

CARTERET

BOARD OF EDUCATION

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

CARTERET, NEW JERSEY

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Carteret Board of Education

Carteret, New Jersey

For The Fiscal Year Ended June 30, 2015

**Prepared by the
The Business Office**

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INTRODUCTORY SECTION

CARTERET BOARD OF EDUCATION
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CARTERET, NEW JERSEY 07008-2199

NILKANTH PATEL
Business Administrator/Board Secretary



Tel: (732) 541-8960
Fax: (732) 541-2106

December 3, 2015

Honorable President Mrs. Donna Kenney
Members of the Carteret Board of Education
599 Roosevelt Ave.
Carteret, NJ 07008

Dear President and Members of the Board of Education:

State Department of Education statutes require all school districts to prepare a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Carteret Board of Education for the fiscal year ended June 30, 2015.

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

Lerch, Vinci & Higgins, LLP, a firm of licensed certified public accountants and public school accountants, have audited the Carteret Board of Education's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Carteret Board of Education for the fiscal year ended June 30, 2015, 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, 2015, are

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

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

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

REPORT FORMAT

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

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

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

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

- **Single Audit Section** – The District is required to undergo an annual single audit in conformity with the provisions Federal Single Audit Act amendments of 1996 and the US Office of Management and Budget circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the New Jersey OMB’s Circular 15-08, “*Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*”.

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

This section includes independent auditor’s reports on compliance and internal control, schedules of expenditure for federal awards and state financial assistance, notes to the schedules of expenditures of federal awards and state financial assistance, schedule of findings and questioned costs, and a summary schedule of prior audit findings. OMB Circular A-133 and New Jersey OMB Circular 15-08 require this information

REPORTING ENTITY AND ITS SERVICES

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

Organization of the Board of Education

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

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

In January 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 may adopt a resolution in January 2016 to continue the annual school election for school board members to November during the regular general election pursuant to Public Law 2011, Chapter 202.

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

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

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

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

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

Enrollment as Per ASSA

School	Grade Configuration	Actual Enrollment October 15, 2013	Actual Enrollment October 15, 2014	Projected Enrollment October 15, 2015
Regular Full Time	Pre K – 12	3,437	3,394	3,392
Special Needs Full Time	Pre K – 12	327	329	329
Special Needs Shared Time	Pre K – 12	13	14	4
Out of District Placement, Shared, State Facilities, etc	Pre K – 12	87	91	87
Total Enrollment		3,864	3,828	3,812

* Source Advertised FY2015 Budget

ECONOMIC CONDITIONS AND OUTLOOK

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

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

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

- Ferry Service to NYC
- Marina for 200 boats
- Performing Arts Center and Concert Hall
- Spray Park in Chrome Park
- Waterfront Park Concession Stand, Bathrooms and Lighthouse
- West Carteret Façade Project
- Medical Arts Center
- Blazing Star Cultural Arts Center
- Marriot Hotel in West Carteret
- Rita's Italian Ice
- Tim Hortins

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 FY2015, the Carteret Board of Education has implemented the following to enhance the instructional programs and improvements to infrastructure:

Major Initiatives in Education & Instruction:

1. Response to Intervention was expanded to include Minue School K-2. Programs offered through this model are iRead, Fontas and Pinnell, and Orton Gillingham.
2. CMS was designated a Title I school offering services such as Math 180, Read 180, and Systems 44.
3. Quality professional development on the latest trends in education was afforded to staff from renowned presenters and consultants. After School PD Academy: Google Classroom, Common Core, Technology, Reading Strategies, PARCC, Classroom Management, Tiered Learning Centers, and Mathematics.
4. New Social Studies series K-5, Code X interactive reading program 6-8, Forensics and Medical Terminology at the high school level.
5. The district continued with an aggressive curriculum plan, both writing and revising a variety of curricula ensuring alignment with common core and 21st century standards.
6. Parent workshops, such as the Latino Family Literacy Project and STEM were provided.
7. The district purchased a significant amount of Chromebooks for our one-one device initiative. A Google cohort was created to build and sustain the technology effort.
8. A partnership agreement was developed with the Educational Testing Service (ETS) for participation in on-line formative assessment tasks and teacher professional development.
9. AP courses were offered in English, Art, Psychology, Spanish, Statistics and Biology. In addition, AP Art, AP French and AP Psychology were offered on-line.
10. The 2015 graduating class received Scholarships/Awards in excess of \$4,276,000.

11. The Bridge to College Program was offered to HS Seniors through Middlesex County College. College partnerships were continued with Middlesex County College, Kean University, and Rutgers University.
12. Teachers participated in a summer institute, and year-long follow-up sessions on mathematical pedagogy and content knowledge through the NSF Math & Science Partnership grant at Middlesex County College.
13. An additional 2 Reading Specialists and 1 Math Specialist were hired for the elementary/middle schools.
14. The Middle School continued implementing the PBSIS grant, which offers positive behavioral supports for students and professional development for teachers.
15. The Boys and Girls Club hosted afterschool clubs and tutoring services for students. Participants also toured college campuses, and partook in community service and character building activities.
16. The World Language Department sponsored a guided tour through Italy incorporating opportunities for experiential learning of Italian culture and customs.

Technology:

1. The District continued the installation of interactive boards at all schools.
2. Purchased 2000 Chrome Books and 67 carts for student use in all schools

Facilities:

1. The windows at Middle School were replaced along with numerous outside doorways, and new window air-conditioner units were installed.
2. Two Art rooms in the High School have been totally renovated, new floors, walls, ceilings, new furniture, lights, air conditioning.

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 FY2015, the parents will be 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. The fixed assets inventory is updated annually. 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.

INTERNAL ACCOUNTING CONTROLS:

The Administrators are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America. The internal controls are designed to provide reasonable, but not absolute, assurance that these

objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of controls should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

In March 2014, the Department of Education, State of New Jersey, performed QSAC. The District was sighted for failure to ensure adequate internal controls. This deficiency was corrected by hiring an Assistant Business Administrator in FY2015. In June 2014, the Department of Education performed a consolidated audit of Federally funded programs and the District was sighted for program deficiencies.

The Bureau of Child Nutrition performed an audit of the District's National School Lunch Program (NSLP) in June 2015 and there was one audit finding.

BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end either are canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

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

DEBT ADMINISTRATION

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

In prior fiscal years, the District completed capital construction programs financed through a lease-purchase transaction; which was refinanced in March 1999. The balance of the refunded lease is \$4,570,000 as of June 30, 2015.

An additional capital lease was financed in 2000 for various building improvements. The balance of the refunded portion of the lease is \$7,455,000 as of June 30, 2015.

During the FY2003, the District issued \$2,450,000 of pension obligation refunding bonds to finance the unfunded pension liability pertaining to the District's participation in the State's Early Retirement Incentive Program. The balance of the bonds is \$1,115,000 as of June 30, 2015. This debt was refinanced in FY2014 which resulted in gross savings of \$70,640 and present value savings of \$63,319 or 4.62%.

CASH MANAGEMENT

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements." The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

RISK MANAGEMENT

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

OTHER INFORMATION

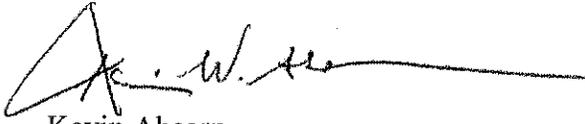
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Lerch, Vinci & Higgins, LLP CPA's. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and State Treasury Circular OMB 15-08. The auditor's report on the basic financial

statements and combining an individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

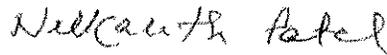
ACKNOWLEDGMENTS:

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

Respectfully Submitted,

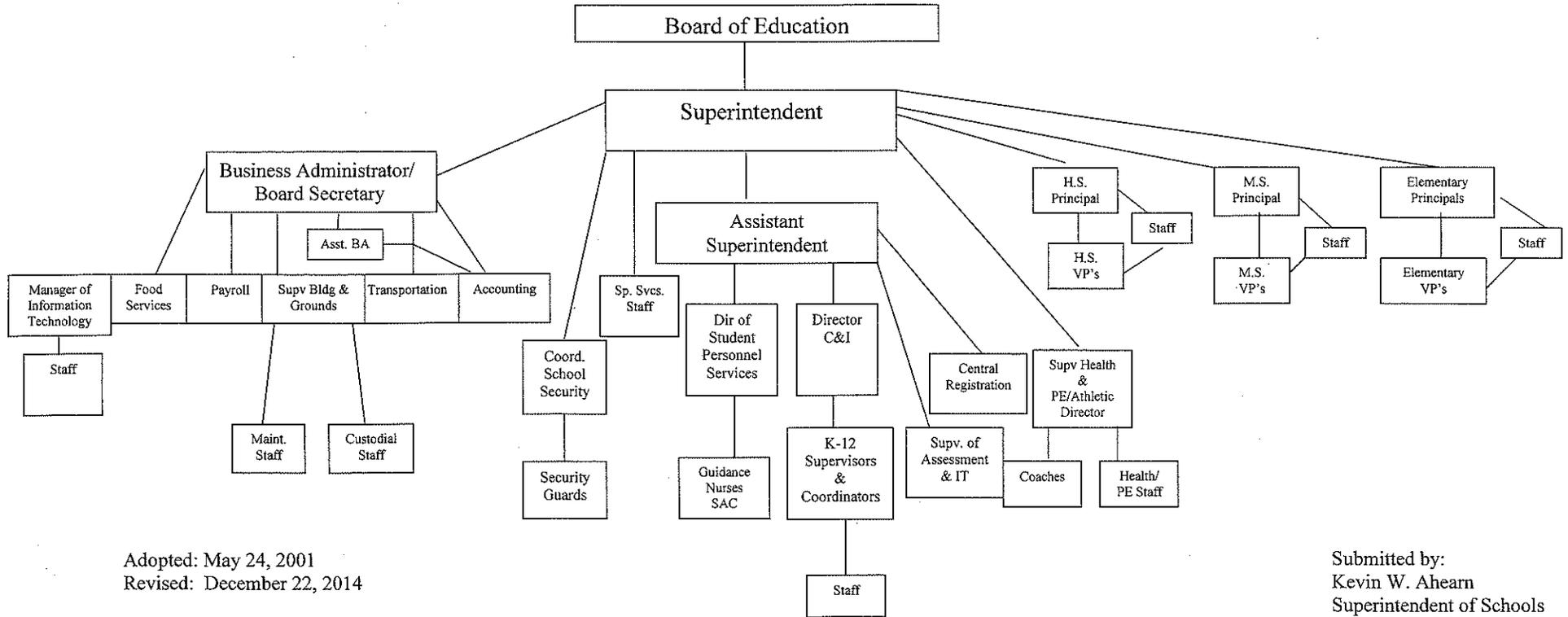


Kevin Ahearn
Superintendent of Schools



Nilkanth Patel
Business Administrator/Board Secretary

**CARTERET PUBLIC SCHOOLS
TABLE OF ORGANIZATION**



Adopted: May 24, 2001
Revised: December 22, 2014

Submitted by:
Kevin W. Ahearn
Superintendent of Schools

**CARTERET BOARD OF EDUCATION
ROSTER OF OFFICIALS
AS OF JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires January,</u>
Donna Kenney, President	2016
Dennis Cherepski, Vice President	2018
Daniel Croson	2018
Patricia Golino	2017
James Hart	2016
Debra Weaver	2017
Jean Bellino	2016
Martin Murray	2017
Jasbir Judge	2016

Other Officials

Kevin Ahearn, Superintendent of Schools

Nilkanth Patel, Business Administrator/Board Secretary

**CARTERET BOARD OF EDUCATION
CONSULTANTS AND ADVISORS
AS OF JUNE 30, 2015**

AUDITORS

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

ATTORNEYS

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

OFFICIAL DEPOSITORY

INVESTORS BANK
101 WOOD AVENUE SOUTH
ISELIN, NJ 08830

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
JULIUS B. CONSONI, CPA, PSA

DEBRA GOLLE, CPA
CINDY JANACEK, CPA, RMA
MARK SACO, CPA
SHERYL M. NICOLOSI, CPA
KATHLEEN WANG, CPA
ROBERT AMPONSAH, CPA

ELIZABETH A. SHICK, CPA, RMA, PSA
ANDREW PARENTE, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
DEBORAH K. LERCH, CPA, PSA
RALPH M. PICONE, CPA, RMA, PSA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carteret Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carteret Board of Education as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, in the fiscal year ended June 30, 2015, the Carteret Board of Education adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carteret Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, financial schedules, statistical section, schedule of expenditures of federal awards as required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Carteret Board of Education.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 3, 2015 on our consideration of the Carteret Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Carteret Board of Education's internal control over financial reporting and compliance.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 3, 2015

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

Carteret Board of Education Carteret, New Jersey

Management's Discussion and Analysis Year Ended June 30, 2015

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, 2015. 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 (2014-2015) and the prior year (2013-2014) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2014-2015 fiscal year include the following:

- The General Fund fund balance (deficit) on a GAAP basis at June 30, 2015 was \$(1,136,637) an increase of \$2,141,020 when compared with the beginning balance at July 1, 2014.
- The General Fund budgetary fund balance at June 30, 2015 was \$2,153,379, which represents an increase of \$2,185,564 when compared to the ending budgetary fund balance of \$(32,185) at June 30, 2014. The difference in GAAP basis fund balance to budgetary fund balance (deficit) is \$3,290,016, which represents the delay of certain State aid payments and the 2014-2015 Extraordinary Aid, which were not realized as revenue in the GAAP basis financial statements.
- The General Fund unassigned (unreserved, undesignated) budgetary fund balance was \$846,410 at June 30, 2015. This represents an increase of \$2,276,816 when compared to the deficit balance of \$1,430,406 as of June 30, 2014.

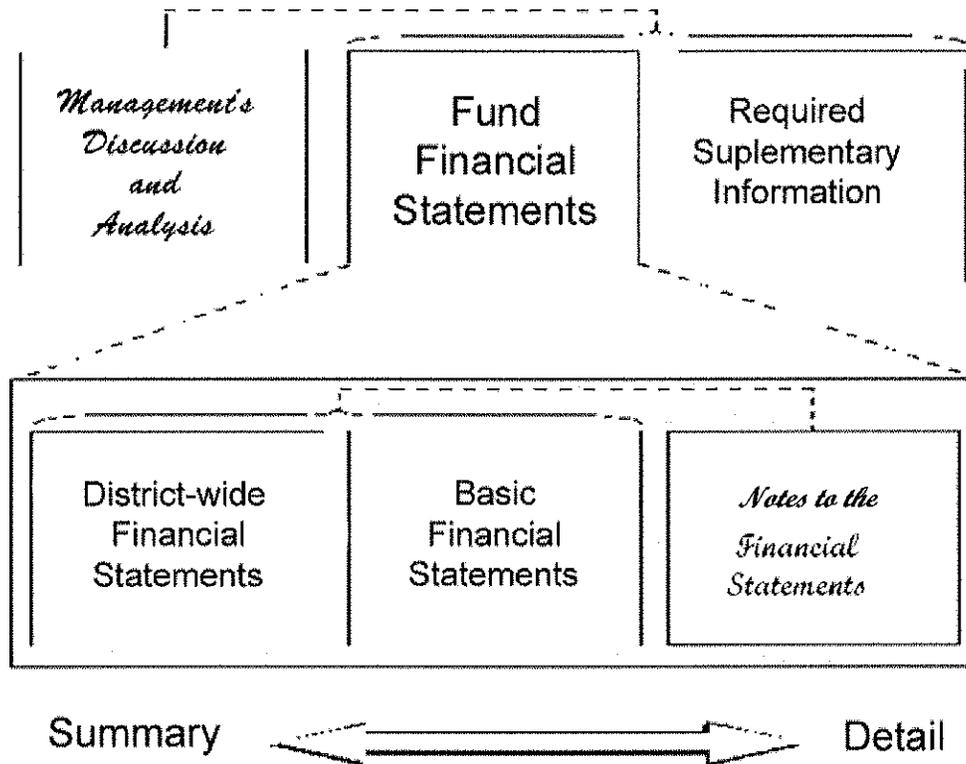
OVERVIEW OF THE FINANCIAL STATEMENTS

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

Carteret Board of Education
Carteret, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2015

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



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

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

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2015**

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

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

District-wide Statements

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

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

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2015**

District-wide Statements (Continued)

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

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

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

- *Governmental activities*- Most of the district's basic services are included here, such as regular and special education, transportation, administration and community education. 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 is included here.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The district 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)
Year Ended June 30, 2015

Fund Financial Statements (Continued)

The district has three types of funds:

- *Governmental funds*- Most of the Board's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences) between them.
- *Proprietary funds*- Services for which the Board charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide business-type statements.
- *Fiduciary funds*- The Board is the trustee, or *fiduciary*, for assets that belong to others such as unemployment funds, payroll and payroll agency funds, and student activity funds. The Board is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Board's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the Board's district-wide financial statements because the Board cannot use these assets to finance its operations.

Carteret Board of Education
Carteret, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2015

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 \$(5,699,081) and \$(7,080,226) on June 30, 2015 and 2014, respectively. (See Table A-1)

**Table A-1
Statement of Net Position
As of June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Current and Other Assets	\$ 2,988,251	\$ 2,760,495
Capital Assets	23,503,678	23,131,952
Total Assets	26,491,929	25,892,447
Deferred Outflows of Resources	869,980	368,978
Total Deferred Outflows of Resources	869,980	368,978
Non-Current Liabilities	28,375,754	27,795,504
Other Liabilities	4,030,379	5,543,023
Total Liabilities	32,406,133	33,338,527
Deferred Inflows of Resources	654,857	3,124
Total Deferred Inflows of Resources	654,857	3,124
Net Position:		
Net Investment in Capital Assets	11,022,683	10,128,205
Restricted	92	536,241
Unrestricted	(16,721,856)	(17,744,672)
Total Net Position	\$ (5,699,081)	\$ (7,080,226)

Net position from current year operations for the year ended June 30, 2015 increased \$1,381,145. The overall net position increased \$1,381,145 from the balance at June 30, 2014.

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

- Program revenues for Governmental Activities were \$18,376,847 for operating grants and contributions.
- Program revenues for business – type activities
 - ✓ Charges for services \$837,009.
 - ✓ Operating grants and contributions \$1,337,516.
- Combined general revenues for Governmental activities and Business-Type activities during the 2014-2015 school year were \$50,431,831.
- Expenditures were \$67,342,934 for Governmental activities and \$2,259,124 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 \$(5,699,081) at June 30, 2015.

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

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2015**

**Table A-2
Changes in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Revenues		
Program revenues		
Charges for services	\$ 837,009	\$ 887,587
Operating grants and contributions	18,886,105	12,701,003
Capital grants and contributions	828,258	50,066
General revenues		
Property taxes	25,865,558	24,682,217
Federal and State Aid	24,514,987	24,435,055
Other	51,286	198,193
Total revenues	70,983,203	62,954,121
Expenses		
Instruction		
Regular	29,302,793	25,505,673
Special Education	12,989,652	12,326,119
Other Instruction	2,343,564	2,000,581
School Sponsored Activities and Athletic Support Services	505,909	496,087
Support Services		
Student and Instruction Related Services	7,025,149	6,310,943
General Administration Services	1,257,571	1,222,049
School and Business Administration Services	3,127,633	3,033,128
Plant Operations and Maintenance	6,310,838	6,064,394
Pupil Transportation	2,788,611	2,583,496
Central Services	1,251,322	1,027,621
Interest on Long-Term Debt	439,892	614,574
Food Service	1,908,223	1,809,013
Enrichment Academy	350,901	387,487
Total expenses	69,602,058	63,381,165
Change in net position	1,381,145	(427,044)
Net Position, Beginning of Year (Restated)	(7,080,226)	6,322,403
Prior Period Adjustment	-	(12,975,585)
Net Position, Beginning of Year, Adjusted	(7,080,226)	(6,653,182)
Net Position, End of Year	\$ (5,699,081)	\$ (7,080,226)

The prior period adjustment to the July 1, 2014 net position reflects both the restatement for the implementation of GASB 68 of \$11,037,440 and a prior period adjustment relating to capital assets, net of accumulated depreciation of \$1,938,145.

Changes in Net Position. The district's total revenues were \$70,983,203 and \$62,954,121 in 2015 and 2014, respectively. Property taxes of \$25,865,558 and \$24,682,217 represented 36% and 39% of revenues for the years ended June 30, 2015 and 2014, respectively. The District's state and federal

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

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2015**

The smallest component of revenues is "Other Revenue." The largest source of "Other Revenue" is miscellaneous and interest income, with \$51,286 and \$198,193 earned in the years ended June 30, 2015 and 2014, respectively.

The Board's expenses for governmental activities are predominantly related to instruction and support services. Instruction totaled \$45,141,918 and \$40,328,460 which represented 67% and 66% of total expenditures for the years ended June 30, 2015 and 2014, respectively. Student support services, exclusive of administration, totaled \$7,025,149 and \$6,310,943 (10% and 10%) of total expenditures for the years ended June 30, 2015 and 2014, respectively.

**Table A-3
Total and Net Cost of Services of Governmental Activities
For the Fiscal Years Ended June 30, 2015 and 2014**

<u>Functions/Programs</u>	<u>Source Exhibit</u>	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Governmental Activities					
Instruction					
Regular	A-2	29,302,793	25,505,673	\$ 21,241,921	\$ 21,474,448
Special Education	A-2	12,989,652	12,326,119	7,598,185	7,473,525
Other Instruction	A-2	2,343,564	2,000,581	1,797,571	1,807,461
School Sponsored Activities and Athletics	A-2	505,909	496,087	415,153	444,882
Support Services					
Student and Instruction Related Services	A-2	7,025,149	6,310,943	5,143,797	5,196,808
General Administration Services	A-2	1,257,571	1,222,049	1,179,785	1,136,704
School and Business Administration Services	A-2	3,127,633	3,033,128	2,458,721	2,726,154
Plant Operations and Maintenance	A-2	6,310,838	6,064,394	5,100,478	5,634,106
Pupil Transportation	A-2	2,788,611	2,583,496	2,635,188	2,432,453
Central Services	A-2	1,251,322	1,027,621	1,173,848	994,161
Interest on Long-Term Debt	A-2	439,892	614,574	221,440	404,740
Total Governmental Activities		\$ 67,342,934	\$ 61,184,665	\$ 48,966,087	\$ 49,725,442

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

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2015**

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, 2015 and 2014 with its governmental funds reporting combined fund balance deficits of \$1,212,239 and \$2,833,930 as of June 30, 2015 and 2014, respectively.

Revenues for the district's governmental funds were \$63,443,778 and \$60,774,688 for the years ended June 30, 2015 and 2014, respectively. Total expenditures were \$62,839,859 and \$63,951,258 for the years ended June 30, 2015 and 2014.

GENERAL FUND

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

The following schedule presents a summary of General Fund revenues for the fiscal years ended June 30, 2015 and 2014.

**Table A-4
Summary of General Fund Revenues
For the Fiscal Years Ended June 30, 2015 and 2014**

General Fund Revenues	<u>2015</u>	<u>2014</u>
Local Sources:		
Local Tax Levy	\$ 24,451,486	\$ 23,257,020
Interest Income	10,340	6,574
Miscellaneous	40,946	191,619
Total Local Sources	<u>24,502,772</u>	<u>23,455,213</u>
Intergovernmental		
State Sources	32,506,008	31,805,718
Federal Sources	158,367	103,536
Total Intergovernmental Sources	<u>32,664,375</u>	<u>31,909,254</u>
Total Revenues	<u><u>\$ 57,167,147</u></u>	<u><u>\$ 55,364,467</u></u>

Property taxes and state formula aid accounted for 99 percent of total revenues for both the 2015 and 2014 fiscal years. Interest and miscellaneous accounted for 1 percent of total revenues.

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2015 and 2014.

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

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2015**

**Table A-5
Summary of General Fund Expenditures
For the Fiscal Years Ended June 30, 2015 and 2014**

General Fund Expenditures	<u>2015</u>	<u>2014</u>
Current		
Regular Instruction	\$ 23,584,514	\$ 24,075,945
Special Education Instruction	11,112,371	11,187,723
Other Special Instruction	1,999,567	2,010,114
School Sponsored Activities and Athletics	449,509	498,323
Support Services and undistributed Costs:		
Student and Instruction Related Services	5,537,038	5,638,785
School Administration Services	2,696,264	3,048,932
General Administration Services	1,036,166	1,190,346
Plant Operations and Maintenance	5,121,306	5,186,359
Pupil Transportation	2,773,835	2,573,237
Central Services	1,165,728	1,032,552
Principal on Debt	84,169	100,000
Interest and Other Charges	1,510	
Capital Outlay	220,279	1,896,742
Total Governmental Activities	<u>\$ 55,782,256</u>	<u>\$ 58,439,058</u>

General Fund Budgetary Highlights

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

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

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

Actual expenditures (exclusive of on-behalf expenditures) were \$50,717,100 and \$54,133,523 for the years ended June 30, 2015 and 2014, respectively. Revenues (exclusive of on-behalf revenues) were \$52,146,535 and \$50,955,568 for the years ended June 30, 2015 and 2014, respectively.

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

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2015**

DEBT ADMINISTRATION

The amount of debt service expenditures, net of bond issuance and related costs, were \$2,107,852 and \$2,090,872 for the years ended June 30, 2015 and 2014, respectively. Revenues include \$1,414,072 and \$1,425,197 from the local tax levies, and \$682,661 and \$676,885 coming from state aid for the fiscal years ended June 30, 2015 and 2014, respectively.

BUSINESS-TYPE ENTERPRISE FUNDS

The District's total business-type activities revenues were \$2,174,525 and \$2,179,433 for the years ended June 30, 2015 and 2014, respectively. Charges for services accounted for 39% and 41% of total revenue for each year. Operating grants and contributions of \$1,337,516 and \$1,291,846 accounted for 61% and 59% of total revenue, for the years ended June 30, 2015 and 2014, respectively.

The total cost of all business-type activities programs and services was \$2,259,124 and \$2,196,500 for the years ended June 30, 2015 and 2014, 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 expenses exceeded revenues decreasing net position by \$84,599 over the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – Governmental Activities

As of June 30, 2015 and 2014, the district had invested \$39,622,859 and \$38,198,251, 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 years ended June 30, 2015 and 2014 was \$1,035,021 and \$1,031,808, respectively.

**Table A-6
Capital Assets - Governmental Activities
as of June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Land	\$ 71,603	\$ 71,603
Land Improvements	284,135	284,135
Buildings and Building Improvements	37,273,739	35,733,481
Construction in Progress		80,400
Machinery and Equipment	1,993,382	2,028,632
Total	39,622,859	38,198,251
Less: Accumulated Depreciation	16,560,001	15,552,980
Total	\$ 23,062,858	\$ 22,645,271

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

**Management's Discussion and Analysis (continued)
Year Ended June 30, 2015**

Capital Assets – Business-type Activities

The District as of June 30, 2015 and 2014 had \$896,292 and \$898,692, respectively, invested in machinery and equipment for its food service fund. Depreciation was \$43,719 and \$45,386 for the years ended June 30, 2015 and 2014, respectively.

**Table A-7
Capital Assets - Business-Type Activities
as of June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Machinery and Equipment	\$ 896,292	\$ 898,692
Less: Accumulated Depreciation	455,472	412,011
Total Net	<u>\$ 440,820</u>	<u>\$ 486,681</u>

Construction Planning

The Carteret Board of Education entered into an agreement to lease the High School stadium to the Borough of Carteret for a period of ninety-nine (99) years. In exchange, the Borough has offered a parcel of land to construct a school building. The State of New Jersey, Department of Education (DOE) has approved the Long Range Facilities Plan on May 16, 2008.

Long-term Liabilities

At year-end, the District had \$1,115,000 and \$1,275,000 at June 30, 2015 and 2014, respectively, in general obligation bonds which refunded the unfunded pension liabilities previously outstanding. This refunding substantially reduced the District's interest expense for the pension liability.

In addition, the District had \$12,025,000 and \$13,150,000 at June 30, 2015 and 2014, respectively, in lease purchase agreements for various school improvements. These agreements were by the issuance of certificates of participation ("COPS") which have been refunded as discussed in Note 4 to the basic financial statements.

The District had \$923,860 and \$251,900 at June 30, 2015 and 2014, respectively, in capital leases payable for the purchase of computer equipment.

The District also had \$3,423,449 and \$2,110,339 at June 30, 2015 and 2014, respectively, as a liability for compensated absences. This liability represents the district's contractual obligation to compensate employees for accumulated unused personal and sick leave entitlements upon retirement.

The District had \$10,941,522 and \$11,037,440 at June 30, 2015 and 2014, respectively, in net pension liability regarding the Public Employees Retirement System.

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

Carteret Board of Education
Carteret, New Jersey

Management's Discussion and Analysis (continued)
Year Ended June 30, 2015

Table A-8
Long Term Debt Liabilities
as of June 30, 2015 and 2014

Governmental Activities	<u>2015</u>	<u>2014</u>
Bonds Payable	\$ 1,115,000	\$ 1,275,000
Lease Purchase Agreements	12,025,000	13,150,000
Capital Leases Payable	923,860	251,900
Net Pension Liability	10,941,522	11,037,400
Compensated Absences	3,423,449	2,110,339
Total	\$ 28,428,831	\$ 27,824,639

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Aid—The District still has not recovered from the reduction in State Aid in 2010.

No Child Left Behind (NCLB) & Individual with Disability Education Act (IDEA) - Due to Federal sequestration the District's funding will be reduced by \$250,000 for the federal programs in FY2015 and beyond. From IDEA entitlement, the District is required to set aside \$150,000 for Co-ordinated Early Intervening Services (CEIS). This reduction has a major impact as the expenditures funded from these funds will have to be absorbed in General Fund.

New Construction

The Borough of Carteret is developing new housing and a parking garage (for ferry to Manhattan, New York) on Industrial Road, that will impact the enrollment in the School District. As it is, the District's schools are overcrowded and these new developments will stretch the District's scarce resources.

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:

Nilkanth Patel, School Business Administrator/Board Secretary
Telephone: 732-541-8960 ext. 6005
Fax: 732-541-2106
Email: npatel@carteretschools.org

BASIC FINANCIAL STATEMENTS

**CARTERET BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 1,568,055	\$ 183,831	\$ 1,751,886
Other Receivables	3,014	869	3,883
Receivable from Other Governments	1,131,306	72,628	1,203,934
Due from Other Funds	6,500		6,500
Inventory		22,048	22,048
Capital Assets Not Being Depreciated	71,603		71,603
Capital Assets, Being Depreciated, net	<u>22,991,255</u>	<u>440,820</u>	<u>23,432,075</u>
Total Assets	<u>25,771,733</u>	<u>720,196</u>	<u>26,491,929</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Refunding	414,788		414,788
Deferred Amount on Net Pension Liability	<u>455,192</u>	-	<u>455,192</u>
Total Deferred Outflows of Resources	<u>869,980</u>	-	<u>869,980</u>
LIABILITIES			
Accounts Payable and Other Current Liabilities	293,783	60,370	354,153
Payable to Other Governments	12,015		12,015
Loans Payable	3,516,636		3,516,636
Accrued Interest Payable	48,895		48,895
Unearned Revenue	98,680		98,680
Noncurrent Liabilities			
Due Within One Year	2,847,160		2,847,160
Due Beyond One Year	<u>25,528,594</u>	-	<u>25,528,594</u>
Total Liabilities	<u>32,345,763</u>	<u>60,370</u>	<u>32,406,133</u>
DEFERRED INFLOWS OF RESOURCES			
USDA Commodities	-	2,802	2,802
Deferred Amount on Net Pension Liability	<u>652,055</u>	-	<u>652,055</u>
Total Deferred Inflows of Resources	<u>652,055</u>	<u>2,802</u>	<u>654,857</u>
NET POSITION			
Net Investment in Capital Assets	10,581,863	440,820	11,022,683
Restricted for			
Debt Service	92		92
Unrestricted	<u>(16,938,060)</u>	<u>216,204</u>	<u>(16,721,856)</u>
Total Net Position	<u>\$ (6,356,105)</u>	<u>\$ 657,024</u>	<u>\$ (5,699,081)</u>

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

**CARTERET BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities							
Instruction							
Regular	\$ 29,302,793		\$ 8,060,872		\$ (21,241,921)		\$ (21,241,921)
Special Education	12,989,652		5,391,467		(7,598,185)		(7,598,185)
Other Instruction	2,343,564		545,993		(1,797,571)		(1,797,571)
School Sponsored Activities and Athletics	505,909		90,756		(415,153)		(415,153)
Support Services							
Student and Instruction Related Services	7,025,149		1,881,352		(5,143,797)		(5,143,797)
General Administration Services	1,257,571		77,786		(1,179,785)		(1,179,785)
School Administration Services	3,127,633		668,912		(2,458,721)		(2,458,721)
Central Services	1,251,322		77,474		(1,173,848)		(1,173,848)
Plant Operations and Maintenance	6,310,838		382,102	\$ 828,258	(5,100,478)		(5,100,478)
Pupil Transportation	2,788,611		153,423		(2,635,188)		(2,635,188)
Interest on Long-Term Debt	439,892	-	218,452	-	(221,440)	-	(221,440)
Total Governmental Activities	<u>67,342,934</u>	<u>-</u>	<u>17,548,589</u>	<u>828,258</u>	<u>(48,966,087)</u>	<u>-</u>	<u>(48,966,087)</u>
Business-Type Activities							
Food Service	1,908,223	\$ 484,155	1,337,516			\$ (86,552)	(86,552)
Enrichment Academy	350,901	352,854	-	-	-	1,953	1,953
Total Business-Type Activities	<u>2,259,124</u>	<u>837,009</u>	<u>1,337,516</u>	<u>-</u>	<u>-</u>	<u>(84,599)</u>	<u>(84,599)</u>
Total Primary Government	<u>\$ 69,602,058</u>	<u>\$ 837,009</u>	<u>\$ 18,886,105</u>	<u>\$ 828,258</u>	<u>(48,966,087)</u>	<u>(84,599)</u>	<u>(49,050,686)</u>

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Continued

**CARTERET BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues			
Taxes			
Property Taxes Levied for General Purposes	\$ 24,451,486		\$ 24,451,486
Property Taxes Levied for Debt Service	1,414,072		1,414,072
Federal and State Aid -Unrestricted	24,050,778		24,050,778
State/Federal Aid - Restricted	464,209		464,209
Interest Income	10,340		10,340
Miscellaneous Income	40,946	-	40,946
	50,431,831	-	50,431,831
Change in Net Position	1,465,744	\$ (84,599)	1,381,145
Net Position, Beginning of Year (Restated)	(7,821,849)	741,623	(7,080,226)
Net Position, End of Year	\$ (6,356,105)	\$ 657,024	\$ (5,699,081)

FUND FINANCIAL STATEMENTS

**CARTERET BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,529,651		\$ 38,312	\$ 92	\$ 1,568,055
Due from Other Funds	79,162				79,162
Receivables from Other Governments	114,805	\$ 138,177	878,324		1,131,306
Other Accounts Receivable	-	3,014	-	-	3,014
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,723,618</u>	<u>\$ 141,191</u>	<u>\$ 916,636</u>	<u>\$ 92</u>	<u>\$ 2,781,537</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Due to Other Funds		\$ 72,662			\$ 72,662
Accounts Payable	\$ 260,255	33,528			293,783
Payable to State Government		12,015			12,015
Loans Payable	2,600,000		\$ 916,636		3,516,636
Unearned Revenue	-	98,680	-	-	98,680
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>2,860,255</u>	<u>216,885</u>	<u>916,636</u>	<u>-</u>	<u>3,993,776</u>
Fund Balances					
Restricted					
Debt Service				\$ 92	92
Committed					
Year End Encumbrances	356,969				356,969
Assigned Fund Balance					
Designated for Subsequent Year's Expenditures	950,000				950,000
Unassigned Fund Balance:					
General Fund	(2,443,606)				(2,443,606)
Special Revenue Fund	-	(75,694)	-	-	(75,694)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>(1,136,637)</u>	<u>(75,694)</u>	<u>-</u>	<u>92</u>	<u>(1,212,239)</u>
Total Liabilities and Fund Balances	<u>\$ 1,723,618</u>	<u>\$ 141,191</u>	<u>\$ 916,636</u>	<u>\$ 92</u>	

Continued

**CARTERET BOARD OF EDUCATION
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

Total Fund Balances - Governmental Funds		\$ (1,212,239)
<p>Amounts reported for <i>governmental activities</i> in the statement of net position (A-1) are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$39,622,859 and the accumulated depreciation is \$16,560,001.</p>		23,062,858
<p>Amounts resulting from the refunding of debt are reported as deferred outflows of resources on the statement of net position and amortized over the life of the debt.</p>		414,788
<p>Certain amounts resulting from the measurement of the net pension liability are reported as either deferred inflows of resources or deferred outflows of resources on the statement of net position and deferred over future years.</p>	Deferred Outflows of Resources \$ 455,192 Deferred Inflows of Resources <u>(652,055)</u>	(196,863)
<p>Long-term liabilities, including bonds and certificates of participation payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (Note 2)</p>		<u>(28,424,649)</u>
Net position of governmental activities (Exhibit A-1)		<u>\$ (6,356,105)</u>

**CARTERET BOARD OF EDUCATION
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 24,451,486			\$ 1,414,072	\$ 25,865,558
Interest Income	10,340				10,340
Miscellaneous	40,946	\$ 31,750	-	-	72,696
Total - Local Sources	<u>24,502,772</u>	<u>31,750</u>	<u>-</u>	<u>1,414,072</u>	<u>25,948,594</u>
State Sources	32,506,008	1,211,323	\$ 828,258	682,661	35,228,250
Federal Sources	158,367	2,108,567	-	-	2,266,934
Total Revenues	<u>57,167,147</u>	<u>3,351,640</u>	<u>828,258</u>	<u>2,096,733</u>	<u>63,443,778</u>
EXPENDITURES					
Current					
Instruction:					
Regular Instruction	23,584,514	1,809,227			25,393,741
Special Education Instruction	11,112,371	925,674			12,038,045
Other Special Instruction	1,999,567				1,999,567
School-Sponsored Activities and Athletics	449,509				449,509
Support Services and Undistributed Costs:					
Student and Instruction Related Services	5,537,038	591,985			6,129,023
General Administration Services	1,036,166				1,036,166
School Administration Services	2,696,264				2,696,264
Central Services	1,165,728				1,165,728
Plant Operations and Maintenance	5,228,265				5,228,265
Pupil Transportation	2,773,835	7,934			2,781,769
Debt Service:					
Principal	84,169			1,575,000	1,659,169
Interest and Other Charges	1,510			532,852	534,362
Issuance Costs				156,989	156,989
Advance to Refunding Escrow				104,654	104,654
Capital Outlay	113,320	-	1,353,288	-	1,466,608
Total Expenditures	<u>55,782,256</u>	<u>3,334,820</u>	<u>1,353,288</u>	<u>2,369,495</u>	<u>62,839,859</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,384,891</u>	<u>16,820</u>	<u>(525,030)</u>	<u>(272,762)</u>	<u>603,919</u>
Other Financing Sources (Uses)					
Payment to Refunded Certificates Escrow Agent				(7,165,000)	(7,165,000)
Refunded Certificates Issued				7,455,000	7,455,000
Original Issue Discount				(28,357)	(28,357)
Capital Lease Proceeds (Non Budget)	756,129	-	-	-	756,129
Total Other Financing Sources (Uses)	<u>756,129</u>	<u>-</u>	<u>-</u>	<u>261,643</u>	<u>1,017,772</u>
Net Change in Fund Balances	2,141,020	16,820	(525,030)	(11,119)	1,621,691
Fund Balance (Deficit), Beginning of Year	<u>(3,277,657)</u>	<u>(92,514)</u>	<u>525,030</u>	<u>11,211</u>	<u>(2,833,930)</u>
Fund Balance (Deficit), End of Year	<u>\$ (1,136,637)</u>	<u>\$ (75,694)</u>	<u>\$ -</u>	<u>\$ 92</u>	<u>\$ (1,212,239)</u>

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

**CARTERET BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total net change in fund balances - governmental funds (Exhibit B-2) \$ 1,621,691

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation expense in the current period. (Note 2) 431,587

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals and donations) is to decrease net position. These transactions are not reported in the governmental funds financial statements. Loss on Disposal of Capital Assets (14,000)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. (Note 2) 746,051

Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. Also, certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (Note 2) (1,319,585)

Change in net position of governmental activities (Exhibit A-2) \$ 1,465,744

**CARTERET BOARD OF EDUCATION
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2015**

	<u>Business-Type Activities</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Other Non-Major Enterprise Fund</u>	
ASSETS			
Current Assets			
Cash and Cash Equivalents		\$ 183,831	\$ 183,831
Intergovernmental Receivable			
State	\$ 1,242		1,242
Federal	71,386		71,386
Inventories	22,048	-	22,048
Other Accounts Receivable	-	869	869
	<u>94,676</u>	<u>184,700</u>	<u>279,376</u>
Total Current Assets			
Capital Assets			
Equipment	896,292		896,292
Less: Accumulated Depreciation	<u>(455,472)</u>	<u>-</u>	<u>(455,472)</u>
Total Capital Assets, Net	<u>440,820</u>	<u>-</u>	<u>440,820</u>
Total Assets	<u>535,496</u>	<u>184,700</u>	<u>720,196</u>
LIABILITIES			
Current Liabilities			
Cash Overdraft	<u>60,370</u>	<u>-</u>	<u>60,370</u>
Total Current Liabilities	<u>60,370</u>	<u>-</u>	<u>60,370</u>
DEFERRED INFLOWS OF RESOURCES			
U.S.D.A Commodities	<u>2,802</u>	<u>-</u>	<u>2,802</u>
Total Deferred Inflows of Resources	<u>2,802</u>	<u>-</u>	<u>2,802</u>
Total Liabilities and Deferred Inflows of Resources	<u>63,172</u>	<u>-</u>	<u>63,172</u>
NET POSITION			
Net Investment in Capital Assets	440,820		440,820
Unrestricted	<u>31,504</u>	<u>184,700</u>	<u>216,204</u>
Total Net Position	<u>\$ 472,324</u>	<u>\$ 184,700</u>	<u>\$ 657,024</u>

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

**CARTERET BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Business-Type Activities</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Other Non-Major Enterprise Fund</u>	
OPERATING REVENUES			
Charges for Services			
Daily Sales	\$ 484,155		\$ 484,155
Program Fees	-	\$ 352,854	352,854
	<u>484,155</u>	<u>352,854</u>	<u>837,009</u>
Total Operating Revenues			
OPERATING EXPENSES			
Salaries and Employee Benefits	868,678	348,902	1,217,580
Cost of Sales	867,224		867,224
Other Purchased Services	57,287		57,287
Insurance	46,339		46,339
Depreciation	43,719		43,719
Supplies and Materials	4,859	-	4,859
Miscellaneous	17,975	1,999	19,974
	<u>1,906,081</u>	<u>350,901</u>	<u>2,256,982</u>
Total Operating Expenses			
Operating Income (Loss)	<u>(1,421,926)</u>	<u>1,953</u>	<u>(1,419,973)</u>
NONOPERATING REVENUES			
State Sources			
School Lunch Program	21,104		21,104
Federal Sources			
National School Lunch Program	1,149,760		1,149,760
National School Breakfast Program	119,261		119,261
Snack Program	47,391		47,391
Loss on Disposal of Property	<u>(2,142)</u>	<u>-</u>	<u>(2,142)</u>
Total Nonoperating Revenues	<u>1,335,374</u>	<u>-</u>	<u>1,335,374</u>
Net Income (Loss)	<u>(86,552)</u>	<u>1,953</u>	<u>(84,599)</u>
Change in Net Position	(86,552)	1,953	(84,599)
Net Position, Beginning of Year	<u>558,876</u>	<u>182,747</u>	<u>741,623</u>
Net Position, End of Year	<u>\$ 472,324</u>	<u>\$ 184,700</u>	<u>\$ 657,024</u>

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

**CARTERET BOARD OF EDUCATION
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Business-Type Activities</u>		<u>Totals</u>
	<u>Food Service</u>	<u>Other Non-Major Enterprise Fund</u>	
Cash Flows from Operating Activities			
Receipts from Customers	\$ 484,155	\$ 360,557	\$ 844,712
Payments for Employees' Salaries and Benefits	(868,678)	(348,902)	(1,217,580)
Payments to Suppliers for Goods and Services	<u>(857,868)</u>	<u>(2,365)</u>	<u>(860,233)</u>
Net Cash Provided (Used) by Operating Activities	<u>(1,242,391)</u>	<u>9,290</u>	<u>(1,233,101)</u>
Cash Flows from Noncapital Financing Activities			
Transfer to Other Funds	(60,000)		(60,000)
State and Federal Subsidy Reimbursements	<u>1,216,465</u>	<u>-</u>	<u>1,216,465</u>
Net Cash Provided by Noncapital Financing Activities	<u>1,156,465</u>	<u>-</u>	<u>1,156,465</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(85,926)	9,290	(76,636)
Cash and Cash Equivalents, Beginning of Year	<u>25,556</u>	<u>174,541</u>	<u>200,097</u>
Cash and Cash Equivalents, (Overdraft) End of Year	<u>\$ (60,370)</u>	<u>\$ 183,831</u>	<u>\$ 123,461</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (1,421,926)	\$ 1,953	\$ (1,419,973)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	43,719		43,719
Non-Cash Federal Assistance - National School Lunch Program (Food Distribution)	136,528		136,528
Change in Assets and Liabilities:			
(Increase)/Decrease in Intergovernmental Receivable		7,703	7,703
(Increase)/Decrease in Inventories	(712)		(712)
Increase/(Decrease) in Accounts Payable	<u>-</u>	<u>(366)</u>	<u>(366)</u>
Total Adjustments	<u>179,535</u>	<u>7,337</u>	<u>186,872</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,242,391)</u>	<u>\$ 9,290</u>	<u>\$ (1,233,101)</u>
Non-Cash Financing Activities - National School Lunch (Food Distribution)	\$ 136,206	\$ -	\$ 136,206

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

**CARTERET BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Employee Benefits (Flexible Spending) Program Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 442,397	\$ 70,523	\$ 396,911
Total Assets	<u>442,397</u>	<u>70,523</u>	<u>\$ 396,911</u>
LIABILITIES			
Due to Student Groups			\$ 105,834
Accounts Payable	10,692		
Payroll Deductions and Withholdings			284,577
Due to Other Funds	<u>-</u>	<u>-</u>	<u>6,500</u>
Total Liabilities	<u>10,692</u>	<u>-</u>	<u>\$ 396,911</u>
NET POSITION			
Held in Trust for Unemployment Claims	<u>\$ 431,705</u>		
Held in Trust for Employee Benefits		<u>\$ 70,523</u>	

**CARTERET BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Unemployment Compensation Trust</u>	<u>Employee Benefits (Flexible Spending) Program Fund</u>
ADDITIONS		
Contributions		
Employees	\$ 67,622	\$ 62,576
	<u>67,622</u>	<u>62,576</u>
Total Contributions		
	<u>67,622</u>	<u>62,576</u>
Investment Earnings		
Interest	1,134	-
	<u>1,134</u>	<u>-</u>
Net Investment Earnings		
	<u>1,134</u>	<u>-</u>
Total Additions	<u>68,756</u>	<u>62,576</u>
DEDUCTIONS		
Benefit Reimbursements		65,038
Unemployment Claims and Contributions	104,143	-
	<u>104,143</u>	<u>-</u>
Total Deductions	<u>104,143</u>	<u>65,038</u>
Change in Net Position	(35,387)	(2,462)
Net Position, Beginning of the Year	<u>467,092</u>	<u>72,985</u>
Net Position, End of the Year	<u>\$ 431,705</u>	<u>\$ 70,523</u>

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

NOTES TO THE FINANCIAL STATEMENTS

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2015, the District adopted the following GASB statements:

- GASB 68, *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria.
- GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, should be applied simultaneously with the provisions of Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

- GASB 72, *Fair Value Measurement and Application*, will be effective beginning with the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.
- GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability.
- GASB 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, will be effective beginning with the fiscal year ending June 30, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.
- GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, will be effective beginning with the fiscal year ending June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.
- GASB 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, will be effective beginning with the fiscal year ending June 30, 2016. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

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.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

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

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

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

Additionally, the government reports the following fund type:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, employment benefits program, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

Property taxes, 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 government'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, 2015**

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 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 estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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*

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

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

6. *Compensated Absences*

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused personal and sick leave benefits. A long-term liability of accumulated personal and sick leave 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. Proprietary Funds accrue accumulated personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. *Pensions*

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

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

8. *Long-Term Obligations*

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Losses resulting from debt refundings are classified as deferred inflows of resources. Bond discounts are deferred and amortized over the life of the debt using the effective interest method. Losses resulting from debt refundings are also deferred and amortized over the life of the refunded debt or new debt whichever is less using the effective interest method. Debt is reported net of the applicable bond discount. Debt 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 debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements

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.

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

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 Trustee's for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

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

Designated for Subsequent Year's Expenditures – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2015/2016 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.

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.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes (Continued)*

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 2013-2014 and 2014-2015 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 Non-Operating 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 of the enrichment academy are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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 \$(28,424,649) difference are as follows:

Bonds payable	\$ (1,115,000)
Certificates of Participation Payable	(12,025,000)
Less: Issuance discount (to be amortized as interest expense)	53,077
Capital Leases Payable	(923,860)
Accrued Interest Payable	(48,895)
Compensated Absences	(3,423,449)
Net Pension Liability	<u>(10,941,522)</u>
 Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ (28,424,649)</u>

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 \$431,587 difference are as follows:

Capital Outlay	\$ 1,466,608
Depreciation expense	<u>(1,035,021)</u>
 Net adjustment to increase net changes in fund balances – Total governmental funds to arrive at changes in net position of governmental activities	 <u>\$ 431,587</u>

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$746,051 difference are as follows:

Debt issued or incurred:	
Capital Lease Proceeds	\$ (756,129)
Issuance of Certificates of Participation	(7,455,000)
Issuance Discount	28,357
Principal repayments:	
Pension Refunding Bonds	160,000
Certificates of Participation	1,415,000
Capital Leases	84,169
Payment to escrow agent for refunding	<u>7,269,654</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at changes in net position of <i>governmental activities</i>	
	<u>\$ 746,051</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds”. The details of this \$(1,319,585) difference are as follows:

Compensated Absences	\$ (1,313,110)
Accrued Interest	157,769
Amortization of Deferred Amounts on Refunding	(58,844)
Amortization of Bond Discounts	(4,455)
Net Pension Expense	<u>(100,945)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of government activities	
	<u>\$ (1,319,585)</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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 2014/2015. Also, during 2014/2015 the Board increased the original budget by \$1,464,632. The increase was funded by additional grant awards and state and federal aid and the reappropriation of prior year general fund encumbrances.

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

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$2,443,606 in the General Fund and \$75,694 in the Special Revenue Fund as of June 30, 2015 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2014/2015 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficits in the GAAP (fund) financial statements of \$2,443,606 in the General Fund and \$75,694 in the Special Revenue Fund are equal to or less than the delayed state aid payments.

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), 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.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2015, the book value of the Board's deposits were \$2,601,347 and bank and brokerage firm balances of the Board's deposits amounted to \$4,508,197. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	<u>\$ 4,508,197</u>
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**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2015 none of the Board’s bank balances were exposed to custodial credit risk.

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, 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, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2015, the Board had no outstanding investments.

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

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

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

B. Receivables

Receivables as of June 30, 2015 for the district’s individual major funds and nonmajor fund, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Enrichment Academy</u>	<u>Total</u>
Receivables:						
Intergovernmental						
Federal		\$ 138,177		\$ 71,386		\$ 209,563
State	\$ 114,805		\$ 878,324	1,242		994,371
Accounts	-	3,014	-	-	\$ 869	3,883
	<u>114,805</u>	<u>141,191</u>	<u>878,324</u>	<u>72,628</u>	<u>869</u>	<u>1,207,817</u>
Gross Receivables	114,805	141,191	878,324	72,628	869	1,207,817
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 114,805</u>	<u>\$ 141,191</u>	<u>\$ 878,324</u>	<u>\$ 72,628</u>	<u>\$ 869</u>	<u>\$ 1,207,817</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 98,680
Total Unearned Revenue for Governmental Funds	<u>\$ 98,680</u>

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

	<u>Balance, July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance, June 30, 2015</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 71,603				\$ 71,603
Construction in Progress	80,400	-	-	\$ (80,400)	-
Total capital assets, not being depreciated	<u>152,003</u>	<u>-</u>	<u>-</u>	<u>(80,400)</u>	<u>71,603</u>
Capital assets, being depreciated:					
Buildings and Building Improvements	35,733,481	\$ 1,459,858		80,400	37,273,739
Land Improvements	284,135	-			284,135
Machinery and equipment	2,028,632	6,750	\$ (42,000)	-	1,993,382
Total capital assets being depreciated	<u>38,046,248</u>	<u>1,466,608</u>	<u>(42,000)</u>	<u>80,400</u>	<u>39,551,256</u>
Less accumulated depreciation for:					
Buildings and Building Improvements	(14,011,337)	(802,723)			(14,814,060)
Land Improvements	(246,033)	(2,081)			(248,114)
Machinery and equipment	(1,295,610)	(230,217)	28,000	-	(1,497,827)
Total accumulated depreciation	<u>(15,552,980)</u>	<u>(1,035,021)</u>	<u>28,000</u>	<u>-</u>	<u>(16,560,001)</u>
Total capital assets, being depreciated, net	<u>22,493,268</u>	<u>431,587</u>	<u>(14,000)</u>	<u>80,400</u>	<u>22,991,255</u>
Governmental Activities Capital Assets, Net	<u>\$ 22,645,271</u>	<u>\$ 431,587</u>	<u>\$ (14,000)</u>	<u>\$ -</u>	<u>\$ 23,062,858</u>

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<u>Balance, July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2015</u>
Business-Type Activities:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 898,692	-	\$ (2,400)	\$ 896,292
Total capital assets being depreciated	<u>898,692</u>	<u>-</u>	<u>(2,400)</u>	<u>896,292</u>
Less accumulated depreciation for:				
Machinery and equipment	(412,011)	\$ (43,719)	258	(455,472)
Total accumulated depreciation	<u>(412,011)</u>	<u>(43,719)</u>	<u>258</u>	<u>(455,472)</u>
Total capital assets, being depreciated, net	<u>486,681</u>	<u>(43,719)</u>	<u>(2,142)</u>	<u>440,820</u>
Business-Type Activities Capital Assets, Net	<u>\$ 486,681</u>	<u>\$ (43,719)</u>	<u>\$ (2,142)</u>	<u>\$ 440,820</u>

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

Governmental activities:

Instruction	
Regular	\$ 25,220
Total Instruction	<u>25,220</u>
Support Services	
Support Services - Student and Instruction Related Services	80,981
Plant Operations and Maintenance	924,689
Pupil Transportation	4,131
Total Support Services	<u>1,009,801</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,035,021</u>
Business-Type Activities:	
Food Service Fund	\$ 43,719
Total Depreciation Expense-Business-Type Activities	<u>\$ 43,719</u>

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2015, is as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Special Revenue Fund	\$ 72,662
General Fund	Payroll Agency Fund	<u>6,500</u>
		<u>\$ 79,162</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/or to cover cash balances which were in an overdraft position.

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

F. Leases

Lease Purchase Agreements

Refunding Certificates of 2006

The Board of Education adopted a resolution on June 29, 2005 for the purpose of issuing Refunding Certificates of Participation (the Refunding Certificates) in order to advance refund certain principal maturities and certain interest payments of outstanding Certificates of Participation dated March 15, 2000 (the Prior Certificate) which were issued to finance building improvements.

On January 15, 2006 the Board of Education issued \$8,985,000 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, and to fund a reserve fund and to pay certain issuance costs associated with the issuance of the Refunding Certificates.

Under the Refunding Certificates, the Board is required to pay Basic Rent due on each January 15 commencing January 15, 2007. Basic Rent is composed of an interest component and a principal component. The Refunding Certificates carry interest rates in the range of 3.5% to 4.50%; and mature on January 15, 2030. Payments of the principal of and interest on the Refunding Certificates is insured by National Public Finance Guarantee. JP Morgan Chase has been appointed to serve as a trustee in the agreement.

On April 30, 2015 the Board of Education issued \$7,455,000 refunding certificates to refund all of the outstanding refunding certificates of 2006.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Refunding Certificates of 2010

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

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

Under the Refunding Certificates, the Board is required to pay Basic Rent due on each April 15 and October 15 commencing October 15, 2010. Basic Rent is composed of an interest component and a principal component. The Refunding Certificates carry interest rates in the range of 2.0% to 3.625%; and mature on 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.

Refunding Certificates of 2015

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

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

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

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases (Continued)

Lease Purchase Agreements (Continued)

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

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Certificates of Participation</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 1,560,000	\$ 285,515	\$ 1,845,515
2017	1,545,000	306,450	1,851,450
2018	1,580,000	262,894	1,842,894
2019	1,640,000	211,163	1,851,163
2020	455,000	150,063	605,063
2021-2025	2,455,000	579,712	3,034,712
2026-2029	<u>2,790,000</u>	<u>253,100</u>	<u>3,043,100</u>
Total	<u>\$ 12,025,000</u>	<u>\$ 2,048,897</u>	<u>\$ 14,073,897</u>

Capital Leases

The District is leasing computer equipment totaling \$791,319 under capital leases. The leases are for terms of 3 and 4 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

Fiscal Year Ending <u>June 30,</u>	Governmental <u>Activities</u>
2016	\$ 282,526
2017	282,526
2018	197,493
2019	<u>197,493</u>
Total minimum lease payments	960,038
Less: amount representing interest	<u>(36,178)</u>
Present value of minimum lease payments	<u>\$ 923,860</u>

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt

General Obligation Bonds

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets. 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, 2015 are comprised of the following issues:

\$1,430,000, 2013 Pension Refunding Bonds, due in annual installments of \$170,000 to \$205,000 through March 15, 2021, interest at 3.5%	<u>\$1,115,000</u>
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The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

Governmental Activities:

Fiscal Year Ending <u>June 30,</u>	<u>Pension Refunding Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2016	\$ 170,000	\$ 39,025	\$ 209,025
2017	175,000	33,075	208,075
2018	180,000	26,950	206,950
2019	190,000	20,650	210,650
2020	195,000	14,000	209,000
2021	<u>205,000</u>	<u>7,175</u>	<u>212,175</u>
Total	<u>\$ 1,115,000</u>	<u>\$ 140,875</u>	<u>\$ 1,255,875</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2015 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 83,475,544
Less: Net Debt	<u>-</u>
Remaining Borrowing Power	<u>\$ 83,475,544</u>

Current Refunding of Debt

On April, 30, 2015 the District issued \$7,455,000 in Refunding Certificates of Participation having interest rates of 1.25 to 4.00%. These Certificates were issued in order to currently refund certain principal maturities of the 2005 Additional Refunding Certificates of Participation. The total principal currently refunded was \$7,165,000. The reacquisition price exceeded the net carrying amount of the old debt by \$104,654. This amount has been reported as Deferred Outflows of Resources on the financial statements and amortized over the remaining life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over the next fifteen years by \$772,144 and resulted in an economic gain of \$634,297.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2015, was as follows:

	Balance, July 1, 2014 (Restated)	Additions	Reductions	Balance, June 30, 2015	Due Within One Year
Governmental activities:					
Lease-Purchase Agreements ("COPS")	\$ 13,150,000	\$ 7,455,000	\$ (8,580,000)	\$ 12,025,000	\$ 1,560,000
Original Issue Discount	(29,175)	(28,357)	4,455	(53,077)	-
Lease-Purchase Agreements, net	13,120,825	7,426,643	(8,575,545)	11,971,923	1,560,000
Bonds payable	1,275,000		(160,000)	1,115,000	170,000
Capital Leases Payable	251,900	756,129	(84,169)	923,860	280,760
Net Pension Liability	11,037,440		(95,918)	10,941,522	494,055
Compensated absences	2,110,339	1,313,110	-	3,423,449	342,345
Governmental activity Long-term liabilities	<u>\$ 27,795,504</u>	<u>\$ 9,495,882</u>	<u>\$ (8,915,632)</u>	<u>\$ 28,375,754</u>	<u>\$ 2,847,160</u>

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

I. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2015 was as follows:

State Aid Anticipation Notes

The Board issues State Aid Anticipation Notes ("Notes") to temporarily finance the delayed state aid payment received subsequent to the fiscal year end. The Board's short-term debt activity for the fiscal year ended June 30, 2015 was as follows:

Purpose	Rate %	Maturity Date	Balance July 1, 2014	Issued	Retired/ Redeemed	Balance June 30, 2015
State School Aid Anticipation Note	0.60%	7/9/14	\$ 500,000		\$ 500,000	
State School Aid Anticipation Note	0.60%	7/9/14	1,300,000		1,300,000	
State School Aid Anticipation Note	0.50%	7/9/15	-	\$ 2,600,000	-	\$ 2,600,000
			<u>\$ 1,800,000</u>	<u>\$ 2,600,000</u>	<u>\$ 1,800,000</u>	<u>\$ 2,600,000</u>

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

I. Short-Term Debt (Continued)

Grant Anticipation Notes

The Board issues Grant Anticipation Notes to interim finance capital projects funded by the State Development Authority's Facility construction grants. The Board's short-term debt activity for the fiscal year ended June 30, 2015 was as follows:

<u>Purpose</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Balance July 1, 2014</u>	<u>Renewed/ Issued</u>	<u>Retired/ Redeemed</u>	<u>Balance June 30, 2015</u>
Middle School Window Replacement	1.00%	8/24/15	-	\$ 916,636	-	\$ 916,636
			<u>\$ -</u>	<u>\$ 916,636</u>	<u>\$ -</u>	<u>\$ 916,636</u>

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

A. Risk Management (Continued)

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

<u>Year Ended</u> <u>June 30,</u>	<u>District</u> <u>Contributions</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2015		\$ 67,622	\$ 104,143	\$ 431,705
2014		63,779	43,551	467,092
2013	\$ 198,252	60,409	74,675	446,657

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2015, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2015, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

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

Public Employees’ Retirement System (PERS) – 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 district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. PERS is a cost sharing multi-employer defined benefit pension plan.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Teachers' Pension and Annuity Fund (TPAF) – 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 certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage. TPAF is a cost sharing plan with special funding situations.

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

Other Pension Funds

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

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

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

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

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Funding Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 62.8 percent with an unfunded actuarial accrued liability of \$51.0 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 54.2 percent and \$37.3 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 75.4 percent and \$13.7 billion, respectively.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2013 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (a) an investment rate of return for the retirement systems of 7.90 percent and (b) projected salary increases of 4.24 percent for the PERS and 3.33 percent for TPAF.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 6.9% for PERS and 6.9% for TPAF of the employee's annual compensation.

Annual Pension Costs (APC)

Per the requirements of GASB Statement No. 27 *Accounting for Pensions by State and Local Government Employees*, for the fiscal year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, the annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

During the fiscal years ended June 30, 2015, 2014 and 2013 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-behalf <u>TPAF</u>
2015	\$ 481,768	\$ 1,205,308
2014	435,433	966,456
2013	521,778	1,549,778

For fiscal years 2014/2015 and 2012/2013, the state contributed \$1,205,308 and \$1,549,778, respectively for normal cost pension, accrued liability and the NCGI premium. For fiscal year 2013/2014 the State did not contribute to the TPAF for accrued liability but did contribute \$966,456 for normal cost pension and NCGI premium.

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 24. The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$1,946,419 during the fiscal year ended June 30, 2015 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as a revenue and expense/expenditure in accordance with GASB No. 24.

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, 2015, the District reported in the statement of net position (accrual basis) a liability of \$10,941,522 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2014, the District’s proportionate share was .05844 percent, which was an increase of .00069 percent from its proportionate share measured as of June 30, 2013.

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$582,713 for PERS. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Proportion	\$ 111,132	
Changes of Assumptions	344,060	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>-</u>	<u>\$ 652,055</u>
Total	<u>\$ 455,192</u>	<u>\$ 652,055</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense as follows:

Fiscal Year Ending <u>June 30,</u>	
2016	\$ (79,339)
2017	(79,339)
2018	(79,339)
2019	(79,339)
2020	83,675
Thereafter	<u>36,818</u>
	<u>\$ (196,863)</u>

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

	<u>PERS</u>
Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15-4.40%
	Based on Age
Thereafter	3.15-5.40%
	Based on Age
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2008 -
Study Upon Which Actuarial	June 30, 2011
Assumptions were Based	

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

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

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

<u>Plan</u>	<u>Discount Rate</u>
PERS	5.39%

**CARTERET BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

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

For the fiscal year ended June 30, 2015, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$6,570,208 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as a revenue and expense in accordance with GASB No. 24.

At June 30, 2015 the State's proportionate share of the net pension liability attributable to the District is \$122,101,519. The nonemployer allocation percentages are based on the ratio of the State's contributions made as an employer and nonemployer towards the actuarially determined contribution amount adjusted by locations who participated in the State early retirement incentives to total contributions to TPAF during the year ended June 30, 2014.

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%
Mortality Rate Table	RP-2000
Period of Actuarial Experience	July 1, 2009 -
Study Upon Which Actuarial Assumptions were Based	June 30, 2012

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of Net Pension Liability (Continued)

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at June 30, 2014. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2014 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are classified as either single employer plans or cost sharing multiple employer defined benefit plans depending on the plan the eligible employee is covered under.

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 590 state and local participating employers and contributing entities for Fiscal Year 2014.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Health Benefits Program Fund (HBPF) – Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides paid coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides paid coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for state paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

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

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the State had a \$53.0 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$19.7 billion for state active and retired members and \$33.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Funded Status and Funding Progress (Continued)

The funded status and funding progress of the OPEB includes actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the July 1, 2013, OPEB actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

Post-Retirement Medical Benefits Contributions

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2014, there were 103,432, retirees receiving post-retirement medical benefits and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

The State sets the contribution rate based on a pay as you go basis and not on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2015, 2014 and 2013 were \$1,913,429, \$1,584,626 and \$1,752,407, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

**CARTERET BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 6 RESTATEMENT

On July 1, 2014, the Carteret Board of Education implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions. The Carteret Board of Education has determined that the effect of implementing this accounting change on the financial statements previously reported as of and for the fiscal year ended June 30, 2014 was to recognize the District's proportionate share of the Public Employees' Retirement System's (PERS) net pension liability, deferred outflows of resources and deferred inflows of resources with a corresponding reduction in the unrestricted component of net position in the amount of \$11,037,440. The result of this restatement is to reduce total net position of Governmental Activities at June 30, 2014 from \$3,215,591 as originally reported to \$(7,821,849) as adjusted for the effects of the change in accounting principle.

BUDGETARY COMPARISON SCHEDULES

**CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 24,451,486		\$ 24,451,486	\$ 24,451,486	
Interest Income				10,340	\$ 10,340
Rental of Facilities	5,000		5,000		(5,000)
Miscellaneous	45,000		45,000	40,946	(4,054)
State Sources					
Equalization Aid	23,509,312		23,509,312	23,509,312	-
Categorical Special Education Aid	2,257,589		2,257,589	2,257,589	-
Security Aid	382,501		382,501	382,501	-
Extraordinary Aid	450,000	\$ 6,275	456,275	616,499	160,224
Categorical Transportation Aid	120,856		120,856	120,856	-
Under Adequacy Aid	500,000		500,000	500,000	-
PARCC Readiness Aid	36,940		36,940	36,940	-
Per Pupil Growth Aid	36,940		36,940	36,940	-
Additional Nonpublic School Transportation Costs				24,759	24,759
On-behalf TPAF Social Security Payments (Non-Budget)				1,946,419	1,946,419
On-behalf TPAF Post Retirement Medical Contribution (Non-Budget)				1,913,429	1,913,429
On-behalf TPAF Pension System Contribution - Normal (Non-Budget)				1,124,412	1,124,412
On-behalf TPAF Pension System Contribution - NCGI (Non-Budget)				80,896	80,896
Federal Sources					
ARRA- Medical Assistance Program (SEMI)		72,596	72,596	72,596	
Medical Assistance Program (SEMI)	53,670	-	53,670	85,771	32,101
Total Revenues	<u>51,849,294</u>	<u>78,871</u>	<u>51,928,165</u>	<u>57,211,691</u>	<u>5,283,526</u>
EXPENDITURES					
CURRENT EXPENDITURES					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool		180,500	180,500	164,372	16,128
Grades 1-5	6,237,937	952,277	7,190,214	7,188,840	1,374
Grades 6-8	3,142,442	81,441	3,223,883	3,189,075	34,808
Grades 9-12	4,496,293	185,049	4,681,342	4,651,510	29,832
Regular Programs - Home Instruction					
Salaries of Teachers		35,100	35,100	35,093	7
Purchased Professional-Educational Services	112,500	(78,367)	34,133	33,943	190
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	115,820	23,315	139,135	139,100	35
Purchased Professional-Educational Services	115,500	(84,500)	31,000	26,850	4,150
Other Purchased Services	4,100	1,000	5,100	1,115	3,985
Supplies Acquired Under Capital Lease (Non Budget)		-		756,129	(756,129)
General Supplies	319,302	48,436	367,738	295,829	71,909
Textbooks	22,389	6,539	28,928	19,976	8,952
Other Objects	245,210	476,566	721,776	653,891	67,885
Total Regular Programs	<u>14,811,493</u>	<u>1,827,356</u>	<u>16,638,849</u>	<u>17,155,723</u>	<u>(516,874)</u>

**CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 247,101	\$ 35,454	\$ 282,555	\$ 280,629	\$ 1,926
Other Salaries for Instruction	105,730	(945)	104,785	104,785	-
Purchased Professional-Educational Services	23,300	1,700	25,000	23,158	1,842
General Supplies	-	150	150	150	-
Total Learning and/or Language Disabilities	<u>376,131</u>	<u>36,359</u>	<u>412,490</u>	<u>408,722</u>	<u>3,768</u>
Multiple Disabilities					
Salaries of Teachers	171,897	(27,957)	143,940	143,939	1
Other Salaries for Instruction	178,050	(1,575)	176,475	176,475	-
Purchased Professional-Educational Services	-	122,500	122,500	111,821	10,679
Total Multiple Disabilities	<u>349,947</u>	<u>92,968</u>	<u>442,915</u>	<u>432,235</u>	<u>10,680</u>
Resource Room/Resource Center					
Salaries of Teachers	2,819,208	252,242	3,071,450	3,012,832	58,618
Other Salaries for Instruction	384,027	35,513	419,540	419,540	-
Purchased Professional-Educational Services	114,600	43,600	158,200	158,101	99
Total Resource Room	<u>3,317,835</u>	<u>331,355</u>	<u>3,649,190</u>	<u>3,590,473</u>	<u>58,717</u>
Autism					
Other Salaries for Instruction	35,910	(315)	35,595	35,595	-
Total Autism	<u>35,910</u>	<u>(315)</u>	<u>35,595</u>	<u>35,595</u>	<u>-</u>
Preschool Disabilities - Full Time					
Salaries of Teachers	91,056	895	91,951	91,948	3
Other Salaries for Instruction	71,820	90	71,910	71,907	3
Purchased Professional-Educational Services	19,100	8,000	27,100	25,651	1,449
Total Preschool Disabilities - Full Time	<u>181,976</u>	<u>8,985</u>	<u>190,961</u>	<u>189,506</u>	<u>1,455</u>
Total Special Education	<u>4,261,799</u>	<u>469,352</u>	<u>4,731,151</u>	<u>4,656,531</u>	<u>74,620</u>
Bilingual Education					
Salaries of Teachers	1,200,170	46,348	1,246,518	1,245,077	1,441
Other Salaries for Instruction	100,191	(29,498)	70,693	70,690	3
Purchased Professional-Educational Services	-	29,000	29,000	27,753	1,247
Total Bilingual Education	<u>1,300,361</u>	<u>45,850</u>	<u>1,346,211</u>	<u>1,343,520</u>	<u>2,691</u>

CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
School-Sponsored Co/Extra Curricular Activities - Instruction					
Salaries	\$ 58,487	\$ (408)	\$ 58,079	\$ 46,108	\$ 11,971
Total School-Sponsored Co/Extra Curricular Activities	58,487	(408)	58,079	46,108	11,971
School Sponsored Athletics - Instruction					
Salaries	221,268	408	221,676	221,676	
Purchased Services	34,400	(10,340)	24,060	18,251	5,809
Supplies and Materials	87,750	(11,000)	76,750	53,558	23,192
Other Objects	20,000	-	20,000	17,533	2,467
Total School Sponsored Athletics	363,418	(20,932)	342,486	311,018	31,468
Total Instruction	20,795,558	2,321,218	23,116,776	23,512,900	(396,124)
Undistributed Expenditures					
Instruction					
Tuition to Other LEA's Within the State - Regular	187,500	(137,000)	50,500	24,192	26,308
Tuition to Other LEA's Within the State - Special	233,517	(19,750)	213,767	170,767	43,000
Tuition to CSSD & Regional Day Schools	2,549,404	(449,837)	2,099,567	2,017,743	81,824
Tuition to Private Schools for Disabled - Within State	2,170,043	97,022	2,267,065	2,159,323	107,742
Tuition to Private Schools for Disabled & Other LEAs-Spl,O/S State	135,670	(35,480)	100,190	71,370	28,820
Tuition - State Facilities	35,465	-	35,465	35,465	-
Tuition - Other	125,692	150,500	276,192	176,389	99,803
Total Undistributed Expenditures - Instruction	5,437,291	(394,545)	5,042,746	4,655,249	387,497
Attendance and Social Work					
Salaries	269,937	21,107	291,044	291,034	10
Purchased Professional and Technical Services	6,900	(220)	6,680	6,565	115
Supplies and Materials	1,000	1,103	2,103	909	1,194
Other Objects	250	(250)	-	-	-
Total Attendance and Social Work	278,087	21,740	299,827	298,508	1,319
Health Services					
Salaries	395,766	18,550	414,316	412,821	1,495
Purchased Professional and Technical Services	27,100	(10,300)	16,800	15,064	1,736
Supplies and Materials	5,000	(1,810)	3,190	(696)	3,886
Other Objects	100	-	100	(160)	260
Total Health Services	427,966	6,440	434,406	427,029	7,377

**CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Speech, OT, PT and Related Svcs.					
Salaries	\$ 365,627	\$ 41,401	\$ 407,028	\$ 407,010	\$ 18
Supplies and Materials	15,000	11,181	26,181	25,474	707
Total Speech, OT, PT and Related Svcs.	380,627	52,582	433,209	432,484	725
Guidance					
Salaries of Other Professional Staff	696,472	53,168	749,640	749,623	17
Salaries of Secretarial and Clerical Assistants	56,021	562	56,583	56,573	10
Other Purchased Professional and Technical Services	85,000	31,300	116,300	114,133	2,167
Other Purchased Services	24,200	(4,177)	20,023	18,308	1,715
Supplies and Materials	141,450	(64,825)	76,625	75,213	1,412
Other Objects	4,000	-	4,000	130	3,870
Total Guidance	1,007,143	16,028	1,023,171	1,013,980	9,191
Child Study Teams					
Salaries of Other Professional Staff	623,349	144,946	768,295	768,275	20
Salaries of Secretarial and Clerical Assistants	113,541	(15,970)	97,571	97,397	174
Purchased Professional-Educational Services	532,700	(231,281)	301,419	227,586	73,833
Other Purchased Professional and Technical Services	224,843	41,274	266,117	238,812	27,305
Other Purchases Services	3,000	1,115	4,115	3,900	215
Supplies and Materials	9,000	(6,375)	2,625	2,210	415
Total Child Study Teams	1,506,433	(66,291)	1,440,142	1,338,180	101,962
Improvement of Instructional Services					
Salaries of Secretarial and Clerical Assistants	50,072	4,993	55,065	55,054	11
Salaries of Facilitators, Math & Literacy Coaches	488,580	197	488,777	485,488	3,289
Purchased Professional - Educational Services	31,351	(20,125)	11,226	9,944	1,282
Other Purchased Services	8,600	(2,891)	5,709	2,786	2,923
Supplies and Materials	2,200	58	2,258	1,280	978
Other Objects	250	-	250	-	250
Total Improvement of Instructional Services	581,053	(17,768)	563,285	554,552	8,733
Educational Media Services/School Library					
Salaries	35,410	(298)	35,112	35,095	17
Purchased Professional and Technical Services	26,276	(16,200)	10,076	9,395	681
Supplies and Materials	5,400	(3,500)	1,900	687	1,213
Total Educational Media Serv./School Library	67,086	(19,998)	47,088	45,177	1,911
Instructional Staff Training Services					
Salaries of Supervisors of Instruction	3,000	(3,000)	-	-	-
Purchased Professional - Educational Services	27,850	(6,000)	21,850	18,119	3,731
Other Purchased Professional and Technical Services	-	5,000	5,000	5,000	-
Other Objects	-	800	800	-	800
Total Instructional Staff Training Services	30,850	(3,200)	27,650	23,119	4,531

**CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Support Services - General Administration					
Salaries	\$ 474,552	\$ (42,300)	\$ 432,252	\$ 432,179	\$ 73
Legal Services	150,000	(65,492)	84,508	52,645	31,863
Audit Fees	40,000	3,615	43,615	43,615	-
Architectural /Engineering Services	75,000	(73,615)	1,385		1,385
Other Purchased Professional Services	38,535	15,725	54,260	47,751	6,509
Communications/Telephone	202,840	42,975	245,815	201,330	44,485
BOE Other Purchased Services	7,900	2,000	9,900	3,016	6,884
Misc Purchased Services	9,625	22,498	32,123	18,295	13,828
General Supplies	3,000	-	3,000	2,651	349
Judgements		25,000	25,000	25,000	-
Miscellaneous Expenditures	26,250	(22,250)	4,000	2,174	1,826
BOE Membership Dues and Fees	22,527	-	22,527	21,936	591
Total Support Services - General Administration	1,050,229	(91,844)	958,385	850,592	107,793
Support Services - School Administration					
Salaries of Principal/Asst. Principals	1,796,817	(161,975)	1,634,842	1,633,855	987
Salaries of Secretarial and Clerical Assistants	267,323	(31,132)	236,191	236,167	24
Other Purchased Services	2,250	5,445	7,695	6,354	1,341
Supplies and Materials	65,551	(20,019)	45,532	35,571	9,961
Total Support Services - School Administration	2,131,941	(207,681)	1,924,260	1,911,947	12,313
Central Services					
Salaries	383,747	58,069	441,816	441,555	261
Purchased Professional Services	54,156	7,159	61,315	61,243	72
Purchased Technical Services	75,000	(57,222)	17,778	16,019	1,759
Other Purchased Services		-			-
Supplies and Materials	13,661	16,927	30,588	3,464	27,124
Interest on Lease Purchase Agreements		21,510	21,510	1,510	20,000
Miscellaneous Expenditures	6,205	1,900	8,105	3,937	4,168
Total Central Services	532,769	48,343	581,112	527,728	53,384
Administrative Information Technology					
Salaries	276,646	38,342	314,988	311,821	3,167
Other Purchased Services	2,000	-	2,000	293	1,707
Total Administrative Information Technology	278,646	38,342	316,988	312,114	4,874
Required Maintenance for School Facilities					
Salaries	541,684	21,168	562,852	562,825	27
Cleaning, Repair and Maintenance Services	507,568	250,066	757,634	670,070	87,564
General Supplies	115,900	11,090	126,990	125,936	1,054
Other Objects	6,635	(3,210)	3,425	2,438	987
Total Required Maintenance for School Facilities	1,171,787	279,114	1,450,901	1,361,269	89,632

**CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Custodial Services					
Salaries	\$ 1,255,724	\$ (25,143)	\$ 1,230,581	\$ 1,230,306	\$ 275
Purchased Professional and Technical Services	17,000	10,525	27,525	27,407	118
Cleaning, Repair and Maintenance Services	35,000	(10,760)	24,240	21,732	2,508
Other Purchased Property Services	94,200	34,000	128,200	85,805	42,395
Insurance	394,324	(1)	394,323	384,989	9,334
General Supplies	105,800	(17,815)	87,985	84,359	3,626
Energy (Natural Gas)	163,000	(20,400)	142,600	142,546	54
Energy (Electricity)	540,000	(96,000)	444,000	443,150	850
Total Custodial Services	<u>2,605,048</u>	<u>(125,594)</u>	<u>2,479,454</u>	<u>2,420,294</u>	<u>59,160</u>
Care and Upkeep of Grounds					
Salaries	62,716	5,105	67,821	67,395	426
General Supplies	25,400	(25,400)	-	-	-
Other Objects	9,000	(9,000)	-	-	-
Total Care and Upkeep of Grounds	<u>97,116</u>	<u>(29,295)</u>	<u>67,821</u>	<u>67,395</u>	<u>426</u>
Security					
Salaries	231,900	75,200	307,100	307,074	26
Purchased Professional and Technical Services	54,900	(47,200)	7,700	7,519	181
General Supplies	-	2,500	2,500	2,496	4
Other Objects	-	6,150	6,150	6,123	27
Total Security	<u>286,800</u>	<u>36,650</u>	<u>323,450</u>	<u>323,212</u>	<u>238</u>
Student Transportation Services					
Salaries for Pupil Transportation(Bet Home & Sch) Reg	56,021	(10,645)	45,376	38,169	7,207
Salaries for Pupil Transportation(Bet Home & Sch) Sp Ed	-	2,700	2,700	2,687	13
Management Fee-ESC and CTSA Transportation Prog.	35,000	-	35,000	-	35,000
Contracted Services - Aid in Lieu of Payments - Non Public	119,340	-	119,340	92,820	26,520
Contracted Svcs. (Between Home & School) - Vendors	492,418	73,950	566,368	566,360	8
Contracted Services (Other than Between Home and School) - Vendors	97,950	(2,431)	95,519	81,021	14,498
Contracted Services (Special Ed. Students)- Vendors	176,475	(156,450)	20,025	18,600	1,425
Contracted Services (Special Ed. Students)-Joint Agreements	-	99,500	99,500	99,426	74
Contracted Services (Regular Students) - ESCs and CTSA	116,013	(111,314)	4,699	-	4,699
Contracted Services (Special Ed. Students)- ESCs and CTSA	1,761,784	129,074	1,890,858	1,856,863	33,995
Other Objects	25,000	(25,000)	-	-	-
Total Student Transportation Services	<u>2,880,001</u>	<u>(616)</u>	<u>2,879,385</u>	<u>2,755,946</u>	<u>123,439</u>

**CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
EXPENDITURES					
CURRENT EXPENDITURES (Continued)					
Undistributed Expenditures (Continued)					
Unallocated Benefits - Employee Benefits					
Social Security Contributions	\$ 525,000	\$ (21,800)	\$ 503,200	\$ 503,169	\$ 31
Other Retirement Contributions - PERS	546,855	(65,000)	481,855	481,768	87
Workmen's Compensation	292,958	(48,500)	244,458	236,937	7,521
Health Benefits	9,267,299	(1,225,925)	8,041,374	6,133,366	1,908,008
Tuition Reimbursement	125,000	(46,500)	78,500	66,152	12,348
Other Employee Benefits	243,700	(54,500)	189,200	157,485	31,715
	<u>11,000,812</u>	<u>(1,462,225)</u>	<u>9,538,587</u>	<u>7,578,877</u>	<u>1,959,710</u>
On-behalf TPAF Pension System Contribution - Normal (Non-Budget)				1,124,412	(1,124,412)
On-behalf TPAF Pension System Contribution - NCGI (Non-Budget)				80,896	(80,896)
On-behalf TPAF Post Retirement Medical Contribution (Non-Budget)				1,913,429	(1,913,429)
On-behalf TPAF Social Security Payments (Non-Budget)	-	-	-	1,946,419	(1,946,419)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,065,156</u>	<u>(5,065,156)</u>
Total On-Behalf TPAF					
Total Undistributed Expenditures	<u>31,751,685</u>	<u>(1,919,818)</u>	<u>29,831,867</u>	<u>31,962,808</u>	<u>(2,130,941)</u>
Total Expenditures - Current Expenditures	<u>52,547,243</u>	<u>401,400</u>	<u>52,948,643</u>	<u>55,475,708</u>	<u>(2,527,065)</u>
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Required Maintenance		101,560	101,560	38,955	62,605
Custodial Services	25,000	-	25,000	17,035	7,965
	<u>25,000</u>	<u>101,560</u>	<u>126,560</u>	<u>55,990</u>	<u>70,570</u>
Total Equipment					
Facilities Acquisition and Construction Services					
Infrastructure	-	164,289	164,289	164,289	-
Assessment for Debt Service on SDA Funding	348	-	348	348	-
	<u>348</u>	<u>164,289</u>	<u>164,637</u>	<u>164,637</u>	<u>-</u>
Total Facilities Acquisition and Construction Services					
Total Capital Outlay	<u>25,348</u>	<u>265,849</u>	<u>291,197</u>	<u>220,627</u>	<u>70,570</u>

**CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
SPECIAL SCHOOLS					
Summer School Support Services					
Salaries	\$ 74,500	\$ (31,566)	\$ 42,934	\$ 42,434	\$ 500
Personal Services - Employee Benefits	5,000	21,877	26,877	26,877	-
Total Summer School Support Services	<u>79,500</u>	<u>(9,689)</u>	<u>69,811</u>	<u>69,311</u>	<u>500</u>
Total Special Schools	<u>79,500</u>	<u>(9,689)</u>	<u>69,811</u>	<u>69,311</u>	<u>500</u>
Transfer of Funds to Charter Schools	<u>16,735</u>	<u>-</u>	<u>16,735</u>	<u>16,610</u>	<u>125</u>
Total Expenditures	<u>52,668,826</u>	<u>657,560</u>	<u>53,326,386</u>	<u>55,782,256</u>	<u>(2,455,870)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(819,532)</u>	<u>(578,689)</u>	<u>(1,398,221)</u>	<u>1,429,435</u>	<u>2,827,656</u>
Other Financing Sources/Uses					
Capital Outlay Transfer to Capital Projects	(125,000)	125,000			
Capital Lease Proceeds (Non Budget)	-	-	-	756,129	756,129
Total Other Financing Sources	<u>(125,000)</u>	<u>125,000</u>	<u>-</u>	<u>756,129</u>	<u>756,129</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Sources	<u>(944,532)</u>	<u>(453,689)</u>	<u>(1,398,221)</u>	<u>2,185,564</u>	<u>3,583,785</u>
Change in Fund Balance	(944,532)	(453,689)	(1,398,221)	2,185,564	3,583,785
Fund Balance (Deficit), Beginning of Year	<u>(32,185)</u>	<u>-</u>	<u>(32,185)</u>	<u>(32,185)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (976,717)</u>	<u>\$ (453,689)</u>	<u>\$ (1,430,406)</u>	<u>\$ 2,153,379</u>	<u>\$ 3,583,785</u>

Recapitulation Of Fund Balance:

Committed Fund Balance:				
Year End Encumbrances			\$ 356,969	
Assigned Fund Balance:				
Designated for Subsequent Year's Expenditures			950,000	
Unassigned Fund Balance			<u>846,410</u>	
Reconciliation to Governmental Fund Statement (GAAP)			2,153,379	
State Aid Payments Not Recognized on GAAP Basis				
Extraordinary Aid		\$ 610,224		
Delayed State Aid Payments		<u>2,679,792</u>		
			<u>3,290,016</u>	
Fund Balance (Deficit) Per Governmental Funds (GAAP)			<u>\$ (1,136,637)</u>	

**CARTERET BOARD OF EDUCATION
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**COMMUNITY DEVELOPMENT BLOCK GRANT
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOT APPLICABLE

**CARTERET BOARD OF EDUCATION
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final Budget to Actual</u>
REVENUES					
Intergovernmental					
State	\$ 1,221,014	\$ (14,496)	\$ 1,206,518	\$ 1,194,503	\$ (12,015)
Local		6,476	6,476	6,476	-
Federal	<u>1,464,600</u>	<u>940,092</u>	<u>2,404,692</u>	<u>2,101,234</u>	<u>(303,458)</u>
Total Revenues	<u>2,685,614</u>	<u>932,072</u>	<u>3,617,686</u>	<u>3,302,213</u>	<u>(315,473)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	907,959	4,137	912,096	839,283	72,813
Other Salaries for Instruction	206,217	22,874	229,091	229,091	-
Purch. Prof./Tech. Services	278,978	221,533	500,511	431,798	68,713
Tuition	727,000	67,429	794,429	794,429	-
General Supplies	68,000	44,394	112,394	94,125	18,269
Textbooks	11,000	1,810	12,810	12,806	4
Other Objects	<u>-</u>	<u>13,542</u>	<u>13,542</u>	<u>9,991</u>	<u>3,551</u>
Total Instruction	<u>2,199,154</u>	<u>375,719</u>	<u>2,574,873</u>	<u>2,411,523</u>	<u>163,350</u>
Support Services					
Salaries of Teachers		211,413	211,413	186,957	24,456
Salaries of Secretarial and Clerical Assistants		2,806	2,806	1,953	853
Salaries of Community Parent Involvement		-	-	-	-
Salaries of Master Teachers		11,161	11,161	11,161	-
Purch. Prof./Tech. Services		-	-	-	-
Purchased Professional/Educational Services	103,100	174,734	277,834	209,621	68,213
Other Purchased Services		47,811	47,811	43,679	4,132
Supplies and Materials		2,444	2,444	1,408	1,036
Other Objects	<u>-</u>	<u>2,566</u>	<u>2,566</u>	<u>2,558</u>	<u>8</u>
Total Support Services	<u>103,100</u>	<u>452,935</u>	<u>556,035</u>	<u>457,337</u>	<u>98,698</u>
Employee Benefits					
Personal Services - Employee Benefits	<u>383,360</u>	<u>103,418</u>	<u>486,778</u>	<u>433,353</u>	<u>53,425</u>
Total Allocated Benefits	<u>383,360</u>	<u>103,418</u>	<u>486,778</u>	<u>433,353</u>	<u>53,425</u>
Total Expenditures	<u>2,685,614</u>	<u>932,072</u>	<u>3,617,686</u>	<u>3,302,213</u>	<u>315,473</u>
Total Outflows	<u>2,685,614</u>	<u>932,072</u>	<u>3,617,686</u>	<u>3,302,213</u>	<u>315,473</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Recapitulation:					
Fund Balance Budgetary Basis					
Reconciliation to Governmental Fund Statements (GAAP)					
Less: State Aid Payments Not Recognized on GAAP Basis				<u>\$ (75,694)</u>	
Fund Balance (Deficit) per Governmental Fund Statements (GAAP)				<u>\$ (75,694)</u>	

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

**CARTERET BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGET TO GAAP RECONCILIATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

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

	General Fund	Special Revenue Fund
Sources/inflows of resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedules (Exhibits C-1 and C-2)	\$ 57,211,691	\$ 3,302,213
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
(Prior Year), Net		32,607
State Aid payments recognized for GAAP purpose not recognized for Budgetary statements (Prior Year), Net	3,245,472	92,514
State Aid payments recognized for budgetary purpose not recognized for GAAP statements (Current Year)	<u>(3,290,016)</u>	<u>(75,694)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 57,167,147</u>	<u>\$ 3,351,640</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 55,782,256	\$ 3,302,213
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
(Prior Year), Net		32,607
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 55,782,256</u>	<u>\$ 3,334,820</u>

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REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

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

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.05844%	0.05775%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,941,522	\$ 11,037,440
District's Covered-Employee Payroll	\$ 4,081,927	\$ 3,996,800
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	268%	276%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.08%	48.72%

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

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

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

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Two Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 481,768	\$ 435,433
Contributions in Relation to the Contractually Required Contributions	<u>481,768</u>	<u>435,433</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	\$ 4,081,927	\$ 3,996,800
Contributions as a Percentage of Covered-Employee Payroll	11.80%	10.89%

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

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

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

	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	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>122,101,519</u>	<u>121,216,238</u>
Total	<u>\$ 122,101,519</u>	<u>\$ 121,216,238</u>
District's Covered-Employee Payroll	\$ 22,245,908	\$ 22,319,992
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0%	0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

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

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

**CARTERET BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Change of Benefit Terms: None.

Change of Assumptions: The discount rate changed from the District's rate as of June 30, 2014 to the District's rate as of June 30, 2015, in accordance with GASB Statement No. 67.

SCHOOL LEVEL SCHEDULES

NOT APPLICABLE

SPECIAL REVENUE FUND

CARTERET BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Chapter 192			Chapter 193			Preschool	Subtotal	Subtotal	Total
	Compensatory Education	ESL	Transportation	Exam & Class.	Corrective Speech	Supplementary Instruction	Education Aid	Page 2	Page 3	
REVENUES										
State	\$ 39,079	\$ 3,654	\$ 7,934	\$ 12,429	\$ 11,486	\$ 9,416	\$ 794,491	\$ 316,014		\$ 1,194,503
Local								6,476		6,476
Federal	-	-	-	-	-	-	-	1,093,564	\$ 1,007,670	2,101,234
Total Revenues	\$ 39,079	\$ 3,654	\$ 7,934	\$ 12,429	\$ 11,486	\$ 9,416	\$ 794,491	\$ 1,416,054	\$ 1,007,670	\$ 3,302,213
EXPENDITURES										
Instruction										
Salaries of Teachers							\$ 320,367	\$ 480,564	\$ 38,352	\$ 839,283
Other Salaries for Instruction							227,212	700	1,179	229,091
Purch. Prof./Tech. Services								426,960	4,838	431,798
Purch. Prof. Educational Services								-	-	-
Tuition									794,429	794,429
General Supplies							6,200	60,962	26,963	94,125
Textbooks								12,806		12,806
Other Objects	-	-	-	-	-	-	-	7,470	2,521	9,991
Total Instruction	-	-	-	-	-	-	553,779	989,462	868,282	2,411,523
Support Services										
Salaries of Teachers								133,125	53,832	186,957
Salaries of Supervisors of Instruction								-	-	-
Salaries of Other Professional Staff								-	-	-
Salaries of Secretarial/Clerical Assistants								1,953		1,953
Salaries of Community Parent Involvement								-	-	-
Salaries of Master Teachers							11,161	-		11,161
Personal Services - Employee Benefits							229,551	166,685	37,117	433,353
Purch. Prof./Tech. Services								-	-	-
Purchased Professional										
Educational Services	\$ 39,079	\$ 3,654	\$ 7,934	\$ 12,429	\$ 11,486	\$ 9,416		82,400	43,223	209,621
Other Purchased Services								40,012	3,667	43,679
Supplies and Materials								507	901	1,408
Other Objects	-	-	-	-	-	-	-	1,910	648	2,558
Total Support Services	39,079	3,654	7,934	12,429	11,486	9,416	240,712	426,592	139,388	890,690
Capital Outlay:										
Instructional Equipment	-	-	-	-	-	-	-	-	-	-
Total Expenditures	\$ 39,079	\$ 3,654	\$ 7,934	\$ 12,429	\$ 11,486	\$ 9,416	\$ 794,491	\$ 1,416,054	\$ 1,007,670	\$ 3,302,213

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Continued

CARTERET BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Nonpublic Nursing</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology</u>	<u>NJSBAIG Safety Grant</u>	<u>Anti-Bullying Bill of Rights</u>	<u>Target Grant</u>	<u>Middlesex County Grant</u>	<u>School Based Youth Services</u>	<u>Title I</u>	<u>Title II A</u>	<u>Page 2 Total</u>
REVENUES											
State	\$ 20,353	\$ 12,806	\$ 6,877		\$ -			\$ 275,978			\$ 316,014
Local				\$ 4,572		\$ -	\$ 1,904				6,476
Federal	-	-	-	-	-	-	-	-	\$ 915,108	\$ 178,456	1,093,564
Total Revenues	<u>\$ 20,353</u>	<u>\$ 12,806</u>	<u>\$ 6,877</u>	<u>\$ 4,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,904</u>	<u>\$ 275,978</u>	<u>\$ 915,108</u>	<u>\$ 178,456</u>	<u>\$ 1,416,054</u>
EXPENDITURES											
Instruction											
Salaries of Teachers									\$ 475,897	\$ 4,667	\$ 480,564
Other Salaries for Instruction							\$ 700				700
Purch. Prof./Tech. Services								\$ 275,978	150,982		426,960
General Supplies			\$ 6,877				1,204		52,881		60,962
Textbooks		\$ 12,806									12,806
Other Objects	-	-	-	-	-	-	-	-	7,470	-	7,470
Total Instruction	<u>-</u>	<u>12,806</u>	<u>6,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,904</u>	<u>275,978</u>	<u>687,230</u>	<u>4,667</u>	<u>989,462</u>
Support Services											
Salaries of Teachers									48,255	84,870	133,125
Salaries of Secretarial and Clerical Assts									1,953		1,953
Personal Services - Employee Benefits									156,296	10,389	166,685
Purchased Professional											
Educational Services	\$ 20,353			\$ 4,572					18,696	38,779	82,400
Other Purchased Services									768	39,244	40,012
Supplies and Materials										507	507
Other Objects	-	-	-	-	-	-	-	-	1,910	-	1,910
Total Support Services	<u>20,353</u>	<u>-</u>	<u>-</u>	<u>4,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,878</u>	<u>173,789</u>	<u>426,592</u>
Capital Outlay:											
Instructional Equipment	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	<u>\$ 20,353</u>	<u>\$ 12,806</u>	<u>\$ 6,877</u>	<u>\$ 4,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,904</u>	<u>\$ 275,978</u>	<u>\$ 915,108</u>	<u>\$ 178,456</u>	<u>\$ 1,416,054</u>

Continued

CARTERET BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Title III</u>	<u>I.D.E.A. Basic</u>	<u>I.D.E.A. Preschool</u>	<u>Page 3 Total</u>
REVENUES				
Federal	\$ 89,329	\$ 890,129	\$ 28,212	\$ 1,007,670
Total Revenues	<u>\$ 89,329</u>	<u>\$ 890,129</u>	<u>\$ 28,212</u>	<u>\$ 1,007,670</u>
EXPENDITURES				
Instruction				
Salaries of Teachers	\$ 36,733	\$ 1,619		\$ 38,352
Other Salaries for Instruction	1,179			1,179
Purch. Prof./Tech. Services	2,150	2,688		4,838
Tuition		766,217	\$ 28,212	794,429
General Supplies	26,963			26,963
Other Objects	<u>2,521</u>	<u>-</u>	<u>-</u>	<u>2,521</u>
Total Instruction	<u>69,546</u>	<u>770,524</u>	<u>28,212</u>	<u>868,282</u>
Support Services				
Salaries of Teachers	1,080	52,752		53,832
Personal Services - Employee Benefits	2,167	34,950		37,117
Purch. Prof./Tech. Services				-
Purchased Professional				
Educational Services	11,320	31,903		43,223
Other Purchased Services	3,667			3,667
Other Objects	648			648
Supplies and Materials	<u>901</u>	<u>-</u>	<u>-</u>	<u>901</u>
Total Support Services	<u>19,783</u>	<u>119,605</u>	<u>-</u>	<u>139,388</u>
Capital Outlay:				
Instructional Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>\$ 89,329</u>	<u>\$ 890,129</u>	<u>\$ 28,212</u>	<u>\$ 1,007,670</u>

**CARTERET BOARD OF EDUCATION
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance</u>
Expenditures:			
Instruction:			
Salaries of Teachers	\$ 320,367	\$ 320,367	
Other Salaries of Instruction	227,212	227,212	
General Supplies	<u>6,200</u>	<u>6,200</u>	<u>-</u>
 Total Instruction	 <u>553,779</u>	 <u>553,779</u>	 <u>-</u>
Support Services:			
Salaries of Master Teachers	11,161	11,161	
Employee Benefits	<u>229,551</u>	<u>229,551</u>	<u>-</u>
 Total Support Services	 <u>240,712</u>	 <u>240,712</u>	 <u>-</u>
 Total Expenditures	 <u>\$ 794,491</u>	 <u>\$ 794,491</u>	 <u>\$ -</u>

CALCULATION OF BUDGET & CARRYOVER

Total revised 2014-2015 Preschool Education Aid Allocation	\$ 756,936
Add: Actual PEA Carryover (June 30, 2014)	37,555
Add: Budgeted Transfer from the General Fund 2014-2015	<u>-</u>
Total Preschool Education Aid Funds Available for 2014-2015 Budget	794,491
Less: 2014-2015 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	<u>794,491</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2015	-
Add: June 30, 2015 Unexpended Preschool Education Aid	-
Less: 2014-2015 Commissioner-approved Transfer to the General Fund	<u>-</u>
 2014-2015 Carryover - Preschool Education Aid	 <u>\$ -</u>
 2014-2015 Preschool Education Aid Carryover Budgeted for Preschool Programs 2015-2016	 <u>\$ -</u>

CAPITAL PROJECTS FUND

CARTERET BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015

<u>Original Date</u>	<u>Issue Project Title</u>	<u>Original Appropriation</u>	<u>Modified Appropriation</u>	<u>Expended Prior Years</u>	<u>Expended Current Year</u>	<u>Balance, June 30, 2015</u>
1/6/2014	Middle School Window Replacement	\$ 1,472,000	\$ 1,433,688	\$ 80,400	\$ 1,353,288	\$ -
		<u>\$ 1,472,000</u>	<u>\$ 1,433,688</u>	<u>\$ 80,400</u>	<u>\$ 1,353,288</u>	<u>\$ -</u>

**CARTERET BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2015**

Expenditures and Other Financing Uses	
Purchased Professional and Technical Services	\$ 12,600
Construction Services	1,340,688
Cancellation of Grant Receivable - Budgetary Basis	<u>38,312</u>
Total Expenditures and Other Financing Uses	<u>1,391,600</u>
Excess of Revenue Over Expenditures	(1,391,600)
Fund Balance, Beginning of Year	<u>1,391,600</u>
Fund Balance - End of Year	<u>\$ -</u>

**CARTERET BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -
BUDGETARY BASIS
MIDDLE SCHOOL WINDOW REPLACEMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Regular Operating District Grant (ROD)	\$ 916,636	\$ (38,312)	\$ 878,324	\$ 878,324
Transfer from Capital Outlay	<u>555,364</u>	<u>-</u>	<u>555,364</u>	<u>555,364</u>
 Total Revenues	 <u>1,472,000</u>	 <u>(38,312)</u>	 <u>1,433,688</u>	 <u>1,433,688</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	80,400	12,600	93,000	93,000
Construction Services	<u>-</u>	<u>1,340,688</u>	<u>1,340,688</u>	<u>1,340,688</u>
 Total Expenditures and other Financing Sources	 <u>80,400</u>	 <u>1,353,288</u>	 <u>1,433,688</u>	 <u>1,433,688</u>
 Excess of Revenues over Expenditures	 <u>\$ 1,391,600</u>	 <u>\$ (1,391,600)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	0750-055-14-1001-G04
Grant Date/Letter of Notification	1/6/2014
Bonds Authorization (Referendum) Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	1,472,000
Additional Authorized Cost	(38,312)
Revised Authorized Cost	1,433,688

Percentage Increase (Decrease) over Original Authorized

Cost	-2.60%
Percentage Completion	100.00%
Original Target Completion Date	12/31/2014
Revised Target Completion Date	12/31/2014

ENTERPRISE FUND

**CARTERET BOARD OF EDUCATION
ENTERPRISE FUNDS - NON MAJOR
STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Enrichment
Academy**

ASSETS

Current Assets

Cash and Cash Equivalents

\$ 183,831

Other Accounts Receivable

869

Total Current Assets

184,700

LIABILITIES

Current Liabilities

Accounts Payable

-

Total Current Liabilities

-

NET POSITION

Unrestricted

184,700

Total Net Position

\$ 184,700

**CARTERET BOARD OF EDUCATION
 ENTERPRISE FUNDS - NONMAJOR
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Enrichment Academy</u>
OPERATING REVENUES	
Charges for Services	
Program Fees	\$ 352,854
Total Operating Revenues	<u>352,854</u>
 OPERATING EXPENSES	
Salaries and Employee Benefits	348,902
Miscellaneous	<u>1,999</u>
Total Operating Expenses	<u>350,901</u>
Operating Income	<u>1,953</u>
Net Income	<u>1,953</u>
Change in Net Position	1,953
Total Net Position, Beginning of Year	<u>182,747</u>
Total Net Position, End of Year	<u><u>\$ 184,700</u></u>

**CARTERET BOARD OF EDUCATION
ENTERPRISE FUNDS - NONMAJOR
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Enrichment Academy
Cash Flows from Operating Activities	
Receipts from Customers	\$ 360,557
Payments for Employees' Salaries and Benefits	(348,902)
Payments to Suppliers for Goods and Services	<u>(2,365)</u>
Net Cash Provided by Operating Activities	<u>9,290</u>
Net Increase in Cash and Cash Equivalents	9,290
Cash and Cash Equivalents, Beginning of Year	<u>174,541</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 183,831</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$ 1,953</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Change in Assets and Liabilities	
(Increase)/Decrease in Intergovernmental Receivable	7,703
Increase/(Decrease) in Accounts Payable	<u>(366)</u>
Total Adjustments	<u>7,337</u>
Net Cash Provided by Operating Activities	<u><u>\$ 9,290</u></u>

FIDUCIARY FUNDS

**CARTERET BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2015**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 105,834	\$ 291,077	\$ 396,911
Total Assets	<u>\$ 105,834</u>	<u>\$ 291,077</u>	<u>\$ 396,911</u>
LIABILITIES			
Due to Student Groups	\$ 105,834		\$ 105,834
Payroll Deductions and Withholdings		\$ 284,577	284,577
Due to Other Funds	<u>-</u>	<u>6,500</u>	<u>6,500</u>
Total Liabilities	<u>\$ 105,834</u>	<u>\$ 291,077</u>	<u>\$ 396,911</u>

**CARTERET BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

THIS STATEMENT IS NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance, July 1, 2014</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2015</u>
ELEMENTARY SCHOOLS				
Columbus	\$ 4,634	\$ 17,354	\$ 18,390	\$ 3,598
Nicholas Minue	11,496	30,587	31,488	10,595
Nathan Hale	7,034	20,153	24,246	2,941
	<u>23,164</u>	<u>68,094</u>	<u>74,124</u>	<u>17,134</u>
TOTAL Elementary Schools				
	<u>23,164</u>	<u>68,094</u>	<u>74,124</u>	<u>17,134</u>
JUNIOR HIGH SCHOOL				
Student Activities Fund	13,447	41,282	54,799	(70)
	<u>13,447</u>	<u>41,282</u>	<u>54,799</u>	<u>(70)</u>
TOTAL Junior High School				
	<u>13,447</u>	<u>41,282</u>	<u>54,799</u>	<u>(70)</u>
SENIOR HIGH SCHOOL				
Carteret Senior High School				
Student Activities Fund	104,508	130,953	149,795	85,666
Athletic Fund	2,312	30,795	30,003	3,104
	<u>106,820</u>	<u>161,748</u>	<u>179,798</u>	<u>88,770</u>
TOTAL Senior High School				
	<u>106,820</u>	<u>161,748</u>	<u>179,798</u>	<u>88,770</u>
TOTAL All Schools				
	<u>\$ 143,431</u>	<u>\$ 271,124</u>	<u>\$ 308,721</u>	<u>\$ 105,834</u>

**CARTERET BOARD OF EDUCATION
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Balance, July 1, <u>2014</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Balance, June 30, <u>2015</u>
ASSETS				
Cash	\$ 248,729	\$ 36,936,358	\$ 36,894,010	\$ 291,077
Total Assets	<u>\$ 248,729</u>	<u>\$ 36,936,358</u>	<u>\$ 36,894,010</u>	<u>\$ 291,077</u>
LIABILITIES				
Due to Other Funds	\$ 6,500			\$ 6,500
Payroll Deductions and Withholdings	242,229	\$ 17,542,188	\$ 17,499,840	284,577
Accrued Salaries and Wages	<u>-</u>	<u>19,394,170</u>	<u>19,394,170</u>	<u>-</u>
Total Liabilities	<u>\$ 248,729</u>	<u>\$ 36,936,358</u>	<u>\$ 36,894,010</u>	<u>\$ 291,077</u>

LONG-TERM DEBT

**CARTERET BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Issued</u>	<u>Refunded/Retired</u>	<u>Balance June 30, 2015</u>
Pension Obligation Refunding Bonds, Series 2013	December 12, 2013	\$ 1,430,000	3/15/2016	\$ 170,000	3.50%				
			3/15/2017	175,000	3.50%				
			3/15/2018	180,000	3.50%				
			3/15/2019	190,000	3.50%				
			3/15/2020	195,000	3.50%				
			3/15/2021	205,000	3.50%	\$ 1,275,000	-	\$ 160,000	\$ 1,115,000
						<u>\$ 1,275,000</u>	<u>\$ -</u>	<u>\$ 160,000</u>	<u>\$ 1,115,000</u>

**CARTERET BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CERTIFICATES OF PARTICIPATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2014</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance, June 30, 2015</u>
2006 Refunding (COP)	3.50 - 4.50	\$ 8,985,000	\$ 7,510,000		\$ 7,510,000	
2010 Refunding (COP)	2.00 - 3.625	9,375,000	5,640,000		1,070,000	\$ 4,570,000
2015 Refunding (COP)	1.25 - 4.00	7,455,000	-	\$ 7,455,000	-	7,455,000
			<u>\$ 13,150,000</u>	<u>\$ 7,455,000</u>	<u>\$ 8,580,000</u>	<u>\$ 12,025,000</u>
				Refunded	\$ 7,165,000	
				Retired	<u>1,415,000</u>	
					<u>\$ 8,580,000</u>	

Note: COP Indicates Certificates of Participation

**CARTERET BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Interest Rate Payable</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2014</u>	<u>Issued Current Year</u>	<u>Retired Current Year</u>	<u>Balance, June 30, 2015</u>
Chrome Books	1.43%	\$ 351,900	\$ 251,900		\$ 84,169	\$ 167,731
Chrome Books	3.00%	756,129	-	\$ 756,129	-	756,129
			<u>\$ 251,900</u>	<u>\$ 756,129</u>	<u>\$ 84,169</u>	<u>\$ 923,860</u>

**CARTERET BOARD OF EDUCATION
LONG-TERM DEBT
DEBT SERVICE FUND BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Original Budget</u>	<u>Adjustments/ Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
Local Sources					
Local Tax Levy	\$ 1,414,072		\$ 1,414,072	\$ 1,414,072	
State Sources					
State Aid Type II	<u>682,661</u>	<u>-</u>	<u>682,661</u>	<u>682,661</u>	<u>-</u>
Total Revenues	<u>2,096,733</u>	<u>-</u>	<u>2,096,733</u>	<u>2,096,733</u>	<u>-</u>
EXPENDITURES					
Regular Debt Service					
Principal on Lease Purchase - COPS	1,415,000		1,415,000	1,415,000	
Interest on Lease Purchase - COPS	488,228		488,228	488,227	\$ 1
Interest on Early Retirement Bonds	44,625		44,625	44,625	
Principal on Early Retirement Bonds	160,000		160,000	160,000	
Bond Issuance Costs				156,989	(156,989)
Advance to Refunding Escrow	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,654</u>	<u>(104,654)</u>
Total Expenditures	<u>2,107,853</u>	<u>-</u>	<u>2,107,853</u>	<u>2,369,495</u>	<u>(261,642)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,120)</u>	<u>-</u>	<u>(11,120)</u>	<u>(272,762)</u>	<u>(261,642)</u>
Other Financing Sources (Uses)					
Payment to Refunded Certificates Escrow Agent				(7,165,000)	(7,165,000)
Refunded Certificates Issued				7,455,000	7,455,000
Original Issue Discount	<u>-</u>	<u>-</u>	<u>-</u>	<u>(28,357)</u>	<u>(28,357)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,643</u>	<u>261,643</u>
Net Change in Fund Balance	<u>(11,120)</u>	<u>-</u>	<u>(11,120)</u>	<u>(11,119)</u>	<u>1</u>
Fund Balance, Beginning of Year	<u>11,211</u>	<u>-</u>	<u>11,211</u>	<u>11,211</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 91</u>	<u>\$ -</u>	<u>\$ 91</u>	<u>\$ 92</u>	<u>\$ 1</u>
Recapitulation of Fund Balance:					
Restricted for Debt Service:					
Available for Expenditures				\$ 1	
Designated for Subsequent Year's Budgeted Debt Service Expenditures				<u>91</u>	
Total Fund Balance - Restricted for Debt Service				<u>\$ 92</u>	

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
							(Restated)		(Restated)	
Governmental Activities										
Net Investment in Capital Assets	\$ 713,394	\$ 1,272,628	\$ 2,257,259	\$ 3,784,584	\$ 4,961,120	\$ 5,913,716	\$ 6,644,390	\$ 9,597,816	\$ 9,641,524	\$ 10,581,863
Restricted	431,982	427,011	106,355	1,854	76,563	12,466	967	1	536,241	92
Unrestricted	(4,630,810)	(3,256,668)	(3,700,241)	(6,319,492)	(4,393,323)	(5,252,956)	(2,519,840)	(3,996,414)	(17,999,614)	(16,938,060)
Total Governmental Activities Net Position	\$ (3,485,434)	\$ (1,557,029)	\$ (1,336,627)	\$ (2,533,054)	\$ 644,360	\$ 673,226	\$ 4,125,517	\$ 5,601,403	\$ (7,821,849)	\$ (6,356,105)
Business-Type Activities										
Net Investment in Capital Assets	\$ 85,580	\$ 82,688	\$ 106,110	\$ 133,478	\$ 147,510	\$ 310,468	\$ 282,944	\$ 480,535	\$ 486,681	\$ 440,820
Restricted	389,039	635,506	878,792	1,159,077	780,203	397,506	586,128	240,465	254,942	216,204
Total Business-Type Activities Net Position	\$ 474,619	\$ 718,194	\$ 984,902	\$ 1,292,555	\$ 927,713	\$ 707,974	\$ 869,072	\$ 721,000	\$ 741,623	\$ 657,024
District-Wide										
Net Investment in Capital Assets	\$ 798,974	\$ 1,355,316	\$ 2,363,369	\$ 3,918,062	\$ 5,108,630	\$ 5,781,735	\$ 6,927,334	\$ 10,078,351	\$ 10,128,205	\$ 11,022,683
Restricted	431,982	427,011	106,355	1,854	76,563	12,466	967	1	536,241	92
Unrestricted	(4,241,771)	(2,621,162)	(2,821,449)	(5,160,415)	(3,613,120)	(4,855,450)	(1,933,712)	(3,755,949)	(17,744,672)	(16,721,856)
Total District Net Position	\$ (3,010,815)	\$ (838,835)	\$ (351,725)	\$ (1,240,499)	\$ 1,572,073	\$ 938,751	\$ 4,994,589	\$ 6,322,403	\$ (7,080,226)	\$ (5,699,081)

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

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 22,267,153	\$ 21,963,038	\$ 23,823,202	\$ 23,542,356	\$ 22,977,099	\$ 22,696,499	\$ 23,205,222	\$ 23,512,475	\$ 25,505,673	\$ 29,302,793
Special Education	8,023,377	8,669,086	9,329,931	10,106,671	10,839,812	10,602,262	9,438,977	11,409,327	12,326,119	12,989,652
Vocational										
Other Instruction	1,353,305	1,582,073	1,942,509	1,571,068	1,665,603	1,710,483	1,563,169	1,930,214	2,000,581	2,343,564
School Sponsored Activities And Athletics	605,869	555,642	639,614	656,317	631,038	275,747	552,312	574,389	496,087	505,909
Support Services:										
Student and Instruction Related Services	5,339,369	5,189,669	5,687,423	6,779,653	6,356,437	5,934,521	5,608,828	6,259,949	6,310,943	7,025,149
School and Business Administration Services	3,078,750	2,894,799	2,628,127	2,767,331	2,708,937	3,333,887	2,877,577	3,219,576	3,033,128	3,127,633
General Administration	1,179,072	1,177,961	945,754	1,361,538	1,072,492	1,252,106	1,344,718	1,418,556	1,222,049	1,257,571
Central Services	835,785	800,140	989,814	1,026,018	1,489,599	1,473,443	1,420,159	1,640,519	1,027,621	1,251,322
Plant Operations And Maintenance	4,678,150	4,769,201	5,826,639	5,586,167	5,801,293	5,905,849	5,887,625	5,733,510	6,064,394	6,310,838
Pupil Transportation	2,235,950	2,285,937	2,296,256	2,274,403	2,273,850	2,127,607	2,090,347	2,313,497	2,583,496	2,788,611
Other Support Services										
Special Schools										
Interest On Long-Term Debt	939,663	1,102,502	1,056,624	1,026,016	940,848	806,968	752,935	700,012	614,574	439,892
Total Governmental Activities Expenses	50,536,443	50,990,048	55,165,893	56,697,538	56,757,008	56,119,372	54,741,869	58,712,024	61,184,665	67,342,934
Business-Type Activities:										
Food Service	1,128,975	1,110,433	1,310,310	1,352,165	1,609,980	1,923,151	1,683,356	1,982,478	1,809,013	1,908,223
Enrichment Academy	171,176	161,111	153,750	149,715	646,234	150,578	145,926	312,570	387,487	350,901
Total Business-Type Activities Expense	1,300,151	1,271,544	1,464,060	1,501,880	2,256,214	2,073,729	1,829,282	2,295,048	2,196,500	2,259,124
Total District Expenses	\$ 51,836,594	\$ 52,261,592	\$ 56,629,953	\$ 58,199,418	\$ 59,013,222	\$ 58,193,101	\$ 56,571,151	\$ 61,007,072	\$ 63,381,165	\$ 69,602,058
Program Revenues										
Governmental Activities:										
Tuition				\$ 15,301	\$ 1,951					
Grants And Contributions	\$ 13,369,276	\$ 14,537,087	\$ 15,438,714	8,968,529	15,815,618	9,842,337	10,460,054	11,981,347	11,459,223	17,548,589
Total Governmental Activities Program Revenues	13,369,276	14,537,087	15,438,714	8,983,830	15,817,569	9,842,337	10,460,054	11,981,347	11,459,223	17,548,589
Business-Type Activities:										
Charges For Service										
Food Service	425,646	437,701	482,753	501,050	501,812	502,054	520,251	528,646	515,164	484,155
Enrichment Academy	231,357	253,412	254,054	293,368	217,377	216,708	240,860	329,297	372,423	352,854
Operating Grants And Contributions	791,195	814,406	971,669	1,011,724	1,143,248	1,132,816	1,229,001	1,289,033	1,291,846	1,337,516
Total Business Type Activities Program Revenues	1,448,198	1,505,519	1,708,476	1,806,142	1,862,437	1,851,578	1,990,112	2,146,976	2,179,433	2,174,525
Total District Program Revenues	\$ 14,817,474	\$ 16,042,606	\$ 17,147,190	\$ 10,789,972	\$ 17,680,006	\$ 11,693,915	\$ 12,450,166	\$ 14,128,323	\$ 13,638,656	\$ 19,723,114
Net (Expense)/Revenue										
Governmental Activities	\$ (37,167,167)	\$ (36,452,961)	\$ (39,727,179)	\$ (47,713,708)	\$ (40,939,439)	\$ (46,277,035)	\$ (44,281,815)	\$ (46,730,677)	\$ (49,725,442)	\$ (48,966,087)
Business-Type Activities	148,047	233,975	244,416	304,262	(393,777)	(222,151)	160,830	(148,072)	(17,067)	(84,599)
Total District-Wide Net Expense	\$ (37,019,120)	\$ (36,218,986)	\$ (39,482,763)	\$ (47,409,446)	\$ (41,333,216)	\$ (46,499,186)	\$ (44,120,985)	\$ (46,878,749)	\$ (49,742,509)	\$ (49,050,686)

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues And Other Changes In Net Assets										
Governmental Activities:										
Property Taxes Levied For General Purposes, Net	\$ 21,207,333	\$ 22,650,864	\$ 23,195,523	\$ 22,923,344	\$ 22,190,278	\$ 22,801,000	\$ 22,801,000	\$ 22,801,000	\$ 23,257,020	\$ 24,451,486
Taxes Levied For Debt Service	1,319,780	1,288,340	1,314,183	1,298,805	1,466,288	1,216,605	1,423,990	1,426,667	1,425,197	1,414,072
Unrestricted Grants And Contributions	12,930,463	12,999,383	14,092,991	21,304,448	19,588,638	21,913,754	23,435,915	23,472,402	23,968,004	24,050,778
State/Federal Aid - Restricted	821,940	788,002	805,555	802,096	801,932	353,114	458,356	462,246	467,051	464,209
Interest Income	194,790	296,645	209,339	38,099	10,111	12,058	13,000	14,218	6,574	10,340
Miscellaneous Income	88,501	358,132	329,990	146,133	59,606	9,370	44,294	30,030	191,619	40,946
Transfers	(32,566)			4,356	-	-	-	-	-	-
Total Governmental Activities	36,530,241	38,381,366	39,947,581	46,517,281	44,116,853	46,305,901	48,176,555	48,206,563	49,315,465	50,431,831
Business-Type Activities:										
Investment Earnings	2,667	9,600	22,292	7,747	4,385	2,412	268	-	-	-
Federal Aid Restricted					24,550			-	-	-
Transfers	32,566			(4,356)	-	-	-	-	-	-
Total Business-Type Activities	35,233	9,600	22,292	3,391	28,935	2,412	268	-	-	-
Total District-Wide	\$ 36,565,474	\$ 38,390,966	\$ 39,969,873	\$ 46,520,672	\$ 44,145,788	\$ 46,308,313	\$ 48,176,823	\$ 48,206,563	\$ 49,315,465	\$ 50,431,831
Change In Net Position										
Governmental Activities	\$ (636,926)	\$ 1,928,405	\$ 220,402	\$ (1,196,427)	\$ 3,177,414	\$ 28,866	\$ 3,894,740	\$ 1,475,886	\$ (409,977)	\$ 1,465,744
Business-Type Activities	183,280	243,575	266,708	307,653	(364,842)	(219,739)	161,098	(148,072)	(17,067)	(84,599)
Total District	\$ (453,646)	\$ 2,171,980	\$ 487,110	\$ (888,774)	\$ 2,812,572	\$ (190,873)	\$ 4,055,838	\$ 1,327,814	\$ (427,044)	\$ 1,381,145

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 322,751	\$ 673,292	\$ 830,458	\$ 660,302	\$ 1,351,222					
Unreserved	222,253	629,112	(263,740)	(2,387,960)	(1,416,197)					
Committed						\$ 262,572	\$ 3,163,980	\$ 3,164,957	\$ 453,689	\$ 356,969
Assigned						629,847	1,825,000		944,532	950,000
Unassigned						(1,944,674)	(3,245,704)	(3,164,559)	(4,675,878)	(2,443,606)
Total General Fund	<u>\$ 545,004</u>	<u>\$ 1,302,404</u>	<u>\$ 566,718</u>	<u>\$ (1,727,658)</u>	<u>\$ (64,975)</u>	<u>\$ (1,052,255)</u>	<u>\$ 1,743,276</u>	<u>\$ 398</u>	<u>\$ (3,277,657)</u>	<u>\$ (1,136,637)</u>
All Other Governmental Funds										
Reserved	\$ 390,933	\$ 425,043	\$ 99,678	\$ 27,737						
Unreserved	41,049	1,968	6,677	(70,174)	\$ 2,878					
Restricted						\$ 12,466	\$ 967	\$ 1	\$ 536,241	\$ 92
Assigned										
Unassigned						(75,405)	(64,346)	(69,659)	(92,514)	(75,694)
Total All Other Governmental Funds	<u>\$ 431,982</u>	<u>\$ 427,011</u>	<u>\$ 106,355</u>	<u>\$ (42,437)</u>	<u>\$ 2,878</u>	<u>\$ (62,939)</u>	<u>\$ (63,379)</u>	<u>\$ (69,658)</u>	<u>\$ 443,727</u>	<u>\$ (75,602)</u>

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

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 22,527,113	\$ 23,939,204	\$ 24,509,706	\$ 24,222,149	\$ 23,656,566	\$ 24,017,605	\$ 24,224,990	\$ 24,227,667	\$ 24,682,217	\$ 25,865,558
Tuition Charges				15,301	1,951					
Interest Income	194,790	296,645	209,339	38,099	10,111	12,058	13,000	14,218	6,574	10,340
Miscellaneous	88,501	187,293	332,990	151,063	59,606	49,932	73,919	60,162	199,944	72,696
State Sources	24,542,957	26,096,658	28,006,561	28,979,665	28,833,509	30,001,632	31,417,484	33,777,765	33,790,602	35,228,250
Federal Sources	2,578,722	2,227,814	2,303,936	2,090,478	7,372,679	2,067,011	2,907,216	2,108,098	2,095,351	2,266,934
Total Revenue	49,932,083	52,747,614	55,362,532	55,496,755	59,934,422	56,148,238	58,636,609	60,187,910	60,774,688	63,443,778
Expenditures										
Instruction										
Regular Instruction	22,133,037	22,178,555	23,879,526	23,320,699	22,997,596	22,648,334	23,243,679	23,370,415	25,581,772	25,393,741
Special Education Instruction	7,993,088	8,748,117	9,359,385	10,052,646	10,855,343	10,600,450	9,458,174	11,382,245	12,356,939	12,038,045
Other Special Instruction	1,346,049	1,596,398	1,948,182	1,559,805	1,669,060	1,710,052	1,568,258	1,923,128	2,010,114	1,999,567
Other Instruction	603,414	562,384	642,172	651,430	632,446	275,686	553,960	572,419	498,323	449,509
Support Services:										
Student & Inst. Related Services	5,271,956	5,194,801	5,652,124	6,681,110	6,315,716	5,872,941	5,573,901	6,176,495	6,238,127	6,129,023
General Administration Services	1,165,585	1,173,022	923,497	1,331,764	1,050,796	1,183,917	1,347,669	1,415,069	1,190,346	1,036,166
School Administration Services	3,058,834	2,937,710	2,640,974	2,742,441	2,715,824	3,332,874	2,888,865	3,205,584	3,048,932	2,696,264
Central Services	831,465	811,019	994,256	1,017,364	1,492,129	1,473,137	1,423,942	1,636,073	1,032,552	1,165,728
Plant Operations And Maintenance	4,013,727	4,169,346	5,169,665	4,874,332	5,098,166	5,157,294	5,106,887	4,880,657	5,186,359	5,121,306
Pupil Transportation	2,221,043	2,232,340	2,283,686	2,268,099	2,269,410	2,121,101	2,085,280	2,309,037	2,579,780	2,781,769
Other Support Services										
Special Schools	9,026									
Capital Outlay	185,390	240,093	812,343	2,007,051	325,644	946,155	471,301	2,959,442	1,977,142	1,573,567
Debt Service:										
Principal	1,138,671	1,070,556	1,100,000	1,205,101	1,469,899	1,110,000	1,425,000	1,460,000	1,620,000	1,659,169
Interest And Other Charges	1,952,926	1,080,844	1,013,064	982,437	934,395	769,394	694,602	646,503	630,872	796,005
Total Expenditures	51,924,211	51,995,185	56,418,874	58,694,279	57,826,424	57,201,335	55,841,518	61,937,067	63,951,258	62,839,859
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(1,992,128)	752,429	(1,056,342)	(3,197,524)	2,107,998	(1,053,097)	2,795,091	(1,749,157)	(3,176,570)	603,919
Other Financing Sources (Uses)										
Capital Leases (Non-Budgeted)				750,000					351,900	756,129
Proceeds From Refunding					9,375,000				1,430,000	7,455,000
Payments To Escrow Agent	8,925,908				(9,415,000)				(1,370,000)	(7,165,000)
Costs of Issuance					(271,207)					
Advance to Escrow Agent					(80,444)					
Discount of Issuance of Refunding Bonds					(8,349)					(28,357)
Transfers In				4,356					555,364	-
Transfers Out	(32,566)								(555,364)	-
Total Other Financing Sources (Uses)	733,342	-	-	754,356	(400,000)	-	-	-	411,900	1,017,772
Net Change In Fund Balances	\$ (1,258,786)	\$ 752,429	\$ (1,056,342)	\$ (2,443,168)	\$ 1,707,998	\$ (1,053,097)	\$ 2,795,091	\$ (1,749,157)	\$ (2,764,670)	\$ 1,621,691
Debt Service As A Percentage Of Noncapital Expenditures	5.98%	4.16%	3.80%	3.86%	4.18%	3.34%	3.83%	3.57%	3.63%	4.01%

* Noncapital expenditures are total expenditures less capital outlay.

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest</u>	<u>Miscellaneous</u>	<u>Tuition</u>	<u>Total</u>
2006	\$ 174,800	\$ 88,501		\$ 263,301
2007	262,535	187,293		449,828
2008	181,791	69,008		250,799
2009	37,593	146,133	\$ 15,301	199,027
2010	10,111	59,606	1,951	71,668
2011	12,058	9,370		21,428
2012	13,000	44,294		57,294
2013	14,218	30,030		44,248
2014	6,574	191,619		198,193
2015	10,340	40,946		51,286

Source: District Records

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

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate ^a
2006	\$ 22,168,900	\$ 605,320,400	\$ 113,561,500	\$ 221,273,300	\$ 15,817,400	\$ 978,141,500	\$ 1,726,647	\$ 979,868,147	\$ 2,024,939,340	\$ 2.374
2007	22,441,250	607,248,124	109,199,400	216,767,200	21,308,700	976,964,674	1,406,309	978,370,983	2,373,534,650	2.476
2008	25,150,284	610,980,074	94,168,400	243,790,100	22,981,200	997,070,058	1,442,234	998,512,292	2,564,232,902	2.441
2009	26,879,984	612,201,449	83,727,730	251,598,400	38,364,800	1,012,772,363	1,403,830	1,014,176,193	2,700,868,690	2.361
2010	24,380,384	613,251,449	109,754,030	230,831,700	50,077,300	1,028,294,863	1,364,342	1,029,659,205	2,765,720,450	2.315
2011	33,703,784	613,319,324	113,732,600	214,466,430	44,021,500	1,019,243,638	1,330,124	1,020,573,762	2,589,228,214	2.363
2012 (b)	39,038,800	1,064,039,900	232,518,000	454,569,400	90,049,100	1,880,215,200	3,395,429	1,883,610,629	1,883,610,629	1.287
2013	50,431,500	1,064,182,600	202,584,900	476,104,400	90,049,100	1,883,352,500	2,628,950	1,885,981,450	2,073,387,003	1.297
2014	42,044,200	1,065,493,007	220,603,200	469,660,300	86,082,700	1,883,883,407	2,830,695	1,886,714,102	1,927,910,817	1.340
2015	49,410,800	1,066,310,457	225,843,500	458,755,983	92,762,400	1,893,083,140	2,444,838	1,895,527,978	2,181,976,879	1.376

Source: County Abstract of Ratables

a Tax rates are per \$100

b The Borough undertook a revaluation of real property which was effective in calendar year 2012

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

<u>Assessment Year</u>	<u>Total Direct School Tax Rate</u>	<u>Overlapping Rates</u>					<u>Total Direct and Overlapping Tax Rate</u>
		<u>Carteret Municipality</u>	<u>Municipal Open Space</u>	<u>Municipal Library</u>	<u>County</u>	<u>Open Space</u>	
2006	\$2.374	\$1.590	\$0.030		\$0.561	\$0.065	\$4.620
2007	2.476	1.756	0.030		0.633	0.075	4.97
2008	2.441	1.853	0.030		0.670	0.079	5.07
2009	2.361	1.949	0.029		0.740	0.084	5.163
2010	2.315	1.987	0.030		0.760	0.055	5.147
2011	2.363	1.984	0.030	\$ 0.085	0.798	0.079	5.339
2012 (A)	1.287	1.122	0.030	0.040	0.360	0.033	2.872
2013	1.297	1.165	0.030	0.035	0.382	0.033	2.942
2014	1.340	1.175	0.030	0.034	0.375	0.031	2.985
2015	1.376	1.222	0.030	0.038	0.420	0.035	3.121

Source: The Borough Tax Duplicate

(A) The Borough undertook a revaluation of real property which was effective in calendar year 2012

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

	2015			2006			
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% Total of District Net Assessed Value	
GATX/Kinder Morgan	\$ 109,810,000	1	5.79%	Cypruss Amax	\$ 47,566,200	1	4.85%
KTR Carteret LLC	43,055,383	2	2.27%	Kinder-Morgan	44,415,700	2	4.53%
Federal Blvd LLC	37,818,600	3	2.00%	Federal Blvd, LLC	13,865,300	3	1.42%
Bristol Tic LLC Etal	29,963,300	4	1.58%	Keystone	11,009,500	4	1.12%
Cypres Amax c/o Freeport	26,989,500	5	1.42%	Board of Education	9,897,100	5	1.01%
Keystone c/o Prologis Tax	24,879,900	6	1.31%	Carteret Terrace, LLC	9,738,200	6	0.99%
AJ Richard & Sons Inc	21,547,500	7	1.14%	JLJ Associates	9,675,000	7	0.99%
Centerpoint Roosevelt LLC	19,960,500	8	1.05%	Schultz c/o Carteret Venture	8,951,700	8	0.91%
200 Middlesex LLC c/o Sutherland	19,776,200	9	1.04%	Engelhard-Clal, LP	7,911,500	9	0.81%
KTR Carteret LLC	19,402,570	10	1.02%	Suteret Associates	7,773,400	10	0.79%
Total	\$ 353,203,453		18.63%		\$ 170,803,600		17.43%

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	
2006	\$ 22,527,113	\$ 22,527,113	100.00%	N/A
2007	23,939,204	23,939,204	100.00%	N/A
2008	24,509,706	24,509,706	100.00%	N/A
2009	24,222,149	24,222,149	100.00%	N/A
2010	23,656,566	23,656,566	100.00%	N/A
2011	24,017,605	24,017,605	100.00%	N/A
2012	24,224,990	24,224,990	100.00%	N/A
2013	24,227,667	24,227,667	100.00%	N/A
2014	24,682,217	24,682,217	100.00%	N/A
2015	25,865,558	25,865,558	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Population (A)	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2006	\$ 2,170,000	\$ 21,810,000	\$ 35,556	N/A	N/A	\$ 24,015,556	21,173	\$ 1,134
2007	2,070,000	20,875,000	N/A	N/A	N/A	22,945,000	21,964	1,045
2008	1,965,000	19,880,000	N/A	N/A	N/A	21,845,000	22,473	972
2009	1,860,000	18,850,000	679,899	N/A	N/A	21,389,899	23,242	920
2010	1,745,000	18,135,000	N/A	N/A	N/A	19,880,000	23,776	836
2011	1,625,000	17,145,000	N/A	N/A	N/A	18,770,000	23,098	813
2012	1,500,000	15,845,000	N/A	N/A	N/A	17,345,000	23,724	731
2013	1,370,000	14,515,000	N/A	N/A	N/A	15,885,000	23,902	665
2014	1,275,000	13,150,000	251,900	1,800,000	N/A	16,476,900	24,042	685
2015	1,115,000	12,025,000	923,860	3,516,636	N/A	17,580,496	24,114	729

601

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			
2006	\$ 2,170,000		\$ 2,170,000	0.22%	\$ 102
2007	2,070,000		2,070,000	0.21%	94
2008	1,965,000		1,965,000	0.20%	87
2009	1,860,000		1,860,000	0.18%	80
2010	1,745,000		1,745,000	0.17%	73
2011	1,625,000		1,625,000	0.16%	70
2012	1,500,000		1,500,000	0.08%	63
2013	1,370,000		1,370,000	0.07%	57
2014	1,275,000		1,275,000	0.07%	53
2015	1,115,000		1,115,000	0.06%	46

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, 2014
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
MUNICIPAL DEBT: (1)			
Borough of Carteret	\$ 87,721,138	\$ 54,845,009	\$ 32,876,129
Carteret Board of Education	<u>14,380,000</u>	<u>14,380,000</u>	<u>-</u>
	<u>\$ 102,101,138</u>	<u>\$ 69,225,009</u>	<u>32,876,129</u>
 OVERLAPPING DEBT APPORTIONED TO THE MUNICIPALITY			
Middlesex County			
County of Middlesex (A)			11,817,509
Middlesex County Utilities Authority (B)			<u>5,434,622</u>
			<u>17,252,131</u>
 Total Direct and Overlapping Bonded Debt			<u>\$ 50,128,260</u>

SOURCE:

(1) Borough of Carteret 2014 Annual Debt Statement

(A) The debt information for this entity was obtained from the Middlesex County Treasurer's office and was apportioned to the Borough of Carteret by dividing the municipality's 2014 equalized value by the total 2014 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 2014

Equalized Valuation Basis		
2014		\$ 1,924,537,605
2013		2,052,006,052
2012		<u>2,304,122,147</u>
	[A]	<u>\$ 6,260,665,804</u>
Average Equalized Valuation of Taxable Property		
	[A/3]	\$ 2,086,888,601
Debt Limit (4.0% of average equalization value)		
	[B]	83,475,544
Total Net Debt Applicable to Limit		
	[C]	-
Legal debt margin		
	[B-C]	<u>\$ 83,475,544</u>

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 68,592,381	\$ 80,484,933	\$ 91,130,091	\$ 99,658,291	\$ 104,338,196	\$ 106,504,603	\$ 101,822,057	\$ 106,960,253	\$ 97,839,937	\$ 83,475,544
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 68,592,381</u>	<u>\$ 80,484,933</u>	<u>\$ 91,130,091</u>	<u>\$ 99,658,291</u>	<u>\$ 104,338,196</u>	<u>\$ 106,504,603</u>	<u>\$ 101,822,057</u>	<u>\$ 106,960,253</u>	<u>\$ 97,839,937</u>	<u>\$ 83,475,544</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Annual Debt Statements

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

Year	Population (A)	County Per Capita Personal Income	Unemployment Rate
2006	21,173	\$ 44,806	8.30%
2007	21,964	47,386	7.30%
2008	22,473	49,007	9.70%
2009	23,242	47,235	14.80%
2010	23,776	47,598	14.80%
2011	23,098	50,267	14.40%
2012	23,724	51,730	14.60%
2013	23,902	52,291	12.70%
2014	24,042	52,291 (A)	7.30%
2015	24,114	52,291 (A)	Not Available

(A) - Estimated

Source: New Jersey State Department of Education

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

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	271.95	237.00	272.00	278.20	275.20	242.00	239.00	244.00	244.00	236.00
Special education	58.05	47.00	15.00	15.80	15.80	50.00	49.00	49.00	61.00	81.00
Other special education	22.00	36.00	45.00	47.00	46.00	27.00	14.00	14.00	22.00	25.00
Adult/continuing education programs	1.00	1.00	1.00	1.00						
Support Services:										
Student & instruction related services	47.00	43.00	48.00	51.00	51.00	54.00	45.00	47.00	22.80	26.00
General administration	4.00	2.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
School administrative services	28.00	28.00	23.00	24.00	25.00	23.00	23.00	21.00	19.20	20.00
Other administrative services	5.00	2.00	-						4.00	
Central services	5.00	5.00	5.00	6.00	5.00	5.00	5.00	5.00	5.00	5.00
Administrative Information Technology	3.00	3.00	5.00	5.00	5.00	4.00	4.00	5.00	4.00	5.00
Plant operations and maintenance	36.00	33.00	33.00	35.00	35.00	32.00	30.00	30.00	28.00	26.00
Total	<u>481.00</u>	<u>437.00</u>	<u>451.00</u>	<u>467.00</u>	<u>462.00</u>	<u>441.00</u>	<u>413.00</u>	<u>419.00</u>	<u>414.00</u>	<u>428.00</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2006	4,000	\$ 48,647,224	\$ 12,162	6.15%	368	12.20:1	12.90:1	11.80:1	3,821	3,536	-1.82%	92.54%
2007	3,944	49,879,762	12,647	3.99%	321	10.70:1	11.20:1	11.40:1	3,925	3,615	2.72%	92.10%
2008	3,959	53,493,467	13,512	6.84%	330	11.60:1	11.90:1	12.10:1	3,805	3,544	-3.06%	93.14%
2009	3,958	54,499,690	13,770	1.91%	325	8.78:1	10.20:1	10.35:1	3,822	3,621	0.45%	94.74%
2010	3,869	55,096,486	14,240	3.42%	321	8.69:1	10.20:1	10.35:1	3,824	3,653	0.05%	95.53%
2011	3,838	54,375,786	14,168	-0.51%	322	8.78:1	10.20:1	10.35:1	3,794	3,612	-0.78%	95.20%
2012	3,896	53,250,615	13,668	-3.52%	310	11.70:1	14.10:1	11.50:1	3,767	3,617	-0.71%	96.02%
2013	3,896	56,871,122	14,597	6.80%	307	12.61:1	13.84:1	11.80:1	3,886	3,696	3.16%	95.11%
2014	3,864	59,723,244	15,456	5.89%	307	12.14:1	13.52:1	11.83:1	3,837	3,531	-1.26%	92.03%
2015	3,828	58,811,118	15,363	-0.59%	305	12.29:1	13.00:1	11.09:1	3,724	3,550	-2.95%	95.33%

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)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<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	676	701	669	669	658	658	626	681	663	675
<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	654	650	677	677	677	676	630	665	677	695
<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	587	574	560	560	525	525	564	531	523	531
<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	887	854	869	869	912	912	933	886	865	864
<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	1,086	1,081	1,112	1,112	1,048	1,048	1,031	1,038	1,041	1,009
<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, 2015										
Elementary =	3									
Middle School =	1									
Senior High School =	1									
Other =	0									

Source: District Facilities Office

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

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

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

		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
*School Facilities	Project # (s)										
Columbus School	N/A	\$ 76,875	\$ 145,403	\$ 107,618	\$ 210,510	\$ 187,683	\$ 111,866	\$ 153,972	\$ 264,925	\$ 263,553	\$ 137,279
Nicholas Minue School	N/A	85,132	102,061	75,539	171,405	162,875	144,995	74,765	185,927	238,453	149,532
Nathan Hale School	N/A	80,555	113,281	83,843	134,400	71,126	164,972	201,894	137,248	200,802	175,302
Middle School	N/A	142,046	159,127	117,775	190,375	239,413	141,080	155,733	94,504	138,052	269,434
High School	N/A	470,417	352,309	797,713	375,812	468,735	435,297	531,802	241,241	276,103	388,820
Total School Facilities		855,025	872,181	1,182,488	1,082,502	1,129,832	998,210	1,118,166	923,845	1,116,963	1,120,367
Other Facilities	N/A	123,317	217,614	318,790	219,633	126,200	114,282	146,696	167,184	138,052	240,902
Grand Total		<u>\$ 978,342</u>	<u>\$ 1,089,795</u>	<u>\$ 1,501,278</u>	<u>\$ 1,302,135</u>	<u>\$ 1,256,032</u>	<u>\$ 1,112,492</u>	<u>\$ 1,264,862</u>	<u>\$ 1,091,029</u>	<u>\$ 1,255,015</u>	<u>\$ 1,361,269</u>

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Source: District Records

**CARTERET BOARD OF EDUCATION
SCHEDULE OF INSURANCE
JUNE 30, 2015
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
Property		
Blanket Building and Contents (Per Fund)	\$ 350,000,000	\$ 5,000
Electronic Data Processing Equipment	2,000,000	1,000
Equipment Breakdown/Boiler & Machinery	100,000,000	
General Liability		
Each Occurrence	11,000,000	
Medical Expense (Any one person)	10,000	
Personal & ADV injury	11,000,000	
Employee Benefits Liability	11,000,000	
Automobile Liability		
Combined Single Limit	11,000,000	
Bodily Personal Injury Protection	250,000	
Workers Compensation & Employers Liability		
E.L. Each Accident	2,000,000	
E.L. Disease - Each Employee	2,000,000	
E.L. Disease - Policy Limit	2,000,000	
Surety Bonds		
Business Administrator	300,000	
School Board Legal Leaders Errors and Omissions		
Legal Liability	11,000,000	10,000

Source: District's records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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RALPH M. PICONE, CPA, RMA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carteret Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Carteret Board of Education's basic financial statements and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

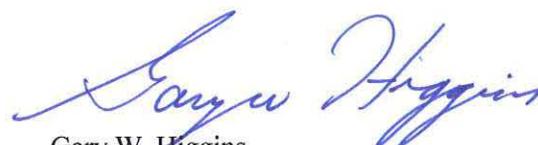
As part of obtaining reasonable assurance about whether the Carteret Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

Purpose of this Report

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



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 3, 2015



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
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JEFFREY C. BLISS, CPA, RMA, PSA
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RALPH M. PICONE, CPA, RMA, PSA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY
U.S. OMB CIRCULAR A-133 AND SCHEDULE OF EXPENDITURES OF STATE FINANCIAL
ASSISTANCE AS REQUIRED BY NEW JERSEY OMB CIRCULAR 04-04**

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

We have audited the Carteret Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Carteret Board of Education's major federal and state programs for the fiscal year ended June 30, 2015. The Carteret Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Carteret Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; U.S. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and Circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Carteret Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Carteret Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Carteret Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Carteret Board of Education's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Carteret Board of Education's internal control over compliance.

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

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

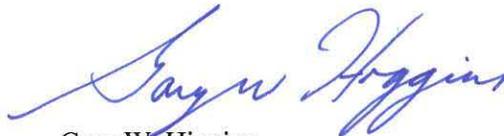
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. OMB Circular A-133 and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by U.S. OMB Circular A-133 and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Carteret Board of Education as of and for the fiscal year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We issued our report thereon dated December 3, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by U.S. OMB Circular A-133 and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary W. Higgins
Public School Accountant
PSA Number CS00814

Fair Lawn, New Jersey
December 3, 2015

CARTERET BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance July 1, 2014	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustments (A)	Refund of Prior Years' Balances	June 30, 2015			MEMO GAAP Receivable	
											Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education															
Passed-through State Department of Education															
Enterprise Fund															
National School Lunch Program	10.555														*
Cash Assistance		N/A	7/1/13-6/30/14	\$ 945,503	\$ (74,268)		\$ 74,268								*
Cash Assistance		N/A	7/1/14-6/30/15	1,013,232			952,252	\$ 1,013,232			\$ (60,980)				\$ (60,980)
Non-Cash Assistance (Food Distribution)		N/A	7/1/13-6/30/14	130,687	3,124			3,124							*
Non-Cash Assistance (Food Distribution)		N/A	7/1/14-6/30/15	136,206			136,206	133,404			\$ 2,802				*
National School Breakfast Program	10.553	N/A	7/1/13-6/30/14	141,477	(10,184)			10,184							*
National School Breakfast Program	10.553	N/A	7/1/14-6/30/15	119,261			110,405	119,261			(8,856)				(8,856)
After School Snack Program	10.555	N/A	7/1/13-6/30/14	47,478	(2,067)		2,067								*
After School Snack Program	10.555	N/A	7/1/14-6/30/15	47,391	-	-	45,841	47,391	-	-	(1,550)	-	-	-	(1,550)
Total Enterprise Fund					(83,395)	-	1,331,223	1,316,412	-	-	(71,386)	2,802	-	-	(71,386)
Special Revenue Fund															
Title I	84.010A	NCLB-0750-15	7/1/14-6/30/15	982,792		\$ 2,013	967,805	915,108	\$ 19,907		(14,987)	89,604			*
Title I C/O	84.010A	NCLB-0750-14	7/1/13-6/30/14	641,150	(170,690)	(2,013)	172,703								*
Title II A	84.367A	NCLB-0750-15	7/1/14-6/30/15	160,670		34,851	130,460	178,456	3,741		(30,210)	20,806			(9,404)
Title II A C/O	84.367A	NCLB-0750-14	7/1/13-6/30/14	155,486	(66,034)	(34,851)	100,885								*
Title III	84.365A	NCLB-0750-15	7/1/14-6/30/15	95,702		11,543	76,240	89,329			(19,462)	17,916			(1,546)
Title III C/O	84.365A	NCLB-0750-14	7/1/13-6/30/14	70,821	10,196	(11,543)	1,347								*
IDEA Basic	84.027	IDEA-0750-15	7/1/14-6/30/15	\$ 898,412		\$ 37,899	\$ 753,215	\$ 890,129			\$ (145,197)	\$ 46,182			\$ (99,015)
IDEA Basic C/O	84.027	IDEA-0750-14	7/1/13-6/30/14	855,583	(231,358)	(37,899)	269,257								*
I.D.E.A. Preschool	84.173	IDEA-0750-15	7/1/14-6/30/15	26,506		10,896		28,212	\$ 2,415		(26,506)	11,605			(14,901)
I.D.E.A. Preschool C/O	84.173	IDEA-0750-14	7/1/13-6/30/14	26,562	(2,415)	(17,171)	6,275				(13,311)				(13,311)
I.D.E.A. Preschool C/O	84.173	IDEA-0750-13	9/01/12-8/31/13	29,492	(11,768)	11,768									-
I.D.E.A. Preschool C/O	84.173	IDEA-0750-12	9/01/11-8/31/12	28,837	5,493	(5,493)									*
Total Special Revenue Fund					(466,576)	-	2,478,187	2,101,234	26,063	-	(249,673)	186,113	-	-	(138,177)
General Fund															
Medical Assistance Program (SEMI)	93.778	N/A	7/1/14-6/30/15	85,771			85,771	85,771							*
ARRA Medical Assistance Program (SEMI)	93.778	N/A	12/31/08-12/31/10	72,596	-	-	72,596	72,596							-
Total General Fund					-	-	158,367	158,367	-	-	-	-	-	-	-
Total					\$ (549,971)	\$ -	\$ 3,967,777	\$ 3,576,013	\$ 26,063	\$ -	\$ (321,059)	\$ 188,915	\$ -	-	\$ (209,563)

(A) Represents cancelled encumbrances.

CARTERET BOARD OF EDUCATION
SCHEDULE OF EXPENDITURE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2014		Due to Grantor	Cash Received	Budgetary Expenditures	Adjustments (A)	Refund of Prior Years' Balances	Accounts Receivable	Deferred Revenue	Due to Grantor	MEMO	
				(Accounts Receivable)	Deferred Revenue									GAAP Receivable	Cumulative Total Expenditures
General Fund															
State Department of Education															
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	\$ 23,509,312	\$ (2,322,367)	\$	\$	2,322,367	23,509,312			(2,346,883)			\$	23,509,312
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	23,509,312				21,162,429	\$ 6,275							6,275
Equalization Aid	14-100-034-5120-473	7/1/13-6/30/14	607,248	(600,973)			607,248	610,224			(610,224)				610,224
Equalization Aid	15-100-034-5120-473	7/1/14-6/30/15	610,224				223,016								
Special Education Categorical Aid	14-495-034-5120-089	7/1/13-6/30/14	2,257,589	(223,016)			2,032,219	2,257,589			(225,370)				2,257,589
Special Education Categorical Aid	15-495-034-5120-089	7/1/14-6/30/15	2,257,589				1,913,429								1,913,429
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	120,856	(11,939)			108,791	120,856			(12,065)				120,856
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	120,856				49,392								
Under Adequacy Aid	14-995-034-5120-096	7/1/13-6/30/14	500,000	(49,392)			450,608	500,000			(49,392)				500,000
Under Adequacy Aid	15-995-034-5120-096	7/1/14-6/30/15	500,000				37,785								
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	382,501	(37,785)			344,317	382,501			(38,184)				382,501
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	382,501				33,252	36,940			(3,688)				36,940
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	36,940				35,252	36,940			(3,688)				36,940
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	36,940				1,913,429	1,913,429							1,913,429
TPAF Post Retirement Medical Contribution	15-495-034-5094-001	7/1/14-6/30/15	1,913,429				1,124,412	1,124,412							1,124,412
TPAF Pension Contribution - Normal	15-495-034-5094-006	7/1/14-6/30/15	80,896				1,856,373	80,896			(90,046)				80,896
TPAF Pension Contribution - NCGI	15-495-034-5094-007	7/1/14-6/30/15	80,896				25,588	1,946,419							1,946,419
Reimbursed TPAF Social Security Contr.	N/A	7/1/14-6/30/15	1,946,419	(25,588)											
Adelphi Nonpublic School Transportation Costs	N/A	7/1/14-6/30/14	35,588												
Adelphi Nonpublic School Transportation Costs	N/A	7/1/14-6/30/15	24,759					24,759			(24,759)				24,759
Total General Fund				(3,271,060)			32,416,791	32,550,552			(3,004,821)				32,550,552
Special Revenue Fund															
Preschool Education Aid	14-495-034-5120-086	7/1/13-6/30/14	925,144	(92,514)	\$ 37,555		92,514	37,555							37,555
Preschool Education Aid	15-495-034-5120-086	7/1/14-6/30/15	756,936				681,343	756,936			(75,694)				756,936
School Based Youth Services (DYFS)	15-495-034-5120-086	7/1/14-6/30/15	275,978				275,978	275,978							275,978
N.J. Nonpublic Aid:															
Techbook Aid	15-100-034-5120-064	7/1/14-6/30/15	12,810				12,810	12,806							12,806
Nursing	15-100-034-5120-070	7/1/14-6/30/15	20,393				20,393	20,333							20,333
Technology	15-100-034-5120-073	7/1/14-6/30/15	6,880				6,880	6,877							6,877
Auxiliary Services:															
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	42,103				42,103	39,079					3,024		39,079
English as a Second Language	15-100-034-5120-067	7/1/14-6/30/15	5,481				5,481	3,654					1,827		3,654
Transportation	15-100-034-5120-068	7/1/14-6/30/15	7,934				7,934	7,934							7,934
Handicapped Services															
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	10,986				10,986	9,416					1,570		9,416
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	20,377		\$ 4,299				\$ 4,299						
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	16,209				16,209	12,429					3,780		12,429
Corrective Speech	14-100-034-5120-066	7/1/13-6/30/14	14,062				13,255						1,767		14,062
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	13,253				13,253	11,486					1,767		11,486
Total Special Revenue Fund				(92,514)	37,555	5,224	1,185,783	1,194,503		5,224	(75,694)		12,015		1,194,503
Capital Projects Fund															
Middle School Window Replacement	0750-035-14-1001-004	7/1/13-6/30/14	916,636	(916,636)	866,570			828,258			(878,324)				828,258
Debt Service Fund															
School Construction Debt Service Aid	15-495-034-5120-075	7/1/14-6/30/15	682,661				682,661	682,661							682,661
Enterprise Fund															
National School Lunch Prog (State Share)	14-100-010-3350-023	7/1/13-6/30/14	20,195	(1,586)			1,586	21,104			(1,242)				21,104
National School Lunch Prog (State Share)	15-100-010-3350-023	7/1/14-6/30/15	21,104				19,862								
Total Enterprise Fund				(1,586)			21,448	21,104			(1,242)				21,104
Total State Assistance				(4,281,796)	904,125	5,224	34,306,683	35,277,078		5,224	(4,360,081)		12,015		35,277,078
Less Amounts Not Subject to Single Audit:															
TPAF Post Retirement Medical Contribution	15-495-034-5094-001	7/1/14-6/30/15	1,913,429					1,913,429							1,913,429
TPAF Pension Contribution - Normal	15-495-034-5094-006	7/1/14-6/30/15	1,124,412					1,124,412							1,124,412
TPAF Pension Contribution - NCGI	15-495-034-5094-007	7/1/14-6/30/15	80,896					80,896							80,896
Total State Assistance Subject to Single Audit:								32,158,241							32,158,241

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

**CARTERET BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Notes 1(C) to the Board's financial statements. The information in these schedules is presented in accordance with requirements of U.S. OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations" and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid". Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$44,544 for the general fund and an increase of \$49,427 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	\$ 158,367	\$ 32,506,008	\$ 32,664,375
Special Revenue Fund	2,108,567	1,211,323	3,319,890
Capital Projects Fund		828,258	828,258
Debt Service Fund		682,661	682,661
Food Service Fund	<u>1,316,412</u>	<u>21,104</u>	<u>1,337,516</u>
Total Financial Assistance	<u>\$ 3,583,346</u>	<u>\$ 35,249,354</u>	<u>\$ 38,832,700</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, 2015****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 National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$1,946,419 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, 2015. The amount reported as TPAF Pension System Contributions in the amount of \$1,205,308 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$1,913,429 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2015.

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

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions 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.

**CARTERET BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued on financial statements Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? X no

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

Noncompliance material to the basic financial statements noted? X no

Federal Awards Section

Internal Control over compliance:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133? yes X no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluste</u>
<u>84.027</u>	<u>IDEA Basic Grant</u>
<u>84.173</u>	<u>IDEA Preschool</u>
<u>84.010A</u>	<u>NCLB - Title I</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>10.553</u>	<u>National School Breakfast Program</u>
<u>10.555</u>	<u>After School Snack Program</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes no

**CARTERET SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**CARTERET BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 15-08.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**CARTERET BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Circular A-133 (section .315(a)(b) and New Jersey OMB's Circular 04-04.

STATUS OF PRIOR YEAR FINDINGS

Finding 2013-001:

Our audit of expenditures revealed several budget line item overexpenditures at year end as a result of accruing the salary increases for the fiscal years 2012/13 and 2013/14 for the Carteret Education Association Collective Negotiations Agreement approved July 2, 2014 by the Board of Trustees.

Status

Corrective action has been taken.