

**SCHOOL DISTRICT**

**OF**

**KENILWORTH**



**KENILWORTH BOARD OF EDUCATION  
KENILWORTH, NEW JERSEY**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**KENILWORTH SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1 to 10.
Roster of Officials	11.
Consultants and Advisors	12.
Organizational Chart	13.
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	14 & 15.
<b>Required Supplementary Information – Part I</b>	
Management's Discussion and Analysis	16 to 22.
<b><u>Basic Financial Statements</u></b>	
A. District-wide Financial Statements:	
A-1 Statement of Net Assets	23.
A-2 Statement of Activities	24 & 25.
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	26.
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	27 & 28.
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29.
Proprietary Funds:	
B-4 Statement of Net Assets	30.
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Assets	31.
B-6 Statement of Cash Flows	32.
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Assets	33.
B-8 Statement of Changes in Fiduciary Net Assets	34.
Notes to Financial Statements	35 to 52.

**KENILWORTH SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>Required Supplementary Information – Part II</b>	
C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule – General Fund	53 to 64.
C-1b Budgetary Comparison Schedule – General Fund – Education Jobs Fund	65.
C-2 Budgetary Comparison Schedule – Special Revenue Fund	66.
Notes to the Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	67.
Other Supplementary Information	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	68 to 70.
E-2 Demonstrably Effective Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-3 Early Childhood Program Aid Schedule of Expenditures – Budgetary Basis	N/A
E-4 Distance Learning Network Aid Schedule of Expenditures – Budgetary Basis	N/A
E-5 Instructional Supplement Aid Schedule of Expenditures – Budgetary Basis	N/A

**KENILWORTH SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	71.
F-2 Summary Schedule of Project Revenues, Expenditures, and Changes In Fund Balance – Budgetary Basis	72.
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Renovation to Elementary Schools	73.
G. Proprietary Fund:	
Enterprise Fund:	
G-1 Schedule of Net Assets	N/A
G-2 Schedule of Revenues, Expenses and Changes in Fund Net Assets	N/A
G-3 Schedule of Cash Flows	N/A
Internal Service Fund:	
G-4 Schedule of Net Assets	N/A
G-5 Schedule of Revenues, Expenses, and Changes in Fund Net Assets	N/A
G-6 Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Assets	74.
H-2 Combining Statement of Changes in Fiduciary Net Assets	75.
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	76.
H-4 Payroll Agency Fund Schedule of Changes in Assets and Liabilities	77.
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	78.
I-1a Schedule of Loans Payable	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund Budgetary Comparison Schedule	79.

**KENILWORTH SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>STATISTICAL SECTION (Unaudited)</b>	
<b>Introduction to the Statistical Section</b>	
<b>Financial Trends</b>	
J-1 Net Assets by Component	80.
J-2 Changes in Net Assets	81 & 82.
J-3 Fund Balances – Governmental Funds	83.
J-4 Changes in Fund Balances – Governmental Funds	84.
J-5 General Fund Other Local Revenue by Source	85.
<b>Revenue Capacity</b>	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	86.
J-7 Direct and Overlapping Property Tax Rates	87.
J-8 Principal Property Taxpayers*	88.
J-9 Property Tax Levies and Collections	89.
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type	90.
J-11 Ratios of General Bonded Debt Outstanding	91.
J-12 Direct and Overlapping Governmental Activities Debt	92.
J-13 Legal Debt Margin Information	93.
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	94.
J-15 Principal Employers	95.
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	96.
J-17 Operating Statistics	97.
J-18 School Building Information	98.
J-19 Schedule of Required Maintenance Expenditures by School Facility	99.
J-20 Insurance Schedule.	100.

\*Private citizens should be listed as Individual Taxpayer 1, Individual Taxpayer 2, etc.

**KENILWORTH SCHOOL DISTRICT**

**TABLE OF CONTENTS**

**Page**

**SINGLE AUDIT SECTION**

K-1	Report on Internal Control Over Financial Reporting and On Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards (No Material Weaknesses Identified, No Significant Deficiencies Identified, No Reportable Instances of Noncompliance or Other Matters Identified)</i>	101 & 102.
K-2	Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and On Internal Control Over Compliance in Accordance with OMB Circular A-133 ( <i>Unqualified Opinion on Compliance; No Material Weaknesses or Significant Deficiencies in Internal Control Over Compliance Identified</i> )	103 to 105.
K-3	Schedule of Expenditures of Federal Awards, Schedule A	106.
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	107.
K-5	Notes to Schedules of Awards and Financial Assistance	108 to 110.
K-6	Schedule of Findings and Questioned Costs	111 to 115.
K-7	Summary Schedule of Prior Audit Findings	116.

## **INTRODUCTORY SECTION**

# Kenilworth Board of Education

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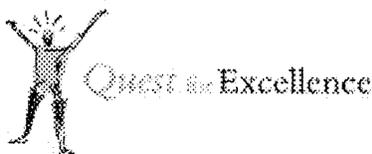
November 12, 2012

Honorable President and  
Members of the Board of Education  
Kenilworth School District  
County of Union, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Kenilworth School District (District) for the fiscal year ended June 30, 2012 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Board of Education (Board). 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 and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in 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 general-purpose 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 provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments," and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.



*Hershey/Gonnella to Board of Education  
November 12, 2012*

**1) REPORTING ENTITY AND ITS SERVICES:**

The Kenilworth School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Board and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for handicapped youngsters. The District's enrollment as of October 15, 2011 was 1,332 students. The following details the changes in the student enrollment of the District over the last ten years using an October 15th count:

FISCAL YEAR	October 15th Enrollment	Enrollment % Change
2011 – 2012	1332	1.22%
2010 – 2011	1316	(3.73%)
2009 – 2010	1367	4.03%
2008 – 2009	1314	(2.38%)
2007 – 2008	1346	2.28%
2006 – 2007	1316	(3.16%)
2005 - 2006	1359	6.09%
2004 – 2005	1281	1.18%
2003 – 2004	1266	2.51%
2002 – 2003	1235	7.48%
2001 - 2002	1149	6.09%
2000 - 2001	1083	3.54%
1999 - 2000	1046	6.30%
1998 - 1999	984	5.80%
1997 - 1998	930	37.98%
1996 - 1997	674	(3.44%)
1995 - 1996	698	6.24%
1994 - 1995	657	2.01%
1993 - 1994	644	6.62%
1992 - 1993	604	(3.20%)
1991 - 1992	624	5.40%
1990 - 1991	592	(3.26%)
1989 - 1990	612	----

You may note that the Board is directly responsible for overseeing high school-aged students attending the Brearley School; the data shows a dramatic change from the K-8 data. The 1997-1998 data was the new base for enrollment, you will note a more “normal” change since the 1997-1998 school year. The major shift in responsibility was a common theme throughout the annual audit and financial reports, making any comparison between past school years and those school years very difficult without a detailed breakdown. The 1997-1998 school year's figures would not be a true picture for future analysis due to the large cost of establishing the high school for the first school year. However, the 2011-2012 figures are more in line with what should be a normal statistical year.

*Hershey/Gonnella to Board of Education  
November 12, 2012*

## **2) ECONOMIC CONDITION AND OUTLOOK:**

The Kenilworth area has seen the effects of the downturn in the global economy.

Currently, the increases to state aid reductions have assisted to stabilize the overall tax rate, while staying within the State mandated restrictive cap on expenditures. The increase in state aid is a combination of increased Equalization Aid, and an increase in Interdistrict School Choice Aid. In addition, the Board continues to look to other revenue sources while actively containing expenditures. Funding beyond the current school year does not look favorable for the district due to the overall economic conditions which prevail in the State and are expected to remain flat.

The community remains a vital part of the Board's success; it provides financial support to the Board in addition to the numerous volunteer activities conducted by parents and community members. In December 2008, the community passed a \$13.9 million facility referendum which greatly enabled the district to maintain its facilities in a safe and economic manner. In April 2011, the community approved the 2011-2012 school budget.

With changes in the election laws, in February 2012, the Board of Education authorized the change in the election cycle from April to November. As a result, the Board needed to submit a budget for review to the Executive County Superintendent. Once approved and a public hearing was held on the budget, the Board of Education adopted the budget. Since the budget was under the 2% mandatory cap on tax levy, no voter approval was necessary.

### **STATUS OF FACILITIES:**

With the dissolution of the Union County Regional High School District #1 on June 30, 1997, the Board assumed control of the David Brearley School. The Brearley School is a 150,267 square foot facility built for high school education in the 1960's, with additions in the 1970's. The school has housed grades 7-12 since the 1997-98 school year. The Warren Harding Elementary School houses the district's Pre-K to grade 6 population. The Harding School is a 90,500 square foot facility built in 1923 with major additions in the 1950's, 1960's and 1970's.

### **COMPREHENSIVE MAINTENANCE SUMMARY:**

The Board firmly believes the upkeep of its school facilities is a vital role of the Board and emphasizes providing a clean, safe atmosphere for student learning.

Consistent with maintaining buildings at a level of excellence and Kenilworth standards, a total of \$262,527 was spent on Renovations/Repairs to the Harding and Brearley facilities during the 2011-2012 school year:

#### Harding School:

Repair of Building & Equipment	\$13,840	
Instructional Equipment Repairs	<u>\$0</u>	
		\$13,840

*Hershey/Gonnella to Board of Education  
November 12, 2012*

Brearley School:

Repair of Building & Equipment	\$95,881	
Instructional Equipment Repairs	<u>488.73</u>	
		\$96,369

District Level:

Upkeep of Grounds (No Salaries)	\$32,085	
Asbestos Management	\$4,000	
Contracted Services Maintenance	\$34,860	
Maintenance Supplies & Materials	\$58,400	
Maintenance Agreements	<u>\$22,973</u>	
		\$152,318

Total

\$262,527

**STATUS OF LONG-RANGE FACILITY PLAN (N.J.A.C. 6:22-7.1):**

The Board of Education revised its Five-Year Facility Plan that was submitted to the Department of Education in December 2000. The Department of Education has completed its preliminary review of the plan and has found it to be complete. On November 1, 2001, the Board of Education submitted an updated Long Range Facilities Plan to the Department containing an inventory of the 40 building systems delineated in the plan. The Board of Education updated the Long Range Facilities Plan for submission to the Department of Education in the Fall of 2005. On May 23, 2007, the district was notified that the plan was reviewed for completeness and was now under technical review. In 2008, the district amended the plan to include projects intended for the scheduled facility referendum in December 2008. The district received approval on the amended plan on September 8, 2009.

The district held a facility referendum in December 2008. The \$13.9 million question was approved by the community. Planning for the implementation of the project began immediately. The Harding and Brearley Schools are aging and some of the major systems are beginning to show their age. Increased concerns from external security threats need to be seriously considered and modifications to facilities need to be made accordingly. The Board has developed a facility plan to address these deficiencies and restore the facilities to the pristine and safe level expected of the community. The projects being targeted are not glamorous in nature or clearly evident with the naked eye. Targeted projects for the referendum include such projects as windows, roofs, doors, and upgrades to electrical systems and ventilation systems.

These projects emphasized safety, security and upgrading the aging systems. Students spend more than 7 hours a day, 180 days a year, for 14 years in our facilities; it is imperative that they continue to be in a safe and secure environment for learning.

The projects have been implemented over the summers of 2009, 2010, 2011 and 2012, with expected completion in 2013.

Summer 2009 completed projects included window replacement at Brearley, new interior classroom doors with special safety locks in both buildings, replacement & upgrades to the ventilation systems in both buildings to improve indoor air quality, fire department connections and sprinkler systems in both buildings,

*Hershey/Gonnella to Board of Education  
November 12, 2012*

upgrades to the buildings fire alarm systems and a new roof for Brearley's auditorium.

Summer 2010 completed projects included roof replacements on the Harding and Brearley Schools, extensive site work including an expansion of the Harding School faculty parking lot and construction of a drop-off loop with additional parking in the front of Harding School, new signage for Brearley, expansion and complete renovation of the locker room facilities at Brearley and the building of an addition to house the athletic training facilities.

Summer 2011 completed projects included renovations to the Brearley Library and extensive site work on the Brearley campus including a redesign and expansion of the parking lot and replacement of sidewalks.

Summer 2012 completed projects included renovations to the Harding Library.

#### **STATUS OF REQUIRED ANNUAL HEALTH AND SAFETY REVIEW:**

The Head of Maintenance conducted annual and monthly inspections of the building. The School Business Administrator conducted an annual inspection of the buildings. The two building principals have conducted "Checklist Report: Evaluation of School Buildings Indicator 7.6" which are included in this submission. All health and safety matters of an immediate nature were taken care of. All required health and safety certificates are on file in the boiler room and the school cafeterias. The three-year reinspection and update of the Asbestos Management Plan for Harding School was conducted in 1992, and updated in 1995. In 2012 a three-year re-inspection was conducted on both the Harding and Brearley facilities, along with major updates to the plan.

#### **3) MAJOR INITIATIVES INSTRUCTIONAL PROGRAM:**

The Kenilworth Public Schools has operated as a fully articulated Pre K-12 school district since July 1, 1997. The school district continues its quest toward excellence through assessment and refinement of the educational programs and the continuation of extra-curricular opportunities for its students.

The school district is once again preparing for the New Jersey Quality Single Accountability Continuum (QSAC) monitoring during January, 2013. The district demonstrated proficiency in all five areas (DPR's) by acquiring scores of 84% - 100% during the 2010 monitoring process thus providing us with a Highly Proficient Schools status by the NJ State Department of Education.

With a 0% increase in taxes, the School Budget was put in place for the present school year. The Board of Education decided last year that they would opt for board member elections to be conducted in November and to meet the state mandate of keeping the operating budget at or below 2%. The administrative team was able to restructure and redirect funding for both academic programs and co-curricular programs so the impact of a 0% increase in local taxes enabled the general operating budget to maintain the fine programs that keep students competitive in both Union County and the state of New Jersey.

One of the benefits of Brearley's small student population is its ability to maintain an average class size just above twenty students per class. The flip-side of being small is the need to continue the online virtual course offerings to students in grades ten through twelve in subject content areas or levels (AP) that otherwise would not be possible. Both the Board of Education and the parent community are quite supportive of this program.

*Hershey/Gonnella to Board of Education  
November 12, 2012*

A state initiative calling for Personalized Student Learning Portfolios at the middle and high school levels was begun in David Brearley a year before its requirement. Freshmen and sophomore students were assigned a faculty advisor for their years in David Brearley. Teachers were trained and a curriculum was developed for implementation of this program. Entering the 2012-2013 school year, the program will be providing students in an additional two grades with a staff member they can go to when faced with challenges that need adult assistance. During their middle and high school years, students will identify goals and directions for themselves upon graduation. Each year an additional two grades will be added to the program so that by the 2013-2014 school year all students will have a personal advisor.

During the 2011-2012 school year, the district continued to provide its sixth and seventh grade teachers with the opportunity to work together to ensure a smooth transition, both socially and academically, for the students as they moved from the sixth grade in the Harding Elementary School to the seventh grade in the David Brearley Middle School. Teachers have been provided school-day time to accomplish this mission through the creation of Professional Learning Communities that meets six afternoons throughout the school year. Teachers at both grades five and six have restructured instruction in math and language arts to assist with this initiative to improve student transition. Teachers specializing in math or language arts are now instructing students at grades five and six to better prepare them for the middle school ability level oriented courses.

For students in grades three through eight who did not meet the 200 level (proficiency) on the NJ ASK assessment, the district continued to offer before-school or after-school classes of twenty sessions to assist them in reaching this proficiency level. Results continue to demonstrate that it is indeed a successful venture for the district. For the first time, the district is now offering Basic Skills instruction during the school day for students in grades one through eight. Administrators have implemented a new program (**MAP**) to provide teachers with the ability to do pre and post-testing of students in major academic areas. With the implementation of Genesis, a student information system, during the 2011-2012 school year, teachers will be able to annually track student progress in core subjects. With the combined effort of MAP, the state's NJ ASK assessment program, and Genesis, teachers will have the opportunity to better collect data and interpret student progress as our students advance through our three schools.

The new Gifted and Talented Program at Harding Elementary was again in full swing during the 2011-2012 school year. Students are identified for the program using an assessment rubric that contains six separate indicators. A specialist in the G & T area instructs these children and academically challenges them in ways not imaginable before implementation of the program.

Utilizing available federal funding as well as district monies, over 50 interactive white boards (**Smart Boards**) have been placed in classrooms at all three academic levels (1-6, 7 & 8, and 9-12) during the last two years. Teachers utilize these **Smart Boards** for improving instruction for students with varying learning abilities and styles. Teachers continue to be provided training and support throughout the year and this White Board initiative has been well received by all members of the Kenilworth School Community. This technology has worked especially well for both the academically challenged learners as well as gifted and talented students. The District Technology Committee has recommended the use of **iPads** for instructional purposes in the classrooms. The administration team agreed that this would be another example of how instruction could be improved for student learning in the 21<sup>st</sup> century. Classroom sets of **iPads** are now available to our teachers at all three levels. Additional recommendations from this committee will be

*Hershey/Gonnella to Board of Education  
November 12, 2012*

forthcoming in future months.

Mr. Hershey continues to provide district leadership as the Chief School Administrator of the Kenilworth Schools. His extensive administrative experience provided valuable leadership for the district as he was able to team up with Assistant Superintendent, Dr. Scott Taylor, and the other nine A-Team members to bring about many positive changes to the school community including: (1) Improved staff professional development opportunities, (2) Expanded remedial opportunities for students at grades three through eight, (3) Increased technology utilization at all levels, (4) An Academic Academy for our most talented students, (5) Improved student assessment tools for teacher use, and (6) A 2012-2013 school calendar that has six (6) dedicated early dismissal days for teachers to work as Professional Learning Communities. These initiatives should lead to improved teacher instruction and student academic performance.

Dr. Taylor continues to lead the charge for the updating of core content standards in each curriculum area. These curriculum updates, along with increased in-house professional development workshop opportunities, will assist the district with our goal: *With improved teacher knowledge and instructional techniques comes greater student success on standardized assessments and long term learning and understanding.*

The district continues to replace retiring experienced teachers with talented new teachers who complement the existing staff. The annual three-day new teacher workshop for first through third year teachers allows for the training and molding of new staff members to meet the district challenge: *Academic excellence is not accidental in the Kenilworth Schools.*

Goals and objectives developed during the spring of 2012 should have the Kenilworth School District continuing its upward movement of excellence among NJ school districts. The District strives to ensure that all students, upon graduation from David Brearley, have the educational skills and background necessary to meet the many demands of American higher educational institutions and corporations competing in a world market for human resources.

#### **4) INTERNAL ACCOUNTING CONTROLS:**

The 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 is 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 the costs and benefits requires estimates and judgements by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District Management.

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

*Hershey/Gonnella to Board of Education  
November 12, 2012*

#### **5) BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital project 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 re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2012.

#### **6) 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 and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

#### **7) FINANCIAL INFORMATION AT FISCAL YEAR-END:**

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

The following schedule presents a summary of the general fund, special revenue fund, and debt service fund revenues for the fiscal year ended June 30, 2012 and the amount and percentage of increases in relation to prior year revenues:

#### **REVENUES**

	<u>2010-2011</u>	<u>2011-2012</u>	<u>% of Total</u>	<u>+/- Dollars</u>	<u>+/- Percent</u>
Local Tax Levy	\$ 16,892,339	\$ 16,898,338	70.59%	5,999	0.04%
Other Local Rev.	\$ 729,621	\$ 596,173	2.49%	(133,448)	-18.29%
State Sources	\$ 4,922,294	\$ 5,835,640	24.38%	913,346	18.56%
Federal Sources	\$ 414,286	\$ 609,467	2.55%	195,181	47.11%
	<u>\$ 22,958,540</u>	<u>\$ 23,939,618</u>	<u>100.00%</u>	<u>981,078</u>	<u>4.27%</u>

*Hershey/Gonnella to Board of Education  
November 12, 2012*

**EXPENDITURES:**

	<u>2010-2011</u>	<u>2011-2012</u>	<u>% of Total</u>	<u>+/- Dollars</u>	<u>+/- Percent</u>
Current: Instruction	\$ 9,639,391	\$ 9,737,173	39.67%	97,782	1.01%
Current: Undistributed	\$ 11,774,933	\$ 12,314,532	50.18%	539,599	4.58%
Capital Outlay	\$ 6,511,448	\$ 1,313,315	5.35%	(5,198,133)	-79.83%
Special Schools	\$ 34,938	\$ 46,429	0.19%	11,491	32.89%
Enterprise Fund	\$ -	\$ -	0.00%	-	0.00%
ARRA/Ed. Jobs	\$ -	\$ 127,692	0.52%	127,692	0.00%
Debt Serv.	\$ 1,006,165	\$ 1,003,862	4.09%	(2,303)	-0.23%
	<u>\$ 28,966,875</u>	<u>\$ 24,543,003</u>	<u>100.00%</u>	<u>(4,423,872)</u>	<u>-15.27%</u>

**8) DEBT ADMINISTRATION:**

**1999 Bond Issue:**

A \$3,890,000 Bond Referendum was passed on May 18, 1999. Bonds were issued during the 1999-2000 school year. Proceeds were used for facility upgrades, specifically HVAC upgrades to both school buildings. Total Debt Service in the amount of \$376,131.25 was paid during the fiscal year 2012. A \$325,000 principal payment was made. Outstanding debt as of June 30, 2012 was \$865,000.

**2003 ERIP Refinance:**

The District refunded Bonds associated with the NJ Pension Early Retirement Incentive Plan in the amount of \$410,000 on September 29, 2003. Total Debt Service in the amount of \$40,537.50 was paid during the fiscal year 2012. A \$25,000 principal payment was made. Outstanding debt as of June 30, 2012 was \$270,000.

**2008 Bond Issue:**

A \$13,900,000 Bond Referendum was passed on December 9, 2008. Bonds were issued during the 2008-2009 school year. Proceeds are being used for a variety of facility upgrades including site development, health and safety matters, roofs, doors, windows, and classroom alterations. Total Debt Service in the amount of \$587,193.76 was paid during the fiscal year 2012. A \$25,000 principal payment was made. Outstanding debt as of June 30, 2012 was \$13,800,000.

Total outstanding debt for the District as of June 30, 2012 was \$14,935,000.

**9) CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement," Note 2. The District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. As mentioned earlier, historically low interest rates impeded the district's ability to generate interest income compared to previous years.

*Hershey/Gonnella to Board of Education  
November 12, 2012*

**10) 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 for the Business Administrator, Assistant to the Board Secretary, and the Treasurer of School Monies.

**11) OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert S. Hulsart and Company was selected by the Board to conduct the annual independent audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A - 133 and state Treasury Circular Letter 04 -04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

**12) ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the Kenilworth 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 central office staff.

Respectfully submitted,



Sylvan C. Hershey  
Superintendent



Vincent A. Gonnella  
Board Secretary/Business Administrator

**KENILWORTH BOARD OF EDUCATION  
KENILWORTH, NEW JERSEY**

**ROSTER OF OFFICIALS  
June 30, 2012**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Hector E. Colón, President	2014
Steven E. Benko, Vice President	2012
Genean Braun	2013
Gregg F. David (filing unexpired 2014 term)	2012
Anthony Laudati	2013
Gerard Laudati	2012
Joseph Lospinoso	2012
Livio Mancino	2013
Nancy Zimmerman	2014

**Other Officials:**

Sylvan C. Hershey, Superintendent of Schools  
 Vincent A. Gonnella, Board Secretary/Business Administrator  
 Jeanne Decker, Treasurer  
 Vito A. Gagliardi, Jr., Esq., Solicitor

**Administration:**

Dr. Scott E. Taylor, Assistant Superintendent of Schools  
 Brian Luciani, Principal David Brearley Middle/High School  
 Kathleen Murphy, Principal, Warren Harding Elementary School  
 Ann Cooke, Supervisor of Special Services  
 Renae Bush, Supervisor of Guidance and Assessment  
 Ronald Bubnowski, Assistant Principal  
 Anthony Lepore, Supervisor of Buildings & Grounds  
 Scott Miller, Supervisor of Athletics & Health Education  
 Joant Rodriguez, Manager of Information Technology

**KENILWORTH BOARD OF EDUCATION  
KENILWORTH, NEW JERSEY**

**CONSULTANTS & ADVISORS**

**Architect of Record**

SSP Architectural Group  
148 West End Avenue  
PO Box 758  
Somerville, NJ 08876-0758

**Audit Firm**

Robert A. Hulsart & Co.  
2807 Hurley Pond Road  
P.O. Box 1409  
Wall, New Jersey 07719

**Attorney**

Vito A. Gagliardi, Jr., Esq.  
Porzio, Bromberg & Newman, P.C.  
100 Southgate Parkway, PO Box 1997  
Morristown, NJ 07962-1997

**Labor Counsel**

Anthony P. Sciarrillo, Esq.  
Lindabury, McCormick & Estabrook  
53 Cardinal Drive  
PO Box 2369  
Westfield, NJ 07091

**Official Depository**

Wells Fargo Bank  
Boulevard, Kenilworth, NJ 07033

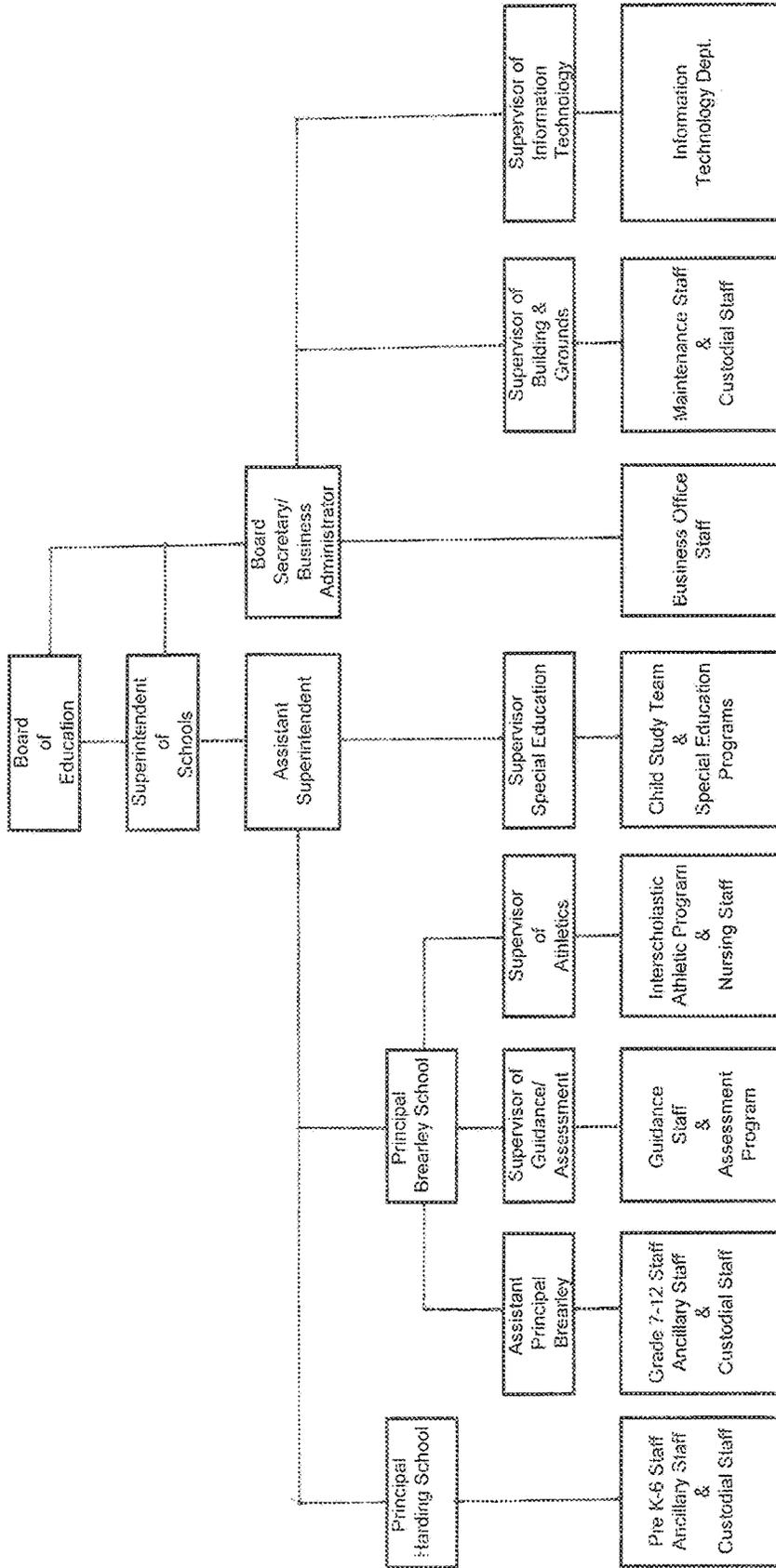
**Insurance Agent**

Centric Insurance Agency  
219 South Street  
New Providence, NJ 07974

**Health Benefits Advisor**

Brown & Brown Benefit Advisors  
430 Mountain Avenue  
Murray Hill, NJ 07974

ORGANIZATIONAL CHART  
FOR THE  
KENILWORTH BOARD OF EDUCATION  
June 30, 2012



**FINANCIAL SECTION**

*Robert A. Hulsart and Company*  
 CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

Telecopier:  
 (732) 280-8888

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2807 Hurley Pond Road • Suite 100  
 P.O. Box 1409  
 Wall, New Jersey 07719-1409  
 (732) 681-4990

RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
 of the Board of Education  
 Kenilworth School District  
 County of Union  
 Kenilworth, New Jersey

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 Board of Education of the Kenilworth School District, in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kenilworth Board of Education's management. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Kenilworth Board of Education, in the County of Union, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2012, on our consideration of the Kenilworth Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management Discussion and Analysis and Budgetary Comparison Information on pages 16 through 22 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kenilworth Board of Education's basic financial statements. The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

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Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

November 12, 2012

**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**KENILWORTH PUBLIC SCHOOL DISTRICT**  
**BOROUGH OF KENILWORTH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The discussion and analysis of Kenilworth Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

### **Financial Highlights**

Key Financial highlights for the 2011-2012 fiscal year are as follows:

- General revenues accounted for \$22,843,553 in revenue or 95% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,094,351 or 5% percent to total revenues of \$23,937,904.
- The School District had \$24,468,373 in expenses; only \$1,094,351 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$22,843,553 were adequate to provide for these programs.
- The General Fund had \$22,343,181 in revenues, \$21,615,334 in expenditures. The General Fund's balance increased \$727,847 from 2011. This increase was anticipated by the Board of Education.

### **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Kenilworth Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Kenilworth Public School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

## **Using this Comprehensive Annual Financial Report (CAFR)**

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

## **Reporting the School District as a Whole**

### **Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2011-2012 fiscal year?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

## Governmental Funds

The School District's activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

## Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

## The School District as a Whole

Table 1 provides a summary of the School District's net assets comparisons of fiscal year 2012 with 2011.

**Table 1**  
**Net Assets**

	<u>2012</u>	<u>2011</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 2,374,511	2,833,316
Capital Assets, Net	<u>13,218,668</u>	<u>14,084,243</u>
Total Assets	<u>\$ 15,593,179</u>	<u>16,917,559</u>
<b><u>Liabilities</u></b>		
Long-Term Liabilities	\$ 15,419,311	16,301,048
Other Liabilities	<u>464,483</u>	<u>25,210</u>
Total Liabilities	<u>\$ 15,883,794</u>	<u>16,326,258</u>
<b><u>Net Assets</u></b>		
Invested in Capital Assets, Net of Debt	\$ (1,716,332)	(2,216,805)
Restricted	1,929,213	2,523,845
Unrestricted	<u>(503,496)</u>	<u>284,261</u>
Total Net Assets	<u>\$ (290,615)</u>	<u>591,301</u>

Table 2 shows the changes in net assets for fiscal year 2012. Revenue and expense comparisons to fiscal year 2011.

**Table 2**  
**Changes in Net Assets**

	<u>2012</u>	<u>2011</u>
<b><u>Revenues</u></b>		
Program Revenues		
Charges for Services	\$ 656,040	622,869
Operating Grants and Contributions	927,187	822,915
General Revenues		
Property Taxes	16,898,338	16,898,339
Grants and Entitlements	5,691,293	4,730,353
Other	<u>253,922</u>	<u>777,905</u>
Total Revenues	<u>24,426,780</u>	<u>23,852,381</u>
 <b><u>Program Expenses</u></b>		
Instruction	9,613,722	9,185,652
Support Services		
Pupils and Instructional Staff	3,894,082	3,542,210
General Administration, School Administration, Business	6,508,664	6,232,128
Operations and Maintenance of Facilities	1,389,821	1,432,142
Pupil Transportation	649,657	568,453
Interest on Debt	632,993	626,763
Unallocated Depreciation	465,633	472,752
Capital Outlay Not Capitalized	1,267,372	1,924,688
Special Schools	46,429	34,938
Food Service	<u>519,303</u>	<u>445,839</u>
Total Expenses	<u>24,987,676</u>	<u>24,465,565</u>
 Increase/Decrease in Net Assets	 <u>\$ (560,896)</u>	 <u>(613,184)</u>

### **Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 74% percent of revenues for governmental activities for the Kenilworth Public School District for fiscal year 2012. The District's total revenues were \$22,843,553 for the fiscal year ended June 30, 2012. Federal, state and local grants and miscellaneous revenues accounted for another 26%.

### **Business-Type Activities**

Revenues for the District's business-type activities (food service program) were comprised of charges for services and federal and state reimbursements.

- Food service expenses exceeded revenues by \$30,427.
- Charges for services represent \$326,989 of revenue. This represents amount paid by patrons for daily food services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$161,887.

### **Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

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

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

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

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

## The School Board' Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Kenilworth's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2012, it reported a combined net asset balance of \$(290,615). The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the CAFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

## Capital Assets

At June 30, 2012, the School Board had approximately \$20,448,766 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2012 fiscal year.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Table II		
Capital Assets at June 30, 2012		
Land	\$ 2	
Sites	1,604,180	
Buildings	11,320,886	
Machinery and Equipment	<u>256,070</u>	<u>37,530</u>
Total	<u>\$ 13,181,138</u>	<u>37,530</u>

## Debt Administration

At June 30, 2012, the School District had \$15,804,311 as outstanding debt. Of this amount \$869,311 is for compensated absences, and the balance \$14,935,000 for bonds for school construction.

### **Economic Factors and Next Year's Budget**

The Kenilworth Public School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Kenilworth is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections, which is voted by the residents annually.

The \$(598,399) in unrestricted net assets for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a balance of \$(598,399). The district also has \$1 in capital reserve monies as well as the fair market value of the capital assets.

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Kenilworth Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Vincent A. Gonnella, School Business Administrator/Board Secretary at Kenilworth Board of Education, 426 Boulevard, Kenilworth, NJ 07033.

## **BASIC FINANCIAL STATEMENTS**

**DISTRICT-WIDE FINANCIAL STATEMENTS – A**

**STATEMENT OF NET ASSETS**

Exhibit A-1

**JUNE 30, 2012**

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
<b><u>Assets</u></b>			
Cash and Cash Equivalents	\$ -	96,682	96,682
Receivables, Net	349,936	5,102	355,038
Inventory		6,280	6,280
Restricted Assets:			
Cash and Cash Equivalents	1,916,510		1,916,510
Capital Reserve Account - Cash	1		1
Capital Assets not Depreciated	2		2
Capital Assets, Net	<u>13,181,136</u>	<u>37,530</u>	<u>13,218,666</u>
Total Assets	<u>15,447,585</u>	<u>145,594</u>	<u>15,593,179</u>
<b><u>Liabilities</u></b>			
Accounts Payable	50,376	13,161	63,537
Deferred Revenue	15,946		15,946
Noncurrent Liabilities:			
Due Within One Year	385,000		385,000
Due Beyond One Year	<u>15,419,311</u>		<u>15,419,311</u>
Total Liabilities	<u>15,870,633</u>	<u>13,161</u>	<u>15,883,794</u>
<b><u>Net Assets</u></b>			
Invested in Capital Assets, Net of Related Debt	(1,753,862)	37,530	(1,716,332)
Restricted For:			
Debt Service	3		3
Capital Projects	433,507		433,507
Other Purposes	1,495,703		1,495,703
Unrestricted	<u>(598,399)</u>	<u>94,903</u>	<u>(503,496)</u>
Total Net Assets	<u>\$ (423,048)</u>	<u>132,433</u>	<u>(290,615)</u>

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

**KENILWORTH SCHOOL DISTRICT**

Exhibit A-2  
Sheet 1 of 2

**STATEMENT OF ACTIVITIES**

**JUNE 30, 2012**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$6,660,169			(6,660,169)		(6,660,169)
Special Education	2,180,521		526,616	(1,653,905)		(1,653,905)
Other Special Instruction	317,117			(317,117)		(317,117)
Other Instruction	455,915			(455,915)		(455,915)
Support Services:						
Tuition	1,792,435	329,051		(1,463,384)		(1,463,384)
Student & Instruction Related Services	2,101,647		110,992	(1,990,655)		(1,990,655)
School Administrative Services	524,145			(524,145)		(524,145)
General and Business Administrative Services	869,165			(869,165)		(869,165)
Technology Information Services	189,323			(189,323)		(189,323)
Plant Operations and Maintenance	1,389,821			(1,389,821)		(1,389,821)
Pupil Transportation	649,657			(649,657)		(649,657)
Unallocated Benefits	4,798,339			(4,798,339)		(4,798,339)
Special Schools	46,429			(46,429)		(46,429)
Education Jobs	127,692		127,692	-		
Capital Outlay Not Capitalized	1,267,372			(1,267,372)		(1,267,372)
Interest on Long-Term Debt	632,993			(632,993)		(632,993)
Unallocated Depreciation	465,633			(465,633)		(465,633)
Total Government Activities	<u>24,468,373</u>	<u>329,051</u>	<u>765,300</u>	<u>(23,374,022)</u>	<u>-</u>	<u>(23,374,022)</u>
Business-Type Activities:						
Food Service	519,303	326,989	161,887		(30,427)	(30,427)
Total Business-Type Activities	<u>519,303</u>	<u>326,989</u>	<u>161,887</u>	<u>-</u>	<u>(30,427)</u>	<u>(30,427)</u>
<b>Total Primary Government</b>	<u>24,987,676</u>	<u>656,040</u>	<u>927,187</u>	<u>(23,374,022)</u>	<u>(30,427)</u>	<u>(23,404,449)</u>

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

STATEMENT OF ACTIVITIES

JUNE 30, 2012

	<u>Net (Expense) Revenue and Changes in Net Assets</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	16,244,515		16,244,515
Taxes Levied for Debt Service	653,823		653,823
Federal and State Aid Not Restricted	5,691,293		5,691,293
Miscellaneous Income	253,922		253,922
Total General Revenues	<u>22,843,553</u>	<u>-</u>	<u>22,843,553</u>
Change in Net Assets	(530,469)	(30,427)	(560,896)
Net Assets - Beginning	107,421	162,860	270,281
Net Assets - Ending	<u>\$ (423,048)</u>	<u>132,433</u>	<u>(290,615)</u>

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

**FUND FINANCIAL STATEMENTS – B**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**JUNE 30, 2012**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>Assets</b>					
Cash and Cash Equivalents	\$ 1,460,181	7,935	448,392	3	1,916,511
Receivables from Other Governments	306,434	43,502			349,936
<b>Total Assets</b>	<u>\$ 1,766,615</u>	<u>51,437</u>	<u>448,392</u>	<u>3</u>	<u>2,266,447</u>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Deferred Revenue	\$ -	15,946			15,946
Accounts Payable		35,491	14,885		50,376
<b>Total Liabilities</b>	<u>-</u>	<u>51,437</u>	<u>14,885</u>	<u>-</u>	<u>66,322</u>
<b>Fund Balance:</b>					
<b>Restricted for:</b>					
Excess Surplus - Designated for Subsequent Year's Expenditures	57,513				57,513
Additional 2011-12 State Aid - Designated for use in the 2013-14 Budget	196,803				196,803
Excess Surplus	106,287				106,287
Emergency Reserve	250,000				250,000
Maintenance Reserve	600,000				600,000
Capital Reserve Account	1				1
<b>Committed To:</b>					
Other Purposes	282,612				282,612
<b>Assigned To:</b>					
Designated by the BOE for Subsequent Year's Expenditures	2,487				2,487
<b>Unassigned:</b>					
General Fund	270,912				270,912
Debt Service				3	3
Capital Projects			433,507		433,507
<b>Total Fund Balances</b>	<u>1,766,615</u>	<u>-</u>	<u>433,507</u>	<u>3</u>	<u>2,200,125</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 1,766,615</u>	<u>51,437</u>	<u>448,392</u>	<u>3</u>	

Amounts reported for governmental activities in the Statement of Net Assets (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 \$20,448,966 and the accumulated depreciation is \$7,267,628.

13,181,138

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. (see Note 3)

(15,804,311)

Net assets of governmental activities

\$ (423,048)

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

KENILWORTH SCHOOL DISTRICT

Exhibit B-2  
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
Local Sources:					
Local Tax Levy	\$ 16,244,515			653,823	16,898,338
Tuition Charges	329,051				329,051
Miscellaneous	253,702	13,200	220		267,122
Total Local Sources	<u>16,827,268</u>	<u>13,200</u>	<u>220</u>	<u>653,823</u>	<u>17,494,511</u>
State Sources	5,388,221	144,347		303,072	5,835,640
Federal Sources	127,692	481,775			609,467
Total Revenues	<u>22,343,181</u>	<u>639,322</u>	<u>220</u>	<u>956,895</u>	<u>23,939,618</u>
<b>Expenditures</b>					
Current:					
Regular Instruction	6,781,906				6,781,906
Special Education Instruction	1,653,905	528,330			2,182,235
Other Special Instruction	317,117				317,117
Other Instruction	455,915				455,915
Support Services and Undistributed Costs:					
Tuition	1,792,435				1,792,435
Student and Instruction Related Services	1,990,655	110,992			2,101,647
School Administrative Services	524,145				524,145
Other Administrative Services	869,165				869,165
Technology Information Services	189,323				189,323
Plant Operations and Maintenance	1,389,821				1,389,821
Pupil Transportation	649,657				649,657
Unallocated Benefits	4,798,339				4,798,339
Special Schools	46,429				46,429
Debt Service:					
Principal				375,000	375,000
Interest and Other Charges	28,830			628,862	628,862
Capital Outlay	127,692		1,284,485		1,313,315
Education Jobs					127,692
Total Expenditures	<u>21,615,334</u>	<u>639,322</u>	<u>1,284,485</u>	<u>1,003,862</u>	<u>24,543,003</u>

KENILWORTH SCHOOL DISTRICT

Exhibit B-2  
Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Other Financing Sources and Uses:					
Transfers			(220)	220	
Total Other Financing Sources and Uses	-	-	(220)	220	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	727,847	-	(1,284,485)	(46,747)	(603,385)
Net Change in Fund Balances	727,847	-	(1,284,485)	(46,747)	(603,385)
Fund Balance - July 1	1,038,768		1,717,992	51,346	2,808,106
Fund Balance - June 30	<u>\$ 1,766,615</u>	<u>-</u>	<u>433,507</u>	<u>4,599</u>	<u>2,204,721</u>

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

KENILWORTH SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Exhibit B-3TO THE STATEMENT OF ACTIVITIESJUNE 30, 2012

Total Net Change in Fund Balances - Governmental Funds (From B-2)		\$ (603,385)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.		
Depreciation Expense	(465,633)	
Capital Outlays	<u>45,943</u>	(419,690)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.		375,000
In the statement of activities certain operating activities are measured by the amount earned while in the government funds. Expenses are reported in the amount of financial resources used.		
Compensated Absences		121,737
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.		<u>(4,131)</u>
Change in Net Assets of Governmental Activities		<u>\$ (530,469)</u>

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

STATEMENT OF NET ASSETS

Exhibit B-4

PROPRIETARY FUNDS

JUNE 30, 2012

	<u>Enterprise Funds</u>
<b><u>Assets:</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 96,682
Accounts Receivable:	
State	170
Federal	4,932
Inventory	6,280
Total Current Assets	<u>108,064</u>
Noncurrent Assets:	
Equipment	192,550
Accumulated Depreciation	(155,020)
Total Fixed Assets	<u>37,530</u>
Total Assets	<u>\$ 145,594</u>
<b><u>Liabilities</u></b>	
Accounts Payables	<u>\$ 13,161</u>
<b><u>Net Assets:</u></b>	
Investment in Capital Assets	\$ 37,530
Unrestricted	<u>94,903</u>
Total Net Assets	<u>\$ 132,433</u>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**

**Exhibit B-5**

**PROPRIETARY FUNDS**

**JUNE 30, 2012**

	<b>Enterprise Fund</b>
	<hr/>
Operating Revenues:	
Daily Sales	\$ 326,989
Total Operating Revenues	<hr/> 326,989 <hr/>
Operating Expenses:	
Salaries	174,862
Other Employee Benefits	42,632
Cost of Sales	214,134
Supplies and Materials	17,423
Management Fee	7,750
Repairs	2,058
POS System	6,585
Depreciation	3,530
Miscellaneous	50,329
Operating Expenses	<hr/> 519,303 <hr/>
Operating Gain/(Loss)	(192,314)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	5,203
Federal Sources:	
National School Lunch Program	4,740
Federal Breakfast Program	135,608
Food Distribution Program	16,336
Total Non-Operating Revenues	<hr/> 161,887 <hr/>
Change in Net Assets	(30,427)
Net Assets, July 1	<hr/> 162,860 <hr/>
Net Assets, June 30	<hr/> <u>\$ 132,433</u> <hr/>

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

**STATEMENT OF CASH FLOWS**

**Exhibit B-6**

**PROPRIETARY FUNDS**

**JUNE 30, 2012**

	<b>Enterprise Fund</b>
	<hr/>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 326,989
Payments to Employees	(174,862)
Payments to Suppliers	(307,788)
Net Cash Provided (Used) by Operating Activities	<hr/> <hr/> (155,661)
Cash Flows from Noncapital Financing Activities:	
State Sources	5,203
Federal Sources	140,348
Net Cash Provided by Noncapital Financing Activities	<hr/> <hr/> 145,551
Net Increase (Decrease) in Cash and Cash Equivalents	(10,110)
Cash and Cash Equivalents, July 1	<hr/> 106,792
Cash and Cash Equivalents, June 30	<hr/> <hr/> \$ 96,682
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (192,314)
Depreciation	3,530
Federal Commodities Consumed	16,336
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities	
Decrease/(Increase) in Accounts Receivables	3,454
(Decrease)/Increase in Accounts Payables	13,161
Decrease/(Increase) in Inventory	172
Net Cash Provided (Used) by Operating Activities	<hr/> <hr/> \$ (155,661)

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

**KENILWORTH SCHOOL DISTRICT****STATEMENT OF FIDUCIARY NET ASSETS**

Exhibit B-7

**JUNE 30, 2012**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Scholarship Fund</u></b>
Assets:		
Cash and Cash Equivalents	\$ 191,171	186,922
Total Assets	<u>\$ 191,171</u>	<u>186,922</u>
Net Assets:		
Reserved - Scholarships	\$ -	186,922
Reserved - Unemployment Benefits	<u>191,171</u>	
Total Net Assets	<u>\$ 191,171</u>	<u>186,922</u>

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

**KENILWORTH SCHOOL DISTRICT****STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**

Exhibit B-8

**FIDUCIARY FUNDS****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Private Purpose Scholarship Fund</u></b>
<b><u>Additions</u></b>		
Contributions:		
Other	\$ 234,352	-
Total Contributions	<u>234,352</u>	<u>-</u>
Investment Earnings:		
Interest		94
Net Investment Earnings	<u>-</u>	<u>94</u>
Total Additions	<u>234,352</u>	<u>94</u>
<b><u>Deductions</u></b>		
Unemployment Claims	51,972	
Scholarships Awarded		4,000
Total Deductions	<u>51,972</u>	<u>4,000</u>
Change in Net Assets	182,380	(3,906)
Net Assets - Beginning of Year	<u>8,791</u>	<u>190,828</u>
Net Assets - End of the Year	<u>\$ 191,171</u>	<u>186,922</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**BOARD OF EDUCATION**  
**KENILWORTH SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**NOTE 1: Summary of Significant Accounting Policies**

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

**A. Reporting Entity:**

The Kenilworth School District is a Type II district located in the County of Union, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades PreK-12. The Kenilworth School District had an approximate enrollment at June 30, 2012 of 1,381 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is whether:

- The organization is legally separate (can sue or be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial/benefit/burden on the District
- There is a fiscal dependency by the organization on the District

**B. Government-Wide Financial Statements**

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-Wide Financial Statements (Continued)**

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

**Fund Financial Statements**

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

**D. Fund Accounting:**

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued):**

**Proprietary Fund Type**

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

**Fiduciary Fund Types**

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

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

**E. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2012 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**E. Budgets/Budgetary Control (Continued):**

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

**F. Encumbrances:**

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 reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

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

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

**G. Short-Term Interfund Receivables/Payables:**

Short-Term interfund receivables/payables represents amounts that are owed, other than charges for good or services rendered to/from a particular fund in the District and that are due within one year.

**H. Inventories and Prepaid Expenses**

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2012.

**NOTE 1: Summary of Significant Accounting Policies (Continued)****I. Capital Assets and Depreciation**

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

The District contracted with an outside service company during the 2011 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report included capital assets purchased during the 2010-2011 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2011, fiscal year 2011 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

Capital asset activity for the year ended June 30, 2012 was as follows:

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Appraisal</u> <u>Adjustments</u>	<u>Balance</u> <u>June 30, 2012</u>
Governmental Activities:				
Land	\$ 2			2
Construction in Progress	_____	_____	_____	_____
Total	<u>2</u>	<u>_____</u>	<u>_____</u>	<u>2</u>
Depreciable Assets:				
Site Improvements	2,528,023			2,528,023
Buildings & Sites	17,101,355			17,101,355
Equipment	<u>1,616,991</u>	<u>45,943</u>	<u>(843,548)</u>	<u>819,386</u>
Total	<u>21,246,369</u>	<u>45,943</u>	<u>(843,548)</u>	<u>20,448,764</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)I. Capital Assets and Depreciation (Continued)

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Appraisal Adjustments</u>	<u>Balance June 30, 2012</u>
Less: Accumulated Depreciation:				
Sites	(844,940)	(78,903)		(923,843)
Buildings	(5,428,717)	(351,752)		(5,780,469)
Equipment	<u>(888,471)</u>	<u>(34,978)</u>	360,133	<u>(563,316)</u>
Total Accumulated Depreciation	<u>(7,162,128)</u>	<u>(465,633)</u>	<u>360,133</u>	<u>(7,267,628)</u>
Net Depreciable Assets	<u>14,084,241</u>	<u>(419,690)</u>	<u>(483,415)</u>	<u>13,181,136</u>
Governmental Activities Capital Assets (Net)	<u>\$ 14,084,243</u>	<u>(419,690)</u>	<u>(483,415)</u>	<u>13,181,138</u>
Business-Type Activities:				
Equipment	\$ 192,550			192,550
Less: Accumulated Depreciation:				
Equipment	<u>(151,490)</u>	<u>(3,530)</u>	_____	<u>(155,020)</u>
Business-Type Capital Assets (Net)	<u>\$ 41,060</u>	<u>(3,530)</u>	=====	<u>37,530</u>

Depreciation expense was charged to governmental functions as follow:

Unallocated	\$ 430,656
Instructional	33,323
Support/Administration	11,491
Maintenance/Custodial	<u>14,510</u>
	<u>\$ 489,980</u>

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**J. Compensated Absences**

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

**K. Deferred Revenue**

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

**L. Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 10).

**NOTE 2: Cash and Cash Equivalents and Investments**

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, and short term investments with original maturities of three months or less.

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

**Deposits**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

**NOTE 2: Cash and Cash Equivalents and Investments (Continued)****Deposits**

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**Investments**

New Jersey statutes permit the District to purchase the following types of securities:

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2012, cash and cash equivalents and investments of the District consisted of the following:

	<b>Cash and Cash</b>
	<b><u>Equivalents</u></b>
Checking and Money Market Accounts & NJ Arm	<u>\$ 2,629,515</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2012 was \$2,629,515 and the bank balance was \$3,277,120. Of the bank balance, \$250,000 was covered by federal depository insurance, \$2,583,324 was covered by a collateral pool maintained by the banks as required by New Jersey statutes and \$443,796 was uninsured.

**Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>	
	<b><u>June 30, 2012</u></b>	<b><u>June 30, 2011</u></b>
Insured:		
FDIC	\$ 250,000	250,000
GUDPA	2,583,324	1,552,073
Uninsured	443,796	1,817,548

As of June 30, 2012, the District did not hold any long-term investments.

**NOTE 2: Cash and Cash Equivalents and Investments (Continued)**

**Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

The District had uninsured deposits of \$443,796 in NJ ARM as of June 30, 2012.

**NOTE 3: General Long-Term Debt**

During the fiscal year ended June 30, 2012, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>	<u>Long-Term</u> <u>Portion</u>
Compensated Absences Payable	\$ 991,048		121,737	869,311		869,311
Bonds Payable	<u>15,310,000</u>	_____	<u>375,000</u>	<u>14,935,000</u>	<u>385,000</u>	<u>14,550,000</u>
	<u>\$ 16,301,048</u>	=====	<u>496,737</u>	<u>15,804,311</u>	<u>385,000</u>	<u>15,419,311</u>

**A. Bonds Payable**

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds.

Bonds issued July 13, 1999 for \$3,890,000 for additions and renovations to both schools maturing July 15, 2014 with a balance of \$865,000 at June 30, 2012 with interest rates at 5%.

Refunding Bonds issued September 29, 2003 for \$410,000 for ERIP funding maturing October 1, 2020 with a balance of \$270,000 at June 30, 2012 with a 5.50% interest rate.

Bonds issued February 25, 2009 for \$13,900,000 for renovations maturing January 15, 2029 with a balance of \$13,000,000 at June 30, 2012 with interest rates from 2.50% to 4.625%

**NOTE 3: General Long-Term Debt (Continued)****A. Bonds Payable (Continued)**

Principal and interest due on serial bonds outstanding is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2013	\$ 385,000	610,351	995,351
2014	405,000	590,357	995,357
2015	585,000	576,106	1,161,106
2016	705,000	559,531	1,264,531
2017	730,000	537,631	1,267,631
2018-2022	4,230,000	2,248,548	6,478,548
2023-2027	5,385,000	1,297,280	6,682,280
2028-2029	<u>2,510,000</u>	<u>173,987</u>	<u>2,683,987</u>
	<u>\$ 14,935,000</u>	<u>6,593,791</u>	<u>21,528,791</u>

**NOTE 4: Pension Plans**

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

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

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

**NOTE 4: Pension Plans (Continued)**

**Vesting and Benefit Provisions** – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

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 contribution. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Significant Legislation** - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

**Funding Policy** – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

**NOTE 4: Pension Plans (Continued)**

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2012, the State of New Jersey contributed \$938,592 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$713,642 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

**Three-Year Trend Information for PERS**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/12	\$ 184,029	100%	\$ 0
6/30/11	188,221	100%	0
6/30/10	131,981	100%	0

**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/12	\$ 938,592	100%	0
6/30/11	665,871	100%	0
6/30/10	606,234	100%	0

**NOTE 5: Post-Retirement Benefits**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

**NOTE 5: Post-Retirement Benefits (Continued)**

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members in Fiscal Year 2011.

**NOTE 6: Interfund Receivables and Payables**

There were none at June 30, 2012.

**NOTE 7: Compensated Absences**

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

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

In the district-wide *Statement of Net Assets*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences as of June 30, 2012, was \$869,311.

**NOTE 8: Capital Reserve Account**

A capital reserve account was established by the Borough of Kenilworth Board of Education by inclusion of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account 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. 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-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**NOTE 8: Capital Reserve Account (Continued)**

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning Balance, July 1, 2011	<u>\$ 1</u>
Ending Balance, June 30, 2012	<u>\$ 1</u>

**NOTE 9: Inventory**

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$ 4,598
Supplies	<u>1,682</u>
	<u>\$ 6,280</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

**NOTE 10: Fund Balance Appropriated**

**General Fund** – Of the \$2,152,741 General Fund fund balance at June 30, 2012, \$282,612 is reserved for encumbrances; \$1 has been placed in the capital reserve; \$250,000 is in emergency reserve; \$57,513 is excess surplus designed for subsequent years expenditures; \$2,487 is designated for subsequent years expenditures; \$106,287 is excess surplus; \$196,803 is 2011-2012 additional state aid designated for use in the 2013-2014 budget; and \$657,038 is unreserved and undesignated.

**NOTE 11: Calculation of Excess Surplus**

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget.

**NOTE 12: Equity Balance****2% Calculation of Excess Surplus**

2011-12 Total General Fund Expenditures Per the CAFR	\$ 21,615,334
Decreased by:	
On Behalf TPAF Pension and Social Security	<u>(1,652,234)</u>
Adjusted 2011-12 General Fund Expenditures	<u>\$ 19,963,100</u>
2% of Adjusted 2011-12 General Fund Expenditures	\$ 399,262
Increased by Allowable Adjustments	<u>257,776</u>
Maximum Unassigned Fund Balance	<u>\$ 657,038</u>

**Section 2**

Total General Fund – Fund Balance @ 6-30-12	\$ 2,152,741
Decreased by:	
Reserved for Encumbrances	(282,612)
Other Reserves	(850,001)
Designated for Subsequent Years Expenditures – Additional 2011-12 State Aid for Use in 2013-14	(196,803)
Designated for Subsequent Years Expenditures	(2,487)
Designated for Subsequent Years Expenditures – Excess Surplus	<u>(57,513)</u>
Total Unassigned Fund Balance	<u>\$ 763,325</u>
Reserved for Fund Balance – Excess Surplus	<u>\$ 106,287</u>

**Section 3****Detail of Allowable Adjustments**

Extraordinary Aid	<u>\$ 257,776</u>
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**Detail of Other Reserved Fund Balance**

Capital Reserve	\$ 1
Maintenance Reserve	600,000
Emergency Reserve	<u>250,000</u>
	<u>\$ 850,001</u>

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget. Designated for subsequent year's represents the amount appropriated in the 2012-2013 budget.

Unrestricted is surplus not previously committed or reserved for any other purpose.

**NOTE 13: Contingent Liabilities**

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

**NOTE 14: Tuition Adjustments**

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2012 financial statements.

**NOTE 15: Economic Dependency**

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

**NOTE 16: Risk Management**

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

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

**New Jersey Unemployment Compensation Insurance** – The District 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 expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2011-2012	\$ 205,000	29,353	51,973	191,171
2010-2011	121,000	28,437	174,012	8,791
2009-2010		31,232	38,018	33,366

**NOTE 17: General Fund Emergency Reserve Account**

The reserve account is to be used to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonable unforeseeable. The emergency reserve balance may not exceed \$250,000 or 1% of the District's general fund budget up to a maximum of \$100,000 whichever is greater. Withdrawals require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent. Kenilworth established an emergency reserve on June 30, 2012 of \$250,000.

**NOTE 18: Significant Accounting Pronouncements**

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2012. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2012 through November 12, 2012.

**REQUIRED SUPPLEMENTARY INFORMATION  
PART II**

**BUDGETARY COMPARISON SCHEDULES – C**

KENILWORTH SCHOOL DISTRICT

Exhibit C-1  
Sheet 1 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 16,244,515		16,244,515	16,244,515	-
Tuition	263,051		263,051	329,051	66,000
Miscellaneous	246,800		246,800	253,702	6,902
Total Local Sources	<u>16,754,366</u>	<u>-</u>	<u>16,754,366</u>	<u>16,827,268</u>	<u>72,902</u>
State Sources:					
School Choice Aid	1,476,738		1,476,738	1,692,846	216,108
Special Education Aid	738,381		738,381	738,381	-
Extraordinary Aid			-	257,776	257,776
Equalization Aid	968,914		968,914	1,165,717	196,803
TPAF Pension Contribution			-	938,592	938,592
TPAF Social Security Contribution			-	713,642	713,642
Total State Sources	<u>3,184,033</u>	<u>-</u>	<u>3,184,033</u>	<u>5,506,954</u>	<u>2,322,921</u>
Federal Sources:					
Education jobs	123,813	3,879	127,692	127,692	-
Total Revenues	<u>20,062,212</u>	<u>3,879</u>	<u>20,066,091</u>	<u>22,461,914</u>	<u>2,395,823</u>

KENILWORTH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Distributed Expenditures:					
Regular Programs - Instruction:					
Pre-Kindergarten - Salaries of Teachers	112,265		112,265	112,265	-
Kindergarten - Salaries of Teachers	308,734	293	309,027	302,837	6,190
Grades 1-5 - Salaries of Teachers	1,699,757	29,547	1,729,304	1,711,745	17,559
Grades 6-8 - Salaries of Teachers	1,573,349	37,251	1,610,600	1,610,306	294
Grades 9-12 - Salaries of Teachers	2,190,796	(72,243)	2,118,553	2,105,639	12,914
Subtotal	<u>5,884,901</u>	<u>(5,152)</u>	<u>5,879,749</u>	<u>5,842,792</u>	<u>36,957</u>
Regular Programs - Other:					
Salaries of Teachers	5,000	20,538	25,538	25,537	1
Subtotal	<u>5,889,901</u>	<u>15,386</u>	<u>5,905,287</u>	<u>5,868,329</u>	<u>36,958</u>
Regular Programs - Undistributed Instruction:					
Other Instructional Salaries	378,882	160,744	539,626	439,256	100,370
Purchased Technical Services	19,500	(3,766)	15,734	15,093	641
Other Purchased Services	36,755	(6,498)	30,257	28,841	1,416
General Supplies	250,794	79,538	330,332	327,656	2,676
Textbooks	108,048	(6,009)	102,039	101,141	898
Other Objects	1,505	85	1,590	1,590	-
Subtotal	<u>795,484</u>	<u>224,094</u>	<u>1,019,578</u>	<u>913,577</u>	<u>106,001</u>
Total Regular Programs - Instruction	<u>6,685,385</u>	<u>239,480</u>	<u>6,924,865</u>	<u>6,781,906</u>	<u>142,959</u>

KENILWORTH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Special Education Instruction:					
Multiple Disabilities:					
Salaries of Teachers	54,672		54,672	54,671	1
Other Salaries for Instruction	58,403	11	58,414	58,413	1
General Supplies	593	253	846	845	1
Textbooks	2,408	249	2,657	2,657	-
Total Multiple Disabilities	<u>116,076</u>	<u>264</u>	<u>116,589</u>	<u>116,586</u>	<u>3</u>
Special Education Instruction - LLD:					
Salaries of Teachers	111,835		111,835	111,835	-
Other Salaries for Instruction	77,871	3,836	81,707	81,672	35
General Supplies	2,141	(31)	2,110	2,103	7
Total Special Education Instruction - LLD	<u>191,847</u>	<u>3,805</u>	<u>195,652</u>	<u>195,610</u>	<u>42</u>
Resource Room/Center:					
Salaries of Teachers	946,217	(25,234)	920,983	920,982	1
Other Salaries for Instruction	89,551	(5,971)	83,580	75,846	7,734
General Supplies	4,587	596	5,183	5,179	4
Textbooks	2,388	(916)	1,472	1,145	327
Total Resource Room/Center	<u>1,042,743</u>	<u>(31,525)</u>	<u>1,011,218</u>	<u>1,003,152</u>	<u>8,066</u>
Autism:					
Salaries of Teachers	59,069	36,422	95,491	95,492	(1)
Other Salaries for Instruction	105,798	(27,331)	78,467	78,148	319
General Supplies	1,717	629	2,346	1,792	554
Total Autism	<u>166,584</u>	<u>9,720</u>	<u>176,304</u>	<u>175,432</u>	<u>872</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Pre-School Disabilities - Part-Time Salaries of Teachers	107,405		107,405	107,405	-
Other Salaries for Instruction	73,977	(19,458)	54,519	54,519	-
General Supplies	1,845	(606)	1,239	1,201	38
Total Pre-School Handicapped	183,227	(20,064)	163,163	163,125	38
Total Special Education - Instruction	1,700,477	(37,800)	1,662,926	1,653,905	9,021
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	261,780	(12,210)	249,570	249,570	-
General Supplies	3,538	(173)	3,365	1,812	1,553
Total Basic Skills/Remedial - Instruction	265,318	(12,383)	252,935	251,382	1,553
Bilingual Education - Instruction:					
Salaries of Teachers	65,543	1	65,544	65,542	2
General Supplies	58	136	194	193	1
Total Bilingual Education - Instruction	65,601	137	65,738	65,735	3
School Sponsored Co-Curricular Athletics - Instruction					
Salaries	125,837	(18)	125,819	125,730	89
Supplies	23,530	1,749	25,279	25,069	210
Other Objects	1,500	(236)	1,264	1,264	-
Total School Sponsored Co-Curricular Athletics	150,867	1,495	152,362	152,063	299
School Sponsored Athletics - Instruction					
Salaries	223,633	(2,409)	221,224	221,224	-
Purchased Services	43,539	(2,555)	40,984	40,982	2
Supplies and Materials	29,020	(566)	28,454	28,454	-
Other Objects	15,400	(2,208)	13,192	13,192	-
Total School Sponsored Athletics - Instruction	311,592	(7,738)	303,854	303,852	2

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Distributed Expenditures	9,179,240	183,191	9,362,680	9,208,843	153,837
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs in State - Special	445,176	(245,765)	199,411	199,411	-
Tuition to County Vocational School:					
Regular	428,000	(22,250)	405,750	405,750	-
Special	36,000	(8,000)	28,000	28,000	-
Tuition - County Special Services	273,943	35,956	309,899	309,898	1
Tuition to Private School for Handicapped - Within State	621,743	195,160	816,903	754,248	62,655
Tuition - Other	95,128	95,128	95,128	95,128	-
Total Instruction	1,804,862	50,229	1,855,091	1,792,435	62,656
Attendance & Social Work:					
Purchased Technical Services	8,400	(947)	7,453	7,453	-
Supplies and Materials	188	(188)	-	-	-
Total Attendance & Social Work	8,588	(1,135)	7,453	7,453	-
Health Services:					
Salaries	125,460	(4,129)	121,331	121,331	-
Purchased Professional/Technical Services	5,400	7,956	13,356	13,356	-
Supplies and Materials	4,106	(135)	3,971	3,969	2
Total Health Services	134,966	3,692	138,658	138,656	2
Other Support Student - Related:					
Salaries	195,807		195,807	195,807	-
Purchased Professional/Technical Services	39,800	22,157	61,957	50,006	11,951
Supplies and Materials	2,970	(520)	2,450	2,450	-
Total Extraordinary Services	238,577	21,637	260,214	248,263	11,951

KENILWORTH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Support Student - Regular:					
Salaries of Other Professional Staff	374,560	(28,187)	346,373	346,373	-
Salaries of Secretarial & Clerical	51,764	4,880	56,644	56,643	1
Purchased Professional/Educational Services	4,600	(63)	4,537	4,537	-
Other Purchased Professional/Technical Services	19,278	3,231	22,509	21,893	616
Other Purchased Services	880	123	1,003	1,002	1
Supplies and Materials	10,461	(2,149)	8,312	8,312	-
Other Objects	625	(625)	-	-	-
Total Other Support Student - Regular	462,168	(22,790)	439,378	438,760	618
Other Support Student - Special:					
Salaries of Other Professional Staff	421,420	(8,150)	413,270	413,270	-
Salaries of Secretarial & Clerical	40,408	275	40,683	40,683	-
Miscellaneous Purchased Services	4,286	474	4,760	4,740	20
Supplies and Materials	4,712	229	4,941	4,832	109
Total Other Support Student - Special	470,826	(7,172)	463,654	463,525	129
Improvement Instructional Services:					
Salaries of Supervisors of Instruction	319,480		319,480	319,480	-
Salaries of Other Professional Staff	14,076	7,380	21,456	21,456	-
Salaries of Secretarial & Clerical	72,504	(1,172)	71,332	71,332	-
Other Purchased Services	499	1	500		500
Supplies & Materials	969	482	1,451	1,388	63
Other Objects	3,945		3,945	3,685	260
Total Improvement Instructional Services	411,473	6,691	418,164	417,341	823

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Educational Media/Library:					
Salaries	129,550		129,550	129,550	-
Other Salaries For Instruction	43,621		43,621	43,621	-
Other Purchased Services	320	10,570	10,890	7,510	3,380
Supplies & Materials	29,869	995	30,864	30,741	123
Total Educational Media/Library	<u>203,360</u>	<u>11,565</u>	<u>214,925</u>	<u>211,422</u>	<u>3,503</u>
Staff Training:					
Salaries of Supervisors of Instruction	41,310		41,310	41,310	-
Other Salaries for Instruction	10,710		10,710	7,362	3,348
Purchased Professional/Educational Serv.	20,850	(6,761)	14,089	14,088	1
Supplies & Materials	1,200	(955)	245	245	-
Other Objects	569	1,661	2,230	2,230	-
Total Staff Training	<u>74,639</u>	<u>(6,055)</u>	<u>68,584</u>	<u>65,235</u>	<u>3,349</u>
Support Services - General Administration:					
Salaries	247,877	2	247,879	247,725	154
Legal Services	57,500	8,579	66,079	60,631	5,448
Audit Fee	15,500		15,500	15,500	-
Other Purchased Professional Services	2,395	2,805	5,200	5,200	-
Purchased Technical Services	5,440		5,440	4,947	493
Communications/Telephone	74,361	(4,500)	69,861	68,064	1,797
BOE Other Purchased Services	10,600	(1,070)	9,530	4,107	5,423
Other Purchased Services	77,663	10,705	88,368	88,367	1
Supplies & Materials	2,649	2,464	5,113	4,154	959
BOE In House Training Supplies	2,050		2,050	556	1,494
Miscellaneous Expenditures	12,954	(7,500)	5,454	5,025	429
BOE Membership Dues and Fees	19,657	213	19,870	19,869	1
Total Support Services - General Administration	<u>528,646</u>	<u>11,698</u>	<u>540,344</u>	<u>524,145</u>	<u>16,199</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - School Administration:					
Salaries of Principals/Vice Principals	261,428	1	261,429	261,428	1
Salaries of Other Professional Staff	90,395	1	90,396	90,395	1
Salaries of Secretarial & Clerical	179,978	(2,602)	177,376	175,710	1,666
Other Purchased Services	543	(13)	530	444	86
Supplies & Materials	4,358	794	5,152	5,084	68
Other Objects	3,340		3,340	3,241	99
<b>Total Support Services - School Administration</b>	<b>540,042</b>	<b>(1,819)</b>	<b>538,223</b>	<b>536,302</b>	<b>1,921</b>
Technology Information Service:					
Salaries	69,631		69,631	69,631	-
Purchased Professional Services	39,012	4,000	43,012	42,679	333
Purchased Technical Services	57,872	(12,566)	45,306	36,213	9,093
Other Purchased Services	9,324	192	9,516	9,515	1
Supplies and Materials	45,900	(14,268)	31,632	31,285	347
<b>Total Technology Information Service</b>	<b>221,739</b>	<b>(22,642)</b>	<b>199,097</b>	<b>189,323</b>	<b>9,774</b>
Required Maintenance - Facilities:					
Cleaning, Repair & Maintenance Services	149,240	71,264	220,504	167,553	52,951
General Supplies	27,200	31,275	58,475	58,399	76
Other Objects	600	2,487	3,087	3,087	-
<b>Total Allowable Maintenance Facilities</b>	<b>177,040</b>	<b>105,026</b>	<b>282,066</b>	<b>229,039</b>	<b>53,027</b>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Operations & Maintenance:					
Salaries	416,582	(13,950)	402,632	400,639	1,993
Purchased Professional/Technical Serv.	4,000	4,000	8,000	4,000	4,000
Cleaning, Repair & Maintenance Services	230,000	(1,764)	228,236	227,835	401
Other Purchased Property Services	39,150	(6,631)	32,519	30,955	1,564
Insurance	48,981	(7,767)	41,214	41,214	-
General Supplies	33,250		33,250	28,270	4,980
Natural Gas	152,766	(19,719)	133,047	82,420	50,627
Energy (Heat & Electricity)	323,890	4,001	327,891	269,399	58,492
Total Other Operations & Maintenance	<u>1,248,619</u>	<u>(41,830)</u>	<u>1,206,789</u>	<u>1,084,732</u>	<u>122,057</u>
Upkeep of Grounds:					
Salaries	41,575	2,390	43,965	43,965	-
Purchased Professional/Technical Serv.	13,150		13,150	4,420	8,730
Repair and Maintenance	6,000	1,330	7,330	7,152	178
Supplies	24,500	(1,330)	23,170	20,513	2,657
Total Upkeep of Grounds	<u>85,225</u>	<u>2,390</u>	<u>87,615</u>	<u>76,050</u>	<u>11,565</u>
Security:					
Repairs and Maintenance	3,000		3,000		3,000
Supplies	1,500		1,500		1,500
Total Security	<u>4,500</u>	<u>-</u>	<u>4,500</u>	<u>-</u>	<u>4,500</u>
Total Operations & Maintenance	<u>1,515,384</u>	<u>65,586</u>	<u>1,580,970</u>	<u>1,389,821</u>	<u>191,149</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1  
Sheet 10 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Student Transportation:					
Contracted Services Other - Vendors	50,700	(1,119)	49,581	46,698	2,883
Contracted Services Special Ed. Joint Agreement	561,893	41,067	602,960	602,959	1
Total Student Transportation	<u>612,593</u>	<u>39,948</u>	<u>652,541</u>	<u>649,657</u>	<u>2,884</u>
Central Services:					
Salaries	283,314	15,174	298,488	298,488	-
Purchased Technical Services	15,266	5,334	20,600	20,599	1
Other Purchased Services		10,045	10,045	10,044	1
Supplies & Materials	5,200	(4,276)	924	924	-
Miscellaneous Expenditures	2,605	203	2,808	2,808	-
Total Central Services	<u>306,385</u>	<u>26,480</u>	<u>332,865</u>	<u>332,863</u>	<u>2</u>
Undistributed Expenditures-Employee Benefits:					
Other Retirement Contrib. - Social Security	180,696	15,850	196,546	196,546	-
Other Retirement Contrib. - PERS	193,614	(9,584)	184,030	184,029	1
Other Retirement Contrib. - ERIP	9,150	(3,200)	5,950	5,886	64
Unemployment Compensation	242,450	(37,450)	205,000	205,000	-
Workman's Compensation	107,000	(11,972)	95,028	88,882	6,146
Health Benefits	2,696,583	(207,866)	2,488,717	2,361,072	127,645
Tuition Reimbursements	71,000	(3,154)	67,846	67,845	1
Other Employee Benefits	45,845	(2,065)	43,780	36,845	6,935
Total Unallocated Benefits	<u>3,546,338</u>	<u>(259,441)</u>	<u>3,286,897</u>	<u>3,146,105</u>	<u>140,792</u>
TPAF Pension Contribution			-	938,592	(938,592)
TPAF Social Security Contribution			-	713,642	(713,642)
Total Undistributed Expenditures	<u>11,080,586</u>	<u>(83,528)</u>	<u>10,997,058</u>	<u>12,203,540</u>	<u>(1,206,482)</u>
Total General Current Expense	<u>20,259,826</u>	<u>99,663</u>	<u>20,359,738</u>	<u>21,412,383</u>	<u>(1,052,645)</u>

KENILWORTH SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Equipment					
Undistributed Expenditures-Instruction	18,700	(2,483)	16,217	16,217	-
Undistributed Expenditures-Operation of Plant		8,190	8,190	8,190	
Undistributed Expenditures-Support Services	3,000	(17)	2,983	2,590	393
Facility Construction-Prof Services		1,834	1,834	1,833	1
Total Facilities Acquisition & Construction Services	<u>21,700</u>	<u>7,524</u>	<u>29,224</u>	<u>28,830</u>	<u>394</u>
Total Capital Outlay	<u>21,700</u>	<u>7,524</u>	<u>29,224</u>	<u>28,830</u>	<u>394</u>
Summer School					
Instruction:					
Salaries of Teachers	39,985	2,744	42,729	42,728	1
Total Instruction	<u>39,985</u>	<u>2,744</u>	<u>42,729</u>	<u>42,728</u>	<u>1</u>
Support Services:					
Salaries of Teachers	3,701		3,701	3,701	-
Total Support Services	<u>3,701</u>	<u>-</u>	<u>3,701</u>	<u>3,701</u>	<u>-</u>
Total Summer School	<u>43,686</u>	<u>2,744</u>	<u>46,430</u>	<u>46,429</u>	<u>1</u>
Education Jobs:					
Health Benefits		127,692	127,692	127,692	-
Total Current Expense, Capital Outlay, & Summer School	<u>20,325,212</u>	<u>237,623</u>	<u>20,563,084</u>	<u>21,615,334</u>	<u>(1,052,250)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>(263,000)</u>	<u>(233,744)</u>	<u>(496,993)</u>	<u>846,580</u>	<u>1,343,573</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1  
Sheet 12 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources/Uses	(263,000)	(233,744)	(496,993)	846,580	1,343,573
Fund Balance July 1	<u>1,306,161</u>		<u>1,306,161</u>	<u>1,306,161</u>	
Fund Balance June 30	<u>\$ 1,043,161</u>	<u>(233,744)</u>	<u>809,168</u>	<u>2,152,741</u>	<u>1,343,573</u>

Recapitulation:

Restricted Fund Balance:

Excess Surplus-Designated for Subsequent Years Expenditures	\$ 57,513
Additional 2011-12 State Aid-Designated for use in the 2013-14 Budget	196,803
Excess Surplus-Current Year	106,287
Emergency Reserve	250,000
Capital Reserve	1
Maintenance Reserve	600,000
Committed Fund Balance:	
Year End Encumbrances	282,612
Assigned Fund Balances:	
Designated for Subsequent Year's Expenditures	2,487
Unassigned Fund Balance	657,038
	<u>2,152,741</u>

Reconciliation to Governmental Funds Statement (GAAP):

Final State Aid Payments not Recognized on GAAP Basis

(386,126)

Fund Balance Per Governmental Funds (GAAP)

\$ 1,766,615

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

Exhibit C-1b

EDUCATION JOBS FUND

FEDERAL AID

	<u>Adjusted Budget</u>	<u>Expended</u>	<u>Funds Available</u>
Health Benefits 18-080-200-200	<u>\$ 127,692</u>	<u>127,692</u>	<u>                    </u>
Total Education Jobs	<u><u>\$ 127,692</u></u>	<u><u>127,692</u></u>	<u><u>-</u></u>

**KENILWORTH SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL REVENUE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ -	13,270	13,270	13,200	70
State Sources	258,733	(78,895)	179,838	144,347	35,491
Federal Sources	422,078	57,983	480,061	480,061	
<b>Total Revenues</b>	<u>\$ 680,811</u>	<u>(7,642)</u>	<u>673,169</u>	<u>637,608</u>	<u>35,561</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 73,000	9,154	82,154	82,154	
Purchased Professional and Technical Services	239,803	(52,300)	187,503	151,975	35,528
Tuition	293,000	(30,390)	262,610	262,610	
General Supplies	1,875	12,086	13,961	13,961	
Textbooks	18,930	(7,981)	10,949	10,916	33
<b>Total Instruction</b>	<u>626,608</u>	<u>(69,431)</u>	<u>557,177</u>	<u>521,616</u>	<u>35,561</u>
Support Services:					
Personal Services - Employee Benefits	16,146	12,058	28,204	28,204	
Purchased Professional - Educational Services	38,057	42,669	80,726	80,726	
General Supplies		2,062	2,062	2,062	
<b>Total Support Services</b>	<u>54,203</u>	<u>56,789</u>	<u>110,992</u>	<u>110,992</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment		5,000	5,000	5,000	
<b>Total Expenditures</b>	<u>\$ 680,811</u>	<u>(7,642)</u>	<u>673,169</u>	<u>637,608</u>	<u>35,561</u>

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**KENILWORTH SCHOOL DISTRICT****REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit C-3

**BUDGETARY COMPARISON SCHEDULE****NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b><u>Sources/Inflows of Resources</u></b>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 22,461,914	637,608
Difference - budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized		1,714
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	267,393	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(386,126)</u>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 22,343,181</u>	<u>639,322</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 21,615,334	637,608
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		1,714
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 21,615,334</u>	<u>639,322</u>

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES – D**

**N/A**

**SPECIAL REVENUE FUND – E**

KENILWORTH SCHOOL DISTRICT

Exhibit E-1  
Sheet 1 of 3

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Title I</u>	<u>I.D.E.A. Basic Flow-Thru</u>	<u>I.D.E.A. Pre-School</u>	<u>Title II A</u>	<u>ESL</u>
Revenues:					
State Sources	\$ -				603
Federal Sources	146,936	299,176	9,881	24,068	
Local Sources					
Total Revenues	<u>\$ 146,936</u>	<u>299,176</u>	<u>9,881</u>	<u>24,068</u>	<u>603</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 82,154				
Purchased Professional and Technical Services	18,544				
Tuition		252,729	9,881	7,003	603
General Supplies	5,745				
Textbooks					
Total Instruction	<u>106,443</u>	<u>252,729</u>	<u>9,881</u>	<u>7,003</u>	<u>603</u>
Support Services:					
Employee Benefits	28,204			17,065	
Purchased Professional Educational Services	12,289	46,447			
General Supplies					
Total Support Services	<u>40,493</u>	<u>46,447</u>	<u>-</u>	<u>17,065</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Non-Instructional Equipment					
Total Expenditures	<u>\$ 146,936</u>	<u>299,176</u>	<u>9,881</u>	<u>24,068</u>	<u>603</u>

KENILWORTH SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Compensatory Education</u>	<u>Transportation</u>	<u>Supplementary Instruction</u>	<u>Examination and Classification Initial</u>	<u>Examination and Classification Annual</u>	<u>Corrective Speech</u>
Revenues:						
State Sources	60,864	8,223	19,643	14,642	5,809	8,878
Federal Sources						
Local Sources						
Total Revenues	<u>60,864</u>	<u>8,223</u>	<u>19,643</u>	<u>14,642</u>	<u>5,809</u>	<u>8,878</u>
Expenditures:						
Instruction:						
Salaries of Teachers						
Purchased Professional and Technical Services						
Tuition						
General Supplies	60,864	8,223	19,643	14,642	5,809	8,878
Textbooks						
Total Instruction	<u>60,864</u>	<u>8,223</u>	<u>19,643</u>	<u>14,642</u>	<u>5,809</u>	<u>8,878</u>
Support Services:						
Employee Benefits						
Purchased Professional Educational Services						
General Supplies						
Total Support Services						
Facilities Acquisition and Construction Services:						
Non-Instructional Equipment						
Total Expenditures	<u>60,864</u>	<u>8,223</u>	<u>19,643</u>	<u>14,642</u>	<u>5,809</u>	<u>8,878</u>

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Revenues:						
State Sources	14,769			10,916		144,347
Federal Sources						480,061
Local Sources		13,200				13,200
Total Revenues	<u>14,769</u>	<u>13,200</u>		<u>10,916</u>		<u>637,608</u>
Expenditures:						
Instruction:						
Salaries of Teachers						82,154
Purchased Professional and Technical Services						18,544
Tuition	14,769					396,041
General Supplies			1,213			13,961
Textbooks				10,916		10,916
Total Instruction	<u>14,769</u>		<u>1,213</u>	<u>10,916</u>		<u>521,616</u>
Support Services:						
Employee Benefits			4,925			28,204
Purchased Professional Educational Services			2,062			80,726
General Supplies			6,987			2,062
Total Support Services			<u>6,987</u>			<u>110,992</u>
Facilities Acquisition and Construction Services:						
Non-Instructional Equipment			5,000			5,000
Total Expenditures	<u>14,769</u>	<u>13,200</u>		<u>10,916</u>		<u>637,608</u>

**CAPITAL PROJECTS FUND – F**

KENILWORTH SCHOOL DISTRICT

CAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF PROJECT EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2012

<u>Issue/Project Title</u>	<u>Approval Date</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Unexpended Balance</u>
			<u>Prior Year</u>	<u>Current Year</u>	
Renovation to Elementary School	12/9/2008	\$ 13,900,000	12,182,008	1,284,485	433,507

**KENILWORTH SCHOOL DISTRICT****CAPITAL PROJECTS FUND**

Exhibit F-2

**SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES****IN FUND BALANCE - BUDGETARY BASIS****FOR THE YEAR ENDED JUNE 30, 2012****Revenues**

Interest on Investments	\$ 220
-------------------------	--------

**Expenditures**

Purchased Technical Services	41,680
Construction Services	<u>1,242,805</u>
Total Expenditures	1,284,485

Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,284,265)
---	-------------

## Other Financing Sources/(Uses):

Transfer Interest to Debt Service	<u>(220)</u>
Total Other Sources	<u>(220)</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources/(Uses)	(1,284,485)
---	-------------

Fund Balance - Beginning	<u>1,717,992</u>
--------------------------	------------------

Fund Balance - Ending	<u><u>\$ 433,507</u></u>
-----------------------	--------------------------

**KENILWORTH SCHOOL DISTRICT**

**CAPITAL PROJECTS FUND**

**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,**

**AND PROJECT STATUS - BUDGETARY BASIS**

**RENOVATION TO ELEMENTARY SCHOOL**

**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b><u>Revenues and Other Financing Sources</u></b>				
Bond Proceeds and Transfers	\$ 13,900,000		13,900,000	13,900,000
Total Revenues	<u>13,900,000</u>	<u>-</u>	<u>13,900,000</u>	<u>13,900,000</u>
<b><u>Expenditures and Other Financing Uses</u></b>				
Purchased Professional and Technical Services	1,156,226	41,680	1,197,906	1,304,147
Construction Services	11,011,125	1,242,805	12,253,930	12,581,196
Other	14,657		14,657	14,657
Total Expenditures	<u>12,182,008</u>	<u>1,284,485</u>	<u>13,466,493</u>	<u>13,900,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,717,992</u>	<u>(1,284,485)</u>	<u>433,507</u>	<u>-</u>

**Additional Project Information**

Bond Authorization Date	12/9/2008
Bonds Authorized	\$13,900,000
Bonds Issued	\$13,900,000
Original Authorized Cost	\$13,900,000
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	87%
Original Target Completion Date	8/31/2009
Revised Target Completion Date	12/31/2013

**PROPRIETARY FUNDS – G**

**N/A**

**FIDUCIARY FUND – H**

KENILWORTH SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2012

	<u>Agency Student Activity</u>	<u>Scholarship Fund Non-Expendable Trust Fund</u>	<u>Unemployment Compensation Expendable Trust Fund</u>	<u>Total</u>
Assets:				
Cash and Cash Equivalents	\$ 84,358	186,922	191,171	462,451
Total Assets	\$ 84,358	186,922	191,171	462,451
Liabilities:				
Due to Student Groups	\$ 84,358			84,358
Total Liabilities	\$ 84,358			84,358
Net Assets:				
Reserved - Scholarships		186,922		186,922
Reserved - Unemployment Benefits			191,171	191,171
Total Net Assets		186,922	191,171	378,093

KENILWORTH SCHOOL DISTRICT

Exhibit H-2

SCHOLARSHIP NONEXPENDABLE TRUST FUNDCOMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETSFOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>2012</u>
Operating Revenue:	
Local Source:	
Interest on Investments	\$ 94
Total Operating Revenue	<u>94</u>
Operating Expenses:	
Scholarship Payments	<u>4,000</u>
Total Operating Expenses	<u>4,000</u>
Operating Income (Loss)	<u>(3,906)</u>
Fund Balance July 1	<u>190,828</u>
Fund Balance June 30	<u><u>\$ 186,922</u></u>

**KENILWORTH SCHOOL DISTRICT****STUDENT ACTIVITY AGENCY FUND**

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
<b><u>Elementary School</u></b>				
Harding	\$ 25,589	41,957	39,091	28,455
<b><u>High School</u></b>				
David Brearley	49,454	124,251	118,802	54,903
Facility Use Account		6,000	5,000	1,000
Athletic Account		26,750	26,750	-
Total High School	<u>49,454</u>	<u>157,001</u>	<u>150,552</u>	<u>55,903</u>
Total All Schools	<u>\$ 75,043</u>	<u>198,958</u>	<u>189,643</u>	<u>84,358</u>

**KENILWORTH SCHOOL DISTRICT****PAYROLL AGENCY**

Exhibit H-4

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES****FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b><u>Balance</u></b> <b><u>July 1, 2011</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2012</u></b>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ -	5,667,771	5,667,758	13
<b><u>Liabilities</u></b>				
Payroll Deductions, Withholdings and Amount Due Employees	\$ -	5,667,771	5,667,758	13

**LONG-TERM DEBT - I**

KENILWORTH SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-1

SCHEDULE OF SERIAL BONDS

JUNE 30, 2012

	Date of Issue	Original Issue	Annual Maturities		Interest Rate	Balance July 1, 2011	Retired	Balance June 30, 2012
			Date	Amount				
Renovations	7/13/1999	\$ 3,890,000	7/15/2012	\$ 350,000	5.00%	\$ 1,190,000	325,000	865,000
			7/15/2013	380,000				
			7/15/2014	135,000				
ERIP Refunding	9/29/2003	410,000	10/1/2012-14	25,000	5.50%	295,000	25,000	270,000
			10/1/2015-17	30,000				
			10/1/2018-20	35,000				
2008 Renovations	2/25/2009	13,900,000	1/15/2013	10,000	2.50%	13,825,000	25,000	13,800,000
			1/15/2015	425,000	2.75%			
			1/15/2016	675,000	3.00%			
			1/15/2017	700,000				
			1/15/2018	740,000	4.00%			
			1/15/2019	765,000				
			1/15/2020	810,000				
			1/15/2021	840,000				
			1/15/2022	940,000				
			1/15/2023	985,000				
			1/15/2024	1,025,000	4.10%			
		1/15/2025	1,075,000	4.30%				
		1/15/2026	1,125,000	4.40%				
		1/15/2027	1,175,000	4.50%				
		1/15/2028	1,225,000					
		1/15/2029	1,285,000	4.625%				
						\$ 15,310,000	375,000	14,935,000

KENILWORTH SCHOOL DISTRICT

Exhibit I-3

BUDGETARY COMPARISON SCHEDULE

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 653,823		653,823	653,823	
State Sources:					
Debt Service Aid Type II	303,072		303,072	303,072	
Total Revenues	<u>956,895</u>	<u>-</u>	<u>956,895</u>	<u>956,895</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	628,863		628,863	628,862	1
Redemption of Principal	375,000		375,000	375,000	
Total Regular Debt Service	<u>1,003,863</u>	<u>-</u>	<u>1,003,863</u>	<u>1,003,862</u>	<u>1</u>
Total Expenditures	<u>1,003,863</u>	<u>-</u>	<u>1,003,863</u>	<u>1,003,862</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(46,968)</u>	<u>-</u>	<u>(46,968)</u>	<u>(46,967)</u>	<u>1</u>
Other Financing Sources:					
Transfer from Capital Projects				<u>220</u>	<u>220</u>
Excess (Deficiency) of Revenues and other Financing Sources Over (Under) Expenditures	<u>(46,968)</u>	<u>-</u>	<u>(46,968)</u>	<u>(46,747)</u>	<u>221</u>
Fund Balance July 1	<u>51,346</u>	<u>-</u>	<u>51,346</u>	<u>51,346</u>	<u>-</u>
Fund Balance June 30	<u>\$ 4,378</u>	<u>-</u>	<u>4,378</u>	<u>4,599</u>	<u>221</u>

**STATISTICAL SECTION**

**(Unaudited)**

Borough of Kenilworth Board of Education  
 Net Assets by Component,  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 6,858,147	\$ 6,381,617	\$ (514,688)	\$ (229,632)	\$ (110,288)	\$ 33,949	\$ (13,429,054)	\$ (5,698,765)	\$ (2,216,805)	\$ (1,753,862)
Restricted (Debt Service)	\$ 224,211	\$ 385,603	\$ 369,603	\$ 222,178	\$ 395,294	\$ 312,470	\$ 20,905	\$ 46,967	\$ 51,346	\$ 3
Restricted (Capital Projects)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,699,782	\$ 8,246,987	\$ 1,717,992	\$ 433,507
Restricted (Other Purposes)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 405,015	\$ 754,507	\$ 1,495,703
Unrestricted	\$ (1,381,982)	\$ (841,313)	\$ (827,289)	\$ (804,115)	\$ (537,700)	\$ (966,216)	\$ (1,166,298)	\$ (1,208,665)	\$ 284,261	\$ (598,399)
<b>Total governmental activities net assets</b>	<b>\$ 5,700,376</b>	<b>\$ 5,925,907</b>	<b>\$ (972,374)</b>	<b>\$ (811,569)</b>	<b>\$ (252,694)</b>	<b>\$ (619,797)</b>	<b>\$ (874,665)</b>	<b>\$ 1,790,539</b>	<b>\$ 591,301</b>	<b>\$ (423,048)</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ 9,072	\$ 6,079	\$ 3,086	\$ 3,086	\$ 24,200	\$ 21,517	\$ 41,060	\$ 37,530
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 100,914	\$ 105,048	\$ 113,241	\$ 101,602	\$ 60,957	\$ 78,834	\$ 68,526	\$ 85,148	\$ 121,800	\$ 94,903
<b>Total business-type activities net assets</b>	<b>\$ 100,914</b>	<b>\$ 105,048</b>	<b>\$ 122,313</b>	<b>\$ 107,681</b>	<b>\$ 64,043</b>	<b>\$ 81,920</b>	<b>\$ 92,726</b>	<b>\$ 106,665</b>	<b>\$ 162,860</b>	<b>\$ 132,433</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 6,858,147	\$ 6,381,617	\$ (505,616)	\$ (223,553)	\$ (107,202)	\$ 37,035	\$ (13,404,854)	\$ (5,678,248)	\$ (2,175,745)	\$ (1,716,332)
Restricted	\$ 224,211	\$ 385,603	\$ 369,798	\$ 222,178	\$ 395,294	\$ 312,470	\$ 20,905	\$ 46,967	\$ 1,769,338	\$ 433,510
Other Purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,699,782	\$ 8,652,002	\$ 754,507	\$ 1,495,703
Unrestricted	\$ (1,281,068)	\$ (736,265)	\$ (714,048)	\$ (702,513)	\$ (476,743)	\$ (887,382)	\$ (1,097,772)	\$ (1,123,517)	\$ 406,061	\$ (503,496)
<b>Total district net assets</b>	<b>\$ 5,801,290</b>	<b>\$ 6,030,955</b>	<b>\$ (849,866)</b>	<b>\$ (703,888)</b>	<b>\$ (188,651)</b>	<b>\$ (537,877)</b>	<b>\$ (781,939)</b>	<b>\$ 1,897,204</b>	<b>\$ 754,161</b>	<b>\$ (290,615)</b>

Source: CAFR Schedule A-1 (Net Assets)

**Borough of Kenilworth Board of Education**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
 Fiscal Year Ending June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 4,719,476	\$ 5,086,229	\$ 6,064,971	\$ 5,647,858	\$ 5,504,115	\$ 6,364,107	\$ 6,584,495	\$ 6,324,634	\$ 6,112,698	\$ 6,660,169
Special education	811,567	916,794	943,266	1,791,616	1,583,879	2,092,304	2,085,007	2,427,121	2,154,051	2,180,521
Other special education	209,922	179,050	230,406	215,019	178,577	205,018	338,602	483,754	495,497	317,117
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	395,131	439,621	476,347	522,319	544,693	578,260	595,501	560,607	423,406	455,915
Nonpublic school programs	148,345	185,320	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,001,180	937,344	947,803	1,026,854	1,186,212	1,057,646	1,276,859	1,405,506	1,508,674	1,792,435
Student & instruction related services	1,603,343	1,621,185	1,676,547	1,695,100	2,137,314	1,941,029	2,231,134	2,124,053	2,033,536	2,101,647
School administrative services	987,244	530,563	685,342	1,169,643	1,183,574	1,239,364	546,884	565,642	528,848	524,145
General administrative services	283,733	781,202	676,551	541,482	548,182	548,861	1,286,405	874,963	1,061,329	1,058,488
Plant operations and maintenance	1,251,185	1,464,031	1,349,386	1,417,873	1,448,881	1,457,264	1,555,870	1,541,424	1,432,142	1,389,821
Pupil transportation	567,540	459,864	446,357	418,803	508,048	492,173	502,005	547,152	568,453	649,657
Unallocated Benefits	2,317,181	2,635,357	3,302,478	3,586,566	4,033,932	4,443,119	4,220,661	4,808,714	4,641,951	4,798,339
Special Schools	26,812	40,401	15,194	42,618	49,064	52,887	61,855	43,018	34,938	46,429
Education Jobs	-	-	157,839	354,099	136,092	121,040	276,130	656,218	626,763	127,692
Interest on Long Term Debt	360,979	168,593	-	-	-	-	-	-	1,924,688	632,993
Capital Outlay	1,304,296	26,573	529,279	-	188,266	191,259	231,416	231,417	472,752	1,267,372
Unallocated depreciation	-	-	-	-	-	-	-	-	-	465,633
ARRA	-	-	-	-	-	-	-	273,016	-	-
Total governmental activities expenses	15,967,934	15,482,127	17,501,766	18,429,850	19,230,829	20,784,331	21,792,834	22,867,239	24,019,726	24,468,373
Business-type activities:										
Food service	-	361,359	384,442	433,960	478,653	447,278	465,972	470,366	445,839	519,303
Child Care	-	-	-	-	-	-	-	-	-	-
Total business-type activities expense	-	361,359	384,442	433,960	478,653	447,278	465,972	470,366	445,839	519,303
Total district expenses	\$ 15,967,934	\$ 15,843,486	\$ 17,886,208	\$ 18,863,810	\$ 19,709,482	\$ 21,231,609	\$ 22,258,806	\$ 23,337,605	\$ 24,465,565	\$ 24,987,676
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 332,256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 291,289	\$ 329,051
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	-	541,351	549,040	735,524	758,830	804,434	896,603	1,100,146	675,834	765,300
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	332,256	541,351	549,040	735,524	758,830	804,434	896,603	1,100,146	675,834	1,094,351
Business-type activities:										
Charges for services:										
Food service	-	289,733	313,308	332,088	337,895	356,549	339,754	350,012	331,580	326,989
Child care	-	-	75,760	87,240	97,120	108,606	113,227	134,293	147,381	161,887
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	365,493	392,635	419,328	435,015	465,155	452,981	484,305	478,961	488,876
Total business-type activities program revenues	-	906,844	941,675	1,154,852	1,193,845	1,269,589	1,349,584	1,584,451	1,446,084	1,583,227
Total district program revenues	\$ 332,256	\$ 906,844	\$ 941,675	\$ 1,154,852	\$ 1,193,845	\$ 1,269,589	\$ 1,349,584	\$ 1,584,451	\$ 1,446,084	\$ 1,583,227

Exhibit J-2

**Borough of Kenilworth Board of Education**  
**Changes in Net Assets**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*  
 Fiscal Year Ending June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (15,635,678)	\$ (14,940,776)	\$ (16,952,726)	\$ (17,694,326)	\$ (18,471,999)	\$ (19,979,897)	(20,896,231)	(21,767,093)	(23,052,603)	(23,374,022)
Business-type activities	-	4,134	8,193	(14,632)	(43,638)	17,877	(12,991)	13,939	33,122	(30,427)
Total district-wide net expense	\$ (15,635,678)	\$ (14,936,642)	\$ (16,944,533)	\$ (17,708,958)	\$ (18,515,637)	\$ (19,962,020)	(20,909,222)	(21,753,154)	(23,019,481)	(23,404,449)
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 11,160,312	\$ 11,513,372	\$ 12,598,662	\$ 13,449,560	\$ 14,133,275	\$ 14,791,143	14,791,143	15,208,753	16,197,614	16,244,515
Taxes levied for debt service	238,503	283,381	289,598	253,363	294,667	303,376	309,592	594,933	700,725	653,823
Unrestricted grants and contributions	2,723,054	2,697,541	3,006,596	3,269,521	3,703,759	3,861,700	4,974,665	5,538,380	4,730,353	5,691,293
Investment Income	7,198	4,389	20,339	46,242	83,746	51,540	10,077	1,775	-	-
Tuition Received	423,453	401,831	329,990	326,572	383,712	388,332	445,679	275,781	305,839	-
Miscellaneous Income	-	342,411	413,689	312,905	452,857	300,926	277,712	219,829	63,186	253,922
Other (Bond Proceeds)	-	-	-	-	-	-	13,921,869	50,450	408,880	-
Transfers	-	63,309	-	-	(15,000)	-	-	-	-	-
Total governmental activities	14,552,520	15,306,244	16,658,874	17,658,163	19,037,016	19,697,017	34,730,727	21,889,901	22,406,597	22,843,553
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 14,552,520	\$ 15,306,244	\$ 16,658,874	\$ 17,658,163	\$ 19,037,016	\$ 19,697,017	34,730,727	21,889,901	22,406,597	22,843,553
<b>Change in Net Assets</b>										
Governmental activities	\$ (1,083,158)	\$ 365,468	\$ (293,852)	\$ (36,163)	\$ 585,017	\$ (282,880)	13,834,496	122,808	(646,006)	(530,469)
Business-type activities	-	4,134	8,193	(14,632)	(43,638)	17,877	(12,991)	13,939	33,122	(30,427)
Total district	\$ (1,083,158)	\$ 369,602	\$ (285,659)	\$ (50,795)	\$ 521,379	\$ (265,003)	13,821,505	136,747	(612,884)	(560,896)

Source: CAFR Schedule A-2

**Borough of Kenilworth Board of Education  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 1	\$ 277,019	\$ 333,944	\$ 299,688	\$ 912,670	313,558	297,941	405,015	854,507	1,495,703
Unreserved	533,581	407,981	361,005	305,515	167,011	242,614	296,815	236,122	184,261	270,912
Total general fund	\$ 533,582	\$ 685,000	\$ 694,949	\$ 605,203	\$ 1,079,681	\$ 556,172	\$ 594,756	\$ 641,137	\$ 1,038,768	\$ 1,766,615
All Other Governmental Funds										
Reserved	\$ 97,768	\$ 14,452	\$ -	\$ -	\$ -	\$ -	\$ 3,481,465	\$ 533,531	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	23,000	(1,058)	(950)	(468)	-	(1,088)	-	-	180,195	51,437
Capital projects fund	-	36,803	36,804	2	1	-	9,920,376	7,713,456	1,717,992	448,392
Debt service fund	594	-	-	-	-	-	20,905	20,905	51,346	3
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 121,362	\$ 50,197	\$ 35,854	\$ (466)	\$ 1	\$ (1,088)	\$ 13,422,746	\$ 8,267,892	\$ 1,949,533	\$ 499,832
Total all Governmental Funds:	\$ 654,944	\$ 735,197	\$ 730,803	\$ 604,737	\$ 1,079,682	\$ 555,084	\$ 14,017,502	\$ 8,909,029	\$ 2,988,301	\$ 2,266,447

Source: CAFR Schedule B-1

Exhibit J-4

Borough of Kenilworth Board of Education  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
Tax levy	\$ 11,398,815	\$ 11,796,753	\$ 12,888,260	\$ 13,702,923	\$ 14,427,942	15,094,519	15,100,735	15,803,686	16,898,339	16,898,338
Tuition charges	332,256	401,831	329,990	326,572	383,712	388,332	445,679	275,781	291,289	-
Interest earnings	7,198	4,399	20,339	46,242	83,746	51,540	10,077	1,775	359	329,051
Miscellaneous	423,453	342,411	413,689	458,364	512,186	336,242	361,866	264,856	437,973	267,122
State sources	2,476,982	2,903,078	3,207,889	3,509,098	3,944,266	4,225,687	5,225,324	5,461,998	4,922,294	5,835,640
Federal sources	246,072	335,814	347,747	350,970	458,994	405,131	361,790	1,131,500	414,286	609,467
Total revenue	14,864,776	15,784,286	17,207,914	18,394,169	19,810,846	20,501,461	21,705,471	22,939,597	22,964,540	23,939,618
<b>Expenditures</b>										
Instruction										
Regular instruction	4,719,476	4,974,326	5,981,295	5,647,858	5,473,702	6,372,365	6,330,212	6,342,960	6,566,437	6,781,906
Special education instruction	811,567	916,794	943,266	1,791,616	1,583,879	2,092,304	2,085,007	2,427,121	2,154,051	2,182,235
Other special instruction	209,922	179,050	230,406	215,019	178,577	205,018	338,602	483,754	495,497	317,117
Vocational education										
Other instruction	395,131	439,621	476,347	522,319	544,693	578,260	595,501	560,607	423,406	455,915
Nonpublic school programs	148,345	185,320								
Adult/continuing education programs										
Support Services:										
Tuition	1,001,180	937,344	947,803	1,026,854	1,186,212	1,057,646	1,276,859	1,405,506	1,508,674	1,792,435
Student & instruction related services	1,603,343	1,621,185	1,676,547	1,695,100	2,137,314	1,941,029	2,231,134	2,124,053	2,033,536	2,101,647
General administrative services	455,671	530,563	676,551	740,765	712,169	705,949	704,257	565,642	528,948	536,303
School administrative services	531,573	494,853	401,091	541,482	548,182	548,861	564,984	540,018	538,473	524,145
Information Technology				132,719	174,256	226,471	238,268	259,645	226,310	189,323
Business administrative services	263,733	286,349	284,251	296,159	297,149	306,944	325,790	334,945	296,546	332,862
Plant operations and maintenance	1,251,185	1,464,031	1,349,386	1,417,973	1,448,881	1,457,264	1,555,870	1,541,424	1,432,142	1,389,821
Pupil transportation	567,540	459,864	446,357	418,303	508,048	492,173	502,005	547,152	568,453	649,657
Unallocated employee benefits	2,317,181	2,675,230	3,302,478	3,586,566	4,033,932	4,443,119	4,220,661	4,549,069	4,641,951	4,798,339
Special Schools	26,812	40,401	15,194	42,618	49,064	52,887	61,855	43,018	34,938	46,429
Charter Schools										
Capital outlay	1,304,296	120,440	57,365	33,191	32,646	110,329	4,176,373	2,206,920	6,511,448	1,313,315
Debt service:										
Principal	195,000	210,000	230,000	255,000	275,000	300,000	325,000	345,000	360,000	375,000
Interest and other charges	165,979	156,255	179,519	156,292	143,343	129,285	113,999	574,673	646,165	628,862
ARRA/education Jobs								273,016		127,692
Total expenditures	15,967,934	15,691,626	17,197,856	18,520,234	19,327,047	21,019,904	25,646,377	25,124,523	28,966,875	24,543,003
Excess (Deficiency) of revenues over (under) expenditures	(1,083,158)	92,660	10,058	(126,065)	483,799	(518,453)	(3,940,906)	(2,184,926)	(6,002,335)	(603,385)
<b>Other Financing sources (uses)</b>										
Capital leases (non-budgeted)										
Sale of Bonds							13,900,000			
State of NJ Grant							39,100			
2009-2010 budget appropriation							58,650			
Cancel Accounts Receivable							(3,800)			
Adjustment prior year refund							(72,091)			
Total other financing sources (uses)							13,921,859	50,450	(26,901)	
Net change in fund balances	\$ (1,083,158)	\$ 92,660	\$ 10,058	\$ (126,065)	\$ 483,799	\$ (518,453)	\$ 9,890,953	\$ (2,134,476)	\$ (6,029,236)	\$ (603,385)
Debt service as a percentage of noncapital expenditures	2.5%	2.4%	2.4%	2.2%	2.2%	2.1%	2.0%	4.0%	4.5%	4.3%

Source: CAFR Schedule B-2

**Borough of Kenilworth Board of Education**  
 GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
 LAST TEN FISCAL YEARS  
 UNAUDITED

Fiscal Year Ended June 30,	Interest on Investments	Tuition Revenue	Rentals	Misc.	UCRHS #1	Contribution EE Benefits	E-Rate	Choice Trans	Total
2003	\$ 7,198	\$ 332,256	\$ 210,880	\$ 98,768	\$ -	\$ -	\$ -	\$ -	\$ 649,102
2004	\$ 4,399	\$ 396,656	\$ 201,655	\$ 136,890	\$ -	\$ -	\$ -	\$ -	\$ 739,599
2005	\$ 20,339	\$ 296,991	\$ 187,950	\$ 119,494	\$ -	\$ -	\$ -	\$ -	\$ 624,774
2006	\$ 46,242	\$ 326,572	\$ 207,774	\$ 114,323	\$ -	\$ -	\$ -	\$ -	\$ 694,911
2007	\$ 83,746	\$ 383,712	\$ 208,432	\$ 173,028	\$ 105,002	\$ -	\$ -	\$ -	\$ 953,920
2008	\$ 51,540	\$ 388,332	\$ 147,060	\$ 154,105	\$ -	\$ -	\$ -	\$ -	\$ 741,036
2009	\$ 10,078	\$ 436,370	\$ 100,603	\$ 171,405	\$ -	\$ -	\$ -	\$ -	\$ 718,456
2010	\$ 1,775	\$ 273,386	\$ 84,420	\$ 70,082	\$ -	\$ 23,514	\$ 18,145	\$ -	\$ 471,322
2011	\$ 359	\$ 305,839	\$ 89,367	\$ 22,692	\$ -	\$ 212,178	\$ 25,501	\$ 30,046	\$ 685,983
2012	\$ 26	\$ 342,451	\$ 82,990	\$ 22,294	\$ -	\$ -	\$ 21,946	\$ 85,359	\$ 555,066

Source: District Records

Borough of Kenilworth Board of Education  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Vacant Land		Residential		Farm Reg.		Cfarm		Commercial		Industrial		Apartment		Total Assessed Value		Less: Tax-Exempt Property		Personal Tangible Property		Net Valuation Taxable		Total Direct School Tax Rate <sup>b</sup>		Estimated Actual (County Equalized Value)	
2003																\$ 857,338,445	\$ -	\$ -	\$ -	\$ -	\$ 857,338,445	\$ -	\$ -	1.360		
2004																\$ 867,210,689	\$ -	\$ -	\$ -	\$ -	\$ 867,210,689	\$ -	\$ -	1.376		
2005																\$ 867,210,689	\$ -	\$ -	\$ -	\$ -	\$ 867,210,689	\$ -	\$ -	1.486		
2006																\$ 878,209,626	\$ -	\$ -	\$ -	\$ -	\$ 878,209,626	\$ -	\$ -	1.573		
2007	\$ 7,721,600	\$ 437,504,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,092,700	\$ 350,484,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 879,802,700	\$ -	\$ -	\$ 421,023	\$ -	\$ 880,223,723	\$ -	\$ -	1.715		
2008	\$ 7,644,800	\$ 440,025,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,304,600	\$ 350,045,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 881,020,500	\$ -	\$ -	\$ 530,873	\$ -	\$ 881,551,373	\$ -	\$ -	1.714		
2009*	\$ 7,644,800	\$ 440,025,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 83,304,600	\$ 350,045,300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 881,020,500	\$ -	\$ -	\$ 530,873	\$ -	\$ 881,551,373	\$ -	\$ -	1.714		
2010	\$ 7,315,200	\$ 441,568,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,612,800	\$ 344,834,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 882,330,600	\$ -	\$ -	\$ 570,873	\$ -	\$ 882,901,473	\$ -	\$ -	1.790		
2011	\$ 8,661,300	\$ 443,985,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,613,500	\$ 341,525,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 881,785,800	\$ -	\$ -	\$ 653,117	\$ -	\$ 882,438,917	\$ -	\$ -	1.914		
2012	\$ 8,489,400	\$ 445,497,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 86,755,600	\$ 304,366,400	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 845,108,800	\$ -	\$ -	\$ 669,606	\$ -	\$ 845,778,406	\$ -	\$ -	2.003		

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**Borough of Kenilworth Board of Education  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Kenilworth Board of Education General			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	Obligation Debt Service <sup>b</sup>		Kenilworth Borough	County Open Space	Union County	
		Total Direct					
2003	1.350		1.350	0.683		0.483	2.516
2004	1.376		1.376	0.727		0.555	2.658
2005	1.486		1.486	0.727		0.600	2.813
2006	1.573		1.573	0.806		0.650	3.029
2007	1.644		1.644	0.875		0.712	3.231
2008	1.715		1.715	0.979		0.724	3.418
2009	1.714		1.714	1.0730		0.719	3.506
2010	1.790		1.790	1.1420	0.033	0.759	3.724
2011	1.914		1.914	1.198	0.031	0.769	3.912
2012	2.003		2.003	1.28	0.028	0.83	4.141

Source: District Records and Municipal Tax Collector

**Note:**

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calcu

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

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

Borough of Kenilworth Board of Education  
 Principal Property Tax Payers,  
 Current Year and Ten Years Ago

Taxpayer	2012			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Merck (Scherling 2002)	\$ 212,028,200	1	24.05%	\$ 222,770,700	1	26.37%
Kenilworth-Grocery/Berenson	\$ 8,243,700	2	0.93%	\$ 9,031,800	2	1.07%
Castle & Cooke, NJ, LLC	\$ 7,867,100	3	0.89%	N/A		
Boright Realty	\$ 7,426,800	4	0.84%	\$ 8,888,300	3	1.05%
Cristie Properties	\$ 6,903,600	5	0.78%	N/A		
FDV Realty	\$ 4,605,100	6	0.52%	N/A		
ADHP Real Estate	\$ 4,500,000	7	0.51%	N/A		
Gibbons, Anne 1/2 Elberon Dev	\$ 3,850,000	8	0.44%	449,4700	7	0.052
K'Worth Storage, LLC	\$ 3,400,000	9	0.39%			
Brix Kenilworth, LLC	\$ 3,300,000	10	0.37%	N/A		
<b>Total</b>	<b>\$ 262,124,500</b>		<b>29.73%</b>	<b>\$ 245,185,500</b>		<b>33.69%</b>

Total Assessed Value: \$ 881,785,800

Source: Municipal Tax Assessor -

Borough of Kenilworth Board of Education  
 Property Tax Levies and Collections,  
 Last Ten Fiscal Years

Exhibit J-9

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 21,494,055	\$ 21,289,261	99.05%	-
2003	\$ 22,967,056	\$ 22,745,128	99.03%	-
2004	\$ 22,557,483	\$ 22,366,989	99.16%	-
2005	\$ 26,495,651	\$ 26,333,998	99.39%	-
2006	\$ 28,454,280	\$ 28,299,449	99.21%	-
2007	\$ 30,142,041	\$ 29,870,456	99.10%	-
2008	\$ 31,211,235	\$ 30,964,141	99.21%	-
2009	\$ 32,926,959	\$ 32,599,772	99.01%	-
2010	\$ 34,596,919	\$ 34,292,005	99.11%	-
2011	\$ 35,096,203	\$ 34,691,680	98.84%	-

Source: Borough Tax Office

Borough of Kenilworth Board of Education  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2003	3,300,000	-	-	-	767,321	4,067,321	0.99%	\$ 40,181
2004	3,500,000	-	-	-	601,086	4,101,086	0.98%	\$ 40,181
2005	3,270,000	-	-	-	351,159	3,621,159	1.11%	\$ 40,181
2006	3,015,000	-	-	-	106,637	3,121,637	1.29%	\$ 40,181
2007	2,740,000	-	-	-	37,600	2,777,600	1.45%	\$ 40,181
2008	2,440,000	-	-	-	38,531	2,478,531	1.62%	\$ 40,181
2009	16,015,000	-	-	-	40,000	16,055,000	0.25%	\$ 40,181
2010	15,670,000	-	-	-	-	15,670,000	0.19%	\$ 29,831
2011	15,310,000	-	-	-	-	15,310,000	0.19%	\$ 29,831
2012	14,935,000	-	-	-	-	14,935,000	0.20%	\$ 29,831

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

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

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

**b** Includes Early Retirement Incentive Plan (ERIP) refunding

Borough of Kenilworth Board of Education  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Additions	Deductions		
2003	3,495,000		195,000	0.12%	\$ 429.97
2004	3,300,000		210,000	0.10%	\$ 402.61
2005	3,090,000		230,000	0.09%	\$ 372.64
2006	3,270,000		255,000	0.10%	\$ 392.83
2007	3,015,000		275,000	0.09%	\$ 357.00
2008	2,740,000		300,000	0.08%	\$ 317.92
2009	2,440,000	13,900,000	325,000	0.52%	\$ 2,086.64
2010	16,015,000	-	345,000	0.51%	\$ 1,980.04
2011	15,670,000		360,000	0.50%	\$ 1,934.55
2012	15,310,000		375,000	0.48%	\$ 1,887.16
					Net General Bonded Debt Outstanding
					3,300,000
					3,090,000
					2,860,000
					3,015,000
					2,740,000
					2,440,000
					16,015,000
					15,670,000
					15,310,000
					14,935,000

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

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

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

**Borough of Kenilworth Board of Education  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Borough of Kenilworth (12-31-11)	9,607,666	100.000%	9,607,666
<b>Other debt</b>			
County of Union - Borough's Share (2.35%)	13,088,765	100.000%	13,088,765
Rahway Valley Sewerage Authority	8,326,274	0.000%	0
Subtotal, overlapping debt			22,696,431
<b>Kenilworth Borough School District Direct Debt</b>			<u>14,935,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 37,631,431</u></u>

**Sources:** Borough of Kenilworth Tax Office  
School District Records  
County of Union (908-527-4099/4050)

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Kenilworth. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**Borough of Kenilworth Board of Education  
Legal Debt Margin Information,  
Last Ten Fiscal Years**

**Legal Debt Margin Calculation**

Equalized valuation basis	
2011	\$ 1,627,211,294
2010	\$ 1,639,442,876
2009	\$ 1,816,242,487
<b>[A]</b>	<u>\$ 5,082,896,657</u>
<b>[A/3]</b>	\$ 1,694,298,886
Average equalized valuation of taxable property	
Debt limit (4% of average equalization value)	67,771,955 <sup>a</sup>
Net bonded school debt	<u>14,935,000</u>
Legal debt margin	<u><b>[B-C]</b> \$ 52,836,955</u>

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 34,662,869	\$ 37,730,156	\$ 41,983,046	\$ 51,634,561	\$ 61,210,184	\$ 66,825,146	\$ 73,506,128	\$ 74,712,830	\$ 73,471,721	\$ 67,771,955
Total net debt applicable to limit	<u>3,300,000</u>	<u>3,090,000</u>	<u>3,270,000</u>	<u>3,015,000</u>	<u>2,740,000</u>	<u>2,440,000</u>	<u>16,015,000</u>	<u>15,670,000</u>	<u>15,310,000</u>	<u>14,935,000</u>
Legal debt margin	<u>\$ 31,362,869</u>	<u>\$ 34,640,156</u>	<u>\$ 38,713,046</u>	<u>\$ 48,619,561</u>	<u>\$ 58,470,184</u>	<u>\$ 66,385,146</u>	<u>\$ 57,491,128</u>	<u>\$ 90,382,830</u>	<u>\$ 58,161,721</u>	<u>\$ 52,836,955</u>
Total net debt applicable to the limit as a percentage of debt limit	9.52%	8.19%	7.79%	5.84%	4.48%	3.55%	21.79%	20.97%	20.84%	22.04%

Source: Abstract of Rates and District Records CAFR Schedule J-11

<sup>a</sup> Limit set by NUSA 18A:24-19 for a K through 12 district

Borough of Kenilworth Board of Education  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

Exhibit J-14

Year	Kenilworth Population**	Personal Income (thousands of dollars)*	Per Capita Personal Income*	Unemployment Rate
2003	7,675	21,535,921	40,629	4.10%
2004	7,675	22,302,888	42,064	5.70%
2005	7,675	23,376,232	44,047	4.60%
2006	7,675	-	-	5.00%
2007	7,675	-	-	4.50%
2008	7,675	-	-	5.50%
2009	7,675	-	-	9.80%
2010	7,914	23,608,253	29,831	9.60%
2011	7,914	23,608,253	29,831	10.10%
2012	7,914	23,608,253	29,831	10.30%

**Source:** NJ Dept of Labor and Workforce Development: [http://lwd.dol.state.nj.us/labor/lpa/employ/emp\\_index.html](http://lwd.dol.state.nj.us/labor/lpa/employ/emp_index.html)  
<http://www.economic.com/em-cgi/data.exe/bisla/laucn34039003>  
<http://quickfacts.census.gov/qfd/states/34/3436690.html>

\* UNION County Figures

\*\*2000 Census Figures through 2009; 2010 Census figures forward

Borough of Kenilworth Board of Education  
Principal Employers,  
Current Year and Nine Years Ago

Exhibit J-15

Employer	2012			2003		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
-	-	1	0.00%	-	1	0.00%
-	-	2	0.00%	-	2	0.00%
-	-	3	0.00%	-	4	0.00%
-	-	4	0.00%	-	3	0.00%
-	-	5	0.00%	-	6	0.00%
-	-	6	0.00%	-	7	0.00%
-	-	7	0.00%	-	8	0.00%
-	-	8	0.00%	-	9	0.00%
-	-	9	0.00%	-	10	0.00%
-	-	10	0.00%	-	-	0.00%
-	-	-	0.00%	-	-	0.00%

Source: Borough of Kenilworth

Not Available

Borough of Kenilworth Board of Education  
 Full-time Equivalent District Employees by Function/Program,  
 Last Ten Fiscal Years

Exhibit J-16

<u>Function/Program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Instruction										
Regular	83	83	85	85	85	85	86	88.0	89.6	90.6
Special education	24	25	27	28	28	28	28	32.0	33.6	33.6
Other special education (CST)	5	5	6	6	6	6	6	6.5	7	7
Other instruction	-	-	-	-	-	-	-	8.0	8	8
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	17	17	17	17	17	17	17	10.0	11	11
General administrative services	2	2	2	2	2	2	2	7.0	7	7
School administrative services	11	11	11	11	11	11	11	8.5	8.5	8.5
Business administrative services	4	4	4	4	4	4	4	4.0	4	4
Plant operations and maintenance	14	14	14	14	14	14	14	8.5	8.5	8.5
Pupil transportation	-	-	-	-	-	0	0	0.0	0	0
Total	<u>-</u>	<u>-</u>	<u>160.0</u>	<u>161.0</u>	<u>166.0</u>	<u>167.0</u>	<u>168.0</u>	<u>172.5</u>	<u>177.2</u>	<u>178.2</u>

Source: District Position Control Roster

Borough of Kenilworth Board of Education  
 Operating Statistics  
 Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
					Teaching Staff <sup>b</sup>	Elementary	Middle/High School				
2003	1,196	14,302,659	\$ 11,959	8.61%	102	13.7	10.90	1,176.90	1,124.70	1.63%	95.56%
2004	1,266	15,204,931	\$ 12,010	0.43%	104	13.4	11.10	1,110.00	1,050.70	-5.68%	94.66%
2005	1,281	16,444,292	\$ 12,837	6.88%	104	14.4	11.30	1,278.70	1,222.20	15.20%	95.58%
2006	1,359	17,631,879	\$ 12,974	1.07%	104	14.5	11.50	1,309.10	1,245.50	2.38%	95.14%
2007	1,316	18,876,058	\$ 14,344	10.55%	113	12.5	10.90	1,335.90	1,275.00	2.05%	95.44%
2008	1,346	20,480,290	\$ 15,216	6.08%	113.5	12.9	11.00	1,351.60	1,289.00	1.18%	95.37%
2009	1,314	21,031,005	\$ 16,005	5.19%	124	12.0	11.00	1,387.60	1,326.00	2.66%	95.56%
2010	1,367	21,997,930	\$ 16,092	0.54%	127	12.0	10.00	1,372.20	1,297.80	-1.11%	94.58%
2011	1,316	21,449,262	\$ 16,299	1.28%	127	11.9	10.7	1,339.90	1,276.10	-2.35%	95.24%
2012	1,332	22,098,134	\$ 16,590	1.79%	128	11.56	10.6	1,360.72	1,299.96	1.55%	95.53%

Sources: District records, ASSA and Schedules J-4, J-6, J-12; NJ School Report Card

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service, capital outlay and State Share of TPAF Pension; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Borough of Kenilworth Board of Education  
 School Building Information  
 Last Ten Fiscal Years

Exhibit J-18

<u>District Building</u>	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>Elementary</u></b>										
Warren Harding (1923)	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500
Square Feet	650	650	650	650	650	650	650	650	650	650
Capacity (students)	645	682	629	635	656	631	640	703	638	652
Enrollment										
<b><u>Middle/High School</u></b>										
David Brearley (1966)	147,910	147,910	147,910	147,910	147,910	147,910	147,910	147,910	147,910	147,910
Square Feet	804	804	804	804	804	804	804	804	804	804
Capacity (students)	659	672	672	708	752	694	701	664	678	680
Enrollment										
<b>DISTRICT TOTALS</b>	1,304	1,354	1,301	1,343	1,408	1,325	1,341	1,367	1,316	1,332

Number of Schools at June 30, 2010  
 Elementary = 1  
 Middle/High School = 1

Source: District records, ASSA

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

BOROUGH OF KENILWORTH BOARD OF EDUCATION  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 LAST FIVE FISCAL YEARS  
 UNAUDITED

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

School Facilities	Project # (s)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Warren Harding Elementary School	N/A	13,840	36,894	30,870	54,644	53,731	57,232	49,237	\$ 59,176	\$ 29,506	\$ 68,590
David Breatley Middle/High School	N/A	96,369	38,492	40,867	99,639	71,485	118,874	112,018	32,291	236,730	31,245
District Level	N/A	152,319	101,560	122,289	119,746	110,326	84,578	112,698	94,208	91,283	72,474
<b>Total School Facilities</b>		<b>262,528</b>	<b>176,946</b>	<b>194,026</b>	<b>274,029</b>	<b>235,542</b>	<b>260,684</b>	<b>273,953</b>	<b>185,675</b>	<b>357,519</b>	<b>172,309</b>

Source: Comprehensive Maintenance Plan and M-1 & District Records

BOROUGH OF KENILWORTH BOARD OF EDUCATION  
INSURANCE SCHEDULE  
UNAUDITED

Exhibit J-20

NJ SCHOOL BOARDS INSURANCE FUND (NJSBAIG) JOINT INSURANCE FUND  
2011-2012

	Limits	Deductible
<b>PROPERTY:</b>		
Building & Personal Property - Pool	\$500,000,000	\$5,000
Equipment Breakdown - Pool	\$100,000,000	\$5,000
EDP - Electronic Data Processing Equip	\$313,410	\$1,000
Valuable Papers - Pool	\$10,000,000	\$5,000
Newly Acquired Property up to 120 days after acquisition - Pool	\$10,000,000	\$5,000
Auto Physical Damage	Per Schedule	\$1,000
Flood for properties in SFHA Zone - Pool	\$10,000,000	\$500,000 Building \$500,000 Contents
Flood for properties all other zones - Pool	\$50,000,000	\$10,000
Earthquake - Pool	\$50,000,000	\$5,000
Accounts Receivable - Pool	\$250,000	
Fine Arts (if scheduled) - Pool	\$1,000,000	\$5,000 None scheduled
Loss of Rents	\$250,000	\$5,000
<b>CRIME &amp; FIDELITY:</b>		
Money & Securities	\$100,000	\$500
Public Employee Dishonesty	\$250,000	\$1,000
<b>COMMERCIAL GENERAL &amp; AUTO LIABILITY :</b>		
Limit of Liability; Per Occurrence	\$16,000,000	
<b>SCHOOL LEADERS PROFESSIONAL LIABILITY</b>		
Limit of Liability; Per Occurrence/Aggregate	\$16,000,000	\$5,000
<b>EMPLOYEE DISHONESTY BONDS:</b>		
Treasurer off School Monies	\$250,000	
Board Secretary/Business Administrator	\$80,000	

Source: District Records

**SINGLE AUDIT SECTION**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.  
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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 (NO MATERIAL  
WEAKNESSES IDENTIFIED, NO SIGNIFICANT DEFICIENCIES IDENTIFIED,  
REPORTABLE INSTANCES OF NONCOMPLIANCE AND  
OTHER MATTERS IDENTIFIED

K-1

Honorable President and Members  
 of the Board of Education  
 Kenilworth School District  
 County of Union  
 Kenilworth, New Jersey

We have audited the general-purpose financial statements of the Board of Education of the Kenilworth School District, in the County of Union, State of New Jersey, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated November 12, 2012. 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 *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.

### Internal Control Over Financial Reporting

Management of the Kenilworth Board of Education is responsible for establishing and maintaining effective internal control over financial reporting.

In planning and performing our audit, we considered the Kenilworth Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Kenilworth Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Kenilworth Board of Education's internal control over financial reporting.

*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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Kenilworth Board of Education's general-purpose financial statements are free of 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 general-purpose 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* in which are described in the accompanying schedule of findings and questioned costs as items 2012-01.

This report is intended solely for the information and use of the audit committee, management, the Kenilworth Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Robert A. Hulsart***

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

November 12, 2012

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
 DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
 INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
 OMB CIRCULAR A-133 (UNQUALIFIED OPINION ON COMPLIANCE;  
 SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL  
 OVER COMPLIANCE IDENTIFIED)**

K-2

Honorable President and Members  
 of the Board of Education  
 Kenilworth School District  
 County of Union  
 Kenilworth, New Jersey

## Compliance

We have audited the Board of Education of the Kenilworth School District, in the County of Union, State of New Jersey, with the types of compliance requirements described in the *(OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of Kenilworth Board of Education's major federal and state programs for the year ended June 30, 2012. Kenilworth 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Kenilworth Board of Education's management. Our responsibility is to express an opinion on the Kenilworth Board of Education's compliance based on our audit.

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; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, 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 Kenilworth 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. Our audit does not provide a legal determination on the Kenilworth Board of Education's compliance with those requirements.

In our opinion, the Board of Education of the Kenilworth School District, in the County of Union, State of New Jersey, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-01.

### **Internal Control Over Compliance**

The management of the Board of Education of the Kenilworth School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Kenilworth Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Kenilworth 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 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 program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. Kenilworth Board of Education's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Kenilworth Board of Education's response and, accordingly, we express no opinion on it.

Kenilworth's management response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Kenilworth's management response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the audit committee, management, the Kenilworth Board of Education, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Robert A. Hulsart*

Robert A. Hulsart  
Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company

November 12, 2012

**KENILWORTH SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

K-3

Federal Grantor/ Pass-Through Grantor/ Project Title	Federal CFDA Number	Program or Award Amount	Grant Period		Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2012	
			From	To					(Accounts Receivable)	Deferred Revenue
U.S. Department of Agriculture										
Passed Through State Department of Education:										
National School Lunch Program	10.555	126,267	7/1/2010	6/30/2011		8,049				
National School Lunch Program	10.555	135,608	7/1/2011	6/30/2012		130,912	(135,608)		(4,696)	
School Breakfast Program	10.553	4,740	7/1/2011	6/30/2012		4,504	(4,740)		(236)	
School Breakfast Program	10.553	3,514	7/1/2011	6/30/2012		178				
Food Distribution Program	10.550	16,336	7/1/2011	6/30/2012		16,336	(16,336)			
Total U.S. Department of Agriculture						159,979	(156,684)		(4,932)	
U.S. Department of Education										
Passed Through State Department of Education:										
Education Jobs Fund	84.410A	127,692	9/1/2011	8/31/2012		127,692	(127,692)			
U.S. Department of Education										
Passed Through State Department of Education:										
Title I	84.010	146,936	9/1/2011	8/31/2012		126,986	(146,936)		(19,950)	
Title I	84.010	103,878	9/1/2010	8/31/2011		24,424				
Title IIA	84.367	24,068	9/1/2011	8/31/2012		24,068	(24,068)			
Title IIA	84.367	27,252	9/1/2010	8/31/2011		2,402				
Title IID	84.318	241	9/1/2010	8/31/2011		241				
IDEA Preschool	84.173	9,881	9/1/2011	8/31/2012		9,881	(9,881)			
IDEA Preschool	84.173	9,871	9/1/2010	8/31/2011		1,392				
IDEA Part B Basic	84.027	299,176	9/1/2011	8/31/2012		292,624	(299,176)		(6,552)	
IDEA Part B Basic	84.027	290,704	9/1/2010	8/31/2011		126,986	(480,061)		(26,502)	
Total U.S. Department of Education						609,004	(480,061)		(26,502)	
Total Federal Financial Assistance						896,675	(764,437)		(31,434)	

See Accompanying Notes to Schedules of Financial Assistance.

KENILWORTH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2011	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2012		MEMO	
			From	To						(Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Special Education Aid	12-495-034-5120-089	\$ 738,381	7/1/2011	6/30/2012	-	-	738,381	-	-	(81,087)	738,381	(81,087)	738,381
School Choice	12-495-034-5120-068	1,692,846	7/1/2011	6/30/2012	-	-	1,692,846	-	-	(181,479)	1,692,846	(181,479)	1,692,846
Equalization Aid	12-495-034-5120-030	1,165,717	7/1/2011	6/30/2012	-	-	1,165,717	-	-	(123,560)	1,165,717	(123,560)	1,165,717
Extraordinary Aid	11-495-034-5120-044	221,686	7/1/2010	6/30/2011	(221,686)	-	221,686	-	-	(257,776)	257,776	(257,776)	257,776
Extraordinary Aid	12-495-034-5120-044	257,776	7/1/2011	6/30/2012	-	-	-	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	11-100-034-5095-002	689,683	7/1/2010	6/30/2011	(34,446)	-	34,446	-	-	-	-	-	-
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	12-100-034-5095-002	713,642	7/1/2011	6/30/2012	(256,132)	-	678,146	(713,642)	-	(35,496)	713,642	(386,126)	4,568,362
State Department of Agriculture:													
National School Lunch Program (State Share)	12-100-010-3350-023	4,950	7/1/2011	6/30/2012	-	-	4,780	(4,950)	-	(170)	4,950	-	4,950
National School Lunch Program (State Share)	11-100-010-3350-023	253	7/1/2011	6/30/2012	-	-	253	(253)	-	-	253	-	253
National School Lunch Program (State Share)	11-100-010-3350-023	4,670	7/1/2010	6/30/2011	(329)	-	329	(5,203)	-	(170)	5,203	-	5,203
Debt Service Aid Type II	12-495-034-5120-125	303,072	7/1/2011	6/30/2012	-	-	303,072	(303,072)	-	-	303,072	-	303,072
Special Revenue:													
Nonpublic Aid:													
Textbook Aid	12-495-034-5120-064	10,949	7/1/2011	6/30/2012	-	-	10,949	(10,916)	-	-	10,916	-	10,916
Textbook Aid	11-495-034-5120-064	15,176	7/1/2010	6/30/2011	15	-	-	(15)	-	-	33	-	33
Nursing Services	12-100-034-5120-070	15,640	7/1/2010	6/30/2012	-	-	15,640	(14,769)	-	-	871	-	14,769
Nursing Services	11-100-034-5120-070	17,982	7/1/2010	6/30/2011	65	-	-	(65)	-	-	26,205	-	60,864
Compensatory Education	12-100-034-5120-067	87,069	7/1/2011	6/30/2012	-	-	87,069	(60,864)	-	-	60,864	-	60,864
Compensatory Education	11-100-034-5120-067	90,677	7/1/2010	6/30/2011	1,005	-	-	(1,005)	-	-	603	-	603
English as a Second Language	12-100-034-5120-067	603	7/1/2011	6/30/2012	-	-	603	(603)	-	-	603	-	603
Transportation	12-100-034-5120-067	8,223	7/1/2011	6/30/2012	-	-	8,223	(8,223)	-	-	8,223	-	8,223
Examination and Classification Initial	12-100-034-5120-066	16,895	7/1/2011	6/30/2012	-	-	16,895	(14,642)	-	-	2,253	-	2,253
Examination and Classification Annual	12-100-034-5120-066	5,809	7/1/2011	6/30/2012	-	-	5,809	(5,809)	-	-	5,809	-	5,809
Examination and Classification Initial	11-100-034-5120-066	21,196	7/1/2010	6/30/2011	2,231	-	-	(2,231)	-	-	6,129	-	6,129
Examination and Classification Annual	11-100-034-5120-066	5,434	7/1/2010	6/30/2011	959	-	-	(959)	-	-	6,129	-	6,129
Corrective Speech	12-100-034-5120-066	15,007	7/1/2011	6/30/2012	-	-	15,007	(8,878)	-	-	8,878	-	8,878
Supplemental Instruction	12-100-034-5120-066	19,643	7/1/2011	6/30/2012	-	-	19,643	(19,643)	-	-	19,643	-	19,643
Supplemental Instruction	11-100-034-5120-066	22,235	7/1/2010	6/30/2011	3,475	-	-	(3,475)	-	-	35,491	-	35,491
Total State Financial Assistance					\$ (248,711)		\$ (5,019,494)	\$ (5,020,984)		\$ (293,442)		\$ (386,126)	\$ 5,020,984

See Accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION**

K-5

**KENILWORTH SCHOOL DISTRICT****NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2012****NOTE 1: General**

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

**NOTE 2: Basis of Accounting**

The accompanying schedules of expenditures of awards and financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and than recorded in the special revenue fund which are presented using the budgetary basis of accounting. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

**NOTE 3: Relationship to General Purpose Financial Statements**

The general-purpose 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 the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

**NOTE 3: Relationship to General Purpose Financial Statements**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>State Assistance</u></b>					
Actual Amounts (Budgetary)					
“Revenues” from the Schedule					
of Expenditures of State					
Financial Assistance	\$ 4,568,362	144,347	303,072	5,203	5,020,984
Difference – Budget to “GAAP”					
Grant Accounting Budgetary					
Basis Differs from GAAP					
in that Encumbrances are					
Recognized as Expenditures					
and the Related Revenue					
is Recognized					
On Behalf Payments					
Recognized for GAAP					
Statements but Not					
Included in the Schedule					
of Expenditures of State					
Financial Assistance	938,592				938,592
The Last State Aid Payment					
Is Recognized as Revenue					
for Budgetary Purposes,					
and Differs from GAAP					
Which does not Recognize					
This Revenue Until the					
Subsequent Year When the					
State Recognizes the Related					
Expense (GASB 33)	<u>(118,733)</u>	_____	_____	_____	<u>(118,733)</u>
Total State Revenue as Reported					
on the Statement of Revenues,					
Expenditures and Changes in					
Fund Balances	<u>\$ 5,388,221</u>	<u>144,347</u>	<u>303,072</u>	<u>5,203</u>	<u>5,840,843</u>

**NOTE 3: Relationship to General Purpose Financial Statements (Continued)**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<b><u>Federal Assistance</u></b>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 127,692	480,061		156,684	764,437
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	<u>1,714</u>	_____	_____	<u>1,714</u>
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 127,692</u>	<u>481,775</u>	=====	<u>156,684</u>	<u>766,151</u>

**NOTE 4: Relationship to Federal and State Financial Reports**

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

**NOTE 5: Other**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state of behalf of the District for the year ended June 30, 2012. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2012.

**BOROUGH OF KENILWORTH SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Part 1 - Summary of Auditor's Results*

**Financial Statement Section**

Unqualified

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

1) Material weakness(es) identified?            Yes   x   No

2) Were reportable conditions(s) identified that were not considered to be material weaknesses?   x   Yes            No

(C) Noncompliance material to general purpose financial statements noted?            Yes   x   No

**Federal Awards Section**

(D) Dollar threshold used to determine Typed A programs: \$300,000

(E) Auditee qualified as low-risk auditee?   x   Yes            No

(F) Type of auditor's report on compliance for major programs: Unqualified

(G) Internal control over compliance:

1) Material weakness(es) identified?            Yes   x   No

2) Were reportable condition(s) identified that were not considered to material weaknesses?   x   Yes            No

(H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section .510(a))?   x   Yes            No

(I) Identification of major programs:

**CFDA Number(s)**

84.027  
84.173  
            
          

**Name of Federal Program or Cluster**

I.D.E.A. Part B Basic (Special Education Cluster)  
IDEA Preschool (Special Education Cluster)

**BOROUGH OF KENILWORTH SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

*Part I - Summary of Auditor's Results (Continued)*

**State Awards Section**

(J) Dollar threshold used to determine Type A programs: \$300,000

(K) Auditee qualified as low-risk auditee?  x  Yes   No

(L) Type of auditor's report on compliance for major programs: Unqualified

(M) Internal control over compliance:

(1) Material Weakness(es) identified?   Yes  x  No

(2) Were reportable condition(s) identified that were not considered to material weaknesses?   Yes  x  No

(N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04?   Yes  x  No

(O) Identification of major programs:

**GMIS Number(s)**

12-495-034-5120-089  
12-495-034-5120-068  
12-100-034-5095-002  
12-495-034-5120-030  
12-495-034-5120-125  
   
 

**Name of State Program**

Special Education Aid  
School Choice  
Reimbursed TPAF Social Security Contributions  
Equalization Aid  
Debt Service Aid Type II

**BOROUGH OF KENILWORTH SCHOOL DISTRICT****SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

**FOR THE FISCAL YEAR ENDED JUNE 30, 2012***Part 2 - Schedule of Financial Statement Findings*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the general purpose financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

**BOROUGH OF KENILWORTH SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

K-6

*Part 3 - Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

**FEDERAL AWARDS**

Finding 2012-1: Salary charges for teaching staff members were not supported with employee time sheets.

Federal program information: 84.027 Title I

Criteria or specific requirement: The district should have all teaching staff members paid with Title I funding maintain time records to be in compliance with the Title I requirements.

Condition: Teaching staff members paid with Title I funding did not maintain any time records in 2011-2012.

Questioned Costs: The district spent \$83,154 from Title I funding on teaching staff members in 2011-2012.

Context: The Title I total award was \$146,936; while it can be established that the teaching staff members did provide services as approved in the 2011-2012 Title I budget it cannot be verified by time records specific to Title I related activities.

Cause: A new employee was in charge of Title I administration in 2011-12 and was unaware of the compliance requirements.

Effect: The district was not in compliance with the required reporting elements relevant to Title I awards.

Recommendation: That time records be maintained by all teaching staff members paid with Title I funding to be in compliance with the grant provisions.

Planned Corrective Action: The School Business Administrator will inform the employee responsible for Title I administration that time records must be maintained for all teaching staff members paid with Title I funding.

**BOROUGH OF KENILWORTH SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

K-6

*Part 3 - Schedule of Federal and State Award Findings and Questioned Costs*

**STATE AWARDS**Finding: NoneState program information: N/ACriteria or specific requirement: N/ACondition: N/AQuestioned Costs: N/AContext: N/AEffect: N/ARecommendation: N/AManagement's response: N/A

**BOROUGH OF KENILWORTH SCHOOL DISTRICT**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

K-7

**Prior Audit Findings:**

N/A