buildings and Building Improvements	37,360,940	63,440		37,424,380
Land Improvements	362,396	30,853		393,249
Machinery and equipment	<u>2,553,839</u>	<u>33,790</u>	-	<u>2,587,629</u>
Total capital assets being depreciated	<u>40,277,175</u>	<u>128,083</u>	-	<u>40,405,258</u>
Less accumulated depreciation for:				
Buildings and Building Improvements	(19,035,579)	(847,651)		(19,883,230)
Land Improvements	(272,718)	(9,851)		(282,569)
Machinery and equipment	<u>(2,123,927)</u>	<u>(96,437)</u>	-	<u>(2,220,364)</u>
Total accumulated depreciation	<u>(21,432,224)</u>	<u>(953,939)</u>	-	<u>(22,386,163)</u>
Total capital assets, being depreciated, net	<u>18,844,951</u>	<u>(825,856)</u>	-	<u>18,019,095</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,170,101</u>	<u>\$ 7,973,059</u>	<u>\$ -</u>	<u>\$ 29,143,160</u>
	<u>Balance, July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2021</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Building Improvements		\$ 10,269		\$ 10,269
Machinery and equipment	<u>\$ 903,401</u>	<u>152,195</u>	-	<u>1,055,596</u>
Total capital assets being depreciated	<u>903,401</u>	<u>162,464</u>	-	<u>1,065,865</u>
Less accumulated depreciation for:				
Building Improvements		(257)		(257)
Machinery and equipment	<u>(663,523)</u>	<u>(35,547)</u>	-	<u>(699,070)</u>
Total accumulated depreciation	<u>(663,523)</u>	<u>(35,804)</u>	-	<u>(699,327)</u>
Total capital assets, being depreciated, net	<u>239,878</u>	<u>126,660</u>	-	<u>366,538</u>
Business-Type Activities Capital Assets, Net	<u>\$ 239,878</u>	<u>\$ 126,660</u>	<u>\$ -</u>	<u>\$ 366,538</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction	
Regular	\$ 39,666
Total Instruction	<u>39,666</u>
Support Services	
Student and Instruction Related Services	56,682
Plant Operations and Maintenance	853,635
Pupil Transportation	<u>3,956</u>
Total Support Services	<u>914,273</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 953,939</u>

Business-Type Activities:

Food Service Fund	\$ 35,804
Total Depreciation Expense-Business-Type Activities	<u>\$ 35,804</u>

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2021:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Construction Consultant for New Junior High School	\$ 341,000	\$ 420,000
Construction of New Junior High School	5,888,973	14,082,027
Carteret High School Auditorium Renovation	526,975	1,085,725
Stairwell Upgrades at all District Schools	-	819,000
Macadm Services	116,010	<u>274,300</u>
Total		<u>\$ 16,681,052</u>

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2021, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 1,450,071
Enterprise Fund - Food Service	General Fund	246,579
General Fund	Enterprise Fund - Enrichment Academy	<u>1,651</u>
		<u>\$ 1,698,301</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and to cover cash balances which were in an overdraft position.

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

	<u>Transfer In</u>	
	<u>General Fund</u>	<u>Total</u>
<u>Transfer Out:</u>		
Capital Projects Fund	<u>\$ 87,045</u>	<u>\$ 87,045</u>
 Total Transfers Out	 <u>\$ 87,045</u>	 <u>\$ 87,045</u>

The above transfer is the result of interest earned in the Capital Projects Fund that has been directed to the General Fund.

F. Leases

Lease Purchase Agreements

Refunding Certificates of 2015

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

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

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	Certificates of Participation		Total
	Principal	Interest	
2022	\$ 480,000	\$ 127,012	\$ 607,012
2023	495,000	116,812	611,812
2024	500,000	105,675	605,675
2025	510,000	93,800	603,800
2026	530,000	81,050	611,050
2027-2030	<u>2,260,000</u>	<u>172,050</u>	<u>2,432,050</u>
Total	<u>\$ 4,775,000</u>	<u>\$ 696,399</u>	<u>\$ 5,471,399</u>

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and refund certain pension obligations or other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2021 is comprised of the following issue:

\$36,999,995, Series 2020 School Bonds, due in annual installments of \$900,000 to \$1,800,000 through February 1, 2050, interest at 2.00% to 3.00% \$36,999,995

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

Governmental Activities:

Fiscal Year Ending June 30,	Serial Bonds		Total
	Principal	Interest	
2022	\$ 904,995	\$ 1,005,500	\$ 1,910,495
2023	900,000	987,400	1,887,400
2024	900,000	969,400	1,869,400
2025	900,000	951,400	1,851,400
2026	905,000	933,400	1,838,400
2027-2031	3,845,000	3,548,300	7,393,300
2032-2036	5,495,000	3,945,950	9,440,950
2037-2041	6,510,000	3,095,400	9,605,400
2042-2046	7,730,000	2,048,400	9,778,400
2047-2050	<u>8,910,000</u>	<u>807,000</u>	<u>9,717,000</u>
Total	<u>\$ 36,999,995</u>	<u>\$ 18,292,150</u>	<u>\$ 55,292,145</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2021 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 106,886,705
Less: Net Debt	<u>36,999,995</u>
Remaining Borrowing Power	<u>\$ 69,886,710</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Balance, July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
Lease-Purchase Agreements ("COPS")	\$ 5,245,000		\$ (470,000)	\$ 4,775,000	\$ 480,000
Original Issue Discount	<u>(7,192)</u>	<u>-</u>	<u>4,784</u>	<u>(2,408)</u>	<u>-</u>
Lease-Purchase Agreements, net	5,237,808	-	(465,216)	4,772,592	480,000
Bonds Payable	37,204,995		(205,000)	36,999,995	904,995
Net Pension Liability	10,322,642		(1,209,658)	9,112,984	
Compensated Absences	<u>3,909,494</u>	<u>\$ 594,879</u>	<u>-</u>	<u>4,504,373</u>	<u>450,437</u>
Governmental Activity Long-term Liabilities	<u>\$ 56,674,939</u>	<u>\$ 594,879</u>	<u>\$ (1,879,874)</u>	<u>\$ 55,389,944</u>	<u>\$ 1,835,432</u>

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Interest</u> <u>Earnings</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2021	\$-0-	\$ 151,917	\$ 663	\$ 103,168	\$ 282,639
2020	\$-0-	107,426	3,464	137,602	282,639
2019	\$-0-	83,255	4,465	78,351	309,351

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2021, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2021, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

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

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

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

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represent the membership tiers for TPAF:

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

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

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

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Other Pension Funds

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

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

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

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

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Investment Valuation

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

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

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2020 is \$16.4 billion and the plan fiduciary net position as a percentage of the total pension liability is 58.32%. The collective net pension liability of the State funded TPAF at June 30, 2020 is \$66.0 billion and the plan fiduciary net position as a percentage of total pension liability is 24.60%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2019 which were rolled forward to June 30, 2020.

Actuarial Methods and Assumptions

In the July 1, 2019 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2021.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2021, 2020 and 2019 were equal to the required contributions.

During the fiscal years ended June 30, 2021, 2020 and 2019 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>	<u>DCRP</u>
2021	\$ 611,327	\$ 7,803,761	\$ 1,777
2020	557,255	5,681,213	1,666
2019	604,198	5,206,215	1,666

In addition for fiscal years 2021, 2020 and 2019 the District contributed \$-0-, \$990 and \$1,090, respectively for PERS and the State contributed \$4,637, \$5,056 and \$5,933, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$2,142,590 during the fiscal year ended June 30, 2021 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2020 are based on the ratio of each employer’s contribution to total employer contributions of the group for the fiscal year ended June 30, 2020.

At June 30, 2021, the District reported in the statement of net position (accrual basis) a liability of \$9,112,984 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2019. The District’s proportionate share of the net pension liability was based on the ratio of the District’s share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2020. At June 30, 2020, the District’s proportionate share was .05588 percent, which was a decrease of .00141 percent from its proportionate share measured as of June 30, 2019 of .05729 percent.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$107,963 for PERS. The pension contribution made by the District during the current 2020/2021 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2021 with a measurement date of the prior fiscal year end of June 30, 2020. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2021 for contributions made subsequent to the measurement date. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 165,932	\$ 32,227
Changes of Assumptions	295,636	3,815,693
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	311,489	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>114,928</u>	<u>771,507</u>
Total	<u>\$ 887,985</u>	<u>\$ 4,619,427</u>

At June 30, 2021, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2022	\$ (1,303,811)
2023	(1,271,515)
2024	(794,308)
2025	(303,284)
2026	(58,524)
Thereafter	<u>-</u>
	<u>\$ (3,731,442)</u>

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00-6.00% Based on Years of Service
Thereafter	3.00%-7.00% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	7.00%
2020	June 30, 2019	6.28%

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

There was no crossover period for the PERS defined benefit plan. Therefore the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 11,471,727</u>	<u>\$ 9,112,984</u>	<u>\$ 7,111,526</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2020. A sensitivity analysis specific to the District's net pension liability at June 30, 2020 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2019 through June 30, 2020. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2020, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$10,419,326 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the net pension liability attributable to the District is \$167,555,684. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2020. At June 30, 2020, the State's share of the net pension liability attributable to the District was .25446 percent, which was an increase of .00482 percent from its proportionate share measured as of June 30, 2019 of .25928 percent.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>TPAF</u>
Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.55% Based on Years of Service
Thereafter	2.75%-5.65% Based on Years of Service
Investment Rate of Return	7.00%
Mortality Rate Table	Pub-2010

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	3.40%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Investment Grade Credit	8.00%	2.67%
US Equity	27.00%	7.71%
Non-US Developed Markets Equity	13.50%	8.57%
Emerging Markets Equity	5.50%	10.23%
High Yield	2.00%	5.95%
Real Assets	3.00%	9.73%
Private Credit	8.00%	7.59%
Real Estate	8.00%	9.56%
Private Equity	13.00%	11.42%

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	5.40%
2020	June 30, 2019	5.60%

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

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2062
Municipal Bond Rate *	From July 1, 2062 and Thereafter

* The municipal bond return rate used is 2.21% as of the measurement date of June 30, 2020. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.40%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.40 percent) or 1-percentage-point higher (6.40 percent) than the current rate:

	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 196,813,774</u>	<u>\$ 167,555,684</u>	<u>\$ 143,261,751</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2020. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2020 was not provided by the pension system.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

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

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2019:

Active Plan Members	216,804
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	149,304
Inactive Plan Members Entitled to but not yet Receiving Benefits	_____ -
Total	<u>366,108</u>

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2020 is \$67.8 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2019 which were rolled forward to June 30, 2020.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2019 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.18 billion to the OPEB plan in fiscal year 2020.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2021, 2020 and 2019 were \$2,445,577, \$2,107,626 and \$2,361,531, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2019 through June 30, 2020. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2021, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$7,783,736. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2021 the State's proportionate share of the OPEB liability attributable to the District is \$148,863,077. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2020. At June 30, 2020, the state's share of the OPEB liability attributable to the District was .21953 percent, which was an increase of .00201 percent from its proportionate share measured as of June 30, 2019 of .21752 percent.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

The OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 4.45%
Rate Thereafter	1.55% to 4.45%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 Healthy "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2020.

*Salary increases are based on the defined benefit pension plan that the member is enrolled in and the members years of service.

For the June 30, 2020 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

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

100% of active members are considered to participate in the plan upon retirement.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2021	June 30, 2020	2.21%
2020	June 30, 2019	3.50%

The discount rate represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2021 (measurement date June 30, 2020) is as follows:

	Total OPEB Liability <u>(State Share 100%)</u>
Balance, June 30, 2019 Measurement Date	\$ <u>90,770,608</u>
Changes Recognized for the Fiscal Year:	
Service Cost	3,875,668
Interest on the Total OPEB Liability	3,269,020
Differences Between Expected and Actual Experience	26,268,645
Changes of Assumptions	27,192,169
Gross Benefit Payments	(2,591,584)
Contributions from the Member	78,551
Net Changes	<u>\$ 58,092,469</u>
Balance, June 30, 2020 Measurement Date	\$ <u>148,863,077</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 % percent in 2019 to 2.21% percent in 2020.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2020.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 2.21%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate:

	1% Decrease <u>(1.21%)</u>	Current Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 179,462,123</u>	<u>\$ 148,863,077</u>	<u>\$ 124,937,570</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	<u>\$ 120,167,296</u>	<u>\$ 148,863,077</u>	<u>\$ 183,033,375</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2020 were not provided by the pension system.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 6 RESTATEMENT

On July 1, 2020, the Carteret Board of Education implemented GASB Statement No. 84 “Fiduciary Activities”. The Carteret Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2020 are as follows:

Governmental Activities

The financial statements of the governmental activities as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities and payroll related activities which were previously reported as fiduciary activities to governmental activities. The effect of this restatement is to increase net position of governmental activities by \$477,042 from \$(2,184,375) as previously reported to \$(1,707,333) as of June 30, 2020.

Governmental Funds

The financial statements of the governmental funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities related to unemployment compensation, student activities and payroll activities previously reported as fiduciary funds to governmental funds. The effect of this restatement is to increase fund balances of governmental funds by \$477,042 from \$36,466,072 as previously reported to \$36,943,114 as of June 30, 2020. General Fund fund balance increased \$282,639 from \$1,732,121 as previously reported to \$2,014,760 as of June 30, 2020. Special Revenue Fund fund balance increased \$194,403 from \$(21,967) as previously reported to \$172,436 as of June 30, 2020.

Fiduciary Funds

The financial statements of the fiduciary funds as of June 30, 2020 have been restated to reflect the reclassification of certain activities to governmental funds as noted above. The effect of this restatement is to decrease total fiduciary net position by \$305,765 from \$305,765 as previously reported to \$-0- as of June 30, 2020.

NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has been characterized as a pandemic (the “Pandemic”) by the World Health Organization and has been affecting many parts of the world, including the United States and the State of New Jersey. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States and on March 13, 2020, the President of the United States declared the outbreak of COVID-19 in the United States a national emergency. Subsequently, the President’s Coronavirus Guidelines for America and the United States Centers for Disease Control and Prevention called upon Americans to take actions to slow the spread of COVID-19 in the United States.

Governor Phil Murphy (the “Governor”) of the State of New Jersey (the “State”) declared a state of emergency and a public health emergency on March 9, 2020 due to the outbreak of COVID-19, which spread to the State and to all counties within the State. The Governor also instituted mandatory measures via various executive orders to contain the spread of the virus. These measure, which altered the behaviors of businesses and people, had negative impacts on regional, state and local economies. The Governor, pursuant to various executive orders, then implemented a multi-stage approach to restarting New Jersey’s economy. The declaration of the state of emergency and of a public health emergency was terminated by the Governor, by executive order, on June 4, 2021. Also, on June 4, 2021, the Governor signed into law Assembly Bill No. 5820 which terminates most of the governor’s pandemic-related executive orders in early July. The remaining executive orders (dealing with coronavirus testing and vaccinations, moratoriums on evictions and utility shutoffs and various other matters) will terminate on January 1, 2022. In the event of substantial increases in COVID-19 hospitalizations, spot positivity or rates of transmission, the Governor is empowered to impose more restrictive measures than currently in place.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC (Continued)

Recently, the United States Congress has passed relief and stimulus legislations including the American Rescue Plan Act signed into law by President Biden on March 12, 2021, comprising of \$1.9 trillion in funding to address the COVID-19 Pandemic. This legislation is intended to address the financial impact of the pandemic on the U.S. economy and alleviate the health effects of the COVID-19 pandemic. The Plan provides funding for state and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the School District. It is too early to predict if the legislation will have its intended affect.

The largest portion of the School District's revenues is derived from local tax revenues levied by the Borough. In that regard, under applicable State statutes, the Borough annually is required to pay 100% of the amount levied for operations and debt service to the School District regardless of delinquencies in applicable property tax collections. The ability of the Borough to fully collect property taxes on a timely basis may be affected by the economic impact of the Pandemic; however, the District does not anticipate an interruption in the timely collection of property taxes from the Borough.

Because of the evolving nature of the outbreak and federal, state and local responses thereto, the Board cannot predict how the outbreak will impact the financial condition or operations of the School District, or if there will be any impact on the assessed values of property within the School District or deferral of tax payments to municipalities. The Board cannot predict costs associated with this or any other potential infectious disease outbreak, including whether there will be any reduction in State funding or an increase in operational costs incurred to clean, sanitize and maintain it facilities either before or after an outbreak of an infectious disease.

BUDGETARY COMPARISON SCHEDULES

CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
REVENUES					
Local Sources					
Local Tax Levy	\$ 27,711,201		\$ 27,711,201	\$ 27,711,201	
Rents and Royalties	5,000		5,000	-	\$ (5,000)
Unrestricted Miscellaneous	45,000		45,000	113,296	68,296
State Sources					
Equalization Aid	30,666,472	\$ (2,694,062)	27,972,410	27,972,410	
Categorical Special Education Aid	2,809,761		2,809,761	2,809,761	
Security Aid	1,526,650		1,526,650	1,526,650	
Extraordinary Aid	600,000		600,000	793,957	193,957
Categorical Transportation Aid	511,027		511,027	511,027	
Additional Nonpublic School Transportation Costs				32,900	32,900
Reimb TPAF Social Security Payments (Non-Budget)				2,142,590	2,142,590
On-behalf TPAF Post Retirement Medical Contribution (Non-Budget)				2,445,577	2,445,577
On-behalf TPAF Pension System Contribution - Normal (Non-Budget)				7,658,056	7,658,056
On-behalf TPAF Pension System Contribution - NCGI (Non-Budget)				145,705	145,705
On-behalf TPAF Pension System Contribution - LTDI (Non-Budget)				4,637	4,637
Federal Sources					
Medical Assistance Program (SEMI)	100,871	-	100,871	153,667	52,796
Total Revenues	63,975,982	(2,694,062)	61,281,920	74,021,434	12,739,514
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	158,180	(49,268)	108,912	900	108,012
Kindergarten	868,306	155,401	1,023,707	1,023,104	603
Grades 1-5	7,629,464	(993,322)	6,636,142	6,581,132	55,010
Grades 6-8	4,038,249	(129,225)	3,909,024	3,909,024	-
Grades 9-12	5,915,242	(222,691)	5,692,551	5,585,148	107,403
Regular Programs - Home Instruction					
Salaries of Teachers	55,000	-	55,000	13,605	41,395
Purchased Professional-Educational Services	12,000	-	12,000	1,344	10,656
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	500,420	(213,136)	287,284	287,284	-
Purchased Professional-Educational Services	174,362	99,901	274,263	268,580	5,683
Other Purchased Services	5,785	150	5,935	1,608	4,327
General Supplies	749,743	322,761	1,072,504	723,185	349,319
Textbooks	54,287	(54,287)	-	-	-
Other Objects	730,959	1,061,896	1,792,855	774,395	1,018,460
Total Regular Programs	20,891,997	(21,820)	20,870,177	19,169,309	1,700,868

CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 412,500	\$ 2,961	\$ 415,461	\$ 415,461	
Other Salaries for Instruction	120,795	(23,677)	97,118	80,810	\$ 16,308
Purchased Professional-Educational Services	100,000	(15,000)	85,000	79,139	5,861
Total Learning and/or Language Disabilities	633,295	(35,716)	597,579	575,410	22,169
Behavioral Disabilities					
Purchased Professional-Educational Services	440,693	(300,000)	140,693	-	140,693
Total Behavioral Disabilities	440,693	(300,000)	140,693	-	140,693
Multiple Disabilities					
Salaries of Teachers	441,929	-	441,929	402,983	38,946
Other Salaries for Instruction	120,795	-	120,795	120,715	80
Purchased Professional-Educational Services	125,000	(42,383)	82,617	19,691	62,926
Total Multiple Disabilities	687,724	(42,383)	645,341	543,389	101,952
Resource Room/Resource Center					
Salaries of Teachers	3,503,244	(326,225)	3,177,019	3,177,019	-
Other Salaries for Instruction	201,664	-	201,664	157,643	44,021
Purchased Professional-Educational Services	200,000	(145,204)	54,796	-	54,796
Total Resource Room/Resource Center	3,904,908	(471,429)	3,433,479	3,334,662	98,817
Autism					
Other Salaries for Instruction	38,404	-	38,404	-	38,404
Purchased Professional-Educational Services	27,500	-	27,500	-	27,500
Total Autism	65,904	-	65,904	-	65,904
Preschool Disabilities - Full Time					
Salaries of Teachers	158,480	107	158,587	158,587	-
Other Salaries for Instruction	39,642	(32,727)	6,915	-	6,915
Purchased Professional-Educational Services	50,000	35,962	85,962	85,962	-
Total Preschool Disabilities - Full Time	248,122	3,342	251,464	244,549	6,915
Total Special Education	5,980,646	(846,186)	5,134,460	4,698,010	436,450
Bilingual Education					
Salaries of Teachers	1,941,614	(194,606)	1,747,008	1,709,708	37,300
Other Salaries for Instruction	80,884	-	80,884	80,810	74
Purchased Professional-Educational Services	25,000	194,606	219,606	209,430	10,176
Total Bilingual Education	2,047,498	-	2,047,498	1,999,948	47,550

CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School-Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	\$ 102,161	\$ -	\$ 102,161	\$ 44,756	\$ 57,405
Total School-Sponsored Co/Extra Curricular Activities	102,161	-	102,161	44,756	57,405
School Sponsored Athletics - Instruction					
Salaries	268,079	(194,000)	74,079	73,809	270
Purchased Services	39,100	(6,000)	33,100	895	32,205
Supplies and Materials	84,800	8,827	93,627	35,309	58,318
Other Objects	25,740	-	25,740	5,102	20,638
Total School Sponsored Athletics	417,719	(191,173)	226,546	115,115	111,431
Total Instruction	29,440,021	(1,059,179)	28,380,842	26,027,138	2,353,704
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Regular	109,000	(43,491)	65,509	50,689	14,820
Tuition to Other LEA's Within the State - Special	337,806	135,918	473,724	416,644	57,080
Tuition to CSSD & Regional Day Schools	2,378,432	(442,798)	1,935,634	1,768,701	166,933
Tuition to Private Schools for Disabled - Within State	1,827,073	(466,382)	1,360,691	1,119,269	241,422
Tuition - State Facilities	39,872	70,633	110,505	110,505	-
Total Undistributed Expenditures - Instruction	4,692,183	(746,120)	3,946,063	3,465,808	480,255
Attendance and Social Work					
Salaries	347,151	-	347,151	322,111	25,040
Purchased Professional and Technical Services	40,911	-	40,911	32,911	8,000
Supplies and Materials	1,500	-	1,500	824	676
Total Attendance and Social Work	389,562	-	389,562	355,846	33,716
Health Services					
Salaries	471,037	(12,000)	459,037	450,103	8,934
Purchased Professional and Technical Services	22,500	(5,950)	16,550	1,532	15,018
Supplies and Materials	6,000	12,000	18,000	10,950	7,050
Other Objects	500	-	500	-	500
Total Health Services	500,037	(5,950)	494,087	462,585	31,502

**CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Speech, OT, PT and Related Svcs.					
Salaries	\$ 325,542	\$ 102,913	\$ 428,455	\$ 417,092	\$ 11,363
Supplies and Materials	21,500	14	21,514	20,309	1,205
Total Speech, OT, PT and Related Svcs.	<u>347,042</u>	<u>102,927</u>	<u>449,969</u>	<u>437,401</u>	<u>12,568</u>
Guidance					
Salaries of Other Professional Staff	580,099	-	580,099	574,096	6,003
Salaries of Secretarial and Clerical Assistants	53,831	1	53,832	53,831	1
Purchased Professional-Educational Services	-	1,250	1,250	1,250	-
Other Purchased Professional and Technical Services	551,699	(61,328)	490,371	489,632	739
Other Purchased Services	11,850	14,573	26,423	24,501	1,922
Supplies and Materials	171,775	(107,073)	64,702	64,203	499
Other Objects	17,250	(7,752)	9,498	7,920	1,578
Total Guidance	<u>1,386,504</u>	<u>(160,329)</u>	<u>1,226,175</u>	<u>1,215,433</u>	<u>10,742</u>
Child Study Teams					
Salaries of Other Professional Staff	1,491,257	(113,894)	1,377,363	1,377,363	-
Salaries of Secretarial and Clerical Assistants	117,629	1,706	119,335	119,335	-
Purchased Professional-Educational Services	241,300	(227,450)	13,850	-	13,850
Other Purchased Professional and Technical Services	823,310	271,777	1,095,087	1,084,154	10,933
Other Purchases Services	5,000	(4,730)	270	128	142
Supplies and Materials	12,000	16,721	28,721	16,459	12,262
Total Child Study Teams	<u>2,690,496</u>	<u>(55,870)</u>	<u>2,634,626</u>	<u>2,597,439</u>	<u>37,187</u>
Improvement of Instructional Services					
Salaries of Supervisor of Instruction	15,000	(14,400)	600	600	-
Salaries of Other Professional Staff	40,000	(40,000)	-	-	-
Salaries of Secretarial and Clerical Assistants	62,298	1,226	63,524	63,524	-
Salaries of Facilitators, Math & Literacy Coaches	552,950	(123,910)	429,040	429,040	-
Purchased Professional - Educational Services	1,000	(550)	450	450	-
Other Purchased Services	6,800	(6,154)	646	646	-
Supplies and Materials	2,000	(1,850)	150	150	-
Total Improvement of Instructional Services	<u>680,048</u>	<u>(185,638)</u>	<u>494,410</u>	<u>494,410</u>	<u>-</u>
Educational Media Services/School Library					
Purchased Professional and Technical Services	6,577	(6,577)	-	-	-
Supplies and Materials	1,000	(835)	165	165	-
Total Educational Media Serv./School Library	<u>7,577</u>	<u>(7,412)</u>	<u>165</u>	<u>165</u>	<u>-</u>
Instructional Staff Training Services					
Salaries of Other Professional Staff	5,001	1,000	6,001	6,000	1
Purchased Professional - Educational Services	54,500	1,385	55,885	3,959	51,926
Other Purchased Professional and Technical Services	5,000	-	5,000	-	5,000
Total Instructional Staff Training Services	<u>64,501</u>	<u>2,385</u>	<u>66,886</u>	<u>9,959</u>	<u>56,927</u>

CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services - General Administration					
Salaries	\$ 517,533	\$ 13,644	\$ 531,177	\$ 531,177	
Legal Services	125,000	-	125,000	98,576	\$ 26,424
Audit Fees	45,000	7,270	52,270	49,030	3,240
Architectural /Engineering Services	75,000	21,335	96,335	5,955	90,380
Other Purchased Professional Services	45,560	(34,672)	10,888	6,390	4,498
Communications/Telephone	197,636	42,349	239,985	206,592	33,393
BOE Other Purchased Services	4,700	-	4,700	-	4,700
Misc Purchased Services	27,600	(11,927)	15,673	11,895	3,778
General Supplies	4,500	1,001	5,501	5,492	9
Judgements Against the School District	10,000	(154)	9,846	7,803	2,043
Miscellaneous Expenditures	5,000	13,557	18,557	14,421	4,136
BOE Membership Dues and Fees	22,500	(1)	22,499	21,936	563
Total Support Services - General Administration	1,080,029	52,402	1,132,431	959,267	173,164
Support Services - School Administration					
Salaries of Principal/Asst. Principals	1,873,455	(4,600)	1,868,855	1,860,161	8,694
Salaries of Secretarial and Clerical Assistants	257,197	(149)	257,048	241,379	15,669
Purchased Professional and Technical Services		4,749	4,749	4,600	149
Other Purchased Services	3,150	(250)	2,900	285	2,615
Supplies and Materials	31,750	1,654	33,404	24,990	8,414
Other Objects	700	-	700	-	700
Total Support Services - School Administration	2,166,252	1,404	2,167,656	2,131,415	36,241
Central Services					
Salaries	403,609	-	403,609	394,541	9,068
Purchased Professional Services	57,845	-	57,845	33,345	24,500
Purchased Technical Services	40,000	-	40,000	22,607	17,393
Supplies and Materials	13,661	7,576	21,237	15,425	5,812
Miscellaneous Expenditures	7,430	836	8,266	2,400	5,866
Total Central Services	522,545	8,412	530,957	468,318	62,639
Administrative Information Technology					
Salaries	361,855	3,900	365,755	363,461	2,294
Other Purchased Services	2,825	-	2,825	-	2,825
Other Objects	-	10,170	10,170	10,170	-
Total Administrative Information Technology	364,680	14,070	378,750	373,631	5,119
Required Maintenance for School Facilities					
Salaries	676,479	(172,208)	504,271	504,271	-
Cleaning, Repair and Maintenance Services	690,228	825,026	1,515,254	749,110	766,144
General Supplies	156,400	(126,287)	30,113	16,459	13,654
Other Objects	6,935	1,200	8,135	3,020	5,115
Total Required Maintenance for School Facilities	1,530,042	527,731	2,057,773	1,272,860	784,913

CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 1,347,704	\$ (34,712)	\$ 1,312,992	\$ 1,311,194	\$ 1,798
Purchased Professional and Technical Services	17,000	(17,000)	-	-	-
Cleaning, Repair and Maintenance Services	24,000	-	24,000	21,222	2,778
Other Purchased Property Services	124,040	(45,411)	78,629	77,183	1,446
Insurance	443,510	5,617	449,127	449,127	-
General Supplies	97,800	(38,239)	59,561	33,626	25,935
Energy (Natural Gas)	100,000	75,000	175,000	126,638	48,362
Energy (Electricity)	400,000	95,994	495,994	333,506	162,488
Total Custodial Services	2,554,054	41,249	2,595,303	2,352,496	242,807
Care and Upkeep of Grounds					
Salaries	68,663	(57,000)	11,663	2,861	8,802
Purchased Professional and Technical Services		67,630	67,630	67,630	
General Supplies	25,400	(20,000)	5,400	1,363	4,037
Other Objects	6,000	(6,000)	-	-	-
Total Care and Upkeep of Grounds	100,063	(15,370)	84,693	71,854	12,839
Security					
Salaries	460,760	(291,617)	169,143	148,741	20,402
Purchased Professional and Technical Services	35,500	(30,000)	5,500	2,583	2,917
General Supplies	11,300	(7,307)	3,993	-	3,993
Total Security	507,560	(328,924)	178,636	151,324	27,312
Student Transportation Services					
Salaries for Pupil Transportation(Bet Home & Sch) Reg	79,387	-	79,387	77,830	1,557
Management Fee-ESC and CTSA Transportation Prog.	60,000	-	60,000	48,578	11,422
Contracted Services - Aid in Lieu of Payments - Non Public	125,528	(72,744)	52,784	41,636	11,148
Contracted Svcs. (Between Home & School) - Vendors	544,383	640,153	1,184,536	780,504	404,032
Contracted Services (Other than Between Home and School) - Vendors	132,750	(112,192)	20,558	17,063	3,495
Contracted Services (Special Ed. Students)- Vendors	266,330	86,605	352,935	298,044	54,891
Contracted Services (Regular Students) - ESCs and CTSA	27,500	50,500	78,000	68,880	9,120
Contracted Services (Special Ed. Students)- ESCs and CTSA	2,154,122	(467,774)	1,686,348	1,471,006	215,342
Other Objects	10,000	(10,000)	-	-	-
Total Student Transportation Services	3,400,000	114,548	3,514,548	2,803,541	711,007

CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Final Budget to Actual
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 595,000	\$ (84,317)	\$ 510,683	\$ 450,165	\$ 60,518
Other Retirement Contributions - PERS	606,991	4,336	611,327	611,327	-
Workmen's Compensation	333,056	(69,549)	263,507	235,273	28,234
Health Benefits	8,898,222	928,855	9,827,077	9,187,243	639,834
Tuition Reimbursement	125,000	(65,673)	59,327	56,471	2,856
Other Employee Benefits	272,060	(33,138)	238,922	218,979	19,943
Total Unallocated Benefits-Employee Benefits	10,830,329	680,514	11,510,843	10,759,458	751,385
On-behalf TPAF Pension System Contribution - Normal (Non-Budget)				7,658,056	(7,658,056)
On-behalf TPAF Pension System Contribution - NCGI (Non-Budget)				145,705	(145,705)
On-behalf TPAF Pension System Contribution - LTDI (Non-Budget)				4,637	(4,637)
On-behalf TPAF Post Retirement Medical Contribution (Non-Budget)				2,445,577	(2,445,577)
Reimb TPAF Social Security Payments (Non-Budget)	-	-	-	2,142,590	(2,142,590)
Total On-Behalf TPAF	-	-	-	12,396,565	(12,396,565)
Total Undistributed Expenditures	33,813,504	40,029	33,853,533	42,779,775	(8,926,242)
Total Expenditures - Current Expenditures	63,253,525	(1,019,150)	62,234,375	68,806,913	(6,572,538)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Required Maintenance for School Facilities	100,000	113,781	213,781	179,296	34,485
Total Equipment	100,000	113,781	213,781	179,296	34,485
Facilities Acquisition and Construction Services					
Construction Services	271,099	(76,229)	194,870		194,870
Buildings Other than Lease Purchase Agreements	550,000	-	550,000	313,606	236,394
Assessment for Debt Service on SDA Funding	348	-	348	348	-
Total Facilities Acquisition and Construction Services	821,447	(76,229)	745,218	313,954	431,264
Total Capital Outlay	921,447	37,552	958,999	493,250	465,749

CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
SPECIAL SCHOOLS					
Summer School - Instruction					
Salaries of Teachers	\$ 72,000	\$ (36,715)	\$ 35,285	\$ 35,285	
Other Salaries for Instruction	80,000	(80,000)	-	-	-
Total Summer School - Instruction	152,000	(116,715)	35,285	35,285	-
Summer School - Support Services					
Purchased Professional and Technical Services	25,000	(16,355)	8,645	8,645	
Other Objects	1,520	(1,520)	-	-	-
Total Summer School - Support Services	26,520	(17,875)	8,645	8,645	-
Total Special Schools	178,520	(134,590)	43,930	43,930	-
Transfer of Funds to Charter Schools	122,490	71,676	194,166	184,522	\$ 9,644
Total Expenditures	64,475,982	(1,044,512)	63,431,470	69,528,615	(6,097,145)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(500,000)	(1,649,550)	(2,149,550)	4,492,819	6,642,369
Other Financing Sources/Uses					
Operating Transfers In	-	-	-	87,045	87,045
Total Other Financing Sources	-	-	-	87,045	87,045
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Sources	(500,000)	(1,649,550)	(2,149,550)	4,579,864	6,729,414
Change in Fund Balance	(500,000)	(1,649,550)	(2,149,550)	4,579,864	6,729,414
Fund Balance, Beginning of Year - Restated	5,983,000	-	5,983,000	5,983,000	-
Fund Balance, End of Year	\$ 5,483,000	\$ (1,649,550)	\$ 3,833,450	\$ 10,562,864	\$ 6,729,414
Recapitulation Of Fund Balance:					
Restricted Fund Balance:					
Capital Reserve				\$ 1,408,518	
Capital Reserve - Designated for Subsequent Year's Expenditures				1,600,000	
Emergency Reserve				500,000	
Unemployment Compensation				282,639	
Committed Fund Balance:					
Year End Encumbrances				193,500	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				1,372,235	
FFCRA/SEMI - Designated for Subsequent Year's Expenditures				12,637	
Year End Encumbrances				2,681,196	
Unassigned Fund Balance				2,512,139	
Reconciliation to Governmental Fund Statement (GAAP)				10,562,864	
State Aid Payments Not Recognized on GAAP Basis					
Extraordinary Aid			\$ (793,957)		
Delayed State Aid Payments			(3,271,931)		
				(4,065,888)	
Fund Balance Per Governmental Funds (GAAP)				\$ 6,496,976	

**CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 3,145,369	\$ 155,873	\$ 3,301,242	\$ 2,693,803	\$ (607,439)
Local		129,692	129,692	129,692	-
Federal	<u>2,299,280</u>	<u>5,223,895</u>	<u>7,523,175</u>	<u>3,377,754</u>	<u>(4,145,421)</u>
Total Revenues	<u>5,444,649</u>	<u>5,509,460</u>	<u>10,954,109</u>	<u>6,201,249</u>	<u>(4,752,860)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	1,798,114	109,591	1,907,705	1,556,718	350,987
Other Salaries for Instruction	161,382	(40,167)	121,215	121,215	-
Purch. Prof./Tech. Services	753,428	174,352	927,780	680,843	246,937
Purchased Prof. Educational Services		56,805	56,805	41,221	15,584
Tuition	979,011	(138,995)	840,016	836,467	3,549
General Supplies	23,440	3,987,469	4,010,909	710,010	3,300,899
Textbooks	6,317	2,785	9,102	9,102	-
Co-Curricular - Student Activities	-	106,421	106,421	106,421	-
Total Instruction	<u>3,721,692</u>	<u>4,258,261</u>	<u>7,979,953</u>	<u>4,061,997</u>	<u>3,917,956</u>
Support Services					
Salaries of Teachers	207,370	(90,441)	116,929	28,233	88,696
Salaries of Program Directors	10,000	42,528	52,528	52,528	-
Salaries of Secretarial and Clerical Assistants	41,470	(6,002)	35,468	-	35,468
Salaries of Master Teachers	197,477	(69,160)	128,317	-	128,317
Purchased Professional Educational Services	171,339	361,174	532,513	400,046	132,467
Purchased Educational Services - Head Start	720,000	60,000	780,000	780,000	-
Other Purchased Professional Services	-	125,000	125,000	120,641	4,359
Other Purchased Services	35,000	35,545	70,545	36,100	34,445
Supplies and Materials	50,038	173,019	223,057	88,392	134,665
Other Objects	-	114,700	114,700	37,626	77,074
Total Support Services	<u>1,432,694</u>	<u>746,363</u>	<u>2,179,057</u>	<u>1,543,566</u>	<u>635,491</u>
Employee Benefits					
Personal Services - Employee Benefits	<u>290,263</u>	<u>302,713</u>	<u>592,976</u>	<u>558,473</u>	<u>34,503</u>
Total Allocated Benefits	<u>290,263</u>	<u>302,713</u>	<u>592,976</u>	<u>558,473</u>	<u>34,503</u>
Capital Outlay:					
Instructional Equipment		-	-	-	-
Non-Instructional Equipment	-	206,100	206,100	41,190	164,910
Total Capital Outlay	<u>-</u>	<u>206,100</u>	<u>206,100</u>	<u>41,190</u>	<u>164,910</u>
Total Expenditures	<u>5,444,649</u>	<u>5,513,437</u>	<u>10,958,086</u>	<u>6,205,226</u>	<u>4,752,860</u>
Total Outflows	<u>5,444,649</u>	<u>5,513,437</u>	<u>10,958,086</u>	<u>6,205,226</u>	<u>4,752,860</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	(3,977)	(3,977)	(3,977)	-
Fund Balance, Beginning of Year, Restated	<u>194,403</u>	<u>-</u>	<u>194,403</u>	<u>194,403</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 194,403</u>	<u>\$ (3,977)</u>	<u>\$ 190,426</u>	<u>\$ 190,426</u>	<u>\$ -</u>
Recapitulation:					
Restricted:					
Student Activities				<u>\$ 190,426</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CARTERET BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedules (Exhibits C-1 and C-2)	\$ 74,021,434	\$ 6,201,249
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year, Net		60,162
Current Year		(407,794)
State Aid payments recognized for GAAP purpose not recognized for Budgetary statements (Prior Year), Net	3,968,240	21,967
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (Current Year)	<u>(4,065,888)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 73,923,786</u>	<u>\$ 5,875,584</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 69,528,615	\$ 6,205,226
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year, Net		60,162
Current Year	<u>-</u>	<u>(407,794)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 69,528,615</u>	<u>\$ 5,857,594</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Eight Fiscal Years ***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.05588%	0.05729%	0.06074%	0.06031%	0.06089%	0.05747%	0.05844%	0.05775%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 9,112,984</u>	<u>\$ 10,322,642</u>	<u>\$ 11,960,022</u>	<u>\$ 14,040,040</u>	<u>\$ 18,034,970</u>	<u>\$ 12,900,005</u>	<u>\$ 10,941,522</u>	<u>\$ 11,037,440</u>
District's Covered Payroll	<u>\$ 4,153,997</u>	<u>\$ 4,008,614</u>	<u>\$ 4,094,130</u>	<u>\$ 4,299,920</u>	<u>\$ 4,203,373</u>	<u>\$ 4,136,669</u>	<u>\$ 4,081,927</u>	<u>\$ 3,996,800</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	219%	258%	292%	327%	429%	312%	268%	276%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.32%	56.27%	53.60%	48.10%	40.14%	47.92%	52.08%	48.72%

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

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

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

**PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Eight Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 611,327	\$ 557,255	\$ 604,198	\$ 558,741	\$ 540,971	\$ 494,055	\$ 481,768	\$ 435,433
Contributions in Relation to the Contractually Required Contributions	<u>611,327</u>	<u>557,255</u>	<u>604,198</u>	<u>558,741</u>	<u>540,971</u>	<u>494,055</u>	<u>481,768</u>	<u>435,433</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	<u>\$ 3,937,780</u>	<u>\$ 4,153,997</u>	<u>\$ 4,008,614</u>	<u>\$ 4,094,130</u>	<u>\$ 4,299,920</u>	<u>\$ 4,203,373</u>	<u>\$ 4,136,669</u>	<u>\$ 4,081,927</u>
Contributions as a Percentage of Covered Payroll	15.52%	13.41%	15.07%	13.65%	12.58%	11.75%	11.65%	10.67%

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

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

**TEACHERS PENSION AND ANNUITY FUND
Last Eight Fiscal Years ***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0%	0%	0%	0%	0%	0%	0%	0%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>167,555,684</u>	<u>159,124,413</u>	<u>160,493,860</u>	<u>167,047,650</u>	<u>174,200,588</u>	<u>140,909,092</u>	<u>122,101,519</u>	<u>121,216,238</u>
Total	\$ <u>167,555,684</u>	\$ <u>159,124,413</u>	\$ <u>160,493,860</u>	\$ <u>167,047,650</u>	\$ <u>174,200,588</u>	\$ <u>140,909,092</u>	\$ <u>122,101,519</u>	\$ <u>121,216,238</u>
District's Covered Payroll	<u>\$ 29,546,106</u>	<u>\$ 28,626,757</u>	<u>\$ 27,164,014</u>	<u>\$ 27,224,857</u>	<u>\$ 25,807,372</u>	<u>\$ 25,029,848</u>	<u>\$ 22,245,908</u>	<u>\$ 22,319,992</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**CARTERET BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Change of Benefit Terms: None.

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

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

POSTEMPLOYMENT HEALTH BENEFIT PLAN

Last Four Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability				
Service Cost	\$ 3,875,668	\$ 3,659,946	\$ 4,054,143	\$ 4,877,797
Interest on the Total OPEB Liability	3,269,020	3,946,072	4,153,369	3,596,203
Differences Between Expected and Actual Experience	26,268,645	(15,129,822)	(7,792,216)	
Changes of Assumptions	27,192,169	1,353,397	(11,434,740)	(14,960,197)
Gross Benefit Payments	(2,591,584)	(2,786,387)	(2,664,467)	(2,757,013)
Contribution from the Member	<u>78,551</u>	<u>82,596</u>	<u>92,088</u>	<u>101,520</u>
Net Change in Total OPEB Liability	58,092,469	(8,874,198)	(13,591,823)	(9,141,690)
Total OPEB Liability - Beginning	<u>90,770,608</u>	<u>99,644,806</u>	<u>113,236,629</u>	<u>122,378,319</u>
Total OPEB Liability - Ending	<u>\$ 148,863,077</u>	<u>\$ 90,770,608</u>	<u>\$ 99,644,806</u>	<u>\$ 113,236,629</u>
District's Proportionate Share	\$0	\$0	\$0	\$0
State's Proportionate Share	<u>\$ 148,863,077</u>	<u>\$ 90,770,608</u>	<u>\$ 99,644,806</u>	<u>\$ 113,236,629</u>
Total OPEB Liability - Ending	<u>\$ 148,863,077</u>	<u>\$ 90,770,608</u>	<u>\$ 99,644,806</u>	<u>\$ 113,236,629</u>
Covered Payroll	<u>\$ 33,700,103</u>	<u>\$ 32,635,371</u>	<u>\$ 31,258,144</u>	<u>\$ 31,524,777</u>
District's Proportionate Share of OPEB				
Liability as a Percentage of Covered Payroll:	0.00%	0.00%	0.00%	0.00%

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

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

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

**CARTERET BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

CARTERET BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Chapter 192			Chapter 193			Preschool Education Aid	Local Grants	Student Activities/ Athletics	Subtotal Page 2	Subtotal Page 3	Total
	Compensatory Education	ESL	Transportation	Exam & Class.	Corrective Speech	Supplementary Instruction						
REVENUES												
State	\$ 36,578	\$ 2,664	\$ 3,251	\$ 9,287	\$ 5,468	\$ 6,476	\$ 2,264,158			\$ 365,921		\$ 2,693,803
Local								\$ 27,248	\$ 102,444	-		129,692
Federal	-	-	-	-	-	-	-	-	-	1,185,822	\$ 2,191,932	3,377,754
Total Revenues	\$ 36,578	\$ 2,664	\$ 3,251	\$ 9,287	\$ 5,468	\$ 6,476	\$ 2,264,158	\$ 27,248	\$ 102,444	\$ 1,551,743	\$ 2,191,932	\$ 6,201,249
EXPENDITURES												
Instruction												
Salaries of Teachers							\$ 857,771			\$ 695,782	\$ 3,165	\$ 1,556,718
Other Salaries for Instruction							121,215			-		121,215
Purch. Prof./Tech. Services										303,052	377,791	680,843
Purch. Prof. Educational Services										-	41,221	41,221
Tuition											836,467	836,467
General Supplies							4,015	\$ 27,175		90,870	587,950	710,010
Textbooks										9,102		9,102
Co-Curricular - Student Activities	-	-	-	-	-	-	-	-	\$ 106,421	-	-	106,421
Total Instruction	-	-	-	-	-	-	983,001	27,175	106,421	1,098,806	1,846,594	4,061,997
Support Services												
Salaries of Teachers										28,233	-	28,233
Salaries of Program Directors							52,528			-		52,528
Personal Services - Employee Benefits							290,263			268,210	-	558,473
Purchased Professional Educational Svs	\$ 36,578	\$ 2,664	\$ 3,251	\$ 9,287	\$ 5,468	\$ 6,476				108,026	228,296	400,046
Purchased Educational Services - Head Start							780,000					780,000
Other Purchased Professional Services							120,641					120,641
Other Purchased Services							9,100			-	27,000	36,100
Supplies and Materials							28,625	73		7,278	52,416	88,392
Other Objects	-	-	-	-	-	-	-	-	-	-	37,626	37,626
Total Support Services	36,578	2,664	3,251	9,287	5,468	6,476	1,281,157	73	-	411,747	345,338	2,102,039
Capital Outlay:												
Non-Instructional Equipment	-	-	-	-	-	-	-	-	-	41,190	-	41,190
Total Expenditures	\$ 36,578	\$ 2,664	\$ 3,251	\$ 9,287	\$ 5,468	\$ 6,476	\$ 2,264,158	\$ 27,248	\$ 106,421	\$ 1,551,743	\$ 2,191,932	\$ 6,205,226
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	(3,977)	-	-	(3,977)
Fund Balance, Beginning of Year, Restated	-	-	-	-	-	-	-	-	194,403	-	-	194,403
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,426	\$ -	\$ -	\$ 190,426

**CARTERET BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology</u>	<u>Nonpublic Security</u>	<u>School Based Youth Services</u>	<u>(Alyssa's Law) School Security Aid</u>	<u>Title I</u>	<u>Title I SIA</u>	<u>Title II A</u>	<u>Page 2 Total</u>
REVENUES										
State	\$ 16,626	\$ 9,102	\$ -	\$ 28,525	\$ 270,478	\$ 41,190				\$ 365,921
Federal	-	-	-	-	-	-	\$ 969,794	\$ 65,303	\$ 150,725	1,185,822
Total Revenues	\$ 16,626	\$ 9,102	\$ -	\$ 28,525	\$ 270,478	\$ 41,190	\$ 969,794	\$ 65,303	\$ 150,725	\$ 1,551,743
EXPENDITURES										
Instruction										
Salaries of Teachers							629,814	21,454	44,514	695,782
Purch. Prof./Tech. Services					270,478		32,574			303,052
General Supplies				28,525			28,090	34,255		90,870
Textbooks		9,102								9,102
Other Objects	-	-	-	-	-	-	-	-	-	-
Total Instruction	-	9,102	-	28,525	270,478	-	690,478	55,709	44,514	1,098,806
Support Services										
Salaries of Teachers							28,233			28,233
Salaries of Secretarial and Clerical Assets										-
Personal Services - Employee Benefits							249,808	9,201	9,201	268,210
Purchased Professional Educational Services	16,626						1,275		90,125	108,026
Other Purchased Services										-
Supplies and Materials								393	6,885	7,278
Other Objects	-	-	-	-	-	-	-	-	-	-
Total Support Services	16,626	-	-	-	-	-	279,316	9,594	106,211	411,747
Capital Outlay:										
Non-Instructional Equipment	-	-	-	-	-	\$ 41,190	-	-	-	41,190
Total Expenditures	\$ 16,626	\$ 9,102	\$ -	\$ 28,525	\$ 270,478	\$ 41,190	\$ 969,794	\$ 65,303	\$ 150,725	\$ 1,551,743
Excess (Deficiency) of Revenues Over (Under) Expenditures										
	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year, Restated										
	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year										
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CARTERET BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Title III</u>	<u>Title IV</u>	<u>I.D.E.A. Basic</u>	<u>I.D.E.A. Preschool</u>	<u>Coronavirus Relief Fund</u>	<u>Coronavirus Relief Fund NonPublic Digital Divide</u>	<u>CARES Emergency Relief Grant</u>	<u>Page 3 Total</u>
REVENUES								
Federal	\$ 137,623	\$ 59,542	\$ 970,849	\$ 30,207	\$ 447,144	\$ 5,192	\$ 541,375	\$ 2,191,932
Total Revenues	\$ 137,623	\$ 59,542	\$ 970,849	\$ 30,207	\$ 447,144	\$ 5,192	\$ 541,375	\$ 2,191,932
EXPENDITURES								
Instruction								
Salaries of Teachers	3,045						120	3,165
Other Salaries for Instruction								-
Purch. Prof./Tech. Services	5,850		13,006		935		358,000	377,791
Other Purchased Services					11,925		29,296	41,221
Tuition			806,260	30,207				836,467
General Supplies	73,157	21,908			379,795	5,192	107,898	587,950
Other Objects	-	-	-	-	-	-	-	-
Total Instruction	82,052	21,908	819,266	30,207	392,655	5,192	495,314	1,846,594
Support Services								
Salaries of Teachers								-
Personal Services - Employee Benefits								-
Purchased Professional								
Educational Services	49,275	31,444	130,583				16,994	228,296
Other Purchased Services	6,000		21,000					27,000
Supplies and Materials	296	6,190			30,365		15,565	52,416
Other Objects	-	-	-	-	24,124	-	13,502	37,626
Total Support Services	55,571	37,634	151,583	-	54,489	-	46,061	345,338
Total Expenditures	\$ 137,623	\$ 59,542	\$ 970,849	\$ 30,207	\$ 447,144	\$ 5,192	\$ 541,375	\$ 2,191,932
Excess (Deficiency) of Revenues Over (Under) Expenditures								
	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year, Restated								
	-	-	-	-	-	-	-	-
Fund Balance, End of Year								
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CARTERET BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 857,771	\$ 857,771	
Other Salaries of Instruction	121,215	121,215	
Purchased Professional - Educational Services	242,795		\$ 242,795
General Supplies	4,905	4,015	890
	<u>1,226,686</u>	<u>983,001</u>	<u>243,685</u>
Total Instruction			
Support Services:			
Salaries of Program Directors	52,528	52,528	-
Salaries of Secretaries and Clerical Assistants	35,195		35,195
Salaries of Other Professional Staff	128,317		128,317
Employee Benefits	290,263	290,263	-
Purchased Educational Services - Head Start	780,000	780,000	-
Other Purchased Professional Services	122,760	120,641	2,119
Miscellaneous Purchased Services	34,400	9,100	25,300
Supplies and Materials	36,538	28,625	7,913
	<u>1,480,001</u>	<u>1,281,157</u>	<u>198,844</u>
Total Support Services			
Total Expenditures	<u>\$ 2,706,687</u>	<u>\$ 2,264,158</u>	<u>\$ 442,529</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2020-2021 Preschool Education Aid Allocation	\$ 2,491,576
Add: Actual PEA Carryover (June 30, 2020)	215,111
2019-2020 Cancelled Encumbrances	254
Add: Budgeted Transfer from the General Fund 2020-2021	-
Total Preschool Education Aid Funds Available for 2020-2021 Budget	<u>2,706,941</u>
Less: 2020-2021 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>2,706,687</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2021	254
Add: June 30, 2021 Unexpended Preschool Education Aid	442,529
Less: 2020-2021 Commissioner-approved Transfer to the General Fund	<u>-</u>
2020-2021 Carryover - Preschool Education Aid	<u>\$ 442,783</u>
2020-2021 Preschool Education Aid Carryover Budgeted for Preschool Programs 2021-2022	<u>\$ -</u>

**CARTERET BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Balance, July 1, 2020</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2021</u>
ELEMENTARY SCHOOLS				
Columbus	\$ 20,245	\$ 2,425	\$ 1,828	\$ 20,842
Nicholas Minue	8,358	1,688	1,402	8,644
Nathan Hale	<u>3,413</u>	<u>9,793</u>	<u>5,570</u>	<u>7,636</u>
Total Elementary Schools	<u>32,016</u>	<u>13,906</u>	<u>8,800</u>	<u>37,122</u>
JUNIOR HIGH SCHOOL				
Student Activities Fund	<u>12,521</u>	<u>19,262</u>	<u>12,241</u>	<u>19,542</u>
Total Junior High School	<u>12,521</u>	<u>19,262</u>	<u>12,241</u>	<u>19,542</u>
SENIOR HIGH SCHOOL				
Carteret Senior High School				
Student Activities Fund	138,406	68,854	81,190	126,070
Athletic Fund	<u>11,460</u>	<u>422</u>	<u>4,190</u>	<u>7,692</u>
Total Senior High School	<u>149,866</u>	<u>69,276</u>	<u>85,380</u>	<u>133,762</u>
Total All Schools	<u>\$ 194,403</u>	<u>\$ 102,444</u>	<u>\$ 106,421</u>	<u>\$ 190,426</u>

CAPITAL PROJECTS FUND

**CARTERET BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Project</u>	<u>Appropriation</u>	<u>Modified Appropriation</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2021</u>
			<u>Prior Year</u>	<u>Current Year</u>	
2020 Referendum Projects	\$ 36,999,995	\$ 36,999,995	\$ 2,253,547	\$ 8,486,059	\$ 26,260,389
	<u>\$ 36,999,995</u>	<u>\$ 36,999,995</u>	<u>\$ 2,253,547</u>	<u>\$ 8,486,059</u>	<u>\$ 26,260,389</u>

Analysis of Balance

Year End Encumbrances	\$ 18,490,553
Available for Capital Projects	<u>7,769,836</u>
	<u>\$ 26,260,389</u>

**CARTERET BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Revenues and Other Financing Sources

Interest Earned	\$ <u>87,045</u>
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Total Revenues and Other Financing Sources	<u>87,045</u>
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Expenditures and Other Financing Uses

Purchased Professional and Technical Services	1,102,344
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Construction Services	7,383,715
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Transfers to General Fund	<u>87,045</u>
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Total Expenditures and Other Financing Uses	<u>8,573,104</u>
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Excess (Deficit) of Revenues Over (Under) Expenditures	(8,486,059)
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Fund Balance, July 1, 2020	<u>34,746,448</u>
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Fund Balance, June 30, 2021	<u>\$ 26,260,389</u>
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**CARTERET BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
2020 REFERENDUM PROJECTS
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Serial Bond Proceeds	\$ 36,999,995	-	\$ 36,999,995	\$ 36,999,995
	<u>36,999,995</u>	<u>-</u>	<u>36,999,995</u>	<u>36,999,995</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	2,160,205	\$ 1,102,344	3,262,549	2,927,450
Construction Services	93,342	7,383,715	7,477,057	34,072,545
	<u>2,253,547</u>	<u>8,486,059</u>	<u>10,739,606</u>	<u>36,999,995</u>
Excess (Deficit) of Revenues Over Expenditures	<u>\$ 34,746,448</u>	<u>\$ (8,486,059)</u>	<u>\$ 26,260,389</u>	<u>\$ -</u>

Additional Project Information:

Project Number	Various
Grant Date	N/A
Referendum Date	September 24, 2019
Bond Authorization Date	April 29, 2020
Bonds Authorized	\$ 36,999,995
Bonds Issued	\$ 36,999,995
Original Authorized Cost	\$ 36,999,995
Authorized Cost Adjustments	\$ -
Revised Authorized Cost	\$ 36,999,995
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	29.03%
Original Target Completion Date	September 2022
Revised Target Completion Date	September 2022

ENTERPRISE FUND

NOT APPLICABLE

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

CARTERET BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2020</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
Pension Obligation Refunding Bonds, Series 2013	December 12, 2013	\$ 1,430,000			3.50%	\$ 205,000	\$ 205,000	
School Bonds, Series 2020	June 2, 2020	36,999,995	2/1/2022	904,995	2.00%			
			2/1/2023	900,000	2.00%			
			2/1/2024	900,000	2.00%			
			2/1/2025	900,000	2.00%			
			2/1/2026	905,000	2.00%			
			2/1/2027	925,000	2.00%			
			2/1/2028	950,000	2.00%			
			2/1/2029	970,000	2.00%			
			2/1/2030	1,000,000	2.00%			
			2/1/2031	1,030,000	2.00%			
			2/1/2032	1,065,000	2.00%			
			2/1/2033	1,095,000	3.00%			
			2/1/2034	1,135,000	3.00%			
			2/1/2035	1,170,000	3.00%			
			2/1/2036	1,215,000	3.00%			
			2/1/2037	1,255,000	3.00%			
			2/1/2038	1,300,000	3.00%			
			2/1/2039	1,345,000	3.00%			
			2/1/2040	1,395,000	3.00%			
			2/1/2041	1,440,000	3.00%			
			2/1/2042	1,490,000	3.00%			
			2/1/2043	1,545,000	3.00%			
			2/1/2044	1,600,000	3.00%			
			2/1/2045	1,655,000	3.00%			
			2/1/2046	1,720,000	3.00%			
			2/1/2047	1,790,000	3.00%			
			2/1/2048	1,800,000	3.00%			
			2/1/2049	1,800,000	3.00%			
			2/1/2050	1,800,000	3.00%	36,999,995	-	\$ 36,999,995
						<u>\$ 37,204,995</u>	<u>\$ 205,000</u>	<u>\$ 36,999,995</u>

CARTERET BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CERTIFICATES OF PARTICIPATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Interest Rate Payable on Remaining <u>Balance</u>	Amount of Original Issue	Balance, <u>July 1, 2020</u>	<u>Retired</u>	Balance, <u>June 30, 2021</u>
2015 Refunding (COP)	2.00 - 3.00 %	\$ 7,455,000	\$ <u>5,245,000</u>	\$ <u>470,000</u>	\$ <u>4,775,000</u>
			\$ <u>5,245,000</u>	\$ <u>470,000</u>	\$ <u>4,775,000</u>

Note: COP Indicates Certificates of Participation

**CARTERET BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOT APPLICABLE

CARTERET BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 1,551,076		\$ 1,551,076	\$ 1,551,076	
State Sources					
State Aid	<u>217,512</u>	<u>-</u>	<u>217,512</u>	<u>217,512</u>	<u>-</u>
Total Revenues	<u>1,768,588</u>	<u>-</u>	<u>1,768,588</u>	<u>1,768,588</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal on Lease Purchase - COPS	470,000		470,000	470,000	
Interest on Lease Purchase - COPS	136,413		136,413	136,413	
Interest on Bonds	950,000		950,000	667,540	\$ 282,460
Interest on Early Retirement Bonds	7,175		7,175	7,175	
Principal on Early Retirement Bonds	<u>205,000</u>	<u>-</u>	<u>205,000</u>	<u>205,000</u>	<u>-</u>
Total Expenditures	<u>1,768,588</u>	<u>-</u>	<u>1,768,588</u>	<u>1,486,128</u>	<u>282,460</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>282,460</u>	<u>282,460</u>
Net Change in Fund Balance	-	-	-	282,460	282,460
Fund Balance, Beginning of Year	<u>9,470</u>	<u>-</u>	<u>9,470</u>	<u>9,470</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 9,470</u>	<u>\$ -</u>	<u>\$ 9,470</u>	<u>\$ 291,930</u>	<u>\$ 282,460</u>
<u>Recapitulation of Fund Balance:</u>					
Restricted for Debt Service:					
Available for Expenditures				<u>\$ 291,930</u>	
Total Fund Balance - Restricted for Debt Service				<u>\$ 291,930</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

	2012	2013	2014 (Restated)	2015	2016	2017	2018	2019	2020 (Restated)	2021
Governmental Activities										
Net Investment in Capital Assets	\$ 6,644,390	\$ 9,597,816	\$ 9,641,524	\$ 10,581,863	\$ 12,139,789	\$ 12,881,900	\$ 13,253,738	\$ 14,050,425	\$ 13,501,178	\$ 13,639,848
Restricted	967	1	536,241	92	650,501	1,400,500	519,188	509,470	2,629,450	3,773,513
Unrestricted	(2,519,840)	(3,996,414)	(17,999,614)	(16,938,060)	(17,048,567)	(18,219,952)	(17,355,694)	(17,620,341)	(17,837,961)	(14,620,152)
Total Governmental Activities Net Position	<u>\$ 4,125,517</u>	<u>\$ 5,601,403</u>	<u>\$ (7,821,849)</u>	<u>\$ (6,356,105)</u>	<u>\$ (4,258,277)</u>	<u>\$ (3,937,552)</u>	<u>\$ (3,582,768)</u>	<u>\$ (3,060,446)</u>	<u>\$ (1,707,333)</u>	<u>\$ 2,793,209</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 282,944	\$ 480,535	\$ 486,681	\$ 440,820	\$ 399,111	\$ 357,402	\$ 315,692	\$ 281,340	\$ 239,878	\$ 366,538
Restricted	586,128	240,465	254,942	216,204	655,448	41,062	308,566	815,153	1,214,678	1,323,457
Total Business-Type Activities Net Position	<u>\$ 869,072</u>	<u>\$ 721,000</u>	<u>\$ 741,623</u>	<u>\$ 657,024</u>	<u>\$ 1,054,559</u>	<u>\$ 398,464</u>	<u>\$ 624,258</u>	<u>\$ 1,096,493</u>	<u>\$ 1,454,556</u>	<u>\$ 1,689,995</u>
District-Wide										
Net Investment in Capital Assets	\$ 6,927,334	\$ 10,078,351	\$ 10,128,205	\$ 11,022,683	\$ 12,538,900	\$ 13,239,302	\$ 13,569,430	\$ 14,331,765	\$ 13,741,056	\$ 14,006,386
Restricted	967	1	536,241	92	650,501	1,400,500	519,188	509,470	2,152,408	3,773,513
Unrestricted	(1,933,712)	(3,755,949)	(17,744,672)	(16,721,856)	(16,393,119)	(18,178,890)	(17,047,128)	(16,805,188)	(16,146,241)	(13,296,695)
Total District Net Position	<u>\$ 4,994,589</u>	<u>\$ 6,322,403</u>	<u>\$ (7,080,226)</u>	<u>\$ (5,699,081)</u>	<u>\$ (3,203,718)</u>	<u>\$ (3,539,088)</u>	<u>\$ (2,958,510)</u>	<u>\$ (1,963,953)</u>	<u>\$ (252,777)</u>	<u>\$ 4,483,204</u>

Note 1 - Net Position at June 30, 2014 is restated to reflect the implementation of GASB No. 68, "Accounting and Financial Reporting for Pensions".

Note 2 - Net Position at June 30, 2020 is restated to reflect the implementation of GASB No. 84, "Fiduciary Activities".

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 23,205,222	\$ 23,512,475	\$ 25,505,673	\$ 29,302,793	\$ 29,859,830	\$ 32,796,929	\$ 35,287,441	\$ 35,738,554	\$ 35,770,081	\$ 40,488,877
Special Education	9,438,977	11,409,327	12,326,119	12,989,622	12,959,900	14,049,462	15,684,751	15,456,654	14,347,977	13,410,986
Other Instruction	1,563,169	1,930,214	2,000,581	2,343,564	2,332,775	2,889,622	3,287,124	3,255,382	3,504,382	3,802,158
School Sponsored Activities And Athletics	552,312	574,389	496,087	505,909	579,426	598,697	662,544	677,616	652,932	382,317
Support Services:										
Student and Instruction Related Services	5,608,828	6,259,949	6,310,943	7,025,149	7,754,543	8,805,795	8,173,073	7,989,432	8,521,121	9,915,466
School Administration Services	2,877,577	3,219,576	3,033,128	3,127,633	3,384,585	4,117,025	4,072,383	3,541,865	3,554,257	4,103,085
General Administration	1,344,718	1,418,556	1,222,049	1,257,571	1,113,582	1,236,146	1,350,446	1,474,490	1,563,327	1,416,925
Central Services	1,420,169	1,640,519	1,027,621	1,251,322	1,338,402	1,419,864	1,357,978	1,365,407	1,359,248	1,536,247
Plant Operations And Maintenance	5,887,625	5,733,510	6,064,394	6,310,838	5,966,909	6,625,429	7,577,581	6,458,542	5,918,261	6,028,833
Pupil Transportation	2,090,347	2,313,497	2,583,496	2,788,611	2,736,599	2,685,999	2,948,428	3,465,427	3,244,933	2,859,554
Other Support Services										
Special Schools										
Interest On Long-Term Debt	752,935	700,012	614,574	439,892	490,930	391,191	512,680	228,302	262,048	1,163,737
Total Governmental Activities Expenses	54,741,879	58,712,024	61,184,665	67,342,904	68,517,481	75,616,159	80,914,429	79,651,671	78,698,567	85,108,185
Business-Type Activities:										
Food Service	1,683,356	1,982,478	1,809,013	1,908,223	1,729,508	2,543,630	2,354,336	2,169,812	1,813,753	1,237,519
Enrichment Academy	145,926	312,570	387,487	350,901	157,520	634,647	178,231	218,137	175,680	53,472
Total Business-Type Activities Expense	1,829,282	2,295,048	2,196,500	2,259,124	1,887,028	3,178,277	2,532,567	2,387,949	1,989,433	1,290,991
Total District Expenses	\$ 56,571,161	\$ 61,007,072	\$ 63,381,165	\$ 69,602,028	\$ 70,404,509	\$ 78,794,436	\$ 83,446,996	\$ 82,039,620	\$ 80,688,000	\$ 86,399,176
Program Revenues										
Governmental Activities:										
Charges For Services								\$ 47,076		\$ 102,444
Grants And Contributions	\$ 10,460,054	\$ 11,981,347	\$ 11,459,223	\$ 17,548,589	\$ 19,660,547	\$ 24,427,731	\$ 27,668,511	26,459,790	25,027,913	32,104,218
Total Governmental Activities Program Revenues	10,460,054	11,981,347	11,459,223	17,548,589	19,660,547	24,427,731	27,668,511	26,506,866	25,027,913	32,206,662
Business-Type Activities:										
Charges For Services										
Food Service	520,251	528,646	515,164	484,155	510,115	486,285	485,618	509,755	360,835	2,925
Enrichment Academy	240,860	329,297	372,423	352,854	332,133	279,174	353,899	386,537	326,757	129,914
Operating Grants And Contributions	1,229,001	1,289,033	1,291,846	1,337,516	1,442,315	1,756,723	1,918,844	1,963,892	1,659,904	1,393,311
Total Business Type Activities Program Revenues	1,990,112	2,146,976	2,179,433	2,174,525	2,284,563	2,522,182	2,758,361	2,860,184	2,347,496	1,526,150
Total District Program Revenues	\$ 12,450,166	\$ 14,128,323	\$ 13,638,656	\$ 19,723,114	\$ 21,945,110	\$ 26,949,913	\$ 30,426,872	\$ 29,367,050	\$ 27,375,409	\$ 33,732,812
Net (Expense)/Revenue										
Governmental Activities	\$ (44,281,825)	\$ (46,730,677)	\$ (49,725,442)	\$ (48,966,087)	\$ (48,856,934)	\$ (51,188,428)	\$ (53,245,918)	\$ (53,144,805)	\$ (53,670,654)	\$ (52,901,523)
Business-Type Activities	160,830	(148,072)	(17,067)	(84,599)	397,535	(656,095)	225,794	472,235	358,063	235,159
Total District-Wide Net Expense	\$ (44,120,995)	\$ (46,878,749)	\$ (49,742,509)	\$ (49,050,686)	\$ (48,459,399)	\$ (51,844,523)	\$ (53,020,124)	\$ (52,672,570)	\$ (53,312,591)	\$ (52,666,364)

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues And Other Changes In Net Assets										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 22,801,000	\$ 22,801,000	\$ 23,257,020	\$ 24,451,486	\$ 24,940,515	\$ 25,230,391	\$ 26,527,244	\$ 27,057,788	\$ 27,098,944	\$ 27,711,201
Taxes Levied For Debt Service	1,423,990	1,426,667	1,425,197	1,414,072	1,392,490	1,414,624	1,388,324	1,388,109	597,036	1,551,076
Unrestricted Grants And Contributions	23,435,915	23,472,402	23,968,004	24,050,778	24,092,213	24,239,661	24,898,203	24,452,817	26,476,209	27,841,567
State/Federal Aid - Restricted	458,356	462,246	467,051	464,209	450,133	541,716	568,477	590,947	173,622	97,880
Interest Income	13,000	14,218	6,574	10,340	14,665	25,080				
Miscellaneous Income	44,294	30,030	191,619	40,946	64,746	57,681	218,454	177,466	200,914	200,341
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	48,176,555	48,206,563	49,315,465	50,431,831	50,954,762	51,509,153	53,600,702	53,667,127	54,546,725	57,402,065
Business-Type Activities:										
Investment Earnings	268	-	-	-	-	-	-	-	-	280
Federal Aid Restricted	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-Type Activities	268	-	-	-	-	-	-	-	-	280
Total District-Wide	\$ 48,176,823	\$ 48,206,563	\$ 49,315,465	\$ 50,431,831	\$ 50,954,762	\$ 51,509,153	\$ 53,600,702	\$ 53,667,127	\$ 54,546,725	\$ 57,402,345
Change In Net Position										
Governmental Activities	\$ 3,894,730	\$ 1,475,886	\$ (409,977)	\$ 1,465,744	\$ 2,097,828	\$ 320,725	\$ 354,784	\$ 522,322	\$ 876,071	\$ 4,500,542
Business-Type Activities	161,098	(148,072)	(17,067)	(84,599)	397,535	(656,095)	225,794	472,235	358,063	235,439
Total District	\$ 4,055,828	\$ 1,327,814	\$ (427,044)	\$ 1,381,145	\$ 2,495,363	\$ (335,370)	\$ 580,578	\$ 994,557	\$ 1,234,134	\$ 4,735,981

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021
General Fund										
Committed	\$ 3,163,980	\$ 3,164,957	\$ 453,689	\$ 356,969	\$ 463,977				\$ 441,527	\$ 193,500
Restricted					650,000	\$ 1,400,000	\$ 607,411	\$ 607,411	2,925,577	3,791,157
Assigned	1,825,000		944,532	950,000	1,900,107	2,196,387	2,216,988	2,712,981	1,208,023	4,066,068
Unassigned	(3,245,704)	(3,164,559)	(4,675,878)	(2,443,606)	(3,243,219)	(3,179,233)	(2,239,026)	(2,799,053)	(2,560,367)	(1,553,749)
Total General Fund	<u>\$ 1,743,276</u>	<u>\$ 398</u>	<u>\$ (3,277,657)</u>	<u>\$ (1,136,637)</u>	<u>\$ (229,135)</u>	<u>\$ 417,154</u>	<u>\$ 585,373</u>	<u>\$ 521,339</u>	<u>\$ 2,014,760</u>	<u>\$ 6,496,976</u>
All Other Governmental Funds										
Restricted	\$ 967	\$ 1	\$ 536,241	\$ 92	\$ 501	\$ 500	\$ 19,188	\$ 9,470	\$ 34,755,918	\$ 26,742,745
Assigned										
Unassigned	(64,346)	(69,659)	(92,514)	(75,694)	(73,591)	(60,609)			172,436	-
Total All Other Governmental Funds	<u>\$ (63,379)</u>	<u>\$ (69,658)</u>	<u>\$ 443,727</u>	<u>\$ (75,602)</u>	<u>\$ (73,090)</u>	<u>\$ (60,109)</u>	<u>\$ 19,188</u>	<u>\$ 9,470</u>	<u>\$ 34,928,354</u>	<u>\$ 26,742,745</u>

Note 1 - Fund Balances in the General and Special Revenue Funds at June 30, 2020 are restated to reflect the implementation of GASB Statement No. 84 "Fiduciary Activities".

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

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax Levy	\$ 24,224,990	\$ 24,227,667	\$ 24,682,217	\$ 25,865,558	\$ 26,333,005	\$ 26,645,015	\$ 27,915,568	\$ 28,445,897	\$ 27,695,980	\$ 29,262,277
Tuition Charges								47,076	-	-
Interest Income	13,000	14,218	6,574	10,340	13,701	25,080	-	-		
Miscellaneous	73,919	60,162	199,944	72,696	85,827	86,355	218,779	191,806	200,914	330,033
State Sources	31,417,484	33,777,765	33,790,602	35,228,250	35,017,174	36,486,597	38,818,535	42,713,030	45,035,183	48,846,049
Federal Sources	2,907,216	2,108,098	2,095,351	2,266,934	2,333,822	2,391,881	2,101,371	2,332,287	2,567,952	3,216,644
Total Revenue	58,636,609	60,187,910	60,774,688	63,443,778	63,783,529	65,634,928	69,054,253	73,730,096	75,500,029	81,655,003
Expenditures										
Instruction										
Regular Instruction	23,243,679	23,370,415	25,581,772	25,393,741	25,630,959	26,738,831	28,419,185	32,037,837	33,358,631	35,856,442
Special Education Instruction	9,458,174	11,382,245	12,356,939	12,038,045	11,913,810	12,382,075	13,754,179	14,414,657	13,742,262	12,285,140
Other Special Instruction	1,568,258	1,923,128	2,010,114	1,999,567	1,981,530	2,317,837	2,644,168	2,872,467	3,240,391	3,331,882
Other Instruction	553,960	572,419	498,323	449,509	509,622	497,152	540,071	609,245	607,770	350,572
Support Services:										
Student & Inst. Related Services	5,573,901	6,176,495	6,238,127	6,129,023	6,834,983	7,382,189	6,706,856	7,176,377	7,973,655	8,892,246
General Administration Services	1,347,669	1,415,069	1,190,346	1,036,166	1,046,138	1,087,078	1,215,174	1,381,284	1,518,344	1,315,559
School Administration Services	2,888,865	3,205,584	3,048,932	2,696,264	2,899,248	3,309,470	3,230,729	3,124,989	3,295,398	3,595,882
Central Services	1,423,942	1,636,073	1,032,552	1,165,728	1,241,408	1,190,380	1,143,774	1,218,814	1,276,094	1,364,329
Plant Operations And Maintenance	5,106,887	4,880,657	5,186,359	5,228,265	4,946,201	5,137,887	6,099,968	5,292,532	5,093,049	5,100,573
Pupil Transportation	2,085,280	2,309,037	2,579,780	2,781,769	2,728,951	2,667,902	2,943,307	3,458,607	3,245,780	2,852,645
Other Support Services										
Capital Outlay	471,301	2,959,442	1,977,142	1,466,608	160,101	205,332	59,482	155,227	2,399,324	8,926,998
Debt Service:										
Principal	1,425,000	1,460,000	1,620,000	1,659,169	2,653,860	1,720,000	1,760,000	1,830,000	650,000	675,000
Interest And Other Charges	694,602	646,503	630,872	796,005	327,668	339,525	289,844	231,812	164,063	811,128
Total Expenditures	55,841,518	61,937,067	63,951,258	62,839,859	62,874,479	64,975,658	68,806,737	73,803,848	76,564,761	85,358,396
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	2,795,091	(1,749,157)	(3,176,570)	603,919	909,050	659,270	247,516	(73,752)	(1,064,732)	(3,703,393)
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)			351,900	756,129					5,046	87,045
Serial Bonds Issued									36,999,995	
Proceeds From Refunding			1,430,000	7,455,000						
Payments To Escrow Agent			(1,370,000)	(7,165,000)						
Discount of Issuance of Refunding Bonds				(28,357)						
Transfers In			555,364	(5,046)	964				(5,046)	(87,045)
Transfers Out			(555,364)	-						
Total Other Financing Sources (Uses)	-	-	411,900	1,012,726	964	-	-	-	36,999,995	-
Net Change In Fund Balances	\$ 2,795,091	\$ (1,749,157)	\$ (2,764,670)	\$ 1,616,645	\$ 910,014	\$ 659,270	\$ 247,516	\$ (73,752)	\$ 35,935,263	\$ (3,703,393)
Debt Service As A Percentage Of										
Noncapital Expenditures	3.83%	3.57%	3.63%	4.00%	4.75%	3.18%	2.98%	2.80%	1.10%	1.94%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Tuition</u>	<u>Total</u>
2012	\$ 13,000	\$ 44,294		\$ 57,294
2013	14,218	30,030		44,248
2014	6,574	191,619		198,193
2015	10,340	40,946		51,286
2016	13,701	64,746		78,447
2017	25,080	57,681		82,761
2018	67,298	131,968		199,266
2019	85,703	91,763	\$ 47,076	224,542
2020	79,093	116,775		195,868
2021	52,618	60,678		113,296

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2012 (b)	\$ 39,038,800	\$ 1,064,039,900	\$ 232,518,000	\$ 454,569,400	\$ 90,049,100	\$ 1,880,215,200	\$ 3,395,429	\$ 1,883,610,629	\$ 1,883,610,629	\$ 1.287
2013	50,431,500	1,064,182,600	202,584,900	476,104,400	90,049,100	1,883,352,500	2,628,950	1,885,981,450	2,073,387,003	1.297
2014	42,044,200	1,065,493,007	220,603,200	469,660,300	86,082,700	1,883,883,407	2,830,695	1,886,714,102	1,927,910,817	1.340
2015	49,410,800	1,066,310,457	225,843,500	458,755,983	92,762,400	1,893,083,140	2,444,838	1,895,527,978	2,181,976,879	1.376
2016	40,092,400	1,066,429,882	209,102,500	489,878,983	92,762,400	1,898,266,165	2,494,459	1,900,760,624	2,151,155,075	1.394
2017 (b)	54,547,300	1,245,829,200	279,228,900	741,107,283	129,192,300	2,449,904,983	2,818,532	2,452,723,515	2,171,901,581	1.113
2018	50,741,800	1,243,002,320	274,207,900	729,064,683	125,749,800	2,422,766,503	2,965,620	2,425,732,123	2,289,561,570	1.162
2019	51,245,300	1,247,946,920	286,254,000	730,098,283	125,820,400	2,441,364,903	-	2,441,364,903	2,566,484,822	1.150
2020	54,464,200	1,249,377,800	284,947,300	732,548,583	125,476,700	2,446,814,583	-	2,446,814,583	2,749,814,139	1.145
2021	96,505,500	1,251,734,250	282,177,300	740,013,583	125,652,100	2,496,082,733	-	2,496,082,733	2,880,018,631	1.203

Source: County Abstract of Ratables

a Tax rates are per \$100

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

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

<u>Assessment Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>					<u>County Open Space</u>	<u>Total Direct and Overlapping Tax Rate</u>
		<u>Carteret Municipality</u>	<u>Municipal Open Space</u>	<u>Municipal Library</u>	<u>County</u>			
2012	\$1.287	\$1.122	\$0.030	\$0.040	\$0.360	\$0.033	\$2.872	
2013	1.297	1.165	0.030	0.035	0.382	0.033	2.942	
2014	1.340	1.175	0.030	0.034	0.375	0.031	2.985	
2015	1.376	1.222	0.030	0.038	0.420	0.035	3.121	
2016	1.394	1.258	0.030	0.037	0.413	0.035	3.167	
2017 (A)	1.113	1.101	0.030	0.029	0.330	0.027	2.630	
2018	1.162	1.134	0.030	0.031	0.342	0.028	2.727	
2019	1.150	1.175	0.030	0.034	0.372	0.032	2.793	
2020	1.145	1.225	0.030	0.036	0.406	0.034	2.876	
2021	1.203	1.261	0.030	0.037	0.422	0.035	2.988	

Source: The Borough Tax Duplicate

(A) The Borough undertook a reassessment of real property which was effective in calendar year 2017.

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

	2021			2012	
	Taxable Assessed Value	% of Total District Net Assessed Value		Taxable Assessed Value	% Total of District Net Assessed Value
GATX/Kinder Morgan	\$ 132,000,000	5.29%	GATX/Kinder Morgan	\$ 108,000,000	5.73%
KTR Carteret LLC	57,262,683	2.29%	KTR Carteret LLC	44,802,000	2.38%
Federal Blvd LLC	47,319,600	1.90%	Federal Blvd, LLC	37,818,600	2.01%
Bristol Apartment LLC	41,748,000	1.67%	Carteret Investors - Bristol	29,963,300	1.59%
Nuveen	38,296,500	1.53%	Keystone c/o Prologis Tax	23,404,900	1.24%
Keystone	35,488,000	1.42%	Meridian II LLC	23,268,900	1.24%
760 Port Carteret Middlesex Assoc	35,347,500	1.42%	Keystone c/o Prologis Tax	20,176,200	1.07%
CPT NJ 200 Middlesex LLC	30,772,000	1.23%	KTR Carteret LLC	20,084,200	1.07%
KTR Carteret LLC	28,538,600	1.14%	Carteret Terrace	17,612,800	0.94%
Centerpoint Roosevelt LLC	27,307,300	1.09%	AMB US Logistics Fund LP	17,525,500	0.93%
Total	<u>\$ 474,080,183</u>	<u>18.99%</u>		<u>\$ 342,656,400</u>	<u>18.19%</u>

Source: Municipal Tax Assessor

**CARTERET BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 24,224,990	\$ 24,224,990	100.00%	N/A
2013	24,227,667	24,227,667	100.00%	N/A
2014	24,682,217	24,682,217	100.00%	N/A
2015	25,865,558	25,865,558	100.00%	N/A
2016	26,333,005	26,333,005	100.00%	N/A
2017	26,645,015	26,645,015	100.00%	N/A
2018	27,915,568	27,915,568	100.00%	N/A
2019	28,445,897	28,445,897	100.00%	N/A
2020	27,695,980	27,695,980	100.00%	N/A
2021	29,262,277	28,316,318	96.77%	\$ 945,959

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

Fiscal Year Ended June 30,	Governmental Activities					Capital Leases	Total District	Population (A)	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)					
2012	\$ 1,500,000	\$ 15,845,000	N/A	N/A	N/A	\$ 17,345,000	23,590	\$ 735	
2013	1,370,000	14,515,000	N/A	N/A	N/A	15,885,000	23,709	670	
2014	1,275,000	13,150,000	251,900	1,800,000	N/A	16,476,900	23,687	696	
2015	1,115,000	12,025,000	923,860	3,516,636	N/A	17,580,496	23,714	741	
2016	945,000	10,465,000	N/A	N/A	N/A	11,410,000	23,697	481	
2017	770,000	8,920,000	N/A	N/A	N/A	9,690,000	23,621	410	
2018	590,000	7,340,000	N/A	N/A	N/A	7,930,000	23,604	336	
2019	400,000	5,700,000	N/A	N/A	N/A	6,100,000	23,514	259	
2020	37,204,995	5,245,000	N/A	N/A	N/A	42,449,995	23,393	1,815	
2021	36,999,995	4,775,000	N/A	N/A	N/A	41,774,995	23,383	1,787	

Source: District records
N/A : Not Applicable

(A) -Estimated

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions			
2012	\$ 1,500,000		\$ 1,500,000	0.08%	\$ 64
2013	1,370,000		1,370,000	0.07%	58
2014	1,275,000		1,275,000	0.07%	54
2015	1,115,000		1,115,000	0.06%	47
2016	945,000		945,000	0.05%	40
2017	770,000		770,000	0.03%	33
2018	590,000		590,000	0.02%	25
2019	400,000	9,470	390,530	0.02%	17
2020	37,204,995	9,470	37,195,525	1.52%	1,590
2021	36,999,995	291,930	36,708,065	1.47%	1,570

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

**CARTERET BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR YEAR ENDED DECEMBER 31, 2020
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
MUNICIPAL DEBT: (1)			
Borough of Carteret	\$ 85,315,466	\$ 18,337,133	\$ 66,978,333
Carteret Board of Education	<u>36,999,995</u>	<u>36,999,995</u>	<u>-</u>
	<u>\$ 122,315,461</u>	<u>\$ 55,337,128</u>	<u>66,978,333</u>
OVERLAPPING DEBT APPORTIONED TO THE MUNICIPALITY			
Middlesex County			
County of Middlesex (A)			14,532,452
Middlesex County Utilities Authority (B)			<u>3,353,194</u>
			<u>17,885,646</u>
Total Direct and Overlapping Bonded Debt			<u>\$ 84,863,979</u>

SOURCE:

(1) Borough of Carteret and School District Financial Records

(A) The debt information for this entity was obtained from the Middlesex County Treasurer's office and was apportioned to the Borough of Carteret by dividing the municipality's 2020 equalized value by the total 2020 equalized value for Middlesex County.

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2019

Equalized Valuation Basis

2020	\$ 2,789,346,310
2019	2,710,519,488
2018	<u>2,516,637,066</u>
	[A] <u>\$ 8,016,502,864</u>

Average Equalized Valuation of Taxable Property

[A/3] \$ 2,672,167,621

Debt Limit

[B] 106,886,705

Total Net Debt Applicable to Limit

[C] 36,999,995

Legal debt margin

[B-C] \$ 69,886,710

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Debt Limit	\$ 101,822,057	\$ 106,960,253	\$ 97,839,937	\$ 83,475,544	\$ 83,178,360	\$ 90,269,173	\$ 91,740,739	\$ 96,729,684	\$ 100,118,630	\$ 106,886,705
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	<u>36,999,995</u>	<u>36,999,995</u>
Legal Debt Margin	<u>\$ 101,822,057</u>	<u>\$ 106,960,253</u>	<u>\$ 97,839,937</u>	<u>\$ 83,475,544</u>	<u>\$ 83,178,360</u>	<u>\$ 90,269,173</u>	<u>\$ 91,740,739</u>	<u>\$ 96,729,684</u>	<u>\$ 63,118,635</u>	<u>\$ 69,886,710</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	36.96%	34.62%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u> (A)	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2012	23,590	\$ 53,435	14.60%
2013	23,709	52,475	12.70%
2014	23,687	53,964	7.30%
2015	23,714	55,027	5.00%
2016	23,697	56,656	5.40%
2017	23,621	58,289	5.30%
2018	23,604	61,012	4.70%
2019	23,514	63,457	4.20%
2020	23,393	63,457 (A)	11.60%
2021	23,383	63,457 (A)	Not Available

(A) - Estimated

Source: New Jersey State Department of Education

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

<u>Employer</u>	<u>2021</u>		<u>2012</u>	
	<u>Employees</u>	<u>Percentage of Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Municipal Employment</u>
NOT AVAILABLE				
	-		-	

Source: Information was not available

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

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	239.00	244.00	244.00	236.00	241.00	250.00	264.00	254.00	255.00	255.00
Special education	49.00	49.00	61.00	81.00	83.00	81.00	62.00	60.00	60.00	60.00
Other special education	14.00	14.00	22.00	25.00	27.00	28.00	35.00	35.00	34.00	34.00
Adult/continuing education programs										
Support Services:										
Student & instruction related services	45.00	47.00	22.80	26.00	26.00	21.00	24.00	24.00	26.00	21.00
General administration	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
School administrative services	23.00	21.00	19.20	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Other administrative services			4.00							
Central services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Administrative Information Technology	4.00	5.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Plant operations and maintenance	30.00	30.00	28.00	26.00	27.00	27.00	24.00	25.00	24.00	24.00
Total	<u>413.00</u>	<u>419.00</u>	<u>414.00</u>	<u>428.00</u>	<u>438.00</u>	<u>441.00</u>	<u>443.00</u>	<u>432.00</u>	<u>433.00</u>	<u>428.00</u>

Source: District Personnel Records

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

Pupil/Teacher Ratio

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	3,896	\$ 53,250,615	\$ 13,668	-3.52%	310	11.70:1	14.10:1	11.50:1	3,767	3,617	-0.71%	96.02%
2013	3,896	56,871,122	14,597	6.80%	307	12.61:1	13.84:1	11.80:1	3,886	3,696	3.16%	95.11%
2014	3,864	59,723,244	15,456	5.89%	307	12.14:1	13.52:1	11.83:1	3,837	3,531	-1.26%	92.03%
2015	3,828	58,811,118	15,363	-0.59%	305	12.29:1	13.00:1	11.09:1	3,724	3,550	-2.95%	95.33%
2016	3,808	59,732,850	15,686	2.11%	312	11.70:1	12.13:1	11.27:1	3,715	3,542	-0.24%	95.34%
2017	3,832	62,710,801	16,365	4.33%	306	12.12:1	13.00:1	12.49:1	3,713	3,555	-0.05%	95.74%
2018	3,840	66,697,411	17,369	6.14%	318	13.16:1	13.85:1	13.12:1	3,701	3,700	-0.32%	99.97%
2019	3,890	71,586,809	18,403	5.95%	314	13.16:1	13.00:1	13.12:1	3,955	3,763	6.86%	95.15%
2020	3,933	73,351,374	18,650	1.34%	315	13:18:01	13:00:01	13:12:01	3,905	3,741	-1.26%	95.80%
2021	3,804	74,945,270	19,702	5.64%	315	13:16:01	13:00:01	13:12:01	3,804	3,611	-2.59%	94.93%

Sources: District records

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

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>District Building</u>										
<u>Elementary</u>										
<u>Columbus School</u>										
Square Feet	51,539	51,539	51,539	51,539	51,539	51,539	51,539	51,539	51,539	51,539
Capacity (students)	526	526	526	526	526	526	526	526	526	526
Enrollment	626	681	663	675	680	707	728	771	742	683
<u>Minue School</u>										
Square Feet	69,705	69,705	69,705	69,705	69,705	69,705	69,705	69,705	69,705	697,005
Capacity (students)	457	457	457	457	457	457	457	457	457	457
Enrollment	630	665	677	695	648	665	680	660	654	597
<u>Nathan Hale School (Reopened Sept. 2001)</u>										
Square Feet	57,858	57,858	57,858	57,858	57,858	57,858	57,858	57,858	57,858	57,858
Capacity (students)	525	525	525	525	525	525	525	525	525	525
Enrollment	564	531	523	531	504	518	498	492	490	459
<u>Middle School</u>										
Square Feet	78,595	78,595	78,595	78,595	78,595	78,595	78,595	78,595	78,595	78,595
Capacity (students)	544	544	544	544	544	544	544	544	544	544
Enrollment	933	886		864	878	832	861	844	895	915
<u>High School</u>										
Square Feet	157,745	157,745	157,745	157,745	157,745	157,745	157,745	157,745	157,745	157,745
Capacity (students)	765	765	765	765	765	765	765	765	765	765
Enrollment	1,031	1,038	1,041	1,009	1,012	1,020	997	1,053	1,032	985
<u>Other</u>										
Square Feet - Stadium	10,104	10,104	10,104	10,104	10,104	10,104	10,104	10,104	10,104	10,104
Square Feet - Administration Building	17,248	17,248	17,248	17,248	17,248	17,248	17,248	17,248	17,248	17,248
Number of Schools at June 30, 2020										
Elementary =	3									
Middle School =	1									
Senior High School =	1									
Other =	0									

Source: District Facilities Office

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

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
*School Facilities										
Columbus School	\$ 153,972	\$ 264,925	\$ 263,553	\$ 137,279	\$ 109,640	\$ 131,420	\$ 100,585	\$ 148,985	\$ 138,844	\$ 128,878
Nicholas Minue School	74,765	185,927	238,453	149,532	193,243	231,632	177,284	262,590	244,718	227,151
Nathan Hale School	201,894	137,248	200,802	175,302	200,854	240,755	184,266	272,933	254,355	236,097
Middle School	155,733	94,504	138,052	269,434	120,657	144,626	110,692	163,956	152,796	141,828
High School	<u>531,802</u>	<u>241,241</u>	<u>276,103</u>	<u>388,820</u>	<u>339,147</u>	<u>406,520</u>	<u>311,137</u>	<u>460,853</u>	<u>429,484</u>	<u>398,655</u>
Total School Facilities	1,118,166	923,845	1,116,963	1,120,367	963,541	1,154,953	883,964	1,309,317	1,220,197	1,132,609
Other Facilities	<u>146,696</u>	<u>167,184</u>	<u>138,052</u>	<u>240,902</u>	<u>119,315</u>	<u>143,017</u>	<u>109,461</u>	<u>162,131</u>	<u>151,097</u>	<u>140,251</u>
Grand Total	<u>\$ 1,264,862</u>	<u>\$ 1,091,029</u>	<u>\$ 1,255,015</u>	<u>\$ 1,361,269</u>	<u>\$ 1,082,856</u>	<u>\$ 1,297,970</u>	<u>\$ 993,425</u>	<u>\$ 1,471,448</u>	<u>\$ 1,371,294</u>	<u>\$ 1,272,860</u>

Source: District Records

**CARTERET BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2021
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Property/EDP/Equipment		
Blanket Building and Contents (Per Fund)	\$ 500,000,000	\$ 5,000
Electronic Data Processing Equipment	2,000,000	1,000
Equipment Breakdown/Boiler & Machinery	100,000,000	25,000
Crime		
Public Employee Dishonesty with Faithful Performance	250,000	1,000
General Liability		
Each Occurrence	11,000,000	
Medical Expense (Per person)	5,000	
Personal Injury and Advertising Injury	11,000,000	
Employee Benefits Liability	11,000,000	1,000
Automobile Liability		
Combined Single Limit	11,000,000	
Bodily Personal Injury Protection	250,000	
Workers Compensation & Employers Liability		
E.L. Each Accident	3,000,000	
E.L. Disease - Each Employee	3,000,000	
E.L. Disease - Aggregate Limit	3,000,000	
Surety Bonds		
Board Secretary	310,000	1,000
School Board Legal Leaders Errors and Omissions		
Legal Liability	11,000,000	10,000

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
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DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR’S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carteret Board of Education as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Carteret Board of Education’s basic financial statements and have issued our report thereon dated March 9, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Carteret Board of Education’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Carteret Board of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Carteret Board of Education’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Carteret Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

We also noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Carteret Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated March 9, 2022.

Carteret Board of Education's Responses to Findings

The Carteret Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Carteret Board of Education's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Carteret Board of Education's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carteret Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
March 9, 2022



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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CHRISTINA CUIFFO, CPA

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

INDEPENDENT AUDITOR’S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Carteret Board of Education’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/ Grant Compliance Supplement that could have a direct and material effect on each of Carteret Board of Education’s major federal and state programs for the fiscal year ended June 30, 2021. The Carteret Board of Education’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Carteret Board of Education’s major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, U.S. Uniform Guidance and New Jersey Circular require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Carteret Board of Education’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Carteret Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the U.S. Uniform Guidance which is described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to this matter.

The Carteret Board of Education's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Carteret Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-002 that we consider to be a significant deficiency.

The Carteret Board of Education's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Carteret Board of Education's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

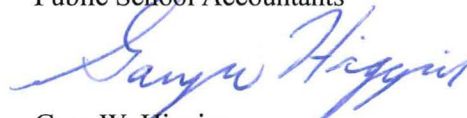
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carteret Board of Education, as of and for the fiscal year ended June 30, 2021 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated March 9, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
March 9, 2022

CARTERET BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2020	Accounts Receivable Carryover	Unearned Revenue Carryover	Cash Received	Budgetary Expenditures	Adjustments (A)	June 30, 2021			MEMO GAAP Receivable
												Accounts Receivable	Unearned Revenue	Due to Grantor	
U.S. Department of Education															
Passed-through State Department of Education															
Enterprise Fund															
National School Lunch Program	10.555														
Cash Assistance		201NJ304N1099	N/A	7/1/19-6/30/20	\$ 996,606	\$ (29,176)			\$ 29,176						
Cash Assistance		211NJ304N1099	N/A	7/1/20-6/30/21	755,712			618,253	\$ 755,712	\$ (137,459)				\$ (137,459)	
Non-Cash Assistance (Food Distribution)		201NJ304N1099	N/A	7/1/19-6/30/20	168,261	20,518			20,518						
Non-Cash Assistance (Food Distribution)		211NJ304N1099	N/A	7/1/20-6/30/21	85,842			85,842	69,738			\$ 16,104			
National School Breakfast Program	10.553	201NJ304N1099	N/A	7/1/19-6/30/20	423,588	(18,350)			18,350						
National School Breakfast Program	10.553	211NJ304N1099	N/A	7/1/20-6/30/21	459,804			385,672	459,804	(74,132)				(74,132)	
Fresh Fruits and Vegetable Program	10.582	201NJ304L1603	N/A	7/1/19-6/30/20	37,015	(8,404)			8,404						
Fresh Fruits and Vegetable Program	10.582	211NJ304L1603	N/A	7/1/20-6/30/21	31,401	-		30,505	31,401	(896)				(896)	
No Kid Hungry Grant	10.555	211NJ304N1099	N/A	7/1/20-6/30/21	20,000	-	-	-	20,000	20,000	-	-	-	-	
Total Child Nutrition Cluster					(35,412)	-	-	1,196,202	1,357,173	-	(212,487)	16,104	-	(212,487)	
Special Revenue Fund															
IDEA Basic	84.027A	H027A200100	IDEA-0750-21	7/1/20-9/30/21	1,009,543		\$ (659,855)		691,025	970,849		(978,373)	38,694	(939,679)	
IDEA Basic C/O	84.027A	H027A190100	IDEA-0750-20	7/1/19-9/30/20	938,688	(659,855)	659,855								
I.D.E.A. Preschool	84.173	H173A200114	IDEA-0750-21	7/1/20-9/30/21	30,207		(29,976)	\$ 20,897	29,976	30,207	\$ 889	(30,207)	21,786	(8,421)	
I.D.E.A. Preschool C/O	84.173	H173A190114	IDEA-0750-20	7/1/19-9/30/20	29,976	(9,079)	29,976	(20,897)							
Total Special Education Cluster (IDEA)										1,001,056					
CARES Emergency Relief Grant	84.425D	S425D200027	N/A	3/13/20-9/30/22	796,483	(45,303)			199,513	541,375	1,624	(596,970)	211,429	(385,541)	
CRRSA - ESSER II	84.425D	S425D210027	N/A	3/13/20-9/30/23	3,222,920							(3,222,920)	3,222,920	-	
CRRSA - Learning Acceleration	84.425D	S425D210027	N/A	3/13/20-9/30/23	206,830							(206,830)	206,830	-	
CRRSA - Mental Health	84.425D	S425D210027	N/A	3/13/20-9/30/23	45,000							(45,000)	45,000	-	
Total ESSER I&II Cluster										541,375					
Coronavirus Relief - School Reopening	21.019	C8220COVID19	N/A	7/1/20-6/30/21	447,144				447,144	447,144		-	-	-	
Coronavirus Relief - Non Public Digital Divide	21.019	S377A130031	N/A	7/16/20-10/31/20	6,482				5,192	5,192		(1,290)	1,290	-	
Total Coronavirus Relief Cluster										452,336					
Title I-A	84.010	S010A200030	ESEA-0750-21	7/1/20-9/30/21	1,019,048		(414,941)	159,971	550,189	969,794	998	(883,800)	210,223	(673,577)	
Title I-A C/O	84.010	S010A190030	ESEA-0750-20	7/1/19-9/30/20	910,673	(254,970)	414,941	(159,971)							
Title I SIA Part A	84.010	S010A200030	ESEA-0750-21	7/1/20-9/30/21	87,800		(30,329)	24,205	4,192	65,303	6,731	(113,937)	53,433	(60,504)	
Title I SIA Part A	84.010	S010A190030	ESEA-0750-20	7/1/19-9/30/20	47,100	(6,124)	30,329	(24,205)							
Total ESEA Title I Cluster										1,035,097					
Title II A	84.367A	S367A200029	ESEA-0750-21	7/1/20-9/30/21	166,532		(45,211)	39,855	26,099	150,725	3,427	(185,644)	59,089	(126,555)	
Title II A C/O	84.367A	S367A190029	ESEA-0750-20	7/1/19-9/30/20	159,683	(5,356)	45,211	(39,855)							
Title III	84.365A	S365A200030	ESEA-0750-21	7/1/20-9/30/21	109,445		(42,847)	45,568	18,260	137,623	38	(134,032)	17,428	(116,604)	
Title III C/O	84.365A	S365A190030	ESEA-0750-20	7/1/19-9/30/20	98,105	2,721	42,847	(45,568)							
Title IV Part A	84.424A	S424A200031	ESEA-0750-21	7/1/20-9/30/21	67,224		(39,194)	12,729	24,363	59,542	324	(82,055)	20,735	(61,320)	
Title IV Part A	84.424A	S424A190031	ESEA-0750-20	7/1/19-9/30/20	56,039	(26,463)	39,194	(12,729)							
Total Special Revenue Fund					(1,004,431)	-	-	1,995,953	3,377,754	14,031	(6,481,058)	4,108,857	-	(2,372,201)	
General Fund															
Medical Assistance Program (SEM)	93.778	2105NJ5MAP	N/A	7/1/20-6/30/21	153,668	-	-	-	153,667	153,667	-	-	-	-	
Total General Fund					-	-	-	153,667	153,667	-	-	-	-	-	
Total Federal Awards Subject to Single Audit in accordance with Uniform Guidance					\$ (1,039,843)	\$ -	\$ -	\$ 3,345,822	\$ 4,888,594	\$ 14,031	\$ (6,693,545)	\$ 4,124,961	\$ -	\$ (2,584,688)	

(A) Represents cancelled encumbrances and/or accounts payable.

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

CARTERET BOARD OF EDUCATION
 SCHEDULE OF EXPENDITURE OF STATE FINANCIAL ASSISTANCE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2020			Cash Received	Budgetary Expenditures	Adjustments (A)	Refund of Prior Years' Balances	June 30, 2021			MEMO		
				(Accounts Receivable)	Unearned Revenue	Due to Grantor					Accounts Receivable	Unearned Revenue	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
General Fund																
State Department of Education																
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	26,717,472	\$ (2,657,830)			\$ 2,657,830									
Equalization Aid	21-495-034-5120-078	7/1/20-6/30/21	27,972,410				25,183,737	\$ 27,972,410			\$ (2,788,673)			\$ 27,972,410		
Special Education Categorical Aid	20-495-034-5120-089	7/1/19-6/30/20	2,809,761	(279,513)			279,513									
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	2,809,761				2,529,646	2,809,761			(280,115)			2,809,761		
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	1,526,650	(151,870)			151,870									
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	1,526,650				1,374,453	1,526,650			(152,197)			1,526,650		
Total State Aid Public Cluster								32,308,821								
Extraordinary Aid	20-100-034-5120-044	7/1/19-6/30/20	828,191	(828,191)			828,191									
Extraordinary Aid	21-100-034-5120-044	7/1/20-6/30/21	793,957					793,957			(793,957)			793,957		
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	511,027	(50,836)			50,836									
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	511,027				460,081	511,027			(50,946)			511,027		
Add'l Nonpublic School Transportation Costs	20-495-034-5120-014	7/1/19-6/30/20	12,654	(12,654)			12,654									
Add'l Nonpublic School Transportation Costs	21-495-034-5120-014	7/1/20-6/30/21	32,900					32,900			(32,900)		\$ (32,900)	32,900		
Total Transportation Cluster								543,927								
TPAF Post Retirement Medical Contribution	21-495-034-5094-001	7/1/20-6/30/21	2,445,577				2,445,577	2,445,577						2,445,577		
TPAF Pension Contribution - Normal	21-495-034-5094-002	7/1/20-6/30/21	7,658,056				7,658,056	7,658,056						7,658,056		
TPAF Pension Contribution - NCGI	21-495-034-5094-004	7/1/20-6/30/21	145,705				145,705	145,705						145,705		
TPAF Pension Contribution - LTDI	21-495-034-5094-004	7/1/20-6/30/21	4,637				4,637	4,637						4,637		
Reimbursed TPAF Social Security Contr.	20-495-034-5094-003	7/1/19-6/30/20	2,125,421	(105,182)			105,182									
Reimbursed TPAF Social Security Contr.	21-495-034-5094-003	7/1/20-6/30/21	2,142,590				2,036,830	2,142,590			(105,760)			2,142,590		
Total On-Behalf TPAF Contribution Cluster								12,396,565								
Total General Fund				(4,086,076)			45,924,798	46,043,270			(4,204,548)			(138,660)	46,043,270	
Special Revenue Fund																
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	2,370,776	\$ (237,078)	\$ 215,111		237,078	215,111						215,111		
Preschool Education Aid	21-495-034-5120-086	7/1/20-6/30/21	2,491,576				2,242,418	2,049,047	\$ 254		(249,158)	\$ 442,783		2,049,047		
School Based Youth Services (DYFS)	18-ABMP	7/1/17-6/30/18	274,478		4,000							4,000				
School Based Youth Services (DYFS)	21-ABMP	7/1/20-6/30/21	270,478				270,478	270,478						270,478		
School Security Aid - Alyssa's Law	20E00312	7/1/20-6/30/22	206,100				41,190				(206,100)	164,910		(41,190)	41,190	
N.J. Nonpublic Aid:																
Textbook Aid	19-100-034-5120-064	7/1/18-6/30/19	8,064			21						\$ 21				
Textbook Aid	21-100-034-5120-064	7/1/20-6/30/21	9,102				9,102	9,102						9,102		
Nursing	20-100-034-5120-070	7/1/19-6/30/20	16,626				16,626	16,626						16,626		
Technology	19-100-034-5120-373	7/1/18-6/30/19	5,436			57						57				
Security	19-100-034-5120-509	7/1/18-6/30/19	23,250			19,033						19,033				
Security	21-100-034-5120-509	7/1/20-6/30/21	28,525				28,525	28,525						28,525		
Auxiliary Services:																
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	53,150			36,740										
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	28,797	(3,126)			3,126									
Compensatory Education	21-100-034-5120-067	7/1/20-6/30/21	36,578				36,578	36,578						36,578		
English as a Second Language	20-100-034-5120-067	7/1/19-6/30/20	2,482	(269)		1	269					1				
English as a Second Language	21-100-034-5120-067	7/1/20-6/30/21	2,664				2,664	2,664						2,664		
Transportation	20-100-034-5120-068	7/1/19-6/30/20	3,302	(330)			330									
Transportation	21-100-034-5120-068	7/1/20-6/30/21	3,251				3,251	3,251						3,251		
Total Nonpublic Auxiliary Service Aid (Chap 192) Cluster								42,493								
Handicapped Services																
Supplementary Instruction	20-100-034-5120-066	7/1/19-6/30/20	12,952	(1,534)			1,534		5,667			5,667				
Supplementary Instruction	21-100-034-5120-066	7/1/20-6/30/21	6,476				6,476	6,476						6,476		
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	23,768			4,734			745			5,479				
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	12,260	(1,452)		1,300	1,452		\$ 1,300							
Examination and Classification	21-100-034-5120-066	7/1/20-6/30/21	9,287				9,287	9,287						9,287		
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	10,602			4,464			4,557			9,021				
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	10,025	(1,187)			1,187									
Corrective Speech	21-100-034-5120-066	7/1/20-6/30/21	5,468				5,468	5,468						5,468		
Total Nonpublic Handicapped Service Aid (Chap 193) Cluster								21,231								
Total Special Revenue Fund				(244,976)	219,111	66,350	2,875,849	2,693,803	11,223	1,300	(455,258)	611,693	76,019	(41,190)	2,693,803	
Debt Service Fund																
School Construction Debt Service Aid	21-495-034-5120-075	7/1/20-6/30/21	217,512				217,512	217,512						217,512		
Total Debt Service Fund							217,512	217,512							217,512	
Enterprise Fund																
National School Lunch Prog (State Share)	20-100-010-3350-023	7/1/19-6/30/20	17,685	(459)			459									
National School Lunch Prog (State Share)	21-100-010-3350-023	7/1/20-6/30/21	36,138				26,401	36,138			(9,737)			(9,737)	36,138	
Total Enterprise Fund				(459)			26,860	36,138			(9,737)			(9,737)	36,138	
Total State Assistance				\$ (4,331,511)	\$ 219,111	\$ 66,350	\$ 49,045,019	48,990,723	\$ 11,223	\$ 1,300	\$ (4,669,543)	\$ 611,693	\$ 76,019	\$ (189,587)	\$ 48,990,723	
Less Amounts Not Subject to Single Audit:																
TPAF Post Retirement Medical Contribution	21-495-034-5094-001	7/1/20-6/30/21	2,445,577					2,445,577								
TPAF Pension Contribution - Normal	21-495-034-5094-002	7/1/20-6/30/21	7,658,056					7,658,056								
TPAF Pension Contribution - NCGI	21-495-034-5094-004	7/1/20-6/30/21	145,705					145,705								
TPAF Pension Contribution - LTDI	21-495-034-5094-004	7/1/20-6/30/21	4,637					4,637								
Total State Financial Assistance Subject to Single Audit in accordance with NJ OMB 15-08								\$ 38,736,748								

(A) Represents cancelled encumbrances and/or accounts payable.

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (U.S. Uniform Guidance) and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$97,648 for the general fund and a decrease of \$325,665 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 153,667	\$ 45,945,622	\$ 46,099,289
Special Revenue Fund	3,062,977	2,682,915	5,745,892
Debt Service Fund		217,512	217,512
Food Service Fund	<u>1,357,173</u>	<u>36,138</u>	<u>1,393,311</u>
Total Financial Assistance	<u>\$ 4,573,817</u>	<u>\$ 48,882,187</u>	<u>\$ 53,456,004</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021****NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$2,142,590 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021. The amount reported as TPAF Pension System Contributions in the amount of \$7,803,761, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,445,577 and TPAF Long-Term Disability Insurance in the amount of \$4,637 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2021.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**CARTERET BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor's report issued on financial statements Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over compliance:

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

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

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

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

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027A</u>	<u>H027A200100</u>	<u>IDEA - Basic</u>
<u>84.173</u>	<u>H173A200114</u>	<u>IDEA - Preschool</u>
<u>21.019</u>	<u>N/A</u>	<u>CARES ACT</u>
<u>84.425D</u>	<u>N/A</u>	<u>Elementary and Secondary School Emergency Relief (ESSER) Fund</u>
<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>

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

Auditee qualified as low-risk auditee? X yes no

**CARTERET BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Part 2 – Schedule of Financial Statement Findings

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

Finding 2021-001:

Our audit indicated that the District's Governmental and Enterprise Funds cash balances in the general ledgers and monthly cash reports were not reconciled to the monthly bank reconciliations as of June 30, 2021.

Criteria or specific requirement:

Generally Accepted Accounting Principles

Condition:

The cash balances in the District's general ledgers, monthly Board Secretary's report and designee's cash report were not reconciled to the monthly bank reconciliations as of June 30, 2021.

Questioned Costs:

Not Applicable.

Context:

- The cash balances in the Governmental Funds general ledgers, Board Secretary's report and monthly cash report at June 30, 2021 presented for audit totaled \$31,174,423. The respective bank accounts reconciled balances totaled \$30,591,206 or a difference of \$583,217. The difference was the result of various financial transactions either improperly recorded or omitted from the financial records. A net unreconciled adjustment of \$45,122 to miscellaneous revenues was required to balance the financial records to the bank reconciliations subsequent to recording various journal entries.
- The cash balances in the Enterprise Funds general ledgers, Board Secretary's Report and monthly cash report at June 30, 2021 presented for audit totaled \$1,413,731. The respective bank accounts reconciled balances totaled \$807,205 or a difference of \$606,526. The difference was the result of certain incorrect prior year balances carried over to the 2020/21 school year.

Effect:

The monthly reports presented to governance did not agree to the District's reconciled cash balances. The financial statements have been adjusted to reflect the proper bank account balances.

Cause:

The general ledger cash balances, Board Secretary's reports and monthly cash reports were not reconciled to the monthly bank reconciliations.

Recommendation:

The cash balances in the District's general ledgers, Board Secretary's reports and monthly cash reports be reconciled to the bank reconciliations on a monthly basis.

View of Responsible Officials and Planned Corrective Action Plan:

Management has reviewed this finding and has indicated procedures will be implemented to ensure the District's financial records are in agreement with the monthly bank reconciliations.

**CARTERET BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

CURRENT YEAR FEDERAL AWARDS

Finding 2021-002:

The audit of federal grant reimbursements indicated the District did not request certain reimbursements for actual grant expenditures during the 2020/21 fiscal year.

Federal Program Information:

Title I-A	84.010
Title ISIA Part A	84.010
Title IIA	84.367A
Title III	84.365
Title IV Part A	84.424
IDEA – Basic/Preschool	84.027A

Criteria or specific requirement:

Federal Grant Compliance Supplement - Cash Management

Questioned Costs:

None.

Condition:

The District did not request certain grant reimbursements for the 2020/21 fiscal year in the amount of \$1,986,660.

Context:

Program expenditures were incurred in the amount of \$1,986,660 however no grant drawdowns were requested.

Effect:

The District's Special Revenue Fund was in a cash overdraft position of \$1,450,081 as of June 30, 2021. As a result of governmental funds pooling cash this overdraft results in a an interfund due to General Fund.

Cause:

Grant drawdowns were not made for the 2020/21 fiscal year during the grant period.

**CARTERET BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

CURRENT YEAR FEDERAL AWARDS (Continued)

Finding 2021-002: (Continued)

Recommendation:

Grant reimbursement requests for federal programs be made on a timely basis.

View of Responsible Officials and Planned Corrective Action:

Management has reviewed this finding and indicated it will revise its procedures to ensure corrective action is taken.

**CARTERET BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

CURRENT YEAR STATE AWARDS

There are none.

**CARTERET BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.