

Carteret Board of Education

*Annual Comprehensive Financial Report
For the Year Ended
June 30, 2023*



Carteret Board of Education

Borough of Carteret, New Jersey

Annual Comprehensive Financial Report
For the Year Ended June 30, 2023

Prepared by

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



Tel: (732) 541-8960
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February 15, 2024

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

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 Annual Comprehensive Financial Report (ACFR) of the Carteret Board of Education for the fiscal year ended June 30, 2023.

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.

PKF O'Connor Davies, LLP, a firm of licensed certified public 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, 2023, 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, 2023 are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' 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 ACFR.

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 Annual Comprehensive Financial Report is presented in four sections: Introductory, Financial, Statistical and Single Audit. The purpose of each section of the ACFR 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 auditors’ 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.
- **Statistical Section** – This section includes selected financial and demographic information, generally presented on a multi-year basis. This section is intended to provide ACFR 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 auditors’ 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 auditors' reports on compliance and internal control, schedules of expenditures of 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 FY2023, the Carteret Board of Education has implemented the following to enhance the instructional programs and improvements to infrastructure:

Facilities

The district successfully opened the Carteret Junior High School on September 6, 2022 for 7th and 8th grades. This change provided more space at the Carteret Middle School, which now services our 5th and 6th graders, and allowed us to increase the number of classrooms available for our burgeoning elementary populations at Columbus, Nathan Hale, and Minue Schools.

The district was also able to install new HVAC systems in the gymnasiums of Carteret High School and Columbus School and replace all windows at the High School using COVID-related federal funds.

To continue improving learning environments for all students, plans are underway to renovate Science labs at the High School and renovate the former 6th grade wing at Carteret Middle School.

Additionally, the district has taken steps to improve and increase security measures at each of our schools. Construction on the new Columbus School Security Vestibule began in 2022 and capital funds have been allocated to begin the redesign of the Carteret High School entrance. The district also continues to plan and prepare for renovations to the existing facilities, including renovations to bathrooms and stairwells as the final phase of the Referendum Project.

Meaningful and targeted professional development:

- Mental Health & Wellness programs and strategies to support staff and students
- Social Emotional Learning training
- Coaching on best practices for the Reader's and Writer's Workshop classroom grades 1-8
- SIOP training-2 cohorts -24 staff
- ESL related professional development
- Understanding Biliteracy and ELL Learners
- STOP the Bleed training for staff and students
- Ready Math PD sessions
- Rutgers Math PD sessions (Productive Struggle)
- Co Teaching Training and Coaching at the HS

Partnerships with Colleges, Universities and trade schools:

- College and Career opportunities / Dual enrollment programs - Kean Scholars
- Rutgers, Kean, Middlesex County College, Lincoln Tech

Curricular support and resources:

- Classroom Libraries that reflect equity and diversity for grades 5-6
- Ellevations- Digital platform to assist in tracking ELL student programs, performance, services and general information
- Edario scheduling platform to assist with program offerings and placements
- Curriculum revisions to ensure alignment with revised DOE standards

- Combining RTI and IR&S and developing a Multi-Tiered System of Supports for Academics
- Documented Interventions through RTI Direct
- Preschool Disabled Program Expansion
- Autism Program Expansion
- Purchase of Istation, Taller and Literably in Spanish- These resources provide assessment, instructional tools and additional resources in Spanish Language Arts

Security Measures

- Monthly meetings with the Middlesex County Office of Emergency
- Swipe access door locks at Carteret Junior High School
- Installation of bleed kits in every classroom
- Completion of Columbus School security vestibule and Main Office relocation
- Redesign and renovations to the Carteret High School Security Vestibule in progress
- Considerations for the installation of metal detectors

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 CONTROL STRUCTURE:

Management is 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 assignments of fund balance at June 30, 2023.

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 certificates of participation. The balance of the certificates of participation is \$3,800,000 as of June 30, 2023.

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 \$35,195,000 as of June 30, 2023.

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 ACFR 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 PKF O'Connor Davies, LLP. 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 auditors' report on the basic financial statements and combining an individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.

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,

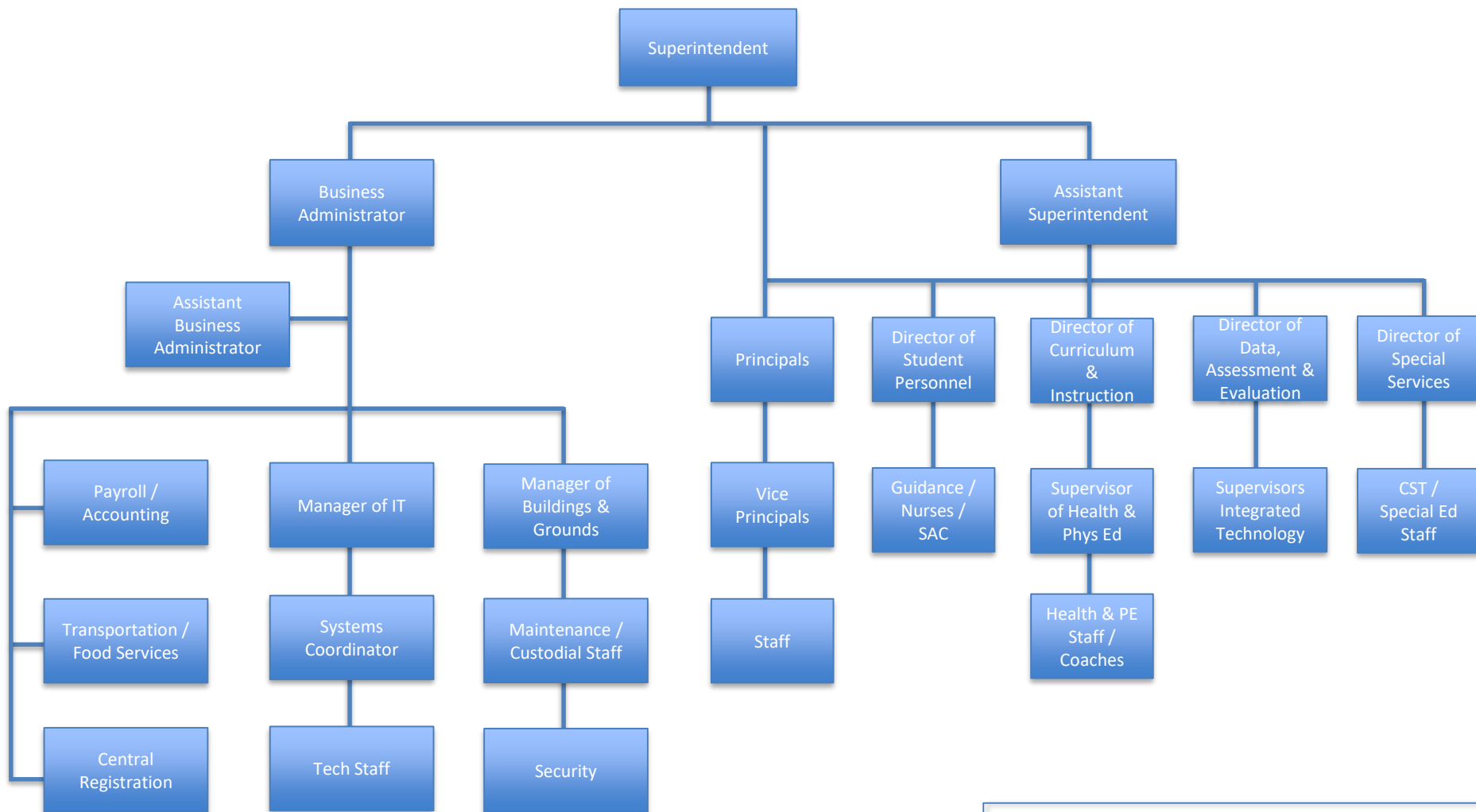


Rosa Diaz
Superintendent of Schools



Carmela Collazo
Business Administrator/Board Secretary

Carteret Public Schools



Organization Chart

**CARTERET BOARD OF EDUCATION
ROSTER OF OFFICIALS
AS OF JUNE 30, 2023**

Members of the Board of Education

Term Expires
December 31,

Martin Murray, President	2025
James P. Hart III, Vice President	2024
Dennis Cherepski	2023
Patricia Golino	2025
Taqualla Lowman	2025
Jean Bellino	2023
Jasbir Judge	2024
Joseph Gasparro	2024
Tina Vallejos	2023

Other Officials

Rosa Diaz, Superintendent of Schools

Carmela Collazo, Business Administrator/Board Secretary

**CARTERET BOARD OF EDUCATION
CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2023**

AUDITORS

PKF O'CONNOR DAVIES, LLP
300 TICE BOULEVARD, SUITE 315
WOODCLIFF LAKE, NEW JERSEY 07677

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

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Carteret Board of Education (the "Board of Education"), as of and for the year ended June 30, 2023, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Board of Education as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards and requirements are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board of Education's ability to continue as a going concern for a reasonable period of time.

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

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We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education's basic financial statements. The combining and individual fund financial statements, long-term debt schedules, and the schedules of expenditures of federal awards and state financial assistance, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, respectively, are presented for additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements, long-term debt schedules and the schedules of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Honorable President and Members
of the Board of Trustees
Carteret Board of Education
Carteret, New Jersey
County of Middlesex
Page 4

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report for the year ended June 30, 2023. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2024 on our consideration of the 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 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 Board of Education's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
February 15, 2024



Gary W. Higgins, CPA
Licensed Public School Accountant, No. CS00814

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, 2023**

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, 2023. 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 (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal years include the following:

- The General Fund fund balance on a GAAP basis at June 30, 2023 was \$16,447,176 which represents an increase of \$5,485,917 when compared with the beginning balance at July 1, 2022.
- The General Fund budgetary fund balance at June 30, 2023 was \$20,818,250 which represents an increase of \$6,073,093 when compared to the ending budgetary fund balance of \$14,745,157 at June 30, 2022. The difference in GAAP basis fund balance to budgetary fund balance is \$4,371,074, which represents the delay of the final 2022-2023 State aid payments, which were not realized as revenue in the GAAP basis financial statements.
- The General Fund unassigned (unreserved, undesignated) budgetary fund balance was \$1,993,756 at June 30, 2023. This represents a decrease of \$1,102,240 when compared to the balance of \$3,095,996 as of June 30, 2022. This decrease is the result of the reduction in the percentage of adjusted General Fund expenditures being reduced from 4 percent to 2 percent to determine the maximum unreserved fund balance.

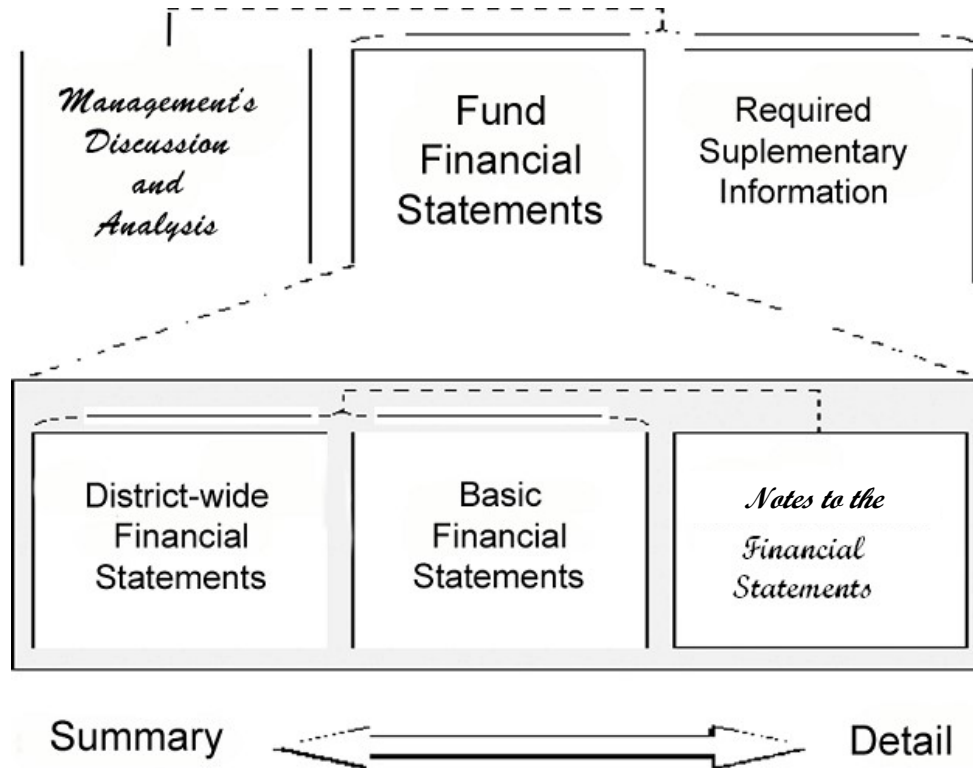
OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditors' 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, required supplementary information that includes schedules related to accounting and reporting for pensions and OPEB (GASB 68 and 75) and other supplementary information that includes various financial schedules. 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, 2023**

Figure A-1. Required Components of the Board's Annual Comprehensive 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, 2023**

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			
	District-wide Statements	<u>Fund Financial Statements</u>	
		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 enrichment academy	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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2023**

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.

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, 2023**

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.

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 \$24,380,140 and \$12,464,095 on June 30, 2023 and 2022, respectively. (See Table A-1).

**Table A-1
Statement of Net Position
As of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	\$ 28,887,519	\$ 27,236,524
Capital Assets	50,389,964	44,330,857
Total Assets	79,277,483	71,567,381
Deferred Outflows of Resources	1,164,897	876,398
Total Deferred Outflows of Resources	1,164,897	876,398
Liabilities		
Non-Current Liabilities	51,497,634	51,897,769
Other Liabilities	2,675,645	3,385,369
Total Liabilities	54,173,279	55,283,138
Deferred Inflows of Resources	1,888,961	4,696,546
Total Deferred Inflows of Resources	1,888,961	4,696,546
Net Position:		
Net Investment in Capital Assets	19,146,373	15,178,310
Restricted	10,195,036	6,509,743
Unrestricted	(4,961,269)	(9,223,958)
Total Net Position	\$ 24,380,140	\$ 12,464,095

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2023**

**FINANCIAL ANALYSIS OF THE CARTERET BOARD OF EDUCATION AS A WHOLE
(Continued)**

Net position from current year operations for the fiscal year ended June 30, 2023 increased \$11,916,045.

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

- Program revenues for Governmental Activities were \$30,084,398 for operating grants and contributions.
- Program revenues for business – type activities
 - ✓ Charges for services \$913,647.
 - ✓ Operating grants and contributions \$2,396,565.
- Combined general revenues for Governmental activities and Business-Type activities during the 2022-2023 school year were \$69,331,315.
- Expenditures were \$88,221,497 for Governmental activities and \$2,588,383 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 \$24,380,140 at June 30, 2023.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2023**

**FINANCIAL ANALYSIS OF THE CARTERET BOARD OF EDUCATION AS A WHOLE
(Continued)**

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Revenues		
Program revenues		
Charges for Services	\$ 1,362,361	\$ 795,456
Operating Grants and Contributions	32,032,249	31,343,309
General revenues		
Property Taxes	29,656,414	29,851,360
Federal and State Aid	38,811,525	33,256,278
Other	863,376	154,296
Total Revenues	<u>102,725,925</u>	<u>95,400,699</u>
Expenses		
Instruction		
Regular	36,236,541	36,938,917
Special Education	9,779,059	10,370,488
Other Instruction	3,408,296	3,731,982
School Sponsored Activities and Athletic Support Services	761,002	745,657
Support Services		
Student and Instruction Related Services	17,726,904	15,010,565
General Administration Services	1,378,278	1,715,148
School Administration Services	3,964,396	3,651,110
Plant Operations and Maintenance	7,365,286	6,072,987
Pupil Transportation	5,151,649	4,202,642
Central Services	1,358,478	1,392,128
Interest on Long-Term Debt	1,091,608	1,131,591
Food Service	2,364,481	2,276,634
Enrichment Academy	223,902	179,959
Total Expenses	<u>90,809,880</u>	<u>87,419,808</u>
Change in Net Position	11,916,045	7,980,891
Net Position, Beginning of Year	12,464,095	4,483,204
Net Position, End of Year	<u>\$ 24,380,140</u>	<u>\$ 12,464,095</u>

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2023**

**FINANCIAL ANALYSIS OF THE CARTERET BOARD OF EDUCATION AS A WHOLE
(Continued)**

Changes in Net Position. The district's total revenues were \$102,725,925 and \$95,400,699 in 2023 and 2022, respectively. Property taxes of \$29,656,414 and \$29,851,360 represented 29% and 31% of revenues for the years ended June 30, 2023 and 2022, respectively. The District's state and federal aid of \$70,843,774 and \$64,599,587 represented 69% and 68% of revenues for the years ended June 30, 2023 and 2022, respectively. Charges for services of \$1,362,361 and \$795,456 in 2023 and 2022, respectively, and represent approximately 1.3% and 0.8% of revenues for the years ended June 30, 2023 and 2022, respectively.

The smallest component of revenues is "Other Revenue." The largest source of "Other Revenue" is miscellaneous and interest income, with \$863,376 and \$154,296 earned in the fiscal years ended June 30, 2023 and 2022, respectively.

The Board's expenses for governmental activities are predominantly related to instruction and support services. Instruction totaled \$50,184,898 and \$51,787,044 which represented 57% and 61% of total governmental expenditures for the years ended June 30, 2023 and 2022, respectively. Student support services, exclusive of administration, totaled \$17,726,904 and \$15,010,565 (20% and 18%) of total expenditures for the years ended June 30, 2023 and 2022, respectively.

**Table A-3
Total and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2023 and 2022**

<u>Functions/Programs</u>	<u>Source</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>Exhibit</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Governmental Activities					
Instruction					
Regular	A-2	36,236,541	36,938,917	(26,698,759)	(25,991,568)
Special Education	A-2	9,779,059	10,370,488	(3,022,893)	(2,619,120)
Other Instruction	A-2	3,408,296	3,731,982	(2,801,545)	(2,888,897)
School Sponsored Activities and Athletics	A-2	761,002	745,657	(630,619)	(580,442)
Support Services					
Student and Instruction Related Services	A-2	17,726,904	15,010,565	(11,411,702)	(10,198,494)
General Administration Services	A-2	1,378,278	1,715,148	(1,200,644)	(1,483,987)
School Administration Services	A-2	3,964,396	3,651,110	(3,267,221)	(2,862,576)
Plant Operations and Maintenance	A-2	7,365,286	6,072,987	(2,578,286)	(1,062,477)
Pupil Transportation	A-2	5,151,649	4,202,642	(4,627,479)	(4,110,877)
Central Services	A-2	1,358,478	1,392,128	(1,102,894)	(3,668,051)
Interest on Long-Term Debt	A-2	1,091,608	1,131,591	(795,057)	(771,637)
Total Governmental Activities		\$88,221,497	\$84,963,215	\$ (58,137,099)	\$ (56,238,126)

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2023**

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, 2023 and 2022 with its governmental funds reporting combined fund balance (GAAP Basis) of \$24,404,722 and \$22,688,343 as of June 30, 2023 and 2022, respectively. The increase of \$1,716,379 is the net result of an increase in assets in the General Fund, Special Revenue Fund and Capital Projects Fund net of the decrease in expenditures in the General Fund and Special Revenue Fund.

Revenues and other financing sources for the district's governmental funds were \$105,006,949 and \$94,188,314 for the fiscal years ended June 30, 2023 and 2022, respectively. Total expenditures and other financing sources were \$103,290,570 and \$104,739,692 for the fiscal years ended June 30, 2023 and 2022, 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, 2023 and 2022.

**Table A-4
Summary of General Fund Revenues and Transfers
For the Fiscal Years Ended June 30, 2023 and 2022**

General Fund Revenues and Transfers	<u>2023</u>	<u>2022</u>
Local Sources:		
Local Tax Levy	\$ 27,988,315	\$ 27,988,313
Interest Income	162,120	16,806
Miscellaneous	589,905	108,935
Total Local Sources	<u>28,740,340</u>	<u>28,114,054</u>
Intergovernmental		
State Sources	60,523,906	55,667,928
Federal Sources	157,492	110,994
Total Intergovernmental Sources	<u>60,681,398</u>	<u>55,778,922</u>
Transfers		
Transfer in - Capital Projects Fund	90,223	28,169
Total Transfers	<u>90,223</u>	<u>28,169</u>
Total Revenues and Transfers	<u>\$ 89,511,961</u>	<u>\$ 83,921,145</u>

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2023**

GENERAL FUND (continued)

Property taxes and state formula aid accounted for 99.0 percent and 99.7 percent of total revenues for the 2023 and 2022 fiscal years, respectively. Interest income, federal revenues and miscellaneous revenues accounted for 1.0 percent and less than 0.3 percent of total revenues for the 2023 and 2022 fiscal years, respectively.

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2023 and 2022.

**Table A-5
Summary of General Fund Expenditures
For the Fiscal Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Current		
Regular Instruction	\$ 36,291,187	\$ 35,261,181
Special Education Instruction	9,388,978	9,797,425
Other Special Instruction	3,775,891	3,913,245
School Sponsored Activities and Athletics	836,680	778,884
Support Services and Undistributed Costs:		
Student and Instruction Related Services	13,362,571	12,050,423
School Administration Services	4,452,098	3,841,070
General Administration Services	1,476,344	1,754,263
Plant Operations and Maintenance	6,364,406	6,224,619
Pupil Transportation	5,092,723	4,164,199
Central Services	1,508,796	1,459,476
Capital Outlay	1,476,370	212,077
Total Expenditures	<u>\$ 84,026,044</u>	<u>\$ 79,456,862</u>

General Fund Budgetary Highlights

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

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

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

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2023**

GENERAL FUND (continued)

Actual expenditures (exclusive of on-behalf expenditures) were \$67,982,860 and \$63,550,738 the years ended June 30, 2023 and 2022, respectively. Revenues (exclusive of on-behalf revenues) and other financing sources were \$73,965,730 and \$67,704,862 for the fiscal years ended June 30, 2023 and 2022, respectively.

DEBT ADMINISTRATION

The amount of debt service expenditures were \$2,499,213 and \$2,517,508 for the fiscal years ended June 30, 2023 and 2022, respectively. Revenues include \$1,668,099 and \$1,863,047 from the property tax levies and miscellaneous revenue, and \$539,184 and \$654,461 coming from state aid for the fiscal years ended June 30, 2023 and 2022, respectively.

BUSINESS-TYPE ENTERPRISE FUNDS

The District's total business-type activities revenues were \$3,331,340 and \$3,414,062 for the years ended June 30, 2023 and 2022, respectively. Charges for services accounted for 27% and 14% of total revenue for the 2023 and 2022 years. Operating grants and contributions of \$2,417,693 and \$2,952,451 accounted for 73% and 86% of total revenue, for the fiscal years ended June 30, 2023 and 2022, respectively.

The total cost of all business-type activities programs and services was \$2,588,383 and \$2,456,593 for the fiscal years ended June 30, 2023 and 2022, 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, 2023 increasing net position by \$742,957 over the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – Governmental Activities

As of June 30, 2023 and 2022, the district had invested \$74,682,587 and \$67,337,575, 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, 2023 and 2022 was \$1,367,393 and \$958,483, respectively.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

**Table A-6
Capital Assets - Governmental Activities
as of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Land	\$ 384,459	\$ 384,459
Land Improvements	393,249	393,249
Buildings and Building Improvements	68,155,243	38,638,776
Construction in Progress	2,805,898	25,098,741
Machinery and Equipment	2,943,738	2,822,350
Total	74,682,587	67,337,575
Less: Accumulated Depreciation	24,712,039	23,344,646
Total	<u>\$ 49,970,548</u>	<u>\$ 43,992,929</u>

Capital Assets – Business-type Activities

The District as of June 30, 2023 and 2022 had \$1,219,734 and \$1,086,324 invested in building improvements and machinery and equipment for its Food Service Fund. Depreciation was \$51,922 and \$49,069 for the fiscal years ended June 30, 2023 and 2022, respectively.

**Table A-7
Capital Assets - Business-Type Activities
as of June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Building Improvements	\$ 22,069	\$ 10,269
Machinery and Equipment	1,197,665	1,076,055
	1,219,734	1,086,324
Less: Accumulated Depreciation	800,318	748,396
Total Net	<u>\$ 419,416</u>	<u>\$ 337,928</u>

Long-term Liabilities

The District had \$35,195,000 and \$36,095,000 at June 30, 2023 and 2022, respectively, in general obligation bonds, respectively. The bonds were comprised of one issue which was the 2020 school bonds.

In addition, the District had \$3,800,000 and \$4,295,000 at June 30, 2023 and 2022, respectively, in certificates of participation for various school improvements. These agreements were funded by the issuance of refunding certificates of participation ("COPS") as discussed in Note 4 to the basic financial statements.

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

**Management's Discussion and Analysis (continued)
Fiscal Year Ended June 30, 2023**

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

The District also had \$4,343,692 and \$4,869,219 at June 30, 2023 and 2022, 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 \$8,158,942 and \$6,638,550 at June 30, 2023 and 2022, 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, 2023 and 2022**

Governmental Activities	<u>2023</u>	<u>2022</u>
Bonds Payable	\$ 35,195,000	\$ 36,095,000
Certificates of Participation Payable	3,800,000	4,295,000
Net Pension Liability	8,158,942	6,638,550
Compensated Absences	4,343,692	4,869,219
Total	<u>\$ 51,497,634</u>	<u>\$ 51,897,769</u>

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

Government-wide Financial Statements

The government-wide financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all governmental activities and business-type activities as of and for the year ended June 30, 2023.

Carteret Board of Education

Statement of Net Position

June 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 22,019,450	\$ 2,304,771	\$ 24,324,221
Accounts receivable	4,057,016	457,020	4,514,036
Internal balances	(188,966)	188,966	-
Inventories		49,262	49,262
Capital assets - non-depreciable	3,190,357		3,190,357
Capital assets - depreciable, net	46,780,191	419,416	47,199,607
Total assets	<u>75,858,048</u>	<u>3,419,435</u>	<u>79,277,483</u>
Deferred Outflows of Resources			
Pension deferrals	1,164,897		1,164,897
Total assets and deferred outflows of resources	<u>77,022,945</u>	<u>3,419,435</u>	<u>80,442,380</u>
Liabilities			
Accounts payable	1,243,371		1,243,371
Payable to other governments	37,433		37,433
Payroll deductions and withholdings payable	416,884		416,884
Unearned revenue	496,592	29,014	525,606
Accrued interest payable	452,351		452,351
Net pension liability	8,158,942		8,158,942
Current portion of long-term obligations	1,834,369		1,834,369
Noncurrent portion of long-term obligations	41,504,323		41,504,323
Total liabilities	<u>54,144,265</u>	<u>29,014</u>	<u>54,173,279</u>
Deferred Inflows of Resources			
Pension deferrals	1,888,961		1,888,961
Net Position			
Net investment in capital assets	18,726,957	419,416	19,146,373
Restricted for:			
Capital reserve	9,201,994		9,201,994
Emergency reserve	500,000		500,000
Unemployment reserve	286,905		286,905
Student activities and scholarships	206,137		206,137
Unrestricted (deficit)	(7,932,274)	2,971,005	(4,961,269)
Total net position	<u>\$ 20,989,719</u>	<u>\$ 3,390,421</u>	<u>\$ 24,380,140</u>

See accompanying notes to the basic financial statements .

Carteret Board of Education

Statement of Activities

Year ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities						
Instruction:						
Regular	\$ 36,236,541		\$ 9,537,782	\$ (26,698,759)		\$ (26,698,759)
Special education	9,779,059		6,756,166	(3,022,893)		(3,022,893)
Other special instruction	3,408,296		606,751	(2,801,545)		(2,801,545)
School-sponsored activities and athletics	761,002		130,383	(630,619)		(630,619)
Support services:						
Student and instruction related services	17,726,904	\$ 448,714	5,866,488	(11,411,702)		(11,411,702)
General administration services	1,378,278		177,634	(1,200,644)		(1,200,644)
School administration services	3,964,396		697,175	(3,267,221)		(3,267,221)
Central services	1,358,478		255,584	(1,102,894)		(1,102,894)
Plant operations and maintenance	7,365,286		4,787,000	(2,578,286)		(2,578,286)
Pupil transportation	5,151,649		524,170	(4,627,479)		(4,627,479)
Interest on long-term debt	1,091,608		296,551	(795,057)		(795,057)
Total governmental activities	<u>88,221,497</u>	<u>448,714</u>	<u>29,635,684</u>	<u>(58,137,099)</u>		<u>(58,137,099)</u>
Business-type activities						
Food service	2,364,481	419,458	2,396,565		\$ 451,542	451,542
Enrichment academy	223,902	494,189			270,287	270,287
Total business-type activities	<u>2,588,383</u>	<u>913,647</u>	<u>2,396,565</u>	<u>-</u>	<u>721,829</u>	<u>721,829</u>
Total primary government	<u>\$ 90,809,880</u>	<u>\$ 1,362,361</u>	<u>\$ 32,032,249</u>	<u>(58,137,099)</u>	<u>721,829</u>	<u>(57,415,270)</u>
General revenues:						
Taxes:						
Property taxes, levied for general purposes				27,988,315		27,988,315
Property taxes, levied for debt service				1,668,099		1,668,099
State and federal sources - unrestricted				38,403,982		38,403,982
State and federal sources - restricted				407,543		407,543
Other revenue				842,248	21,128	863,376
Total general revenues				<u>69,310,187</u>	<u>21,128</u>	<u>69,331,315</u>
Change in net position				<u>11,173,088</u>	<u>742,957</u>	<u>11,916,045</u>
Net position—beginning of year				9,816,631	2,647,464	12,464,095
Net position-end of year				<u>\$ 20,989,719</u>	<u>\$ 3,390,421</u>	<u>\$ 24,380,140</u>

See accompanying notes to the basic financial statements .

Fund Financial Statements

Governmental Funds

**Carteret Board of Education
Governmental Funds**

Balance Sheet

June 30, 2023

	Major Funds			Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	
Assets				
Cash and cash equivalents	\$ 13,971,681	\$ 206,137	\$ 7,841,632	\$ 22,019,450
Accounts receivable:				
Federal		2,495,769		2,495,769
State	1,349,217	5,913	206,100	1,561,230
Interfund	1,791,713	206,100		1,997,813
Other	17			17
Total assets	<u>\$ 17,112,628</u>	<u>\$ 2,913,919</u>	<u>\$ 8,047,732</u>	<u>\$ 28,074,279</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 32,631	\$ 499,238		\$ 531,869
Intergovernmental payables:				
State	25,320	12,113		37,433
Interfunds payable	190,617	1,699,839	\$ 296,323	2,186,779
Unearned revenue		496,592		496,592
Payroll deductions and withholdings payable	416,884			416,884
Total liabilities	<u>665,452</u>	<u>2,707,782</u>	<u>296,323</u>	<u>3,669,557</u>
Fund balances:				
Restricted for:				
Capital reserve	6,201,994			6,201,994
Capital reserve - Designated for subsequent year's expenditures	3,000,000			3,000,000
Emergency reserve	500,000			500,000
Unemployment reserve	286,905			286,905
Student activities and scholarships		206,137		206,137
Capital projects			7,751,409	7,751,409
Committed to:				
Year end encumbrances	557,313			557,313
Assigned to:				
Year end encumbrances	5,682,803			5,682,803
Designated for Subsequent Year's Expenditures	2,595,479			2,595,479
Unassigned (deficit)	(2,377,318)			(2,377,318)
Total fund balances	<u>16,447,176</u>	<u>206,137</u>	<u>7,751,409</u>	<u>24,404,722</u>
Total liabilities and fund balances	<u>\$ 17,112,628</u>	<u>\$ 2,913,919</u>	<u>\$ 8,047,732</u>	
Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$74,682,587 and the accumulated depreciation is \$24,712,039.				49,970,548
Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.				(452,351)
Long-term liabilities, including bonds payable, certificates of participation payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2).				(43,338,692)
Deferred pension costs in governmental activities are not financial resources and are therefore not reported in the funds.				(724,064)
Accrued pension contributions for the June 30, 2023 plan year end are not paid with current economic resources and are therefore not reported as a liability in the funds, but are included in accounts payable in the government-wide statement of net position.				(711,502)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the funds.				(8,158,942)
Net position of governmental activities				<u>\$ 20,989,719</u>

See accompanying notes to the basic financial statements .

Carteret Board of Education
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2023

	Major Funds				
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues:					
Local sources:					
Local tax levy	\$ 27,988,315			\$ 1,668,099	\$ 29,656,414
Interest on investments	162,120		\$ 90,223		252,343
Miscellaneous unrestricted	586,232	\$ 448,714			1,034,946
Other restricted miscellaneous	3,673				3,673
Total revenues—local sources	28,740,340	448,714	90,223	1,668,099	30,947,376
State sources	60,523,906	3,020,706	164,910	539,184	64,248,706
Federal sources	157,492	9,563,152			9,720,644
Total revenues	89,421,738	13,032,572	255,133	2,207,283	104,916,726
Expenditures:					
Current:					
Regular instruction	36,291,187	3,513,371			39,804,558
Special education instruction	9,388,978	1,245,638			10,634,616
Other instruction	3,775,891				3,775,891
School-sponsored activities and athletics	836,680				836,680
Undistributed - current:					
Student and instruction related services	12,751,782	4,604,310			17,356,092
General administration	1,476,344				1,476,344
School administration	4,452,098				4,452,098
Central services	1,508,796				1,508,796
Plant operations and maintenance	6,364,406				6,364,406
Pupil transportation	5,092,723				5,092,723
Transfer to charter schools	348,267				348,267
Debt Service:					
Principal				1,395,000	1,395,000
Interest				1,104,213	1,104,213
Capital outlay	1,476,370	3,660,817	3,650,954		8,788,141
Special schools	262,522				262,522
Total expenditures	84,026,044	13,024,136	3,650,954	2,499,213	103,200,347
Excess of revenues over expenditures	5,395,694	8,436	(3,395,821)	(291,930)	1,716,379
Other financing sources (uses):					
Transfers in	90,223				90,223
Transfers out			(90,223)		(90,223)
Total other financing sources (uses)	90,223	-	(90,223)	-	-
Net change in fund balances	5,485,917	8,436	(3,486,044)	(291,930)	1,716,379
Fund balances (deficit), July 1,	10,961,259	197,701	11,237,453	291,930	22,688,343
Fund balances (deficit), June 30	\$ 16,447,176	\$ 206,137	\$ 7,751,409	\$ -	\$ 24,404,722

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

See accompanying notes to the basic financial statements .

Carteret Board of Education
Governmental Funds

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

Year ended June 30, 2023

Total net change in fund balances - governmental funds (B-2)	\$ 1,716,379
Amounts reported for governmental activities in the statement of activities (A-2) are different because:	
Capital additions are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets exceeded depreciation in the period (see Note 2).	5,977,619
The repayment of the principal of long-term debt, including capital lease obligations, consumes the current financial resources of governmental funds. This transaction, however, has no effect on net position (see Note 2).	1,395,000
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 (see Note 2).	<u>2,084,090</u>
Change in net position of governmental activities (A-2)	<u><u>\$ 11,173,088</u></u>

See accompanying notes to the basic financial statements .

Proprietary Funds

Carteret Board of Education
Proprietary Funds

Statement of Net Position

June 30, 2023

	Business-Type Activities		
	Major Enterprise Funds		
	Food Service	Enrichment Academy	Total Enterprise
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,216,052	\$ 1,088,719	\$ 2,304,771
Accounts receivable:			
Federal	393,099		393,099
State	11,684		11,684
Other	52,237		52,237
Interfund receivable	190,617		190,617
Inventories	49,262		49,262
Total current assets	<u>1,912,951</u>	<u>1,088,719</u>	<u>3,001,670</u>
Capital assets:			
Building improvements	22,069		22,069
Machinery and equipment	1,197,665		1,197,665
Accumulated depreciation	(800,318)		(800,318)
Total capital assets	<u>419,416</u>		<u>419,416</u>
Total assets	<u>2,332,367</u>	<u>1,088,719</u>	<u>3,421,086</u>
Liabilities			
Current liabilities:			
Interfund payable		1,651	1,651
Unearned revenue	29,014		29,014
Total current liabilities	<u>29,014</u>	<u>1,651</u>	<u>30,665</u>
Net position			
Investment in capital assets	419,416		419,416
Unrestricted	1,883,937	1,087,068	2,971,005
Total net position	<u>\$ 2,303,353</u>	<u>\$ 1,087,068</u>	<u>\$ 3,390,421</u>

See accompanying notes to the basic financial statements .

Carteret Board of Education
Proprietary Funds

Statement of Revenues, Expenses and
Changes in Net Position

Year ended June 30, 2023

	Business-Type Activities Major Enterprise Funds		
	Food Service	Enrichment Academy	Total Enterprise
Operating revenues:			
Local sources:			
Daily food sales-reimbursable programs:	\$ 405,867		\$ 405,867
Daily sales non-reimbursable programs	13,591		13,591
Program fees		\$ 492,864	492,864
Miscellaneous revenue		1,325	1,325
Total operating revenues	<u>419,458</u>	<u>494,189</u>	<u>913,647</u>
Operating expenses:			
Cost of sales - reimbursable programs	1,109,273		1,109,273
Cost of sales - non-reimbursable programs	69,478		69,478
Salaries and employee benefits	886,794	222,772	1,109,566
Other purchased services	52,760		52,760
Insurance	104,095		104,095
Supplies and materials	89,102	926	90,028
Depreciation	51,922		51,922
Other	1,057	204	1,261
Total operating expenses	<u>2,364,481</u>	<u>223,902</u>	<u>2,588,383</u>
Operating income (loss)	<u>(1,945,023)</u>	<u>270,287</u>	<u>(1,674,736)</u>
Nonoperating revenues:			
State sources:			
State school lunch program	43,115		43,115
State school breakfast program	3,951		3,951
Breakfast after the bell program	11,653		11,653
School lunch reduced supplement	619		619
Federal sources:			
School breakfast program	388,739		388,739
National school lunch program	1,492,310		1,492,310
National snack program	30,729		30,729
Healthy Hunger-Free Kids Act	32,549		32,549
COVID-19 Supply Chain Assistance	187,230		187,230
Fresh fruit and vegetable program	13,854		13,854
Food donation program	191,816		191,816
Interest income	12,611	8,517	21,128
Total nonoperating revenues	<u>2,409,176</u>	<u>8,517</u>	<u>2,417,693</u>
Change in net position	464,153	278,804	742,957
Total net position, beginning of year	<u>1,839,200</u>	<u>808,264</u>	<u>2,647,464</u>
Total net position, end of year	<u>\$ 2,303,353</u>	<u>\$ 1,087,068</u>	<u>\$ 3,390,421</u>

See accompanying notes to the basic financial statements .

Carteret Board of Education
Proprietary Funds

Statement of Cash Flows

Year ended June 30, 2023

	Business-Type Activities Major Enterprise Funds		
	Food Service	Enrichment Academy	Total Enterprise
Cash flows from operating activities			
Receipts from customers	\$ 373,407	\$ 494,189	\$ 867,596
Payments to employees	(886,794)	(222,772)	(1,109,566)
Payments to suppliers	(1,231,974)	(1,130)	(1,233,104)
Net cash (used in)/provided by operating activities	(1,745,361)	270,287	(1,475,074)
Cash flows from non-capital financing activities			
Cash received from state and federal sources	2,039,895		2,039,895
Net cash provided by non-capital financing activities	2,039,895		2,039,895
Cash flows from capital and related financing activities			
Acquisition of capital assets	(133,410)		(133,410)
Net cash (used in) capital and related financing activities	(133,410)		(133,410)
Cash flows from investing activities			
Interest on deposits	12,611	8,517	21,128
Net cash provided by investing activities	12,611	8,517	21,128
Net increase in cash and cash equivalents	173,735	278,804	452,539
Cash and cash equivalents, beginning of year	1,042,317	809,915	1,852,232
Cash and cash equivalents, end of year	<u>\$ 1,216,052</u>	<u>\$ 1,088,719</u>	<u>\$ 2,304,771</u>
Reconciliation of operating income/(loss) to net cash (used in)/provided by operating activities			
Operating income/(loss)	\$ (1,945,023)	\$ 270,287	\$ (1,674,736)
Adjustments to reconcile operating income/(loss) to net cash (used in)/provided by operating activities:			
Depreciation	51,922		51,922
Commodities received	198,769		198,769
Change in assets and liabilities:			
Increase in other accounts receivable	(52,237)		(52,237)
Increase in inventories (non commodities)	(4,889)		(4,889)
Increase in unearned revenue	6,186		6,186
Decrease in accounts payable	(89)		(89)
Net cash (used in)/provided by operating activities	<u>\$ (1,745,361)</u>	<u>\$ 270,287</u>	<u>\$ (1,475,074)</u>

Non-cash non-capital financing activities:

The District received \$198,769 of food commodities from the U.S. Department of Agriculture and expended \$191,816 of food commodities for the year ended June 30, 2023.

See accompanying notes to the basic financial statements .

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2023, the District adopted the following GASB statements:

- The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* in May 2020. This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has reviewed the requirements of the Statement and the impact on the financial statements was deemed not material.
- The GASB issued Statement No. 99, *Omnibus 2022* in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for periods beginning after June 15, 2022. Management has implemented this Statement.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 involve:

- The GASB issued Statement No. 101, *Compensated Absences* in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for periods beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not determined the impact of the Statement on the financial statements.

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.

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. 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 and proprietary activities. 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 and enrichment academy enterprise funds to be major funds.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

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 and 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 funds which are 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.

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".

Subsequent Events

Management has reviewed and evaluated all events and transactions from June 30, 2023 through February 15, 2024, the date the financial statements were available for issuance, for possible disclosure and recognition in the financial statements, and no items have come to the attention of the District that would require disclosure.

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.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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.

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.

CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. *Inventories*

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

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

4. *Capital Assets*

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

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

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 assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has one item which arises only under the accrual basis of accounting that qualifies for reporting in this category. The item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one type which arises only under the accrual basis of accounting that qualify for reporting in this category. The item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years.

6. Compensated Absences

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

7. Pensions

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

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

8. Long-Term Obligations

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. 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.

CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. *Net Position/Fund Balance*

District-Wide Statements

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

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

Governmental Fund Statements

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

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

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

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 2023/2024 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 Reserve – 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).

Student Activities and Scholarships – 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 and scholarships.

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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)*

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.

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.

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2023/2024 District budget certified for taxes.

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.

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.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 2021-2022 and 2022-2023 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.

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 \$(43,338,692) difference are as follows:

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Bonds Payable	\$ (35,195,000)
Certificates of Participation Payable	(3,800,000)
Compensated Absences	<u>(4,343,692)</u>
Net adjustment to reduce <i>fund balance - total governmental</i> funds to arrive at <i>net position - governmental activities</i>	<u>\$ (43,338,692)</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 \$5,977,619 difference are as follows:

Capital Outlay	\$ 7,432,123
Depreciation Expense	(1,367,393)
Adjustments	<u>(87,111)</u>
Net Adjustment to increase net changes in fund balances - total government funds to arrive at changes in net position of governmental activities	<u>\$ 5,977,619</u>

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. The details of this \$1,395,000 difference are as follows:

Principal Repayments:	
Bonds Payable	\$ 900,000
Certificates of Participation	<u>495,000</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,395,000</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 "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 \$2,084,090 difference are as follows:

Compensated Absences	\$ 525,527
Accrued Interest	12,605
Pension benefit	<u>1,545,958</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of government activities	<u>\$ 2,084,090</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. 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.

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 2022/2023. Also, during 2022/2023 the Board increased the original budget by \$2,791,691. The General Fund increased \$3,129,049 as a result of the reappropriation of prior year encumbrances. The Special Revenue Fund decreased \$337,358 as a result of the net of additional state grant awards and student activity reserves and a decrease in budgeted federal awards.

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.

CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022	\$ 5,236,880
Increased by	
Unspent Withdrawal 2022-2023	1,288,664
Deposits Approved by Board Resolution	<u>4,086,478</u>
	5,375,142
Withdrawals	
Approved in District Budget	<u>1,410,028</u>
Balance, June 30, 2023	<u>\$ 9,201,994</u>

The withdrawals from the capital reserve were for use in Department approved facilities projects, consistent with the District’s Long Range Facilities Plan. Of the \$9,201,994 capital reserve balance at June 30, 2023, \$3,000,000 was designated and appropriated for use in the 2023/2024 original budget certified for taxes.

C. 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.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Emergency Reserve (Continued)

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, 2023 is as follows:

Balance, July 1, 2022	<u>\$ 500,000</u>
Balance, June 30, 2023	<u>\$ 500,000</u>

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

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, 2023, the book value of the Board's deposits were \$24,324,221 and bank and brokerage firm balances of the Board's deposits amounted to \$27,941,651. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

FDIC	\$ 500,000
GUDPA	26,980,910
Uninsured	460,741
	<u>\$ 27,941,651</u>

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.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (continued)

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, 2023, 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.

B. Receivables

Receivables as of June 30, 2023 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>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Intergovernmental					
Federal		\$ 2,495,769		\$ 393,099	\$ 2,888,868
State	\$ 1,349,217	5,913	\$ 206,100	11,684	1,572,914
Other	17			52,237	52,254
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Gross Receivables	1,349,234	2,501,682	206,100	457,020	4,514,036
Less: Allowance for Uncollectibles	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Total Receivables	<u>\$ 1,349,234</u>	<u>\$ 2,501,682</u>	<u>\$ 206,100</u>	<u>\$ 457,020</u>	<u>\$ 4,514,036</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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:

Special Revenue Fund	
Unencumbered grant draw downs	\$ 322,138
Grant drawdowns year end encumbrances	<u>174,454</u>
Total Unearned Revenue for Governmental Funds	<u><u>\$ 496,592</u></u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance, <u>July 1, 2022</u>	<u>Additions</u>	<u>Transfers</u>	<u>Adjustments</u>	Balance, <u>June 30, 2023</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 384,459				\$ 384,459
Construction in Progress	<u>25,098,741</u>	<u>\$ 7,324,010</u>	<u>\$ (29,529,742)</u>	<u>\$ (87,111)</u>	<u>2,805,898</u>
Total capital assets, not being depreciated	<u>25,483,200</u>	<u>7,324,010</u>	<u>(29,529,742)</u>	<u>(87,111)</u>	<u>3,190,357</u>
Capital assets, being depreciated:					
Buildings and Building Improvements	38,638,776		29,516,467		68,155,243
Land Improvements	393,249				393,249
Machinery and equipment	<u>2,822,350</u>	<u>108,113</u>	<u>13,275</u>		<u>2,943,738</u>
Total capital assets being depreciated	<u>41,854,375</u>	<u>108,113</u>	<u>29,529,742</u>	<u>-</u>	<u>71,492,230</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(20,761,762)	(1,275,612)			(22,037,374)
Land Improvements	(290,106)	(7,537)			(297,643)
Machinery and equipment	<u>(2,292,778)</u>	<u>(84,244)</u>			<u>(2,377,022)</u>
Total accumulated depreciation	<u>(23,344,646)</u>	<u>(1,367,393)</u>	<u>-</u>	<u>-</u>	<u>(24,712,039)</u>
Total capital assets, being depreciated, net	<u>18,509,729</u>	<u>(1,259,280)</u>	<u>29,529,742</u>	<u>-</u>	<u>46,780,191</u>
Governmental Activities Capital Assets, Net	<u><u>\$43,992,929</u></u>	<u><u>\$ 6,064,730</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (87,111)</u></u>	<u><u>\$49,970,548</u></u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	Balance, July 1, 2022	Increases	Decreases	Balance, June 30, 2023
Business-Type Activities:				
Capital assets, being depreciated:				
Building Improvements	\$ 10,269	\$ 11,800		\$ 22,069
Machinery and equipment	1,076,055	121,610		1,197,665
Total capital assets being depreciated	<u>1,086,324</u>	<u>133,410</u>	<u>-</u>	<u>1,219,734</u>
Less accumulated depreciation for:				
Building Improvements	(770)	(808)		(1,578)
Machinery and equipment	(747,626)	(51,114)		(798,740)
Total accumulated depreciation	<u>(748,396)</u>	<u>(51,922)</u>	<u>-</u>	<u>(800,318)</u>
Total capital assets, being depreciated, net	<u>337,928</u>	<u>81,488</u>	<u>-</u>	<u>419,416</u>
Business-Type Activities Capital Assets, Net	<u>\$ 337,928</u>	<u>\$ 81,488</u>	<u>\$ -</u>	<u>\$ 419,416</u>

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

Governmental Activities:

Instruction	
Regular instruction	\$ 596,134
Special education	159,270
Other special instruction	56,550
School-sponsored activities and athletics	12,531
Total Instruction	<u>824,485</u>
Support Services	
Student and instruction related services	259,935
General administrative services	22,111
School administrative services	66,677
Central services	22,597
Plant operations and maintenance	95,317
Pupil transportation	76,271
Total Support Services	<u>542,908</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,367,393</u>
Business-Type Activities:	
Food Service Fund	\$ 51,922
Total Depreciation Expense-Business-Type Activities	<u>\$ 51,922</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, is as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 1,791,713	\$ 190,617
Special Revenue Fund	206,100	1,699,839
Capital Projects Fund		296,323
Enterprise Fund - Food service	190,617	
Enterprise Fund - Enrichment Academy		1,651
	<u>\$ 2,188,430</u>	<u>\$ 2,188,430</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>\$ 90,223</u>	<u>\$ 90,223</u>
 Total Transfers Out	 <u>\$ 90,223</u>	 <u>\$ 90,223</u>

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

F. 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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Refunding Certificates of 2015 (Continued)

Certificates carry interest rates in the range of 1.25% to 4.00%; and mature on January 15, 2030. Payments of the principal and interest on the Refunding Certificates are insured by National Public Finance Guarantee. Bank of New York Mellon has been appointed to serve as a trustee in the agreement.

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 500,000	\$ 105,675	\$ 605,675
2025	510,000	93,800	603,800
2026	530,000	81,050	611,050
2027	540,000	67,800	607,800
2028	555,000	51,600	606,600
2029-2030	<u>1,165,000</u>	<u>52,650</u>	<u>1,217,650</u>
Total	<u>\$ 3,800,000</u>	<u>\$ 452,575</u>	<u>\$ 4,252,575</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. 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, 2023 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%	<u>\$35,195,000</u>
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**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
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	925,000	915,300	1,840,300
2028	950,000	896,800	1,846,800
2029-2033	5,160,000	4,188,900	9,348,900
2034-2038	6,075,000	3,466,200	9,541,200
2039-2043	7,215,000	2,488,600	9,703,600
2044-2048	8,565,000	1,326,900	9,891,900
2049-2050	3,600,000	162,000	3,762,000
Total	<u>\$ 35,195,000</u>	<u>\$ 16,298,900</u>	<u>\$ 51,493,900</u>

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

	<u>Balance, July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2023</u>	<u>Due Within One Year</u>
Governmental Activities:					
Certificates of Participation Payable	\$ 4,295,000		\$ (495,000)	\$ 3,800,000	\$ 500,000
Bonds Payable	36,095,000		(900,000)	35,195,000	900,000
Net Pension Liability	6,638,550	\$ 1,520,392		8,158,942	
Compensated Absences	4,869,219	183,908	(709,435)	4,343,692	434,369
Governmental Activity Long-term Liabilities	<u>\$51,897,769</u>	<u>\$ 1,704,300</u>	<u>\$ (2,104,435)</u>	<u>\$51,497,634</u>	<u>\$ 1,834,369</u>

For the governmental activities, the liabilities for compensated absences and net pension liability are generally liquidated by the general fund. The bonds payable and certificates of participation payable are liquidated by the debt service fund.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 Annual Comprehensive 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>Interest</u> <u>Earnings</u>	<u>Ending</u> <u>Balance</u>
2023	\$ 283,232	\$ 3,673	\$ 286,905
2022	282,639	593	283,232
2021	281,976	663	282,639

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.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 5 OTHER INFORMATION (Continued)

B. Contingent Liabilities (continued)

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, 2023, 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.

Unemployment Claims – During fiscal year 2021 through 2023, the New Jersey Department of Labor has been delayed in issuing bills to New Jersey governmental units. This was the result of the State verifying the school districts are being properly charged for qualifying claims. The District has received the unemployment bills for the third quarter of 2020, fourth quarter of 2020, and the first quarter of 2021. The unemployment bills that were received contained an amount that was forgiven through the American Rescue Plan Act (ARPA). This amount is recorded on the schedule of federal awards and the budgetary comparison schedule as payments made on behalf of the school district. Since the amount of the unemployment bills not yet received is not known, the liability in the District's financial statement general fund balance sheet will represent the unemployment withholdings made by the employees.

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 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, 2023, the District has not estimated its arbitrage earnings due to the IRS, if any.

NOTE 6 PENSION PLANS

Description of Systems

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

Teachers' Pension and Annuity Fund

The Teachers' Pension and Annuity Fund was established in January 1955 under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time public school employees in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for health care coverage.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 PENSION PLANS (Continued)

Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60, and 62, respectively with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively, with an annual benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

Public Employees' Retirement System

The Public Employees' Retirement System was established in January 1955 under the provisions of N.J.S.A. 43:15A to provide coverage including post-retirement health care to substantially all full time employees of the State or any county, municipality, school Board or public agency provided the employee is not a member of another State-administered retirement system. Age eligibility and benefit provisions were affected by Chapters 92 and 103, P.L. 2007, Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 78, P.L. 2011. Members are classified into one of five tiers dependent upon the date of their enrollment. Tier 1, 2 and 3 members are eligible to retire at age 60, 60 and 62, respectively with an annual benefit generally determined to be $1/55^{\text{th}}$ of the average annual compensation for the highest three fiscal years' compensation for each year of membership during years of credited service. Tier 4 and 5 members are eligible to retire at age 62 and 65, respectively with an annual benefit generally determined to be $1/60^{\text{th}}$ of the average annual compensation for the highest five fiscal years' compensation for each year of membership during years of credited service. Anyone who retires early and is under their respective tier's retirement age receives retirement benefits as calculated in the above mentioned formulas but at a reduced rate in accordance with applicable New Jersey Statute based upon their tier.

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

Funding Policy

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

During the year ended June 30, 2023, the State of New Jersey contributed \$13,709,334 to the TPAF for on-behalf medical, non-contributory insurance and pension and post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,333,850 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 PENSION PLANS (Continued)

The District's actuarially determined contributions to PERS for each of the years ended June 30, 2023, 2022 and 2021 were \$681,768, \$656,271, and \$611,327, respectively.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For the purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Public Employees' Retirement System (PERS)

At June 30, 2023, the District reported a liability of \$8,158,942 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation July 1, 2021, which was rolled forward to June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2022, the District's proportion was 0.0540636033 percent, which was a decrease of 0.0019744727 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized full accrual pension (benefit) of (\$857,580) in the government-wide financial statements. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 58,887	\$ 51,930
Changes of assumptions	25,279	1,221,717
Net difference between projected and actual earnings on pension plan investments	337,691	
Changes in proportion and differences between District contributions and proportionate share of contributions	31,538	615,314
District contributions subsequent to the measurement date	711,502	
	<u>\$ 1,164,897</u>	<u>\$ 1,888,961</u>

\$711,502 is reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 PENSION PLANS (Continued)

Year ended June 30:	
2024	\$ (991,525)
2025	(499,663)
2026	(261,059)
2027	317,082
2028	(401)
	<u>\$ (1,435,566)</u>

Actuarial Assumptions

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

	<u>June 30, 2022</u>
Inflation	
Price	2.75%
Wage	3.25%
Salary increases	
Through 2026	2.75 - 6.55%
	based on years
	of service
Investment rate of return	7.00%

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 PENSION PLANS (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pension and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

June 30, 2022		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	8.00%	11.19%
Real Estate	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100%</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 PENSION PLANS (Continued)

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

The following presents the District's proportionate share of the net pension liability as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
District's proportionate share of the net pension liability	<u>\$10,481,850</u>	<u>\$ 8,158,942</u>	<u>\$6,182,053</u>

Pension Plan Fiduciary Net Position

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

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$	1,660,772,008
Deferred inflows of resources	\$	3,236,303,935
Net pension liability	\$	15,219,184,920
District's proportion		0.0540636033%

Collective pension (benefit) for the Local Group for the measurement period ended June 30, 2022 is \$(1,032,778,934).

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2022, 2021, 2020, 2019, 2018, and 2017 is 5.04, 5.13, 5.16, 5.21, 5.63, and 5.48 years, respectively.

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

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 PENSION PLANS (Continued)

The State’s proportionate share of the TPAF net pension liability associated with the District as of June 30, 2023 was \$136,674,503. The District’s proportionate share was \$0. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The State’s proportionate share of the net pension liability associated with the District was based on a projection of the State’s long-term contributions to the pension plan associated with the District relative to the projected contributions by the State associated with all participating school districts, actuarially determined. At June 30, 2022, the State’s proportionate share of the TPAF net pension liability associated with the District was 0.2649017349 percent, which was an increase of 0.0014557159 from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized on-behalf pension expense and revenue in the government-wide financial statements of \$3,678,293 for contributions incurred by the State.

Actuarial assumptions

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

	<u>June 30, 2022</u>
Inflation	
Price	2.75%
Wage	3.25%
Salary increases	
	2.75 - 5.65%
	based on years
	of service
Investment rate of return	7.00%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis.

Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 PENSION PLANS (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) 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 the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

June 30, 2022		
<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.12%
Non-U.S. Developed Market Equity	13.50%	8.38%
Emerging Market Equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Assets	8.00%	11.19%
Real Estate	3.00%	7.60%
High Yield	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Risk Mitigation Strategies	3.00%	4.91%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 PENSION PLANS (Continued)

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	At 1% Decrease (6.00%)	At Current Discount Rate (7.00%)	At 1% Increase (8.00%)
State's proportionate share of the net pension liability	<u>\$ 160,253,759</u>	<u>\$ 136,674,503</u>	<u>\$ 116,811,943</u>

Pension plan fiduciary net position

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

Additional Information

Collective balances of the Local Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$ 4,996,491,160
Deferred inflows of resources	\$ 19,532,696,776
Net pension liability	\$51,594,415,806
State's proportionate share associated with the District	0.2649017349%

Collective pension expense of the Local Group for the plan for the measurement period ended June 30, 2022 is \$1,424,884,581.

The average of the expected remaining service lives of all employees that are provided with pension through the pension plan (active and inactive employees) determined at July 1, 2022, 2021, 2020, 2019, 2018, 2017, and 2016 is 7.83, 7.93, 7.99, 8.04, 8.29, 8.30, and 8.30 years, respectively.

NOTE 7 POST-RETIREMENT BENEFITS

General Information about the OPEB Plan

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a "pay-as-you-go" basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as "the employers") for which the State is legally obligated to pay for benefits.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 7 POST-RETIREMENT BENEFITS (Continued)

General Information about the OPEB Plan

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as “the employers”) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen’s Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan is administered on a “pay-as-you-go” basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment 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.

The State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2022 total OPEB liability of \$50,646,462,966 for this special funding situation.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 7 POST-RETIREMENT BENEFITS (Continued)

The State’s contributions to the SHBP Fund for TPAF retirees’ post-retirement medical benefits on behalf of the District for the years ended June 30, 2023, 2022, and 2021 were \$2,851,283, \$2,583,817, and \$2,445,577, respectively, which equaled the required contributions for each year.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments.

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The District’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the District did not recognize any portion of the collective OPEB liability on the Statement of Net Position. The State’s proportionate share of the OPEB liability associated with the District as of June 30, 2022 was \$110,364,829. Additional information can be obtained from the State of New Jersey’s annual comprehensive financial report.

Additional information on pensions and OPEB can be assessed at state.nj.us/treasury/pensions/financial-reports.shtml.

Actuarial assumptions and other inputs

The total non-employer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022 and included in the June 30, 2022 audited financial statements of the State Health Benefit Local Education Retired Employees Plan. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

	TPA/ABP	PERS
Inflation rate	2.50%	2.50%
Salary increases: through 2026	2.75 - 4.25% based on years of service	2.75 - 6.55% based on age

Mortality Rates

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP) and "General" (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "General" (PERS) and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 7 POST-RETIREMENT BENEFITS (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the actual experience studies for the periods July 1, 2018 – June 30, 2021 and July 1, 2021 – June 30, 2022 for TPAF and PERS, respectively.

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rate for fiscal year 2023 through 2023 are reflected. For PPO the trend is initially (1.99%) in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% after 11 years. For HMO the trend is initially (3.54%) in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% after 11 years. For prescription drug benefits, the initial trend rate is 800% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

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

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	At 1% Decrease (2.54%)	At Current Discount Rate (3.54%)	At 1% Increase (4.54%)
Net OPEB Liability (Allocable to the District and Responsibility of the State)	<u>\$ 129,722,247</u>	<u>\$ 110,364,829</u>	<u>\$ 94,850,826</u>

The following presents the total non-employer OPEB liability associated with the District as of June 30, 2022 calculated using a healthcare cost trend rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	At 1% Decrease	At Healthcare Cost Trent Rate	At 1% Increase
Net OPEB Liability (Allocable to the District and Responsibility of the State)	<u>\$ 91,223,277</u>	<u>\$ 110,364,829</u>	<u>\$ 135,508,420</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 7 POST-RETIREMENT BENEFITS (Continued)

Changes in the Total Non-employer OPEB Liability

Below represents the changes in the District's total OPEB liability for the year ended June 30, 2023:

Beginning Total OPEB Liability, June 30, 2022	\$ 133,289,357
Changes for the year:	
Service Cost	6,236,739
Interest	2,924,790
Differences between expected and actual experier	324,450
Changes in assumptions	(29,606,356)
Member contributions	92,940
Changes of benefit terms	
Benefit payments	(2,897,091)
Ending Total OPEB Liability, June 30, 2023	<u>\$ 110,364,829</u>

Employees covered by benefit terms

The following employees were covered by the benefit terms:

<u>Local Education</u>	<u>June 30, 2022</u>
Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently	
Receiving Benefits	151,669
Total Plan Members	<u>364,817</u>

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

For the year ended June 30, 2022, the District recognized on-behalf OPEB expense and revenue in the government-wide financial statements of \$4,064,431 for OPEB expenses incurred by the State. Collective balances of the Local Education Group at June 30, 2022 are as follows:

Deferred outflows of resources	\$20,104,625,333
Deferred inflows of resources	\$34,996,842,046
Collective OPEB expense	\$ 1,595,653,562
District's Proportion	0.22%

Special Funding Situation

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 8 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.

NOTE 9 EXCESS EXPENDITURES OVER APPROPRIATIONS

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

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<u>General Fund:</u>			
Multiple Disabilities:			
General Supplies	\$	\$ 2,255	\$ (2,255)
Care and Upkeep of Grounds:			
Cleaning Repair and Maintenance Services		31,600	(31,600)

The above variances were offset with other available resources.

Required Supplementary Information – Part II

Schedules Related to Accounting and Reporting for Pensions and
OPEBs
(GASB 68 and GASB 75)

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

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years *

	<u>2023</u>	<u>2022</u>	<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)	0.05406%	0.05603%	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>\$ 8,158,942</u>	<u>\$ 6,638,550</u>	<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>\$ 4,092,833</u>	<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>	<u>\$ 3,996,800</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	199%	169%	219%	258%	292%	327%	429%	312%	268%	276%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	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.

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

The discount rate was 7.00% as of June 30, 2021 and June 30, 2022.

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

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years
Year Ended June 30,

	<u>2023</u>	<u>2022</u>	<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	\$ 681,768	\$ 656,271	\$ 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>681,768</u>	<u>656,271</u>	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	<u>\$ 4,210,091</u>	<u>\$ 4,092,833</u>	<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	16.19%	16.03%	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.

**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 Ten Fiscal Years *
Year Ended June 30,

	<u>2023</u>	<u>2022</u>	<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%	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>136,674,503</u>	<u>126,652,171</u>	<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>\$ 136,674,503</u>	<u>\$ 126,652,171</u>	<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>\$ 31,561,032</u>	<u>\$ 30,701,221</u>	<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%	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	35.52%	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.

Notes to Required Supplementary Information:

Benefit Changes

There were none.

Changes of Assumptions

The discount rate was 7.00% as of June 30, 2021 and June 30, 2022.

**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 Six Fiscal Years*

	Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service Cost	\$ 6,236,739	\$ 7,063,198	\$ 3,875,668	\$ 3,659,946	\$ 4,054,143	\$ 4,877,797
Interest on the Total OPEB Liability	2,924,790	3,457,666	3,269,020	3,946,072	4,153,369	3,596,203
Differences Between Expected and Actual Experience	324,450	(23,448,937)	26,268,645	(15,129,822)	(7,792,216)	
Changes of Assumptions	(29,606,356)	131,500	27,192,169	1,353,397	(11,434,740)	(14,960,197)
Gross Benefit Payments	(2,897,091)	(2,723,673)	(2,591,584)	(2,786,387)	(2,664,467)	(2,757,013)
Changes of Benefit Terms		(141,870)				
Contribution from the Member	92,940	88,396	78,551	82,596	92,088	101,520
Net Change in Total OPEB Liability	(22,924,528)	(15,573,720)	58,092,469	(8,874,198)	(13,591,823)	(9,141,690)
Total OPEB Liability - Beginning	133,289,357	148,863,077	90,770,608	99,644,806	113,236,629	122,378,319
Total OPEB Liability - Ending	\$ 110,364,829	\$ 133,289,357	\$ 148,863,077	\$ 90,770,608	\$ 99,644,806	\$ 113,236,629
District's Proportionate Share	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share	\$ 110,364,829	\$ 133,289,357	\$ 148,863,077	\$ 90,770,608	\$ 99,644,806	\$ 113,236,629
Total OPEB Liability - Ending	\$ 110,364,829	\$ 133,289,357	\$ 148,863,077	\$ 90,770,608	\$ 99,644,806	\$ 113,236,629
Covered Payroll	\$ 35,653,865	\$ 34,659,001	\$ 33,700,103	\$ 32,635,371	\$ 31,258,144	\$ 31,524,777
District's Proportionate Share of OPEB						
Liability as a Percentage of Covered Payroll:	0.00%	0.00%	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.

Notes to Required Supplementary Information

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

Required Supplementary Information – Part III

Budgetary Comparison Schedule
(Budgetary Basis)

Carteret Board of Education
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2023
(Budgetary Basis)

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Budget To Actual
Revenues					
Local sources:					
Local tax levy	\$ 27,988,313	\$ -	\$ 27,988,313	\$ 27,988,315	\$ 2
Interest on investments		-		162,120	162,120
Interest Earned on Current Expense Emergency Reserve	1,500	-	1,500		(1,500)
Miscellaneous	-	-	-	558,887	558,887
Refund of Prior Year's Expenditures	-	-	-	27,345	27,345
Other Restricted Miscellaneous		-		3,673	3,673
Total - local sources	27,989,813	-	27,989,813	28,740,340	750,527
State sources:					
Security Aid	1,526,650	-	1,526,650	1,526,650	-
Equalization Aid	38,986,361	-	38,986,361	38,986,361	-
Transportation Aid	511,027	-	511,027	511,027	-
Categorical Special education Aid	2,809,761	-	2,809,761	2,809,761	-
Extraordinary Aid	600,000	-	600,000	1,207,579	607,579
Additional Non Public Transportation Aid		-		26,520	26,520
On-Behalf TPAF pension contributions (non-budgeted)		-		10,853,859	10,853,859
On-Behalf TPAF post-retirement medical contributions (non-budgeted)		-		2,851,283	2,851,283
On-Behalf TPAF long-term disability insurance (non-budgeted)		-		4,192	4,192
Reimbursed TPAF social security (Non-Budgeted)		-		2,333,850	2,333,850
Total - state sources	44,433,799	-	44,433,799	61,111,082	16,677,283
Federal sources:					
Medical reimbursement	102,236	-	102,236	141,498	39,262
Medical reimbursement - FFCRA		-		15,994	15,994
Total - federal sources	102,236	-	102,236	157,492	55,256
Total revenues	72,525,848	-	72,525,848	90,008,914	17,483,066
Expenditures					
Current :					
Instruction - regular programs:					
Purchased Professional - Educational Services:					
Preschool	161,852	(112,171)	49,681	-	49,681
Kindergarten	1,108,886	112,171	1,221,057	1,164,433	56,624
Grades 1-5	7,693,967	(320,507)	7,373,460	7,248,917	124,543
Grades 6-8	4,462,470	20,508	4,482,978	4,482,978	-
Grades 9-12	6,277,407	34,692	6,312,099	6,182,047	130,052
Instruction-home instruction:					
Salaries of teachers	55,000	(2,316)	52,684	41,374	11,310
Purchased professional educational services	10,000	4,656	14,656	13,207	1,449
Regular programs - undistributed instruction:					
Other salaries for instruction	416,505	(139,862)	276,643	273,986	2,657
Purchased professional educational services	369,250	278,000	647,250	619,402	27,848
Other purchased services	5,875	-	5,875	1,642	4,233
General supplies	1,164,141	529,507	1,693,648	1,179,614	514,034
Textbooks	48,650	(40,916)	7,734	7,734	-
Other objects	1,866,075	1,512,613	3,378,688	914,313	2,464,375
Total regular programs	23,640,078	1,876,375	25,516,453	22,129,647	3,386,806

Carteret Board of Education
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2023
(Budgetary Basis)

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Budget To Actual
Expenditures (continued)					
Learning and/or language disabilities:					
Salaries of teachers	\$ 455,585	\$ 36,341	\$ 491,926	\$ 467,072	\$ 24,854
Other salaries of instruction	142,534	(80,341)	62,193	42,109	20,084
Purchased Professional-Educational Services	124,000	44,000	168,000	103,331	64,669
Total learning and/or language disabilities	722,119	-	722,119	612,512	109,607
Emotional regulation impairment:					
Purchased Professional-Educational Services	481,300		481,300	481,300	-
Total emotional regulation impairment	481,300	-	481,300	481,300	-
Multiple disabilities:					
Salaries of teachers	436,080	-	436,080	427,863	8,217
Other salaries of instruction	127,102	-	127,102	127,102	-
Purchased professional and educational services	101,259	-	101,259	-	101,259
General supplies				2,255	(2,255)
Total multiple disabilities	664,441	-	664,441	557,220	107,221
Resource room/resource center:					
Salaries of teachers	3,747,023	(50,000)	3,697,023	3,374,784	322,239
Other salaries of instruction	169,636	-	169,636	169,636	-
Purchased professional - educational services	200,000	202,000	402,000	269,958	132,042
Total resource room/resource center	4,116,659	152,000	4,268,659	3,814,378	454,281
Autism:					
Other salaries of instruction	38,404	-	38,404	-	38,404
Purchased professional and technical services	27,500	75,000	102,500	81,423	21,077
Total autism	65,904	75,000	140,904	81,423	59,481
Preschool disabilities - full time:					
Salaries of teachers	168,372	-	168,372	117,789	50,583
Other salaries of instruction	39,642	(18,000)	21,642	-	21,642
Purchased professional and educational services	193,752	208,000	401,752	322,682	79,070
Other objects	-		18,000	205	17,795
Total preschool disabilities - full time	401,766	190,000	609,766	440,676	169,090
Total special education	6,452,189	435,000	6,887,189	5,987,509	899,680
Bilingual education:					
Salaries of teachers	2,052,835	(107,018)	1,945,817	1,933,047	12,770
Other salaries of instruction	83,534	(9,983)	73,551	42,321	31,230
Purchased professional educational services	324,000	117,000	441,000	366,935	74,065
Total bilingual education	2,460,369	(1)	2,460,368	2,342,303	118,065
School sponsored cocurricular activities:					
Salaries	107,674	13,983	121,657	121,657	-
Total school sponsored cocurricular activities	107,674	13,983	121,657	121,657	-

Carteret Board of Education
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2023
(Budgetary Basis)

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Budget To Actual
Expenditures (continued)					
School sponsored athletic activities:					
Salaries	\$ 294,892	\$ -	\$ 294,892	\$ 289,161	\$ 5,731
Purchased services	46,450	(10,700)	35,750	17,898	17,852
Travel	-	700	700	-	700
Supplies and materials	73,450	41,605	115,055	90,019	25,036
Other objects	26,625	1,150	27,775	18,742	9,033
Total school sponsored athletic activities	441,417	32,755	474,172	415,820	58,352
Total Instruction	33,101,727	2,358,112	35,459,839	30,996,936	4,462,903
Undistributed expenditures:					
Instruction:					
Tuition to other school districts in the state-regular	132,000	1,511	133,511	91,540	41,971
Tuition to other school districts in the state-special	420,000	281,434	701,434	621,522	79,912
Tuition to county spec. svcs. & rds	2,482,412	53,204	2,535,616	1,468,014	1,067,602
Tuition to private school - disabled in state	1,625,326	(112,965)	1,512,361	1,324,941	187,420
Tuition to state facilities	178,590	23,932	202,522	167,505	35,017
Tuition - other	-	44,023	44,023	41,069	2,954
Total undistributed expenditures - instruction	4,838,328	291,139	5,129,467	3,714,591	1,414,876
Attendance and social work services:					
Salaries	419,936	-	419,936	356,669	63,267
Purchased professional and technical services	44,432	(10,000)	34,432	27,995	6,437
Supplies and materials	6,000	-	6,000	1,521	4,479
Total attendance and social work services	470,368	(10,000)	460,368	386,185	74,183
Health services:					
Salaries	464,032	63,395	527,427	527,427	-
Purchased professional and technical services	18,500	14,482	32,982	27,225	5,757
Supplies and materials	14,020	19,780	33,800	21,782	12,018
Other objects	500	-	500	-	500
Total health services	497,052	97,657	594,709	576,434	18,275
Speech, OT, PT & related services:					
Salaries	405,500	28,422	433,922	433,622	300
Purchased professional - educational services	-	11,000	11,000	11,000	-
Supplies and materials	34,000	7,950	41,950	39,478	2,472
Total speech, OT, PT & related services	439,500	47,372	486,872	484,100	2,772

Carteret Board of Education
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2023
(Budgetary Basis)

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Budget To Actual
Expenditures (continued)					
Current (continued):					
Undistributed expenditures (continued):					
Guidance:					
Salaries of other professional staff	\$ 692,037	\$ (1,275)	\$ 690,762	\$ 686,162	\$ 4,600
Salaries of secretarial and clerical assistants	59,575	-	59,575	59,575	-
Purchased professional educational services		2,000	2,000	1,571	429
Other Purchased Prof. and Tech. Services	711,993	38,080	750,073	733,492	16,581
Other Purchased Services	16,800	(1,300)	15,500	9,635	5,865
Supplies and materials	145,775	(7,110)	138,665	67,726	70,939
Other objects	31,200	(9,403)	21,797	17,519	4,278
Total guidance	1,657,380	20,992	1,678,372	1,575,680	102,692
Child study teams:					
Salaries of other prof. staff	1,528,455	(5,459)	1,522,996	1,521,678	1,318
Salaries secretary/clerical assts.	128,021	-	128,021	128,021	-
Purchased professional educational services	250,000	107,369	357,369	108,483	248,886
Other purchased professional and technical services	1,102,484	(419,776)	682,708	620,136	62,572
Other purchased services	5,000	(2,015)	2,985	671	2,314
Supplies and materials	54,000	(28,579)	25,421	16,698	8,723
Other objects	-	24,462	24,462	13,462	11,000
Total child study teams	3,067,960	(323,998)	2,743,962	2,409,149	334,813
Improvement of instructional services:					
Salaries of supervisors of instruction	70,000	-	70,000	30,195	39,805
Salaries of other professional staff	40,000	-	40,000	3,475	36,525
Salaries of secretarial and clerical assistants	47,468	-	47,468	47,468	-
Salaries of Facilitators, Math & Literacy Coaches	451,633	-	451,633	451,632	1
Purchased professional educational services	1,000	-	1,000	-	1,000
Other purchased services	6,800	-	6,800	-	6,800
Supplies and materials	2,000	-	2,000	-	2,000
Total improvement of instructional services	618,901	-	618,901	532,770	86,131
Educational media/library services:					
Purchased professional and technical services	3,300	-	3,300	-	3,300
Supplies and materials	1,000	-	1,000	255	745
Total educational media/library services	4,300	-	4,300	255	4,045
Instructional staff training services:					
Salaries of other prof. staff	5,000	-	5,000	-	5,000
Purchased professional educational services	53,500	-	53,500	8,560	44,940
Purchased professional and technical services	5,000	-	5,000	-	5,000
Total instructional staff training services	63,500	-	63,500	8,560	54,940

Carteret Board of Education
General Fund
Budgetary Comparison Schedule
Year ended June 30, 2023
(Budgetary Basis)

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Budget To Actual
Expenditures (continued)					
Current (continued):					
Undistributed expenditures (continued):					
Support services - general administration:					
Salaries	\$ 539,910	\$ 19,791	\$ 559,701	\$ 559,701	\$ -
Legal services	160,000	(64,398)	95,602	76,438	19,164
Audit fees	50,000	14,108	64,108	62,008	2,100
Architectural/Engineering services	100,000	242,723	342,723	108,845	233,878
Other purchased professional services	35,560	(15,000)	20,560	13,618	6,942
Communications/telephone	264,236	(35,327)	228,909	197,648	31,261
BOE other purchased services	9,000	-	9,000	3,661	5,339
Other purchased services	27,800	591	28,391	16,889	11,502
General supplies	4,500	2,152	6,652	2,727	3,925
Judgments against the school district	10,000	-	10,000	-	10,000
Miscellaneous expenditures	8,500	30,000	38,500	5,237	33,263
BOE membership dues and fees	22,500	-	22,500	21,936	564
Total support services - general administration	1,232,006	194,640	1,426,646	1,068,708	357,938
Support services - school administration:					
Salaries of principals/asst. principals/prgm. directors	2,033,384	348,302	2,381,686	2,325,472	56,214
Salaries secretary/clerical assts.	261,045	(1,040)	260,005	256,436	3,569
Purchased professional and technical services	-	2,853	2,853	-	2,853
Other purchased services	3,150	520	3,670	2,410	1,260
Supplies and materials	26,145	(830)	25,315	18,216	7,099
Other objects	700	-	700	-	700
Total support services - school administration	2,324,424	349,805	2,674,229	2,602,534	71,695
Central services:					
Salaries	415,432	(15,000)	400,432	395,751	4,681
Purchased professional services	76,230	(13,931)	62,299	56,438	5,861
Purchased technical services	40,000	-	40,000	3,160	36,840
Supplies and materials	13,661	10,685	24,346	11,325	13,021
Miscellaneous expenditures	7,430	20,171	27,601	5,801	21,800
Total central services	552,753	1,925	554,678	472,475	82,203
Admin. Information technology:					
Salaries	389,699	46,223	435,922	409,564	26,358
Other purchased services	6,925	(4,000)	2,925	-	2,925
Other objects	-	42,000	42,000	40,237	1,763
Total admin. Information technology	396,624	84,223	480,847	449,801	31,046
Total central services & admin information technology	949,377	86,148	1,035,525	922,276	113,249

Carteret Board of Education
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2023
(Budgetary Basis)

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Budget To Actual
Expenditures (continued)					
Current (continued):					
Undistributed expenditures (continued):					
Required maintenance for school facilities:					
Salaries	\$ 831,284	\$ (215,087)	\$ 616,197	\$ 616,197	\$ -
Cleaning, repair & maintenance services	1,664,468	(84,539)	1,579,929	733,681	846,248
General supplies	79,300	352	79,652	719	78,933
Other objects	100,000	97,352	197,352	98,912	98,440
Total required maintenance for school facilities	2,675,052	(201,922)	2,473,130	1,449,509	1,023,621
Custodial services:					
Salaries	1,569,223	29,324	1,598,547	1,468,603	129,944
Purchased prof. & tech. services	17,000	-	17,000	-	17,000
Cleaning, repair & maintenance services	27,000	13,000	40,000	39,243	757
Other purchased property services	157,000	(4,000)	153,000	102,164	50,836
Insurance	559,886	(13,524)	546,362	546,320	42
General supplies	120,000	37,131	157,131	75,214	81,917
Energy (natural gas)	192,000	147,473	339,473	226,458	113,015
Energy (electricity)	495,000	190,465	685,465	503,907	181,558
Total custodial services	3,137,109	399,869	3,536,978	2,961,909	575,069
Care and upkeep of grounds:					
Salaries	73,509	-	73,509	-	73,509
Cleaning, repair & maintenance services	-	-	-	31,600	(31,600)
General supplies	33,000	-	33,000	160	32,840
Other objects	8,000	-	8,000	-	8,000
Total care and upkeep of grounds	114,509	-	114,509	31,760	82,749
Security:					
Salaries	396,510	24,652	421,162	418,797	2,365
Purchased prof. & tech. services	36,300	(14,210)	22,090	2,245	19,845
General supplies	13,000	(10,442)	2,558	(21,844)	24,402
Total security	445,810	-	445,810	399,198	46,612
Total Operation & maintenance of plant services	6,372,480	197,947	6,570,427	4,842,376	1,728,051
Student transportation services:					
Salaries for pupil trans. - (home to sch.) -Reg	77,608	3,169	80,777	80,777	-
Management Fee - ESC Transp. Prog.	71,280	86,139	157,419	142,067	15,352
Contr. serv. Aid in lieu of payments-NonPublic	142,222	(38,000)	104,222	94,513	9,709
Contr. serv. (between home & sch.) - vendors	1,381,796	2,266,726	3,648,522	3,397,109	251,413
Contr. serv. (other than between home & sch.) - vendors	287,761	(6,771)	280,990	194,295	86,695
Contracted serv. (Sp Ed Stds) - vendor	388,229	(380,000)	8,229	-	8,229
Contr. serv. (reg stds) - vendors	150,000	13,011	163,011	163,011	-
Contr. serv. (sp. ed. stds) - vendors	3,553,216	(2,566,191)	987,025	971,269	15,756
Misc. expenditures	11,000	-	11,000	575	10,425
Total student transportation services	6,063,112	(621,917)	5,441,195	5,043,616	397,579

Carteret Board of Education
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2023
(Budgetary Basis)

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Budget To Actual
Expenditures (continued)					
Unallocated employee benefits:					
Salaries					
Social security contributions	\$ 595,000	\$ 57,756	\$ 652,756	\$ 652,731	\$ 25
Other retirement contributions - PERS	736,336	-	736,336	688,378	47,958
Workmen's compensation	333,056	(58,600)	274,456	273,674	782
Health benefits	10,750,626	(1,134,985)	9,615,641	8,918,174	697,467
Tuition reimbursement	125,000	(55,000)	70,000	69,847	153
Other employee benefits	282,060	(36,387)	245,673	221,562	24,111
Total unallocated employee benefits	12,822,078	(1,227,216)	11,594,862	10,824,366	770,496
On-behalf payments:					
On-Behalf TPAF pension contributions (non-budgeted)				10,853,859	(10,853,859)
On-Behalf TPAF post-retirement medical contributions (non-budgeted)				2,851,283	(2,851,283)
On-Behalf TPAF long-term disability insurance (non-budgeted)				4,192	(4,192)
Reimbursed TPAF social security contributions				2,333,850	(2,333,850)
Total on-behalf payments	-	-	-	16,043,184	(16,043,184)
Total undistributed expenditures	41,420,766	(897,431)	40,523,335	51,034,784	(10,511,449)
Total expenditures - current expense	74,522,493	1,460,681	75,983,174	82,031,720	(6,048,546)
Capital outlay:					
Equipment:					
Undistributed expenditures:					
Required maintenance for school facilities	100,000	196,907	296,907	134,238	162,669
Total equipment	100,000	196,907	296,907	134,238	162,669
Security					
Security Equipment	-	25,000	25,000	20,385	4,615
Total Security	-	25,000	25,000	20,385	4,615
Facilities acquisition and construction services:					
Architectural/Engineering services	-	88,225	88,225	88,225	-
Construction services	-	1,331,150	1,331,150	1,233,174	97,976
Assmt for Debt Services on SDA Funding	348	-	348	348	-
Withdrawal from Capital Reserve for Capital Projects	1,408,518	(150,829)	1,257,689		1,257,689
Total facilities acquisition and construction svcs.	1,408,866	1,268,546	2,677,412	1,321,747	1,355,665
Total capital outlay	1,508,866	1,490,453	2,999,319	1,476,370	1,522,949
Special schools:					
Summer school - instruction:					
Salaries of teachers	72,000	29,177	101,177	100,408	769
Other salaries for instruction	80,000	(29,176)	50,824	32,416	18,408
Other Purchased Services		25,000	25,000	19,800	5,200
Total summer school - instruction	152,000	25,001	177,001	152,624	24,377
Support Services Alternative Education Program					
Purchased Professional and Technical Services	25,000	(2,000)	23,000	11,866	11,134
General supplies	-	2,000	2,000		2,000
Other objects	1,520	5,000	6,520	4,977	1,543
Total Support Services Alternative Education Program	26,520	5,000	31,520	16,843	14,677

Carteret Board of Education
General Fund

Budgetary Comparison Schedule

Year ended June 30, 2023
(Budgetary Basis)

	Original Budget	Adjustments/ Budget Transfers	Final Budget	Actual	Variance Budget To Actual
Other special schools- support services:					
Other objects	\$ -	\$ 220	\$ 220	\$ 220	\$ -
Total other special schools support services	-	220	220	220	-
Total other special schools	178,520	30,221	208,741	169,687	39,054
Total special schools	178,520	30,221	208,741	169,687	39,054
Transfer of funds to charter schools	224,497	147,694	372,191	348,267	23,924
Interest earned on current expense emergency reserve	1,500	-	1,500		1,500
Total expenditures	76,435,876	3,129,049	79,564,925	84,026,044	(4,461,119)
Excess (deficiency) of revenues over (under) expenditures	(3,910,028)	(3,129,049)	(7,039,077)	5,982,870	13,021,947
Other financing sources (uses):					
Transfer in - capital projects fund				90,223	90,223
Total other financing sources (uses)	-	-	-	90,223	90,223
(Deficiency) excess of revenues (under) over expenditures and other financing sources (uses)	(3,910,028)	(3,129,049)	(7,039,077)	6,073,093	13,112,170
Fund balances, July 1	14,745,157		14,745,157	14,745,157	-
Fund balances (deficit), June 30	\$ 10,835,129	\$ (3,129,049)	\$ 7,706,080	\$ 20,818,250	\$ 13,112,170
Recapitulation of (deficiency) excess of revenues (under) over expenditures and other financing sources (uses)					
Adjustment for prior year encumbrances		\$ (3,129,049)	\$ (3,129,049)	\$ (3,129,049)	\$ -
Withdrawal from capital reserve	\$ (1,410,028)	-	(1,410,028)		1,410,028
Budgeted fund balance	(2,500,000)	-	(2,500,000)	9,202,142	11,702,142
Total	\$ (3,910,028)	\$ (3,129,049)	\$ (7,039,077)	\$ 6,073,093	\$ 13,112,170
Recapitulation of fund balance:					
Assigned to:					
Designated for subsequent year's expenditures				\$ 2,595,479	
Year end encumbrances				5,682,803	
Committed to:					
Year end encumbrances				557,313	
Restricted for:					
Unemployment reserve				286,905	
Emergency reserve				500,000	
Capital reserve				6,201,994	
Capital reserve- designated for subsequent year's expenditures				3,000,000	
Unassigned fund balance				1,993,756	
				20,818,250	
Reconciliation to Governmental Funds Statements					
GAAP:					
Last two state aid payments not recognized on GAAP basis				(4,371,074)	
Fund balance per Governmental Funds (GAAP)				\$ 16,447,176	

**Carteret Board of Education
Special Revenue Fund
Required Supplementary Information**

**Budgetary Comparison Schedule
(Budgetary Basis)
Year ended June 30, 2023**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	5,000	\$ -	\$ 5,000	\$ 448,714	\$ 443,714
State Sources	\$ 3,038,729	344,441	3,383,170	3,188,420	(194,750)
Federal Sources	10,193,928	(681,799)	9,512,129	5,310,100	(4,202,029)
Total Revenues	<u>13,237,657</u>	<u>(337,358)</u>	<u>12,900,299</u>	<u>8,947,234</u>	<u>(3,953,065)</u>
Expenditures:					
Instruction:					
Salaries of teachers	2,672,252	28,373	2,700,625	1,839,403	861,222
Other salaries for instruction	128,549	88,362	216,911	209,649	7,262
Purchased professional and technical services	190,530	(45,220)	145,310	131,901	13,409
Purchased professional-educational services	76,248	(24,090)	52,158	18,629	33,529
Other purchased services	796,832	(407,474)	389,358	389,358	
Other purchased professional services	270,478	9,953	280,431	280,431	
Other purchased services - tuition		926,400	926,400	926,400	
General supplies	67,993	1,129,328	1,197,321	369,848	827,473
Textbooks	6,326	(122)	6,204	5,880	324
Other objects		1,000	1,000	762	238
Total instruction	<u>4,209,208</u>	<u>1,706,510</u>	<u>5,915,718</u>	<u>4,172,261</u>	<u>1,743,457</u>
Support services:					
Salaries of teachers		52,672	202,420		202,420
Salaries of supervisors of instruction	149,748	49,511	59,511	59,511	
Salaries of program directors	10,000				
Salaries of other professional staff	43,526	(33,970)	9,556	3,053	6,503
Salaries of secretarial and clerical assistants		198	198	198	
Salaries of master teachers	210,268	(72,274)	137,994		137,994
Other salaries		59,895	59,895	59,895	
Salaries of Family/Parent Liaison and Community Parent Involvement Specialists	10,000	(6,978)	3,022	66	2,956
Personal services - salaries	157,763	121,520	279,283	279,283	
Personnel services-employee benefits	372,956	693,796	1,066,752	946,117	120,635
Purchased professional and technical services	101,007	410,493	511,500	245,340	266,160
Purchased professional - educational services	62,540	394,299	456,839	392,881	63,958
Purchased educational services - Head Start	720,000	90,218	810,218	810,000	218
Other purchased professional educational services	30,000		30,000		30,000
Other purchased professional services	275,000	95,000	370,000	277,979	92,021
Other purchased services		125,057	125,057	114,411	10,646
Miscellaneous purchased services	50,000	(38,899)	11,101		11,101
Supplies and materials	45,179	205,568	250,747	172,440	78,307
Other objects	1,466,472	(77,491)	1,388,981	802,858	586,123
Student Activities	5,000	435,278	440,278	440,278	
Total support services	<u>3,709,459</u>	<u>2,503,893</u>	<u>6,213,352</u>	<u>4,604,310</u>	<u>1,609,042</u>
Facilities acquisition and construction services:					
Instructional equipment	5,318,990	(5,131,439)	187,551	162,227	25,324
Noninstructional equipment		524,000	524,000		524,000
Construction services		59,678	59,678		59,678
Total facilities acquisition and construction services	<u>5,318,990</u>	<u>(4,547,761)</u>	<u>771,229</u>	<u>162,227</u>	<u>609,002</u>
Total expenditures and other financing uses	<u>13,237,657</u>	<u>(337,358)</u>	<u>12,900,299</u>	<u>8,938,798</u>	<u>3,961,501</u>
Excess (deficiency) of revenues over (under) expenditures and other financing uses	-	-	-	8,436	8,436
Fund Balance, July 1	<u>197,701</u>		<u>197,701</u>	<u>197,701</u>	
Fund Balance, June 30	<u>\$ 197,701</u>	<u>\$ -</u>	<u>\$ 197,701</u>	<u>\$ 206,137</u>	<u>\$ 8,436</u>
Recapitulation:					
Restricted:					
Student Activities and Scholarships				<u>\$ 206,137</u>	

Carteret Board of Education
Note to Required Supplementary Information
Budget to GAAP Reconciliation
Year ended June 30, 2023

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1, C-2]	\$ 90,008,914	\$ 8,947,234
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Current Year			(461,665)
Prior Year, net of cancellations			4,547,003
The last State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33).		(4,371,074)	
The prior year's last State aid payment are recognized for GAAP statements, not recognized for budgetary purposes.		3,783,898	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$ 89,421,738	\$ 13,032,572
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1, C-2]	\$ 84,026,044	\$ 8,938,798
Differences - budget to GAAP:			
Encumbrances (net) for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.			
Current Year			(461,665)
Prior Year			4,547,003
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$ 84,026,044	\$ 13,024,136

Other Supplementary Information

Special Revenue Fund

**BOROUGH OF CARTERET SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	COVID-19 CARES ACT CORONAVIRUS STATE AND LOCAL								
	TOTAL BROUGHT FORWARD (Ex. E-1a)	TOTAL BROUGHT FORWARD (PAGE 2)	FISCAL RECOVERY FUNDS COVID-19 ACSERS	TANF SCHOOL BASED YOUTH SERVICES	TITLE I PART A	TITLE I SIA	TITLE II PART A	TITLE III	TOTALS
REVENUES:									
State Sources	\$ 3,188,420	-							\$ 3,188,420
Federal Sources	-	\$ 3,388,763	\$ 229,278	\$ 127,380	\$ 1,099,273	\$ 93,883	\$ 207,175	\$ 164,348	\$ 5,310,100
Local Sources	448,714	-							448,714
Total Revenues	3,637,134	3,388,763	229,278	127,380	1,099,273	93,883	207,175	164,348	8,947,234
EXPENDITURES:									
Instruction:									
Salaries of Teachers	946,654	262,926			596,039	18,631		15,153	1,839,403
Other Salaries for Instruc.	192,489	13,530				3,630			209,649
Purch. Prof. & Tech. Services	-	114,251			14,950			2,700	131,901
Purch. Prof. - Educ. Services	18,629								18,629
Other Purchased Services	-	214,287	175,071						389,358
Other Purchased Professional Services	153,051	-		127,380					280,431
Tuition to Other LEAs within the State- Special Ed.	-	92,172							92,172
Tuition to Cnty Spec. Serv. Dist. and Reg. Day School	-	448,365							448,365
Tuition to Private Schools for Disabled within State	-	385,863							385,863
General Supplies	90,151	116,741			90,229	45,256		27,471	369,848
Textbooks	5,880	-							5,880
Other Objects	762	-							762
Total Instruction	1,407,616	1,648,135	175,071	127,380	701,218	67,517	-	45,324	4,172,261
Support Services:									
Salaries of Fam/Parent Liaison & Comm. Parent Involv. Spec	66								66
Salaries of Program Directors	59,511								59,511
Salaries of Other Prof. Staff	3,053								3,053
Salaries of Sec. & Clerical Asst.	198								198
Other Salaries	-	59,895							59,895
Personal Services - Salaries	-	167,645			38,094		69,842	3,702	279,283
Personal Services - Empl. Benefits	444,039	182,196			306,435	9,861	3,586		946,117
Purch. Prof. & Tech Services	12,800	232,540							245,340
Purch. Prof. - Educ. Services	61,272	77,000			30,150	1,000	125,159	98,300	392,881
Purch. Prof. - Educ. Services - Head Start	810,000	-							810,000
Other Purch. Prof. Services	277,979	-							277,979
Supplies and Materials	111,886	7,602			23,376	15,505	6,809	7,262	172,440
Miscellaneous Purchase	-	-					1,779	9,310	11,089
Student Activity Disbursement	440,278	-							440,278
Other Purchased Services	-	59,754	54,207					450	114,411
Other Objects	-	791,769							791,769
Total Support Services	2,221,082	1,578,401	54,207	-	398,055	26,366	207,175	119,024	4,604,310
Facilities Acquis. & Const. Serv.:									
Instructional Equipment	-	162,227							162,227
Total Facil. Acquis. & Const. Serv.	-	162,227	-	-	-	-	-	-	162,227
Total Expenditures	3,628,698	3,388,763	229,278	127,380	1,099,273	93,883	207,175	164,348	8,938,798
Excess/(Deficiency) of Revenues Over/(under)									
Expenditures	8,436	-	-	-	-	-	-	-	8,436
Net change in fund balance	8,436	-	-	-	-	-	-	-	8,436
Fund Balance, July 1	197,701	-	-	-	-	-	-	-	197,701
Fund Balance, June 30	\$ 206,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,137

**BOROUGH OF CARTERET SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	COVID-19 CARES ACT										
	COVID-19 EDUCATION STABILIZATION FUND										
	I.D.E.A.					ELEMENTARY & SECONDARY SCHOOL		ELEMENTARY & SECONDARY SCHOOL		ARP	TOTAL
	TITLE IV	PART B BASIC	PART B BASIC	PRESCHOOL	ARP PRESCHOOL	EMERGENCY RELIEF FUND II	CR LEARNING ACCELERATION	CR MENTAL HEALTH	EMERGENCY RELIEF FUND III	HOMELESS ESSER III	CARRIED FORWARD
REVENUES:											
State Sources											-
Federal Sources	\$ 138,340	\$ 1,052,203	\$ 169,947	\$ 35,613	\$ 18,125	\$ 24,000	\$ 8,450	\$ 9,628	\$ 1,902,953	\$ 29,504	\$ 3,388,763
Local Sources		-									-
Total Revenues	138,340	1,052,203	169,947	35,613	18,125	24,000	8,450	9,628	1,902,953	29,504	3,388,763
EXPENDITURES:											
Instruction:											
Salaries of Teachers									262,926		262,926
Other Salaries for Instruc.									13,530		13,530
Purch. Prof. & Tech. Services	3,500	104,951						5,800			114,251
Purch. Prof. - Educ. Services			169,947		18,125						-
Other Purchased Services		26,215									214,287
Other Purchased Professional Services											-
Tuition to Other LEAs within the State- Special Ed.		92,172									92,172
Tuition to Cnty Spec. Serv. Dist. and Reg. Day School		448,365									448,365
Tuition to Private Schools for Disabled within State		350,250		35,613							385,863
General Supplies	56,663						7,550		52,528		116,741
Textbooks											-
Other Objects											-
Total Instruction	60,163	1,021,953	169,947	35,613	18,125	-	7,550	5,800	328,984	-	1,648,135
Support Services:											
Salaries of Fam/Parent Liaison & Comm. Parent Involv. Spec.											-
Salaries of Program Directors											-
Salaries of Other Prof. Staff											-
Salaries of Sec. & Clerical Asst.											-
Other Salaries									59,895		59,895
Personal Services - Salaries	503								167,142		167,645
Personal Services - Empl. Benefits	-								182,196		182,196
Purch. Prof. & Tech Services							900	1,350	230,290		232,540
Purch. Prof. - Educ. Services	77,000										77,000
Purch. Prof. - Educ. Services - Head Start	-										-
Other Purch. Prof. Services	-										-
Supplies and Materials	674							2,478	4,450		7,602
Miscellaneous Purchase	-										-
Student Activity Disbursement	-										-
Other Purchased Services	-	30,250								29,504	59,754
Other Objects	-								791,769		791,769
Total Support Services	78,177	30,250	-	-	-	-	900	3,828	1,435,742	29,504	1,578,401
Facilities Acquis. & Const. Serv.:											
Instructional Equipment	-					24,000			138,227		162,227
Total Facil. Acquis. & Const. Serv.	-	-	-	-	-	24,000	-	-	138,227	-	162,227
Total Expenditures	138,340	1,052,203	169,947	35,613	18,125	24,000	8,450	\$ 9,628	\$ 1,902,953	\$ 29,504	3,388,763
Excess/(Deficiency) of Revenues Over/(under Expenditures	-	-	-	-	-	-	-	-	-	-	-
Net change in fund balance	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**BOROUGH OF CARTERET SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	TOTAL BROUGHT FORWARD (Ex. E-1b)	PRESCHOOL EDUCATION AID (Ex. E-2)	N.J. NONPUBLIC TECHNOLOGY INITIATIVE	N.J. NONPUBLIC NURSING SERVICES	N.J. NONPUBLIC TEXTBOOK AID	N.J. NONPUBLIC SECURITY AID	TOTAL CARRIED FORWARD
REVENUES:							
State Sources	\$ 233,937	\$ 2,923,180	\$ 2,519	\$ 3,634	\$ 5,880	\$ 19,270	\$ 3,188,420
Federal Sources	-	-	-	-	-	-	-
Local Sources	448,714	-	-	-	-	-	448,714
Total Revenues	682,651	2,923,180	2,519	3,634	5,880	19,270	3,637,134
EXPENDITURES:							
Instruction:	-	-	-	-	-	-	-
Salaries of Teachers	-	946,654	-	-	-	-	946,654
Other Salaries for Instruc.	-	192,489	-	-	-	-	192,489
Purch. Prof. & Tech. Services	-	-	-	-	-	-	-
Purch. Prof. - Educ. Services	-	18,629	-	-	-	-	18,629
Other Purchased Services	-	-	-	-	-	-	-
Other Purchased Professional Services	153,051	-	-	-	-	-	153,051
Tuition to Other LEAs within the State- Special Ed.	-	-	-	-	-	-	-
Tuition to Cnty Spec. Serv. Dist. and Reg. Day Sch.	-	-	-	-	-	-	-
Tuition to Private Schools for Disabled within State	-	-	-	-	-	-	-
General Supplies	5,936	62,426	2,519	-	-	19,270	90,151
Textbooks	-	-	-	-	5,880	-	5,880
Other Objects	762	-	-	-	-	-	762
Total Instruction	159,749	1,220,198	2,519	-	5,880	19,270	1,407,616
Support Services:							
Salaries of Fam/Parent Liaison & Comm. Parent Inv	-	66	-	-	-	-	66
Salaries of Program Directors	-	59,511	-	-	-	-	59,511
Salaries of Other Prof. Staff	-	3,053	-	-	-	-	3,053
Salaries of Sec. & Clerical Asst.	-	198	-	-	-	-	198
Other Salaries	-	-	-	-	-	-	-
Personal Services - Salaries	-	-	-	-	-	-	-
Personal Services - Empl. Benefits	-	444,039	-	-	-	-	444,039
Purch. Prof. & Tech Services	12,800	-	-	-	-	-	12,800
Purch. Prof. - Educ. Services	57,638	-	-	3,634	-	-	61,272
Purch. Prof. - Educ. Services - Head Start	-	810,000	-	-	-	-	810,000
Other Purch. Prof. Services	-	277,979	-	-	-	-	277,979
Supplies and Materials	3,750	108,136	-	-	-	-	111,886
Miscellaneous Purchase	-	-	-	-	-	-	-
Student Activity Disbursement	440,278	-	-	-	-	-	440,278
Other Purchased Services	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-
Total Support Services	514,466	1,702,982	-	3,634	-	-	2,221,082
Facilities Acquis. & Const. Serv.:							
Instructional Equipment	-	-	-	-	-	-	-
Total Facil. Acquis. & Const. Serv.	-	-	-	-	-	-	-
Total Expenditures	674,215	2,923,180	2,519	3,634	5,880	19,270	3,628,698
Excess/(Deficiency) of Revenues Over/(under Expenditures	8,436	-	-	-	-	-	8,436
Net change in fund balance	8,436	-	-	-	-	-	8,436
Fund Balance, July 1	197,701	-	-	-	-	-	197,701
Fund Balance, June 30	\$ 206,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,137

**BOROUGH OF CARTERET SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

N									
NJ NONPUBLIC SERVICES									

**BOROUGH OF CARTERET SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	SCHOOL BASED YOUTH SERVICES	EMPOWERED SCHOOLS	CLIMATE AWARENESS	STUDENT ACTIVITIES/ SCHOLARSHIPS/ ATHLETICS	TOTAL CARRIED FORWARD
REVENUES:					
State Sources	\$ 153,051	\$ 17,335	\$ 5,913		\$ 176,299
Federal Sources					-
Local Sources				\$ 448,714	448,714
Total Revenues	153,051	17,335	5,913	448,714	625,013
EXPENDITURES:					
Instruction:					
Salaries of Teachers					-
Other Salaries for Instruc.					-
Purch. Prof. & Tech. Services					-
Purch. Prof. - Educ. Services					-
Other Purchased Services					-
Other Purchased Professional Services	153,051				153,051
Tuition to Other LEAs within the State- Special Ed.					-
Tuition to Cnty Spec. Serv. Dist. and Reg. Day School					-
Tuition to Private Schools for Disabled within State					-
General Supplies		2,085	3,851		5,936
Textbooks					-
Other Objects			762		762
Total Instruction	153,051	2,085	4,613	-	159,749
Support Services:					
Salaries of Fam/Parent Liaison & Comm. Parent Involv. Spec.					-
Salaries of Program Directors					-
Salaries of Other Prof. Staff					-
Salaries of Sec. & Clerical Asst.					-
Other Salaries					-
Personal Services - Salaries					-
Personal Services - Empl. Benefits					-
Purch. Prof. & Tech Services		11,500	1,300		12,800
Purch. Prof. - Educ. Services					-
Purch. Prof. - Educ. Services - Head Start					-
Other Purch. Prof. Services					-
Supplies and Materials		3,750			3,750
Miscellaneous Purchase					-
Student Activity Disbursement				440,278	440,278
Other Purchased Services					-
Other Objects					-
Total Support Services	-	15,250	1,300	440,278	456,828
Facilities Acquis. & Const. Serv.:					
Instructional Equipment					-
Total Facil. Acquis. & Const. Serv.	-	-	-	-	-
Total Expenditures	153,051	17,335	5,913	440,278	616,577
Excess/(Deficiency) of Revenues Over/(under Expenditures	-	-	-	8,436	8,436
Net change in fund balance	-	-	-	8,436	8,436
Fund Balance, July 1	-	-	-	197,701	197,701
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 206,137	\$ 206,137

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

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	\$ 946,654	\$ 946,654	
Other Salaries for Instr.	192,702	192,489	\$ 213
Purchased Educational Services	52,158	18,629	33,529
General Supplies	62,457	62,426	31
	<u>1,253,971</u>	<u>1,220,198</u>	<u>33,773</u>
Total Instruction			
Support Services:			
Salaries of Family/Parent Liaison and Community Parent Involv. Specialist	3,022	66	2,956
Facilitator/Coach	137,994		137,994
Salaries of Program Directors	59,511	59,511	
Salaries of Other Professional Staff	9,556	3,053	6,503
Salaries of Secr. And Clerical Asst.	198	198	
Personal Serv.-Employee Benefits	185,956	444,039	(258,083)
Purchased Educational Services - Head Start	810,218	810,000	218
Other Purch. Prof. Services	400,000	277,979	122,021
Supplies and Materials	115,179	108,136	7,043
	<u>1,721,634</u>	<u>1,702,982</u>	<u>18,652</u>
Total Support Services			
Total Expenditures	\$ <u>2,975,605</u>	\$ <u>2,923,180</u>	\$ <u>52,425</u>

CALCULATION OF BUDGET AND CARRYOVER:

Total revised 2022-23 Preschool Education Aid Allocation	\$ 2,672,794
Add: Actual Carryover (June 30, 2022)	<u>833,718</u>
Total Preschool Education Aid Available for 2021-22 Budget	3,506,512
Less: 2022-23 Budgeted Preschool Education Aid	<u>(2,975,605)</u>
Available and Unbudgeted PEA Funds at June 30, 2023	530,907
Add: June 30, 2023 Unexpended PEA	<u>52,425</u>
2022-23 Carryover - Preschool Aid Programs	\$ <u>583,332</u>
2022-23 PEA Carryover Budgeted for 2023-24 Preschool Programs	\$ <u>833,718</u>

Capital Projects Fund

**Carteret Board of Education
Capital Projects Fund**

Summary Schedule of Project Expenditures

Year ended June 30, 2023

Issue/Project Title	Appropriations	Revised Appropriations	Expenditures to Date		Unexpended Balance
			Prior Year	Current Year	
2020 Referendum Projects	\$ 36,999,995	\$ 36,999,995	\$ 25,762,542	\$ 3,486,044	\$ 7,751,409
School Security Aid - Alyssa's Law	206,100	206,100	41,190	\$ 164,910	
	<u>\$ 37,206,095</u>	<u>\$ 37,206,095</u>	<u>\$ 25,803,732</u>	<u>\$ 3,650,954</u>	<u>\$ 7,751,409</u>
Analysis of Balance					
Year End Encumbrances					\$ 3,810,412
Available for Capital Projects					<u>3,940,997</u>
					<u>\$ 7,751,409</u>

**Carteret Board of Education
Capital Projects Fund**

**Summary Schedule of Project Revenues, Expenditures,
Project Balance and Project Status**

(Budgetary Basis)

Year ended June 30, 2023

	<u>Current Year</u>
Revenues and Other Financing Sources	
State Sources - SDA Grant School Security Aid - Alyssa's Law	\$ 164,910
Interest Earned	90,223
Total Revenues and Other Financing Sources	<u>255,133</u>
Expenditures and Other Financing Uses	
Purchased Professional Services	211,522
Construction Services	3,439,432
Transfers to General Fund	90,223
Total Expenditures and Other Financing Uses	<u>3,741,177</u>
(Deficiency) of Revenues	
(Under) Expenditures	(3,486,044)
Fund Balance, July 1	<u>11,237,453</u>
Fund Balance, June 30	<u><u>\$ 7,751,409</u></u>
<u>Reconciliation of budgetary basis to GAAP basis:</u>	
Fund Balance, Budgetary Basis	\$ 7,751,409
Less: Revenue not recognized on a GAAP basis	
Fund Balance - June 30, 2023 GAAP Basis	<u><u>\$ 7,751,409</u></u>

**Carteret Board of Education
Capital Projects Fund**

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

2020 Referendum Projects

From Inception and for the year ended June 30, 2023

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and Other Financing Sources				
Bond Sale Proceeds	\$ 36,999,995		\$ 36,999,995	\$ 36,999,995
Total Revenues	<u>36,999,995</u>	<u></u>	<u>36,999,995</u>	<u>36,999,995</u>
Expenditures and Other Financing Uses				
Purchased Professional Services	4,024,382	\$ 211,522	4,235,904	2,927,450
Construction Services	<u>21,738,160</u>	<u>3,274,522</u>	<u>25,012,682</u>	<u>34,072,545</u>
Total Expenditures	<u>25,762,542</u>	<u>3,486,044</u>	<u>29,248,586</u>	<u>36,999,995</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 11,237,453</u>	<u>\$ (3,486,044)</u>	<u>\$ 7,751,409</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			
Additional Authorized Cost				
Revised Authorized Cost	36,999,995			
Percentage Increase over Original				
Authorized Cost	0.00%			
Percentage completion	79.05%			
Original target completion date	September 2022			
Revised target completion date	September 2023			

**Carteret Board of Education
Capital Projects Fund**

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

School Security Aid - Alyssa's Law

From Inception and for the year ended June 30, 2023

	Prior Periods	Current Year	Totals	Authorized Cost
Revenues and Other Financing Sources				
State Sources - SDA Grant	\$ 41,190	\$ 164,910	\$ 206,100	\$ 206,100
Total Revenues	41,190	164,910	206,100	206,100
Expenditures and Other Financing				
Construction Services	41,190	164,910	206,100	206,100
Total Expenditures	41,190	164,910	206,100	206,100
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -
Additional project information				
Project number	N/A			
Grant date	July 1, 2020			
Bond authorization date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 206,100			
Additional Authorized Cost				
Revised Authorized Cost	206,100			
Percentage Increase over Original Authorized Cost	0.00%			
Percentage completion	100.00%			
Original target completion date	June 30, 2023			
Revised target completion date	June 30, 2023			

Long-Term Debt

**Carteret Board of Education
Long-Term Debt**

Schedule of Serial Bonds Payable

Year ended June 30, 2023

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	Retired	Balance
			Date	Amount		June 30, 2022		June 30, 2023
School Bonds, Series 2020	June 2, 2020	\$36,999,995	2/1/2024	\$ 900,000	2.00%	\$ 36,095,000	\$ 900,000	\$ 35,195,000
			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%			
						\$ 36,095,000	\$ 900,000	\$ 35,195,000

**Carteret Board of Education
Long-Term Debt**

Schedule of Obligations Under Certificates of Participation

Year ended June 30, 2023

<u>Purpose</u>	<u>Amount of Original Issue</u>	<u>Interest Rate Payable On Remaining Balance</u>	<u>Balance June 30, 2022</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
2015 Refunding (COP)	\$ 7,455,000	2.00 - 3.00%	\$ 4,295,000	\$ 495,000	\$ 3,800,000
			<u>\$ 4,295,000</u>	<u>\$ 495,000</u>	<u>\$ 3,800,000</u>

Note: COP Indicates Certificate of Participation

**Carteret Board of Education
Debt Service Fund**

Budgetary Comparison Schedule

Year ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 1,668,099		\$ 1,668,099	\$ 1,668,099	
State Sources:					
Debt Service Aid Type II	539,184		539,184	539,184	
Total Revenues	<u>2,207,283</u>		<u>2,207,283</u>	<u>2,207,283</u>	
Expenditures:					
Regular Debt Service:					
Principal on Lease Purchase - COPS	495,000		495,000	495,000	
Interest on Lease Purchase - COPS	116,813		116,813	116,813	
Interest on Bonds	987,400		987,400	987,400	
Principal on Bonds	900,000		900,000	900,000	
Total expenditures	<u>2,499,213</u>		<u>2,499,213</u>	<u>2,499,213</u>	
Excess of revenues over expenditures	(291,930)		(291,930)	(291,930)	
Fund balance, July 1	291,930		291,930	291,930	
Fund balance, June 30	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	

Statistical Section

Statistical Section
Unaudited

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

Carteret Board of Education
Net Position by Component

Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
							(Restated)			
Governmental activities:										
Net investment in capital assets	\$ 9,641,524	\$ 10,581,863	\$ 12,139,789	\$ 12,881,900	\$ 13,253,738	\$ 14,050,425	\$ 13,501,178	\$ 13,639,848	\$ 14,840,382	\$ 18,726,957
Restricted	536,241	92	650,501	1,400,500	519,188	509,470	2,629,450	3,773,513	6,509,743	10,195,036
Unrestricted (deficit)	(17,999,614)	(16,938,060)	(17,048,567)	(18,219,952)	(17,355,694)	(17,620,341)	(17,837,961)	(14,620,152)	(11,533,494)	(7,932,274)
Total governmental activities net position	<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>	<u>\$ 9,816,631</u>	<u>\$ 20,989,719</u>
Business-type activities:										
Investment in capital assets	\$ 486,681	\$ 440,820	\$ 399,111	\$ 357,402	\$ 315,692	\$ 281,340	\$ 239,878	\$ 366,538	\$ 337,928	\$ 419,416
Unrestricted (deficit)	254,942	216,204	655,448	41,062	308,566	815,153	1,214,678	1,323,457	2,309,536	2,971,005
Total business-type activities net position	<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>	<u>\$ 2,647,464</u>	<u>\$ 3,390,421</u>
District-wide:										
Net investment in capital assets	\$ 10,128,205	\$ 11,022,683	\$ 12,538,900	\$ 13,239,302	\$ 13,569,430	\$ 14,331,765	\$ 13,741,056	\$ 14,006,386	\$ 15,178,310	\$ 19,146,373
Restricted	536,241	92	650,501	1,400,500	519,188	509,470	2,629,450	3,773,513	6,509,743	10,195,036
Unrestricted (deficit)	(17,744,672)	(16,721,856)	(16,393,119)	(18,178,890)	(17,047,128)	(16,805,188)	(16,623,283)	(13,296,695)	(9,223,958)	(4,961,269)
Total district net position	<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>	<u>\$ 12,464,095</u>	<u>\$ 24,380,140</u>

Source: ACFR Schedule A-1 and District records.

Note 1. GASB No. 84 was implemented during the 2021 fiscal year, which required the restatement of beginning net position in the amount of \$174,136.

Carteret Board of Education
Changes in Net Position

Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Years ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
Instruction										
Regular	\$ 25,505,673	\$ 29,302,793	\$ 29,859,830	\$ 32,796,929	\$ 35,287,441	\$ 35,738,554	\$ 35,770,081	\$ 40,488,877	\$ 36,938,917	\$ 36,236,541
Special education	12,326,119	12,989,622	12,959,900	14,049,462	15,684,751	15,456,654	14,347,977	13,410,986	10,370,488	9,779,059
Other special education	2,000,581	2,343,564	2,332,775	2,889,622	3,287,124	3,255,382	3,504,382	3,802,158	3,731,982	3,408,296
School sponsored activities and athletics	496,087	505,909	579,426	598,697	662,544	677,616	652,932	382,317	745,657	761,002
Support Services:										
Tuition										
Student & instruction related services	6,310,943	7,025,149	7,754,543	8,805,795	8,173,073	7,989,432	8,521,121	9,915,466	15,010,565	17,726,904
School Administrative services	3,033,128	3,127,633	3,384,585	4,117,025	4,072,383	3,541,865	3,554,257	4,103,085	1,715,148	1,378,278
General administration services	1,222,049	1,257,571	1,113,582	1,236,146	1,350,446	1,474,490	1,563,327	1,416,925	3,651,110	3,964,396
Central services	1,027,621	1,251,322	1,338,402	1,419,864	1,357,978	1,365,407	1,359,248	1,536,247	1,392,128	1,358,478
Plant operations and maintenance	6,064,394	6,310,838	5,966,909	6,625,429	7,577,581	6,458,542	5,918,261	6,028,833	6,072,987	7,365,286
Pupil transportation	2,583,496	2,788,611	2,736,599	2,685,999	2,948,428	3,465,427	3,244,933	2,859,554	4,202,642	5,151,649
Interest on long-term debt	614,574	439,892	490,930	391,191	512,680	228,302	262,048	1,163,737	1,131,591	1,091,608
Total governmental activities expenses	61,184,665	67,342,904	68,517,481	75,616,159	80,914,429	79,651,671	78,698,567	85,108,185	84,963,215	88,221,497
Business-type activities:										
Food service	1,809,013	1,908,223	1,729,508	2,543,630	2,354,336	2,169,812	1,813,753	1,237,519	2,276,634	2,364,481
Enrichment academy	387,487	350,901	157,520	634,647	179,231	218,137	175,680	63,472	179,959	223,902
Total business-type activities expense	2,196,500	2,259,124	1,887,028	3,178,277	2,532,567	2,387,949	1,989,433	1,290,991	2,456,593	2,588,383
Total district expenses	\$ 63,381,165	\$ 69,602,028	\$ 70,404,509	\$ 78,794,436	\$ 83,446,996	\$ 82,039,620	\$ 80,688,000	\$ 86,399,176	\$ 87,419,808	\$ 90,809,880
Program Revenues										
Governmental activities:										
Charges for services						\$ 47,076		\$ 102,444	\$ 334,231	\$ 448,714
Grants and contributions	11,459,223	17,548,589	19,660,547	24,427,731	27,668,511	26,459,790	25,027,913	32,104,218	28,390,858	29,635,684
Total governmental activities program revenues	11,459,223	17,548,589	19,660,547	24,427,731	27,668,511	26,506,866	25,027,913	32,206,662	28,725,089	30,084,398
Business-type activities:										
Charges for services										
Food service	515,164	484,155	510,115	486,285	485,618	509,755	360,835	2,925	48,613	419,458
Enrichment academy	372,423	352,854	332,133	279,174	353,899	386,537	326,757	129,914	412,612	494,189
Operating grants and contributions	1,291,846	1,337,516	1,442,315	1,756,723	1,818,844	1,963,892	1,659,904	1,393,311	2,952,451	2,996,565
Total business type activities program revenues	2,179,433	2,174,525	2,284,563	2,522,182	2,758,361	2,860,184	2,347,496	1,526,150	3,413,676	3,310,212
Total district program revenues	\$ 13,638,656	\$ 19,723,114	\$ 21,945,110	\$ 26,949,913	\$ 30,426,872	\$ 29,367,050	\$ 27,375,409	\$ 33,732,812	\$ 32,138,765	\$ 33,394,610
Net (Expense)/Revenue										
Governmental activities	\$ (49,725,442)	\$ (48,966,087)	\$ (48,856,934)	\$ (51,188,428)	\$ (53,245,918)	\$ (53,144,805)	\$ (53,670,654)	\$ (52,901,523)	\$ (56,238,126)	\$ (58,137,099)
Business-type activities	(17,067)	(84,599)	397,535	(656,095)	225,794	472,235	358,063	235,159	957,083	721,829
Total district-wide net expense	\$ (49,742,509)	\$ (49,050,686)	\$ (48,459,399)	\$ (51,844,523)	\$ (53,020,124)	\$ (52,672,570)	\$ (53,312,591)	\$ (52,666,364)	\$ (55,281,043)	\$ (57,415,270)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 23,257,020	\$ 24,451,486	\$ 24,940,515	\$ 25,230,391	\$ 26,527,244	\$ 27,057,788	\$ 27,098,944	\$ 27,711,201	\$ 27,988,313	\$ 27,988,315
Taxes levied for debt service	1,425,197	1,414,072	1,392,490	1,414,624	1,388,324	1,388,109	597,036	1,551,076	1,863,047	1,668,099
Unrestricted grants and contributions	23,968,004	24,050,778	24,092,213	24,239,661	24,898,203	24,452,817	26,476,209	27,841,567	32,961,771	38,403,982
Restricted grants and contributions	467,051	464,209	450,133	541,716	568,477	590,947	173,622	97,880	294,507	407,543
Investment income	6,574	10,340	14,665	25,080						
Miscellaneous income	191,619	40,946	64,746	57,681	218,454	177,466	200,914	200,341	153,910	842,248
Total governmental activities	49,315,465	50,431,831	50,954,762	51,509,153	53,600,702	53,667,127	54,546,725	57,402,065	63,261,548	69,310,187
Business-type activities:										
Investment earnings								280	386	21,128
Total business-type activities	-	-	-	-	-	-	-	280	386	21,128
Total district-wide	\$ 49,315,465	\$ 50,431,831	\$ 50,954,762	\$ 51,509,153	\$ 53,600,702	\$ 53,667,127	\$ 54,546,725	\$ 57,402,345	\$ 63,261,934	\$ 69,331,315
Change in Net Position										
Governmental activities	\$ (409,977)	\$ 1,465,744	\$ 2,097,828	\$ 320,725	\$ 354,784	\$ 522,322	\$ 876,071	\$ 4,500,542	\$ 7,023,422	\$ 11,173,088
Business-type activities	(17,067)	(84,599)	397,535	(656,095)	225,794	472,235	358,063	235,439	957,469	742,957
Total district	\$ (427,044)	\$ 1,381,145	\$ 2,495,363	\$ (335,370)	\$ 580,578	\$ 994,557	\$ 1,234,134	\$ 4,735,981	\$ 7,980,891	\$ 11,916,045

Source: ACFR Schedule A-2 and District records.

Carteret Board of Education
Fund Balances - Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	June 30,									
	2014	2015	2016	2017	2018	2019	2020 (Restated)	2021	2022	2023
General Fund:										
Restricted			\$ 650,000	\$ 1,400,000	\$ 607,411	\$ 607,411	\$ 2,925,577	\$ 3,791,157	\$ 6,020,112	\$ 9,988,899
Committed	453,689	356,969	463,977				441,527	193,500	1,375,453	557,313
Assigned	944,532	950,000	1,900,107	2,196,387	2,216,988	2,712,981	1,208,023	4,066,068	4,253,596	8,278,282
Unassigned (deficit)	(4,675,878)	(2,443,606)	(3,243,219)	(3,179,233)	(2,239,026)	(2,799,053)	(2,560,367)	(1,553,749)	(687,902)	(2,377,318)
Total general fund	<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>	<u>\$ 10,961,259</u>	<u>\$ 16,447,176</u>
All Other Governmental Funds:										
Restricted	\$ 536,241	\$ 92	\$ 501	\$ 500	\$ 19,188	\$ 9,470	\$ 34,755,918	\$ 26,742,745	\$ 11,727,084	\$ 7,957,546
Unassigned (deficit)	(92,514)	(75,694)	(73,591)	(60,609)			172,436			
Total all other governmental funds	<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>	<u>\$ 11,727,084</u>	<u>\$ 7,957,546</u>

Source: ACFR Schedule B-1 and District records.

Note 1: GASB No. 84 was implemented during the 2021 fiscal year, which required the restatement of the beginning fund balances in the general and special revenue funds.

Note 2: The deficits in the general fund and special revenue fund are the result of the last two state aid payments being deferred until the subsequent fiscal year. See notes to the basic financial statements for additional information.

Carteret Board of Education
Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	\$ 24,682,217	\$ 25,865,558	\$ 26,333,005	\$ 26,645,015	\$ 27,915,568	\$ 28,445,897	\$ 27,695,980	\$ 29,262,277	\$ 29,851,360	\$ 29,656,414
Tuition charges						47,076				
Interest on investments	6,574	10,340	13,701	25,080					16,806	252,343
Miscellaneous	199,944	72,696	85,827	86,355	218,779	191,806	200,914	330,033	470,742	1,034,946
State sources	33,790,602	35,228,250	35,017,174	36,486,597	38,818,535	42,713,030	45,035,183	48,846,049	58,803,281	64,248,706
Federal sources	2,095,351	2,266,934	2,333,822	2,391,881	2,101,371	2,332,287	2,567,952	3,216,644	5,017,363	9,720,644
Other restricted miscellaneous									593	3,673
Total revenue	60,774,688	63,443,778	63,783,529	65,634,928	69,054,253	73,730,096	75,500,029	81,655,003	94,160,145	104,916,726
Expenditures										
Instruction:										
Regular Instruction	25,581,772	25,393,741	25,630,959	26,738,831	28,419,185	32,037,837	33,358,631	35,856,442	38,508,930	39,804,558
Special education instruction	12,356,939	12,038,045	11,913,810	12,382,075	13,754,179	14,414,657	13,742,262	12,285,140	10,780,374	10,634,616
Other special instruction	2,010,114	1,999,567	1,981,530	2,317,837	2,644,168	2,872,467	3,240,391	3,331,882	3,913,245	3,775,891
School sponsored activities, athletics	498,323	449,509	509,622	497,152	540,071	609,245	607,770	350,572	778,884	836,680
Support Services:										
Student & inst. related services	6,238,127	6,129,023	6,834,983	7,382,189	6,706,856	7,176,377	7,973,655	8,892,246	14,610,750	17,356,092
General administrative services	1,190,346	1,036,166	1,046,138	1,087,078	1,215,174	1,381,284	1,518,344	1,315,559	1,754,263	1,476,344
School administrative services	3,048,932	2,696,264	2,899,248	3,309,470	3,230,729	3,124,989	3,295,398	3,595,882	3,841,070	4,452,098
Central services	1,032,552	1,165,728	1,241,408	1,190,380	1,143,774	1,218,814	1,276,094	1,364,329	1,459,476	1,508,796
Plant operations and maintenance	5,186,359	5,228,265	4,946,201	5,137,887	6,099,968	5,292,532	5,093,049	5,100,573	6,224,619	6,364,406
Pupil transportation	2,579,780	2,781,769	2,728,951	2,667,902	2,943,307	3,458,607	3,245,780	2,852,645	4,164,199	5,092,723
Special Schools									120,403	262,522
Charter Schools									216,701	348,267
Capital outlay	1,977,142	1,466,608	160,101	205,332	59,482	155,227	2,399,324	8,926,998	15,821,101	8,788,141
Debt service:										
Principal	1,620,000	1,659,169	2,653,860	1,720,000	1,760,000	1,830,000	650,000	675,000	1,384,995	1,395,000
Interest and other charges	630,872	796,005	327,668	339,525	289,844	231,812	164,063	811,128	1,132,513	1,104,213
Total expenditures	63,951,258	62,839,859	62,874,479	64,975,658	68,806,737	73,803,848	76,564,761	85,358,396	104,711,523	103,200,347
Excess (Deficiency) of revenues over (under) expenditures	(3,176,570)	603,919	909,050	659,270	247,516	(73,752)	(1,064,732)	(3,703,393)	(10,551,378)	1,716,379
Other Financing sources (uses)										
Refund of prior year revenue	1,430,000	7,455,000								
Payments To Escrow Agent	(1,370,000)	(7,165,000)								
Serial Bonds Issued							36,999,995			
Discount of Issuance of Refunding Bonds		(28,357)								
Capital leases (non-budgeted)	351,900	756,129					5,046	87,045		
Transfers in	555,364	(5,046)	964				(5,046)	(87,045)	28,169	90,223
Transfers out	(555,364)								(28,169)	(90,223)
Total other financing sources (uses)	411,900	1,012,726	964	-	-	-	36,999,995	-	-	-
Net change in fund balances	\$ (2,764,670)	\$ 1,616,645	\$ 910,014	\$ 659,270	\$ 247,516	\$ (73,752)	\$ 35,935,263	\$ (3,703,393)	\$ (10,551,378)	\$ 1,716,379
Debt service as a percentage of noncapital expenditures	3.63%	4.00%	4.75%	3.18%	2.98%	2.80%	1.10%	1.94%	2.83%	2.65%

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

Carteret Board of Education
General Fund - Other Local Revenue by Source

Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Interest Earned	\$ 162,120	\$ 16,806	\$ 52,618	\$ 79,093	\$ 85,703	\$ 67,298	\$ 25,080	\$ 13,701	\$ 10,340	\$ 6,574
Tuition					47,076					
Miscellaneous	<u>589,905</u>	<u>108,935</u>	<u>60,678</u>	<u>116,775</u>	<u>91,763</u>	<u>131,968</u>	<u>57,681</u>	<u>64,746</u>	<u>40,946</u>	<u>191,619</u>
Total	<u>\$ 752,025</u>	<u>\$ 125,741</u>	<u>\$ 113,296</u>	<u>\$ 195,868</u>	<u>\$ 224,542</u>	<u>\$ 199,266</u>	<u>\$ 82,761</u>	<u>\$ 78,447</u>	<u>\$ 51,286</u>	<u>\$ 198,193</u>

Source: District's Revenue Report

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
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
2022	100,477,300	1,253,453,300	276,160,900	739,326,583	120,514,100	2,489,932,183	-	2,489,932,183	3,122,966,078	1.195
2023	101,289,700	1,262,428,200	289,242,700	817,788,783	120,700,900	2,591,450,283	-	2,591,450,283	3,728,768,752	1.150

Source: County Abstract of Ratables

a Tax rates are per \$100

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

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

Assessment Year	Total Direct School Tax Rate	Overlapping Rates					County Open Space	Total Direct and Overlapping Tax Rate
		Carteret Municipality	Municipal Open Space	Municipal Library	County			
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	
2022	1.195	1.269	0.030	0.042	0.446	0.038	3.020	
2023	1.150	1.343	0.030	0.046	0.494	0.043	3.106	

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)**

	2023				2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value		Taxable Assessed Value	Rank	% Total of District Net Assessed Value
GATX c/o Kinder Morgan Prop. Tax	\$ 132,000,000	1	5.09%	GATX/Kinder Morgan -503, 3	\$ 109,810,000	1	5.82%
KTR Carteret c/o Prologis Tax	83,171,583	2	3.21%	KTR Carteret	64,886,300	2	3.44%
50 Bryla HPFV III Urban Renewal LLC	72,551,900	3	2.80%	Federal Blvd LLC	37,818,600	3	2.00%
KTR NJ Ur. Ren. c/o Prologis Tax	58,981,800	4	2.28%	Bristol Tic LLC Etal	29,963,300	4	1.59%
Federal Blvd LLC c/o CBRE	47,319,600	5	1.83%	Keystone c/o Prologis Tax	25,220,100	5	1.34%
Port Carteret Fee Exchange LLC	41,081,600	6	1.59%	AJ Richard & Sons Inc	21,547,500	6	1.14%
Keystone c/o Prologis Tax	40,033,500	7	1.54%	200 Middlesex LLC c/o Ryan LLC	20,176,200	7	1.07%
Nuveen	38,296,500	8	1.48%	Centerpoint Roosevelt LLC	19,960,500	8	1.06%
BRS Bristol Holdings LLC	36,710,000	9	1.42%	Cypres Amax c/o Freeport	19,630,600	9	1.04%
GATX c/o Kinder Morgan Tax Dept.	34,129,200	10	1.32%	Meridian II, LLC	17,933,600	10	0.95%
Total	<u>\$ 584,275,683</u>		<u>22.55%</u>	Total	<u>\$ 366,946,700</u>		<u>19.45%</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	
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
2022	29,851,360	29,851,360	100.00%	N/A
2023	29,656,414	29,656,414	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities					Total District	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Financed Purchase Payables	Bond Anticipation Notes (BANs)	Financed Purchase Payables			
2014	\$ 1,275,000	\$ 13,150,000	\$ 251,900	\$ 1,800,000	N/A	\$ 16,476,900	23,714	\$ 695
2015	1,115,000	12,025,000	923,860	3,516,636	N/A	17,580,496	23,697	742
2016	945,000	10,465,000	N/A	N/A	N/A	11,410,000	23,621	483
2017	770,000	8,920,000	N/A	N/A	N/A	9,690,000	23,604	411
2018	590,000	7,340,000	N/A	N/A	N/A	7,930,000	23,514	337
2019	400,000	5,700,000	N/A	N/A	N/A	6,100,000	23,393	261
2020	37,204,995	5,245,000	N/A	N/A	N/A	42,449,995	23,383	1,815
2021	36,999,995	4,775,000	N/A	N/A	N/A	41,774,995	25,152	1,661
2022	36,095,000	4,295,000	N/A	N/A	N/A	40,390,000	25,176	1,604
2023	35,195,000	3,800,000	N/A	N/A	N/A	38,995,000	25,176 (A)	1,549

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			
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%	1,591
2021	36,999,995	291,930	36,708,065	1.47%	1,459
2022	36,095,000	291,930	35,803,070	1.44%	1,422
2023	35,195,000		35,195,000	1.36%	1,398

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, 2022
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
MUNICIPAL DEBT: (1)			
Borough of Carteret	\$ 91,064,948	\$ 29,562,150	\$ 61,502,798
Carteret Board of Education	<u>35,195,000</u>	<u>35,195,000</u>	<u>-</u>
	<u>\$ 126,259,948</u>	<u>\$ 64,757,150</u>	<u>61,502,798</u>
OVERLAPPING DEBT APPORTIONED TO THE MUNICIPALITY			
Middlesex County			
County of Middlesex (A)			15,168,448
Middlesex County Utilities Authority (B)			<u>2,239,869</u>
			<u>17,408,317</u>
Total Direct and Overlapping Bonded Debt			<u><u>\$ 78,911,115</u></u>

SOURCE:

(1) Borough of Carteret Annual Debt Statement 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 2022 equalized value by the total 2022 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 2022

Equalized Valuation Basis

2022	\$ 3,547,417,272
2021	3,096,492,660
2020	2,789,346,310
	[A] <u>\$ 9,433,256,242</u>

Average Equalized Valuation of Taxable Property

[A/3] \$ 3,144,418,747

Debt Limit (4.0% of average
Total Net Debt Applicable to Limit
Legal debt margin

[B] 125,776,750
[C] 35,195,000
[B-C] \$ 90,581,750

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 97,839,937	\$ 83,475,544	\$ 83,178,360	\$ 90,269,173	\$ 91,740,739	\$ 96,729,684	\$ 100,118,630	\$ 106,886,705	\$ 114,618,113	\$ 125,776,750
Total Net Debt Applicable to Limit	-	-	-	-	-		36,999,995	36,999,995	35,803,070	35,195,000
Legal Debt Margin	<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>	<u>\$ 78,815,043</u>	<u>\$ 90,581,750</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%	36.96%	34.62%	31.24%	27.98%

Source: Annual Debt Statements

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2014	23,714	53,501	7.30%
2015	23,697	54,542	5.00%
2016	23,621	56,207	5.40%
2017	23,604	57,889	5.30%
2018	23,514	60,547	4.70%
2019	23,393	62,665	4.20%
2020	23,383	66,640	11.60%
2021	25,152	70,221	7.60%
2022	25,176	70,221 (A)	4.60%
2023	25,176 (A)	70,221 (A)	Not available

(A) - Estimated

Source: New Jersey State Department of Education

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	244.00	236.00	241.00	250.00	264.00	254.00	255.00	255.00	260.00	260.00
Special education	61.00	81.00	83.00	81.00	62.00	60.00	60.00	60.00	63.00	64.00
Other special education	22.00	25.00	27.00	28.00	35.00	35.00	34.00	34.00	35.00	35.00
Adult/continuing education programs										
Support Services:										
Student & instruction related services	22.80	26.00	26.00	21.00	24.00	24.00	26.00	21.00	21.00	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	19.20	20.00	20.00	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	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.50
Plant operations and maintenance	28.00	26.00	27.00	27.00	24.00	25.00	24.00	24.00	21.00	21.00
Total	<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>	<u>434.00</u>	<u>435.50</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
2014	3,864	\$ 59,723,244	\$ 15,456	5.89%	307	12:1	13:1	11:1	3,837	3,531	-1.26%	92.03%
2015	3,828	58,811,118	15,363	-0.59%	305	12:1	13:1	11:1	3,724	3,550	-2.95%	95.33%
2016	3,808	59,732,850	15,686	2.11%	312	11:1	13:1	11:1	3,715	3,542	-0.24%	95.34%
2017	3,832	62,710,801	16,365	4.33%	306	12:1	13:1	12:1	3,713	3,555	-0.05%	95.74%
2018	3,840	66,697,411	17,369	6.14%	318	13:1	13:1	13:1	3,701	3,700	-0.32%	99.97%
2019	3,890	71,586,809	18,403	5.95%	314	13:1	13:1	13:1	3,955	3,763	6.86%	95.15%
2020	3,933	73,351,374	18,650	1.34%	315	13:1	13:1	13:1	3,905	3,741	-1.26%	95.80%
2021	3,804	74,945,270	19,702	5.64%	315	13:1	13:1	13:1	3,804	3,611	-2.59%	94.93%
2022	3,882	86,372,914	22,250	19.30%	323	11:1	13:1	12:1	3,826	3,562	-2.02%	93.10%
2023	3,892	91,912,993	23,616	6.14%	324	11:1	13:1	13:1	3,809	3,552	0.13%	93.25%

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)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<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	663	675	680	707	728	771	742	683	697	584
<u>Minue School</u>										
Square Feet	69,705	69,705	69,705	69,705	69,705	69,705	69,705	69,705	69,705	69,705
Capacity (students)	457	457	457	457	457	457	457	457	457	457
Enrollment	677	695	648	665	680	660	654	597	638	521
<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	523	531	504	518	498	492	490	459	469	455
<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		864	878	832	861	844	895	915	933	573
<u>Junior High School (Opened Sept. 2022)</u>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	60,861
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	639
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	633
<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	1,041	1,009	1,012	1,020	997	1,053	1,032	985	1,045	1,132
<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, 2023										
Elementary = 3										
Middle School = 2										
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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>*School Facilities</u>										
Columbus School	\$ 263,553	\$ 137,279	\$ 109,640	\$ 131,420	\$ 100,585	\$ 148,985	\$ 138,844	\$ 128,878	\$ 326,592	\$ 264,577
Nicholas Minue School	238,453	149,532	193,243	231,632	177,284	262,590	244,718	227,151	224,869	228,477
Nathan Hale School	200,802	175,302	200,854	240,755	184,266	272,933	254,355	236,097	293,809	261,002
Middle School	138,052	269,434	120,657	144,626	110,692	163,956	152,796	141,828	258,492	227,636
Junior High School										172,992
High School	<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>	<u>701,815</u>	<u>294,825</u>
Total School Facilities	1,116,963	1,120,367	963,541	1,154,953	883,964	1,309,317	1,220,197	1,132,609	1,805,577	1,449,509
Other Facilities	<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>	<u>198,697</u>	<u>-</u>
Grand Total	<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>	<u>\$ 2,004,274</u>	<u>\$ 1,449,509</u>

Source: District Records

**CARTERET BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2023
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Property/EDP/Equipment		
Blanket Building and Contents (Per Fund)	\$ 118,683,510	\$ 5,000
Electronic Data Processing Equipment	included in above	
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	N/A
Medical Expense (Per person)	11,000,000	N/A
Personal Injury and Advertising Injury	11,000,000	N/A
Employee Benefits Liability	11,000,000	N/A
Automobile Liability		
Combined Single Limit	1,000,000	N/A
Bodily Personal Injury Protection	N/A	N/A
Workers Compensation & Employers Liability		
E.L. Each Accident	3,000,000	N/A
E.L. Disease - Each Employee	3,000,000	N/A
E.L. Disease - Aggregate Limit	3,000,000	N/A
Surety Bonds		
Board Secretary	340,000	N/A
School Board Legal Leaders Errors and Omissions		
Legal Liability - QBE	1,000,000/3,000,000	10,000
Legal Liability - NJSIG	10,000,000	

Source: District's records

Single Audit Section

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

Independent Auditors' Report

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; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of the governmental activities, the business-type activities and each major fund of the Carteret Board of Education, in the County of Middlesex, New Jersey (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 15, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we

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consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-003, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey and which are described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002 and 2023-003.

Carteret Board of Education's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey

February 15, 2024



Gary Higgins, CPA

Licensed Public School Accountant No. CS00814

**Report on Compliance for Each Major Federal and State
Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance and NJ OMB Circular 15-08**

Independent Auditors' 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

Opinion on Each Major Federal and State Program

We have audited the Carteret Board of Education's, in the County of Middlesex, New Jersey (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2023. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards, the Uniform Guidance and New Jersey OMB Circular 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003. Our opinion on each major federal and state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District is also responsible for preparing a corrective action plan to address the audit finding included in our auditors' report. The District's response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the other 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 the Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Woodcliff Lake, New Jersey
February 15, 2024



Gary Higgins, CPA
Licensed Public School Accountant No. CS00814

CARTERET BOARD OF EDUCATION
Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

												Balance at June 30, 2023			
Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To		Balance at June 30, 2022	Cash Received	Total Budgetary Expenditures	Adjustments	Provided to Subrecipients	(Accounts Receivable)	Unearned Revenue	Due to Grantor	
General Fund:															
U.S. Department of Health and Human Services - Passed Through State Department of Education															
Medicaid Cluster:															
Medical Assistance Program (SEMI)	93.778	2305NJ5MAP	100-054-7540-211	\$ 141,498	7/1/22	6/30/23		\$ 141,498	\$ (141,498)						
Medical Assistance Program (FFCRA/SEMI)	93.778	2305NJ5MAP	100-054-7540-211	15,994	7/1/22	6/30/23		15,994	(15,994)						
U.S. Department of Labor--Passed-Through State Department of Labor															
CARES Act and American Rescue Plan Act (ARP) of 2021															
Unemployment Insurance	17.225	N/A	N/A	113,944	3/9/20	3/31/21		113,944	(113,944)						
Total General Fund															
Special Revenue Fund:															
U.S. Department of Education - Passed Through State Department of Education															
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A200030	NCLB-2940-08	1,673,879	7/1/22	9/30/23		525,185	(1,099,273)			\$ (574,088)			
Title I, Part A, Grants to Local Educational Agencies	84.010A	S010A200030	NCLB-2940-08	1,525,809	7/1/21	9/30/22	\$ (695,136)	676,340		\$ 18,796					
Title I, Part A, SIA	84.010A	S010A200030	NCLB-2940-08	144,100	7/1/22	9/30/23		61,189	(93,883)			(32,694)			
Title I, Part A, SIA	84.010A	S010A200030	NCLB-2940-08	123,954	7/1/21	9/30/22	(13,919)	2,205		11,714					
Subtotal of Title I Part A							(709,055)	1,264,919	(1,193,156)	30,510		(606,782)			
Special Education Cluster:															
IDEA Special Education Grants to States	84.027A	H027A200100	FT294008	1,063,104	7/1/22	9/30/23		304,272	(1,052,203)			(747,931)			
IDEA Special Education Grants to States	84.027A	H027A200100	FT294008	1,016,541	7/1/21	9/30/22	(970,916)	970,916							
IDEA ARP Basic	84.027X	H027A200100	FT294008	213,855	7/1/21	9/30/22	(41,450)	41,450	(169,947)			(169,947)			
IDEA ARP Preschool	84.173X	H173A200114	PS294007	18,125	7/1/21	9/30/22			(18,125)			(18,125)			
IDEA Preschool Grants for Children with Disabilities	84.173A	H173A200114	PS294007	35,613	7/1/22	9/30/23		35,613	(35,613)						
IDEA Preschool Grants for Children with Disabilities	84.173A	H173A200114	PS294007	30,243	7/1/21	9/30/22	(16,827)	16,827							
Subtotal of Special Education Cluster:							(1,029,193)	1,369,078	(1,275,888)			(936,003)			
Title II, Part A, Improving Teacher Quality State Grants	84.367A	S367A200029	NCLB-2940-07	258,123	7/1/22	9/30/23		81,428	(207,175)			(125,747)			
Title II, Part A, Improving Teacher Quality State Grants	84.367A	S367A200029	NCLB-2940-07	253,459	7/1/21	9/30/22	(24,963)	44,248		(19,285)					
Subtotal of Title II Part A							(24,963)	125,676	(207,175)	(19,285)		(125,747)			
Title III	84.365	S365A200030	NCLB-2940-07	168,712	7/1/22	9/30/23		86,924	(164,348)			(77,424)			
Title III	84.365	S365A200030	NCLB-2940-07	213,802	7/1/21	9/30/22	(128,412)	128,412							
Title III Immigrant	84.365	S365A200030	NCLB-2940-07	3,247	7/1/21	9/30/22		3,247		(3,247)					
Subtotal of Title III							(128,412)	218,583	(164,348)	(3,247)		(77,424)			
Title IV, Part A	84.424A	S424A200031	NCLB-2940-08	146,382	7/1/22	9/30/23		132,028	(138,340)			(6,312)			
Title IV, Part A	84.424A	S424A200031	NCLB-2940-08	102,761	7/1/21	9/30/22	(35,557)	35,557							
Subtotal of Title IV							(35,557)	167,585	(138,340)			(6,312)			
Elementary and Secondary School Emergency Relief (ESSER):															
COVID-19 - CARES ESSER I	84.425D	S425D200027	N/A	796,483	3/13/20	9/30/22	(440,264)	441,889		(1,625)					
COVID-19 - CARES ESSER II	84.425D	S425D210027	N/A	3,222,920	3/13/20	9/30/23	(3,180,561)	3,053,973	(24,000)			(150,588)			
COVID-19 - CR Learning Acceleration (ESSER II)	84.425D	S425D210027	N/A	206,830	3/13/20	9/30/23	(130,169)	127,150	(8,450)			(11,469)			
COVID-19 - CR Mental Health (ESSER II)	84.425D	S425D210027	N/A	45,000	3/13/20	9/30/23	(24,653)	14,654	(9,628)			(19,627)			
COVID-19 - ESSER III	84.425U	S425U210027	N/A	7,243,305	3/13/20	9/30/24	(2,024,373)	2,869,287	(1,697,221)			(852,307)			
COVID-19 - Accelerated Learning Coach and Educator Support ESSER II	84.425U	S425U210027	N/A	425,636	3/13/20	9/30/24	(19,993)	92,990	(145,718)			(72,321)			
COVID-19 - Evidence Based Summer Learning and Enrichment ESSER II	84.425U	S425U210027	N/A	40,000	3/13/20	9/30/24	(1,021)	15,401	(20,014)			(5,634)			
COVID-19 - Evidence Based Comprehensive Beyond School Day ESSER	84.425U	S425U210027	N/A	40,000	3/13/20	9/30/24	(9,025)	9,025							
COVID-19 - NJTSS Mental Health Support Staffing ESSER III	84.425U	S425U210027	N/A	45,000	3/13/20	9/30/24		22,219	(40,000)			(17,781)			
COVID-19 - ARP Homeless II ESSER III	84.425U	S425U210027	N/A	36,667	3/13/20	9/30/24	(150)	15,638	(29,504)			(14,016)			
Subtotal ESSER							(5,829,809)	6,662,226	(1,974,535)	(1,625)		(1,143,743)			
U.S. Department of the Treasury - Passed Through State Department of Education															
COVID-19 Coronavirus State and Local Fiscal Recovery Funds (ACSERS)	21.027	N/A	N/A	229,278	7/1/22	6/30/23	(31,334)	145,973	(229,278)			(114,639)			
U.S. Department of Health and Human Services - Passed Through State Department of Education															
Temporary Assistance for Needy Families (TANF)	93.558	100-054-7550-	N/A	56,615	7/1/22	6/30/23		127,380	(127,380)						
Total Special Revenue Fund															
Enterprise Fund:															
U.S. Department of Agriculture--Passed-Through NJ Department of Agriculture															
Child Nutrition Cluster:															
Food Donation Program (NC)	10.555	231NJ304N1099	N/A	198,769	7/1/22	6/30/23		198,769	(181,624)				\$ 17,145		
Food Donation Program (NC)	10.555	221NJ304N1099	N/A	130,996	7/1/21	6/30/22	10,192		(10,192)						
National School Lunch Program	10.555	231NJ304N1099	N/A	1,492,310	7/1/22	6/30/23		1,193,516	(1,492,310)			(298,794)			
National School Lunch Program	10.555	221NJ304N1099	N/A	1,912,929	7/1/21	6/30/22	(186,898)	186,898							
National Snack Program	10.555	231NJ304N1099	N/A	30,729	7/1/22	6/30/23		26,184	(30,729)			(4,545)			
Healthy Hunger-Free Kids Act	10.555	231NJ304N1099	N/A	32,549	7/1/22	6/30/23		26,151	(32,549)			(6,398)			
COVID-19 Supply Chain Assistance	10.555	221NJ34N8903	N/A	151,821	7/1/22	6/30/23		151,821	(151,821)						
COVID-19 Supply Chain Assistance	10.555	231NJ304N1199	N/A	35,409	7/1/22	6/30/23		35,409	(35,409)						
School Breakfast Program	10.553	231NJ304N1099	N/A	388,739	7/1/22	6/30/23		307,183	(388,739)			(81,556)			
School Breakfast Program	10.553	221NJ304N1099	N/A	653,064	7/1/21	6/30/22	(46,973)	46,973							
Fresh Fruits and Vegetable Program	10.582	231NJ304L1603	N/A	13,854	7/1/22	6/30/23		12,048	(13,854)			(1,806)			
Fresh Fruits and Vegetable Program	10.582	221NJ304L1603	N/A	10,187	7/1/21	6/30/22	(1,794)	1,794							
Subtotal Child Nutrition Cluster:							(225,473)	2,186,746	(2,337,227)			(393,099)	17,145		
Total Enterprise Fund															
Total Federal Awards															

NC-non cash expenditures.

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

CARTERET BOARD OF EDUCATION
Schedule of Expenditures of State Financial Assistance
Year ended June 30, 2023

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	Grant Period To	Balance at June 30, 2022			Repayment of Prior Years' Balances	Balance at June 30, 2023			MEMO		
					Unearned Revenue (Accounts Receivable)	Due to Grantor	Cash Received		Budgetary Expenditures	Intergovernmental (Accounts Receivable)	Unearned Revenue/ Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
General Fund:														
State Department of Education:														
Transportation Aid	22-495-034-5120-014	\$ 511,027	7/1/2021	6/30/2022	\$ (50,453)		\$ 50,453						\$ (50,960)	\$ (511,027)
Transportation Aid	23-495-034-5120-014	511,027	7/1/2022	6/30/2023			460,067	(511,027)						(511,027)
Additional Nonpublic School Transportation Costs	22-495-034-5120-014	28,130	7/1/2021	6/30/2022	(28,130)		28,130							(28,130)
Additional Nonpublic School Transportation Costs	23-495-034-5120-014	26,520	7/1/2022	6/30/2023				(26,520)		(26,520)			(26,520)	(26,520)
Special Education Categorical Aid	22-495-034-5120-089	2,809,761	7/1/2021	6/30/2022	(277,407)		277,407							(2,809,761)
Special Education Categorical Aid	23-495-034-5120-089	2,809,761	7/1/2022	6/30/2023			2,529,574	(2,809,761)					(280,187)	(2,809,761)
Extraordinary Aid	22-495-034-5120-044	1,125,836	7/1/2021	6/30/2022	(1,125,836)		1,125,836							(1,125,836)
Extraordinary Aid	23-495-034-5120-044	1,207,579	7/1/2022	6/30/2023				(1,207,579)		(1,207,579)			(1,207,579)	(1,207,579)
Security Aid	22-495-034-5120-084	1,526,650	7/1/2021	6/30/2022	(150,726)		150,726			(1,207,579)				(1,526,650)
Security Aid	23-495-034-5120-084	1,526,650	7/1/2022	6/30/2023			1,374,414	(1,526,650)					(152,236)	(1,526,650)
Equalization Aid	22-495-034-5120-078	33,478,410	7/1/2021	6/30/2022	(3,305,312)		3,305,312							(33,478,410)
Equalization Aid	23-495-034-5120-078	38,986,361	7/1/2022	6/30/2023			35,098,670	(38,986,361)					(3,887,691)	(38,986,361)
On-Behalf TPAF Medical Contributions (NC)	23-495-034-5094-001	2,851,283	7/1/2022	6/30/2023			2,851,283	(2,851,283)						(2,851,283)
On-Behalf TPAF Long-Term Disability Insurance (NC)	23-495-034-5094-004	4,192	7/1/2022	6/30/2023			4,192	(4,192)						(4,192)
On-Behalf TPAF Pension and Annuity Fund (NC)	23-495-034-5094-002	10,853,859	7/1/2022	6/30/2023			10,853,859	(10,853,859)						(10,853,859)
Reimbursed TPAF Social Security Contributions	22-495-034-5094-003	2,258,990	7/1/2021	6/30/2022	(110,813)		110,813							(2,258,990)
Reimbursed TPAF Social Security Contributions	23-495-034-5094-003	2,333,850	7/1/2022	6/30/2023			2,218,732	(2,333,850)		(115,118)			(115,118)	(2,333,850)
Total General Fund					(5,048,677)		60,439,468	(61,111,082)		(1,349,217)			(5,720,291)	(102,849,886)
Special Revenue Fund:														
State Department of Human Services:														
School Based Youth Services	22-100-054-7570-389	153,051	7/1/2022	6/30/2023			153,051	(153,051)						(153,051)
School Based Youth Services	21-100-054-7570-389	274,478	7/1/2017	6/30/2018	4,000						\$ 4,000			(274,478)
State Department of Health:														
Empower Grant	N/A	19,420	7/1/2022	6/30/2023			19,420	(17,335)			2,085			(17,335)
State Department of Education:														
Climate Change Education Grants to Schools	N/A	6,660	7/1/2022	6/30/2023				(5,913)		(5,913)			(5,913)	(5,913)
Preschool Education Aid	22-495-034-5120-86	2,588,604	7/1/2021	6/30/2022	574,858		258,860	(833,718)						(833,718)
Preschool Education Aid	23-495-034-5120-86	2,672,794	7/1/2022	6/30/2023			2,405,515	(2,089,462)		(267,279)	583,332		(267,279)	(4,138,509)
N.J. Nonpublic Aid:														
Textbook Aid	19-100-034-5120-064	8,064	7/1/2018	6/30/2019		\$ 21			\$ (21)					(8,064)
Textbook Aid	22-100-034-5120-064	7,443	7/1/2021	6/30/2022		114			(114)					(7,443)
Textbook Aid	23-100-034-5120-064	6,204	7/1/2022	6/30/2023			6,204	(5,880)				\$ 324		(5,880)
Nursing	22-100-034-5120-070	16,688	7/1/2021	6/30/2022		2,822			(2,822)					(16,688)
Nursing	23-100-034-5120-070	10,528	7/1/2022	6/30/2023			10,528	(3,634)				6,894		(3,634)
Technology	19-100-034-5120-373	5,436	7/1/2018	6/30/2019		57			(57)					(5,436)
Technology	23-100-034-5120-373	3,948	7/1/2022	6/30/2023			3,948	(2,519)				1,429		(2,519)
Security	19-100-034-5120-509	23,250	7/1/2018	6/30/2019		19,033			(19,033)					(23,250)
Security	22-100-034-5120-509	26,075	7/1/2021	6/30/2022		18,494			(18,494)					(26,075)
Security	23-100-034-5120-509	19,270	7/1/2022	6/30/2023			19,270	(19,270)						(19,270)
Auxiliary Services:														
Compensatory Education	18-100-034-5120-067	53,150	7/1/2017	6/30/2018		36,740			(36,740)					(53,150)
Compensatory Education	23-100-034-5120-067	29,352	7/1/2022	6/30/2023			29,352	(25,886)				3,466		(25,886)
English as a Second Language	20-100-034-5120-067	2,482	7/1/2019	6/30/2020		1			(1)					(2,482)
English as a Second Language	22-100-034-5120-067	2,741	7/1/2021	6/30/2022		913			(913)					(2,741)
English as a Second Language	23-100-034-5120-067	902	7/1/2022	6/30/2023			902	(902)						(902)
Transportation	23-100-034-5120-068	3,236	7/1/2022	6/30/2023			3,236	(3,236)						(3,236)
Total Nonpublic Auxiliary Service Aid (Chap 192) Cluster:						37,654	33,490	(30,024)	(37,654)			3,466		(68,397)
Handicapped Services:														
Supplementary Instruction	20-100-034-5120-066	12,952	7/1/2019	6/30/2020		5,667			(5,667)					(12,952)
Supplementary Instruction	22-100-034-5120-066	8,756	7/1/2022	6/30/2023			8,756	(8,756)						(8,756)
Examination and Classification	17-100-034-5120-066	23,768	7/1/2016	6/30/2017		5,479			(5,479)					(23,768)
Examination and Classification	23-100-034-5120-066	13,836	7/1/2022	6/30/2023			13,836	(13,836)						(13,836)
Corrective Speech	17-100-034-5120-066	10,602	7/1/2016	6/30/2017		9,021			(9,021)					(10,602)
Corrective Speech	23-100-034-5120-066	5,022	7/1/2022	6/30/2023			5,022	(5,022)						(5,022)
Total Nonpublic Handicapped Service Aid (Chap 193) Cluster:						20,167	27,614	(27,614)	(20,167)					(74,936)
Total Special Revenue Fund					578,858	98,362	2,937,900	(3,188,420)	(98,362)	(273,192)	589,417	12,113	(273,192)	(5,704,596)
Capital Projects Fund:														
School Development Authority:														
School Security Aid - Alyssa's Law	20E00312	206,100	7/1/2020	6/30/2023	(41,190)			(164,910)		(206,100)			(206,100)	(206,100)
Total Capital Projects Fund					(41,190)			(164,910)		(206,100)			(206,100)	(206,100)
Debt Service Fund:														
Debt Service Aid	23-495-034-5120-075	539,184	7/1/2022	6/30/2023			539,184	(539,184)						(539,184)
Total Debt Service Fund							539,184	(539,184)						(539,184)
Enterprise Fund:														
State Department of Agriculture:														
School Lunch Program (State Share)	22-100-010-3350-023	44,346	7/1/2021	6/30/2022	(4,264)		4,264							(44,346)
School Lunch Program (State Share)	23-100-010-3350-023	43,115	7/1/2022	6/30/2023			34,628	(43,115)		(8,487)			(8,487)	(43,115)
School Breakfast Program (State Share)	23-100-010-3350-023	3,951	7/1/2022	6/30/2023			3,034	(3,951)		(917)			(917)	(3,951)
Breakfast After the Bell Program	Not Available	11,653	7/1/2022	6/30/2023			9,373	(11,653)		(2,280)			(2,280)	(11,653)
School Lunch Reduced Supplement	Not Available	619	7/1/2022	6/30/2023			619	(619)						(619)
Total Enterprise Fund					(4,264)		51,918	(59,338)		(11,684)			(11,684)	(103,684)
Total state financial assistance					(4,515,273)	98,362	63,968,470	(65,062,934)	(98,362)	(1,840,193)	589,417	12,113	(6,211,267)	(109,403,450)
State Financial Assistance Not Subject to Single Audit Determination:														
General Fund:														
On-Behalf TPAF Medical Contributions (NC)	23-495-034-5094-001	2,851,283	7/1/2022	6/30/2023			(2,851,283)	2,851,283						2,851,283
On-Behalf TPAF Long-Term Disability Insurance (NC)	23-495-034-5094-004	4,192	7/1/2022	6/30/2023			(4,192)	4,192						4,192
On-Behalf TPAF Pension and Annuity Fund (NC)	23-495-034-5094-002	10,853,859	7/1/2022	6/30/2023			(10,853,859)	10,853,859						10,853,859
Total State Financial Assistance Subject to Single Audit Determination					\$ (4,515,273)	\$ 98,362	\$ 50,259,136	\$ (51,353,600)	\$ (98,362)	\$ (1,840,193)	\$ 589,417	\$ 12,113	\$ (6,211,267)	\$ (95,694,116)

NC-non cash expenditures.

The accompanying notes to schedules of expenditures of federal awards and state financial assistance are an integral part of this statement.

**CARTERET BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 2 to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of 2 CFR 200-*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of basic 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 \$587,176 for the general fund and an increase of \$4,085,338 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	\$ 157,492	\$ 60,523,906	\$ 60,681,398
Special Revenue Fund	9,563,152	3,020,706	12,583,858
Capital Projects Fund		164,910	164,910
Debt Service Fund		539,184	539,184
Food Service Fund	<u>2,337,227</u>	<u>59,338</u>	<u>2,396,565</u>
Total Financial Assistance	<u>\$ 12,057,871</u>	<u>\$ 64,308,044</u>	<u>\$ 76,365,915</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, 2023**

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 \$2,333,850 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, 2023. The amount reported as TPAF Pension System Contributions in the amount of \$10,853,859, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$2,851,283 and TPAF Long-Term Disability Insurance in the amount of \$4,192 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2023.

During fiscal year 2023, the New Jersey Department of Labor notified the District that federal legislation under the CARES Act and the American Rescue Plan Act of 2021 provided for partial federal subsidies related to unemployment insurance benefits attributable to the District's account. The amount of federal subsidies received by the District during fiscal year 2023 amounted to \$113,944, which have been included on the schedule of expenditures of federal awards. These subsidies represent amounts paid on behalf of the District for time periods prior to the current fiscal year (third quarter of 2020 through the first quarter of 2021) and therefore have been excluded from the District's basic financial statements.

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

June 30, 2023

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? X Yes None Reported

Is any noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified? Yes X No

Are any significant deficiencies identified? X Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Carteret Board of Education

Schedule of Findings and Questioned Costs

June 30, 2023

Part I – Summary of Auditors Results (continued)

Federal Awards Section (continued)

Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>FAIN</u>	<u>Name of Federal Program or Cluster</u>
		<u>Elementary and Secondary School Emergency Relief (ESSER) Cluster:</u>
84.425D	S425D200027	Elementary and Secondary School Emergency Relief Fund
84.425D	S425D210027	American Rescue Plan - Elementary and
84.425U	S425U210027	Secondary School Emergency Relief (ARP ESSER)
		<u>Special Education (IDEA) Cluster:</u>
84.027A	H027A200100	IDEA Special Education Grants to States
84.027X	H027A200100	American Rescue Plan IDEA Special Education Grants to States
84.173A	H173A200114	IDEA Preschool Grants for Children with Disabilities
84.173X	H173A200114	American Rescue Plan IDEA Preschool Grants for Children with Disabilities
		<u>Child Nutrition Cluster:</u>
10.555	231NJ304N1099	Food Donation Program
10.555	231NJ304N1099	National School Lunch Program
10.555	231NJ304N1099	Healthy Hunger-Free Kids Act
10.555	231NJ304N1199	COVID-19 Supply Chain Assistance
10.553	231NJ304N1099	School Breakfast Program
10.582	231NJ304L1603	Fresh Fruit and Vegetable Program
21.027	N/A	Coronavirus State and Local Fiscal Recovery Funds (ASCERS)

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

\$750,000

Auditee qualified as low-risk auditee?

 Yes

 X No

Carteret Board of Education

Schedule of Findings and Questioned Costs

June 30, 2023

Part I – Summary of Auditor’s Results (continued)

State Financial Assistance

Internal control over major state programs:

Are any material weaknesses identified? _____ Yes X No

Are any significant deficiencies identified? _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with NJOMB Circular 15-08? _____ Yes X No

Identification of major state programs:

GMIS/Program Number	Name of State Program or Cluster
	<u>State Aid Cluster:</u>
495-034-5120-078	Equalization Aid
495-034-5120-089	Special Educational Categorical Aid
495-034-5120-084	Security Aid

Dollar threshold used to distinguish between Type A and Type B programs: _____ \$1,540,608

Auditee qualified as low-risk auditee? _____ Yes X No

Carteret Board of Education

Schedule of Findings and Questioned Costs

June 30, 2023

Part II – Schedule of Financial Statement Findings

The significant deficiencies and matters of noncompliance defined as items 2023-001, 2023-002, and 2023-003 are reflected in Part III – Schedule of Federal Award and State Financial Assistance Findings and Questioned Costs.

Carteret Board of Education

Schedule of Findings and Questioned Costs

June 30, 2023

Part III – Schedule of Federal Award and State Financial Assistance Findings and Questioned Costs

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section 516(a) and New Jersey Treasury Circular OMB 15-08, respectively.

FEDERAL AWARD PROGRAMS

Finding 2023-001 (Significant Deficiency):

It was noted the District did not have formal written policies that address Uniform Grant Guidance requirements, such as:

- determining the allowability of costs in accordance with federal cost principles the and the terms and conditions of the federal award; and
- the mandatory disclosure of all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award.

Prior Year Finding: Yes, Finding 2022-003.

Federal Program Information:

Applicable to all federal programs.

Criteria or specific requirement:

Uniform Grant Guidance, 2 C.F.R. §200.302(b)(7) Financial Management and 2 C.F.R. §§200.400 – 200.476 Subpart E - Cost Principles; and §200.113 Mandatory disclosures

Questioned Costs:

None.

Condition:

The District did not formally document the policies in accordance with Uniform Grant Guidance requirements.

Context:

The formal written policies omit certain information required by the Uniform Grant Guidance.

Effect:

Unknown.

Carteret Board of Education

Schedule of Findings and Questioned Costs

June 30, 2023

Part III – Schedule of Federal Award and State Financial Assistance Findings and Questioned Costs

Cause:

The formal written policies have not been compared to the Uniform Grant Guidance.

Recommendation:

The District should develop written policies and procedures that meet the criteria required by the Uniform Grant Guidance.

Views of Responsible Officials:

The District updated the policies subsequent to year end and submitted them to the NJDOE. As of the date of the audit the NJDOE has not responded to the District regarding acceptance.

Finding 2023-002 (Other Matter):

The District's net cash resources in the Food Service Fund exceeded three months average expenditures.

Prior Year Finding: Not applicable.

Federal Program Information:

Child Nutrition Cluster

Criteria or specific requirement:

The New Jersey Department of Agriculture requires a School Food Authority to maintain a nonprofit School Food Service. The nonprofit status of the School Food Service is determined by evaluating net cash resources, which may not exceed three months average expenditures.

Questioned Costs:

None.

Condition:

Net cash resources in the Food Service Fund exceeded three months average expenditures.

Carteret Board of Education

Schedule of Findings and Questioned Costs

June 30, 2023

Part III – Schedule of Federal Award and State Financial Assistance Findings and Questioned Costs

Context:

Utilizing the USA net cash resource calculation form, it was determined that the District's net cash resources exceeded the three months average expenditures by \$1,190,169, as of June 30, 2023.

Effect:

The New Jersey Department of Agriculture requirement regarding Net Cash Resources was not met.

Cause:

The School District had remote learning for students in place during the recent pandemic years. This caused a drop in operating expenditures and also a sharp increase in revenues due to all student meals being classified as free meals for federal reimbursement.

Recommendation:

The District should reduce net cash resources on hand in the Food Service Fund through capital expenditures or other improvements to the Food Service Program.

Views of Responsible Officials:

Management agrees with above finding and has taken necessary corrective action, including the purchase of a food service vehicle, upgrade of equipment and the purchase of new equipment.

Finding 2023-003 (Significant Deficiency):

The District's final federal grant expenditure reports do not agree to the grant expenditures recorded in the special revenue fund general ledger.

Prior Year Finding: Not applicable.

Federal Program Information:

Title I-A	84.010
Title ISIA Part A	84.010
Title IIA	84.367A
Title III	84.365
IDEA – Basic	84.027A

Carteret Board of Education

Schedule of Findings and Questioned Costs

June 30, 2023

Part III – Schedule of Federal Award and State Financial Assistance Findings and Questioned Costs

Criteria or specific requirement:

Final expenditure reports should be reconciled to the general ledger expenditures and differences should be investigated and corrected.

Questioned Costs:

None.

Condition:

The final expenditure reports did not agree to the actual grant expenditures recorded in the special revenue fund general ledger by \$78,824.

Context:

Instances were identified where the final grant reports were not accurately reconciled to the general ledger accounting system, resulting in inaccurate year end reporting and overstatement of accounts receivables related to federal and state grants. All instances identified indicated the final expenditure reports were lower than what was spent, therefore this did not result in questioned costs. The District was not reimbursed for all expenditures incurred under the grants.

Effect:

District did not request reimbursement for all expenditures incurred under the grant programs.

Cause:

Encumbrances were not included on the final expenditure reports. Instances were noted where the encumbrances should have been cancelled or were not liquidated timely. The remainder of instances were due to encumbrances that were inadvertently not included in the final grant reporting.

Recommendation:

The District should reconcile all special revenue fund expenditures, including encumbrances, to the final expenditure reports to verify they are in agreement.

Views of Responsible Officials:

Management agrees with above finding and will take necessary corrective action.

Carteret Board of Education

Schedule of Findings and Questioned Costs

June 30, 2023

**Part III – Schedule of Federal Award and State Financial Assistance Findings and
Questioned Costs**

STATE FINANCIAL ASSISTANCE PROGRAMS

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

Carteret Board of Education

Summary Schedule of Prior Audit Findings

June 30, 2023

STATUS OF PRIOR YEAR FINDINGS**FEDERAL AWARDS****Finding 2022-001 (Significant Deficiency):**

The audit of federal grant reimbursements indicated the District did not request certain reimbursements for actual grant expenditures during the 2021/22 fiscal year on a timely basis.

Initial Year of Finding:

June 30, 2021 - previously reported as finding 2021-002.

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
ESSER Cluster	84.425D/84.425U

Condition:

The District did not request certain grant reimbursements for the 2020/21 and 2021/22 fiscal years on a timely basis.

Current Year Status:

This finding was corrected for the year ended June 30, 2023.

Corrective Action Taken:

The Assistant Business Administrator reviews grant expenditures and submits reimbursement requests on a monthly basis.

Finding 2022-002 (Significant Deficiency):

The audit of payroll transactions allocated to the Title I, Part A grant identified instances of 30 minutes of "prep time" omitted from the time sheet entries, but the 30 minutes of "prep time" were included in the ending number of hours of worked and paid. Additionally, certain employees charged to the ESSER grants were not approved in the official minutes to be charged to the respective grants.

Initial Year of Finding:

June 30, 2022

Carteret Board of Education

Summary Schedule of Prior Audit Findings

June 30, 2023

Federal Program Information:

Title I-A	84.010
ESSER III	84.425U

Condition:

Title I time sheet entries did not always include all of the required information. Additionally, select employees' salaries were not approved by the Board of Trustees to be charged to an ESSER grant.

Current Year Status:

This finding was corrected for the year ended June 30, 2023.

Corrective Action Taken:

Management educated all personnel on time sheet entry requirements and improvements were implemented during fiscal year 2023. Management reviews time sheets for accuracy. All staff members charged to ESSER grants are approved in the official minutes.

Finding 2022-003 (Significant Deficiency):

It was noted the District did not have formal written policies that address Uniform Grant Guidance requirements, such as:

- determining the allowability of costs in accordance with federal cost principles the and the terms and conditions of the federal award; and
- the mandatory disclosure of all violations of federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the federal award.

Initial Year of Finding:

June 30, 2022

Federal Program Information:

Applicable to all federal programs.

Condition:

The District did not formally document the policies in accordance with Uniform Grant Guidance requirements.

Current Year Status:

This finding was not corrected for the year ended June 30, 2023 and is repeated as comment 2023-001. The District did not adopt formal revised policies until after year end.

Carteret Board of Education

Summary Schedule of Prior Audit Findings

June 30, 2023

Future Corrective Action:

Subsequent to year end, management revised the policies and submitted them to the New Jersey Department of Education for review and approval. Approval is pending from the New Jersey Department of Education as of the date of this report. Additionally, management will be seeking board approval of the revised policies and procedures.

Finding 2022-004 (Significant Deficiency):

It was noted during a review of purchase orders that a number of purchase orders greater than \$25,000 were missing evidence of verification to ensure a vendor is not debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities.

Initial Year of Finding:

June 30, 2022

Federal Program Information:

Applicable to all federal programs.

Condition:

The District's procedures do not require retaining the documentary evidence of vendor verification prior to initiating purchases.

Current Year Status:

This finding was corrected for the year ended June 30, 2023.

Corrective Action Taken:

The District publishes and solicits proposals for all contracts equal to or in excess of \$25,000. Vendors are required to include a Certification Regarding Debarment, Suspension, and Other Responsibility Matters and/or the School Business Administrator will verify vendor certification at <https://sam.gov>. Evidence of this certification is retained in the vendor file.

STATE FINANCIAL ASSISTANCE

No matters were reported in prior year.