

KEARNY BOARD OF EDUCATION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Kearny, New Jersey

COMPREHENSIVE ANNUAL

FINANCIAL REPORT

of the

Kearny Board of Education

Kearny, New Jersey

For The Fiscal Year Ended June 30, 2020

Prepared by

Business Office

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INTRODUCTORY SECTION

Office of
Board of Education
172 Midland Ave
Kearny, New Jersey 07032

Mr. Richard Rosenberg
Interim Business Administrator/
Board Secretary

Office 201-955-5004
Fax 201-955-0426
rrosenberg@kearnyschools.com

December 22, 2020

Honorable President and Members
of the Board of Education
Kearny, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (the "CAFR") of the Kearny Board of Education for the fiscal year ended June 30, 2020, 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 Kearny 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 CAFR is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements, combining and individual fund financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the requirements of Title 2 U.S. CFR Part 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), and the State OMB Circular 15-08, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: The Kearny Board of Education is an independent reporting entity as set forth in the *GASB Codification of Governmental Accounting and Financial Reporting Standards*. All funds of the District of the District are included in this report. The Kearny Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular as well as special education for handicapped students.

2. ECONOMIC CONDITION AND OUTLOOK: The Town of Kearny is substantially developed which both residential and industrial taxpayers. The situation is expected to continue, which suggests that its tax base will remain stable.

3. 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 that adequate accounting data are compiled to allow for the preparation of financial 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 the District management.

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

4. 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.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2020.

5. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting 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 the "Notes to the Financial Statements".

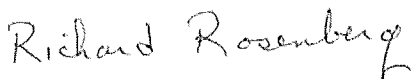
6. CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute detailed in the "Notes to the Financial Statements". The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted to protect Governmental Units from 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 funds are secured in accordance with the act.

7. 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.

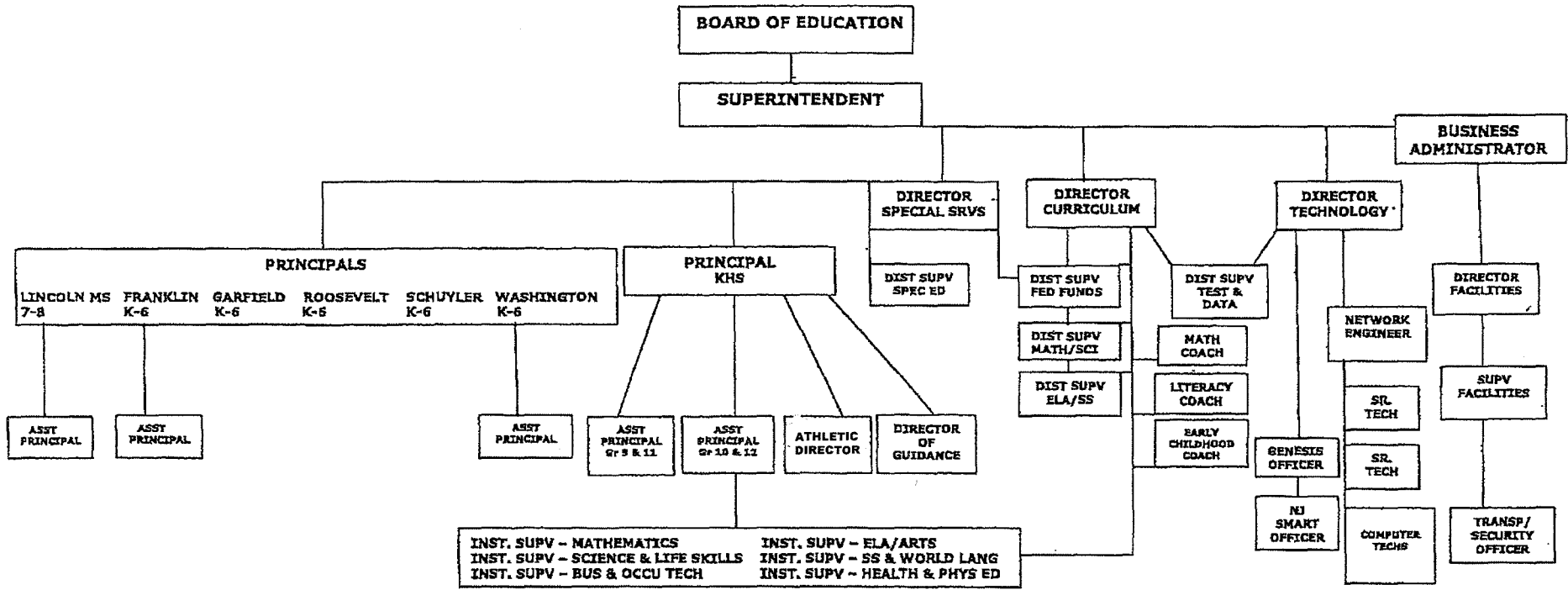
8. OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci, & Higgins, LLP, was selected by the Board of Trustees. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Uniform Guidance and State OMB Circular 15-08. The auditor's report on 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 are included in the single audit section of this report.

9. ACKNOWLEDGEMENTS: We would like to express our appreciation to the members of the Board of Education 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 Business Office Staff.

Respectfully submitted,



Interim Board Secretary/School
Business Administrator



KEARNY BOARD OF EDUCATION

KEARNY, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2020

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Barbara Cifelli-Sherry	2022
Mercedes Davidson	2021
Cecilia Lindenfelser	2021
Bernadette McDonald	2020
Samantha Paris	2020
Sebastian J. Viscuso	2020
George Zapata	2022
John McKenna	2022
Jose Soares	2022

ADMINISTRATION

Patricia Blood, Superintendent of Schools
Dr. Edward Izbicki, Business Administrator/Board Secretary

KEARNY BOARD OF EDUCATION - CONSULTANTS AND ADVISORS

ARCHITECTS OF RECORD

FALLON & PACHECO
399 BROAD STREET
BLOOMFIELD, NEW JERSEY 07003

ATTORNEY

KENNETH J. LINDENFELSER
570 KEARNY AVENUE
KEARNY, NEW JERSEY 07032

CONSTRUCTION ATTORNEY

DENNIS MCKEEVER
SCIARRILLO, CORNELL, MERLINO, MCKEEVER & OSBORNE, LLC.
53 CARDINAL DRIVE
P.O. BOX 2369
WESTFIELD, NEW JERSEY 07091-2369

AUDIT FIRM

LERCH, VINCI & HIGGINS, LLP
17-17 STATE HIGHWAY #208N
FAIRLAWN, NEW JERSEY 07410

BOND COUNSEL

MC MANIMON, SCOTLAND & BAUMANN, LLC.
ONE RIVERFRONT PLAZA
NEWARK, NEW JERSEY 07102

NEGOTIATOR/LABOR COUNSEL

DENNIS MCKEEVER
SCIARRILLO, CORNELL, MERLINO, MCKEEVER & OSBORNE, LLC.
53 CARDINAL DRIVE
P.O. BOX 2369
WESTFIELD, NEW JERSEY 07091-2369

OFFICIAL DEPOSITORY

THE INVESTORS BANK
300 BERGEN AVENUE
KEARNY, NEW JERSEY 07032

FINANCIAL SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Kearny Board of Education
172 Midland Avenue
Kearny, New Jersey 07032

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 Kearny Board of Education, as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kearny Board of Education as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information


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


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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 22, 2020 on our consideration of the Kearny Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kearny Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Kearny Board of Education's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 22, 2020

REQUIRED SUPPLEMENTARY INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEARNY BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

This section of the Kearny Board of Education's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements as well as the financial statements themselves to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2019-2020 fiscal year include the following:

- The assets and deferred outflows of resources of the Kearny Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$18,552,644.
- Overall revenues were \$125,103,000 which were \$2,855,811 more than expenses. General revenues accounted for \$89,709,853 or 72% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$35,393,147 or 28% of total revenues.
- The School District had \$120,374,665 in expenses for governmental activities; only \$33,600,615 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and federal and state aid) of \$89,709,853 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported combining ending fund balances of \$4,370,381. The unassigned general fund balance (GAAP Basis) is in a deficit position of \$2,605,179.
- The General Fund unassigned budgetary basis fund balance was \$2,151,892 at June 2020, an increase of \$14,092 when compared with the beginning balance at July 1, 2019 of \$2,137,800.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

KEARNY BOARD OF EDUCATION

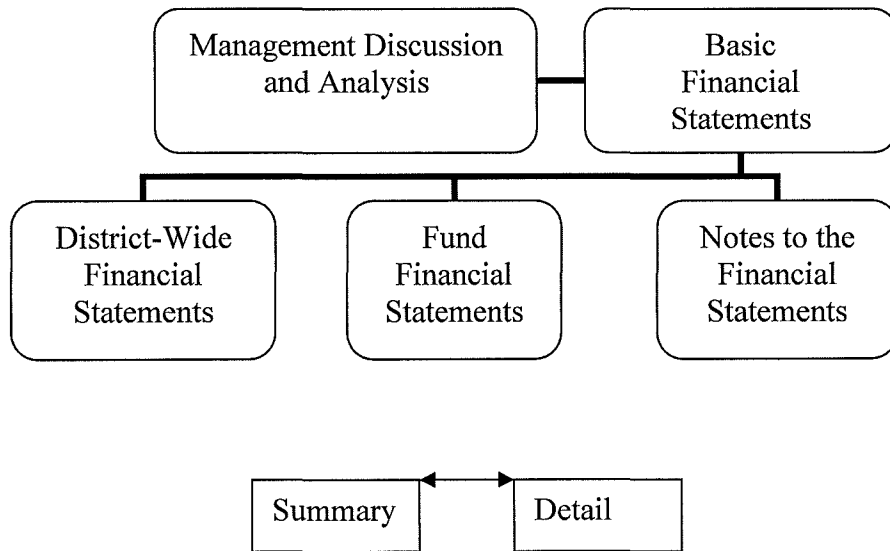
Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

- The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses (the food service operation).
- 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 to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The chart below shows how the various parts of this annual report are arranged and related to one another.



KEARNY BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

The major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as instruction; building maintenance, transportation, and administration.	Activities the district operates similar to private businesses; enterprise funds	Instances in which the district administers resources on behalf of someone else, such as unemployment, student activities, and payroll deductions.
Required Financial Statements	Statements of Net Position and Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets, deferred outflows, liabilities and deferred inflows, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	All assets and liabilities both short and long-term funds do not currently contain capital assets although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received and the related liability is due and payable	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

KEARNY BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

District-Wide Statements

The district-wide 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 of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the 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 is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

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

- *Governmental activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration, and community education. Property taxes and State and Federal aids finance most of these activities.
- *Business-Type activities* – The District charges fees to customers to help it cover the costs of certain services it provides. The District's Food Service Fund is included here.

Fund Financial Statements

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

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

KEARNY BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

Fund Financial Statements (Continued)

The District has three kinds of funds:

- *Governmental funds* – Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship (or differences between them).
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements.
 - *Enterprise Fund* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has a Food Service Enterprise Fund.
- *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others such as scholarship fund, payroll and payroll agency funds, and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the Board’s district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The district’s financial position is the product of many financial transactions including the net results of activities, the acquisition and repayment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

KEARNY BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

Net Position. The District's combined net position, as summarized below, was \$18,552,644 and \$15,696,833 on June 30, 2020 and 2019, respectively

Statement of Net Position as of June 30, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and Other Assets	\$ 8,529,139	\$ 9,016,971	\$ 782,612	\$ 712,582	\$ 9,311,751	\$ 9,729,553
Capital Assets	58,585,770	59,952,311	316,552	304,965	58,902,322	60,257,276
Total Assets	<u>67,114,909</u>	<u>68,969,282</u>	<u>1,099,164</u>	<u>1,017,547</u>	<u>68,214,073</u>	<u>69,986,829</u>
Deferred Outflows of Resources						
Deferred Amounts on Net Pension Liability	2,332,306	4,225,357			2,332,306	4,225,357
Deferred Charges on Refunding	140,914	206,191	-	-	140,914	206,191
Total Deferred Outflows of Resources	<u>2,473,220</u>	<u>4,431,548</u>	<u>-</u>	<u>-</u>	<u>2,473,220</u>	<u>4,431,548</u>
Liabilities						
Long-Term Liabilities	40,011,798	42,336,368			40,011,798	42,336,368
Other Liabilities	4,233,008	8,446,111	67,012	101,073	4,300,020	8,547,184
Total Liabilities	<u>44,244,806</u>	<u>50,782,479</u>	<u>67,012</u>	<u>101,073</u>	<u>44,311,818</u>	<u>50,883,552</u>
Deferred Inflows of Resources						
Deferred Amounts on Net Pension Liability	7,882,831	7,837,312			7,882,831	7,837,312
Deferred Commodities Revenue	-	-	-	680	-	680
Total Deferred Inflows of Resources	<u>7,882,831</u>	<u>7,837,312</u>	<u>-</u>	<u>680</u>	<u>7,882,831</u>	<u>7,837,992</u>
Net Position						
Net Investment in Capital Assets	53,408,622	52,998,917	316,552	304,965	53,725,174	53,303,882
Restricted	5,608,206	1,138,318			5,608,206	1,138,318
Unrestricted	(41,496,336)	(39,356,196)	715,600	610,829	(40,780,736)	(38,745,367)
Total Net Position	<u>\$ 17,520,492</u>	<u>\$ 14,781,039</u>	<u>\$ 1,032,152</u>	<u>\$ 915,794</u>	<u>\$ 18,552,644</u>	<u>\$ 15,696,833</u>

KEARNY BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

Below is a summary of the changes in net position for fiscal years ended June 30, 2020 and 2019.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges for Services	\$ 187,425	\$ 196,254	\$ 438,222	\$ 584,292	\$ 625,647	\$ 780,546
Operating Grants and Contributions	33,413,190	35,350,515	1,354,310	1,455,269	34,767,500	36,805,784
General Revenues						
Property Taxes	54,787,373	53,713,111			54,787,373	53,713,111
Federal and State Aid	34,197,350	30,634,641			34,197,350	30,634,641
Other	725,130	1,132,448	-	-	725,130	1,132,448
Total Revenues	<u>123,310,468</u>	<u>121,026,969</u>	<u>1,792,532</u>	<u>2,039,561</u>	<u>125,103,000</u>	<u>123,066,530</u>
Expenses						
Instruction						
Regular	60,504,352	62,398,755			60,504,352	62,398,755
Special Education	15,028,176	14,940,133			15,028,176	14,940,133
Other Instruction	6,140,146	6,116,270			6,140,146	6,116,270
School Sponsored Activities and Athletics	1,609,135	1,501,429			1,609,135	1,501,429
Support Services						
Student and Instruction Related Services	10,345,485	9,697,687			10,345,485	9,697,687
General Administration Services	1,899,637	1,755,319			1,899,637	1,755,319
School Administration Services	9,895,806	8,986,658			9,895,806	8,986,658
Central Administrative Services	2,521,097	2,454,507			2,521,097	2,454,507
Plant Operation and Maintenance	10,301,337	10,252,309			10,301,337	10,252,309
Pupil Transportation	1,711,662	1,993,370			1,711,662	1,993,370
Interest and Other Charges on Long-Term Debt	417,832	463,721			417,832	463,721
Food Service	-	-	1,872,524	2,324,402	1,872,524	2,324,402
Total Expenses	<u>120,374,665</u>	<u>120,560,158</u>	<u>1,872,524</u>	<u>2,324,402</u>	<u>122,247,189</u>	<u>122,884,560</u>
Increase (Decrease) in Net Position before						
Transfers and Other Items	2,935,803	466,811	(79,992)	(284,841)	2,855,811	181,970
Donations/(Retirement) of Capital Assets		5,000			-	5,000
Capital Lease/Lease Obligations Paid by Vendor		575,525			-	575,525
Transfers	(196,350)	(377,796)	196,350	377,796	-	-
Change in Net Position	2,739,453	669,540	116,358	92,955	2,855,811	762,495
Net Position, Beginning of Year	<u>14,781,039</u>	<u>14,111,499</u>	<u>915,794</u>	<u>822,839</u>	<u>15,696,833</u>	<u>14,934,338</u>
Net Position, End of Year	<u>\$ 17,520,492</u>	<u>\$ 14,781,039</u>	<u>\$ 1,032,152</u>	<u>\$ 915,794</u>	<u>\$ 18,552,644</u>	<u>\$ 15,696,833</u>

KEARNY BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

Changes in net position. The District's total revenues were \$125,103,000. Property taxes of \$54,787,373 represented 44% of revenues. Approximately 55% of the District's revenues were received from state and federal sources, the balance of 1% came from investment earnings, fees for adult education and other miscellaneous items.

The District's expenses are predominately related to educating and caring for students. The total cost of all programs and services was \$122,247,189. Total revenues exceeded expenses, increasing net position by \$2,855,811 from the beginning balance at July 1, 2019.

Total and Net Cost of Governmental Activities. The District's total cost of services was \$120,374,665 for the fiscal year ended June 30, 2020. After applying program revenues, derived from charges for services of \$187,425 and operating grants and contributions of \$33,413,190 the net cost of services of the District is \$86,774,050. The following is a comparative analysis of the net cost of governmental activities for the fiscal years ended June 30, 2020 and 2019.

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Governmental Activities				
Instruction				
Regular	\$ 60,504,352	\$ 62,398,755	\$ 46,952,252	\$ 47,204,266
Special Education	15,028,176	14,940,133	5,083,728	5,511,677
Other Instruction	6,140,146	6,116,270	3,778,720	3,154,225
School Sponsored Activities and Athletics	1,609,135	1,501,429	1,307,657	1,183,683
Support Services				
Student and Instruction Related Services	10,345,485	9,697,687	7,427,363	7,034,723
General Administration Services	1,899,637	1,755,319	1,823,642	1,626,256
School Administration Services	9,895,806	8,986,658	8,018,194	6,967,497
Central Administration Services	2,521,097	2,454,507	2,179,933	2,060,962
Plant Operation and Maintenance	10,301,337	10,252,309	8,308,382	8,060,568
Pupil Transportation	1,711,662	1,993,370	1,476,347	1,745,811
Interest and Other Charges on Debt	417,832	463,721	417,832	463,721
Total Governmental Activities	<u>\$ 120,374,665</u>	<u>\$ 120,560,158</u>	<u>\$ 86,774,050</u>	<u>\$ 85,013,389</u>

Business-Type Activities

The cost of Business-Type Activities for the fiscal year ended June 30, 2020 was \$1,872,524. These costs were predominantly funded by operating grants, charges for services and a General Fund subsidy to offset the cost of district employees working in the Food Service Program.

KEARNY BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. At the end of the fiscal year, the Board's Governmental Funds reported a combined fund balance of \$4,370,381. The fund balance at June 30, 2019 was \$665,918. The increase is attributable to the unexpended funds in the District's operating budget and the realization of revenues in excess of anticipated amounts.

GENERAL FUND

The General fund includes the primary operations of the District in providing educational services to students from Kindergarten through Grade 12 including pupil transportation, student activities and capital outlay projects.

The following schedule presents a summary of General Fund Revenues for the fiscal years ended June 30, 2020 and 2019.

	Fiscal Year Ended June 30, 2020	Fiscal Year Ended June 30, 2019	Increase (Decrease)	Percent
Revenues				
Local Sources:				
Property Tax Levy	\$ 53,788,283	\$ 52,728,607	\$ 1,059,676	2.0%
Miscellaneous	902,411	1,171,381	(268,970)	-23.0%
State Sources	56,326,737	51,543,749	4,782,988	9.3%
Federal Sources	<u>204,672</u>	<u>190,397</u>	<u>14,275</u>	7.5%
Total Revenues	<u>\$ 111,222,103</u>	<u>\$ 105,634,134</u>	<u>\$ 5,587,969</u>	5.3%

The General Fund revenues are primarily funded from property taxes and State aid. These sources combine for 99% of the District's total revenue. The property tax levy increased over \$1 million and was within the State Tax Levy "CAP" guidelines. State sources increased significantly in 2019/2020. The Board received an additional \$3.4 million in State Equalization Aid. The Board's TPAF on-behalf payments were slightly greater than the prior year payments.

KEARNY BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

The following schedule presents a summary of General Fund expenditures for the fiscal years ended June 30, 2020 and 2019.

	Fiscal Year Ended <u>June 30, 2020</u>	Fiscal Year Ended <u>June 30, 2019</u>	Increase (Decrease)	Percent
Expenditures				
Instruction	\$ 71,759,932	\$ 73,518,008	\$ (1,758,076)	-2.4%
Support Services	33,800,491	32,515,942	1,284,549	4.0%
Capital Outlay	701,284	448,240	253,044	56.5%
Debt Service	<u>1,844,451</u>	<u>1,764,431</u>	<u>80,020</u>	
Total Expenditures	<u>\$ 108,106,158</u>	<u>\$ 108,246,621</u>	<u>\$ (140,463)</u>	-0.1%

Total General Fund expenditures decreased \$140,463 or .1% from the previous year. The District was required to switch to remote learning beginning March 16, 2020 due to the Covid pandemic.

In 2019-2020 General Fund revenues and other financing sources exceeded expenditures and other financing uses by \$3,813,675. After adjusting for statutory transfers and reserves, the unassigned fund balance at June 30, 2020 was a deficit of \$2,605,179. This deficit was eliminated upon the District's receipt of the 2019/2020 final state aid payments and extraordinary aid during the 2020/21 school year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into the following categories

- Implementing budgets for specially funded projects, which include both federal and state grants.
- Reappropriation of June 30, 2019 year end encumbrances.
- Appropriation of maintenance reserve.

KEARNY BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

Special Revenue Fund - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$5,661,756, for the fiscal year ended June 30, 2020. State sources in the amount of \$2,652,180 accounted for 47% of the total revenue and federal sources in the amount of \$2,995,614 accounted for 53% of the total revenue in the special revenue fund.

Total Special Revenue Fund revenues increased \$1,561,681 or 38% from the previous year. State sources increased \$1,953,156, and Federal sources decreased by \$369,016. Miscellaneous (local) sources decreased \$22,459. The District received preschool expansion aid grant funds in 2019/20.

Expenditures of the Special Revenue Fund were \$5,695,704. Instructional expenditures were \$4,260,218 or 75%, expenditures for support services were \$1,415,050 or 25%, and expenditures for capital outlay were \$20,436 for the fiscal year ended June 30, 2020.

CAPITAL PROJECTS AND DEBT SERVICE FUNDS

The Capital Projects Fund had revenue of \$3,946 from interest earnings and \$6,197 from the premium on a grant anticipation note. The interest earnings was transferred to the District's General Fund. The year end fund balance is \$425,094.

Debt service expenditures for 2019-2020 were \$1,319,700 in principal and interest, with \$999,090 funded from the property tax levy and \$366,010 from state aid.

Capital Assets. At the end of the 2019-2020 fiscal year, the school district had invested in land, buildings, machinery and equipment as stated below:

	<u>Governmental</u>		<u>Business- Type</u>	
	<u>Activities</u>		<u>Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 245,000	\$ 245,000		
Construction in Progress	14,837,027	14,837,027		
Site Improvements	2,563,760	2,563,760		
Buildings and Improvements	52,311,617	51,918,316		
Machinery and Equipment	<u>3,581,920</u>	<u>3,253,501</u>	\$ 550,591	\$ 504,030
 Total	 73,539,324	 72,817,604	 550,591	 504,030
Less: Accumulated Depreciation	<u>(14,953,554)</u>	<u>(12,865,293)</u>	<u>(234,039)</u>	<u>(199,065)</u>
 Total	 <u>\$ 58,585,770</u>	 <u>\$ 59,952,311</u>	 <u>\$ 316,552</u>	 <u>\$ 304,965</u>

KEARNY BOARD OF EDUCATION

Management Discussion and Analysis

Fiscal Year Ended June 30, 2020

Additional information on the District's capital assets is presented in the Notes to the Financial Statements.

Debt Administration. As of June 30, 2020 and 2019 the school district had long-term debt (exclusive of premium on bonds) and outstanding long-term liabilities as follows:

	<u>2020</u>	<u>2019</u>
Serial Bonds Payable	\$ 4,050,000	\$ 5,185,000
Obligations Under Capital Leases	2,364,213	2,962,824
Compensated Absences	15,057,954	13,439,900
Net Pension Liability (PERS)	<u>18,331,347</u>	<u>20,373,317</u>
 Total	 <u>\$ 39,803,514</u>	 <u>\$ 41,961,041</u>

Additional information on the District's long-term liabilities is presented in Notes to the Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

Continued increasing enrollments will pose a challenge to the annual operating budget as additional staff members and resources are required to maintain a comprehensive educational program. In addition, spiraling health benefits and special education costs continue to negatively impact the district's budget. A decrease in state aid levels will only enhance the budget problems.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the 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 the School Business Administrator's Office, Kearny Board of Education, 172 Midland Avenue, Kearny, NJ 07032.

BASIC FINANCIAL STATEMENTS

**KEARNY BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 5,818,664	\$ 652,679	\$ 6,471,343
Receivables, net			
Receivables from Other Governments	2,710,475	84,783	2,795,258
Inventory		45,150	45,150
Capital Assets			
Not Being Depreciated	15,082,027	550,591	15,632,618
Being Depreciated, Net	<u>43,503,743</u>	<u>(234,039)</u>	<u>43,269,704</u>
Total Assets	<u>67,114,909</u>	<u>1,099,164</u>	<u>68,214,073</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	2,332,306		2,332,306
Deferred Amount on Refunding on Debt	<u>140,914</u>	<u>-</u>	<u>140,914</u>
Total Deferred Outflows of Resources	<u>2,473,220</u>	<u>-</u>	<u>2,473,220</u>
Total Assets and Deferred Outflows of Resources	<u>69,588,129</u>	<u>1,099,164</u>	<u>70,687,293</u>
LIABILITIES			
Accounts Payable	1,343,338	67,012	1,410,350
Payable to Federal/State Governments	5,256		5,256
Unearned Revenue	810,164		810,164
Accrued Interest Payable	74,250		74,250
Grant Note Payable	2,000,000		2,000,000
Noncurrent Liabilities			
Due Within One Year	3,573,255		3,573,255
Due Beyond One Year	<u>36,438,543</u>	<u>-</u>	<u>36,438,543</u>
Total Liabilities	<u>44,244,806</u>	<u>67,012</u>	<u>44,311,818</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Amounts on Net Pension Liability	7,822,831		7,822,831
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>7,822,831</u>	<u>-</u>	<u>7,822,831</u>
Total Liabilities and Deferred Inflows of Resources	<u>52,067,637</u>	<u>67,012</u>	<u>52,134,649</u>
NET POSITION			
Net Investment in Capital Assets	53,408,622	316,552	53,725,174
Restricted for:			
Capital Projects	2,475,084		2,475,084
Debt Service	92,435		92,435
Other Purposes	3,040,687		3,040,687
Unrestricted	<u>(41,496,336)</u>	<u>715,600</u>	<u>(40,780,736)</u>
Total Net Position	<u>\$ 17,520,492</u>	<u>\$ 1,032,152</u>	<u>\$ 18,552,644</u>

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

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

Functions/Programs:	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
Instruction						
Regular	\$ 60,504,352	\$ 67,736	\$ 13,484,364	\$ (46,952,252)		\$ (46,952,252)
Special Education	15,028,176	119,689	9,824,759	(5,083,728)		(5,083,728)
Other Instruction	6,140,146		2,361,426	(3,778,720)		(3,778,720)
School Sponsored Activities and Athletics	1,609,135		301,478	(1,307,657)		(1,307,657)
Support Services						
Student and Instruction Related Svcs.	10,345,485		2,918,122	(7,427,363)		(7,427,363)
General Administration Services	1,899,637		75,995	(1,823,642)		(1,823,642)
School Administration Services	9,895,806		1,877,612	(8,018,194)		(8,018,194)
Central Administrative Services	2,521,097		341,164	(2,179,933)		(2,179,933)
Plant Operations and Maintenance	10,301,337		1,992,955	(8,308,382)		(8,308,382)
Pupil Transportation	1,711,662		235,315	(1,476,347)		(1,476,347)
Interest and Other Charges on Long-Term Debt	417,832	-	-	(417,832)	-	(417,832)
Total Governmental Activities	<u>120,374,665</u>	<u>187,425</u>	<u>33,413,190</u>	<u>(86,774,050)</u>	<u>-</u>	<u>(86,774,050)</u>
Business-Type Activities						
Food Service	<u>1,872,524</u>	<u>438,222</u>	<u>1,354,310</u>	<u>-</u>	<u>\$ (79,992)</u>	<u>(79,992)</u>
Total Business-Type Activities	<u>1,872,524</u>	<u>438,222</u>	<u>1,354,310</u>	<u>-</u>	<u>(79,992)</u>	<u>(79,992)</u>
Total Primary Government	<u>\$ 122,247,189</u>	<u>\$ 625,647</u>	<u>\$ 34,767,500</u>	<u>(86,774,050)</u>	<u>(79,992)</u>	<u>(86,854,042)</u>
General Revenues:						
Property Taxes, General				53,788,283		53,788,283
Property Taxes, Debt Service				999,090		999,090
Federal and State Aid - Unrestricted				33,831,340		33,831,340
State Aid- Restricted for Debt Service				366,010		366,010
Investment Income				97,017		97,017
Miscellaneous Income				628,113		628,113
Transfers and Other Items						
Transfers				(196,350)	196,350	-
Total General Revenues and Transfers				<u>89,513,503</u>	<u>196,350</u>	<u>89,709,853</u>
Change in Net Position				2,739,453	116,358	2,855,811
Net Position, Beginning of Year (Restated)				<u>14,781,039</u>	<u>915,794</u>	<u>15,696,833</u>
Net Position, End of Year				<u>\$ 17,520,492</u>	<u>\$ 1,032,152</u>	<u>\$ 18,552,644</u>

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

FUND FINANCIAL STATEMENTS

**KEARNY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 3,904,675	\$ 759,270	\$ 1,109,318	\$ 45,401	\$ 5,818,664
Due from Other Funds	536,364				536,364
Receivables, Net					
Receivables From Other Governments	312,139	546,196	1,852,140	-	2,710,475
Total Assets	\$ 4,753,178	\$ 1,305,466	\$ 2,961,458	\$ 45,401	\$ 9,065,503
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 812,627	\$ 530,711			\$ 1,343,338
Due to Other Funds			\$ 536,364		536,364
Payable to Federal/State Governments		5,256			5,256
Grant Anticipation Note Payable			2,000,000		2,000,000
Unearned Revenue	6,717	803,447	-	-	810,164
Total Liabilities	819,344	1,339,414	2,536,364	-	4,695,122
Fund Balances					
Restricted					
Capital Reserve	2,097,024				2,097,024
Maintenance Reserve	3,040,687				3,040,687
Adult Education Program	80,493				80,493
Excess Surplus	583,411				583,411
Capital Projects			378,060		378,060
Debt Service			47,034	\$ 45,401	92,435
Assigned					
Designated for Subsequent Year's					
Budget	673,882				673,882
Encumbrances	63,516				63,516
Unassigned					
General Fund	(2,605,179)				(2,605,179)
Special Revenue Fund	-	(33,948)	-	-	(33,948)
Total Fund Balances	3,933,834	(33,948)	425,094	45,401	4,370,381
Total Liabilities and Fund Balances	\$ 4,753,178	\$ 1,305,466	\$ 2,961,458	\$ 45,401	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$73,539,324 and the accumulated depreciation is \$14,953,554.

58,585,770

The District has financed capital assets through the issuance of general obligation bonds. The accrued interest at year end is

(74,250)

Long-term liabilities, including bonds payable, deferred outflows/inflows of resources are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 2 for Details)

(45,361,409)

Net Position of Governmental Activities

\$ 17,520,492

KEARNY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local Sources					
Property Tax Levy	\$ 53,788,283			\$ 999,090	\$ 54,787,373
Miscellaneous	902,411	\$ 13,962	\$ 10,143	-	926,516
Total - Local Sources	54,690,694	13,962	10,143	999,090	55,713,889
State Sources	56,326,737	2,652,180		366,010	59,344,927
Federal Sources	204,672	2,995,614	-	-	3,200,286
Total Revenues	<u>111,222,103</u>	<u>5,661,756</u>	<u>10,143</u>	<u>1,365,100</u>	<u>118,259,102</u>
EXPENDITURES					
Current					
Instruction					
Regular Instruction	52,778,524	1,809,188			54,587,712
Special Education Instruction	12,864,018	1,329,898			14,193,916
Other Instruction	4,608,129	1,121,132			5,729,261
School Sponsored Activities and Athletics	1,509,261				1,509,261
Support Services					
Student and Instruction Related Services	8,413,845	1,415,050			9,828,895
General Administrative Services	1,736,764		126,861		1,863,625
School Administrative Services	9,263,678				9,263,678
Plant Operations and Maintenance	10,281,801				10,281,801
Pupil Transportation	1,696,930				1,696,930
Business and Central Services	2,407,473				2,407,473
Debt Service					
Principal	1,559,304			1,135,000	2,694,304
Interest and Other Charges	285,147			184,700	469,847
Capital Outlay	701,284	20,436	-	-	721,720
Total Expenditures	<u>108,106,158</u>	<u>5,695,704</u>	<u>126,861</u>	<u>1,319,700</u>	<u>115,248,423</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,115,945</u>	<u>(33,948)</u>	<u>(116,718)</u>	<u>45,400</u>	<u>3,010,679</u>
OTHER FINANCING SOURCES (USES)					
Lease Purchase Proceeds	890,134				890,134
Transfers In	3,946			-	3,946
Transfers Out	(196,350)	-	(3,946)	-	(200,296)
Total Other Financing Sources and Uses	<u>697,730</u>	<u>-</u>	<u>(3,946)</u>	<u>-</u>	<u>693,784</u>
Net Change in Fund Balances	3,813,675	(33,948)	(120,664)	45,400	3,704,463
Fund Balance, Beginning of Year	120,159	-	545,758	1	665,918
Fund Balance, End of Year	<u>\$ 3,933,834</u>	<u>\$ (33,948)</u>	<u>\$ 425,094</u>	<u>\$ 45,401</u>	<u>\$ 4,370,381</u>

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

**KEARNY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Net Change in Fund Balances - Governmental Funds (Exhibit B-2) \$ 3,704,463

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which capital outlay expense exceeds depreciation in the current period.

Capital Outlays	\$ 721,720	
Depreciation Expense	<u>(2,088,261)</u>	(1,366,541)

The issuance of long-term debt provides current financial resources to governmental funds and increases long-term liabilities in the statement of net position. It does not affect the statement of activities.

Capital Lease Proceeds		(890,134)
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In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Net Increase in Compensated Absences Liability		(1,618,054)
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Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

Repayment of Bond Principal	1,135,000	
Amortization of Premium	96,484	
Amortization of Deferred Amount on Refunding	(65,277)	
Repayment of Lease Purchase Obligations	<u>1,559,304</u>	2,725,511

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in Accrued Interest		20,808
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In the statement of activities, pension expenses are measured by the liability accrued during the year. In the governmental funds, however, expenditures are reported in the amount of financial resources used (paid).

Decrease in Pension Expense - Public Employees' Retirement System		<u>163,400</u>
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Change in Net Position of Governmental Activities (Exhibit A-2) \$ 2,739,453

**KEARNY BOARD OF EDUCATION
 PROPRIETARY FUNDS
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2020**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 652,679
Intergovernmental Accounts Receivable	84,783
Inventories	<u>45,150</u>

Total Current Assets	<u>782,612</u>
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Capital Assets

Furniture, Machinery and Equipment	550,591
Less Accumulated Depreciation	<u>(234,039)</u>

Total Capital Assets	<u>316,552</u>
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Total Assets	<u>1,099,164</u>
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LIABILITIES

Current Liabilities

Accounts Payable	<u>67,012</u>
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Total Liabilities	<u>67,012</u>
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NET POSITION

Investment in Capital Assets	316,552
Unrestricted	<u>715,600</u>

Total Net Position	<u><u>\$ 1,032,152</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**KEARNY BOARD OF EDUCATION
 PROPRIETARY FUNDS
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

OPERATING REVENUES

Charges for Services	
Daily Sales	
Reimbursable Programs	\$ 263,265
Non-Reimbursable Programs	167,872
Special Functions	<u>7,085</u>
Total Operating Revenues	<u>438,222</u>

OPERATING EXPENSES

Cost of Sales	
Reimbursable Programs	729,873
Non-Reimbursable Programs	68,268
Personnel Costs	780,449
Management Fee	95,466
Other Expenses	117,435
Supplies and Materials	46,059
Depreciation	<u>34,974</u>
Total Operating Expenses	<u>1,872,524</u>

Operating Income (Loss)	<u>(1,434,302)</u>
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NONOPERATING REVENUES

State Sources	
State School Lunch Program	24,938
Federal Sources	
National School Lunch Program	939,352
National School Breakfast Program	252,111
Food Distribution Program	124,821
Food Service Equipment Grant	<u>13,088</u>
Total Nonoperating Revenues	<u>1,354,310</u>

Operating (Loss) Before Transfers	(79,992)
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Net Transfers	<u>196,350</u>
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Change in Net Position	116,358
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Total Net Position, Beginning of Year	<u>915,794</u>
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Total Net Position, End of Year	<u><u>\$ 1,032,152</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**KEARNY BOARD OF EDUCATION
 PROPRIETARY FUNDS
 FOOD SERVICE ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 438,222
Cash Payments for Employees Salaries and Benefits	(780,449)
Cash Payments to Suppliers	<u>(989,009)</u>
Net Cash (Used for) Operating Activities	<u>(1,331,236)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Cash Payments from General Fund	696,350
Cash Received from State and Federal Sources	<u>1,219,166</u>
Net Cash Provided By Non-Capital Financing Activities	<u>1,915,516</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Cash Payments for Capital Assets	<u>(46,561)</u>
Net Cash (Used For) Capital Financing Activities	<u>(46,561)</u>

Net Change in Cash and Cash Equivalents	537,719
Cash and Cash Equivalents, Beginning of Year	<u>114,960</u>
Cash and Cash Equivalents, End of Year	<u>\$ 652,679</u>

Reconciliation of Operating Income (Loss) to Net Cash (Used for) Operating Activities:

Operating Income (Loss)	\$ <u>(1,434,302)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used for) Operating Activities	
Depreciation	34,974
Non Cash Federal Assistance-Food Distribution Program	124,821
(Increase) Decrease in Inventories	(35,076)
Increase (Decrease) in Deferred Commodities Revenue	(680)
Increase (Decrease) in Accounts Payable	<u>(20,973)</u>
Total Adjustments	<u>103,066</u>

Net Cash (Used for) Operating Activities	<u>\$ (1,331,236)</u>
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Non-Cash Financing Activities:

Fair Value Received - Food Distribution Program	\$ 124,141
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**KEARNY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020**

	Scholarship Trust Funds	Unemployment Compensation Trust Fund	Agency Fund
ASSETS			
Cash and Cash Equivalents	\$ 787,519	\$ 956,139	\$ 575,678
Accounts Receivable		22,713	
Due from Other Funds	-	-	943
Total Assets	787,519	978,852	\$ 576,621
LIABILITIES			
Intergovernmental Payable		66,049	
Accounts Payable			
Due to Other Funds		943	
Due To Student Groups			\$ 460,857
Payroll Deductions and Withholdings	-	-	115,764
Total Liabilities	-	66,992	\$ 576,621
NET POSITION			
Held In Trust For Unemployment Claims and Other Purposes	\$ 787,519	\$ 911,860	

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

**KEARNY BOARD OF EDUCATION
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Scholarship Trust Funds	Unemployment Compensation Trust Fund
ADDITIONS		
Interest Earnings	\$ 3,140	\$ 10,817
Scholarship Bequests/Donations	44,401	
Employee Contributions	-	80,594
Total Additions	47,541	91,411
DEDUCTIONS		
Scholarships Awarded	62,375	
Other Expenses	841	6,065
Unemployment Claims and Contributions	-	130,679
Total Deductions	63,216	136,744
Change in Net Position	(15,675)	(45,333)
Net Position, Beginning of Year	803,194	957,193
Net Position, End of Year	\$ 787,519	\$ 911,860

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

NOTES TO THE FINANCIAL STATEMENTS

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

For fiscal year 2020, there were no GASB statements required to be adopted and implemented by the District.

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

- GASB No. 84, *Fiduciary Activities*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement established criteria for identifying fiduciary activities of all state and local governments.
- GASB No. 87, *Leases*, implementation postponed will be effective beginning with the fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

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

C. Basis of Presentation - Financial Statements

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

District-Wide Financial Statements

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

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

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

Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

The *fiduciary trust funds* are used to account for resources legally held in trust for state unemployment insurance claims and for private donations for scholarship awards. All resources of the funds, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

The *fiduciary agency funds* account for assets held by the District as an agent for student activities and for payroll deductions and withholdings. The funds for the student activities fund are solely for noninstructional student activities that are supported and controlled by student organizations and clubs for which school administration does not have management involvement. The payroll funds are held to remit employee withholdings to respective state, federal and other agencies.

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

1. *Cash, Cash Equivalents and Investments*

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

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

2. *Receivables*

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

3. *Inventories*

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

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

4. *Capital Assets*

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Site Improvements	20
Buildings and Improvements	20-40
Machinery and Equipment	5-20
Vehicles	8

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Absences

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation, personal, and sick leave benefits. A long-term liability of accumulated vacation, personal and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds do not permit the accrual of unused vacation, personal and sick days. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

7. Pensions

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

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

8. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Position/Fund Balance

District-Wide Statements

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

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

Governmental Fund Statements

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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

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

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 3D).

Adult Education Programs – This restriction was created in accordance with NJSA 18A:50-6 to represent the accumulated surplus from excess program fees and sources other than property taxes over the operating costs of the District's Adult Education Program.

Excess Surplus – This restriction was created in accordance with NJSA 18A:7F-7 to represent the June 30, 2020 audited excess surplus that is required to be appropriated in the 2021/2022 original budget certified for taxes.

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

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

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

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2020/2021 District budget certified for taxes.

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

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

10. Fund Balance Policies

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The District has no committed fund balances at year end.

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Tuition Revenues and Expenditures

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2018-2019 and 2019-2020 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

**KEARNY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

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

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

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, obligations under lease purchase agreements, compensated absences, net pension liabilities and related deferred inflows and outflows are not due and payable in the current period and therefore are not reported in the funds.” The details are as follows:

General Obligation Bonds Payable	\$ 4,050,000
Premium on Bonds	208,284
Deferred Amount on Debt Refunding	(140,914)
Obligations Under Lease Purchase Agreements	2,364,213
Compensated Absences	15,057,954
Net Pension Liability	18,331,347
Deferred Inflows of Resources	
Deferred Amounts on Net Pension Liability	7,822,831
Deferred Outflows of Resources	
Deferred Amounts on Net Pension Liability	<u>(2,332,306)</u>
	<u>\$ 45,361,409</u>

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November do not have to submit their budgets that meet levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2019/2020. Also, during 2019/2020 the Board increased the original General Funds and Special Revenue Fund budgets by \$821,550 and \$4,147,716, respectively. The increases were funded by the appropriation of maintenance reserve, grant awards and the reappropriation of prior year encumbrances.

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

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

B. Deficit Fund Equity

The District has an unassigned fund balance deficit of \$2,605,179 in the General Fund and \$33,948 in the Special Revenue Fund as of June 30, 2020 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2019/2020 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General and Special Revenue Fund deficits do not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

**KEARNY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Deficit Fund Equity (Continued)

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District's deficits in the GAAP (fund) financial statements are less than the delayed state aid payments at June 30, 2020.

C. Capital Reserve

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

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

The activity of the capital reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019	\$ 592,559
Increased by:	
Deposit by Board Resolution	1,500,000
Interest Earnings	<u>4,465</u>
Balance, June 30, 2020	<u>\$ 2,097,024</u>

D. Maintenance Reserve

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2020 is as follows:

Balance, July 1, 2019	\$ 1,031,500
Increased by:	
Deposit Approved by Board Resolution	\$2,300,000
Interest Earnings	<u>557</u>
	<u>2,300,557</u>
	3,332,057
Decreased by:	
Withdrawals Approved by Board Resolution	<u>291,370</u>
Balance, June 30, 2020	<u>\$ 3,040,687</u>

E. Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, as amended, the restricted fund balance for 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 in excess of 2% of budget expenditures at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The excess fund balance at June 30, 2020 is \$583,411. This amount will be appropriated in the 2021/2022 original budget certified for taxes.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (Continued)

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2020, the book value of the Board's deposits were \$8,790,679 and bank and brokerage firm balances of the Board's deposits amounted to \$9,052,377. The Board's deposits which are displayed on the various fund balance sheets as "cash and cash equivalents" are categorized as:

Depository Account

Insured	\$ <u>9,052,377</u>
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Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2020 none of the Board's bank balances were exposed to custodial credit risk.

Investments

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

As of June 30, 2020, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2020 for the district’s individual major funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Unemployment Compensation Trust</u>	<u>Total</u>
Receivables:						
Intergovernmental						
Federal		\$ 543,313	\$ 1,481,712	\$ 77,959		\$ 2,102,984
State	\$ 312,139	2,883		6,824		321,846
Other	-	-	370,428	-	\$ 22,713	393,141
	<u>312,139</u>	<u>546,196</u>	<u>1,852,140</u>	<u>84,783</u>	<u>22,713</u>	<u>2,817,971</u>
Gross Receivables	312,139	546,196	1,852,140	84,783	22,713	2,817,971
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 312,139</u>	<u>\$ 546,196</u>	<u>\$ 1,852,140</u>	<u>\$ 84,783</u>	<u>\$ 22,713</u>	<u>\$ 2,817,971</u>

C. Unearned Revenue

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

	<u>Total</u>
General Fund	
Revenue Collected for Subsequent School Year	\$ 6,717
Special Revenue Fund	
Unencumbered Grant Drawdowns	802,863
Grant Draw Downs Reserved for Encumbrances	<u>584</u>
Total Unearned Revenue for Governmental Funds	<u>\$ 810,164</u>

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>Balance, July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2020</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 245,000			\$ 245,000
Construction in Progress	<u>14,837,027</u>	<u>-</u>	<u>-</u>	<u>14,837,027</u>
Total Capital Assets, Not Being Depreciated	<u>15,082,027</u>	<u>-</u>	<u>-</u>	<u>15,082,027</u>
Capital Assets, Being Depreciated:				
Site Improvements	2,563,760			2,563,760
Buildings and Improvements	51,918,316	\$ 393,301		52,311,617
Machinery and Equipment	<u>3,253,501</u>	<u>328,419</u>	<u>-</u>	<u>3,581,920</u>
Total Capital Assets Being Depreciated	<u>57,735,577</u>	<u>721,720</u>	<u>-</u>	<u>58,457,297</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,224,603)	(128,188)		(1,352,791)
Buildings and Improvements	(9,031,165)	(1,809,161)		(10,840,326)
Machinery and Equipment	<u>(2,609,525)</u>	<u>(150,912)</u>	<u>-</u>	<u>(2,760,437)</u>
Total Accumulated Depreciation	<u>(12,865,293)</u>	<u>(2,088,261)</u>	<u>-</u>	<u>(14,953,554)</u>
Total Capital Assets, Being Depreciated, Net	<u>44,870,284</u>	<u>(1,366,541)</u>	<u>-</u>	<u>43,503,743</u>
Governmental Activities Capital Assets, Net	<u>\$ 59,952,311</u>	<u>\$ (1,366,541)</u>	<u>\$ -</u>	<u>\$ 58,585,770</u>
	<u>Balance, July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2020</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 504,030	\$ 46,561	-	\$ 550,591
Total Capital Assets Being Depreciated	<u>504,030</u>	<u>46,561</u>	<u>-</u>	<u>550,591</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(199,065)	(34,974)	-	(234,039)
Total Accumulated Depreciation	<u>(199,065)</u>	<u>(34,974)</u>	<u>-</u>	<u>(234,039)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 304,965</u>	<u>\$ 11,587</u>	<u>\$ -</u>	<u>\$ 316,552</u>

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction

Regular	\$ 2,044,408
Special	<u>1,044</u>

Total Instruction	<u>2,045,452</u>
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Support Services

Support Services - Students	11,485
General Administration	10,232
School Administration	1,462
Operations and Maintenance of Plant	6,056
Student Transportation	<u>13,574</u>

Total Support Services	<u>42,809</u>
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Total Depreciation Expense - Governmental Activities	<u>\$ 2,088,261</u>
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Business-Type Activities:

Food Service Fund	<u>\$ 34,974</u>
Total Depreciation Expense-Business-Type Activities	<u>\$ 34,974</u>

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	\$ 536,364
Payroll Agency Fund	Unemployment Compensation Trust	<u>943</u>
Total		<u>\$ 537,307</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund.

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

Interfund Transfers

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Enterprise Fund</u>	<u>Total</u>
<u>Transfer Out:</u>			
General Fund		\$ 196,350	\$ 196,350
Capital Projects Fund	<u>\$ 3,946</u>	<u>-</u>	<u>3,946</u>
Total Transfers Out	<u>\$ 3,946</u>	<u>\$ 196,350</u>	<u>\$ 200,296</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Leases

Capital Leases

The District is leasing computers, equipment and copiers under various capital leases.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

<u>Fiscal</u> <u>Year Ending June 30</u>	<u>Governmental</u> <u>Activities</u>
2021	\$ 1,556,165
2022	423,869
2023	404,382
2024	<u>117,276</u>
Total Minimum Lease Payments	2,501,692
Less: Amount Representing Interest	<u>(137,479)</u>
Present Value of Minimum Lease Payments	<u>\$ 2,364,213</u>

G. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2020 is comprised of the following issue:

\$6,740,000, 2015 Bonds, due in annual installments of \$205,000 to \$1,140,000 through July 15, 2025, interest at 4.0%	<u>\$4,050,000</u>
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**KEARNY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Long-Term Debt (Continued)

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

Governmental Activities:

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2021	\$ 1,140,000	\$ 139,200	\$ 1,279,200
2022	1,140,000	93,600	1,233,600
2023	1,140,000	48,000	1,188,000
2024	205,000	21,100	226,100
2025	210,000	12,800	222,800
Thereafter	<u>215,000</u>	<u>4,300</u>	<u>219,300</u>
	<u>\$ 4,050,000</u>	<u>\$ 319,000</u>	<u>\$ 4,369,000</u>

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2020 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 159,681,250
Less: Net Debt	<u>4,050,000</u>
Remaining Borrowing Power	<u>\$ 155,631,250</u>

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Other Long-Term Liabilities

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Balance, <u>July 1, 2019</u> (Restated)	<u>Additions</u>	<u>Reductions</u>	Balance, <u>June 30, 2020</u>	Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable	\$ 5,185,000		\$ 1,135,000	\$ 4,050,000	\$ 1,140,000
Add: Premium on Bonds	304,768	-	96,484	208,284	-
Total Bonds Payable	5,489,768	-	1,231,484	4,258,284	1,140,000
Obligations Under Lease Purchase	3,033,383	\$ 890,134	1,559,304	2,364,213	1,476,172
Compensated Absences	13,439,900	2,629,863	1,011,809	15,057,954	957,083
Net Pension Liability	20,373,317	-	2,041,970	18,331,347	-
Governmental Activity Long-Term Liabilities	<u>\$ 42,336,368</u>	<u>\$ 3,519,997</u>	<u>\$ 5,844,567</u>	<u>\$ 40,011,798</u>	<u>\$ 3,573,255</u>

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

I. Short-Term Debt

The Board's short-term activity for the fiscal year ended June 30, 2020 was as follows:

Grant Anticipation Notes

The Board issues Grant Anticipation Notes to interim finance capital projects funded by the State Development Authority's Facility construction grants. The Board's short-term debt activity for the fiscal year ended June 30, 2020 was as follows:

<u>Purpose</u>	<u>Rate</u> %	<u>Maturity</u> Date	Balance, <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance, <u>June 30, 2020</u>
Grant Anticipation Note	2.75%	7/10/2019	\$ 6,727,117		\$ 6,727,117	
Grant Anticipation Note	2.35%	7/9/2020	-	\$ 2,000,000	-	\$ 2,000,000
			<u>\$ 6,727,117</u>	<u>\$ 2,000,000</u>	<u>\$ 6,727,117</u>	<u>\$ 2,000,000</u>

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION

A. Risk Management

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

The District is a member of the School Alliance Insurance Fund (“SAIF”) or the “Fund”. The Group is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

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

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

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

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2020	\$ 80,594	\$ 130,679	\$ 911,860
2019	84,343	52,816	957,193
2018	135,756	178,484	914,951

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2020, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2020, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

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

Other Pension Funds

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

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

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2019 is \$18.1 billion and the plan fiduciary net position as a percentage of the total pension liability is 56.27%. The collective net pension liability of the State funded TPAF at June 30, 2019 is \$61.5 billion and the plan fiduciary net position as a percentage of total pension liability is 26.95%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2018 which were rolled forward to June 30, 2019.

Actuarial Methods and Assumptions

In the July 1, 2018 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee's annual compensation for fiscal year 2020.

PERS employers' and TPAF State's nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2020 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State's annual pension contribution was less than the actuarial determined amount. For PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2020, 2019 and 2018 were equal to the required contributions.

During the fiscal years ended June 30, 2020, 2019 and 2018 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2020	\$ 989,599	\$ 8,281,523	\$ 69,420
2019	1,029,222	7,679,885	62,472
2018	992,596	5,683,050	49,767

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2020, 2019 and 2018 the District contributed \$3,045, \$2,881 and \$8,676, respectively for PERS and the State contributed \$5,386, \$6,256 and \$7,888, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,080,167 during the fiscal year ended June 30, 2020 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2018 through June 30, 2019. Employer allocation percentages have been rounded for presentation purposes.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2019 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2019.

At June 30, 2020, the District reported in the statement of net position (accrual basis) a liability of \$18,331,347 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2019 was determined by an actuarial valuation as of July 1, 2018. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2019. At June 30, 2019, the District's proportionate share was .10174 percent, which was a decrease of .00173 percent from its proportionate share measured as of June 30, 2018 of .10347 percent.

**KEARNY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$826,199 for PERS. The pension contribution made by the District during the current 2019/2020 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2020 with a measurement date of the prior fiscal year end of June 30, 2019. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2020 for contributions made subsequent to the measurement date. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 329,024	\$ 80,960
Changes of Assumptions	1,830,452	6,362,752
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		289,367
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>172,830</u>	<u>1,089,732</u>
Total	<u>\$ 2,332,306</u>	<u>\$ 7,822,811</u>

At June 30, 2020, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Year Ending <u>December 31,</u>	<u>Total</u>
2021	\$ (655,079)
2022	(2,052,594)
2023	(1,826,978)
2024	(870,064)
2025	(85,790)
Thereafter	<u>-</u>
	<u>\$ (5,490,505)</u>

**KEARNY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

The District's total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	6.28%
2019	June 30, 2018	5.66%

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate (Continued)

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

Period of Projected Benefit	
Payments for which the Following	
Rates were Applied:	
Long-Term Expected Rate of Return	Through June 30, 2057
Municipal Bond Rate *	From July 1, 2057 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 6.28%, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.28 percent) or 1-percentage-point higher (7.28 percent) than the current rate:

	1% Decrease <u>5.28%</u>	Current Discount Rate <u>6.28%</u>	1% Increase <u>7.28%</u>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 23,155,470</u>	<u>\$ 18,331,347</u>	<u>\$ 14,266,340</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2019. A sensitivity analysis specific to the District's net pension liability at June 30, 2019 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2018 through June 30, 2019. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2019, the State's pension contribution was less than the actuarial determined amount.

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$13,845,031 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the net pension liability attributable to the District is \$234,730,476. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2019. At June 30, 2019, the State's share of the net pension liability attributable to the District was .38248 percent, which was an increase of .00572 percent from its proportionate share measured as of June 30, 2018 of .37676 percent.

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

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Actuarial Assumptions

The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

Assumptions for mortality improvements are based on Society of Actuaries Scale MP-2019.

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.67%
Cash Equivalents	5.00%	2.00%
U.S. Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
US Equity	28.00%	8.26%
Non-US Developed Markets Equity	12.50%	9.00%
Emerging Markets Equity	6.50%	11.37%
High Yield	2.00%	5.37%
Real Assets	2.50%	9.31%
Private Credit	6.00%	7.92%
Real Estate	7.50%	8.33%
Private Equity	12.00%	10.85%

**KEARNY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Discount Rate

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

Fiscal Year	Measurement Date	Discount Rate
2020	June 30, 2019	5.60%
2019	June 30, 2018	4.86%

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

Period of Projected Benefit

Payments for which the Following
 Rates were Applied:

Long-Term Expected Rate of Return	Through June 30, 2054
Municipal Bond Rate *	From July 1, 2054 and Thereafter

* The municipal bond return rate used is 3.50% as of the measurement date of June 30, 2019. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of Net Pension Liability

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 5.60%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (4.60 percent) or 1-percentage-point higher (6.60 percent) than the current rate:

	1% Decrease (4.60%)	Current Discount Rate (5.60%)	1% Increase (6.60%)
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 276,799,185</u>	<u>\$ 234,730,476</u>	<u>\$ 199,826,732</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District at as of the measurement date of June 30, 2019. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2019 was not provided by the pension system.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in an Agency Fund in the New Jersey Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. Therefore, the plan has no assets accumulated in a trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a single employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

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

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

**KEARNY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2018:

Active Plan Members	216,892
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	148,051
Inactive Plan Members Entitled to but not yet Receiving Benefits	<u> -</u>
Total	<u>364,943</u>

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2019 is \$41.7 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities were determined based on actuarial valuations as of June 30, 2018 which were rolled forward to June 30, 2019.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2018 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.28 billion to the OPEB plan in fiscal year 2019.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. over a period not to exceed thirty years. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2020, 2019 and 2018 were \$3,072,293, \$3,483,583 and \$3,670,561, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2018 through June 30, 2019. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2020, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$2,560,151. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2020 the State's proportionate share of the OPEB liability attributable to the District is \$144,601,919. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2019. At June 30, 2019, the state's share of the OPEB liability attributable to the District was .35 percent, which was no change from its proportionate share measured as of June 30, 2018 of .35 percent.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

The OPEB liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases*	
PERS:	
Initial Fiscal Year Applied Through	2026
Rate	2.00% to 6.00%
Rate Thereafter	3.00% to 7.00%
TPAF:	
Initial Fiscal Year Applied Through	2026
Rate	1.55% to 3.05%
Rate Thereafter	1.55% to 3.05%
Mortality:	
PERS	Pre-retirement and Post-retirement based on Pub-2010 Healthy "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2019.
TPAF	Pre-retirement and Post-retirement based on Pub-2010 "Teachers" and "General" classifications respectively, headcount-weighted mortality tables with fully generational mortality improvement projections from the central year using Scale MP-2019.
Long-Term Rate of Return	2.00%

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

For the June 30, 2019 measurement date healthcare cost trend rates for pre-Medicare medical benefits, the trend is initially 5.7% and decreases to a 4.5% long-term trend rate after eight years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2020 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.5% and decreases to a 4.5% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

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

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions (Continued)

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

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

Long-Term Expected Rate of Return

As the OPEB plan only invests in the State of New Jersey Cash Management Fund, the long-term expected rate of return on OPEB investments was based off the best-estimate ranges of future real rates of return (expected returns, net of OPEB plan investment expense and inflation) for cash equivalents, which is 2.00% as of June 30, 2019.

Discount Rate

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

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Discount Rate</u>
2020	June 30, 2019	3.50%
2019	June 30, 2018	3.87%

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

**KEARNY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State’s proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2020 (measurement date June 30, 2019) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2018 Measurement Date	\$ <u>161,310,411</u>
Changes Recognized for the Fiscal Year:	
Service Cost	5,613,119
Interest on the Total OPEB Liability	6,377,386
Differences Between Expected and Actual Experience	(26,547,755)
Changes of Assumptions	2,156,026
Gross Benefit Payments	(4,438,848)
Contributions from the Member	<u>131,580</u>
Net Changes	<u>(16,708,492)</u>
Balance, June 30, 2019 Measurement Date	\$ <u><u>144,601,919</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2018 to 3.50% percent in 2019.

The change in the total OPEB liability was based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2019.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.50%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate:

	1% Decrease <u>(2.50%)</u>	Current Discount Rate <u>(3.50%)</u>	1% Increase <u>(4.50%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>170,832,009</u>	\$ <u>144,601,919</u>	\$ <u>123,766,173</u>

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

	1% Decrease <u></u>	Healthcare Cost Trend Rates <u></u>	1% Increase <u></u>
Total OPEB Liability (School Retirees)	\$ <u>119,145,536</u>	\$ <u>144,601,919</u>	\$ <u>178,300,943</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2019 were not provided by the pension system.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 5 OTHER INFORMATION (Continued)

F. Subsequent Events

Withdrawal from Maintenance Reserve

On September 21, October 19 and November 16, 2020 the Board approved the withdrawal of a total of \$1,476,250 from the General Fund Maintenance Reserve to finance roof repairs to the Franklin Elementary School and Lincoln Middle School.

G. Tax Abatements

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

NOTE 6 RESTATEMENT

The financial statements as of June 30, 2019 have been adjusted to reflect certain unrecorded transactions from the amounts reported in previously issued financial statements. The adjustments are as follows:

Governmental Activities

The June 30, 2019 governmental activities financial statements have been restated to reflect adjustments to the value of reported capital leases in the amount of \$70,559. The effect of the restatement is to decrease net position of governmental activities by \$70,559 from \$14,851,598 as previously reported to \$14,781,039 as of June 30, 2019.

NOTE 7 INFECTIOUS DISEASE OUTBREAK – COVID-19 PANDEMIC

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

New Jersey Governor Phil Murphy has issued multiple Executive Orders since March 16, 2020 including but not limited to aggressive social distancing measures, restrictions on local elections, restrictions on foreclosure and evictions, suspension of all elective surgeries, closing of all schools and child care centers, the commandeering of property such as medical supplies, the cessation of all non-essential construction projects, extending insurance premium grace periods, the temporary reprieve to certain at-risk inmates and the extension of the permitted statutory grace period from May 11, 2020 to June 1, 2020 for quarterly property taxes due May 1, 2020. The Board expects ongoing actions will be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19. The Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide. These negative impacts may reduce or negatively affect property values within the School District. The declaration of a public health emergency remains in effect as of the date of audit. As part of a planned multi-stage approach to restart the State's economy, Governor Murphy has signed a series of Executive Orders permitting the resumption of certain activities.

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**KEARNY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
REVENUES					
Local Sources					
Property Taxes	\$ 53,788,283		\$ 53,788,283	\$ 53,788,283	
Tuition from Other LEAs Within the State	80,000		80,000	119,689	\$ 39,689
Tuition from Other Governmental Sources Within the State	13,000		13,000		(13,000)
Tuition from Summer School	6,000		6,000		(6,000)
Rents and Royalties	172,000		172,000	44,381	(127,619)
Interest on Capital Reserve				4,465	4,465
Interest on Maintenance Reserve				557	557
Unrestricted Miscellaneous Revenues	321,000	-	321,000	665,583	344,583
Total Local Sources	54,380,283	-	54,380,283	54,622,958	242,675
Intermediate Sources					
Restricted Miscellaneous Revenues	-	-	-	67,736	67,736
State Sources					
Equalization Aid	34,186,746		34,186,746	34,186,746	
Special Education Aid	5,200,975		5,200,975	5,200,975	
Security Aid	2,040,647		2,040,647	2,040,647	
Transportation Aid	239,445		239,445	239,445	
Extraordinary Aid	300,000		300,000	592,432	292,432
On Behalf TPAF (Non Budgeted)					
NCGI Premium				145,823	145,823
Pension Contribution				8,135,700	8,135,700
Long Term Disability Insurance				5,386	5,386
Post Retirement Medical Contributions				3,072,293	3,072,293
Reimbursed Social Security Contribution	-	-	-	3,080,167	3,080,167
Total State Sources	41,967,813	-	41,967,813	56,699,614	14,731,801
Federal Sources					
Medicaid Assistance Program	142,601	-	142,601	204,672	62,071
Total Federal Sources	142,601	-	142,601	204,672	62,071
Total Revenues	96,490,697	-	96,490,697	111,594,980	15,104,283
EXPENDITURES					
CURRENT					
Instruction - Regular Programs					
Salaries of Teachers					
Preschool	227,613	\$ (24,397)	203,216	166,360	36,856
Kindergarten	1,401,620	90,365	1,491,985	1,368,510	123,475
Grades 1-5	8,631,722	539,783	9,171,505	8,778,522	392,983
Grades 6-8	5,618,555	446,003	6,064,558	6,040,483	24,075
Grades 9-12	7,952,122	473,423	8,425,545	8,361,482	64,063
Regular Programs - Home Instruction					
Salaries of Teachers	1,087,398	(282,633)	804,765	677,293	127,472
Other Salaries for Instruction	1,684,849	-	1,684,849	1,543,924	140,925
Purchased Professional Educational Services	20,700	28,000	48,700	43,643	5,057
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	472	-	472		472
Purchased Professional Educational Services	487,530	8,072	495,602	458,748	36,854
Other Purchased Services	817,371	164,755	982,126	871,616	110,510
General Supplies	865,761	(25,283)	840,478	667,642	172,836
Instructional Supplies Acquired Under Lease Purchase (Non-Budgeted)		-		625,240	(625,240)
Textbooks	267,689	(84,065)	183,624	150,893	32,731
Other Objects	88,105	1,816	89,921	60,905	29,016
Total Regular Programs	29,151,507	1,335,839	30,487,346	29,815,261	672,085
Learning /Language Disabilities					
Salaries of Teachers	1,029,654	215,964	1,245,618	1,138,379	107,239
General Supplies	10,680	(788)	9,892	1,689	8,203
Total Learning /Language Disabilities	1,040,334	215,176	1,255,510	1,140,068	115,442

**KEARNY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Behavioral Disabilities					
Salaries of Teachers	-	\$ 108,600	\$ 108,600	\$ 108,600	-
Total Behavioral Disabilities	-	108,600	108,600	108,600	-
Resource Room/Resource Center					
Salaries of Teachers	\$ 4,133,165	149,639	4,282,804	4,233,192	\$ 49,612
Total Resource Room/Resource Center	4,133,165	149,639	4,282,804	4,233,192	49,612
Autism					
Salaries of Teachers	-	215,500	215,500	215,500	-
Total Autism	-	215,500	215,500	215,500	-
Preschool Disabilities - Part - Time					
Salaries of Teachers	61,420	40,785	102,205	102,205	-
Other Salaries for Instruction	216,689	(90,427)	126,262	119,013	7,249
Total Preschool Disabilities - Part - Time	278,109	(49,642)	228,467	221,218	7,249
Total Special Education	5,451,608	639,273	6,090,881	5,918,578	172,303
Basic Skills/Remedial					
Salaries of Teachers	358,285	120,608	478,893	473,939	4,954
Total Basic Skills/Remedial	358,285	120,608	478,893	473,939	4,954
Bilingual Education					
Salaries of Teachers	1,710,320	403,285	2,113,605	2,113,605	-
Other Salaries for Instruction	800	(800)			-
Purchased Professional Educational Services	8,887	(8,887)			-
Textbooks	8,000	8,724	16,724	16,485	239
Total Bilingual Education	1,728,007	402,322	2,130,329	2,130,090	239
Vocational Programs- Local - Instruction					
Salaries of Teachers	254,325	18,360	272,685	272,685	-
General Supplies	46,892	(16,619)	30,273	28,816	1,457
Total Vocational Programs- Local - Instruction	301,217	1,741	302,958	301,501	1,457
School Sponsored Co/Extra Curricular Activities					
Salaries	84,410	71,999	156,409	156,409	-
Purchased Services	23,850	936	24,786	18,281	6,505
Total School Sponsored Co/Extra Curricular Activities	108,260	72,935	181,195	174,690	6,505
School Sponsored Athletics					
Salaries	506,970	35,061	542,031	538,827	3,204
Purchased Services	234,080	(31,379)	202,701	202,385	316
Supplies and Materials	56,060	40,350	96,410	74,902	21,508
Other Objects	127,917	475	128,392	111,182	17,210
Total School Sponsored Athletics	925,027	44,507	969,534	927,296	42,238
Before/After School Programs					
Salaries of Teachers	5,016	-	5,016	-	5,016
Total Before/After School Programs	5,016	-	5,016	-	5,016
Total - Instruction	38,028,927	2,617,225	40,646,152	39,741,355	904,797

**KEARNY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Special		\$ 22,323	\$ 22,323	\$ 22,323	-
Tuition to Private School for Disabled W/I State	\$ 3,656,819	27,964	3,684,783	3,467,803	\$ 216,980
Tuition-State Facilities	27,053	-	27,053	27,053	-
Total Undistributed Expenditures - Instruction	3,683,872	50,287	3,734,159	3,517,179	216,980
Attendance and Social Work					
Salaries	18,942	178	19,120	19,120	-
Total Attendance and Social Work	18,942	178	19,120	19,120	-
Health Services					
Salaries	646,645	60,858	707,503	701,133	6,370
Other Purchased Services	100,280	45,000	145,280	119,934	25,346
Supplies and Materials	16,000	29,825	45,825	42,863	2,962
Total Health Services	762,925	135,683	898,608	863,930	34,678
Speech, OT, PT & Related Services					
Purchased Professional - Educational Services	537,274	153,690	690,964	669,869	21,095
Total Speech, OT, PT & Related Services	537,274	153,690	690,964	669,869	21,095
Guidance					
Salaries of Other Professional Staff	1,189,384	94,135	1,283,519	1,283,519	-
Salaries of Secretarial and Clerical Assistants	123,094	1,200	124,294	124,294	-
Purchased Professional-Educational Services	15,288	(8,653)	6,635	6,635	-
Supplies and Materials	1,665	-	1,665	1,644	21
Other Objects	1,035	-	1,035	1,005	30
Total Guidance	1,330,466	86,682	1,417,148	1,417,097	51
Child Study Teams					
Salaries of Other Professional Staff	1,776,323	(18,180)	1,758,143	1,758,143	-
Salaries of Secretarial and Clerical Assistants	100,798	400	101,198	101,198	-
Purchased Professional-Educational Services	45,000	79,676	124,676	122,603	2,073
Other Purchased Services	9,035	-	9,035	2,933	6,102
Supplies and Materials	31,500	(8,502)	22,998	20,898	2,100
Total Child Study Teams	1,962,656	53,394	2,016,050	2,005,775	10,275
Improvement of Instructional Service					
Salaries of Secretarial and Clerical Assistants	25,200	275	25,475	25,474	1
Salaries of Facilitators, Math & Literacy Coaches	341,555	(42,120)	299,435	255,435	44,000
Total Improvement of Instructional Service	366,755	(41,845)	324,910	280,909	44,001
Educational Media Services/School Library					
Salaries	417,245	33,945	451,190	451,190	-
Supplies and Materials	20,775	(114)	20,661	15,479	5,182
Total Educational Media Services/School Library	438,020	33,831	471,851	466,669	5,182
Instructional Staff Training Services					
Purchased Professional-Educational Services	40,000	(16,000)	24,000	12,086	11,914
Supplies and Materials	5,000	-	5,000	4,201	799
Other Objects	10,000	16,000	26,000	21,275	4,725
Total Instructional Staff Training Services	55,000	-	55,000	37,562	17,438

**KEARNY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 706,442	\$ 91,717	\$ 798,159	\$ 798,159	-
Legal Services	68,000	(34,337)	33,663	32,052	\$ 1,611
Audit Fees	50,000	1,325	51,325	51,325	-
Architectural/Engineering Services	45,000	51,934	96,934	96,934	-
Other Purchased Professional Services	48,892	9,697	58,589	56,642	1,947
Purchased Technical Services	25,100	2,575	27,675	27,675	-
Communications/Telephone		57,792	57,792	56,233	1,559
Miscellaneous Purchased Services		120,000	120,000	119,690	310
General Supplies	7,876	(2,696)	5,180	5,180	-
BOE In-House Training/Meeting Supplies	988	(13)	975	810	165
Judgments Against the School District	7,000	-	7,000	7,000	-
Miscellaneous Expenditures	52,902	(4,729)	48,173	43,967	4,206
BOE Membership Dues and Fees	27,793	570	28,363	28,363	-
Total Support Services General Administration	1,039,993	293,835	1,333,828	1,324,030	9,798
Support Services School Administration					
Salaries of Principals/Asst. Principals	3,918,068	444,021	4,362,089	4,362,088	1
Salaries of Other Professional Staff	322,317	(28,813)	293,504	293,504	-
Salaries of Secretarial and Clerical Assistants	1,216,869	(15,078)	1,201,791	1,187,127	14,664
Other Purchased Services	23,880	(1,005)	22,875	20,698	2,177
Supplies and Materials	113,729	(23,446)	90,283	74,377	15,906
Other Objects	32,451	14,779	47,230	38,133	9,097
Total Support Services School Administration	5,627,314	390,458	6,017,772	5,975,927	41,845
Central Services					
Salaries	584,247	19,340	603,587	603,587	-
Purchased Professional Services	65,104	45,091	110,195	110,195	-
Purchased Technical Services	4,790	14,252	19,042	18,680	362
Supplies and Materials	5,000	2,374	7,374	7,135	239
Interest on Current Loans	141,188	-	141,188	141,188	-
Miscellaneous Expenditures	5,000	(1,439)	3,561	3,414	147
Total Central Services	805,329	79,618	884,947	884,199	748
Admin. Info. Technology					
Salaries	568,344	58,120	626,464	626,464	-
Purchased Professional Services	6,480	22,211	28,691	23,771	4,920
Purchased Technical Services	93,524	931	94,455	91,134	3,321
Other Purchased Services	198,274	(79,919)	118,355	99,186	19,169
Other Objects	1,215	89	1,304	1,211	93
Total Admin. Info. Technology	867,837	1,432	869,269	841,766	27,503
Required Maintenance for School Facilities					
Salaries	1,542,593	(70,455)	1,472,138	1,364,601	107,537
Cleaning, Repair and Maintenance Services	493,266	210,995	704,261	665,884	38,377
General Supplies	170,502	72,000	242,502	217,902	24,600
Total Required Maint. for School Facilities	2,206,361	212,540	2,418,901	2,248,387	170,514
Custodial Services					
Salaries	3,253,429	(140,000)	3,113,429	3,060,521	52,908
Other Purchased Property Services	50,000	20,000	70,000	69,314	686
Insurance	356,069	50,265	406,334	406,334	-
General Supplies	368,484	72,975	441,459	411,522	29,937
Energy (Electricity)	709,935	(8,464)	701,471	682,214	19,257
Energy (Natural Gas)	419,960	77,961	497,921	413,993	83,928
Other Objects	24,699	(3,500)	21,199	16,275	4,924
Total Custodial Services	5,182,576	69,237	5,251,813	5,060,173	191,640
Care and Upkeep of Grounds					
Salaries	152,547	62,370	214,917	175,523	39,394
Total Care and Upkeep of Grounds	152,547	62,370	214,917	175,523	39,394
Security					
Salaries	284,668	64,562	349,230	349,230	-
Total Security	284,668	64,562	349,230	349,230	-

**KEARNY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
CURRENT (Continued)					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Special Ed.	\$ 460,940	-	\$ 460,940	\$ 384,438	\$ 76,502
Salaries for Pupil Transportation (Other Than Between and School)	60,000	-	60,000	40,695	19,305
Cleaning, Repair & Maint. Services	85,845	\$ 4,824	90,669	87,968	2,701
Lease Purchase Payments - School Buses	113,532	9,360	122,892	122,892	-
Contracted Services (Between Home and School) Vendors	1,003,000	90,386	1,093,386	947,409	145,977
Contracted Services (Other than Between Home and School) - Vendors	5,600	(5,600)	-	-	-
Misc. Purchased Services- Transportation	4,598	(4,598)	-	-	-
Transportation Supplies	1,500	2,354	3,854	1,906	1,948
Total Student Transportation Services	1,735,015	96,726	1,831,741	1,585,308	246,433
Unallocated Benefits					
Group Insurance	23,000	-	23,000	17,290	5,710
Social Security Contribution	1,520,000	(100,000)	1,420,000	1,079,957	340,043
Other Retirement Contributions - PERS	1,087,603	18,239	1,105,842	1,065,303	40,539
Other Retirement Contributions - Regular	3,262,551	(3,238,878)	23,673	-	23,673
Unused Sick Payments to Terminated/Retired Staff	960,000	(31,127)	928,873	928,873	-
Worker's Compensation	700,000	(75,265)	624,735	619,123	5,612
Health Benefits	14,367,572	(238,378)	14,129,194	12,717,692	1,411,502
Tuition Reimbursement	40,000	15,000	55,000	52,798	2,202
Other Employee Benefits	238,579	(125,306)	113,273	101,966	11,307
Total Unallocated Benefits	22,199,305	(3,775,715)	18,423,590	16,583,002	1,840,588
On Behalf TPAF (Non Budgeted)					
NCGI Premium	-	-	-	145,823	(145,823)
Pension Contribution	-	-	-	8,135,700	(8,135,700)
Long Term Disability Contribution	-	-	-	5,386	(5,386)
Post Retirement Medical Contributions	-	-	-	3,072,293	(3,072,293)
Social Security Contribution	-	-	-	3,080,167	(3,080,167)
Total TPAF Contributions	-	-	-	14,439,369	(14,439,369)
Total Undistributed Expenditures	49,256,855	(2,033,037)	47,223,818	58,745,024	(11,521,206)
Transfer of Funds to Charter Schools	8,075,153	(247,514)	7,827,639	7,827,639	-
Total Current Expenditures	95,360,935	336,674	95,697,609	106,314,018	(10,616,409)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures					
Instruction	-	70,225	70,225	43,802	26,423
Assets Acquired Under Lease Purchase (Non-Budgeted) - Equipment	-	-	-	21,240	(21,240)
Assets Acquired Under Lease Purchase (Non-Budgeted) - Buses	-	-	-	243,654	(243,654)
Total Equipment	-	70,225	70,225	308,696	(238,471)
Facilities Acquisition and Construction Services					
Lease Purchase Agreements-Principal	853,000	-	853,000	852,346	654
Construction Services	-	393,301	393,301	393,301	-
Assessment for Debt Service on SDA Funding	194,876	-	194,876	194,876	-
Total Facilities Acquis. and Const. Services	1,047,876	393,301	1,441,177	1,440,523	654
Total Capital Outlay	1,047,876	463,526	1,511,402	1,749,219	(237,817)

**KEARNY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
EXPENDITURES					
SPECIAL SCHOOLS					
Adult Education - Local - Instruction					
Salaries of Teachers	\$ 28,022	\$ (9,452)	\$ 18,570	\$ 18,570	-
Purchased Professional and Technical Services	14,000	9,500	23,500	8,875	\$ 14,625
General Supplies	21,500	(48)	21,452	15,476	5,976
Total Adult Education - Local - Instruction	63,522	-	63,522	42,921	20,601
Total Special Schools	63,522	-	63,522	42,921	20,601
Total Expenditures	96,472,333	800,200	97,272,533	108,106,158	(10,833,625)
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	18,364	(800,200)	(781,836)	3,488,822	4,270,658
Other Financing Sources (Uses)					
Operating Transfers Out-Food Service	(175,000)	(21,350)	(196,350)	(196,350)	-
Operating Transfers In - Capital Projects Fund	-	-	-	3,946	3,946
Capital Lease Proceeds	-	-	-	890,134	890,134
Total Other Financing Sources (Uses)	(175,000)	(21,350)	(196,350)	697,730	894,080
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)					
	(156,636)	(821,550)	(978,186)	4,186,552	5,164,738
Fund Balances, Beginning of Year	4,504,353	-	4,504,353	4,504,353	-
Fund Balances, End of Year	\$ 4,347,717	\$ (821,550)	\$ 3,526,167	\$ 8,690,905	\$ 5,164,738
Recapitulation of Fund Balance					
Restricted					
Capital Reserve				\$ 2,097,024	
Maintenance Reserve				3,040,687	
Adult Education Program				80,493	
Excess Surplus				583,411	
Assigned					
Designated for Subsequent Year's Budget				673,882	
Encumbrances				63,516	
Unassigned				2,151,892	
Fund Balance Per Governmental Funds (Budgetary)				8,690,905	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Not Recognized on GAAP Basis				(4,757,071)	
Fund Balance Per Governmental Funds (GAAP)				\$ 3,933,834	

**KEARNY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXHIBIT C-2

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES					
State Sources	\$ 934,358	\$ 2,412,209	\$ 3,346,567	\$ 2,681,961	\$ (664,606)
Private Sources		101,820	101,820	13,962	(87,858)
Federal Sources	<u>3,111,732</u>	<u>1,633,687</u>	<u>4,745,419</u>	<u>4,010,282</u>	<u>(735,137)</u>
Total Revenues	<u>4,046,090</u>	<u>4,147,716</u>	<u>8,193,806</u>	<u>6,706,205</u>	<u>(1,487,601)</u>
EXPENDITURES					
Instruction					
Salaries of Teachers	2,047,174	213,638	2,260,812	2,019,721	241,091
Other Salaries for Instruction		272,776	272,776	266,955	5,821
Purchased Prof. and Tech. Svcs.	33,301	(14,716)	18,585	14,717	3,868
Other Purchased Services	62,671	98,803	161,474	1,961	159,513
Tuition	1,249,637	62,067	1,311,704	1,311,704	-
General Supplies	8,000	1,435,667	1,443,667	1,309,689	133,978
Textbooks	<u>6,889</u>	<u>(37)</u>	<u>6,852</u>	<u>6,852</u>	<u>-</u>
Total Instruction	<u>3,407,672</u>	<u>2,068,198</u>	<u>5,475,870</u>	<u>4,931,599</u>	<u>544,271</u>
Support Services					
Salaries of Program Directors	277,587	(183,628)	93,959	93,959	-
Salaries of Other Professional Staff		104,373	104,373	104,373	-
Salaries of Secretarial and Clerical Asst.		65,883	65,883	65,883	-
Other Salaries	39,631	1,254	40,885	26,846	14,039
Salaries of Parent Involvement	15,000	(10,000)	5,000	2,940	2,060
Salaries of Master Teacher		113,000	113,000	113,000	-
Personal Services - Employee Benefits		816,607	816,607	631,875	184,732
Purchased Education Services - Head Start		119,760	119,760	119,760	-
Purchased Prof./Educ. Svcs.	260,806	143,095	403,901	269,418	134,483
Contracted Services - Trans. (Field Trips)	8,000	42,000	50,000	-	50,000
Travel		8,162	8,162	2,455	5,707
Other Purchased Services		404,225	404,225	141,479	262,746
Supplies and Materials	24,750	124,551	149,301	73,812	75,489
Other Objects	<u>-</u>	<u>102,764</u>	<u>102,764</u>	<u>4,729</u>	<u>98,035</u>
Total Support Services	<u>625,774</u>	<u>1,852,046</u>	<u>2,477,820</u>	<u>1,650,529</u>	<u>827,291</u>
Facilities Acquisition and Const. Serv.					
Instructional Equipment	12,644	197,472	210,116	116,477	93,639
Non Instructional Equipment	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>7,600</u>	<u>22,400</u>
Total Facilities Acq. and Const. Serv.	<u>12,644</u>	<u>227,472</u>	<u>240,116</u>	<u>124,077</u>	<u>116,039</u>
Total Expenditures	<u>4,046,090</u>	<u>4,147,716</u>	<u>8,193,806</u>	<u>6,706,205</u>	<u>1,487,601</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balances, Beginning of Year	-	-	-	-	-
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
				Fund Balance (Budgetary)	\$ -
				Less: State Aid Not Recognized on GAAP Basis	<u>33,948</u>
				Fund Balance Per Governmental Funds (GAAP)	<u>\$ (33,948)</u>

**KEARNY BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Revenues (budgetary basis)	(C-1) \$ 111,594,980	(C-2) \$ 6,706,205
Difference - Budget to GAAP		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State Aid payments recognized for GAAP statements not recognized for budgetary purposes.	4,384,194	
State Aid payments recognized for budgetary purposes not recognized for GAAP statements.	(4,757,071)	(33,948)
Encumbrances are reported in the year the order is placed for budgetary purposes, but in the year the goods are received or the services are rendered for GAAP financial reporting purposes		
Add: Encumbrances, June 30, 2019 (net of cancellations)		31,991
Less: Encumbrances, June 30, 2020	-	(1,042,492)
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>111,222,103</u>	\$ <u>5,661,756</u>
Uses/Outflows of Resources		
Actual Expenditures (budgetary basis)	(C-1) \$ 108,106,158	(C-2) \$ 6,706,205
Encumbrances are reported in the year the order is placed for budgetary purposes, but in the year the goods are received or the services are rendered for GAAP financial reporting purposes		
Add: Encumbrances, June 30, 2019 (net of cancellations)		31,991
Less: Encumbrances, June 30, 2020	-	(1,042,492)
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>108,106,158</u>	(B-2) \$ <u>5,695,704</u>

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Seven Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.10174%	0.10347%	0.10715%	0.10943%	0.01085%	0.10900%	0.09978%
District's Proportionate Share of the Net Pension Liability (Asset)	<u>\$ 18,331,347</u>	<u>\$ 20,373,317</u>	<u>\$ 24,941,945</u>	<u>\$ 32,410,578</u>	<u>\$ 24,354,535</u>	<u>\$ 20,406,935</u>	<u>\$ 19,070,856</u>
District's Covered-Employee Payroll	<u>\$ 7,218,763</u>	<u>\$ 6,980,043</u>	<u>\$ 7,231,880</u>	<u>\$ 7,285,913</u>	<u>\$ 7,287,542</u>	<u>\$ 7,411,246</u>	<u>\$ 7,268,063</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	253.94%	291.88%	344.89%	444.84%	334.19%	275.35%	262.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

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

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

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

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Seven Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 989,599	\$ 1,029,222	\$ 992,596	\$ 972,177	\$ 932,750	\$ 898,543	\$ 751,858
Contributions in Relation to the Contractually Required Contributions	<u>989,599</u>	<u>1,029,222</u>	<u>992,596</u>	<u>972,177</u>	<u>932,750</u>	<u>898,543</u>	<u>751,858</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered- Employee Payroll	<u>\$ 7,526,659</u>	<u>\$ 7,218,763</u>	<u>\$ 6,980,043</u>	<u>\$ 7,231,880</u>	<u>\$ 7,285,912</u>	<u>\$ 7,287,542</u>	<u>\$ 7,411,246</u>
Contributions as a Percentage of Covered-Employee Payroll	13.15%	14.26%	14.22%	13.44%	12.80%	12.33%	10.14%

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

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

TEACHERS' PENSION AND ANNUITY FUND
Last Seven Fiscal Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated With the District	<u>234,730,476</u>	<u>239,689,170</u>	<u>261,292,128</u>	<u>313,542,609</u>	<u>245,563,648</u>	<u>202,685,459</u>	<u>196,772,632</u>
Total	<u>\$ 234,730,476</u>	<u>\$ 239,689,170</u>	<u>\$ 261,292,128</u>	<u>\$ 313,542,609</u>	<u>\$ 245,563,648</u>	<u>\$ 202,685,459</u>	<u>\$ 196,772,632</u>
District's Covered-Employee Payroll	<u>\$ 40,751,171</u>	<u>\$ 39,552,080</u>	<u>\$ 40,435,519</u>	<u>\$ 39,310,251</u>	<u>\$ 39,284,711</u>	<u>\$ 39,625,977</u>	<u>\$ 38,007,372</u>
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0	0	0	0	0	0	0
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

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

**KEARNY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Change of Benefit Terms: None.

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

**KEARNY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF
TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY**

Postemployment Health Benefit Plan

Last Four Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Service Cost	\$ 5,613,119	\$ 6,798,969	\$ 8,218,679	\$ 6,129,703
Interest on Total OPEB Liability	6,377,386	6,966,619	6,034,516	6,483,990
Differences Between Expected and Actual Experience	(26,547,755)	(19,642,865)		
Changes of Assumptions	2,156,026	(18,511,177)	(25,776,003)	30,618,351
Gross Benefit Payments	(4,438,848)	(4,313,383)	(4,397,634)	(4,349,452)
Member Contributions	<u>131,580</u>	<u>149,077</u>	<u>161,932</u>	<u>164,527</u>
Net Change in Total OPEB Liability	(16,708,492)	(28,552,760)	(15,758,510)	39,047,119
Total OPEB Liability - Beginning of Year	<u>161,310,411</u>	<u>189,863,171</u>	<u>205,621,681</u>	<u>166,574,563</u>
Total OPEB Liability - End of Year	<u>\$ 144,601,919</u>	<u>\$ 161,310,411</u>	<u>\$ 189,863,171</u>	<u>\$ 205,621,682</u>
District's Proportionate Share of OPEB Liability	-	-	-	-
State's Proportionate Share of OPEB Liability	<u>\$ 144,601,919</u>	<u>\$ 161,310,411</u>	<u>\$ 189,863,171</u>	<u>\$ 205,621,682</u>
Total OPEB Liability - Ending	<u>\$ 144,601,919</u>	<u>\$ 161,310,411</u>	<u>\$ 189,863,171</u>	<u>\$ 205,621,682</u>
District's Covered-Employee Payroll	<u>\$ 47,969,934</u>	<u>\$ 46,532,123</u>	<u>\$ 42,211,970</u>	<u>\$ 46,596,164</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>

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

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

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

**KEARNY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SPECIAL REVENUE FUND

**KEARNY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	ESEA					IDEA				Sub-Total Page 2	Grand Total	
	Title I	Title I SIA	Title II-A	Title III	Title III Immigrant	CARES Act	Carl D. Perkins	Basic	Preschool			
REVENUES												
Intergovernmental											\$ 2,681,961	\$ 2,681,961
State											13,962	13,962
Local											-	-
Federal	\$ 1,193,897	\$ 31,830	\$ 207,953	\$ 93,140	\$ 9,812	\$ 1,099,896	\$ 62,050	\$ 1,281,907	\$ 29,797			4,010,282
Total Revenues	<u>1,193,897</u>	<u>31,830</u>	<u>207,953</u>	<u>93,140</u>	<u>9,812</u>	<u>1,099,896</u>	<u>62,050</u>	<u>1,281,907</u>	<u>29,797</u>	<u>2,695,923</u>		<u>6,706,205</u>
EXPENDITURES												
Instruction												
Salaries of Teachers	818,499	16,681		36,044							1,148,497	2,019,721
Other Salaries for Instruction											266,955	266,955
Purchased Prof. and Technical Services											14,717	14,717
Other Purchased Services							1,474				487	1,961
Tuition								1,281,907	29,797			1,311,704
General Supplies	20,140	11,194		25,390		1,099,896	38,690				114,379	1,309,689
Textbooks	-	-	-	-	-	-	-	-	-		6,852	6,852
Total Instruction	<u>838,639</u>	<u>27,875</u>	<u>-</u>	<u>61,434</u>	<u>-</u>	<u>1,099,896</u>	<u>40,164</u>	<u>1,281,907</u>	<u>29,797</u>	<u>1,551,887</u>		<u>4,931,599</u>
Support Services												
Salaries of Supervisors/Program Directors	24,526										69,433	93,959
Salaries of Other Professional Staff											104,373	104,373
Salaries of Secretarial & Clerical Asst.											65,883	65,883
Other Salaries				11,908							14,938	26,846
Salaries of Parent Involvement											2,940	2,940
Salaries of Master Teacher											113,000	113,000
Personal Svcs-Employee Benefits	249,407										382,468	631,875
Purchased Education Services - Head Start											119,760	119,760
Purchased Prof./Educ. Svcs.	2,741		145,256	16,935	2,293						102,193	269,418
Travel			2,122								333	2,455
Other Purchased Services	75,435		60,103				1,450				4,491	141,479
Supplies and Materials	3,149	3,955	472	2,659	7,519						56,058	73,812
Other Objects	-	-	-	204	-	-	-	-	-		4,525	4,729
Total Support Services	<u>355,258</u>	<u>3,955</u>	<u>207,953</u>	<u>31,706</u>	<u>9,812</u>	<u>-</u>	<u>1,450</u>	<u>-</u>	<u>-</u>	<u>1,040,395</u>		<u>1,650,529</u>
Facilities Acq. and Construction												
Instructional Equip.							20,436				96,041	116,477
Non Instructional Equip.											7,600	7,600
Total Facilities Acq. & Constr.	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,436</u>	<u>-</u>	<u>-</u>	<u>103,641</u>		<u>124,077</u>
Total Expenditures	<u>1,193,897</u>	<u>31,830</u>	<u>207,953</u>	<u>93,140</u>	<u>9,812</u>	<u>1,099,896</u>	<u>62,050</u>	<u>1,281,907</u>	<u>29,797</u>	<u>2,695,923</u>		<u>6,706,205</u>
Excess (Deficiency) of Revenues Over (Under) Expenditure	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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KEARNY BOARD OF EDUCATION
 SPECIAL REVENUE FUND
 COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
 BUDGETARY BASIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Private Donations	SYBSPG	Nonpublic Nursing Services	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Security	Chapter 192/193 Services			Preschool Education Aid	Sub-Total to Page 1
							Compensatory Education	Supplemental Instruction	Exam & Class		
REVENUES											
Intergovernmental											
State		\$ 277,528	\$ 14,938	\$ 6,852	\$ 4,649	\$ 23,100	\$ 8,112	\$ 4,371	\$ 2,234	\$ 2,340,177	\$ 2,681,961
Local	\$ 13,962										13,962
Federal	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	13,962	277,528	14,938	6,852	4,649	23,100	8,112	4,371	2,234	2,340,177	2,695,923
EXPENDITURES											
Instruction											
Salaries of Teachers										1,148,497	1,148,497
Other Salaries for Instruction										266,955	266,955
Purchased Prof. and Technical Services							8,112	4,371	2,234		14,717
Other Purchased Services										487	487
General Supplies	10,151									104,228	114,379
Textbooks				6,852							6,852
Other Objects	-	-	-	-	-	-	-	-	-	-	-
Total Instruction	10,151	-	-	6,852	-	-	8,112	4,371	2,234	1,520,167	1,551,887
Support Services											
Salaries of Supervisors/Program Directors		69,433									69,433
Salaries of Other Professional Staff										104,373	104,373
Salaries of Secretarial & Clerical Asst.		65,883									65,883
Other Salaries			14,938								14,938
Salaries of Community Parent Involvement										2,940	2,940
Salaries of Master Teachers										113,000	113,000
Personal Svcs-Employee Benefits		30,345								352,123	382,468
Purchased Education Services - Head Start										119,760	119,760
Purchased Prof./Educ. Svcs.		96,456								5,737	102,193
Travel		38								295	333
Other Purchased Services		4,491									4,491
Supplies and Materials	466	10,482				23,100				22,010	56,058
Other Objects	3,345	400								780	4,525
Total Support Services	3,811	277,528	14,938	-	-	23,100	-	-	-	721,018	1,040,395
Facilities Acq. and Construction											
Instructional Equip.					4,649					91,392	96,041
Non Instructional Equip										7,600	7,600
Total Facilities Acq. & Constr.	-	-	-	-	4,649	-	-	-	-	98,992	103,641
Total Expenditures	13,962	277,528	14,938	6,852	4,649	23,100	8,112	4,371	2,234	2,340,177	2,695,923
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**KEARNY BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

EXPENDITURES	<u>Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Instruction					
Salaries of Teachers	\$ 514,122	\$ 659,222	\$ 1,173,344	\$ 1,148,497	\$ 24,847
Other Salaries for Instruction		272,776	272,776	266,955	5,821
Purchased Professional-Educational Services		80,000	80,000		80,000
Other Purchased Services	8,000	72,000	80,000	487	79,513
General Supplies	8,000	139,100	147,100	104,228	42,872
Total Instruction	<u>530,122</u>	<u>1,223,098</u>	<u>1,753,220</u>	<u>1,520,167</u>	<u>233,053</u>
Support Services					
Salaries of Other Professional Staff		104,373	104,373	104,373	
Salaries of Community Parent Involvement	15,000	(10,000)	5,000	2,940	2,060
Salaries of Master Teachers		113,000	113,000	113,000	
Personnel Services - Employee Benefits		485,920	485,920	352,123	133,797
Purchased Education Services - Head Start		119,760	119,760	119,760	-
Other Purchased Professional -Ed. Services	12,000	88,000	100,000	5,737	94,263
Contracted Services - Trans. (Field Trips)	8,000	42,000	50,000		50,000
Travel		4,122	4,122	295	3,827
Supplies and Materials	3,000	37,430	40,430	22,010	18,420
Other Objects	-	10,000	10,000	780	9,220
Total Support Services	<u>38,000</u>	<u>994,605</u>	<u>1,032,605</u>	<u>721,018</u>	<u>311,587</u>
Facilities Acquisition and Construction					
Instructional Equipment	8,000	177,000	185,000	91,392	93,608
Non-Instructional Equipment	-	30,000	30,000	7,600	22,400
Total Facilities Acquisition and Construction	<u>8,000</u>	<u>207,000</u>	<u>215,000</u>	<u>98,992</u>	<u>116,008</u>
Total Expenditures	<u>\$ 576,122</u>	<u>\$ 2,424,703</u>	<u>\$ 3,000,825</u>	<u>\$ 2,340,177</u>	<u>\$ 660,648</u>

Calculation of Budget Carryover

Total Revised 2019-2020 Preschool Education Aid (Including Preschool Expansion Aid) Allocation	\$ 3,000,825
Add:	
Actual Preschool Education Carryover (June 30, 2019)	38,940
Actual Early Childhood Program Aid Carryover	<u>236,642</u>
Total Preschool Education Aid Funds Available for 2019-2020 Budget	3,276,407
Less: 2019-2020 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>3,000,825</u>
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2020	275,582
Add: June 30, 2020 Unexpended Preschool Education Aid	<u>660,648</u>
2019-2020 Carryover - Preschool Education Aid /Preschool Programs	<u>\$ 936,230</u>
2019-2020 Preschool Education Aid Carryover Budgeted in 2020-2021	<u>\$ 275,582</u>

CAPITAL PROJECTS FUND

**KEARNY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Original Amount Authorized</u>	<u>Adjustments</u>	<u>Modified Authorization</u>	<u>Expenditures to Date</u>		<u>Cancelled</u>	<u>Balance June 30, 2020</u>
				<u>Prior Years</u>	<u>Current Year</u>		
Aircraft Noise Abatement - Kearny High School	\$ 44,039,788	\$ 15,184,866	\$ 59,224,654	\$ 58,837,028		\$ 9,566	\$ 378,060
Kearny High School - Facade Project	6,083,708		6,083,708	5,970,247		113,461	-
Alterations to Franklin Elementary School	<u>636,750</u>	<u>(585,056)</u>	<u>51,694</u>	<u>47,860</u>	<u>-</u>	<u>3,834</u>	<u>-</u>
	<u>\$ 50,760,246</u>	<u>\$ 14,599,810</u>	<u>\$ 65,360,056</u>	<u>\$ 64,855,135</u>	<u>\$ -</u>	<u>\$ 126,861</u>	<u>\$ 378,060</u>
Unexpended Project Authorizations							\$ 378,060
Add: Reserve for Payment of Debt Service							<u>47,034</u>
Fund Balance (Budgetary Basis)							<u>\$ 425,094</u>
				<u>Analysis of Restricted Fund Balance:</u>			
							\$ 47,034
							<u>378,060</u>
							<u>\$ 425,094</u>

**KEARNY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Revenues and Other Financing Sources

Interest on Deposits	\$ 3,946
Premium on Notes	<u>6,197</u>

Total Revenues	<u>10,143</u>
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Expenditures and Other Financing Uses

Cancelled SDA Grant Receivables	126,861
Transfer to General Fund	<u>3,946</u>

Total Expenditures and Other Financing Uses	<u>130,807</u>
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Excess (Deficiency) of Revenue Over (Under) Expenditures Other Financing Sources (Uses)	(120,664)
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Fund Balance, July 1, 2019	<u>545,758</u>
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Fund Balance, June 30, 2020	<u><u>\$ 425,094</u></u>
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**KEARNY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
KEARNY HIGH SCHOOL - AIRCRAFT NOISE ABATEMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
Federal Sources - FAA Grant	\$ 21,145,025		\$ 21,145,025	\$ 21,145,025
Local Sources - Port Authority of NY/NJ	5,286,256		5,286,256	5,286,256
State Sources- SCC Grant	17,608,507	(9,566)	17,598,941	17,598,941
Capital Reserve	11,064,866		11,064,866	11,064,866
Lease Purchase Proceeds	4,120,000	-	4,120,000	4,120,000
	<u>59,224,654</u>	<u>(9,566)</u>	<u>59,215,088</u>	<u>59,215,088</u>
Expenditures and Other Financing Uses				
Facilities Acquisition and Construction Services	50,111,540		50,111,540	50,465,088
Purchased Professional and Technical Services	8,725,488	-	8,725,488	8,750,000
	<u>58,837,028</u>	<u>-</u>	<u>58,837,028</u>	<u>59,215,088</u>
Excess of Revenues Over Expenditures	<u>\$ 387,626</u>	<u>\$ (9,566)</u>	<u>\$ 378,060</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
FAA/Port Authority	EWR 84-02 & 99-04
SDA	2410-050-04-3000
Grant Date	May 4, 2005
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 44,039,788
Additional Authorized Cost	\$ 15,184,866
Revised Authorized Cost	\$ 59,215,088
Percentage Increase Over Original	
Authorized Cost	34.48%
Percentage Completion	100.00%
Original Target Completion Date	October 31, 2013
Revised Target Completion Date	December 31, 2018

**KEARNY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
KEARNY HIGH SCHOOL - FAÇADE PROJECT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant	\$ 2,433,708	\$ (113,461)	\$ 2,320,247	\$ 2,320,247
Bond Proceeds and Transfers	<u>3,650,000</u>	<u>-</u>	<u>3,650,000</u>	<u>3,650,000</u>
Total Revenues	<u>6,083,708</u>	<u>(113,461)</u>	<u>5,970,247</u>	<u>5,970,247</u>
Expenditures and Other Financing Uses				
Facilities Acquisition and Construction Services	4,400,254		4,400,254	4,436,486
Purchased Professional and Technical Services	<u>1,569,993</u>	<u>-</u>	<u>1,569,993</u>	<u>1,533,761</u>
Total Expenditures	<u>5,970,247</u>	<u>-</u>	<u>5,970,247</u>	<u>5,970,247</u>
Excess of Revenues Over Expenditures	<u>\$ 113,461</u>	<u>\$ (113,461)</u>	<u>\$ -</u>	<u>\$ -</u>

Additional Project Information:

Project Number	2410-050-05-1400
Grant Date	October 22, 2004
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 6,083,708
Additional Authorized Cost	\$ (113,461)
Revised Authorized Cost	\$ 5,970,247

Percentage Increase Over Original Authorized Cost	-1.86%
Percentage Completion	100.00%
Original Target Completion Date	April 30, 2012
Revised Target Completion Date	June 30, 2014

**KEARNY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
ALTERATIONS TO FRANKLIN ELEMENTARY SCHOOL
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources- SDA Grant	\$ 47,250	\$ (3,834)	\$ 43,416	\$ 43,416
Transfer from Capital Outlay	<u>4,444</u>	<u>-</u>	<u>4,444</u>	<u>4,444</u>
 Total Revenues	 <u>51,694</u>	 <u>(3,834)</u>	 <u>47,860</u>	 <u>47,860</u>
Expenditures and Other Financing Uses				
Purchased Professional and Technical Services	26,360		26,360	26,360
Supplies and Materials	<u>21,500</u>	<u>-</u>	<u>21,500</u>	<u>21,500</u>
 Total Expenditures	 <u>47,860</u>	 <u>-</u>	 <u>47,860</u>	 <u>47,860</u>
 Excess of Revenues Over Expenditures	 <u>\$ 3,834</u>	 <u>\$ (3,834)</u>	 <u>\$ -</u>	 <u>\$ -</u>

Additional Project Information:

Project Number	2410-079-09-2001
Grant Date	July 31, 2009
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 636,750
Additional Authorized Cost	\$ (588,890)
Revised Authorized Cost	\$ 47,860

Percentage Decrease Over Original Authorized Cost	-92.48%	(A)
Percentage Completion	100.00%	
Original Target Completion Date	September 30, 2011	
Revised Target Completion Date	August 31, 2014	

(A) Scope of project was reduced

ENTERPRISE FUND

**KEARNY BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

**KEARNY BOARD OF EDUCATION
FIDUCIARY FUNDS
COMBINING STATEMENT OF AGENCY ASSETS AND LIABILITIES
AS OF JUNE 30, 2020**

	<u>Student Activity</u>	<u>Agency Payroll</u>	<u>Total</u>
ASSETS			
Cash and Cash Equivalents	\$ 460,857	\$ 114,821	\$ 575,678
Due from Other Funds	-	943	943
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 460,857</u>	<u>\$ 115,764</u>	<u>\$ 576,621</u>
LIABILITIES			
Payroll Deductions and Withholdings		\$ 115,764	\$ 115,764
Due to Other Funds		-	-
Due to Student Groups	\$ 460,857	-	460,857
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>\$ 460,857</u>	<u>\$ 115,764</u>	<u>\$ 576,621</u>

**KEARNY BOARD OF EDUCATION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENT IS PRESENTED ON EXHIBIT B-8

**STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>School</u>	<u>Balance July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2020</u>
ELEMENTARY SCHOOLS				
Schuyler School	\$ 21,906	\$ 26,656	\$ 13,766	\$ 34,796
Franklin School	5,961	44,344	27,718	22,587
Garfield School	5,716	29,235	23,522	11,429
Lincoln School	5,828	4,406	3,023	7,211
Lincoln Student Council	2,892	899	836	2,955
Roosevelt School	10,939	8,641	6,295	13,285
Washington School	1,306	6,891	1,793	6,404
HIGH SCHOOL	289,929	317,554	253,431	354,052
ATHLETIC ACCOUNT	<u>142</u>	<u>57,879</u>	<u>49,883</u>	<u>8,138</u>
Total	<u>\$ 344,619</u>	<u>\$ 496,505</u>	<u>\$ 380,267</u>	<u>\$ 460,857</u>

**PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Balance, July 1, 2019</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance, June 30, 2020</u>
Due to Other Funds	\$ (943)			\$ (943)
Payroll Deductions and Withholdings	126,774	\$ 37,255,772	\$ 37,266,782	115,764
Accrued Salaries and Wages	-	33,028,899	33,028,899	-
Total Liabilities	<u>\$ 125,831</u>	<u>\$ 70,284,671</u>	<u>\$ 70,295,681</u>	<u>\$ 114,821</u>

LONG-TERM DEBT

**KEARNY BOARD OF EDUCATION
LONG-TERM DEBT GROUP
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2020</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	4/23/15	\$ 6,740,000	7/15/2020	\$ 1,140,000	4.00%				
			7/15/2021	1,140,000	4.00%				
			7/15/2022	1,140,000	4.00%				
			7/15/2023	205,000	4.00%				
			7/15/2024	210,000	4.00%				
			7/15/2025	215,000	4.00%	\$ 5,185,000	-	\$ 1,135,000	\$ 4,050,000
						\$ 5,185,000	\$ -	\$ 1,135,000	\$ 4,050,000

**KEARNY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER LEASE-PURCHASE AGREEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<u>Year</u>	<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2019 (Restated)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2020</u>
2015	Acquisition of Equipment	4,120,000	\$ 1,667,335		\$ 827,503	\$ 839,832
2018	Acquisition of Computers	283,464	94,394		94,394	
2019	Acquisition of Computers	710,085	460,277		223,820	236,457
2019	Acquisition of Equipment	788,142	740,818		146,207	594,611
2019	Acquisition of School Buses	113,090	70,559		37,807	32,752
2020	Acquisition of Computers	646,480		\$ 646,480	173,113	473,367
2020	Acquisition of School Buses	133,769		133,769	35,869	97,900
2020	Acquisition of School Bus	109,885	-	109,885	20,591	89,294
			<u>\$ 3,033,383</u>	<u>\$ 890,134</u>	<u>\$ 1,559,304</u>	<u>\$ 2,364,213</u>

**KEARNY BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Property Tax Levy	\$ 999,090		\$ 999,090	\$ 999,090	
State Sources:					
Debt Service Aid	366,010	-	366,010	366,010	-
Total Revenues	1,365,100	-	1,365,100	1,365,100	-
EXPENDITURES:					
Regular Debt Service:					
Redemption of Principal	1,135,000		1,135,000	1,135,000	
Interest	230,100	-	230,100	184,700	45,400
Total Expenditures	1,365,100	-	1,365,100	1,319,700	45,400
Excess of Revenues Over Expenditures	-	-	-	45,400	45,400
Fund Balance, July 1, 2019	1	-	1	1	-
Fund Balance, June 30, 2020	\$ 1	\$ -	\$ 1	\$ 45,401	\$ 45,400

Designated for Subsequent Year Budget	\$ 1
Available for Future Debt Service	45,400
	<u>\$ 45,401</u>

STATISTICAL SECTION

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

Contents

Exhibits

Financial Trends

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

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

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

J-10 to J-13

Demographic and Economic Information

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

J-14 and J-15

Operating Information

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

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

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 41,472,141	\$ 45,417,929	\$ 51,589,542	\$ 55,485,780	\$ 55,491,651	\$ 57,535,963	\$ 72,979,220	\$ 51,445,043	\$ 52,998,917	\$ 53,408,622
Restricted	4,672,748	5,732,390	5,735,972	8,219,684	8,845,240	11,257,150	2,394,838	2,977,180	1,138,318	5,608,206
Unrestricted	<u>(13,157,518)</u>	<u>(12,149,242)</u>	<u>(9,139,337)</u>	<u>(12,134,343)</u>	<u>(31,918,631)</u>	<u>(36,900,137)</u>	<u>(26,682,224)</u>	<u>(39,168,319)</u>	<u>(39,356,196)</u>	<u>(41,496,336)</u>
Total Governmental Activities Net Position	<u>\$ 32,987,371</u>	<u>\$ 39,001,077</u>	<u>\$ 48,186,177</u>	<u>\$ 51,571,121</u>	<u>\$ 32,418,260</u>	<u>\$ 31,892,976</u>	<u>\$ 48,691,834</u>	<u>\$ 15,253,904</u>	<u>\$ 14,781,039</u>	<u>\$ 17,520,492</u>
Business-Type Activities										
Invested in Capital Assets, Net of Related Debt	\$ 138,942	\$ 124,308	\$ 110,288	\$ 97,047	\$ 122,355	\$ 107,215	\$ 98,898	\$ 308,196	\$ 304,965	\$ 316,552
Unrestricted	<u>263,540</u>	<u>254,822</u>	<u>320,381</u>	<u>372,232</u>	<u>422,604</u>	<u>504,341</u>	<u>512,185</u>	<u>514,643</u>	<u>610,829</u>	<u>715,600</u>
Total Business-Type Activities Net Position	<u>\$ 402,482</u>	<u>\$ 379,130</u>	<u>\$ 430,669</u>	<u>\$ 469,279</u>	<u>\$ 544,959</u>	<u>\$ 611,556</u>	<u>\$ 611,083</u>	<u>\$ 822,839</u>	<u>\$ 915,794</u>	<u>\$ 1,032,152</u>
District-Wide										
Invested in Capital Assets, Net of Related Debt	\$ 41,611,083	\$ 45,542,237	\$ 51,699,830	\$ 55,582,827	\$ 55,614,006	\$ 57,643,178	\$ 73,078,118	\$ 51,753,239	\$ 53,303,882	\$ 53,725,174
Restricted	4,672,748	5,732,390	5,735,972	8,219,684	8,845,240	11,257,150	2,394,838	2,977,180	1,138,318	5,608,206
Unrestricted	<u>(12,893,978)</u>	<u>(11,894,420)</u>	<u>(8,818,956)</u>	<u>(11,762,111)</u>	<u>(31,496,027)</u>	<u>(36,395,796)</u>	<u>(26,170,039)</u>	<u>(38,653,676)</u>	<u>(38,745,367)</u>	<u>(40,780,736)</u>
Total District Net Position	<u>\$ 33,389,853</u>	<u>\$ 39,380,207</u>	<u>\$ 48,616,846</u>	<u>\$ 52,040,400</u>	<u>\$ 32,963,219</u>	<u>\$ 32,504,532</u>	<u>\$ 49,302,917</u>	<u>\$ 16,076,743</u>	<u>\$ 15,696,833</u>	<u>\$ 18,552,644</u>

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental Activities										
Instruction										
Regular	\$ 41,126,178	\$ 42,713,090	\$ 43,266,636	\$ 45,504,197	\$ 50,637,282	\$ 55,352,833	\$ 60,448,695	\$ 56,053,842	\$ 62,398,755	\$ 60,504,352
Special Education	11,313,129	10,843,661	11,478,294	11,402,060	13,900,553	15,560,078	16,652,103	9,920,717	14,940,133	15,028,176
Other Instruction	3,252,330	3,294,184	2,845,253	2,740,285	2,920,309	3,357,362	3,890,809	2,778,454	6,116,270	6,140,146
School Sponsored Activities and Athletics	1,281,841	1,250,104	1,261,789	1,310,483	1,376,895	1,509,284	1,586,879	3,066,029	1,501,429	1,609,135
Support Services:										
Tuition								4,170,786		
Student and Instruction Related Services	7,113,169	7,780,424	7,926,025	8,050,400	8,764,376	8,959,592	9,191,340	8,991,837	9,697,687	10,345,485
General Administration	2,423,076	2,779,422	2,439,406	2,946,412	2,832,130	2,697,713	3,644,098	2,224,329	1,755,319	1,899,637
School Administrative Services	6,238,956	6,316,539	6,376,930	6,819,361	7,530,457	8,526,918	9,453,530	9,016,478	8,986,658	9,895,806
Central Administrative Services	1,208,264	1,631,181	1,657,053	1,672,507	2,021,459	2,189,236	2,424,248	1,285,789	2,454,507	2,521,097
Administration of Information Technology								953,769		
Plant Operations and Maintenance	8,712,127	8,569,081	9,007,440	8,984,044	9,643,413	10,038,580	10,068,434	10,327,879	10,252,309	10,301,337
Security								408,378		
Pupil Transportation	1,315,732	1,373,763	1,480,516	1,500,332	1,698,164	1,790,536	1,738,152	1,740,244	1,993,370	1,711,662
Special Schools								75,827		
Charter School								4,414,390		
Interest on Long-Term Debt	702,608	704,128	628,207	654,180	681,281	545,646	503,873	275,688	463,721	417,832
Total Governmental Activities Expenses	84,687,410	87,255,577	88,367,549	91,584,261	102,006,319	110,527,778	119,602,161	115,704,436	120,560,158	120,374,665
Business-Type Activities:										
Food Service	1,788,415	2,039,672	2,087,488	2,073,328	2,144,004	2,239,874	2,052,524	2,025,965	2,324,402	1,872,524
Total Business-Type Activities Expense	1,788,415	2,039,672	2,087,488	2,073,328	2,144,004	2,239,874	2,052,524	2,025,965	2,324,402	1,872,524
Total District Expenses	\$ 86,475,825	\$ 89,295,249	\$ 90,455,037	\$ 93,657,589	\$ 104,150,323	\$ 112,767,652	\$ 121,654,685	\$ 117,730,401	\$ 122,884,560	\$ 122,247,189
Program Revenues										
Governmental Activities:										
Charges for Services:										
Tuition						\$ 10,305	\$ 5,884		\$ 136,399	\$ 119,689
Other Instruction/Special Schools	\$ 60,439	\$ 65,897	\$ 65,134	\$ 59,563	\$ 50,462	65,058	48,770		59,855	67,736
Operating Grants and Contributions	14,474,765	15,540,976	16,080,166	15,152,252	25,265,538	30,490,718	38,809,517	\$ 27,589,426	35,350,515	33,413,190
Capital Grants and Contributions	1,227,985	5,925,681	8,239,865	5,734,925	2,034,553	2,695,140	18,130,074			
Total Governmental Activities Program Revenues	15,763,189	21,532,554	24,385,165	20,946,740	27,350,553	33,250,916	56,988,361	27,589,426	35,546,769	33,600,615
Business-Type Activities:										
Charges for Services										
Food Service	461,515	494,235	468,029	482,377	448,935	485,056	462,487	469,939	584,292	438,222
Operating Grants and Contributions	1,093,172	1,215,030	1,259,394	1,316,125	1,262,487	1,311,989	1,266,350	1,223,529	1,455,269	1,354,310
Total Business Type Activities Program Revenues	1,554,687	1,709,265	1,727,423	1,798,502	1,711,422	1,797,045	1,728,837	1,693,468	2,039,561	1,792,532
Total District Program Revenues	\$ 17,317,876	\$ 23,241,819	\$ 26,112,588	\$ 22,745,242	\$ 29,061,975	\$ 35,047,961	\$ 58,717,198	\$ 29,282,894	\$ 37,586,330	\$ 35,393,147
Net (Expense)/Revenue										
Governmental Activities	\$ (68,924,221)	\$ (65,723,023)	\$ (63,982,384)	\$ (70,637,521)	\$ (74,655,766)	\$ (77,276,862)	\$ (62,613,800)	\$ (88,115,010)	\$ (85,013,389)	\$ (86,774,050)
Business-Type Activities	(233,728)	(330,407)	(360,065)	(274,826)	(432,582)	(442,829)	(323,687)	(332,497)	(284,841)	(79,992)
Total District-Wide Net Expense	\$ (69,157,949)	\$ (66,053,430)	\$ (64,342,449)	\$ (70,912,347)	\$ (75,088,348)	\$ (77,719,691)	\$ (62,937,487)	\$ (88,447,507)	\$ (85,298,230)	\$ (86,854,042)

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	\$ 45,278,829	\$ 45,278,829	\$ 45,595,029	\$ 45,759,751	\$ 46,217,348	\$ 47,944,682	\$ 50,681,091	\$ 51,694,717	\$ 52,728,607	\$ 53,788,283
Property Taxes, Debt Service	1,198,201	248,902	740,251	1,129,457	1,119,817	1,070,232	1,048,757	1,011,767	984,504	999,090
Federal and State Aid - Unrestricted	23,666,188	24,870,776	26,004,915	26,552,231	26,699,788	26,701,899	26,862,187	34,141,871	30,254,045	33,831,340
State Aid- Restricted for Debt Service	482,078	469,498	456,918	444,338	439,684	425,956	402,706	393,921	380,596	366,010
Donation of Capital Assets			9,000	-	21,500				5,000	
Lease Obligations Paid And/Or Assumed by Vendor									575,525	
Loss on Disposition of Assets		(6,825)								
Investment Earnings	86,534	70,842	26,671	22,752	25,289	26,871	36,314		255,407	97,017
Miscellaneous Income	385,695	1,111,762	746,304	427,372	558,597	1,081,059	698,933	1,094,867	877,041	628,113
Transfers	(304,078)	(307,055)	(411,604)	(313,436)	(508,262)	(509,426)	(323,214)	369,584	(377,796)	(196,350)
Adjustment to Capital Assets								(34,029,645)	-	
Total Governmental Activities	70,793,447	71,736,729	73,167,484	74,022,465	74,573,761	76,741,273	79,406,774	54,677,082	85,682,929	89,513,503
Business-Type Activities:										
Transfers	304,078	307,055	411,604	313,436	508,262	509,426	323,214	337,534	377,796	196,350
Adjustment to Capital Assets								206,720	-	
Total Business-Type Activities	304,078	307,055	411,604	313,436	508,262	509,426	323,214	544,254	377,796	196,350
Total District-Wide	\$ 71,097,525	\$ 72,043,784	\$ 73,579,088	\$ 74,335,901	\$ 75,082,023	\$ 77,250,699	\$ 79,729,988	\$ 55,221,336	\$ 86,060,725	\$ 89,709,853
Change in Net Position										
Governmental Activities	\$ 1,869,226	\$ 6,013,706	\$ 9,185,100	\$ 3,384,944	\$ (82,005)	\$ (535,589)	\$ 16,792,974	\$ (33,437,928)	\$ 669,540	\$ 2,739,453
Business-Type Activities	70,350	(23,352)	51,539	38,610	75,680	66,597	(473)	211,757	92,955	116,358
Total District	\$ 1,939,576	\$ 5,990,354	\$ 9,236,639	\$ 3,423,554	\$ (6,325)	\$ (468,992)	\$ 16,792,501	\$ (33,226,171)	\$ 762,495	\$ 2,855,811

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable				\$ 222,232	\$ 111,116					
Restricted	\$ 4,758,608	\$ 8,034,102	\$ 8,691,054	9,856,929	9,467,872	\$ 9,202,878	\$ 2,924,017	\$ 738,840	\$ 1,679,737	\$ 5,801,615
Committed	541,544	131,791	180,361	529,245	423,991	309,878	764,842	1,441,048	393,301	
Assigned	2,066,600	1,223,556	2,426,848	1,702,673	815,291	1,667,784	656,950	398,080	293,515	737,398
Unassigned	<u>(1,293,550)</u>	<u>(1,470,132)</u>	<u>(1,684,780)</u>	<u>(1,709,765)</u>	<u>(1,652,334)</u>	<u>(1,647,226)</u>	<u>(1,476,171)</u>	<u>(1,056,520)</u>	<u>(2,246,394)</u>	<u>(2,605,179)</u>
Total General Fund	<u>\$ 6,073,202</u>	<u>\$ 7,919,317</u>	<u>\$ 9,613,483</u>	<u>\$ 10,601,314</u>	<u>\$ 9,165,936</u>	<u>\$ 9,533,314</u>	<u>\$ 2,869,638</u>	<u>\$ 1,521,448</u>	<u>\$ 120,159</u>	<u>\$ 3,933,834</u>
All Other Governmental Funds										
Unassigned								\$ (34,744)		(33,948)
Restricted	<u>\$ 4,183,257</u>	<u>\$ 2,007,465</u>	<u>\$ 1,550,311</u>	<u>\$ 1,044,460</u>	<u>\$ 499,958</u>	<u>\$ 2,648,799</u>	<u>\$ 8,314,841</u>	<u>479,204</u>	<u>\$ 545,759</u>	<u>\$ 470,495</u>
Total All Other Governmental Funds	<u>\$ 4,183,257</u>	<u>\$ 2,007,465</u>	<u>\$ 1,550,311</u>	<u>\$ 1,044,460</u>	<u>\$ 499,958</u>	<u>\$ 2,648,799</u>	<u>\$ 8,314,841</u>	<u>\$ 444,460</u>	<u>\$ 545,759</u>	<u>\$ 436,547</u>

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Property Tax Levy	\$ 46,477,030	\$ 45,527,731	\$ 46,335,280	\$ 46,889,208	\$ 47,337,165	\$ 49,014,914	\$ 51,729,848	\$ 52,706,484	\$ 53,713,111	\$ 54,787,373
Miscellaneous	555,657	1,865,664	1,836,842	1,154,656	884,872	1,533,890	2,977,437	1,488,788	1,298,569	926,516
State Sources	35,396,441	39,136,676	42,912,761	41,732,329	41,184,480	43,404,790	50,709,284	47,152,938	52,689,923	59,344,927
Federal Sources	4,431,586	7,053,092	6,870,370	5,506,448	4,198,681	4,755,582	12,108,340	3,058,858	3,555,027	3,200,286
Total Revenues	86,860,714	93,583,163	97,955,253	95,282,641	93,605,198	98,709,176	117,524,909	104,407,068	111,256,630	118,259,102
Expenditures										
Instruction										
Regular Instruction	38,493,481	39,842,839	40,812,892	41,780,251	42,565,681	43,909,681	45,962,757	31,321,085	55,678,256	54,587,712
Special Education Instruction	11,350,615	10,942,923	11,634,469	11,342,082	13,089,595	14,103,142	14,194,658	5,056,982	14,004,889	14,193,916
Other Instruction	3,274,259	3,353,977	2,914,201	2,717,321	2,618,113	2,843,504	3,028,862	3,066,029	5,697,044	5,729,261
School Sponsored Activities and Athletics	1,287,414	1,265,183	1,282,607	1,303,110	1,276,764	1,339,932	1,318,343	280,611	1,399,426	1,509,261
Support Services:										
Tuition								4,170,786		
Student and Inst. Related Services	7,132,255	7,877,266	8,060,790	7,975,682	8,107,689	7,904,892	7,507,417	6,084,367	9,060,959	9,828,895
General Administration	2,420,433	2,792,677	2,465,123	2,912,794	2,609,139	2,542,639	3,341,535	1,532,410	1,694,724	1,863,625
School Administrative Services	6,278,848	6,430,530	6,532,163	6,758,836	6,875,942	7,378,796	7,477,505	4,813,094	8,304,361	9,263,678
Business/Central Services	1,215,647	1,657,294	1,693,280	1,659,558	1,914,327	1,963,755	2,016,857	1,464,046	2,321,463	2,407,473
Plant Operations and Maintenance	8,744,355	8,663,650	9,151,095	8,921,168	9,556,186	9,576,584	8,949,747	7,337,920	10,035,591	10,281,801
Pupil Transportation	1,299,289	1,358,119	1,471,338	1,473,340	1,668,320	1,719,521	1,605,457	1,435,221	1,962,349	1,696,930
Employee Benefits								27,434,260		
Transfer to Charter School								4,414,390		
Special Schools								54,176		
Capital Outlay	4,719,037	7,690,441	8,551,056	6,268,849	2,936,632	4,725,970	20,380,694	14,124,157	454,799	721,720
Debt Service:										
Principal	1,075,000	1,080,000	1,090,000	1,095,000	1,189,608	1,271,068	2,143,725	1,130,000	2,654,670	2,694,304
Interest and Other Charges	716,114	650,886	647,623	673,671	668,820	524,047	560,631	275,688	521,609	469,847
Cost of Issuance					108,484					
Total Expenditures	88,006,747	93,605,785	96,306,637	94,881,662	95,185,300	99,803,531	118,488,188	113,995,222	113,790,140	115,248,423
Excess (Deficiency) of Revenues over (under) Expenditures	(1,146,033)	(22,622)	1,648,616	400,979	(1,580,102)	(1,094,355)	(963,279)	(9,588,154)	(2,533,510)	3,010,679
Other Financing Sources (Uses)										
Premiums on Bonds/Notes					706,406					
Leases Purchase Proceeds				394,437		4,120,000	288,859	707,117	1,611,317	890,134
Bond/Refunding Bond Proceeds					6,740,000					
Payments to Escrow Agents					(7,337,922)					
Cancellations										
Transfers In	343,504	1,445,496	916,198	583,738	504,834	67	8,706,717		90,767	3,946
Transfers Out	(647,582)	(1,752,551)	(1,327,802)	(897,174)	(1,013,096)	(509,493)	(9,029,931)	(337,534)	(468,563)	(200,296)
Total Other Financing Sources (Uses)	(304,078)	(307,055)	(411,604)	81,001	(399,778)	3,610,574	(34,355)	369,583	1,233,521	693,784
Net Change in Fund Balances	\$ (1,450,111)	\$ (329,677)	\$ 1,237,012	\$ 481,980	\$ (1,979,880)	\$ 2,516,219	\$ (997,634)	\$ (9,218,571)	\$ (1,299,989)	\$ 3,704,463
Debt Service as a Percentage of Noncapital Expenditures	2.15%	2.01%	1.98%	2.00%	2.01%	1.89%	2.76%	1.41%	2.80%	2.76%

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

Fiscal Year Ended June 30,	Interest Earned	Rentals	Adult School	Solar Energy Sales	Miscellaneous	Total
2011	\$ 51,608	\$ 57,616	\$ 60,439		\$ 264,617	\$ 434,280
2012	44,780	56,237	65,897	\$ 629,376	391,849	1,188,139
2013	30,252	54,250	65,134	275,711	412,762	838,109
2014	22,752	43,293	59,563	161,289	222,790	509,687
2015	23,470	52,596	50,462	210,956	295,045	632,529
2016	26,871	36,462	65,058	310,678	744,224	1,183,293
2017	24,456	33,453	48,770	254,659	416,704	778,042
2018	166,436	173,772	54,176	177,491	491,033	1,062,908
2019	164,640	41,144	59,855	216,196	689,546	1,171,381
2020	93,071	44,381	67,736	269,709	427,514	902,411

**KEARNY BOARD OF EDUCATION
ASSESSED VALUATION AND ACTUAL VALUATION OF TAXABLE PROPERTY
LAST TEN YEARS
(Unaudited)**

Fiscal Year Ended June 30,	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Valuation	Total Direct School Tax Rate ^a
2011	\$ 16,903,400	\$ 673,346,700	\$ 108,500,400	\$ 228,065,700	\$ 34,027,900	\$ 1,060,844,100	\$ 3,123,915	\$ 1,063,968,015	\$ 3,723,345,984	\$ 4.323
2012	16,583,100	674,244,400	108,131,200	226,154,800	34,003,900	1,059,117,400	3,211,348	1,062,328,748	3,468,973,947	4.324
2013	15,293,100	674,617,500	108,221,800	225,847,400	33,924,600	1,057,904,400	3,070,234	1,060,974,634	3,277,405,251	4.394
2014	14,078,200	675,822,900	112,403,000	215,090,300	33,487,200	1,050,881,600	2,743,918	1,053,625,518	3,272,805,570	4.472
2015	14,492,500	677,591,940	111,905,700	215,841,800	33,348,100	1,053,180,040	2,554,395	1,055,734,435	3,467,639,014	4.563
2016	13,551,600	678,291,340	114,196,600	212,596,300	33,738,200	1,052,374,040	2,597,073	1,054,971,113	3,621,562,461	4.775
2017	12,200,100	679,359,040	123,510,700	209,665,350	33,898,200	1,058,633,390	2,623,295	1,061,256,685	3,662,894,119	4.920
2018	13,073,000	690,271,140	125,225,800	215,971,050	34,006,900	1,078,547,890	2,519,308	1,081,067,198	3,866,711,268	4.922
2019	17,851,100	684,051,740	129,105,400	222,093,650	33,689,700	1,086,791,590	2,431,449	1,089,223,039	4,086,775,819	4.982
2020	17,915,000	686,544,940	129,896,500	224,216,250	33,795,400	1,092,368,090	2,328,057	1,094,696,147	4,378,976,602	5.050

Source: County Abstract of Ratables

a - Tax rates are per \$100

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

Calendar Year	School	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
2011	\$ 4.323	\$ 3.514	\$ 1.630	\$ 9.467
2012	4.324	3.603	1.691	9.618
2013	4.394	3.733	1.664	9.791
2014	4.472	3.872	1.692	10.036
2015	4.563	3.992	1.771	10.326
2016	4.775	4.058	1.836	10.669
2017	4.920	4.084	1.701	10.705
2018	4.922	4.013	1.626	10.561
2019	4.982	3.945	1.615	10.542
2020	5.050	3.877	1.563	10.490

Source: County Abstract of Ratables

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

Taxpayer	2020		2011	
	Taxable Assessed Valuation	% of Total District Net Assessed Valuation	Taxable Assessed Valuation	% of Total District Net Assessed Valuation
RTC Properties, Inc.	\$ 34,957,100	3.19%	\$ 50,261,700	4.72%
PSE&G	22,089,500	2.02%	17,078,200	1.61%
112 Passaic Avenue, Uban Renewed, LLC	15,168,100 *	1.39%		
Schuyler Crossing, LLC	11,200,300 *	1.02%		
AMB Alliance Fund III	11,000,000	1.00%	13,000,000	1.22%
MEPT Passaic Ave, LLC	10,733,300	0.98%		
DVL Holdings			8,675,800	0.82%
Sunset Cahuenga			9,000,000	0.85%
Russo Development			8,713,700	0.82%
Wal-Mart	9,264,200	0.85%	7,405,800	0.70%
APG New Jersey	8,500,000	0.78%		
Hartz Kearny Urban Renewal II, LLC	8,133,000 *	0.74%		
Hurricane Associates, LLC			8,000,000	0.75%
Hartz Mountain Industries			6,569,200	0.62%
Kearny Holding VF LLC			6,126,800	0.58%
KPIP Urban Renewal, LLC	<u>7,408,400 *</u>	0.68%	<u>-</u>	
	<u>\$ 138,453,900</u>	<u>12.65%</u>	<u>\$ 134,831,200</u>	<u>12.67%</u>

* PILOT Property

Source: Municipal Tax Assessor

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

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 46,477,030	\$ 46,477,030	100.00%	N/A
2012	45,527,731	45,527,731	100.00%	N/A
2013	46,335,280	46,335,280	100.00%	N/A
2014	46,889,208	46,889,208	100.00%	N/A
2015	47,337,165	47,234,598	99.78%	\$ 102,567
2016	49,014,914	49,005,110	99.98%	-
2017	51,729,848	51,729,848	100.00%	N/A
2018	52,706,484	52,706,484	100.00%	N/A
2019	53,713,111	53,713,111	100.00%	N/A
2020	54,787,373	54,787,373	100.00%	N/A

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

Fiscal Year Ended June 30,	Governmental Activities					Total	Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Intergovern- mental Loans	Bond/Grant Anticipation Notes			
2011	\$ 14,290,000				\$ 10,000,000	\$ 24,290,000	40,718	\$ 597
2012	13,210,000				10,000,000	23,210,000	41,219	563
2013	12,120,000				7,500,000	19,620,000	41,430	474
2014	11,025,000		\$ 394,437		15,000,000	26,419,437	41,603	635
2015	9,780,000		329,829		15,000,000	25,109,829	41,681	602
2016	8,580,000		4,378,761		15,000,000	27,958,761	41,574	673
2017	7,450,000		3,653,895		15,000,000	26,103,895	41,589	628
2018	6,320,000		3,517,261		15,000,000	24,837,261	41,571	597
2019	5,185,000		2,962,824		6,727,117	14,874,941	41,422	359
2020	4,050,000		2,364,213		2,000,000	8,414,213	41,058	205

Source: District records

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Inter- governmental Loans	Deductions			
2011	\$ 14,290,000			\$ 14,290,000	1.34%	\$ 351
2012	13,210,000			13,210,000	1.24%	320
2013	12,120,000			12,120,000	1.14%	293
2014	11,025,000			11,025,000	1.05%	265
2015	9,780,000			9,780,000	0.93%	235
2016	8,580,000			8,580,000	0.81%	206
2017	7,450,000			7,450,000	0.70%	179
2018	6,320,000			6,320,000	0.58%	152
2019	5,185,000			5,185,000	0.48%	125
2020	4,050,000			4,050,000	0.37%	99

Source: District records

**KEARNY BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2019
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Kearny Board of Education (as of June 30, 2020)	\$ 4,050,000		\$ 4,050,000
Town of Kearny (as of December 31, 2019)	<u>77,216,870</u>	<u>\$ -</u>	<u>77,216,870</u>
	<u>\$ 81,266,870</u>	<u>\$ -</u>	<u>81,266,870</u>
Overlapping Debt Apportioned to the Municipality:			
County of Hudson			40,090,765
Passaic Valley Sewerage Commission			6,293,683
North Jersey District Water Supply Commission			<u>2,166,520</u>
			<u>48,550,968</u>
 Total Direct and Overlapping Debt			 <u>\$ 129,817,838</u>

Source:

Municipal and County Annual Debt Statements

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

	Fiscal Year Ended June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt Limit	\$ 154,205,149	\$ 145,427,054	\$ 136,452,123	\$ 130,844,283	\$ 130,838,539	\$ 135,481,070	\$ 140,094,135	\$ 150,241,636	\$ 150,241,636	\$ 159,681,250
Total Net Debt Applicable to Limit	14,290,000	13,210,000	12,120,000	11,025,000	9,780,000	8,580,000	7,450,000	6,320,000	5,185,000	4,050,000
Legal Debt Margin	<u>\$ 139,915,149</u>	<u>\$ 132,217,054</u>	<u>\$ 124,332,123</u>	<u>\$ 119,819,283</u>	<u>\$ 121,058,539</u>	<u>\$ 126,901,070</u>	<u>\$ 132,644,135</u>	<u>\$ 143,921,636</u>	<u>\$ 145,056,636</u>	<u>\$ 155,631,250</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	9.27%	9.08%	8.88%	8.43%	7.47%	6.33%	5.32%	4.21%	3.45%	2.54%

Legal Debt Margin Calculation for Fiscal Year 2020

Equalized Valuation Basis	
2019	\$ 4,275,340,637
2018	3,978,413,464
2017	3,722,339,627
	<u>\$ 11,976,093,728</u>
Average Equalized Valuation of Taxable Property	<u>\$ 3,992,031,243</u>
Debt Limit (4% of Average Equalization Value)	\$ 159,681,250
Total Net Debt Applicable to Limit	4,050,000
Legal Debt Margin	<u>\$ 155,631,250</u>

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

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2011	40,718	\$ 45,067	11.30%
2012	41,219	46,053	11.40%
2013	41,430	47,628	9.90%
2014	41,603	48,344	7.50%
2015	41,681	51,766	6.40%
2016	41,574	55,354	5.50%
2017	41,589	57,081	4.80%
2018	41,571	59,623	4.70%
2019	41,422	65,139	3.80%
2020	41,058	N/A	N/A

Source: New Jersey State Department of Education

N/A - Not available

**KEARNY BOARD OF EDUCATION
PRINCIPAL EMPLOYERS,
CURRENT YEAR AND TEN YEARS AGO
(Unaudited)**

INFORMATION NOT AVAILABLE

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

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	398	411	393	399	384	370	365	368	370	389
Special Education	31	29	35	30	34	40	40	41	42	65
Other Special Education	36	38	37	44	48	52	51	51	50	-
Vocational	3	3	3	3	3	3	3	3	3	9
Support Services:										
Student and Instruction Related Services	60	58	61	60	53	56	55	55	55	55
General Administration	15	15	15	15	13	14	14	13	13	13
School Administrative Services	23	24	23	24	23	23	23	21	20	21
Central Services	9	9	9	9	8	7	8	8	8	41
Administrative Information Technology	4	4	7	7	8	8	8	8	8	8
Plant Operations and Maintenance	72	72	68	68	69	66	67	68	68	63
Pupil Transportation	12	12	12	12	13	13	13	12	11	11
Special Schools	40	37	37	37	37	37	37	37	37	-
Total	<u>703</u>	<u>712</u>	<u>700</u>	<u>708</u>	<u>693</u>	<u>688</u>	<u>684</u>	<u>685</u>	<u>685</u>	<u>675</u>

Source: District Personnel Records

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

Fiscal Year	Enrollment ^a	Operating Expenditures ^b	Cost Per Pupil ^c	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment	Average Daily Attendance	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2011	5,830	\$ 81,496,596	\$ 13,979	-2.35%	N/A	1:15	1:18	1:10	5,418	5,154	-5.10%	95.13%
2012	5,894	84,184,458	14,283	2.18%	N/A	1:15	1:22	1:12	5,887	5,594	8.66%	95.02%
2013	5,979	86,017,958	14,387	0.73%	N/A	1:15	1:22	1:13	6,018	5,785	2.23%	96.13%
2014	5,911	86,844,142	14,692	2.12%	N/A	1:15	1:22	1:13	5,912	5,641	-1.76%	95.42%
2015	5,915	90,281,756	15,263	3.89%	N/A	1:15	1:22	1:13	5,909	5,608	-0.05%	94.91%
2016	5,909	93,282,446	15,787	3.43%	N/A	1:15	1:22	1:13	5,912	5,617	0.05%	95.01%
2017	5,999	95,403,138	15,903	0.74%	N/A	1:15	1:22	1:13	5,563	5,341	-5.90%	96.01%
2018	5,628	98,465,377	17,496	10.01%	N/A	1:15	1:22	1:13	5,578	5,280	0.27%	94.66%
2019	5,363	110,159,062	20,541	17.40%	N/A	1:15	1:22	1:13	5,295	5,011	-5.07%	94.64%
2020	5,734	111,362,552	19,421	-5.45%	N/A	1:15	1:22	1:13	5,229	5,034	-1.25%	96.27%

Sources: District records

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

N/A Not Available

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>District Building</u>										
<u>Elementary</u>										
<u>Franklin</u>										
Square Feet	108,820	108,820	114,854	114,854	114,854	114,854	114,854	114,854	114,854	114,854
Capacity (students)	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099
Enrollment	1,029	1,056	1,095	1,086	1,103	1,146	938	935	889	891
<u>Garfield</u>										
Square Feet	63,095	63,095	63,095	63,095	63,095	63,095	63,095	63,095	63,095	63,095
Capacity (students)	578	578	578	578	578	578	578	578	578	578
Enrollment	604	661	666	654	562	526	530	524	498	486
<u>Lincoln Middle School</u>										
Square Feet	88,510	88,510	88,510	88,510	88,510	88,510	88,510	88,510	88,510	88,510
Capacity (students)	794	794	794	794	794	794	794	794	794	794
Enrollment	749	794	825	817	865	882	911	909	856	816
<u>Roosevelt</u>										
Square Feet	43,385	43,385	43,385	43,385	43,385	43,385	43,385	43,385	43,385	43,385
Capacity (students)	463	463	463	463	463	463	463	463	463	463
Enrollment	461	462	455	457	483	466	435	438	405	379
<u>Schuyler</u>										
Square Feet	54,880	54,880	54,880	54,880	54,880	54,880	54,880	54,880	54,880	54,880
Capacity (students)	514	514	514	514	514	514	514	514	514	514
Enrollment	534	518	518	504	553	530	453	454	451	469
<u>Washington</u>										
Square Feet	86,220	86,220	86,220	86,220	86,220	86,220	86,220	86,220	86,220	86,220
Capacity (students)	671	671	671	671	671	671	671	671	671	671
Enrollment	659	683	689	703	625	621	566	560	540	496
<u>High School</u>										
Square Feet	163,760	163,760	276,400	276,400	276,400	276,400	276,400	276,400	276,400	276,400
Capacity (students)	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569
Enrollment	1,794	1,720	1,731	1,690	1,710	1,747	1,730	1,730	1,709	1,695

Number of Schools at June 30, 2020

Elementary = 5

Middle = 1

High School = 1

Source: District Records

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
School Facilities										
Kearny High School	\$ 694,882	\$ 630,522	\$ 678,456	\$ 651,132	\$ 805,694	\$ 766,505	\$ 712,077	\$ 756,037	\$ 689,995	\$ 719,484
Franklin School	348,619	316,330	340,377	326,670	404,213	384,551	357,342	379,300	346,166	382,226
Garfield School	202,128	183,407	197,349	189,402	234,361	222,962	207,128	219,917	200,706	202,355
Lincoln School	283,756	257,475	277,047	265,890	329,006	313,003	290,870	308,728	281,759	292,290
Roosevelt School	138,507	125,679	135,233	129,787	160,595	152,783	141,938	150,697	137,533	157,387
Schuyler School	175,776	159,496	171,620	164,708	203,807	193,893	180,126	191,245	174,539	202,355
Washington School	<u>276,242</u>	<u>250,657</u>	<u>269,711</u>	<u>258,850</u>	<u>320,294</u>	<u>304,715</u>	<u>282,811</u>	<u>300,554</u>	<u>274,299</u>	<u>292,290</u>
Total School Facilities	<u>\$ 2,119,910</u>	<u>\$ 1,923,566</u>	<u>\$ 2,069,793</u>	<u>\$ 1,986,439</u>	<u>\$ 2,457,970</u>	<u>\$ 2,338,412</u>	<u>\$ 2,172,292</u>	<u>\$ 2,306,478</u>	<u>\$ 2,104,997</u>	<u>\$ 2,248,387</u>

Source: District Records

**KEARNY BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2020
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (School Alliance Insurance Fund)		
Property	\$ 500,000,000	\$ 2,500
Commercial General Liability	5,000,000	
Crime	500,000	5,000
School Board Legal Liability	5,000,000	10,000
Excess Liability	5,000,000	
Workers' Compensation	5,000,000	
School Leader Professional Liability	5,000,000	10,000
Excess Liability Coverage	5,000,000	
Surety Bonds (Selective Insurance)		
Treasurer	450,000	
Board Secretary/Business Administrator	450,000	

Source: District records

SINGLE AUDIT SECTION



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

ELIZABETH A. SHICK, CPA, RMA, PSA
ROBERT W. HAAG, CPA, PSA
RALPH M. PICONE, III, CPA, RMA, PSA
DONNA L. JAPHET, CPA, PSA
DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA
CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Kearny Board of Education
172 Midland Avenue
Kearny, New Jersey 07032

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kearny Board of Education as of and for the fiscal year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Kearny Board of Education's basic financial statements and have issued our report thereon dated December 22, 2020.

Internal Control Over Financial Reporting

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

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

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

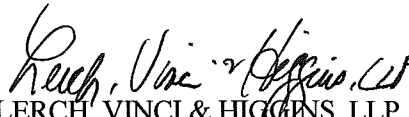
Compliance and Other Matters


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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Kearny Board of Education in a separate report entitled, “Auditor’s Management Report on Administrative Findings – Financial, Compliance and Performance” dated December 22, 2020.

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


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 22, 2020



LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-2

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
GARY W. HIGGINS, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
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CHRIS SOHN, CPA
CHRISTOPHER M. VINCI, CPA

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

INDEPENDENT AUDITOR'S REPORT

Honorable President and Members
of the Board of Trustees
Kearny Board of Education
172 Midland Avenue
Kearny, New Jersey 07032

Report on Compliance for Each Major Federal and State Program

We have audited the Kearny Board of Education's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Kearny Board of Education's major federal and state programs for the fiscal year ended June 30, 2020. The Kearny Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal and State Program

In our opinion, the Kearny Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

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


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


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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kearny Board of Education, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education’s basic financial statements. We have issued our report thereon dated December 22, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
December 22, 2020

KEARNY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Federal/Grantor/Pass-Through Gr Program Title	Federal CFDA Number	Federal FAIN Number	Grant Period	Award Amount	Balance July 1, 2019	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Cancellations	Refund of Prior Year Balances	June 30, 2020			GAAP Account Receivable	
												(Account Receivable)	Unearned Revenue	Due to Grantor		
U.S. Department of Education Passed-through State Department of Education																
Medicaid Assistance Program	93.778	2005NJ5MAP	7/1/19-6/30/20	\$ 173,345			\$ 173,345	\$ 173,345								
Medicaid Assistance (MAC)	93.778	2005NJ5MAP	7/1/19-6/30/20	31,327	-	-	31,327	31,327	-	-	-	-	-	-	-	-
Total Medicaid Assistance Programs - General Fund					-	-	204,672	204,672	-	-	-	-	-	-	-	-
U.S. Department of Education Passed-through State Department of Education																
School Equipment Grant	10.579	181NJ354N8103	7/1/18-6/30/19	\$ 13,088	\$ 13,088			13,088								
Food Distribution Program	10.555	201NJ304N1099	7/1/19-6/30/20	124,141			124,141	124,141								
Food Distribution Program	10.555	191NJ304N1099	7/1/18-6/30/19	143,903	680			680								
National School Lunch Program	10.555	201NJ304N1099	7/1/19-6/30/20	939,352			891,482	939,352				\$ (47,870)			\$ (47,870)	
National School Lunch Program	10.555	191NJ304N1099	7/1/18-6/30/19	1,084,927	(69,932)		69,932									
National School Breakfast Program	10.553	201NJ304N1099	7/1/19-6/30/20	252,111			222,022	252,111				(30,089)			(30,089)	
National School Breakfast Program	10.553	191NJ304N1099	7/1/18-6/30/19	196,944	(16,133)		16,133									
Total U.S. Department of Agriculture - Enterprise Fund					(72,297)	-	1,323,710	1,329,372	-	-	-	(77,959)	-	-	-	(77,959)
U.S. Department of Education Passed-through State Department of Education																
Title I, Part A	84.010A	S010A190030	7/1/19-9/30/20	1,521,552		\$ 229,780	885,287	1,193,897	\$ (229,780)			(866,045)	557,435			(306,337)
Title I, Part A	84.010A	S010A180030	7/1/18-6/30/19	1,623,389	(517,393)	(229,780)	517,393		229,780	\$ 23				\$ 23		
Title I, Part SIA	84.010A	S010A190030	7/1/19-9/30/20	27,000		36,169	26,610	31,830	(36,169)			(36,559)	31,339			(5,220)
Title I, Part SIA	84.010A	S010A180030	7/1/18-6/30/19	36,169	-	(36,169)	-	-	36,169			-	-		-	-
Total Title I					(517,393)	-	1,429,290	1,225,727	-	23	-	(902,604)	588,774	23		(311,557)
L.D.E.A Part B, Basic Regular	84.027	H027A190100	7/1/19-9/30/20	1,251,058		37,311	1,196,941	1,281,907	(37,311)			(91,428)	6,462			(84,966)
L.D.E.A Part B, Basic Regular	84.027	H027A180100	7/1/18-6/30/19	1,280,140	(284,124)	(37,311)	284,124		37,311							
L.D.E.A. Part B, Preschool	84.173	H173A190114	7/1/19-9/30/20	28,824		973	29,797	29,797	(973)			-	-		-	-
L.D.E.A. Part B, Preschool	84.173	H173A180114	7/1/18-6/30/19	28,645	(6,931)	(973)	6,931		973			-	-		-	-
Total L.D.E.A					(291,055)	-	1,517,793	1,311,704	-	-	-	(91,428)	6,462	-	-	(84,966)
Title II, Part A	84.367A	S367A190029	7/1/19-9/30/20	206,015		31,277	140,580	207,953	(31,277)			(96,712)	29,339			(67,373)
Title II, Part A	84.367A	S367A180029	7/1/18-6/30/19	210,261	(135,000)	(31,277)	135,000		31,277			-	-		-	-
Total Title II					(135,000)	-	275,580	207,953	-	-	-	(96,712)	29,339	-	-	(67,373)
Title III	84.365A	S365A190030	7/1/19-9/30/20	89,080		41,610	83,655	93,140	(41,610)			(47,035)	37,550			(4,974)
Title III	84.365A	S365A180030	7/1/18-6/30/19	80,003	(25,871)	(41,610)	25,871		41,610							
Title III Immigrant	84.365A	S365A190030	7/1/19-9/30/20	29,913		6,714	7,401	9,812	(6,714)			(29,226)	26,815			(118)
Title III Immigrant	84.365A	S365A180030	7/1/18-6/30/19	28,407	(10,549)	(6,714)	10,549		6,714			-	-		62	-
Total Title III					(36,420)	-	127,476	102,952	-	94	-	(76,261)	64,365	94		(5,092)
CARES Emergency Relief Grant	84.425	S425D00027	3/13/20-9/30/22	1,145,461				1,099,896				(1,145,461)	45,565			(71,400)
Carl D. Perkins- Voc. Education	84.048A	V048A170030	7/1/19-6/30/20	62,682			54,790	62,050				(7,892)	632			(2,925)
Carl D. Perkins- Voc. Education	84.048A	V048A180030	7/1/18-6/30/19	60,746	(10,780)		10,780			1,240		-	-	1,240		-
Total Carl D. Perkins					(10,780)		65,570	62,050		1,240		(7,892)	632	1,240		(2,925)
Total U.S. Department of Education - Special Revenue Fund					(990,648)	-	3,415,709	4,010,282	-	1,357	-	(2,320,358)	735,137	1,357		(543,313)
U.S. Department of Transportation Airport Improvement Program																
Aircraft Noise Abatement - K.H.S.	20.106	N/A	Not Available	21,145,025	(1,481,712)							(1,481,712)				(1,481,712)
Total U.S. Department of Transportation - Capital Projects Fund					(1,481,712)							(1,481,712)				(1,481,712)
Total Federal Awards					\$ (2,544,657)	\$ -	\$ 4,944,091	\$ 5,544,326	\$ -	\$ 1,357	\$ -	\$ (3,880,029)	\$ 735,137	\$ 1,357	\$ -	\$ (2,102,984)

**KEARNY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019			June 30, 2020				MEMO			
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	(Accounts Receivable)	Unearned Revenue/	Due to Grantor	GAAP Receivable
State Department of Education														
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	\$ 5,200,975				\$ 4,681,145	\$ 5,200,975				\$ (519,830)		\$ 5,200,975
Special Education Aid	19-495-034-5120-089	7/1/18-6/30/19	5,200,975	\$ (517,062)			517,062							
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	34,186,746				30,769,829	34,186,746				(3,416,917)		34,186,746
Equalization Aid	19-495-034-5120-078	7/1/18-6/30/19	30,794,824	(3,061,511)			3,061,511							
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	2,040,647				1,836,687	2,040,647				(203,960)		2,040,647
Security Aid	19-495-034-5120-084	7/1/18-6/30/19	2,040,647	(202,874)	-	-	202,874							
Total State Aid Public				(3,781,447)	-	-	41,069,108	41,428,368	-	-	(4,140,707)	-	-	41,428,368
Extraordinary Aid	20-100-034-5120-473	7/1/19-6/30/20	592,432					592,432				(592,432)		592,432
Extraordinary Aid	19-100-034-5120-044	7/1/18-6/30/19	578,942	(578,942)			578,942							
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	239,445				215,513	239,445				(23,932)		239,445
Transportation Aid	19-495-034-5120-014	7/1/18-6/30/19	239,445	(23,805)			23,805							
TPAF Social Security Aid	20-495-034-5094-003	7/1/19-6/30/20	3,080,167				2,768,028	3,080,167				(312,139)	\$ (312,139)	3,080,167
TPAF Social Security Aid	19-495-034-5094-003	7/1/18-6/30/19	2,982,589	(298,780)			298,780							
On Behalf TPAF														
NCGI Premium	20-495-034-5094-004	7/1/19-6/30/20	145,823				145,823	145,823						145,823
TPAF Pension Contribution	20-495-034-5094-002	7/1/19-6/30/20	8,135,700				8,135,700	8,135,700						8,135,700
TPAF Long Term Disability Insurance	20-495-034-5094-004	7/1/19-6/30/20	5,386				5,386	5,386						5,386
TPAF Post Retirement	20-495-034-5094-001	7/1/19-6/30/20	3,072,293	-	-	-	3,072,293	3,072,293	-	-	-	-	-	3,072,293
Total General Fund				(4,682,974)	-	-	56,313,378	56,699,614	-	-	(5,069,210)	-	(312,139)	56,699,614
Early Childhood Program Aid	07-495-034-5120-025	7/1/06-6/30/07	2,511,213	236,642								\$ 236,642		-
Preschool Education Aid	20-495-034-5120-086	7/1/19-6/30/20	339,480		\$ 38,940		305,532	378,420				(33,948)		378,420
Preschool Expansion Aid	20-495-034-5120-086	7/1/19-6/30/20	2,661,345				2,395,211	1,961,757				(266,134)		1,961,757
Preschool Education Aid	19-495-034-5120-086	7/1/18-6/30/19	356,928	3,247		(38,940)	35,693							-
New Jersey Nonpublic Aid														-
Textbook Aid	20-100-034-5120-064	7/1/19-6/30/20	6,852				6,852	6,852						6,852
Auxiliary Services														-
Compensatory Education	19-100-034-5120-067	7/1/18-6/30/19	15,905		\$ 6,599					6,599				-
Compensatory Education	20-100-034-5120-067	7/1/19-6/30/20	8,112				7,301	8,112				(811)	(811)	8,112
Handicapped Services														-
Examination and Classification	20-100-034-5120-066	7/1/19-6/30/20	4,279				4,279	2,234					\$ 2,045	2,234
Examination and Classification	19-100-034-5120-066	7/1/18-6/30/19	14,919		7,033					7,033				-
Corrective Speech	20-100-034-5120-066	7/1/19-6/30/20	1,823				1,823							-
Corrective Speech	19-100-034-5120-066	7/1/18-6/30/19	5,357		5,357					5,357				-
Supplementary	20-100-034-5120-066	7/1/19-6/30/20	4,371				2,299	4,371				(2,072)	(2,072)	4,371
Supplementary	19-100-034-5120-066	7/1/18-6/30/19	5,551		2,934					2,934				-
Nursing	20-100-034-5120-070	7/1/19-6/30/20	14,938				14,938	14,938						14,938
Nursing	17-100-034-5120-070	7/1/16-6/30/17	9,720		10					10				-
Technology	20-100-034-5120-373	7/1/19-6/30/20	4,680				4,680	4,649						4,649
Security	20-100-034-5120-509	7/1/19-6/30/20	23,100				23,100	23,100						23,100
Department of Human Services														
School Based Youth Services	SB08020	7/1/19-6/30/20	277,587				277,587	277,528						277,528
School Based Youth Services	SB08020	7/1/16-6/30/17	277,587	22,859								14,554		-
School Based Youth Services	SB08020	7/1/14-6/30/15	277,587	2,219						8,305		2,219		-
School Based Youth Services	SB08020	7/1/13-6/30/14	277,587	34								34		-
School Based Youth Services	SB08020	7/1/12-6/30/13	282,387	203								203		-
School Based Youth Services	SB08020	7/1/09-6/30/10	277,587	27,839								27,839		-
Total Special Revenue Fund				293,043	21,933	-	3,079,295	2,681,961	-	30,238	(302,965)	981,138	3,899	(2,883)

**KEARNY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2019		Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	June 30, 2020			MEMO	
				Unearned Revenue/ (Accrs Rec.)	Due to Grantor						(Accounts Receivable)	Unearned Revenue/	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures
New Jersey Economic Development Authority															
Facilities Grant Program															
KHS - Façade	2410-050-05-1400	N/A	\$ 2,433,708	\$ (79,611)					\$ 79,611						\$ 2,388,111
Franklin School Alterations	2410-070-09-2001	N/A	47,250	(47,250)	-	-	-	-	47,250	-	-	-	-	-	26,293
Total Capital Projects Fund				(126,861)	-	-	-	-	126,861	-	-	-	-	-	2,414,404
Debt Service Aid	20-495-034-5120-075	7/1/19-6/30/20	366,010	-	-	-	\$ 366,010	\$ 366,010	-	-	-	-	-	-	366,010
Total Debt Service Fund				-	-	-	366,010	366,010	-	-	-	-	-	-	366,010
State Department of Agriculture															
State School Lunch Program	20-100-010-3360-023	7/1/19-6/30/20	24,938				18,114	24,938			(6,824)			(6,824)	24,938
State School Lunch Program	19-100-010-3350-023	7/1/18-6/30/19	23,273	(1,483)	-	-	1,483	-	-	-	-	-	-	-	-
Total Enterprise Fund				(1,483)	-	-	19,597	24,938	-	-	(6,824)	-	-	(6,824)	24,938
Total State Awards			\$ (4,518,275)	\$ 21,933	\$ -	\$ 59,778,280	59,772,523	\$ 126,861	\$ 30,238	\$ (5,378,999)	\$ 981,138	\$ 3,899	\$ (321,846)	\$ 62,186,927	
Less: State Aid Not Subject to Single Audit:															
On-Behalf TPAF															
NCGI Premium (145,823)															
Pension Contribution (8,135,700)															
Long-Term Disability Insurance (5,386)															
Post-Retirement Medical (3,072,293)															
Total State Financial Assistance Subject to Single Audit \$ 48,413,321															

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**KEARNY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 GENERAL

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

NOTE 2 BASIS OF ACCOUNTING

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

NOTE 3 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$372,877 for the general fund and a decrease of \$1,044,449 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 204,672	\$ 56,326,737	\$ 56,531,409
Special Revenue Fund	2,995,614	2,652,180	5,647,794
Debt Service Fund		366,010	366,010
Food Service Fund	<u>1,329,372</u>	<u>24,938</u>	<u>1,354,310</u>
Total Financial Assistance	<u>\$ 4,529,658</u>	<u>\$ 59,369,865</u>	<u>\$ 63,899,523</u>

**KEARNY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020****NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

NOTE 5 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$3,080,167 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2020. The amount reported as TPAF Pension System Contributions in the amount of \$8,281,523, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,072,293 and TPAF Long-Term Disability Insurance in the amount of \$5,386 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2020.

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

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

NOTE 7 DE MINIMIS INDIRECT COST RATE

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

**KEARNY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Part I – Summary of Auditor’s Results

Financial Statement Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over major programs:

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

2) Significant deficiencies identified? _____ yes X none reported

Type of auditors' report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of Uniform Guidance _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.367A</u>	<u>S367A190029</u>	<u>Title II</u>
<u>84.425</u>	<u>S425D00027</u>	<u>CARES Emergency Relief Grant</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

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

Auditee qualified as low-risk auditee? X yes _____ no

KEARNY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Part I - Summary of Auditor's Results

State Awards Section

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,452,400

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

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

2) Significant deficiencies identified that are not considered to be material weaknesses? X none reported

Type of auditors' report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08? X none

Identification of major programs:

Table with 2 columns: State Grant/Project Number(s) and Name of State Program. Rows include: 20-495-034-5120-078 Equalization Aid, 20-495-034-5120-089 Special Education Aid, 20-495-034-5120-084 Security Aid, 20-495-034-5094-003 TPAF Social Security, 20-495-034-5120-086 Preschool Education Aid, 20-100-034-5120-473 Extraordinary Aid.

**KEARNY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**KEARNY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section .516 of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and New Jersey OMB Circular Letter 15-08, as applicable.

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.

**KEARNY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

STATUS OF PRIOR YEAR FINDINGS

There were none.