

**Comprehensive Annual
Financial Report**

of the

Borough of Keyport Board of Education

County of Monmouth

Keyport, New Jersey

For the Fiscal Year Ended June 30, 2019

Prepared by

**Borough of Keyport, Board of Education
Finance Department**

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INTRODUCTORY SECTION

THE KEYPORT BOARD OF EDUCATION

KEYPORT, NJ 07735

Anthony Rapolla
Business Administrator/Board Secretary



370 Broad Street, Keyport NJ 07735
Tel. 732-212-6100 ext. 1008
Fax 732-212-6125

December 18, 2019

Honorable President and
Members of the Board of Education
Keyport School District
County of Monmouth, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Borough of Keyport School District (the "District") for the fiscal year ended June 30, 2019, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Keyport Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the district. All disclosures necessary to enable the reader to gain an understanding of the district's financial activities have been included.

The comprehensive annual financial report is presented in five sections: introductory, financial, basic financial statements, required supplementary information, and other supplementary information. The introductory section includes this transmittal letter, the roster of officials, consultants and advisors and the District's organizational chart. The financial section includes the independent auditor's report and the management's discussion and analysis. The basic financial statements included the district-wide financial statements, fund financial statements, and notes to the financial statements. The required supplementary information reports on budget comparisons for the general and special revenue funds. The other supplementary information consists of various financial statements, statistical information and single audit. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the provisions of the Uniform Guidance and New Jersey OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: Keyport School District is an independent reporting entity within the criteria adopted by the Financial Accounting Standards Board (“FASB”) as established by Governmental Accounting Standard Board (“GASB”) in codification section 2100. All funds of the District are included in this report. The Keyport Board of Education and all its schools constitute the District’s reporting entity.

The District provides a high quality education as well as a full range of programs appropriate to the pre-school program through grade twelve. These include regular education, programs for gifted and talented students, as well as special education for handicapped students both in district and out of district. The district consists of two schools. The elementary encompasses the pre-school program through grade eight while the high school comprises of grades nine through twelve.

Supervising district-wide goals are a District Superintendent, School Business Administrator, Director of Curriculum, Director of Pupil Personnel and Director of Guidance. Each school has a principal and a vice-principal to oversee day-to-day operations.

The following is a comparison of student enrollments for the last five years.

Student Enrollment		
<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2018-2019	1037.0	-1.24%
2017-2018	1050.0	-0.10%
2016-2017	1049.0	-0.94%
2015-2016	1059.0	-1.49%
2014-2015	1075.0	-1.83%

The Board of Education is comprised of ten members. Nine members are elected to three-year terms with three seats up for election each year. One member is appointed by the Union Beach Board of Education as the Union Beach representative. This appointment is made on an annual basis. Regular meetings of the Board of Education are held on one Wednesday of each month. Depending on the needs of the Board of Education, there may be an additional workshop action meeting during a particular month. During its meetings, the Board determines policy, district goals and priorities and conducts the business of the Board of Education. Board meetings are open to the public and begin at 7:30 p.m.

To maintain effective communication, the District produces several editions of Keynotes, which is mailed to all residents of both Keyport and Union Beach. The District uses the Honeywell Instant Alert System extensively to update parents and community members of important activities and events. Parents also receive considerable information disseminated by the main office in each building. Information about the budget is posted on the Keyport Schools web site with easy access from the front page of the web site under “User Friendly Budget”.

All curricula in the district have been aligned to the state mandated New Jersey Core Curriculum Content Standards and each school follows the district-wide goals as established by the Board of Education.

2) ECONOMIC CONDITION AND OUTLOOK: Overall enrollment in the Keyport District has gradually decreased over the last five years. Enrollment from the sending district of Union Beach has decreased since Hurricane Sandy. Union Beach continues to rebuild and recover. But the impact on the community and number of residents will be around for years to come.

3) MAJOR INITIATIVES: The district continued to undergo major initiatives in repairing and rehabilitating buildings that are between 50 year and 100 years of age. A \$16.8 million dollar school referendum passed in November of 2019 to upgrade district facilities. These upgrades included HVAC, a secure vestibule, ceilings, electric panels, LED lights, fire alarm systems, ADA compliant ramp, asbestos abatement, water drainage, masonry and envelope repairs.

District Goals

2018-2019 District Goals

The district will increase engagement and differentiation to promote student-centered practice.

The district will support a tiered system approach to addressing chronic absenteeism.

The district will promote teacher leadership by defining and improving opportunities for teacher leadership to support organizational growth and capacity.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived: and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also 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 District management.

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

5) 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 fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Financial Statements", Note 1.

7) DEBT ADMINISTRATION: As of June 30, 2019, the District had outstanding bond debt in the amount of \$1,915,000.

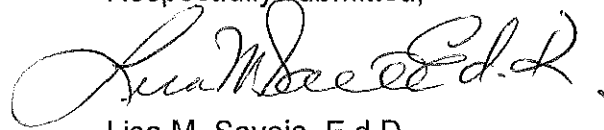
8) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories (TD Bank, Hazlet Office) protected from 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.

9) RISK MANAGEMENT: 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.

10) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Suplee, Clooney & Company, CPAs was selected by the Board of Education. 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 Amendment of 1996 and the Uniform Guidance and New Jersey OMB Circular 15-08. The auditor's report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit section of this report. The Board and Business Office wish to express their gratitude to the participating employees from Suplee, Clooney and Company for a thorough, efficient, professional, and pleasant audit experience.

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

Respectfully submitted,



Lisa M. Savoia, E.d.D.
Superintendent



Anthony Rapolla
Board Secretary/
Business Administrator

**Keyport Board of Education
Keyport, New Jersey**

**Roster of Officials
June 30, 2019**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Cecil Bright , President	2019
Jack Hausmann, Vice President	2020
Laura Abrahamsen	2021
Kim Kutschman	2019
Elena Malinconico	2019
Patrick Moroney	2021
Ann Panzarelli	2020
Joseph Stahley	2021
Courtney White	2019
James McGrogan, Union Beach Rep.	2019

Other Officials

Lisa M. Savoia, Superintendent

Anthony Rapolla, Board Secretary/School
Business Administrator

Adams Gutierrez & Lattiboudere, LLC

Keyport Board of Education

Advisors and Consultants

ARCHITECT

Spiezel Architectural Group
1395 Hamilton Square Road
Suite 2A
Hamilton, NJ 08691

AUDIT FIRM

Suplee, Clooney & Company
308 East Broad Street
Westfield, New Jersey 07090-2122

ATTORNEY

Adams Gutierrez & Lattiboudere, LLC
1037 Raymond Boulevard
Suite 900
Newark, NJ 07102

COMPUTER CONSULTANT

System 3000
615 Hope Road
Eatontown, NJ 07724

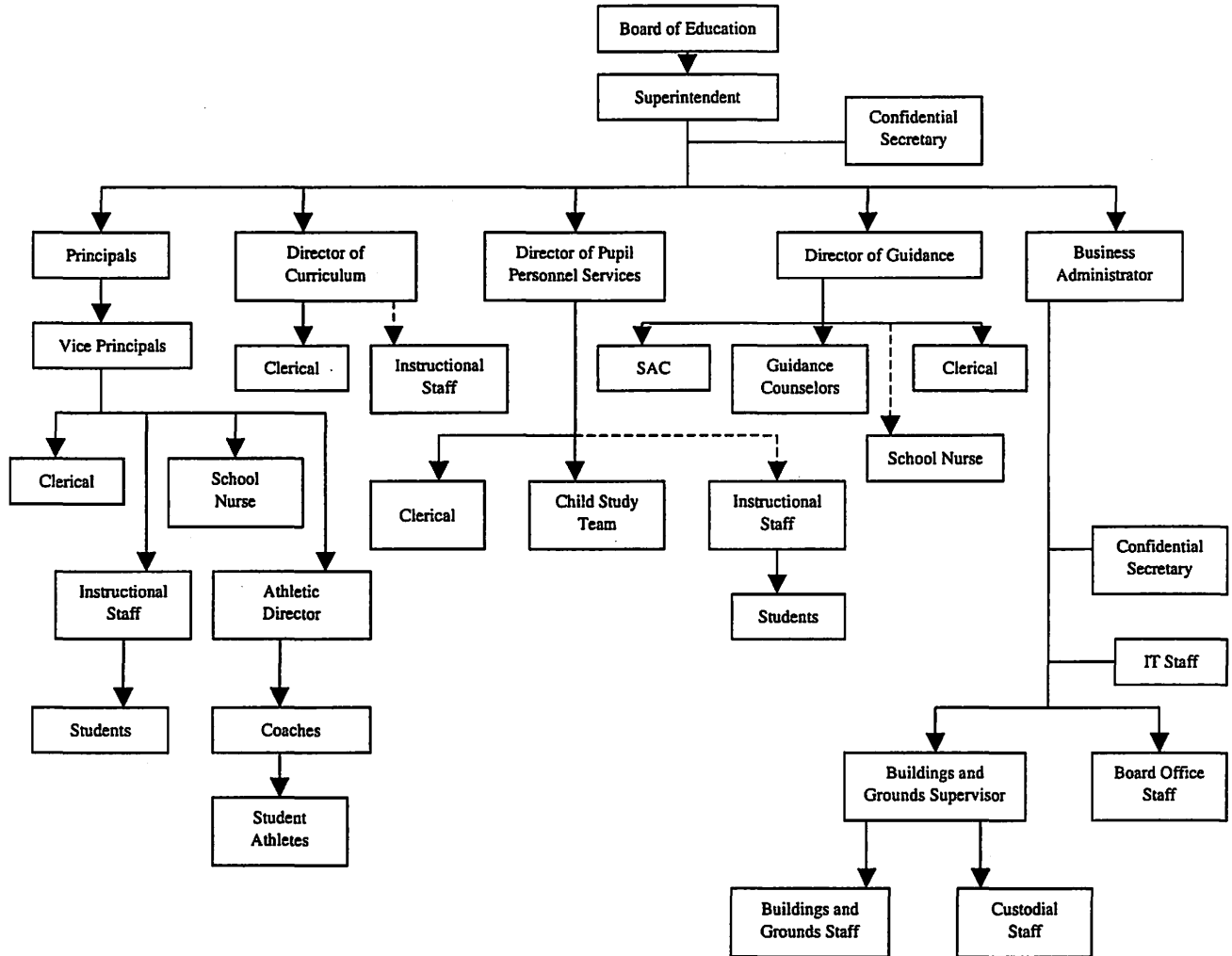
ENVIRONMENTAL ENGINEERS

Environmental Design
421 West Kings Highway
Audubon, New Jersey 08106

OFFICIAL DEPOSITORY

TD Bank
16 Bethany Road
Hazlet, New Jersey 07730

1110 ORGANIZATIONAL CHART



Adopted: 07 September 2011



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FINANCIAL SECTION



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

308 East Broad Street, Westfield, New Jersey 07090-2122

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INDEPENDENT AUDITOR REPORT

Honorable President and Members
of the Board of Education
Borough of Keyport School District
County of Monmouth
Keyport, New Jersey 07735

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 Borough of Keyport School District, County of Monmouth, New Jersey (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, audit requirements prescribed by the Division of Finance, Department of Education, State of New Jersey, and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State of New Jersey *OMB Circular 15-08* "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

SUPLEE, CLOONEY & COMPANY

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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 Borough of Keyport School District, County of Monmouth, New Jersey as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information in Exhibit C-1 through C-3, the schedules related to accounting and reporting for pensions in Exhibit L-1 through L-4 and the schedules related to accounting and reporting for postretirement benefits other than pensions (OPEB) in Exhibit M-1 and M-2 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.

SUPLEE, CLOONEY & COMPANY

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Keyport School District's basic financial statements. The accompanying supplementary schedules such as the combining and individual fund financial statements, long-term debt schedules and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information schedules such as the combining and individual fund financial statements, long-term debt schedules and the Schedules of Expenditures of Federal Awards and State Financial Assistance, as listed in the table of contents, as required by the Uniform Guidance, New Jersey's OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid," and the State of New Jersey, Department of Education, Division of Finance 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. 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 records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, and the schedule 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 other information, such as the introductory and statistical sections, has 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 18, 2019 on our consideration of the Borough of Keyport School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Borough of Keyport School District's internal control over financial reporting and compliance.


CERTIFIED PUBLIC ACCOUNTANTS


PUBLIC SCHOOL ACCOUNTANT NO. 948

December 18, 2019

REQUIRED SUPPLEMENTARY INFORMATION – Part I

**MANAGEMENT'S DISCUSSION AND ANALYSIS -
UNAUDITED**

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

UNAUDITED

This section of the Borough of Keyport School District's Comprehensive Annual Financial Report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

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

Financial Highlights

- At the district-wide financial statements, revenues from governmental activities accounted for \$26,150,100.76 or 97.59 percent of total school district revenue. The other 2.41 percent of revenue was generated by the business type activities.
- At year end the Board of Education was able to transfer \$373,000.00 into capital reserve for future capital projects and transfer \$200,792.82 into maintenance reserve for future maintenance projects. The Board of Education used \$600,000.00 of capital reserve and \$200,000.00 of maintenance reserve in the 2018-2019 school year.

Overview of the Financial Statements

This Comprehensive Annual Financial Report ("CAFR") consists of three parts: Management's Discussion and Analysis (this section), The Basic Financial Statements, and Required Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District, District-wide Financial Statements and Fund Financial Statements.

- District-wide Financial Statements provide both short-term and long-term information about the District's overall financial status.
- Fund Financial Statements report the District's operations in more detail than the District-wide statements on individual parts of the District, the Governmental Funds, Proprietary Funds and Fiduciary Funds.
- Governmental Funds Statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Proprietary Funds Statements offer short and long-term financial information about the activities the District operates like a business, which include the districts food services and extendicare funds.
- Fiduciary Funds Statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

UNAUDITED

The notes to financial statements are also included, which are an integral part of the financial statements. The information in the notes provides detailed data on the District's financial operations.

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year. Table 1 reflects how the various parts of this annual report are arranged and related to one another.

District-wide Financial Statements

The District-wide Financial Statements report information about the District 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 and liabilities. All current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or disbursed.

The District-wide Financial Statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position has improved or diminished. The causes of this change may be a result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the District-wide Financial Statements, the District's activities are divided into two categories, governmental and business-type activities.

- Governmental activities - All of the District's programs and services are reported here including, but not limited to regular and special education instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities. Property taxes and state formula aid finance most of these activities.
- Business-type activities - These services are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. District charges fees to help it cover the costs of certain services it provided. The food service and Extencicare activities are reported as business activities.

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

UNAUDITED

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on major funds. 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 establishes other funds to control and manage money for particular purposes (i.e. long-term debt) or to show that it is properly using certain restricted revenues (i.e. entitlement grants).

The District maintains three financial funds:

- **Governmental Funds:** The District's activities reported in governmental funds focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the government-wide Statement of Net Position and Statement of Activities) and governmental funds statements is reconciled in the financial statements.
- **Proprietary Funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide financial statements. The District's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 on the next page reflects the District's net position as a whole. Table 2 reflects the changes in net position from operating results.

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

UNAUDITED

**Table 1
Condensed Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018	Change
Current and							
Other Assets	\$4,240,547.46	\$4,232,898.10	\$283,666.09	\$273,701.93	\$4,524,213.55	\$4,506,600.03	0.39%
Capital Assets	10,610,270.75	10,552,550.00	48,710.00	37,070.00	10,658,980.75	10,589,620.00	0.65%
Total Assets	14,850,818.21	14,785,448.10	332,376.09	310,771.93	15,183,194.30	15,096,220.03	0.58%
Deferred Outflows:							
Related to pensions	1,514,928.00	1,862,561.00			1,514,928.00	1,862,561.00	-18.66%
Long-Term							
Liabilities	6,371,996.93	7,703,576.50			6,371,996.93	7,703,576.50	-17.29%
Short-Term							
Liabilities	1,179,609.53	930,470.68	19,806.22	37,225.74	1,199,415.75	967,696.42	23.95%
Total Liabilities	7,551,606.46	8,634,047.18	19,806.22	37,225.74	7,571,412.68	8,671,272.92	-12.68%
Deferred Inflows:							
Related to pensions	1,730,797.00	1,316,298.00			1,730,797.00	1,316,298.00	31.49%
Net Position:							
Net Investment							
in Capital Assets	8,695,270.75	8,062,550.00	48,710.00	37,070.00	8,743,980.75	8,099,620.00	7.96%
Restricted	3,946,014.46	4,092,108.13			3,946,014.46	4,092,108.13	-3.57%
Unrestricted (Deficit)	(5,557,942.46)	(5,456,994.21)	263,859.87	236,476.19	(5,294,082.59)	(5,220,518.02)	1.41%
Total Net Position	\$7,083,342.75	\$6,697,663.92	\$312,569.87	\$273,546.19	\$7,395,912.62	\$6,971,210.11	6.09%

The largest portion of the District's net position is its net investment in capital assets. Restricted net positions includes those items that are subject to external restrictions (e.g. for capital projects, maintenance, capital, emergency and tuition reserves, and excess fund balance in the general fund).

There was a slight increase in investment in capital assets. Restricted net position increased due to an increase in capital reserve funds set aside for future capital projects. Unrestricted net position is at a large deficit due to the net pension liability.

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

UNAUDITED

**Table 2
Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District	
	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>
Revenue:						
Program Revenue:						
Charges for Services			\$309,562.74	\$302,872.83	\$309,562.74	\$302,872.83
Operating Grants and Contributions	\$7,221,114.26	\$8,407,890.43	333,979.08	324,461.16	7,555,093.34	8,732,351.59
General Revenue:						
Property Taxes	10,071,754.00	9,883,247.00			10,071,754.00	9,883,247.00
Federal and State Aid not restricted	6,067,479.00	5,824,150.49			6,067,479.00	5,824,150.49
Federal and State Aid restricted					0.00	0.00
Other	2,789,753.50	2,641,046.78	2,642.41	1,234.31	2,792,395.91	2,642,281.09
Total Revenue	26,150,100.76	26,756,334.70	646,184.23	628,568.30	26,796,284.99	27,384,903.00
Expenses:						
Instruction	16,648,862.41	17,285,529.95			16,648,862.41	17,285,529.95
Student & Instructional Support Services	3,727,017.56	3,734,608.62			3,727,017.56	3,734,608.62
Administrative and Business	2,255,022.36	2,371,653.12			2,255,022.36	2,371,653.12
Maintenance & Operations	2,074,497.68	1,846,304.46			2,074,497.68	1,846,304.46
Transportation	510,743.42	528,542.48			510,743.42	528,542.48
Other	548,278.50	580,673.13	607,160.55	587,684.40	1,155,439.05	1,168,357.53
Total Expenses	25,764,421.93	26,347,311.76	607,160.55	587,684.40	26,371,582.48	26,934,996.16
Increase/(Decrease) in Net Position	<u>\$385,678.83</u>	<u>\$409,022.94</u>	<u>\$39,023.68</u>	<u>\$40,883.90</u>	<u>\$424,702.51</u>	<u>\$449,906.84</u>

Sources of Revenue

The District's total revenue for the 2018-2019 school year was \$27,796,284.99 as reflected in Table 3 on the following page. Property taxes and state and federal aid including pensions accounted for 84.06 percent of the total revenue with the other 15.94 percent consisting of restricted and unrestricted state and federal grants, charges for services, and miscellaneous sources including Union Beach tuition.

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

UNAUDITED

**Table 3
Sources of Revenue**

<u>Sources of Revenue</u>	<u>FY 2019</u>		<u>FY 2018</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Property Taxes	\$10,071,754.00	37.59%	\$9,883,247.00	36.09%
State and Federal Aid	12,453,980.11	46.48%	13,245,810.26	48.37%
Federal and State Grants	1,163,481.54	4.34%	1,310,691.82	4.79%
Charges for Services	309,562.74	1.16%	302,872.83	1.11%
Other	2,797,506.60	10.44%	2,642,281.09	9.65%
	<u>\$26,796,284.99</u>	<u>100.00%</u>	<u>\$27,384,903.00</u>	<u>100.00%</u>

Expenses for the Fiscal Year 2019

The total expenditures for the 2018-2019 fiscal year for all programs and services were \$26,371,582.48. Table 4 below summarizes these program costs. The District's expenses are predominantly related to instructing, providing services and transporting students, grades kindergarten through twelve, which accounts for 79.20 percent of the total District costs. Administrative and business expenses account for the costs of the Office of the Superintendent of Schools, the Business Office, and the Principal's Offices in the school and administrative buildings. Maintenance and operations account for the costs of keeping the school buildings and grounds safe, clean and in good operating condition, and includes all the utility costs related to the school facilities. Other costs include interest on long-term debt, unallocated depreciation expense and the costs of the business-type activities of the proprietary funds. It is important to note that depreciation expense on capital assets is included in expenses for the year under the new accounting reporting model; expenses therefore include \$562,161.17 for depreciation.

**Table 4
Expenses for Fiscal Year 2019**

<u>Expense Category</u>	<u>FY 2019</u>		<u>FY 2018</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$16,648,862.41	63.13%	\$17,285,529.95	64.17%
Student & Instruction Services	3,727,017.56	14.13%	3,734,608.62	13.87%
Administrative and Business	2,255,022.36	8.55%	2,371,653.12	8.81%
Maintenance & Operations	2,074,497.68	7.87%	1,846,304.46	6.85%
Transportation	510,743.42	1.94%	528,542.48	1.96%
Other	1,155,439.05	4.38%	1,168,357.53	4.34%
	<u>\$26,371,582.48</u>	<u>100.00%</u>	<u>\$26,934,996.16</u>	<u>100.00%</u>

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

UNAUDITED

Governmental Activities

Table 5 presents the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs) of six major District activities: instruction, student & instructional services, administration and business, maintenance and operations, transportation, and other. The net cost shows the financial burden placed on the District's taxpayers and the state by each of these functions.

**Table 5
Net Cost of Governmental Activities**

<u>Expense Category</u>	<u>FY 2019</u>		<u>FY 2018</u>	
	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>
Instruction	\$11,104,972.50	60.00%	\$10,811,374.94	60.40%
Student & Instruction Services	2,684,128.21	14.50%	2,604,806.41	14.55%
Administrative and Business	1,660,486.36	8.97%	1,585,718.91	8.86%
Maintenance & Operations	2,074,497.68	11.21%	1,846,304.46	10.31%
Transportation	470,944.42	2.54%	510,543.48	2.85%
Other	511,897.23	2.78%	541,023.54	3.03%
	<u>\$18,506,926.40</u>	<u>100.00%</u>	<u>\$17,899,771.74</u>	<u>100.00%</u>

Instruction expenses include activities directly dealing with the teaching of students and the interaction between teacher and student, including extracurricular activities.

Students and instruction related include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development. This category also includes health and guidance services.

General administration, school administration, and central services include expenses associated with administrative and financial management of the District.

Operation and maintenance of facilities involve keeping the school grounds, buildings and equipment in an effective operating condition.

Student transportation includes activities with the conveyance of special education students to and from school, school activities and athletic events, as provided by state law.

"Other" includes unallocated depreciation, interest on long term debt, the extendicare program and the food service program.

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

UNAUDITED

General Fund Budgeting Highlights

The District's budget is prepared according to New Jersey Statutes and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting.

Over the course of the year, the Board of Education approved revisions to the general fund budget as needed. These budget amendments were necessary for the following reasons:

- Realign budgeted salary accounts after staff transfers to various programs.
- Realigned appropriations in accordance with the prescribed chart of accounts as modified by the comprehensive educational improvement and financing act.
- Transferred from unexpended appropriations to purchase teaching materials, computers, and equipment to meet various program needs.

Capital Assets

During the fiscal year 2018-2019 the District's depreciation expense and retired assets exceeded capital acquisitions, therefore capital assets net of depreciation decreased. Table 6 reflects the comparative balances of capital assets net of depreciation. The detail of the changes in capital assets is reflected in Note 3 to the financial statements.

**Table 6
Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total School District		Total Percentage Change
	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2018</u>	
Land & Construction in Progress	\$583,947.75	\$53,182.00			\$583,947.75	\$53,182.00	998.02%
Land and Site Site Improvements	154,098.00	171,197.00			154,098.00	171,197.00	-9.99%
Building and Building Improvements	9,292,334.00	9,803,238.00			9,292,334.00	9,803,238.00	-5.21%
Machinery and Equipment	579,891.00	524,933.00	\$48,710.00	\$37,070.00	628,601.00	562,003.00	11.85%
Total Assets	\$10,610,270.75	\$10,552,550.00	\$48,710.00	\$37,070.00	\$10,658,980.75	\$10,589,620.00	0.65%

**BOROUGH OF KEYPORT SCHOOL DISTRICT
KEYPORT, NEW JERSEY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

UNAUDITED

Debt Administration

At June 30, 2019 the District had \$6,966,996.93 outstanding long-term liabilities, consisting of bonds payable from construction, compensated absences, capital leases and net pension liability. The District will continue to pay down its debt, as the obligations are due. Table 7 reflects the comparison of outstanding debt for the past two fiscal years. More information of the District's long-term liabilities is presented in Note 4 to the financial statements. There was an increase in compensated absences after a decrease in the prior year. No new bonds or leases were issued resulting in a decrease in those liabilities. There was a decrease in the net pension liability.

**Table 7
Outstanding Long-term Liabilities**

	Total School Debt		Total Percentage Change
	FY 2019	FY 2018	
Compensated Absences Payable	\$362,037.93	\$405,984.50	-10.82%
Bonds Payable	1,915,000.00	2,490,000.00	-23.09%
Net Pension Liability Payable	4,689,959.00	5,382,592.00	-12.87%
	<u>\$6,966,996.93</u>	<u>\$8,278,576.50</u>	<u>-15.84%</u>

The District's Future

The District is presently in stable financial position. The primary concerns regarding the district's financial future is the falling enrollment from the district's sending district, Union Beach, which is a direct result of the destruction to homes in Union Beach from Superstorm Sandy. This will continue to impact tuition revenue in the intermediate term. Despite this concern, the Borough of Keyport School District is committed to maintaining fiscal responsibility as well as achieving educational excellence for all of the students of the District.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Anthony Rapolla, School Business Administrator/Board Secretary at the Keyport Borough Board of Education, 370 Broad Street, Keyport, New Jersey 07735 or email at arapolla@kpsdschools.org.

BASIC FINANCIAL STATEMENTS

The basic financial statements provide a financial overview of the District's operations. These financial statements present the financial position and operating results of all funds as of June 30, 2019.

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

BOROUGH OF KEYPORT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$557,934.44	\$252,065.63	\$810,000.07
Receivables, net	855,560.93	25,504.30	881,065.23
Inventory		6,096.16	6,096.16
Restricted assets:			
Restricted cash and cash equivalents	2,827,052.09		2,827,052.09
Capital assets:			
Capital assets, not depreciated	583,947.75		583,947.75
Other capital assets, net	10,026,323.00	48,710.00	10,075,033.00
Total assets	<u>14,850,818.21</u>	<u>332,376.09</u>	<u>15,183,194.30</u>
DEFERRED OUTFLOWS			
Related to pensions	<u>1,514,928.00</u>		<u>1,514,928.00</u>
Total deferred outflows	1,514,928.00		1,514,928.00
LIABILITIES			
Accounts payable	272,582.41	15,283.84	287,866.25
Unearned revenue	291,021.91	4,522.38	295,544.29
Accrued interest payable	21,005.21		21,005.21
Noncurrent liabilities:			
Due within one year	595,000.00		595,000.00
Due beyond one year:			
Net Pension liability	4,689,959.00		4,689,959.00
Compensated absences payable	362,037.93		362,037.93
Bonds payable	1,320,000.00		1,320,000.00
Total liabilities	<u>7,551,606.46</u>	<u>19,806.22</u>	<u>7,571,412.68</u>
DEFERRED INFLOWS			
Related to pensions	<u>1,730,797.00</u>		<u>1,730,797.00</u>
Total deferred inflows	1,730,797.00		1,730,797.00
NET POSITION			
Net investment in capital assets	8,695,270.75	48,710.00	8,743,980.75
Restricted for:			
Capital projects fund	1,748,000.00		1,748,000.00
Other purposes	2,198,014.46		2,198,014.46
Unrestricted (deficit)	<u>(5,557,942.46)</u>	<u>263,859.87</u>	<u>(5,294,082.59)</u>
Total net position	<u>\$7,083,342.75</u>	<u>\$312,569.87</u>	<u>\$7,395,912.62</u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF KEYPORT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
JUNE 30, 2019

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>INDIRECT EXPENSES ALLOCATION</u>	<u>CHARGES FOR SERVICES</u>	<u>PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
					<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>		
Governmental Activities:							
Instruction:							
Regular	\$6,699,754.55	\$5,067,823.89		\$3,948,307.15	(\$7,819,271.29)		(\$7,819,271.29)
Special education	2,149,426.14	1,271,436.53		1,176,546.50	(2,244,316.17)		(2,244,316.17)
Other	827,887.76	632,533.54		419,036.26	(1,041,385.04)		(1,041,385.04)
Support services:							
Tuition							
Student and instruction related services	2,116,634.30	1,610,383.26		1,042,889.35	(2,684,128.21)		(2,684,128.21)
General administrative services	409,000.42	116,693.86		240,144.31	(285,549.97)		(285,549.97)
School administrative services	584,743.31	535,432.82		354,391.69	(765,784.44)		(765,784.44)
Central services	320,844.32	107,822.57			(428,666.89)		(428,666.89)
Administration information technology	148,722.82	31,762.24			(180,485.06)		(180,485.06)
Plant operations and maintenance	1,745,722.36	328,775.32			(2,074,497.68)		(2,074,497.68)
Student transportation services	510,743.42		39,799.00		(470,944.42)		(470,944.42)
Unallocated benefits	9,610,476.03	(9,610,476.03)			(463,300.17)		(463,300.17)
Unallocated Depreciation	555,488.17	(92,188.00)			(84,978.33)		(84,978.33)
Interest on long term debt	84,978.33				(18,543,307.67)		(18,543,307.67)
Total governmental activities	<u>25,764,421.93</u>			<u>7,221,114.26</u>	<u>(18,543,307.67)</u>		<u>(18,543,307.67)</u>
Business-type activities:							
Extendicare	145,240.67		\$152,270.30			7,029.63	7,029.63
Food service	461,919.88		157,292.44			29,351.64	29,351.64
Total business-type activities	<u>607,160.55</u>		<u>309,562.74</u>			<u>36,381.27</u>	<u>36,381.27</u>
Total primary government	<u>\$26,371,582.48</u>		<u>\$309,562.74</u>	<u>\$7,555,093.34</u>	<u>(\$18,543,307.67)</u>	<u>\$36,381.27</u>	<u>(\$18,506,926.40)</u>
General Revenues:							
Taxes:							
Property taxes - general					\$9,610,209.00		\$9,610,209.00
Property taxes - debt service					461,545.00		461,545.00
Federal and state aid not restricted					6,067,479.00		6,067,479.00
Miscellaneous income					2,789,753.50	\$2,642.41	2,792,395.91
Total general revenues					<u>18,928,986.50</u>	<u>2,642.41</u>	<u>18,931,628.91</u>
Change in net position					385,678.83	39,023.68	424,702.51
Net Position - beginning					6,697,663.92	273,546.19	6,971,210.11
Net Position ending					<u>\$7,083,342.75</u>	<u>\$312,569.87</u>	<u>\$7,395,912.62</u>

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

MAJOR FUND FINANCIAL STATEMENTS

The Individual fund financial statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

BOROUGH OF KEYPORT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

ASSETS AND OTHER DEBITS:	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
Assets:				
Cash and cash equivalents	\$493,488.29	\$64,445.68	\$0.47	\$557,934.44
Capital reserve account	1,748,000.00			1,748,000.00
Maintenance reserve account	828,852.09			828,852.09
Tuition reserve account	200,000.00			200,000.00
Emergency reserve account	50,200.00			50,200.00
Accounts receivable:				
Federal		159,140.03		159,140.03
State	154,250.13			154,250.13
Other	542,170.77			542,170.77
Total assets	\$4,016,961.28	\$223,585.71	\$0.47	\$4,240,547.46
LIABILITIES AND FUND BALANCES:				
Liabilities:				
Accounts payable	49,941.61	1,039.80		50,981.41
Unearned revenue		291,021.91		291,021.91
Total liabilities	49,941.61	292,061.71		342,003.32
Fund balances:				
Restricted for:				
Capital reserve	1,748,000.00			1,748,000.00
Maintenance reserve	828,852.09			828,852.09
Tuition reserve	200,000.00			200,000.00
Emergency reserve	50,200.00			50,200.00
Excess surplus designated for subsequent years expenditures	540,000.00			540,000.00
Excess surplus - current year	599,967.58			599,967.58
Debt service fund			0.47	0.47
Special revenue fund (deficit)		(68,476.00)		(68,476.00)
Total fund balances/(deficit)	3,967,019.67	(68,476.00)	0.47	3,898,544.14
Total liabilities and fund balances	\$4,016,961.28	\$223,585.71	\$0.47	\$4,240,547.46

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF KEYPORT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Total Fund Balances (Brought Forward)		\$3,898,544.14
Amounts Reported for Governmental Activities in the Statement of Net Position (A-1) are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of Assets	\$18,833,527.75	
Accumulated Depreciation	<u>(8,223,257.00)</u>	
		10,610,270.75
Long term liabilities, including bonds payable, and other related amounts that are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Net pension liability	(4,689,959.00)	
Serial bonds payable	(1,915,000.00)	
Compensated absences payable	<u>(362,037.93)</u>	
		(6,966,996.93)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.		
Pensions:		
Deferred Outflows		
Pension related		1,514,928.00
Deferred Inflows:		
Pension related		(1,730,797.00)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.		
Accounts Payable - Pension Related	(221,601.00)	
Accrued Interest Payable	<u>(21,005.21)</u>	
		<u>(242,606.21)</u>
Net Position of Governmental Activities		<u><u>\$7,083,342.75</u></u>

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

BOROUGH OF KEPORT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	GENERAL FUND	SPECIAL REVENUE FUND	DEBT SERVICE FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Local sources:				
Local tax levy	\$9,610,209.00		\$461,545.00	\$10,071,754.00
Tuition	2,682,329.98			2,682,329.98
Unrestricted miscellaneous	107,423.52	\$5,110.69		112,534.21
Total revenues-local sources	12,399,962.50	5,110.69	461,545.00	12,866,618.19
State sources	8,840,161.03	431,463.56	207,763.00	9,479,387.59
Federal sources	47,950.00	731,917.98		779,867.98
Total revenues	21,288,073.53	1,168,492.23	669,308.00	23,125,873.76
EXPENDITURES:				
Current expense:				
Instruction:				
Regular	5,987,020.52	594,093.53		6,581,114.05
Special education	1,409,617.67	334,254.39		1,743,872.06
Other instruction	827,887.76			827,887.76
Support services:				
Tuition	524,194.58			524,194.58
Student and instruction related services	1,797,879.99	308,620.31		2,106,500.30
General administrative services	409,000.42			409,000.42
School administrative services	584,743.31			584,743.31
Central services	320,844.32			320,844.32
Administration information technology	148,722.82			148,722.82
Plant operations and maintenance	1,745,722.36			1,745,722.36
Student transportation services	510,743.42			510,743.42
Employee benefits	6,554,373.60			6,554,373.60
Capital outlay	623,342.92			623,342.92
Debt service:				
Principal			575,000.00	575,000.00
Interest			94,320.00	94,320.00
Total expenditures	21,444,093.69	1,236,968.23	669,320.00	23,350,381.92
Excess (deficiency) of revenues over (under) expenditures	(156,020.16)	(68,476.00)	(12.00)	(224,508.16)
Net change in fund balances	(156,020.16)	(68,476.00)	(12.00)	(224,508.16)
Fund balances, July 1, 2018	4,123,039.83		12.47	4,123,052.30
Fund balances (Deficit), June 30, 2019	\$3,967,019.67	(\$68,476.00)	\$0.47	\$3,898,544.14

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF KEYPORT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Total net change in fund balances - governmental funds (from B-2) (\$224,508.16)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the period.

Depreciation expense	(\$555,488.17)	
Capital outlays	623,342.92	
Capital outlays not capitalized	<u>(10,134.00)</u>	57,720.75

Repayment of bond principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position and is not reported in the statements of activities.

Paid - Principal on bonds		575,000.00
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In the statement of activities, interest on long-term debt is accrued, regardless of when due. In governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation.

9,341.67

District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

District pension contributions	236,928.00	
Less: Pension expense	<u>(312,750.00)</u>	(75,822.00)

In the statement of activities, certain expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

43,946.57

Change in net position of governmental activities

\$385,678.83

OTHER FUNDS

BOROUGH OF KEYPORT SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

ASSETS:	<u>FOOD SERVICE</u>	<u>EXTENDICARE</u>	<u>TOTAL</u>
Current assets:			
Cash and cash equivalents	\$136,291.01	\$115,774.62	\$252,065.63
Accounts receivable:			
State	288.27		288.27
Federal	14,292.47		14,292.47
Other	10,923.56		10,923.56
Inventories	6,096.16		6,096.16
Total current assets	<u>167,891.47</u>	<u>115,774.62</u>	<u>283,666.09</u>
Noncurrent assets			
Furniture, machinery & equipment	130,637.00		130,637.00
Less: Accumulated depreciation	<u>(81,927.00)</u>		<u>(81,927.00)</u>
Total noncurrent assets	<u>48,710.00</u>		<u>48,710.00</u>
TOTAL ASSETS	<u>216,601.47</u>	<u>115,774.62</u>	<u>332,376.09</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	15,283.84		15,283.84
Unearned Revenue	<u>4,522.38</u>		<u>4,522.38</u>
Total current liabilities	<u>19,806.22</u>		<u>19,806.22</u>
NET POSITION:			
Net investment in capital assets	48,710.00		48,710.00
Unrestricted	<u>148,085.25</u>	<u>115,774.62</u>	<u>263,859.87</u>
TOTAL NET POSITION	<u>\$196,795.25</u>	<u>\$115,774.62</u>	<u>\$312,569.87</u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF KEYPORT SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND</u>		
	<u>FOOD SERVICE</u>		
	<u>SCHOOL NUTRITION</u>	<u>EXTENDICARE</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Local sources:			
Daily sales-reimbursable programs:			
School lunch program	\$97,907.20		\$97,907.20
Daily sales non-reimbursable programs	54,333.70		54,333.70
Daily sales Other	5,051.54		5,051.54
Fees - Program		\$152,270.30	152,270.30
Total operating revenue	157,292.44	152,270.30	309,562.74
OPERATING EXPENSES:			
Salaries	141,161.80	131,416.88	272,578.68
Employee benefits and taxes	35,610.34	10,053.38	45,663.72
Management fee	11,731.00		11,731.00
Supplies and materials	23,925.48	2,402.36	26,327.84
Repairs and other	27,729.75	1,368.05	29,097.80
Depreciation	6,673.00		6,673.00
Cost of sales - reimbursable programs	194,347.70		194,347.70
Cost of sales - non-reimbursable programs	20,740.81		20,740.81
Total operating expenses	461,919.88	145,240.67	607,160.55
Operating income (loss)	(304,627.44)	7,029.63	(297,597.81)
Nonoperating revenues:			
State sources:			
State school lunch program	5,789.90		5,789.90
Federal sources:			
National school lunch program	254,228.55		254,228.55
National school breakfast program	31,589.72		31,589.72
National food distribution commodities	42,370.91		42,370.91
Interest earned	1,361.30	1,281.11	2,642.41
Total nonoperating revenues	335,340.38	1,281.11	336,621.49
Net income	30,712.94	8,310.74	39,023.68
Net position - July 1	166,082.31	107,463.88	273,546.19
Net position - June 30	\$196,795.25	\$115,774.62	\$312,569.87

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF KEYPORT SCHOOL DISTRICT
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND

	<u>FOOD SERVICE</u>	<u>EXTENDICARE</u>	<u>TOTAL</u>
Cash flows from operating activities:			
Receipts from customers	\$153,428.91	\$152,270.30	\$305,699.21
Payments to employees	(132,859.83)	(131,416.88)	(264,276.71)
Payments for employee benefits	(33,284.40)	(10,053.38)	(43,337.78)
Payments to suppliers	(304,821.98)	(3,770.41)	(308,592.39)
Net cash provided (used) by operating activities	<u>(317,537.30)</u>	<u>7,029.63</u>	<u>(310,507.67)</u>
Cash flows from noncapital financing activities:			
State sources	5,972.16		5,972.16
Federal sources	337,255.63		337,255.63
Net cash provided (used) by noncapital financing activities	<u>343,227.79</u>		<u>343,227.79</u>
Cash flows from investing activities:			
Interest earned	1,361.30	1,281.11	2,642.41
Net cash provided (used) by noncapital financing activities	<u>1,361.30</u>	<u>1,281.11</u>	<u>2,642.41</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(18,313.00)		(18,313.00)
Net cash provided (used) by capital and related financing activities	<u>(18,313.00)</u>		<u>(18,313.00)</u>
Net increase(decrease) in cash and cash equivalents	8,738.79	8,310.74	17,049.53
Cash and cash equivalents, July 1	<u>127,552.22</u>	<u>107,463.88</u>	<u>235,016.10</u>
Cash and cash equivalents, June 30	<u>\$136,291.01</u>	<u>\$115,774.62</u>	<u>\$252,065.63</u>
Operating income(loss)	(\$304,627.44)	\$7,029.63	(\$297,597.81)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation and net amortization	6,673.00		6,673.00
Change in assets and liabilities:			
Increase (Decrease) in unearned revenue	(2,899.57)		(2,899.57)
(Increase) Decrease in inventory	1,267.61		1,267.61
(Increase) Decrease in accounts receivable	(3,430.95)		(3,430.95)
Increase (Decrease) in accounts payable	(14,519.95)		(14,519.95)
Net cash provided (used) by operating activities	<u>(\$317,537.30)</u>	<u>\$7,029.63</u>	<u>(\$310,507.67)</u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF KEYPORT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	<u>TRUST FUNDS</u>		<u>AGENCY FUNDS</u>	
	<u>ADULT EMT SCHOOL</u>	<u>PRIVATE PURPOSE SCHOLARSHIP FUNDS</u>	<u>STUDENT ACTIVITIES</u>	<u>PAYROLL</u>
ASSETS:				
Cash and cash equivalents	<u>\$38,263.18</u>	<u>\$8,839.15</u>	<u>\$59,959.95</u>	<u>\$410,620.25</u>
Total assets	<u>38,263.18</u>	<u>8,839.15</u>	<u>59,959.95</u>	<u>410,620.25</u>
LIABILITIES:				
Liabilities:				
Payroll deductions & withholdings				410,620.25
Due to student groups			<u>59,959.95</u>	
Total liabilities			<u>59,959.95</u>	<u>410,620.25</u>
NET POSITION:				
Held in trust for adult emt school	38,263.18			
Held in trust for scholarships		<u>8,839.15</u>		
Total net position	<u>\$38,263.18</u>	<u>\$8,839.15</u>	<u>\$-0-</u>	<u>\$-0-</u>

The accompanying notes to the financial statements are an integral part of this statement.

BOROUGH OF KEYPORT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>ADULT EMT SCHOOL</u>	<u>PRIVATE PURPOSE SCHOLARSHIP FUNDS</u>
ADDITIONS:		
Contributions:		
State aid	\$83,322.50	
Other	297.97	\$2,828.74
	<u>83,620.47</u>	<u>2,828.74</u>
Total additions	49,670.57	1,432.32
DEDUCTIONS:		
Tuition	77,833.81	
Scholarships awarded		5,600.00
	<u>77,833.81</u>	<u>5,600.00</u>
Total deductions		
Change in net position	5,786.66	(2,771.26)
Net position - July 1	<u>32,476.52</u>	<u>11,610.41</u>
Net position - June 30	<u><u>\$38,263.18</u></u>	<u><u>\$8,839.15</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Borough of Keyport School District have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

Reporting Entity

The Keyport School District is a Type II District located in Monmouth County, New Jersey. The School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The District is governed by a ten member board. Nine members are elected to three-year terms and one member is appointed by the Union Beach Board of Education as the Union Beach representative. The Board 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.

The primary criterion for including activities within the District's reporting entity, are set forth in Statement No. 39 of the Governmental Accounting Standards Board entitled "*Determining Whether Certain Organizations are Component Units*" (GASB 39) as codified in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards.

Organizations that are legally separate, tax-exempt entities and that meet *all* of the following criteria should be discretely presented as component units. These criteria are:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government.
2. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources of the organization.
3. The economic resources received or held by an *individual organization* that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The combined financial statements include all funds of the District over which the Board exercises operating control. The operations of the District include elementary, middle and high schools located in the Borough of Keyport. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish generally between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net position presents the financial condition of the governmental and business-type activity of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Types

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

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

Debt Service Fund - The debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Fund

Enterprise Fund - The enterprise fund accounts for all revenues and expenses pertaining to cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The district also considers the operations of the Extencicare Program as an enterprise fund.

Fiduciary Fund Types

Agency Funds – The agency funds are used to account for assets held by the district on behalf of others and are custodial in nature. The agency funds included in this category are as follows:

Unemployment Compensation Insurance Trust Fund - A trust fund used to account for assets to finance the costs of unemployment benefits. Since the Board has adopted the direct reimbursement method, the District is under obligation to appropriate sufficient funds out of its general fund and hold them in trust for this purpose.

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

Private Purpose Scholarship Funds - A trust fund used to account for assets donated by individuals that will provide for the payment of awards to district students.

Adult School Fund - A trust fund used to account for assets to finance the costs of E.M.T. schooling. The District receives funds from the state on a tuition reimbursement basis.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting – Measurement Focus

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-Wide, Proprietary, and Fiduciary Fund Financial Statements: The District-Wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures. *Ad Valorem* (Property) Taxes are susceptible to accrual as under New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an “accounts receivable”. Revenue from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. “Measurable” means the amount of the transactions can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval. In accordance with P.L. 2011, c. 202, which became effective January 17, 2012, the District elected to move the April school Board election to the date of the November general election thereby eliminating the vote on the annual base budget. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23. All budget amendments and transfers must be approved by School Board resolution. The over-expenditures related to on-behalf payments in the general fund are due to the inclusion of the non-budgeted on-behalf payments made by the State of New Jersey as District expenditures. These amounts are offset by related revenues and as such do not represent budgetary over-expenditures.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances, and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures. Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Encumbrance Accounting

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 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.

Open encumbrances in the special revenue fund and capital projects fund for which the District has received advances are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

Interfunds

Interfund receivables and payables arise from transactions between particular funds and are considered short term in duration. The interfund transactions are recorded by all funds affected in the period in which the transactions are executed and are part of the district's available spendable resources.

Inventories and Prepaid Expenses

Inventories of materials and supplies held for consumption in the governmental funds are recorded as expenditures at the time of purchase and year end balances are not reported in the financial statements.

Inventories of food and/or supplies in the food service fund are recorded at cost on a first-in, first-out basis or, in the case of Food Distribution Commodities, at stated value which approximates market.

Prepaid expenses which benefit future period, other than those recorded in the enterprise fund, are recorded as an expenditure in the year of purchase.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

The District has an established formal system of accounting for its capital assets. Capital Assets used for governmental purposes, which include land, buildings and improvements and furniture and equipment, are only reported in the district-wide financial statements. The District generally defines capital assets as assets with an initial cost of \$2,000.00 or more and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their acquisition value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are depreciated in the district-wide statements using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences." A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions and contracts.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments.

For the District-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Fund Equity

Fund balance restrictions are used to indicate that portion of the fund balance that is not available for expenditures or is legally segregated for a specific future use. Designation of portions of the fund balances are established to indicate tentative plans for financial utilization in a future period. The unassigned fund balances represent the amount available for future budgetary operations.

Unassigned net position represents the remains of the District's equity in the cumulative earnings of the proprietary funds.

Unearned Revenue

Unearned revenue in the general and special revenue funds represents funds which have been received but not yet earned. A corresponding accounts receivable has also been established for any open encumbrances at year end which is allowable under generally accepted accounting principles.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

Net Position

GASB 63 provides guidance for reporting net position in the statement of financial position and related disclosures. Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balances

Under GASB 54, in the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

Restricted – includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation. The District reports the Capital Reserve, Emergency Reserve, Maintenance Reserve, Tuition Reserve and Excess Surplus as Restricted Fund Balance.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balances (Continued)

Committed – includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education. The District reports Capital Project Fund encumbrances as Committed Fund Balance.

Assigned – includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator. The District reports Year End Encumbrances and amounts Designated for Subsequent Year's Expenditures as Assigned Fund Balance.

Unassigned -is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues – Exchange and Non-Exchange Transactions (Continued)

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from property taxes is recognized in the period in which the revenue is earned. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, interest, and tuition.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the District, these revenues are sales in the Enterprise Funds. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of the program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Extraordinary and Special Items

Extraordinary items are transactions or events that are unusual in nature and infrequent of occurrence. Special items are transactions or events that are within control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates

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

Accounting and Financial Reporting for Pensions

In the district-wide financial statements for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's proportionate share of the New Jersey Public Employees Retirement System ("PERS") and the Teachers' Pension and Annuity Fund ("TPAF") and the additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they were reported by PERS and TPAF. 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 the year end pension liability is not required to be reflected. Pension related revenues and expenditures are reflected based on amounts that are normally expected to be liquidated with available financial resources for required pension contributions. Expenditures for PERS are recognized based upon billings made by the State of New Jersey due April 1st of each fiscal year. TPAF contributions are paid on the District's behalf by the State of New Jersey. The governmental fund financial statements reflect both a revenue and expense for this pension contribution.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Currently, the District has one item that qualifies for reporting in this category, deferred amounts related to pensions.

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. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pensions.

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS

The Board considers petty cash, change funds, cash in banks, deposits in the government money market account, and short-term investments with original maturities of three months or less as cash and cash equivalents. Investments are stated at cost, which approximates market.

Deposits

New Jersey statutes permit the deposit of public funds in public depositories which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a Banking Institution that is a member of the Federal Reserve System, and has capital funds of not less than \$25,000,000.00. Under (GUDPA), if a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of the deposits to the governmental unit.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Deposits (Continued)

The Keyport School District had the following cash and cash equivalents at June 30, 2019:

	Cash in Bank	Deductions	Reconciled Balance
Governmental Funds	\$4,051,057.29	\$666,070.76	\$3,384,986.53
Proprietary Fund	302,157.02	50,091.39	252,065.63
Fiduciary Fund	682,140.90	164,458.37	517,682.53
	<u>\$5,035,355.21</u>	<u>\$880,620.52</u>	<u>\$4,154,734.69</u>

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of June 30, 2019, based upon the coverage provided by FDIC and NJ GUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$250,000.00 was covered by Federal Depository Insurance and \$4,785,355.21 was covered under the provisions of NJ GUDPA.

Investments

The purchase of investments by the Board is strictly limited by the express authority of the N.J.S.A. 18A:20-37 Education, Administration of School Districts. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. These funds are also required to be rated by a nationally recognized statistical rating organization.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 2: CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investments (Continued)

3. Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor.
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Investment of the Department of Treasury for investment by School Districts.
6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 18A:20-37. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C. 52:18A-90.4); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C. 17:19-41); and;
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2019 the District has no investments outstanding. Based upon the limitations set forth by New Jersey Statutes 40A:5-15.1 and existing investment practices of the Investment Council of the N.J. Cash Management Fund, the District is generally not exposed to credit risks, custodial credit risks, concentration of credit risks and interest rate risks for its investments nor is it exposed to foreign currency risk for its deposits and investments.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 3: CHANGE IN CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$53,182.00			\$53,182.00
Construction in Progress		\$530,765.75		530,765.75
Total capital assets that are not depreciated	<u>53,182.00</u>	<u>530,765.75</u>		<u>583,947.75</u>
Capital assets being depreciated:				
Site improvements	595,989.00			595,989.00
Building and building improvements	15,842,401.00	(81,453.83)	(\$3,128.17)	15,757,819.00
Machinery and equipment	1,731,875.00	163,897.00		1,895,772.00
Total capital assets being depreciated	<u>18,170,265.00</u>	<u>82,443.17</u>	<u>(3,128.17)</u>	<u>18,249,580.00</u>
Total gross assets	18,223,447.00	613,208.92	(3,128.17)	18,833,527.75
Less: accumulated depreciation for:				
Site improvements	(424,792.00)	(17,099.00)		(441,891.00)
Building and building improvements	(6,039,163.00)	(429,450.17)	3,128.17	(6,465,485.00)
Machinery and equipment	(1,206,942.00)	(108,939.00)		(1,315,881.00)
	<u>(7,670,897.00)</u>	<u>(555,488.17)</u>	<u>3,128.17</u>	<u>(8,223,257.00)</u>
Governmental activities capital assets, net	<u>\$10,552,550.00</u>	<u>\$57,720.75</u>	<u>\$-0-</u>	<u>\$10,610,270.75</u>
Business type activities:				
Machinery and equipment	\$122,619.00	\$18,313.00	(10,295.00)	\$130,637.00
Less: accumulated depreciation	<u>(85,549.00)</u>	<u>(6,673.00)</u>	<u>10,295.00</u>	<u>(81,927.00)</u>
Business type activities capital assets, net	<u>\$37,070.00</u>	<u>\$11,640.00</u>	<u>\$-0-</u>	<u>\$48,710.00</u>

Instruction:	
Regular	(\$4,652.00)
Support Services:	
General administration	(22,249.00)
School administration	(480.00)
Student and instruction related	(36,146.00)
Plant operations and maintenance	(28,661.00)
Direct Expense of various functions	<u>(463,300.17)</u>
	<u>(\$555,488.17)</u>

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 4: LONG-TERM LIABILITIES

Bonds are issued by the District pursuant to the provisions of Title 18A, Education, of the New Jersey Statutes and are required to be approved by the voters of the municipality through referendum. The proceeds of bonds are recorded in the Capital Projects Fund and are restricted to the use for which they were approved in the bond referendum. All bonds are retired in annual installments within the statutory period of usefulness.

School Bonds issued by the District are entitled to and benefit from the provision of the New Jersey School Board Reserve Act P.L. 1980 c.72. Basically, funds are held by the State of New Jersey within its State Fund for the Support of Free Public Schools as a school bond reserve pledged by law to secure payment of principal and interest due on such bonds in the event of the inability of the issuer to make payments.

As of June 30, 2019 the District did not have any bonds authorized but not issued.

The following is a summary of changes in liabilities that effect other long-term obligations for the year ended June 30, 2019.

	<u>Bonds Payable</u>	<u>Compensated Absences Payable</u>	<u>Net Pension Liability</u>	<u>Total</u>
Balance, July 1, 2018	\$2,490,000.00	\$405,984.50	\$5,382,592.00	\$8,278,576.50
Reductions	<u>575,000.00</u>	<u>43,946.57</u>	<u>692,633.00</u>	<u>1,311,579.57</u>
Balance, June 30, 2019	<u>\$1,915,000.00</u>	<u>\$362,037.93</u>	<u>\$4,689,959.00</u>	<u>\$6,966,996.93</u>
Amounts Due Within One Year	<u>\$595,000.00</u>			<u>\$595,000.00</u>

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 4: LONG-TERM LIABILITIES (CONTINUED)

Bonds Payable

The annual requirements to amortize all debt outstanding as of June 30, 2019, with interest payments on issued debt, are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$595,000.00	\$72,832.50	\$667,832.50
2021	315,000.00	50,412.50	365,412.50
2022	325,000.00	39,387.50	364,387.50
2023	340,000.00	27,200.00	367,200.00
2024	340,000.00	13,600.00	353,600.00
	<u>\$1,915,000.00</u>	<u>\$203,432.50</u>	<u>\$2,118,432.50</u>

Under New Jersey Statutes the District may incur debt in an amount not to exceed 4% of the averaged equalized valuation basis of real property. For the calendar year ended December 31, 2018, the District borrowing capacity under N.J.S. 18A:24-19 would be as follows:

<u>Year</u>	<u>Equalized Valuation</u> <u>of Real Property</u>
2018	\$716,476,291.00
2017	708,180,909.00
2016	700,547,411.00
	<u>\$2,125,204,611.00</u>
Average equalized valuation of property	\$708,401,537.00
School borrowing margin (4% of \$708,401,537.00)	28,336,061.48
Net bonded school debt as of December 31, 2018	<u>2,490,000.00</u>
School borrowing power available	<u>\$25,846,061.48</u>

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 5: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provision of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established under the provision of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one year of membership.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 5: PENSION PLANS (CONTINUED)

Significant Legislation

Effective June 28, 2011, P.L. 2011, c. 78 enacted certain changes in the operations and benefit provisions of the TPAF and the PERS systems.

Pension Plan Design Changes

Effective June 28, 2011, P.L. 2011, c. 78, new members of TPAF and PERS, hired on or after June 28, 2011, will need 30 years of creditable service and have attained the age of 65 for receipt of the early retirement benefit without a reduction of 1/4 of 1% for each month that the member is under age 65. New members will be eligible for a service retirement benefit at age 65.

Funding Changes

Under the new legislation, the methodology for calculating the unfunded accrued liability payment portion of the employer's annual pension contribution to the PERS, and TPAF. The unfunded actuarial accrued liability (UAAL) will be amortized for each plan over an open-ended 30 year period and paid in level dollars. Beginning with the July 1, 2019 actuarial valuation (July 1, 2018 for PFRS), the UAAL will be amortized over a closed 30 year period until the remaining period reaches 20, when the amortization period will revert to an open-ended 20 year period.

COLA Suspension

The payment of automatic cost-of-living adjustment to current and future retirees and beneficiaries are suspended until reactivated as permitted by this law.

Vesting and Benefit Provisions The vesting and benefit provisions of PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after ten years of service, except for post-retirement healthcare benefits that vest after 25 years of service.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 5: PENSION PLANS (CONTINUED)

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation.

Effective June 28, 2011, P.L. 2011, c. 78 provides for increases in the employee contribution rates: from 5.5% to 6.5% plus an additional 1% phased-in over 7 years beginning in the first year, meaning after 12 months, after the law's effective date for TPAF and PERS.

Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of TPAF (*i.e.* the State of New Jersey makes the employer contribution on behalf of public school districts).

PERS Contribution Requirements

<u>Year</u> <u>June 30,</u>	<u>Three-Year Trend Information for PERS</u>		<u>Net Pension</u> <u>Obligation</u>
	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	
2019	\$236,928.00	100.00%	\$236,928.00
2018	214,207.00	100.00%	214,207.00
2017	188,446.00	100.00%	188,446.00

During the fiscal years ended June 30, 2019, 2018 and 2017, the State of New Jersey contributed \$1,611,774.00, \$1,168,818.00 and \$871,534.00, respectively to the TPAF pension system on behalf of the District.

During the fiscal years ended June 30, 2019, 2018 and 2017, the State of New Jersey contributed \$2,129.00, \$2,440.00 and \$2,878.00, respectively to the TPAF long term disability insurance fund on behalf of the District.

Also, in accordance with N.J.S.A. 18A:66-66, during the years ended June 30, 2019, 2018 and 2017, the State of New Jersey reimbursed the District \$643,595.03, \$624,963.61 and \$612,508.77, respectively for the employer's share of social security contributions for TPAF members, as calculated on their base salaries.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68

Public Employees Retirement System (PERS)

At June 30, 2019, the District reported a liability of \$4,689,959.00 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017 which was rolled forward to June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2018, the District's proportion was 0.0238195900 percent, which was an increase of 0.0006969030 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$312,751.00 in the governmental-wide financial statements. This expense was based on the pension plans June 30, 2018 measurement date.

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$89,438.00	\$24,183.00
Changes of assumptions	\$772,827.00	1,499,599.00
Net difference between projected and actual earnings on pension plan investments		43,992.00
Changes in proportion and differences between District contributions and proportionate share of contributions	431,062.00	163,023.00
District contributions subsequent to the measurement date	<u>221,601.00</u>	
	<u>\$1,514,928.00</u>	<u>\$1,730,797.00</u>

The \$221,601.00 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2019, the plan measurement date is June 30, 2018) will be recognized as a reduction of the net pension liability in the

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	
<u>June 30</u>	<u>Amount</u>
2019	\$86,159.00
2020	8,541.00
2021	(269,559.00)
2022	(226,518.00)
2023	<u>(36,090.00)</u>
	<u>(\$437,467.00)</u>

Actuarial Assumptions

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

Inflation	2.25 Percent
Salary Increases (based on age)	
Through 2026	1.65-4.15 Percent
Thereafter	2.65-5.15 Percent
Investment Rate of Return	7.00 Percent

Preretirement mortality rates were based on the RP-2000 Employee Preretirement Mortality Table for male and female active participants. For State employees, mortality tables are set back 4 years for males and females. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the Conduent modified 2014 projection scale. Postretirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from 2012 to 2013 using Projection Scale AA and using a generational approach based on the Conduent 2014 projection scale thereafter. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward 1 year for females).

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2018 and 7.00 at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return (Continued)

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

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

Discount Rate

The discount rate used to measure the total pension liability was 5.66% and 5.00% as of June 30, 2018 and June 30, 2017 respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% for both June 30 2018 and June 30, 2017 and a municipal bond rate of 3.87% and 3.58% for June 30, 2018 and June 30, 2017 respectively based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 50% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions (Continued)

Discount Rate (Continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through June 30, 2046. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through June 30, 2046 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease <u>4.66%</u>	At Current Discount Rate <u>5.66%</u>	1% Increase <u>6.66%</u>
District's proportionate share of the pension liability	\$5,897,082.00	\$4,689,959.00	\$3,677,259.00

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF)

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

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2019 was as follows:

Net Pension Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	<u>\$49,296,240</u>
	<u><u>\$49,296,240</u></u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 which was rolled forward to June 30, 2018. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2018, the proportion of the TPAF net pension liability associated with the District was .0774880612 percent which was an increase of .0000048522 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized on-behalf pension expense and revenue of \$2,873,798.00 in the government-wide financial statements for contributions provided by the State. This pension expense and revenue was based on the pension plans June 30, 2018 measurement date.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

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

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

Mortality Rate

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

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

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% and 7.00% at June 30, 2018 and June 30, 2017 respectively) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return (Continued)

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2018 are summarized in the following table:

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

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 6: ACCOUNTING AND FINANCIAL REPORTING FOR PENSION - GASB 68
(CONTINUED)

Teachers Pensions and Annuity Fund (TPAF) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.86% and 4.25% as of June 30, 2018 and 2017, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and 7.00, and a municipal bond rate of 3.87% and 3.58% as of June 30, 2018 and 2017, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 50% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Teachers Public and Annuity Fund (TPAF). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS – GASB 75

Plan Description and Benefits Provided

The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan, with that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a nonemployer contributing entity. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

Employees Covered by Benefit Terms

The State Health Benefit Local Education Retired Employees Plan Membership covered by the benefit terms consisted of the following:

Active Plan Members	217,131
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	145,050
Inactive Plan Members or Beneficiaries Not Yet Receiving Benefits	<u>- 0 -</u>
Total Plan Members	<u>362,181</u>

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Total Nonemployer OPEB Liability

The portion of the Total Nonemployer OPEB Liability that was associated with the District at June 30, 2019 was as follows:

Nonemployer OPEB Liability:	
Districts proportionate share	-0-
State's proportionate share associated with the District	\$41,965,067.00
	\$41,965,067.00

The Total Nonemployer OPEB Liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017, which was rolled forward to June 30, 2018.

The Total Nonemployer OPEB Liability was determined separately based on actual data of the District.

For the year ended June 30, 2019, the District recognized on-behalf post-employment expense and revenue of \$1,762,203.00 in the government-wide financial statements for contributions provided by the State. This expense and revenue was based on the plans June 30, 2018 measurement date,

At June 30, 2018, the District's proportion was 0.0910091280 percent, which was an increase of .0002009240 percent from its proportion measured as of June 30, 2017.

The State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS, TPAF/ABP and PFRS participants. The District's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Consequently, the District did not recognize any portion of the collective Non-Employer OPEB liability on the Statement of Net Position.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Actuarial Assumptions and Other Imputes

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

Inflation 2.5 percent

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases			
Through 2026	1.55-4.55%	2.15-4.15% Based on Age	2.10-8.98% Based of Age
Thereafter	2.00-5.45%	3.15-5.15% Based on Age	3.10-9.98 Based of Age

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience studies for the periods July 1, 2012 - June 30, 2015, July 1, 2011 - June 30, 2014, and July 1, 2010 - June 30, 2013 for TPAF, PFRS and PERS, respectively.

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

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Discount Rate

The discount rate for June 30, 2018 and 2017 was 3.87% and 3.58%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total Nonemployer OPEB Liability

Shown below are details regarding the Total Nonemployer OPEB Liability for the Measurement Period from June 30, 2017 to June 30, 2018:

Balance at 6/30/17		\$48,709,377
Changes for the year:		
Service cost	\$1,641,945.00	
Interest	1,783,356.00	
Differences between expected and actual experience	(4,270,562.00)	
Changes in assumptions or other inputs	(4,815,701.00)	
Membership Contributions	38,783.00	
Benefit payments - Net	<u>(1,122,131.00)</u>	
Net changes		<u>(6,744,310)</u>
Balance at 6/30/18		<u><u>\$41,965,067</u></u>

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Discount Rate

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

	June 30, 2018		
	<u>1.00% Decrease (2.87%)</u>	<u>At Discount Rate (3.87%)</u>	<u>1.00% Increase (4.87%)</u>
State of New Jersey's Share of Nonemployer OPEB Liability Associated with the District	\$49,611,252	\$41,965,067	\$35,887,140

Sensitivity of the Total Nonemployer OPEB Liability to Changes in Healthcare Trends

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

	June 30, 2018		
	<u>1.00% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1.00% Increase</u>
State of New Jersey's Share of Nonemployer OPEB Liability Associated with the District	\$34,686,572	\$41,965,067	\$51,591,155

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

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

At June 30, 2018, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$0	\$4,073,647
Changes of assumptions		9,406,684
Net difference between projected and actual earnings on OPEB plan investments		
Changes in proportion	<u>107,848</u>	<u>183,933</u>
	<u>\$107,848</u>	<u>\$13,664,264</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB associated with the District will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	(\$1,676,333)
2020	(1,676,333)
2021	(1,676,333)
2022	(1,676,333)
2023	(1,676,333)
Total Thereafter	<u>(5,174,751)</u>
	<u><u>(\$13,556,416)</u></u>

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 7: ACCOUNTING AND FINANCIAL REPORTING FOR POST-RETIREMENT BENEFITS OTHER THAN PENSIONS - GASB 75 (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero. There is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources in the financial statements.

State Health Benefit Local Education Retired Employee Plan Information

The New Jersey Division of Pension and Benefits issues publicly available reports on the OPEB plan. Those reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, NJ 08625-0295 or on their website at:

<http://www.state.nj.us/treasury/pensions/gasb-notice-opeb.shtml>

NOTE 8: LITIGATION

The Board attorney's letter advises that there is no litigation, pending litigation, claims, contingent liabilities, unasserted claims or assessments or statutory violations which involve the Board of Education and which might materially affect the Board's financial position.

NOTE 9: CONTINGENCIES

The District receives financial assistance from the State of New Jersey and the U.S. Government in the form of grants. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of the funds for eligible purposes. The State and Federal grants received and expended in the 2018-2019 fiscal year were subject to the Uniform Guidance and New Jersey OMB Circular 15-08 which mandates that grant revenues and expenditures be audited in conjunction with the District's annual audit if expenditures for federal or state programs exceed \$750,000. Findings and questioned costs, if any, relative to federal and state financial assistance programs are discussed in the Single Audit Section, Schedule of Findings and Questioned Costs. In addition, all grants and cost reimbursements are subject to financial and compliance audits by the grantors. The District's management does not believe any such audit would result in material amounts of disallowed costs.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 10: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, and student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

NOTE 11: COMPENSATED ABSENCES

The District accounts for compensated absences (e.g. unused vacation and sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the amount to subsequent years. Upon retirement, employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2019 no liability existed for compensated absences in the proprietary funds.

For additional descriptive information see Note 1, Summary of Significant Accounting Policies.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made. There were no interfund balances remained on the balance sheet at June 30, 2019.

NOTE 13: INVENTORY

Inventory in the Food Service Fund at June 30, 2019 consisted of the following:

Food and Supplies	<u>\$6,096.16</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Act amendments of 1996) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of non-operating revenue in the financial statements.

NOTE 14: DEFERRED COMPENSATION

The District offers its employees a choice of the deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death, or unforeseeable emergency. Since the District does not have any property or rights to the plan assets and no fiduciary relationship exists between the District and the deferred compensation plan, the plan assets are not included in the District's financial statements as of June 30, 2019.

NOTE 15: FUND BALANCE APPROPRIATED

General Fund – Of the \$3,967,019.67 General Fund fund balance at June 30, 2019, \$61,986.63 has been assigned for year-end encumbrances but is not reflected as assigned on the balance sheet since the unassigned balance would be negative; \$1,748,000.00 is restricted in the capital reserve; \$828,852.09 is restricted in the maintenance reserve; \$200,000.00 is restricted in the tuition reserve; \$50,200.00 is restricted in the emergency reserve; \$1,240,000.00 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, of which \$540,000.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2020, however \$100,032.42 of the total excess surplus is not reflected on the balance sheet since the unassigned balance would be negative.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 16: CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004,c.73 (S1701), the designation for restricted fund balance - excess surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. Based on this calculation, the Keyport School District has \$700,000.00 excess fund balance resulting from the year ended June 30, 2019.

General Fund Expenditures Fiscal Year Ended June 30, 2019	\$21,444,093.69
Less:	
On-behalf TPAF Pension and Social Security Reimbursement	<u>2,988,596.03</u>
Adjusted General Fund Expenditures	18,455,497.66
Excess Surplus Percentage	<u>2.00%</u>
2% of Adjusted 2018-19 General Fund Expenditures	<u>369,109.95</u>
Add: Allowable Adjustments	43,008.00
Maximum Unassigned Fund Balance	412,117.95
Actual Unassigned Fund Balance	<u>1,112,117.95</u>
Excess Surplus	<u><u>\$700,000.00</u></u>

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 17: CAPITAL RESERVE

A capital reserve was established by the Borough of Keyport Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve as per N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A23A-14.1 by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C.6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the capital reserve for withdrawal in subsequent school years. Pursuant to N.J.A.C. 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the year ending June 30, 2019 is as follows:

Beginning balance, July 1, 2018	\$1,975,000.00
Add: Board resolution	373,000.00
Less: Withdrawal- board resolution	<u>(600,000.00)</u>
Ending balance, June 30, 2019	<u><u>\$1,748,000.00</u></u>

The withdrawals from the capital reserve were for use in the capital outlay portion of 2018-2019 budget, consistent with the district's Long Range Facilities Plan. Unspent withdrawals were transferred back into capital reserve at year end.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 18: TUITION RESERVE

A tuition reserve was established by the Borough of Keyport School District in accordance with N.J.A.C. 6A:23-3.1(f). This reserve is for formal sending/receiving relationships between two district board of educations established under subchapter 3 of the business service code pursuant to N.J.S.A. 18A:38-19. The maximum amount that may be restricted at year end is 10% of the estimated contract year.

The activity of the tuition reserve for the year ending June 30, 2019 is as follows:

Beginning balance, July 1, 2018	\$200,000.00
Add: Board resolutions	100,000.00
Less: Withdrawals - adopted budget	<u>(100,000.00)</u>
Ending balance, June 30, 2019	<u><u>\$200,000.00</u></u>

NOTE 19: MAINTENANCE RESERVE

A maintenance reserve was established through a board resolution by the Borough of Keyport School District for the accumulation of funds for the required maintenance of a facility in accordance with N.J.S.A. 18A:7G-9 as amended by P.L. 2004, c. 73 (S1701). N.J.S.A. 18A:7G-31(c), 18A:7G-13 and N.J.A.C. 6A:23A-14.2 permits districts, by board resolution, to transfer undesignated general fund balance to the maintenance reserve account if approved in the district's original budget certified for taxes or if the district received voter approval by a separate proposal at budget time or by special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. N.J.S.A. 18A:7F-41(a), 18A:7F-41(b) and N.J.A.C. 6A:23A-14.3 permit a district board of education to transfer by board resolution (prior to June 30) any unanticipated revenue or unexpended line-item appropriation amounts to the maintenance reserve for withdrawal in subsequent school years.

The activity of the maintenance reserve for the year ending June 30, 2019 is as follows:

Beginning balance, July 1, 2018	\$828,059.27
Add: Board resolution	200,792.82
Less: Withdrawals - adopted budget	<u>(200,000.00)</u>
Ending balance, June 30, 2019	<u><u>\$828,852.09</u></u>

Unspent withdrawals were transferred back into maintenance reserve at year end.

Borough of Keyport School District
Notes to the Financial Statements
For the Fiscal Year Ending June 30, 2019

NOTE 20: EMERGENCY RESERVE

An emergency reserve was established by the Borough of Keyport School District for the accumulation of funds for use as emergency expenditures in subsequent fiscal years. The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget. The emergency reserve account is used to fund unanticipated general fund current expense costs and may be established to supplement the reserve in the district's annual budget or through a transfer by board resolution at year end of any unanticipated revenue and unexpended line item appropriation amounts in accordance with N.J.S.A. 18A:7F-41.

The activity of the emergency reserve for the year ending June 30, 2019 is as follows:

Beginning balance, June 30, 2018	
and Ending balance, June 30, 2019	<u><u>\$50,200.00</u></u>

NOTE 21: SUBSEQUENT EVENTS

The Board of Education has evaluated subsequent events occurring after the financial statement date through December 18, 2019 which is the date the financial statements were available to be issued. On July 23, 2019 the District issued \$15,315,000.00 of School Bonds through the Monmouth County Improvement Authority.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
REVENUES:					
Local sources:					
Local tax levy	\$9,610,209.00		\$9,610,209.00	\$9,610,209.00	\$22,057.98
Tuition from other leas	2,660,272.00		2,660,272.00	2,682,329.98	27,423.52
Unrestricted miscellaneous	80,000.00		80,000.00	107,423.52	49,481.50
Total revenues-local sources	12,350,481.00		12,350,481.00	12,399,962.50	49,481.50
State sources:					
Categorical special education aid	561,081.00		561,081.00	561,081.00	
Equalization aid	4,872,712.00		4,872,712.00	4,872,712.00	
Categorical security aid	277,906.00		277,906.00	277,906.00	
Categorical transportation aid	39,799.00		39,799.00	39,799.00	
Extraordinary aid	80,000.00		80,000.00	123,008.00	43,008.00
On-behalf TPAF Pension - post retirement medical (non budgeted)				731,098.00	731,098.00
On-behalf TPAF pension contribution (non-budgeted)				1,578,727.00	1,578,727.00
On-behalf TPAF non-contributory insurance (non-budgeted)				33,047.00	33,047.00
On-behalf TPAF long term disability insurance (non-budgeted)				2,129.00	2,129.00
Reimbursed TPAF social security cont. (non-budgeted)				643,595.03	643,595.03
Total - state sources	5,831,498.00		5,831,498.00	8,863,102.03	3,031,604.03
Federal sources:					
Medicaid Reimbursement (SEMI)	30,010.00		30,010.00	42,536.73	12,526.73
Medicaid Reimbursement (MAC)				5,413.27	5,413.27
Total - federal sources	30,010.00		30,010.00	47,950.00	17,940.00
Total revenues	18,211,989.00		18,211,989.00	21,311,014.53	3,099,025.53
EXPENDITURES					
CURRENT EXPENSE:					
Instruction - regular programs:					
Salaries of teachers:					
Kindergarten	265,079.00	90,289.31	355,368.31	355,153.31	215.00
Grades 1-5	1,960,369.00	(82,314.68)	1,878,054.32	1,871,694.32	6,360.00
Grades 6-8	897,732.25	29,500.00	927,232.25	911,540.33	15,691.92
Grades 9-12	2,101,920.00	(54,698.38)	2,047,221.62	2,036,579.39	11,642.23
Home instruction - regular programs:					
Salaries of teachers	\$12,226.25	(1,276.25)	10,950.00	10,920.00	30.00
Purchased professional educational services		\$4,000.00	\$4,000.00	\$3,450.09	\$549.91

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Regular programs - undistributed instruction:					
Other salaries for instruction	\$147,846.00	\$11,000.00	\$158,846.00	\$150,218.25	\$8,627.75
Purchased professional educational services	14,000.00	(4,650.00)	9,350.00	8,554.77	795.23
Other purchased services	17,500.00	35,450.00	52,950.00	43,762.08	9,187.92
General supplies	485,573.66	(23,800.00)	461,773.66	444,982.22	16,791.44
Textbooks	157,240.00		157,240.00	151,165.76	6,074.24
Total regular programs	6,059,486.16	3,500.00	6,062,986.16	5,987,020.52	75,965.64
Resource room/resource center:					
Salaries of teachers	1,332,126.00	(9,000.00)	1,323,126.00	1,316,810.07	6,315.93
Other salaries for instruction	22,913.00		22,913.00	22,913.00	
Purchased Professional-Educational Services	22,120.00	35,000.00	57,120.00	56,872.50	247.50
General Supplies	25,000.00	(11,000.00)	14,000.00	10,453.52	3,546.48
Total resource room/center	1,402,159.00	15,000.00	1,417,159.00	1,407,049.09	10,109.91
Special education - Home Instruction:					
Purchased Professional-Educational Services	5,000.00		5,000.00	2,568.58	2,431.42
Total home instruction	5,000.00		5,000.00	2,568.58	2,431.42
Total special education	1,407,159.00	15,000.00	1,422,159.00	1,409,617.67	12,541.33
Bilingual education:					
Salaries of teachers	241,870.00		241,870.00	237,974.18	3,895.82
General supplies	400.00		400.00	400.00	
Total bilingual education	\$242,270.00		\$242,270.00	\$238,374.18	\$3,895.82

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
School sponsored cocurricular activities:					
Salaries	\$87,322.00	\$3,500.00	\$90,822.00	\$80,808.50	\$10,013.50
Total school sponsored cocurricular activities	<u>87,322.00</u>	<u>3,500.00</u>	<u>90,822.00</u>	<u>80,808.50</u>	<u>10,013.50</u>
School sponsored athletics:					
Salaries	346,080.00		346,080.00	342,952.96	3,127.04
Purchased services	40,000.00	3,872.00	43,872.00	43,562.50	309.50
Supplies and Materials	78,360.00	(3,872.00)	74,488.00	74,487.50	0.50
Total school sponsored athletics	<u>464,440.00</u>		<u>464,440.00</u>	<u>461,002.96</u>	<u>3,437.04</u>
Total other instructional programs	794,032.00	3,500.00	797,532.00	780,185.64	17,346.36
Total - instruction	<u>8,260,677.16</u>	<u>22,000.00</u>	<u>8,282,677.16</u>	<u>8,176,823.83</u>	<u>105,853.33</u>
Undistributed expenditures:					
Instruction:					
Tuition Other LEA's Regular	51,210.00		51,210.00	21,129.00	30,081.00
Tuition to County Voc. School Dist. - Regular	130,800.00	(10,670.00)	120,130.00	97,511.50	22,618.50
Tuition to County Voc. School Dist. - Special Ed	30,000.00	(14,380.00)	15,620.00	15,620.00	
Tuition for private schools for handicapped within the state	442,446.00	25,050.00	467,496.00	389,934.08	77,561.92
Total instruction	<u>654,456.00</u>		<u>654,456.00</u>	<u>524,194.58</u>	<u>130,261.42</u>
Health services:					
Salaries	157,108.00		157,108.00	157,108.00	
Purchased Professional and Technical Services	11,300.00		11,300.00	9,608.50	1,691.50
Supplies and materials	9,000.00		9,000.00	2,733.67	6,266.33
Total - health services	<u>\$177,408.00</u>		<u>\$177,408.00</u>	<u>\$169,450.17</u>	<u>\$7,957.83</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Other support services - students-related services: Salaries	\$122,726.00	\$2,000.00	\$124,726.00	\$124,726.00	
Total other support services - students-related services	122,726.00	2,000.00	124,726.00	124,726.00	
Other support services students-extra services Salaries	36,696.00		36,696.00	36,696.00	
Purchased professional -educational services	60,000.00	(17,000.00)	43,000.00	36,617.25	\$6,382.75
Total other support services students-extra services	96,696.00	(17,000.00)	79,696.00	73,313.25	6,382.75
Other support services - students-regular Salaries of other professional staff	360,343.00	380.00	360,723.00	360,711.80	11.20
Salaries of secretarial and clerical assistants	40,550.00		40,550.00	40,549.92	0.08
Purchased professional educational services	1,000.00		1,000.00		1,000.00
Other purchased services	16,600.00		16,600.00	4,650.00	11,950.00
Supplies and materials	16,790.00	(380.00)	16,410.00	16,265.00	145.00
Other objects	6,500.00		6,500.00	2,372.77	4,127.23
Total other support services - students-regular	441,783.00		441,783.00	424,549.49	17,233.51
Other support services - students - special services: Salaries of other professional staff	276,708.00		276,708.00	274,566.13	2,141.87
Salaries of secretarial and clerical assistants	106,746.00		106,746.00	85,996.65	20,749.35
Total other support services - students - special services	383,454.00		383,454.00	360,562.78	22,891.22
Improvement of instructional services: Salary of Supervisor of instruction	437,998.00		437,998.00	423,183.42	14,814.58
Salaries of other professional staff	12,000.00		12,000.00	9,100.00	2,900.00
Salaries of secretary and clerical assistant	53,324.00		53,324.00	53,322.96	1.04
Purchased professional and educational services	25,000.00		25,000.00	21,975.75	3,024.25
Total improvement of instructional services	528,322.00		528,322.00	507,582.13	20,739.87
Educational media/school library: Salaries	99,442.00		99,442.00	86,965.78	12,476.22
Purchased professional and technical services	1,000.00		1,000.00		1,000.00
Other purchased services	6,000.00		6,000.00	6,000.00	
Supplies and materials	24,749.56		24,749.56	18,817.45	5,932.11
Total educational media/school library	\$131,191.56		\$131,191.56	\$111,783.23	\$19,408.33

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Instructional staff training services:					
Salaries of Supervisors of Instruction	\$5,860.00		\$5,860.00	\$5,860.00	\$4,947.06
Other objects	25,000.00		25,000.00	20,052.94	
Total Instructional staff training services	30,860.00		30,860.00	25,912.94	4,947.06
Support services general administration:					
Salaries	255,812.00	(2,800.00)	253,012.00	252,989.36	22.64
Legal services	25,000.00	35,152.15	60,152.15	60,113.99	38.16
Audit fees	26,000.00		26,000.00	25,950.00	50.00
Other purchased professional services	17,300.00	1,835.00	19,135.00	19,109.30	25.70
Purchased technical services	6,800.00	(6,800.00)			
Communications/telephone	19,800.00	10,600.00	30,400.00	30,317.01	82.99
BOE Other purchased services	4,900.00	1,765.00	6,665.00	6,517.39	147.61
Other purchased services (400-500 series)	1,000.00	(500.00)	500.00	386.42	113.58
General Supplies	5,000.00	(300.00)	4,700.00	4,590.20	109.80
Miscellaneous expenditures	2,500.00	(1,550.00)	950.00	853.90	96.10
BOE Membership dues and fees	8,500.00	(327.15)	8,172.85	8,172.85	
Total support services general administration	372,612.00	37,075.00	409,687.00	409,000.42	686.58
Support services school administration:					
Salaries of principals/assistant principals	398,885.00		398,885.00	398,884.56	0.44
Salaries of secretarial and clerical assistants	164,800.00		164,800.00	164,799.60	0.40
Supplies and materials	7,900.00		7,900.00	7,155.13	744.87
Other objects	15,000.00	(20.00)	14,980.00	13,904.02	1,075.98
Total support services school administration	586,585.00	(20.00)	586,565.00	584,743.31	1,821.69
Central services:					
Salaries	289,501.00		289,501.00	288,824.21	676.79
Purchased technical services	21,000.00	620.00	21,620.00	21,618.65	1.35
Misc. purchased services (400-500 series)	6,700.00	(2,380.00)	4,320.00	4,259.60	60.40
Supplies and Materials	3,000.00	(750.00)	2,250.00	2,235.54	14.46
Miscellaneous Expenditures	3,200.00	730.00	3,930.00	3,906.32	23.68
Total central services	323,401.00	(1,780.00)	321,621.00	320,844.32	776.68
Administration information technology:					
Salaries	85,196.00		85,196.00	85,081.48	114.52
Purchased technical services	68,500.00	(2,875.00)	65,625.00	51,398.99	14,226.01
Supplies and Materials	25,000.00		25,000.00	12,242.35	12,757.65
Total administration information technology	\$178,696.00	(\$2,875.00)	\$175,821.00	\$148,722.82	\$27,098.18

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Required maintenance for school facilities:					
Salaries	\$135,985.00	\$14,184.34	\$150,169.34	\$149,206.29	\$963.05
Cleaning, repair, and maintenance services	417,509.26	(10,400.00)	407,109.26	295,631.68	111,477.58
General Supplies	43,000.00		43,000.00	35,339.68	7,660.32
Other Objects	3,000.00		3,000.00	655.00	2,345.00
Total required maintenance for school facilities	599,494.26	3,784.34	603,278.60	480,832.65	122,445.95
Other operations and maintenance of plant:					
Salaries	536,263.00	(8,184.34)	528,078.66	518,808.07	9,270.59
Purchased professional and technical services	12,550.00	4,400.00	16,950.00	10,440.00	6,510.00
Cleaning, repair and maintenance services	27,000.00	(6,000.00)	21,000.00	13,246.13	7,753.87
Other purchased property services	70,000.00	(3,000.00)	67,000.00	40,013.57	26,986.43
Insurance	162,000.00	(5,000.00)	157,000.00	153,753.73	3,246.27
Miscellaneous purchased services	11,000.00		11,000.00	10,054.91	945.09
General supplies	56,000.00	9,000.00	65,000.00	64,816.40	183.60
Energy (Natural Gas)	142,000.00	8,500.00	150,500.00	146,372.47	4,127.53
Energy (electricity)	142,000.00	(8,500.00)	133,500.00	120,458.51	13,041.49
Total other operations and maintenance of plant	1,158,813.00	(8,784.34)	1,150,028.66	1,077,963.79	72,064.87
Care and Upkeep of Grounds					
Salaries	63,517.00		63,517.00	58,516.80	5,000.20
Purchased professional and technical services	10,000.00		10,000.00	9,400.00	600.00
General Supplies	28,000.00		28,000.00	19,819.35	8,180.65
Total Care and Upkeep of Grounds	101,517.00		101,517.00	87,736.15	13,780.85
Security					
Salaries	70,000.00	(70,000.00)			
Purchased Professional & Technical Services	1,318.75	80,000.00	81,318.75	77,384.75	3,934.00
Cleaning, repair and maintenance services	27,000.00	(5,000.00)	22,000.00	21,027.90	972.10
General Supplies	3,000.00		3,000.00	777.12	2,222.88
Total Security	101,318.75	5,000.00	106,318.75	99,189.77	7,128.98
Total operations and maintenance of plant services	1,961,143.01	0.00	1,961,143.01	1,745,722.36	215,420.65
Student transportation services:					
Contracted services (other than between home and school) - vendors	170,000.00	5,000.00	175,000.00	169,301.75	5,698.25
Contracted services (special education students) vendors	92,141.00	(5,000.00)	87,141.00	39,627.00	47,514.00
Contracted services (special education students) - ESCs and CTSAs	335,000.01		335,000.01	301,814.67	33,185.34
Total student transportation services	\$597,141.01		\$597,141.01	\$510,743.42	\$86,397.59

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
Unallocated benefits:					
Social security contributions	\$181,238.21	\$5,800.00	\$187,038.21	\$177,322.97	\$9,715.24
Other retirement contributions - PERS	220,000.00	18,200.00	238,200.00	238,200.00	
Unemployment Compensation	45,300.00	1,500.00	46,800.00	46,365.95	434.05
Workmen's compensation	150,000.00	(5,000.00)	145,000.00	125,282.65	19,717.35
Health benefits	3,541,000.00	(59,900.00)	3,481,100.00	2,933,539.04	547,560.96
Tuition reimbursement	40,000.00		40,000.00	36,334.97	3,665.03
Other employee benefits	45,000.00		45,000.00	8,731.99	36,268.01
Total unallocated benefits	4,222,538.21	(39,400.00)	4,183,138.21	3,565,777.57	617,360.64
On-behalf TPAF Pension - post retirement medical (non-budgeted)				731,098.00	(731,098.00)
On-behalf TPAF Pension Contribution (non-budgeted)				1,578,727.00	(1,578,727.00)
On-behalf TPAF Non-Contributory Insurance (non-budgeted)				33,047.00	(33,047.00)
On-behalf TPAF long term disability insurance (non-budgeted)				2,129.00	(2,129.00)
Reimbursed TPAF Social Security contributions (non-budgeted)				643,595.03	(643,595.03)
				2,988,596.03	(2,988,596.03)
Total undistributed expenditures	10,809,012.79	(22,000.00)	10,787,012.79	12,596,224.82	(1,809,212.03)
TOTAL EXPENDITURES - CURRENT EXPENSE	19,069,689.95		19,069,689.95	20,773,048.65	(1,703,358.70)
CAPITAL OUTLAY:					
Equipment:					
Administrative info technology	20,000.00	(3,000.00)	17,000.00	2,639.02	14,360.98
Maintenance	57,059.15	3,000.00	60,059.15	57,059.15	3,000.00
Total Equipment	77,059.15		77,059.15	59,698.17	17,360.98
Facilities Acquisition and Construction Services:					
Legal Services		6,000.00	6,000.00	5,923.45	76.55
Fa & Cs Architecture and Engineering Services	3,688.70	494,100.00	497,788.70	495,527.30	2,261.40
Construction services-air conditioning		99,900.00	99,900.00	47,560.00	52,340.00
Bldgs. Other than lease purchase agreement	4,500.00		4,500.00	4,500.00	
Assessment for debt service on SDA funding	10,134.00		10,134.00	10,134.00	
Total Facilities Acquisition and Construction Services	18,322.70	600,000.00	618,322.70	563,644.75	54,601.40
TOTAL CAPITAL OUTLAY:	\$95,381.85	\$600,000.00	\$695,381.85	\$623,342.92	\$71,962.38

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED JUNE 30, 2019

	ORIGINAL BUDGET	BUDGET TRANSFERS/ AMENDMENTS	FINAL BUDGET	ACTUAL	VARIANCE FINAL TO ACTUAL
SPECIAL SCHOOLS:					
Instruction:					
Salaries of teachers	\$75,000.00	(\$1,158.88)	\$73,841.12	\$43,543.24	\$30,297.88
Other salaries for instruction	3,000.00	1,158.88	4,158.88	4,158.88	
Purchased professional and technical services	5,000.00		5,000.00		5,000.00
Total instruction	83,000.00	(0.00)	83,000.00	47,702.12	35,297.88
Support Services:					
Personal services - employee benefits	2,275.00		2,275.00		2,275.00
Total Support Services	2,275.00		2,275.00		2,275.00
TOTAL SPECIAL SCHOOLS:	85,275.00	(0.00)	85,275.00	47,702.12	37,572.88
GENERAL FUND GRAND TOTAL	19,250,346.80	600,000.00	19,850,346.80	21,444,093.69	(1,593,823.44)
Excess (deficiency) of revenues over (under) expenditures	(\$1,038,357.80)	(\$600,000.00)	(\$1,638,357.80)	(\$133,079.16)	\$1,505,202.09
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(1,038,357.80)	(600,000.00)	(1,638,357.80)	(133,079.16)	1,505,202.09
Fund balances, July 1	4,674,235.83		4,674,235.83	4,674,235.83	
Fund balances, June 30	\$3,635,878.03	(\$600,000.00)	\$3,035,878.03	\$4,541,156.67	\$1,505,202.09
Recapitulation:					
Assigned - year-end encumbrances				\$61,986.63	
Restricted - capital reserve				1,748,000.00	
Restricted - emergency reserve				50,200.00	
Restricted - maintenance reserve				828,852.09	
Restricted - tuition reserve				200,000.00	
Restricted - excess surplus - designated for subsequent year's expenditures				540,000.00	
Restricted - excess surplus - current year				700,000.00	
Unassigned fund balance				412,117.95	
				\$4,541,156.67	
Reconciliation to Government Fund Statements				(574,137.00)	
Last State Aid payment not recognized on GAAP basis				\$3,967,019.67	
Fund Balance per Governmental Funds (GAAP)					

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR FISCAL YEARS ENDED JUNE 30, 2019

	<u>ORIGINAL BUDGET</u>	<u>BUDGET TRANSFERS/ AMENDMENTS</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FINAL TO ACTUAL</u>
REVENUES:					
State sources	\$684,760.00	\$106,091.67	\$790,851.67	\$604,814.72	(\$186,036.95)
Federal sources	555,800.00	217,147.18	772,947.18	743,045.03	(29,902.15)
Other sources		5,110.69	5,110.69	5,110.69	
Total revenues	<u>1,240,560.00</u>	<u>328,349.54</u>	<u>1,568,909.54</u>	<u>1,352,970.44</u>	<u>(215,939.10)</u>
EXPENDITURES:					
Instruction:					
Salaries of teachers	484,557.00	210,543.51	695,100.51	538,789.19	156,311.32
Other salaries for instruction	73,392.00	45.88	73,437.88	73,437.88	
Tuition		281,503.00	281,503.00	281,502.72	0.28
General supplies	14,918.00	38,070.46	52,988.46	34,315.38	18,673.08
Total instruction	<u>773,310.00</u>	<u>530,162.85</u>	<u>1,103,029.85</u>	<u>928,045.17</u>	<u>174,984.68</u>
Support services:					
Other salaries	15,660.00	3,947.73	19,607.73	6,662.50	12,945.23
Personal services - employee benefits	271,725.00	(44,681.00)	227,044.00	224,976.00	2,068.00
Purchased professional services	93,434.00	(28,419.00)	65,015.00	49,721.82	15,293.18
Other purchased services	21,677.00	901.00	22,578.00	21,713.90	864.10
Travel	2,000.00		2,000.00		2,000.00
Supplies and materials	12,771.00	5,930.96	18,701.96	12,901.31	5,800.65
Other objects	47,983.00	(42,050.00)	5,933.00	3,964.78	1,968.22
Total support services	<u>465,250.00</u>	<u>(104,370.31)</u>	<u>360,879.69</u>	<u>319,940.31</u>	<u>40,939.38</u>
Facilities acquisition & construction services:					
Construction services					
Non-Instructional equipment	2,000.00	105,000.00	105,000.00	104,984.96	15.04
Total expenditures	<u>\$1,240,560.00</u>	<u>\$528,792.54</u>	<u>\$1,568,909.54</u>	<u>\$1,352,970.44</u>	<u>\$215,939.10</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
BUDGET TO GAAP RECONCILIATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>
Sources/inflows of resources		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$21,311,014.53	\$1,352,970.44
Difference - budget to GAAP Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and related revenue is recognized.		(116,002.21)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	551,196.00	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(574,137.00)</u>	<u>(68,476.00)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$21,288,073.53</u>	<u>\$1,168,492.23</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules	\$21,444,093.69	\$1,352,970.44
Difference - 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 purposes		<u>(116,002.21)</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$21,444,093.69</u>	<u>\$1,236,968.23</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

BOROUGH OF KEYPORT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered-Employee Payroll	District's Proportion of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0227317376%	\$4,120,981.00	\$1,498,841.00	274.94%	48.72%
2014	0.0220105743%	4,344,487.00	1,483,421.00	292.87%	52.08%
2015	0.0226547394%	5,085,535.00	1,452,782.00	350.05%	47.92%
2016	0.0212121813%	6,282,440.00	1,487,972.00	422.21%	40.14%
2017	0.0231226870%	5,382,592.00	1,614,179.00	333.46%	48.10%
2018	0.0238195900%	4,689,959.00	1,593,720.00	294.28%	53.60%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF KEYPORT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN YEARS

Fiscal Year Ending June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2014	\$171,279.00	\$171,279.00	-0-	\$1,483,421.00	11.55%
2015	181,452.00	181,452.00	-0-	1,452,782.00	12.49%
2016	194,770.00	194,770.00	-0-	1,487,972.00	13.09%
2017	188,446.00	188,446.00	-0-	1,614,179.00	11.67%
2018	214,207.00	214,207.00	-0-	1,593,540.00	13.44%
2019	221,601.00	221,601.00	-0-	1,619,772.00	13.68%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF KEYPORT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS PENSION AND ANNUITY FUND
LAST TEN YEARS

Measurement Date Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability associated with the District	District's Proportion of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	State's Proportionate Share of the Total Net Pension Liability associated with the District as a percentage of the District's Covered-Employee Payroll	Plan Fiduciary Net Position as a percentage of the total Pension Liability
2013	0.0850918862%	\$	43,004,770.00	\$7,982,207.00	538.76%	33.76%
2014	0.0813216155%		43,463,757.00	8,274,770.00	525.26%	33.64%
2015	0.0824381848%		52,104,453.00	8,015,020.00	650.09%	28.71%
2016	0.0824909518%		64,892,635.00	7,735,877.00	838.85%	22.33%
2017	0.0774832090%		52,241,973.00	8,478,981.00	616.14%	25.41%
2018	0.0774880612%		49,296,240.00	8,548,846.00	576.64%	26.49%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF KEYPORT SCHOOL DISTRICT
SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSION (GASB 68)

NOTE TO RSI III
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2018	5.66%	7.00%	07/01/11-06/30/14
2017	5.00%	7.00%	07/01/11-06/30/14
2016	3.98%	7.65%	07/01/11-06/30/14
2015	4.90%	7.90%	07/01/08-06/30/11
2014	5.39%	7.90%	07/01/08-06/30/11
2013	5.55%	7.90%	07/01/08-06/30/11

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

The following assumptions were used in calculating the net pension liability in their respective accounting periods:

Measurement Date Ending <u>June 30,</u>	Discount <u>Rate</u>	Long-Term Expected Rate of <u>Return</u>	Actuarial Experience <u>Study Period</u>
2018	4.86%	7.00%	07/01/12-06/30/15
2017	4.25%	7.00%	07/01/12-06/30/15
2016	3.22%	7.65%	07/01/12-06/30/15
2015	4.13%	7.90%	07/01/09-06/30/12
2014	4.68%	7.90%	07/01/09-06/30/12
2013	4.95%	7.90%	07/01/09-06/30/12

REQUIRED SUPPLEMENTARY INFORMATION - PART IV

**SCHEDULE RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER
THAN PENSIONS (GASB 75)**

BOROUGH OF KEYPORT SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS

	Measurement Date Ended June 30,	
	2018	2017
Total Non-Employer OPEB Liability - State's Proportionate Share of Total OPEB Liability Associated with the School District		
Balance at 6/30	\$48,709,377	\$52,779,651
Changes for the year:		
Service cost	1,641,945	1,988,449
Interest	1,783,356	1,545,515
Changes of benefit terms		
Differences between expected and actual experience	(4,270,562)	
Changes in assumptions or other inputs	(4,815,701)	(6,517,569)
Membership Contributions	38,783	41,544
Benefit payments - Net	(1,122,131)	(1,128,213)
Net changes	(6,744,310)	(4,070,274)
Balance at 6/30	\$41,965,067	\$48,709,377
Covered Employee Payroll	10,142,566	10,093,160
District's Proportionate Share of the Total Non-Employer OPEB Liability as a percentage of the District's Covered Employee Payroll	-0-	-0-
State's Proportionate Share of the Total Non-Employer OPEB Liability associated with the District as a percentage of the District's Covered Employee Payroll	413.75%	482.60%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

BOROUGH OF KEYPORT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION PART IV
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Change in benefit terms: None

Change in assumptions: The discount rate changed from 3.58% to 3.87% as of
June 30, 2018.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND DETAIL STATEMENTS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

BOROUGH OF KEYPORT SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	TITLE I	TITLE II PART A	TITLE III	IDEA PART B BASIC	IDEA PART B PRESCHOOL	PRESCHOOL AID	LOCAL PROGRAM	TOTAL
REVENUES:								
State sources						\$604,814.72		\$604,814.72
Federal sources	\$402,397.23	\$29,127.81	\$21,965.27	\$281,502.72	\$8,052.00			743,045.03
Other sources							\$5,110.69	5,110.69
Total revenues	402,397.23	29,127.81	21,965.27	281,502.72	8,052.00	604,814.72	5,110.69	1,352,970.44
EXPENDITURES:								
Instruction:								
Salaries of teachers	278,566.44	560.00	14,717.50			244,945.25		538,789.19
Other salaries for instruction						73,437.88		73,437.88
Tuition				281,502.72				281,502.72
General supplies	13,618.90		4,825.22		451.00	15,420.26		34,315.38
Total instruction	292,185.34	560.00	19,542.72	281,502.72	451.00	333,803.39		928,045.17
Support services:								
Other salaries		5,875.00	787.50					6,662.50
Personal services - employee benefits	80,620.00					144,356.00		224,976.00
Purchased professional services	14,000.00	8,375.00			7,601.00	19,745.82		49,721.82
Other purchased services	11,664.00	9,365.90	684.00					21,713.90
Supplies and materials	1,857.89	4,951.91	633.01			347.81	5,110.69	12,901.31
Miscellaneous expenditures	2,070.00		318.04			1,576.74		3,964.78
Total support services	110,211.89	28,567.81	2,422.55		7,601.00	166,026.37	5,110.69	319,940.31
Facilities acquisition & construction services:								
Non-instructional equipment						104,984.96		104,984.96
Total facilities acquisitions & constructio						104,984.96		104,984.96
Total expenditures	\$402,397.23	\$29,127.81	\$21,965.27	\$281,502.72	\$8,052.00	\$604,814.72	\$5,110.69	\$1,352,970.44

BOROUGH OF KEYPORT SCHOOL DISTRICT
SPECIAL REVENUE FUND
SCHEDULE OF PRESCHOOL EDUCATION AID
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BUDGETED</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
EXPENDITURES:			
Instruction:			
100-100 Salaries of teachers	\$397,058.67	\$244,945.25	\$152,113.42
100-106 Other salaries of instruction	73,437.88	73,437.88	
100-600 General supplies	30,000.00	15,420.26	14,579.74
Total Instruction	<u>500,496.55</u>	<u>333,803.39</u>	<u>166,693.16</u>
Support Services:			
200-200 Personal services - employee benefits	144,356.00	144,356.00	
200-300 Purchased professional services	31,800.00	19,745.82	12,054.18
200-560 Tuition	2,000.00		2,000.00
200-600 Supplies and materials	5,616.12	347.81	5,268.31
200-800 Miscellaneous expenditures	1,583.00	1,576.74	6.26
Total Support Services	<u>185,355.12</u>	<u>166,026.37</u>	<u>19,328.75</u>
Facilities Acquisition & Construction Services:			
400-731 Facilities Acquisition & Construction Services:			
400-732 Non-instructional equipment	105,000.00	104,984.96	15.04
Total Facilities Acquisitions & Construction	<u>105,000.00</u>	<u>104,984.96</u>	<u>15.04</u>
Total expenditures	<u>\$790,851.67</u>	<u>\$604,814.72</u>	<u>\$186,036.95</u>

CALCULATION OF BUDGET AND CARRYOVER

Total 2018-2019 Preschool Education Aid Allocation	\$684,760.00
Add: Actual ECPA/ Preschool Education Aid Carryover (June 30, 2018)	106,091.67
Total Preschool Education Aid Available for 2018-2019 Budget	<u>790,851.67</u>
Less: 2018-2019 Budgeted Preschool Education Aid (including prior year budgeted carryover)	<u>(790,851.67)</u>
Available and Unbudgeted Preschool Education Funds as of June 30, 2019	
Add: June 30, 2019 Unexpended Preschool Education Aid	<u>186,036.95</u>
2018-2019 Carryover - Preschool Education Aid Programs	<u>\$186,036.95</u>
2018-2019 Preschool Education Aid Carryover Budgeted for Preschool Programs 2019-2020	<u>\$186,036.95</u>

PROPRIETARY FUND DETAIL STATEMENTS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund: This fund provides for the operation of food services in all schools within the school district.

Extindicare Fund: This fund provides for the operation of a before and after school care program.

BOROUGH OF KEYPORT SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

ASSETS:	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND		TOTAL
	FOOD SERVICE	EXTENDICARE	
Current assets:			
Cash and cash equivalents	\$136,291.01	\$115,774.62	\$252,065.63
Accounts receivable:			
State	288.27		288.27
Federal	14,292.47		14,292.47
Other	10,923.56		10,923.56
Inventories	6,096.16		6,096.16
Total current assets	167,891.47	115,774.62	283,666.09
Noncurrent assets			
Furniture, machinery and equipment	130,637.00		130,637.00
Less: Accumulated depreciation	(81,927.00)		(81,927.00)
Total noncurrent assets	48,710.00		48,710.00
TOTAL ASSETS	216,601.47	115,774.62	332,376.09
LIABILITIES:			
Current liabilities:			
Accounts payable	15,283.84		15,283.84
Unearned Revenue	4,522.38		4,522.38
Total current liabilities	19,806.22		19,806.22
NET POSITION:			
Net investment in capital assets	48,710.00		48,710.00
Unrestricted	148,085.25	115,774.62	263,859.87
TOTAL NET POSITION	\$196,795.25	\$115,774.62	\$312,569.87

BOROUGH OF KEYPORT SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BUSINESS-TYPE ACTIVITIES -</u> <u>ENTERPRISE FUND</u>		<u>TOTAL</u>
	<u>FOOD</u> <u>SERVICE</u>	<u>EXTENDICARE</u>	
OPERATING REVENUES:			
Local sources:			
Daily sales-reimbursable programs	\$97,907.20		\$97,907.20
Daily sales non-reimbursable programs	54,333.70		54,333.70
Daily sales Other	5,051.54		5,051.54
Program fees		\$152,270.30	152,270.30
Total operating revenue	<u>157,292.44</u>	<u>152,270.30</u>	<u>309,562.74</u>
OPERATING EXPENSES:			
Salaries	141,161.80	131,416.88	272,578.68
Employee benefits and taxes	35,610.34	10,053.38	45,663.72
Management fee	11,731.00		11,731.00
Administrative cost			
Supplies and materials	23,925.48	2,402.36	26,327.84
Repairs and other	27,729.75	1,368.05	29,097.80
Depreciation	6,673.00		6,673.00
Cost of sales - reimbursable programs	194,347.70		194,347.70
Cost of sales - non-reimbursable programs	20,740.81		20,740.81
Total operating expenses	<u>461,919.88</u>	<u>145,240.67</u>	<u>607,160.55</u>
Operating income (loss)	<u>(304,627.44)</u>	<u>7,029.63</u>	<u>(297,597.81)</u>
Nonoperating revenues (expenses) :			
State sources:			
State school lunch program	5,789.90		5,789.90
Federal sources:			
National school lunch program	254,228.55		254,228.55
National school breakfast program	31,589.72		31,589.72
National food distribution commodities	42,370.91		42,370.91
Interest	1,361.30	1,281.11	2,642.41
Total nonoperating revenues	<u>335,340.38</u>	<u>1,281.11</u>	<u>336,621.49</u>
Net income	30,712.94	8,310.74	39,023.68
Net position - July 1	<u>166,082.31</u>	<u>107,463.62</u>	<u>273,545.93</u>
Net position - June 30	<u>\$196,795.25</u>	<u>\$115,774.36</u>	<u>\$312,569.61</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
PROPRIETARY FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND		
	FOOD SERVICE	EXTENDICARE	TOTAL
Cash flows from operating activities:			
Receipts from customers	\$153,428.91	\$152,270.30	\$305,699.21
Payments to employees	(132,859.83)	(131,416.88)	(264,276.71)
Payments for employee benefits	(33,284.40)	(10,053.38)	(43,337.78)
Payments to suppliers	(304,821.98)	(3,770.41)	(308,592.39)
Net cash provided (used) by operating activities	(317,537.30)	7,029.63	(310,507.67)
Cash flows from noncapital financing activities:			
State sources	5,972.16		5,972.16
Federal sources	337,255.63		337,255.63
Net cash provided (used) by noncapital financing activities	343,227.79		343,227.79
Cash flows from investing activities:			
Interest	1,361.30		1,361.30
Net cash provided (used) by investing activities	1,361.30		1,361.30
Cash flows from capital and related financing activities:			
Purchases of capital assets	(18,313.00)		(18,313.00)
Net cash provided (used) by capital and related financing activities	(18,313.00)		(18,313.00)
Net increase(decrease) in cash and cash equivalents	8,738.79	7,029.63	15,768.42
Cash and cash equivalents, July 1	127,552.22	91,195.45	218,747.67
Cash and cash equivalents, June 30	\$136,291.01	\$98,225.08	\$234,516.09
Operating income (loss)	(\$304,627.44)	\$7,029.63	(\$297,597.81)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:			
Depreciation and net amortization	6,673.00		6,673.00
Change in assets and liabilities:			
Increase (Decrease) in unearned revenue	(2,899.57)		(2,899.57)
(Increase) Decrease in inventory	1,267.61		1,267.61
(Increase) Decrease in accounts receivable	(3,430.95)		(3,430.95)
Increase (Decrease) in accounts payable	(14,519.95)		(14,519.95)
Net cash provided (used) by operating activities	(317,537.30)	\$7,029.63	(310,507.67)

FIDUCIARY FUND DETAIL STATEMENTS

Fiduciary funds are used to account for assets when a school district is functioning either as a trustee or as an agent for another party.

- Scholarship Trust Fund:** This trust fund is used to account for assets held by the district for grants to students where there are no restrictions regarding the use of principal and interest.
- Student Activity Fund:** This agency fund is used to account for student funds held at the schools.
- Payroll Agency Fund:** This agency fund is used to account for the payroll transactions of the school district

BOROUGH OF KEYPORT SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	<u>TRUST</u>			<u>AGENCY</u>		<u>TOTAL</u> <u>AGENCY FUND</u>
	<u>ADULT</u> <u>EMT SCHOOL</u>	<u>PRIVATE</u> <u>PURPOSE</u> <u>SCHOLARSHIP</u> <u>FUNDS</u>	<u>TOTAL</u> <u>TRUST FUND</u>	<u>STUDENT</u> <u>ACTIVITIES</u>	<u>PAYROLL</u>	
ASSETS:						
Cash and cash equivalents	\$38,263.18	\$8,839.15	\$47,102.33	\$59,959.95	\$410,620.25	\$470,580.20
Total assets	<u>38,263.18</u>	<u>8,839.15</u>	<u>47,102.33</u>	<u>59,959.95</u>	<u>410,620.25</u>	<u>470,580.20</u>
LIABILITIES:						
Liabilities:						
Payroll deductions and withholdings					410,620.25	410,620.25
Due to student groups				<u>59,959.95</u>		<u>59,959.95</u>
Total liabilities				<u>59,959.95</u>	<u>410,620.25</u>	<u>470,580.20</u>
NET POSITION:						
Held in trust for adult emt school	38,263.18		38,263.18			
Held in trust for scholarships		<u>8,839.15</u>	<u>8,839.15</u>			
Total net position	<u>\$38,263.18</u>	<u>\$8,839.15</u>	<u>\$47,102.33</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$-0-</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>ADULT EMT SCHOOL</u>	<u>PRIVATE PURPOSE SCHOLARSHIP FUNDS</u>	<u>TOTAL</u>
ADDITIONS:			
Contributions:			
State Aid	\$83,322.50		\$83,322.50
Other	297.97	\$2,828.74	\$3,126.71
	<u>83,620.47</u>	<u>2,828.74</u>	<u>86,449.21</u>
Total additions	<u>83,620.47</u>	<u>2,828.74</u>	<u>86,449.21</u>
DEDUCTIONS:			
Tuition	77,833.81		77,833.81
Scholarships awarded		5,600.00	5,600.00
	<u>77,833.81</u>	<u>5,600.00</u>	<u>83,433.81</u>
Total deductions	<u>77,833.81</u>	<u>5,600.00</u>	<u>83,433.81</u>
Change in net position	5,786.66	(2,771.26)	3,015.40
Net position - July 1	<u>32,476.52</u>	<u>11,610.41</u>	<u>44,086.93</u>
Net position - June 30	<u><u>\$38,263.18</u></u>	<u><u>\$8,839.15</u></u>	<u><u>\$47,102.33</u></u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
FIDUCIARY FUND
STUDENT ACTIVITY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JULY 1, 2018</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
ASSETS:				
Cash and cash equivalents	<u>\$79,386.27</u>	<u>\$206,584.00</u>	<u>\$226,010.32</u>	<u>\$59,959.95</u>
Total assets	<u><u>79,386.27</u></u>	<u><u>206,584.00</u></u>	<u><u>226,010.32</u></u>	<u><u>59,959.95</u></u>
LIABILITIES:				
Due student groups:				
High school / Elementary	67,061.72	133,042.73	145,044.64	55,059.81
Athletic activities	<u>12,324.55</u>	<u>73,541.27</u>	<u>80,965.68</u>	<u>4,900.14</u>
Total liabilities	<u><u>\$79,386.27</u></u>	<u><u>\$206,584.00</u></u>	<u><u>\$226,010.32</u></u>	<u><u>\$59,959.95</u></u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
FIDUCIARY FUND
PAYROLL AGENCY FUND SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BALANCE</u> <u>JULY 1, 2018</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2019</u>
ASSETS:				
Cash and cash equivalents	<u>\$357,278.40</u>	<u>\$12,911,050.48</u>	<u>\$12,857,708.63</u>	<u>\$410,620.25</u>
Total assets	<u><u>357,278.40</u></u>	<u><u>12,911,050.48</u></u>	<u><u>12,857,708.63</u></u>	<u><u>410,620.25</u></u>
LIABILITIES:				
Deductions payable	<u>357,278.40</u>	<u>6,058,375.26</u>	<u>6,005,033.41</u>	<u>410,620.25</u>
Total liabilities	<u><u>\$357,278.40</u></u>	<u><u>\$6,058,375.26</u></u>	<u><u>\$6,005,033.41</u></u>	<u><u>\$410,620.25</u></u>

LONG-TERM DEBT SCHEDULES

The Long-Term schedules are used to reflect the outstanding principal balances of the long-term liabilities of the District. This includes obligations under Serial Bonds and Capital Leases.

BOROUGH OF KEYPORT SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS
JUNE 30, 2019

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE JUNE 30, 2018</u>	<u>DECREASES</u>	<u>BALANCE JUNE 30, 2019</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Refunding Bonds	05/26/05	\$2,595,000.00	02/01/20	\$290,000.00	4.05%	\$570,000.00	\$280,000.00	\$290,000.00
Building Improvements and Additions to High School and Middle School	02/01/10	3,900,000.00	02/01/20	305,000.00	3.50%			
			02/01/21	315,000.00	3.50%			
			02/01/22	325,000.00	3.75%			
			02/01/23	340,000.00	4.00%			
			02/01/24	340,000.00	4.00%	1,920,000.00	295,000.00	1,625,000.00
						<u>\$2,490,000.00</u>	<u>\$575,000.00</u>	<u>\$1,915,000.00</u>

BOROUGH OF KEYPORT SCHOOL DISTRICT
DEBT SERVICE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES:				
Local sources:				
Local tax levy	\$461,545.00	\$461,545.00	\$461,545.00	
State Aid	207,763.00	207,763.00	207,763.00	
Total revenues	<u>669,308.00</u>	<u>669,308.00</u>	<u>669,308.00</u>	
EXPENDITURES:				
Regular debt service:				
Interest	94,320.00	94,320.00	94,320.00	
Redemption of principal	575,000.00	575,000.00	575,000.00	
Total regular debt service-expenditures	<u>669,320.00</u>	<u>669,320.00</u>	<u>669,320.00</u>	
Excess (deficiency) of revenues over (under) expenditures	(12.00)	(12.00)	(12.00)	
Fund balance, July 1	<u>12.47</u>	<u>12.47</u>	<u>12.47</u>	
Fund balance, June 30	<u><u>\$0.47</u></u>	<u><u>\$0.47</u></u>	<u><u>\$0.47</u></u>	

STATISTICAL SECTION
(UNAUDITED)

BOROUGH OF KEYPORT SCHOOL DISTRICT
STATISTICAL SECTION

<u>Contents</u>	<u>Page</u>
Financial Trends:	
These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	J-1 to J-4
Revenue Capacity:	
These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	J-5 to J-9
Debt Capacity:	
These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	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 district's financial activities take place.	J-14
Operating Information:	
These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20

Sources

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

BOROUGH OF KEYPORT SCHOOL DISTRICT
NET POSITION BY COMPONENT
UNAUDITED

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$8,695,270.75	\$8,062,550.00	\$8,018,177.03	\$7,849,258.25	\$7,437,306.76	\$5,409,395.78	\$4,450,409.75	\$3,886,099.92	\$2,965,970.53	\$2,692,732.99
Restricted	3,946,014.46	4,092,108.13	3,480,241.53	3,582,397.68	3,458,900.02	4,105,109.34	4,650,524.73	3,752,598.50	3,203,924.34	3,535,609.00
Unrestricted (Deficit)	(5,557,942.46)	(5,456,994.21)	(5,209,777.58)	(5,087,052.76)	(4,806,712.97)	(502,992.00)	(621,630.88)	(397,111.65)	(436,463.29)	(891,175.00)
Total governmental activities net position	\$7,083,342.75	\$6,697,663.92	\$6,288,640.98	\$6,344,603.17	\$6,089,493.81	\$9,011,513.12	\$8,479,303.60	\$7,241,586.77	\$5,733,431.58	\$5,537,166.99
Business-type activities										
Net investment in capital assets	\$48,710.00	\$37,070.00	\$37,412.00	\$47,833.00	\$45,813.00	\$33,749.75	\$26,168.06	\$6,330.16	\$7,409.66	\$73,632.00
Unrestricted	263,859.87	236,476.19	195,250.29	236,041.67	171,196.60	113,052.39	125,815.49	119,485.33	109,467.79	130,837.76
Total business-type activities net position	\$312,569.87	\$273,546.19	\$232,662.29	\$283,874.67	\$217,009.60	\$146,802.14	\$151,983.55	\$125,815.49	\$116,877.45	\$204,469.76
District-wide										
Net investment in capital assets	\$8,743,980.75	\$8,099,620.00	\$8,055,589.03	\$7,897,091.25	\$7,483,119.76	\$5,443,145.53	\$4,476,577.81	\$3,892,430.08	\$2,973,380.19	\$2,766,364.99
Restricted	3,946,014.46	4,092,108.13	3,480,241.53	3,582,397.68	3,458,900.02	4,105,109.34	4,650,524.73	3,752,598.50	3,203,924.34	3,535,609.00
Unrestricted (Deficit)	(5,294,082.59)	(5,220,518.02)	(5,014,527.29)	(4,851,011.09)	(4,635,516.37)	(389,939.61)	(495,815.39)	(277,626.32)	(326,995.50)	(660,337.24)
Total district net position	\$7,395,912.62	\$6,971,210.11	\$6,521,303.27	\$6,628,477.84	\$6,306,503.41	\$9,158,315.26	\$8,631,287.15	\$7,367,402.26	\$5,850,309.03	\$5,741,636.75

BOROUGH OF KEYPORT SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
EXPENSES										
Governmental activities										
Instruction:										
Regular	\$11,767,578.44	\$12,338,894.04	\$11,285,552.00	\$9,882,124.90	\$9,307,119.66	\$8,481,340.05	\$8,374,619.45	\$8,048,763.63	\$7,716,362.93	\$7,688,124.55
Special education	3,420,862.67	3,404,741.24	3,863,862.98	3,231,681.98	2,992,601.59	3,103,209.74	3,151,658.78	3,014,228.71	3,032,314.89	3,089,309.86
Other instruction	1,460,421.30	1,541,954.67	1,197,202.27	1,017,715.17	829,264.27	873,152.65	927,075.06	891,898.42	827,333.71	614,676.94
Support Services:										
Student and instruction related services	3,727,017.56	3,734,608.62	3,334,773.23	3,232,688.54	2,898,673.35	2,524,017.33	2,448,367.63	2,448,118.96	2,424,713.70	2,435,893.86
General administrative services	525,694.28	551,081.33	604,578.72	550,095.27	499,846.20	487,924.58	429,202.91	468,112.41	503,109.32	511,898.97
School administrative services	1,120,176.13	1,182,141.77	1,205,807.24	1,015,741.92	967,717.46	922,531.25	837,568.49	871,530.05	853,267.24	839,020.94
Central services and administrative technology	609,151.95	638,430.02	636,433.65	563,540.93	543,745.03	635,003.39	595,398.12	661,297.93	622,203.10	612,494.96
Plant operations and maintenance	2,074,497.68	1,846,304.46	1,901,639.01	2,194,156.28	2,686,185.02	1,732,446.70	1,540,845.95	2,095,165.77	1,948,183.68	1,828,173.92
Student Transportation	510,743.42	528,542.48	470,086.31	616,837.39	524,441.04	470,006.02	471,271.97	461,589.57	380,362.85	363,476.00
Interest on long-term debt	84,978.33	105,074.13	124,790.32	146,845.01	165,901.26	186,216.88	204,990.84	222,796.83	297,426.65	177,295.00
Unallocated depreciation/benefits	463,300.17	475,599.00	524,937.00	467,762.00	417,477.99	417,848.88	364,843.21	350,295.75	294,742.69	303,685.00
Total governmental activities expenses	25,764,421.93	26,347,311.76	25,149,662.73	22,919,189.39	21,832,972.87	19,833,697.47	19,345,842.41	19,533,798.03	18,900,020.76	18,464,050.00
Business-type activities:										
Extendicare	145,240.67	136,706.86	179,507.14	162,934.46	115,610.51	67,493.11	408,344.57	444,127.95	475,623.67	480,367.00
Food Service	461,919.88	450,977.54	517,633.74	485,903.55	457,260.24	461,069.05	408,344.57	444,127.95	475,623.67	480,367.00
Total business-type activities expense	607,160.55	587,684.40	697,140.88	648,838.01	572,870.75	461,069.05	408,344.57	444,127.95	475,623.67	480,367.00
Total district expenses	\$26,371,582.48	\$26,934,996.16	\$25,846,803.61	\$23,568,027.40	\$22,405,843.62	\$20,294,766.52	\$19,754,186.98	\$19,977,925.98	\$19,375,644.43	\$18,944,417.00
PROGRAM REVENUES										
Governmental activities:										
Operating grants and contributions	\$7,221,114.26	\$8,407,890.43	\$7,376,625.97	\$5,615,297.27	\$4,966,654.75	\$2,827,539.47	\$2,904,598.35	\$2,682,884.82	\$2,520,453.35	\$3,090,095.00
Total governmental activities program revenues	7,221,114.26	8,407,890.43	7,376,625.97	5,615,297.27	4,966,654.75	2,827,539.47	2,904,598.35	2,682,884.82	2,520,453.35	3,090,095.00
Business-type activities:										
Charges for services										
Extendicare	152,270.30	152,352.53	168,966.32	212,379.40	153,837.74	81,204.26	172,569.43	198,739.62	216,755.66	227,669.00
Food Service	157,292.44	150,520.30	153,847.93	170,292.03	165,543.21	159,493.05	172,569.43	198,739.62	216,755.66	227,669.00
Operating grants and contributions	333,979.08	324,461.16	322,663.77	332,844.72	311,663.72	282,670.46	272,661.95	254,326.37	236,204.54	247,039.00
Total business type activities program revenues	643,541.82	627,333.99	645,478.02	715,516.15	477,206.93	442,163.51	445,231.38	453,065.99	452,960.20	474,708.00
Total district program revenues	\$7,864,656.08	\$9,035,224.42	\$8,022,103.99	\$6,330,813.42	\$5,443,861.68	\$3,269,702.98	\$3,349,829.73	\$3,135,950.81	\$2,973,413.55	\$3,564,803.00

BOROUGH OF KEYPORT SCHOOL DISTRICT
CHANGES IN NET POSITION
UNAUDITED

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
NET (EXPENSE)/REVENUE										
Governmental activities	(\$18,543,307.67)	(\$17,939,421.33)	(\$17,773,036.76)	(\$17,303,892.12)	(\$16,866,318.12)	(\$17,006,158.00)	(\$16,441,244.06)	(\$16,850,913.21)	(\$16,379,567.41)	(\$15,373,955.00)
Business-type activities	36,381.27	39,649.59	(51,662.86)	66,678.14	(95,663.82)	(18,905.54)	36,866.81	8,938.04	(22,663.47)	(5,659.00)
Total district-wide net expense	(\$18,506,926.40)	(\$17,899,771.74)	(\$17,824,699.62)	(\$17,237,213.98)	(\$16,961,981.94)	(\$17,025,063.54)	(\$16,404,377.25)	(\$16,841,975.17)	(\$16,402,230.88)	(\$15,379,614.00)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes levied for general purposes, net	\$9,610,209.00	\$9,421,774.00	\$9,237,035.00	\$8,967,996.00	\$8,623,074.00	\$8,291,418.00	\$8,291,418.00	\$8,291,418.00	\$8,291,418.00	\$8,194,027.00
Taxes levied for debt service	461,545.00	461,473.00	366,918.00	308,419.00	304,833.00	307,757.00	202,565.00	312,685.00	175,534.00	318,445.00
Other local government units	6,067,479.00	5,824,150.49	5,808,056.22	5,971,229.08	6,010,641.36	5,894,379.05	5,457,441.51	5,762,136.78	5,144,978.23	36,572.00
State and federal aid and grants		2,472,138.00	2,113,641.42	2,194,284.00	2,713,515.00	2,921,345.53	3,551,502.50	4,033,850.98	2,731,243.35	4,641,090.00
Tuition		26,435.16	8,005.89	4,368.09	3,188.61	4,071.30	4,839.96	3,941.27	7,166.24	2,915,807.00
Investment earnings		142,473.62	183,418.04	144,283.60		119,396.64	171,193.92	104,393.09	239,872.19	13,534.00
Miscellaneous income	2,789,753.50	18,348,444.27	17,717,074.57	17,559,001.48	17,778,785.81	17,538,367.52	17,678,960.89	(149,356.72)	(14,380.01)	28,020.00
Disposal of capital assets								18,359,068.40		
Total governmental activities	18,928,986.50	2,642.41	450.48	186.93	33.54	12.98	(10,718.75)	0.00	(64,928.84)	16,147,495.00
Business-type activities:										
Miscellaneous Income	2,642.41	1,234.31	450.48	186.93	33.54	12.98	(10,718.75)	0.00	(64,928.84)	0.00
Disposal of capital assets/Canceled receivable										
Total business-type activities	\$18,931,628.91	\$18,349,678.58	\$17,717,525.05	\$17,559,188.41	\$17,778,819.35	\$17,538,380.50	\$17,668,242.14	\$18,359,068.40	\$16,510,903.16	\$16,147,495.00
Total district-wide										
CHANGE IN NET POSITION										
Governmental activities	\$385,678.83	\$409,022.94	(\$55,962.19)	\$255,109.36	\$912,467.69	\$532,209.52	\$1,237,716.83	\$1,508,155.19	\$196,264.59	\$773,540.00
Business-type activities	39,023.68	40,883.90	(51,212.38)	66,865.07	(95,630.28)	(18,892.56)	26,168.06	8,938.04	(87,592.31)	(5,659.00)
Total district	\$424,702.51	\$449,906.84	(\$107,174.57)	\$321,974.43	\$816,837.41	\$513,316.96	\$1,263,884.89	\$1,517,093.23	\$108,672.28	\$767,881.00

Source: CAFR Schedule A-2

BOROUGH OF KEYPORT SCHOOL DISTRICT
 FUND BALANCES - GOVERNMENTAL FUNDS
 UNAUDITED

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund	\$3,967,019.67	\$4,122,442.54	\$3,519,529.80	\$3,448,632.77	\$2,358,689.57	\$1,915,779.15	\$3,659,817.80	\$2,306,036.17	\$1,086,188.42	\$1,764,874.00
Restricted		597.29	7,167.29	108,364.55	231,949.30	24,941.20	21,560.48	43,302.42	\$17,476.16	(211,201.00)
Assigned					166,175.00	1,058,398.00	244,246.83		\$96,109.00	
Committed				(\$181,430.03)		(\$98,988.11)	(196,271.36)	(123,408.57)	(\$132,634.95)	
Unassigned										
Reserved										
Unreserved										
Total general fund	<u>\$3,967,019.67</u>	<u>\$4,123,039.83</u>	<u>\$3,526,697.09</u>	<u>\$3,375,567.29</u>	<u>\$2,756,813.87</u>	<u>\$2,900,130.24</u>	<u>\$3,729,353.75</u>	<u>\$2,225,930.02</u>	<u>\$1,067,138.63</u>	<u>\$1,553,673.00</u>
All Other Governmental Funds	\$0.47	\$12.47	\$11.73	\$94,010.99	\$715,488.43	\$847,255.63	\$848,242.63	\$1,558,147.41	2,128,265.57	\$1,772,038.00
Restricted					54,853.20	451,000.00			11,400.00	
Committed										
Reserved										
Unassigned, reported in:										
Special revenue fund (deficit)	(68,476.00)	(43,124.21)	(37,757.37)	(43,124.21)	(37,911.26)	(28,796.84)	(28,880.96)	(30,485.60)	(29,210.00)	(28,575.00)
Total all other governmental funds	<u>(\$68,475.53)</u>	<u>\$12.47</u>	<u>(\$37,745.64)</u>	<u>\$50,886.78</u>	<u>\$732,430.37</u>	<u>\$1,269,458.79</u>	<u>\$819,361.67</u>	<u>\$1,527,661.81</u>	<u>\$2,110,455.57</u>	<u>\$1,743,463.00</u>

Source: CAFR Schedule B-1

**BOROUGH OF KEYPORT SCHOOL DISTRICT
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
UNAUDITED**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Tax levy	\$10,071,754.00	\$9,883,247.00	\$9,603,953.00	\$9,276,415.00	\$8,927,907.00	\$8,599,175.00	\$8,493,983.00	\$8,604,103.00	\$8,466,952.00	\$8,512,472.00
Tuition charges	2,682,329.98	2,472,138.00	2,113,641.42	2,194,284.00	2,713,515.00	2,921,346.53	3,551,502.50	4,033,850.98	2,731,243.35	2,915,807.00
Other local government units										
Interest earnings	55,209.62	26,435.16	8,005.89	4,348.09	3,188.61	4,071.30	4,839.96	3,941.27	7,166.24	13,534.00
Miscellaneous	57,324.59	142,473.62	183,418.04	151,772.51	125,836.37	119,396.64	171,193.92	109,257.92	244,840.96	26,020.00
State sources	9,479,387.59	8,944,384.04	8,371,983.13	8,358,477.51	8,313,146.48	7,915,863.64	7,710,900.57	7,426,343.35	6,778,166.94	6,098,537.00
Federal sources	779,867.98	759,592.88	808,454.06	699,568.93	771,082.63	806,052.88	651,139.29	1,013,813.42	882,295.87	1,634,646.00
Total revenue	23,125,873.76	22,228,270.70	21,089,455.54	20,684,866.04	20,854,676.09	20,365,906.99	20,583,559.24	21,191,309.94	19,110,665.36	19,237,588.00
Expenditures										
Instruction										
Regular instruction	6,581,114.05	6,449,862.81	6,077,239.59	5,913,797.40	5,862,825.67	6,027,116.33	5,546,758.66	5,597,393.20	5,585,183.65	5,691,796.00
Special education instruction	1,743,872.06	1,602,237.55	1,675,297.54	1,639,119.84	1,627,263.11	1,713,495.50	1,676,698.38	1,780,826.95	1,780,239.28	1,443,825.00
Other instruction	827,887.76	791,920.61	652,626.43	614,057.36	504,442.23	618,318.55	638,541.18	628,571.35	579,861.43	656,242.00
Support Services:										
Tuition	524,194.58	461,466.54	943,616.76	739,034.50	612,543.70	769,884.53	740,792.07	624,007.70	665,810.06	760,529.00
Student and instruction related services	2,106,500.30	2,040,520.88	1,688,435.26	1,858,562.36	1,858,216.35	1,742,381.24	1,657,618.42	1,741,525.97	1,742,086.74	1,845,348.00
General administrative services	409,000.42	386,246.54	415,605.07	389,212.55	397,859.07	358,453.71	318,612.91	307,857.38	352,890.38	380,835.00
School administrative services	584,743.31	572,592.64	609,130.65	577,330.93	588,663.44	610,956.29	589,101.84	593,566.18	590,623.69	576,893.00
Central services & administrative technology	469,567.14	460,023.77	423,173.79	435,400.94	432,800.91	451,135.57	416,053.17	459,050.54	447,705.07	437,743.00
Plant operations and maintenance	1,745,722.36	1,474,257.98	1,463,916.47	1,533,721.66	2,131,534.75	1,481,412.04	1,263,300.53	1,616,215.36	1,480,517.86	1,478,670.00
Student transportation	510,743.42	528,542.48	470,086.31	493,246.60	417,435.67	470,006.02	471,271.97	461,589.57	380,362.85	363,476.00
Unallocated employee benefits	6,554,373.60	6,049,078.07	5,652,830.88	5,307,696.48	5,021,829.36	4,899,536.18	5,204,224.00	5,016,382.95	4,729,538.78	4,370,313.00
Debt service:										
Principal	575,000.00	555,000.00	535,000.00	610,000.00	585,000.00	570,000.00	560,000.00	535,000.00	465,000.00	275,000.00
Interest and other charges	94,320.00	114,026.26	133,001.26	154,751.26	174,963.76	194,638.76	213,188.76	230,526.00	306,895.00	130,982.00
Capital outlay	623,342.92	108,393.92	278,736.75	490,005.79	1,317,340.33	837,698.66	482,273.76	1,141,151.17	198,923.83	2,793,472.00
Total expenditures	23,350,381.92	21,594,169.85	21,018,696.76	20,755,937.61	21,532,718.35	20,745,033.38	19,788,435.65	20,733,664.32	19,305,648.62	21,205,124.00
Excess (Deficiency) of revenues over (under) expenditures	(\$224,508.16)	\$634,100.85	\$70,758.78	(\$71,071.57)	(\$678,042.26)	(\$379,126.39)	\$795,123.59	\$457,645.62	(\$194,983.26)	(\$1,967,536.00)
Other Financing sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds									\$3,900,000.00	
Transfers in			94,010.11	\$436,039.03	\$1,121,788.95	\$362,229.00	\$235,000.00	\$1,198,284.00		
Transfers out			(94,010.11)	(436,039.03)	(1,121,788.95)	(362,229.00)	(235,000.00)	(1,198,284.00)		
Total other financing sources (uses)	0.00	0.00	0.00	0.00	0.00	0.00	118,352.01	75,440.72	3,900,000.00	0.00
Net change in fund balances	(\$224,508.16)	\$634,100.85	\$70,758.78	(\$71,071.57)	(\$678,042.26)	(\$379,126.39)	\$913,475.60	\$75,440.72	\$3,900,000.00	\$0.00
Debt service as a percentage of noncapital expenditures	2.95%	3.11%	3.22%	3.77%	3.76%	3.84%	4.01%	3.91%	4.04%	2.21%

Source: CAFR Schedule B-2

BOROUGH OF KEYPORT SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Tuition</u>	<u>Interest on</u> <u>Investments</u>	<u>Solar Renewable</u> <u>Energy Credits</u>	<u>Miscellaneous</u>	<u>Total</u>
2019	\$2,729,291.55	\$55,209.62		\$5,252.33	\$2,789,753.50
2018	2,472,138.00	26,435.16	\$49,980.00	92,493.62	2,641,046.78
2017	2,113,641.42	8,005.89	94,548.65	88,869.39	2,305,065.35
2016	2,194,284.00	4,368.09	74,408.00	69,875.60	2,342,935.69
2015	2,713,515.00	3,188.61	67,897.50	49,947.27	2,834,548.38
2014	2,921,345.53	4,071.30	72,615.00	46,781.64	3,044,813.47
2013	3,551,502.50	4,839.96	43,896.00	127,297.92	3,727,536.38
2012	4,033,850.98	3,941.27	64,747.75	39,645.37	4,142,185.37
2011	2,731,243.35	7,166.24	190,256.00	49,616.19	2,978,281.78
2010	2,915,807.00	13,534.00		28,020.00	2,957,361.00

Source: District Records

BOROUGH OF KEYPORT SCHOOL DISTRICT
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
UNAUDITED

<u>Year</u>	<u>Net Assessed Valuation Taxable</u>	<u>Estimated Full Cash Valuations</u>	<u>Percentage of Net Assessed to Estimated Full Cash Valuations</u>
2019	\$710,171,300.00	\$709,107,639.00	100.15%
2018	693,663,200.00	708,180,909.00	97.95%
2017	680,441,700.00	700,547,711.00	97.13%
2016	663,678,100.00	676,601,183.00	98.09%
2015	635,897,100.00	657,122,145.00	96.77%
2014	639,829,108.00	637,026,142.00	100.44%
2013	729,481,600.00	662,622,945.00	110.09%
2012	740,395,400.00	670,708,760.00	110.39%
2011	743,946,100.00	694,757,284.00	107.08%
2010	752,522,500.00	740,866,869.00	101.57%

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

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

BOROUGH OF KEYPORT SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
UNAUDITED

Year	Borough of Keyport Board of Education			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	Total Direct School Tax Rate	Borough of Keyport	Monmouth County	
2019	\$1.299	\$0.065	\$1.364	\$0.910	\$0.265	\$2.539
2018	1.323	0.067	1.390	0.928	0.282	2.600
2017	1.348	0.045	1.393	0.934	0.280	2.607
2016	1.321	0.046	1.367	0.935	0.283	2.585
2015	1.316	0.048	1.364	0.943	0.290	2.597
2014	1.321	0.048	1.369	0.943	0.266	2.578
2013	1.139	0.028	1.167	0.810	0.265	2.242
2012	1.103	0.042	1.145	0.781	0.260	2.186
2011	1.102	0.023	1.125	0.770	0.265	2.160
2010	1.087	0.041	1.128	0.758	0.255	2.141

Source: District Records and Municipal Tax Collector
(Rates are per \$100 of assessed value)

(a) The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable

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

BOROUGH OF KEYPORT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAX PAYERS - CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>Taxpayer</u>	2019			2010		
	<u>Taxable Assessed Value</u>	<u>Rank [Optional]</u>	<u>% of Total District Net Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank [Optional]</u>	<u>% of Total District Net Assessed Value</u>
Green Grove Associates/Richard Kurtz	\$15,703,400.00	1	2.21%	\$12,371,300.00	2	1.64%
251 Atlantic LLC	13,482,200.00	2	1.90%	9,095,500.00	3	1.21%
Teaneck Road Partners, LLC	8,967,600.00	3	1.26%			
Building Keyport LLC & Wren Keyport	8,100,000.00	4	1.14%	14,061,200.00	1	1.87%
Straub Motors, Inc	7,330,600.00	5	1.03%	7,499,600.00	4	1.00%
Swift Family Partnership, LP	6,113,300.00	6	0.86%	3,727,800.00	10	0.50%
Keyport Marine Basin, Inc	5,530,000.00	7	0.78%	5,286,000.00	5	0.70%
Holmdel Point Apartments				4,511,200.00	7	0.60%
NJ Bell Telephone Co Tax Manager	4,536,798.00	8	0.64%	4,934,406.00	6	0.66%
Alaric Properties, LLC	4,445,500.00	9	0.63%			
Blue 62 Associates	3,810,400.00	10	0.54%	3,773,800.00	9	0.50%
417 Associates, LLC				4,185,200.00	8	0.56%
Total	\$78,019,798.00		10.99%	\$69,446,006.00		9.23%

Source: Municipal Tax Assessor

BOROUGH OF KEYPORT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
UNAUDITED

<u>Fiscal Year</u> <u>Ended</u> <u>June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy (a)</u>		<u>Collections in</u> <u>Subsequent Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2019	\$10,071,754.00	\$10,071,754.00	100.00%	\$0.00
2018	9,883,247.00	9,883,247.00	100.00%	0.00
2017	9,603,953.00	9,603,953.00	100.00%	0.00
2016	9,276,415.00	9,276,415.00	100.00%	0.00
2015	8,927,907.00	8,927,907.00	100.00%	0.00
2014	8,599,175.00	7,891,339.00	91.77%	707,836.00
2013	8,493,983.00	7,786,147.00	91.67%	724,914.00
2012	8,604,103.00	7,879,189.00	91.57%	690,951.50
2011	8,466,951.00	7,775,999.50	91.84%	682,842.00
2010	8,512,472.00	7,829,630.00	91.98%	736,119.84

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

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

BOROUGH OF KEYPORT SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income (a)	Per Capita (a)
	General Obligation Bonds (b)	Capital Leases/ Lease Purchases	Bond Anticipation Notes			
2019	\$1,915,000.00			\$1,915,000.00	3.94%	\$271.52
2018	2,490,000.00			2,490,000.00	3.03%	353.04
2017	3,045,000.00	\$1,520.97		3,046,520.97	2.47%	432.99
2016	3,580,000.00	19,354.75		3,599,354.75	2.01%	510.11
2015	4,190,000.00	50,449.44		4,240,449.44	1.66%	599.02
2014	4,775,000.00	57,562.85		4,832,562.85	1.39%	678.64
2013	5,345,000.00	112,702.17		5,457,702.17	1.17%	762.99
2012	5,905,000.00	165,484.44		6,070,484.44	1.04%	846.77
2011	6,440,000.00	105,633.37		6,545,633.37	0.92%	909.75
2010	6,905,000.00	54,810.00		6,959,810.00	0.83%	963.96

Source: District CAFR Schedules I-1, I-2

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

(a) See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

BOROUGH OF KEYPORT SCHOOL DISTRICT
RATIOS OF NET BONDED DEBT OUTSTANDING
UNAUDITED

Fiscal Year Ended <u>June 30,</u>	<u>General Bonded Debt Outstanding</u>		<u>Net General Bonded Debt Outstanding</u>	Percentage of Actual Taxable Value (a) of <u>Property</u>	<u>Per Capita (b)</u>
	<u>General Obligation Bonds</u>	<u>Deductions</u>			
2019	\$1,915,000.00		\$1,915,000.00	0.26965%	\$271.52
2018	2,490,000.00		2,490,000.00	0.35896%	353.04
2017	3,045,000.00		3,045,000.00	0.44750%	432.77
2016	3,580,000.00		3,580,000.00	0.53942%	507.37
2015	4,190,000.00		4,190,000.00	0.65891%	591.89
2014	4,775,000.00		4,775,000.00	0.74629%	670.55
2013	5,345,000.00		5,345,000.00	0.73271%	747.24
2012	5,905,000.00		5,905,000.00	0.79755%	823.69
2011	6,440,000.00		6,440,000.00	0.86565%	895.07
2010	6,905,000.00		6,905,000.00	0.91758%	956.37

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

(a) See Exhibit NJ J-6 for property tax data.

(b) Population data can be found in Exhibit NJ J-14.

BOROUGH OF KEYPORT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2018
UNAUDITED

Net Direct Debt of School District as of December 31, 2018	\$19,246,032.00
Overlapping County Debt	2,837,261.00
Municipal Debt	<u>10,170,941.00</u>
Total Direct and Overlapping Bonded Debt	<u><u>\$32,254,234.00</u></u>

Source: Borough of Keyport Chief Financial Officer

BOROUGH OF KEYPORT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
UNAUDITED

Legal Debt Margin Calculation for Calendar Year 2018:

Equalized Valuation Basis

Calendar Year							
2018		\$716,476,291.00					
2017		708,180,909.00					
2016		700,547,411.00					
		<u>\$2,125,204,611.00</u>					
Average Equalized Valuation of Taxable Property		\$708,401,537.00					
Debt Limit (4% of average equalization value)		28,336,061.48					
Total Net Debt Applicable to Limit		<u>(2,490,000.00)</u>					
Legal Debt Margin		<u>\$25,846,061.48</u>					

	Calendar Year Ending December 31,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt Limit	\$28,336,061.48	\$27,804,393.37	\$27,123,609.85	\$26,617,950.31	\$26,539,384.67	\$27,041,186.52	\$28,019,058.25	\$29,069,219.52	\$30,416,150.89	\$30,522,917.00
Total Net Debt Applicable To Limit	2,490,000.00	3,045,000.00	3,580,000.00	4,190,000.00	4,775,000.00	5,345,000.00	5,905,000.00	6,440,000.00	6,905,000.00	7,180,423.00
Legal Debt Margin	<u>\$25,846,061.48</u>	<u>\$24,759,393.37</u>	<u>\$23,543,609.85</u>	<u>\$22,427,950.31</u>	<u>\$21,764,384.67</u>	<u>\$21,696,186.52</u>	<u>\$22,114,058.25</u>	<u>\$22,629,219.52</u>	<u>\$23,511,150.89</u>	<u>\$23,342,494.00</u>
Total Net Debt Applicable to the Limit as a % of Debt Limit	8.79%	10.95%	13.20%	15.74%	17.99%	19.77%	21.07%	22.15%	22.70%	23.52%

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation (a) Limit set by N.J.S.A. 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

BOROUGH OF KEYPORT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
UNAUDITED

<u>Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate (d)</u>
2018	7,053	*	*	4.10%
2017	7,036	\$530,479,220.00	\$75,395.00	5.20%
2016	7,056	\$509,781,888.00	\$72,248.00	5.10%
2015	7,079	\$497,165,249.00	\$70,231.00	5.20%
2014	7,121	\$477,598,349.00	\$67,069.00	6.60%
2013	7,153	\$455,374,286.00	\$63,662.00	5.90%
2012	7,169	\$451,424,761.00	\$62,969.00	10.30%
2011	7,195	\$435,606,885.00	\$60,543.00	9.90%
2010	7,220	\$415,070,580.00	\$57,489.00	9.80%
2009	7,482	\$431,457,012.00	\$57,666.00	9.70%

Source:

- (a) Population information provided by the NJ Dept. of Labor and Workforce Development.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by municipality was computed using Census Bureau midyear population estimates.
Estimates for 2009-2018 reflect county population.
- (d) Unemployment data provided by the NJ Dept. of Labor and Workforce Development.

* not available

BOROUGH OF KEYPORT SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
UNAUDITED

Function/Program	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction:										
Regular	85	85	86	85	85	79	82	76	76	76
Special education	20	21	19	19	20	28	27	26	28	27
Other special education - Aides	5	4	2	5	6	7	4	6	8	8
Other instruction	11	13	8	9	9	9	10	13	13	13
Support Services:										
Student and instruction related services	19	19	24	21	24	23	20	20	22	24
General administrative services	3	3	3	3	3	3	2	2	4	4
School administrative services	8	8	8	8	8	8	8	8	8	8
Central services and technology	6	6	6	6	6	5	6	5	5	6
Plant operations and maintenance	15	15	15	15	15	15	15	16	16	16
Total	172	174	171	171	176	177	174	172	180	182

Source: District Personnel Records

BOROUGH OF KEYPORT SCHOOL DISTRICT
OPERATING STATISTICS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures (a)</u>	<u>Cost Per Pupil</u>	<u>% Change</u>	<u>Teaching Staff (b)</u>	<u>Pupil/Teacher Ratio</u>	<u>Elementary</u>	<u>High School</u>	<u>Average Daily Enrollment (c)</u>	<u>Average Daily Attendance (c)</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2019	1,035	\$19,360,931.00	\$18,706.21	-5.20%	116	1:9.4	1:9.4	1:8.1	1,035	978	-1.33%	94.49%
2018	1,055	20,816,749.67	19,731.52	3.22%	116	1:9.1	1:9.1	1:9.1	1,049	981	-1.13%	93.52%
2017	1,050	20,071,958.75	19,116.15	4.89%	126	1:8.4	1:8.4	1:8.2	1,061	970	0.19%	91.42%
2016	1,070	19,501,180.62	18,225.40	0.70%	126	1:9.0	1:9.0	1:7.64	1,059	1,002	-1.21%	94.62%
2015	1,075	19,455,414.26	18,098.06	3.41%	131	1:8.9	1:8.9	1:7.13	1,072	1,011	-2.10%	94.31%
2014	1,095	19,163,886.32	17,501.27	3.74%	123	1:1.3	1:1.3	1:1.2	1,095	1,022	1.58%	93.33%
2013	1,098	18,522,973.13	16,869.74	-0.21%	114	1:9.6	1:9.6	1:9.6	1,078	1,006	-3.58%	93.32%
2012	1,114	18,833,241.15	16,905.96	5.30%	114	1:9.8	1:9.8	1:9.8	1,118	1,040	-0.62%	93.02%
2011	1,142	18,334,829.79	16,055.02	4.47%	123	1:11.4	1:11.4	1:11.4	1,125	1,047	-1.27%	93.07%
2010	1,152	17,639,081.00	15,311.70	-3.91%	116	1:9.8	1:9.8	1:10.7	1,168	1,087	9.84%	93.05%

Sources: District records

Note: Enrollment based on annual October district count.

(a) Operating expenditures equal total expenditures less debt service and capital outlay.

(b) Teaching staff includes only full-time equivalents of certificated staff.

(c) Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

BOROUGH OF KEYPORT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
UNAUDITED

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>District Buildings</u>										
Elementary School(s):										
Central School (1961)	9,685	96,185	96,185	96,185	96,185	96,185	96,185	96,185	96,185	96,185
Square Feet	660	632	632	632	632	632	632	632	632	632
Capacity (students)	685	691	681	703	697	630	584	616	618	638
Enrollment										
Keypoint High School (1927)	84,958	84,958	84,958	84,958	84,958	84,958	84,958	84,958	84,958	84,948
Square Feet	412	524	524	524	524	524	524	524	524	524
Capacity (students)	350	364	369	367	378	464	494	498	522	514
Enrollment										
Other:										
Administration Building	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930	1,930
Square Feet										

Number of Schools at June 30, 2019

Elementary = 1

High School = 1

Source: District records

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

BOROUGH OF KEYPORT SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
UNAUDITED

Undistributed expenditures - Required maintenance for school facilities - 11-000-261-XXX

School Facilities * Project #(s)	<u>Total</u>	<u>Keyport Central School</u>	<u>Keyport High School</u>
2019	\$480,832.65	\$254,841.30	\$225,991.35
2018	332,250.68	176,092.86	156,157.82
2017	357,482.29	189,465.62	168,016.67
2016	420,411.90	222,818.31	197,593.59
2015	1,010,323.27	535,471.34	474,851.93
2014	344,341.58	179,057.62	165,283.96
2013	286,357.43	151,769.44	134,587.99
2012	495,910.93	262,832.79	233,078.14
2011	290,250.00	153,832.00	136,418.00
2010	288,348.00	152,824.00	135,524.00
	<hr/>	<hr/>	<hr/>
Total School Facilities	<u>\$4,306,508.73</u>	<u>\$2,279,005.28</u>	<u>\$2,027,503.45</u>

* - School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District records

BOROUGH OF KEYPORT SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2019
UNAUDITED

	<u>Coverage Amount</u>	<u>Deductible</u>
New Jersey School Boards Association Insurance Group		
Property Coverage:		
Blanket Real and Personal Property	\$47,089,960.00	\$2,500.00
Blanket Extra Expense	1,000,000.00	2,500.00
Blanket Valuable Papers and Records	500,000.00	2,500.00
Boiler and Machinery Coverage:		
Property Damage	47,089,960.00	2,500.00
Crime Coverage:		
Forgery and Altercation	50,000.00	
Faithful Performance Blanket Dishonesty	100,000.00	2,500.00
Public Official Bond Limit - Board Secretary	225,000.00	
General Liability Coverage:		
General Aggregate	5,000,000.00	2,500.00
Bodily Injury and Property Damage	5,000,000.00	
Each occurrence	5,000,000.00	
Fire Damage	5,000,000.00	
Medical expense	5,000.00	
Automobile Coverage:		
Bodily Injury and Property Damage	5,000,000.00	1,000.00
Uninsured/Underinsured Motorists	5,000,000.00	

Source: District Records

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SINGLE AUDIT SECTION



SUPLEE, CLOONEY & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable President and Members
of the Board of Education
Borough of Keyport School District
County of Monmouth
Keyport, New Jersey 07735

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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Borough of Keyport School District, in the County of Monmouth, State of New Jersey (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2019.

Internal Control Over Financial Reporting

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

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

SUPLEE, CLOONEY & COMPANY

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

Compliance and Other Matters

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

Purpose of This Report

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



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

December 18, 2019



SUPLEE, CLOONEY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL
AND STATE FINANCIAL ASSISTANCE PROGRAMS AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE AND NEW JERSEY OMB CIRCULAR 15-08**

Honorable President and Members
of the Board of Education
Borough of Keyport School District
County of Monmouth
Keyport, New Jersey 07735

Report on Compliance for Each Major Federal and State Program

We have audited the Borough of Keyport School District's compliance with the types of compliance requirements described in the federal *OMB Compliance Supplement* and the New Jersey *OMB State Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Keyport School District's major federal and state programs for the year ended June 30, 2019. The District's major federal and state programs are identified in the summary of 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 Borough of Keyport School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*) and New Jersey *OMB 15-08*. Those standards, the *Uniform Guidance* and New Jersey *OMB 15-08* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Keyport School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 and 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 the *Uniform Guidance* and State of New Jersey OMB 15-08. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



PUBLIC SCHOOL ACCOUNTANT NO. 948

December 18, 2019

BOROUGH OF KEYPORT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

FEDERAL CFDA NUMBER	FEDERAL FAIN NUMBER	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE AT JUNE 30, 2018	ADJUSTMENT / CARRYOVER AMOUNT	CASH RECEIPTS	BUDGETARY EXPENDITURES	SUBRECIPIENT BUDGETARY EXPENDITURES	(ACCOUNTS RECEIVABLE)	BALANCE AT JUNE 30, 2019 UNEARNED REVENUE	DUE TO GRANTOR
General Fund												
U.S. Department of Education												
93.778	1905NJSMAP	N/A	7/1/18 - 6/30/19	\$42,536.73			\$42,536.73					
93.778	1905NJSMAP	N/A	7/1/18 - 6/30/19	5,413.27			5,413.27					
Total General Fund												
Enterprise Funds												
U.S. Department of Agriculture												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
10.555	181NJ304N1099	N/A	7/1/17 - 6/30/18	40,863.37	\$3,131.96			(3,131.96)			\$664.97	
10.555	191NJ304N1099	N/A	7/1/18 - 6/30/19	39,903.92				(39,238.95)				
10.592	191NJ304N1099	N/A	7/1/18 - 6/30/19	6,483.78				(6,483.78)				
10.555	181NJ304N1099	N/A	7/1/17 - 6/30/18	249,887.32	(20,562.27)		20,562.27					
10.555	191NJ304N1099	N/A	7/1/17 - 6/30/18	247,744.77			235,510.40	(247,744.77)				
10.553	181NJ304N1099	N/A	7/1/17 - 6/30/18	28,730.93	(2,796.65)		2,796.65					
10.553	191NJ304N1099	N/A	7/1/18 - 6/30/19	31,589.72	(20,226.96)		29,911.09	(31,589.72)				
Total Child Nutrition Cluster												
Total Enterprise Fund												
Special Revenue Funds												
U.S. Department of Education												
Passed-through State Department of Education:												
N.C.L.B.												
84.010	S010A170030	NCLB25243018	7/1/17 - 6/30/18	382,187.00	(105,915.92)		105,915.92					
84.010	S010A180030	NCLB25243019	7/1/18 - 6/30/19	417,878.00			255,431.00	(402,397.23)		(146,966.23)		
84.367	S367A170029	NCLB25243018	7/1/17 - 6/30/18	37,575.00	(9,701.74)		9,701.74					
84.367	S367A180029	NCLB25243019	7/1/18 - 6/30/19	39,443.00			16,068.00	(29,127.81)		(13,059.81)		
84.365	S365A170030	NCLB25243018	7/1/17 - 6/30/18	23,679.00	(1,765.16)		1,765.16					
84.365	S365A180030	NCLB25243019	7/1/18 - 6/30/19	25,765.00	(117,382.82)		15,953.00	(21,965.27)		(6,012.27)		
Total N.C.L.B.												
I.D.E.A., Part B Special Education Cluster:												
84.027	H027A170100	IDEA25243018	7/1/17 - 6/30/18	276,362.00	(22,062.00)		22,062.00					
84.027	H027A180100	IDEA25243019	7/1/18 - 6/30/19	281,503.00			208,098.00	(281,502.72)		(73,404.72)		
84.173	H173A170114	IDEA25243018	7/1/17 - 6/30/18	8,070.00	(905.00)		905.00					
84.173	H173A180114	IDEA25243019	7/1/18 - 6/30/19	8,357.00			5,355.00	(8,052.00)		(2,697.00)		
Total Special Education Cluster												
Total Special Revenue Fund												
Total Expenditures of Federal Awards												
											\$-0-	\$-0-

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

Borough of Keyport School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2019

NOTE 1: GENERAL

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state activity of the Board of Education, Keyport School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from the federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and federal awards and state financial assistance are presented on the budgetary basis of accounting with the exceptions of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 of the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedule (RSI) are presented for the general fund and special revenue fund to demonstrate finance-regulated 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 the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment 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 revenue, whereas GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

Borough of Keyport School District
Notes to the Schedules of Expenditures of Federal Awards
and State Financial Assistance
Year Ended June 30, 2019

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$22,941.00) for the general fund and (\$184,478.21) for the special revenue fund. See the notes to the required supplementary information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Federal awards and state financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$47,950.00	\$8,863,102.03	\$8,911,052.03
Special Revenue Fund	743,045.03	604,814.72	1,347,859.75
Debt Service Fund		207,763.00	207,763.00
Food Service Fund	328,189.18	5,789.90	333,979.08
Total Awards & Financial Assistance	\$1,119,184.21	\$9,681,469.65	\$10,800,653.86
GAAP Adjustment	<u>(11,127.05)</u>	<u>(196,292.16)</u>	<u>(207,419.21)</u>
Total: GAAP Basis	<u>\$1,108,057.16</u>	<u>\$9,485,177.49</u>	<u>\$10,593,234.65</u>

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

Revenues and expenditures reported in the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF pension contributions, post-retirement medical benefits and long term disability insurance represents the amount paid by the state on behalf of the district for the year ended June 30, 2019. TPAF Social Security contributions represent the amount reimbursed by the state for the employer's share of Social Security contributions for TPAF members for the year ended June 30, 2019.

Borough of Keyport School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

Financial Statements

- | | | |
|-----|--|------------|
| (1) | Type of Auditor’s Report Issued: | Unmodified |
| (2) | Internal Control Over Financial Reporting: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (3) | Noncompliance material to basic financial statements noted? | No |

Federal Program(s)

- | | | |
|-----|---|------------|
| (1) | Internal Control Over Major Federal Programs: | |
| | (a) Material weakness identified? | No |
| | (b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| (2) | Type of Auditor’s Report issued on compliance for major federal program(s)? | Unmodified |
| (3) | Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and listed in Section III of this schedule? | No |
| (4) | Identification of Major Federal Program(s): | |

<u>Program</u>	<u>Grant Number</u>
No Child Left Behind: Title I	84.010

- | | | |
|-----|---|-----|
| (5) | Program Threshold Determination:
Type A Federal Program Threshold > \$750,000.00
Type B Federal Program Threshold <= \$750,000.00 | |
| (6) | Auditee qualified as a low-risk auditee under the Uniform Guidance? | Yes |

Borough of Keyport School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section I – Summary of Auditor’s Results (Continued)

State Program(s)

- (1) Internal Control Over Major State Programs:
 - (a) Material weakness identified? No
 - (b) Significant deficiencies identified that are not considered to be material weaknesses? No
- (2) Type of Auditor’s Report issued on compliance for major state program(s)? Unmodified
- (3) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 15-08 and listed in Section III of this schedule? No

(4) Identification of Major State Program(s):

<u>Program</u>	<u>Number</u>
State Aid -Public Cluster:	
Special Education Aid	495-034-5120-089
Equalization Aid	495-034-5120-078
Security Aid	495-034-5120-084
 Preschool Education Aid	 495-034-5120-086

- (5) Program Threshold Determination:
 - Type A State Program Threshold > \$750,000.00
 - Type B State Program Threshold <= \$750,000.00
- (6) Auditee qualified as a low-risk auditee under N.J. OMB Circular 15-08? Yes

Borough of Keyport School District
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section II – Financial Statement Audit – Reported Findings Under Government Auditing Standards

Internal Control Findings

None Reported

Compliance Findings

None Reported

Section III – Findings and Questioned Costs Relative to Major Federal and State Programs

Federal Programs – None Reported

State Programs – None Reported

Borough of Keyport School District
Schedule of Prior Year Audit Findings

Not Applicable

