

**SCHOOL DISTRICT**

**OF**

**KENILWORTH**



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**OF THE**

**KENILWORTH BOARD OF EDUCATION**

**KENILWORTH, NEW JERSEY**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**PREPARED BY**

**KENILWORTH BOARD OF EDUCATION  
FINANCE DEPARTMENT**

# KENILWORTH SCHOOL DISTRICT

## TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal	1 to 9.
Roster of Officials	10.
Consultants and Advisors	11.
Organizational Chart	12.
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	13 to 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 Position	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 Position	30.
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position	31.
B-6 Statement of Cash Flows	32.
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	33.
B-8 Statement of Changes in Fiduciary Net Position	34.
Notes to Financial Statements	35 to 58.

**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	59 to 70.
C-1b Budgetary Comparison Schedule – General Fund – Education Jobs Fund	N/a
C-2 Budgetary Comparison Schedule – Special Revenue Fund	71.
Notes to the Required Supplementary Information	
C-3 Budget to GAAP Reconciliation	72.
<b>Required Supplementary Information – Part III</b>	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability – PERS	73.
L-2 Schedule of District Contributions – PERS	74.
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability – TPAF	75.
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

**KENILWORTH SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
E. Special Revenue Fund:	
E-1 Combining Schedule of Revenues and Expenditures Special Revenue Fund – Budgetary Basis	76 to 78.
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
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Project Revenues, Expenditures, and Changes In Fund Balance – Budgetary Basis	N/A
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status – Renovation to Elementary Schools	N/A
G. Proprietary Fund:	
Enterprise Fund:	
G-1 Schedule of Net Position	79.
G-2 Schedule of Revenues, Expenses and Changes in Fund Net Position	80.
G-3 Schedule of Cash Flows	81.
Internal Service Fund:	
G-4 Schedule of Net Position	N/A
G-5 Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Schedule of Cash Flows	N/A
H. Fiduciary Funds:	
H-1 Combining Statement of Fiduciary Net Position	82.
H-2 Statement of Changes in Fiduciary Net Position	83.
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	84.
H-4 Payroll Agency Fund Schedule of Changes in Assets and Liabilities	85.

**KENILWORTH SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
I. Long-Term Debt:	
I-1 Schedule of Serial Bonds	86.
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	87.

**STATISTICAL SECTION (Unaudited)**

**Introduction to the Statistical Section**

**Financial Trends**

J-1 Net Position by Component	88.
J-2 Changes in Net Position	89 & 90.
J-3 Fund Balances – Governmental Funds	91.
J-4 Changes in Fund Balances – Governmental Funds	92.
J-5 General Fund Other Local Revenue by Source	93.

**Revenue Capacity**

J-6 Assessed Value and Estimated Actual Value of Taxable Property	94.
J-7 Direct and Overlapping Property Tax Rates	95.
J-8 Principal Property Taxpayers*	96.
J-9 Property Tax Levies and Collections	97.

**Debt Capacity**

J-10 Ratios of Outstanding Debt by Type	98.
J-11 Ratios of General Bonded Debt Outstanding	99.
J-12 Direct and Overlapping Governmental Activities Debt	100.
J-13 Legal Debt Margin Information	101.

**Demographic and Economic Information**

J-14 Demographic and Economic Statistics	102.
J-15 Principal Employers	103.

**Operating Information**

J-16 Full-time Equivalent District Employees by Function/Program	104.
J-17 Operating Statistics	105.
J-18 School Building Information	106.
J-19 Schedule of Required Maintenance Expenditures by School Facility	107.
J-20 Insurance Schedule.	108.

\*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	Independent Auditor's 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</i>	109 & 110.
K-2	Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and Schedule of Expenditures of State Financial Assistance as Required by New Jersey OMB Circular 15-08	111 to 113.
K-3	Schedule of Expenditures of Federal Awards, Schedule A	114.
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	115.
K-5	Notes to Schedules of Awards and Financial Assistance	116 to 118.
K-6	Schedule of Findings and Questioned Costs	119 to 123.
K-7	Summary Schedule of Prior Audit Findings	124.

## **INTRODUCTORY SECTION**



Dr. Thomas Tramaglino  
Superintendent



Vincent A. Gonnella  
School Business Administrator/  
Board Secretary  
Ext. 1550

Kenilworth Public Schools  
Office of the School Business Administrator/Board Secretary  
www.kenilworthschools.com  
426 Boulevard  
Kenilworth, New Jersey 07033  
908-276-1644

November 21, 2016

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, 2016 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 Title 2 U.S. Code of Federal Regulations, Part 200, "Audits of State and Local Governments," and the state Treasury Circular Letter 15-08 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.

*Tramaglino/Gonnella to Board of Education  
November 21, 2016*

**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, 2016 was 1,353 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
2015 – 2016	1353	(4.18%)
2014 – 2015	1412	1.66%
2013 – 2014	1389	(0.79%)
2012 - 2013	1400	5.8%
2011 – 2012	1323	0.53%
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.

*Tramaglino/Gonnella to Board of Education  
November 21, 2016*

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 2014-2015 figures are more in line with what should be a normal statistical year.

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

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

What is quickly becoming a reality is that more and more of our budget is dominated by fixed costs, many being mandated and contractual obligations. Trends indicate that spending in the area of contractual and mandated categories are increasing while spending in discretionary and non-contractual items of spending are decreasing. Trends have seen increases in mandated Special Education Programs and health benefits well above 2% annual increases.

Currently, the use of "banked cap" has allowed the district to stay within the State mandated restrictive cap on expenditures and enable the district to expand programs especially in the area of Special Education. 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 or reduced. In addition, the available "banked cap" is no longer available, either used or expired and as such, the Board will be operating under the restrictive 2% budget levy cap.

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.

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

*Tramaglino/Gonnella to Board of Education  
November 21, 2016*

providing a clean, safe atmosphere for student learning.

Consistent with maintaining buildings at a level of excellence and Kenilworth standards, a total of \$247,799 was spent on Renovations/Repairs to the Harding and Brearley facilities during the 2015-2016 school year:

Harding School:

Repair of Building & Equipment	\$ 38,100	
Instructional Equipment Repairs	<u>\$ -</u>	\$ 38,100

Brearley School:

Repair of Building & Equipment*	\$ 42,600	
Instructional Equipment Repairs	<u>\$ -</u>	\$ 42,600

District Level:

Contracted Upkeep of Grounds (No Salaries)	\$ 53,150	
Asbestos Management	\$ 5,000	
Contracted Services Maintenance	\$ 44,151	
Maintenance Supplies & Materials	\$ 35,555	
Maintenance Agreements	<u>\$ 29,243</u>	
		<u>\$ 167,099</u>
Total		<u>\$ 247,799</u>

**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 windows, roofs, doors, and upgrades to electrical systems and ventilation systems.

*Tramaglini/Gonnella to Board of Education  
November 21, 2016*

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 were implemented over the summers of 2009-2013, with expected completion by the end of the 2014-2015 school year.

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, 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.

Summer 2013 completed projects included renovations to the Brearley Science Labs and Art rooms.

Summer 2015 renovation on Harding Cafeteria was completed, including a new ceiling. A water fountain upgrade project was started in the Spring of 2016.

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

The Head of Maintenance conducted annual and monthly inspections of the buildings. 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.

In the Spring of 2016, in anticipation of mandated testing of drinking water, the Kenilworth School District tested all domestic water fixtures used for drinking or cooking for high levels of lead. The tests results were negative and the water was not contaminated. The Board however, decided to proceed with an upgrade of water fountains throughout the buildings.

*Tramaglini/Gonnella to Board of Education  
November 21, 2016*

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

The Kenilworth Public School District has operated as a Pre K-12 system 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.

District goals in 2015-2016 were purposed to fostering a high level of performance at both Harding and Brearley Middle-High Schools. The goals focused on aligning curricula to the national standards (Common Core State Standards) as one way to promote students' academic achievement, providing high-quality professional development for faculty with the intent that such training will promote student achievement, and promotion of individualized learning experiences for all of Kenilworth's students.

Harding Elementary School teachers continued to implement a relatively new math program in Grades K-5 called Go Math that is aligned to the Common Core Standards. In 2015-2016 the district transitioned from the 2012 version of Go Math to the 2015 version. In the current school year, professional development has focused both on implementation of the new program with a strong emphasis on personalization of learning. The approach has been replicated in other areas such as K-12 science and in social studies. This work has been particularly important and exposed a need to improve internal capacity to understand and use data to drive decision-making at various levels within the organization. This year, we are beginning on a multi-year initiative to both improve our database of information and further develop a data warehouse which will help us meet the need of our learners. We have designed a two-year implementation of this data warehouse which will provide teachers and leaders with a more robust system of analysis.

To provide more individualized learning experiences for Kenilworth's children, the middle-high school continues with its two specialized learning programs to target young adults' specific learning requirements and career interests. The Alternative Classroom Experience (ACE), one of the new programs, helps adolescents recover high school credit they may not have acquired during the regular school day and assumed responsibility for more students in 2016-2017. The other implemented program, the Kenilworth Scholars' Academy, enrolled Grades 7-11 students as of 2016-2017. These students are provided a "university-level" experience that allows them to focus on a specialization by their senior year of high school. Both learning experiences address the needs of two student populations who often go underserved in school districts around the country. The by-product of the implementation of the ACE and Scholars' Academy programs is the creation of smaller and more intimate learning environments that provide Kenilworth's children with the highly individualized academic, social, and emotional attention they deserve. In 2017-2018 the district will look to continue to grow this program by raising the number of academy spots we allocate in our school choice program to attract high achievement learners.

### **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

*Tramaglini/Gonnella to Board of Education  
November 21, 2016*

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.

#### **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, 2015.

#### **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) DEBT ADMINISTRATION:**

##### **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 \$39,900 was paid during the fiscal year 2015. A \$30,000 principal payment was made. Outstanding debt as of June 30, 2016 was \$165,000.

##### **2009 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

*Tramaglino/Gonnella to Board of Education  
November 21, 2016*

of \$1,224,631.26 was paid during the fiscal year 2016. A \$675,000 principal payment was made. This bond was refunded in the Spring of 2016 with outstanding debt, as of June 30, 2016 of \$3,015,000.

**2016 Refunding:**

In the Spring of 2016 the 2009 Bond issue was refinanced due to potential savings. The principal balance as of June 30, 2016 was \$9,395,000.

Total outstanding debt for the District as of June 30, 2016 was \$12,575,000.

**8) CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial 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.

**9) RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds for the Business Administrator, Assistant to the Board Secretary, and the Treasurer of School Monies.

**10) 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 Title 2 U.S. Code of Federal Regulations, Part 200, and the related OMB Circular A - 133 and state Treasury Circular Letter 15-08 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.

**11) 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.



*Tramaglini/Gonnella to Board of Education  
November 21, 2016*

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'T. Tramaglini', written over a circular stamp or mark.

Thomas Tramaglini  
Superintendent

A handwritten signature in black ink, appearing to be 'V. Gonnella', written in a cursive style.

Vincent A. Gonnella  
Board Secretary/Business Administrator

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

**ROSTER OF OFFICIALS  
June 30, 2016**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Nancy Zimmerman, President	12/31/2017
Mark Jankiewicz, Vice President	12/31/2018
Genean Braun	12/31/2016
David Curtin	12/31/2017
Gregg F. David	12/31/2017
Paulette Drogon	12/31/2018
Annmarie Duda	12/31/2016
Anthony Laudati	12/31/2016
Walter Sosnosky	12/31/2018

**Other Officials:**

Dr. Thomas Tramaglino, Superintendent of Schools  
 Vincent A. Gonnella, Board Secretary/Business Administrator  
 Jeanne Decker, Treasurer  
 Vito A. Gagliardi, Jr., Esq., Solicitor

**Administration:**

Brian Luciani, Principal David Brearley Middle/High School  
 Kathleen Murphy, Principal, Warren Harding Elementary School  
 Michele Tiedmann, Director of Pupil Personnel Services  
 Tabitha Bradley, Supervisor  
 Lauren Bound, Supervisor  
 Ronald Bubnowski, Assistant Principal  
 Andrew White, 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.  
Sciarrillo Cornell, L.L.C  
238 St. Paul Street  
Westfield, NJ 07090

**Official Depository**

Investors Bank  
Cranford, NJ 07033

**Insurance Agent/Risk Manager**

CBIZ Agency  
219 South Street  
New Providence, NJ 07974

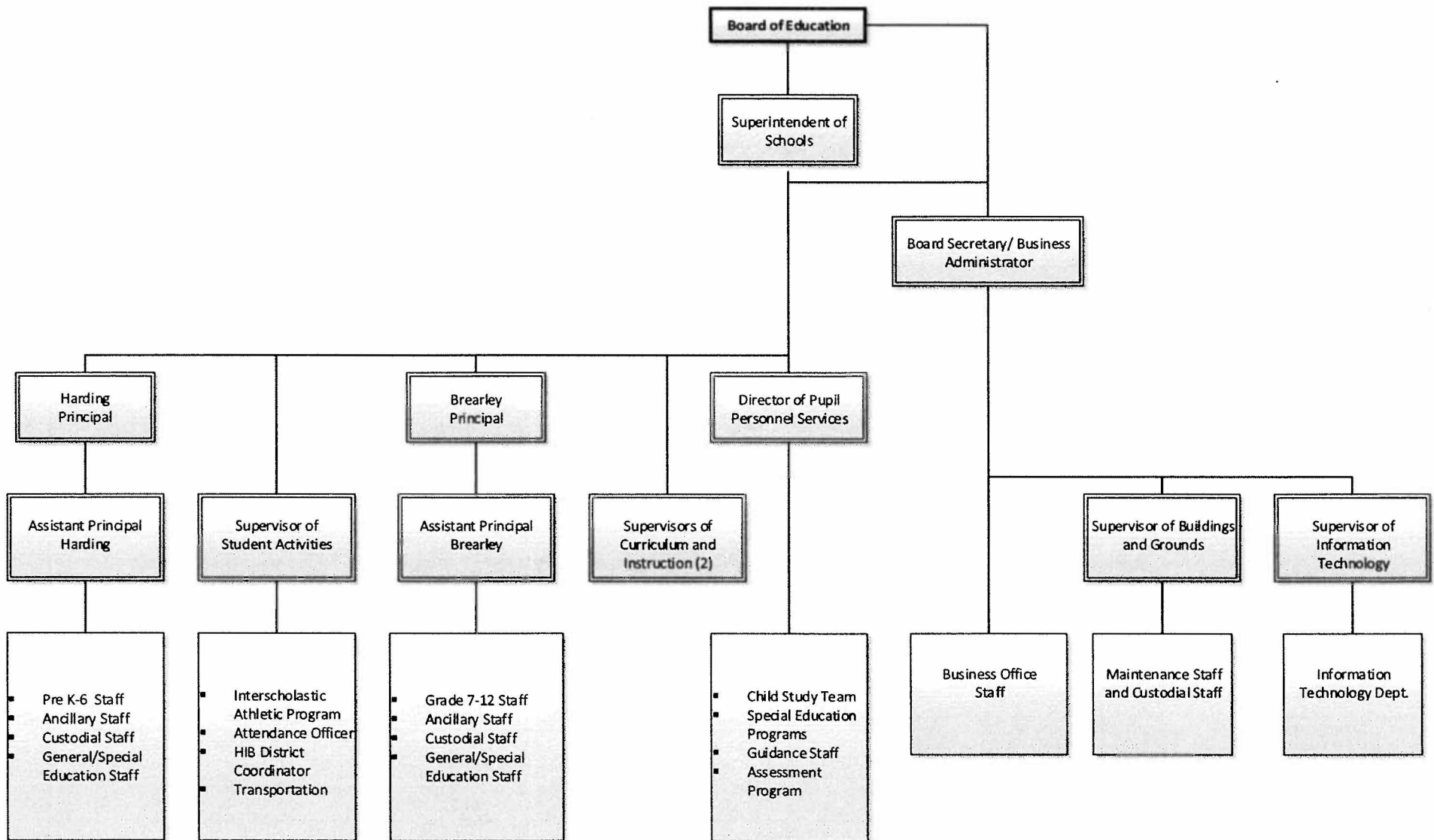
**Health Benefits Advisor**

Brown & Brown Benefit Advisors  
5 Regent Street, Suite 523  
Livingston, NJ 07039



# Kenilworth Public Schools

2015-2016 School Year



## **FINANCIAL SECTION**

# Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

13.

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

Telecopier:  
(732) 280-8888  
e-mail:  
rah@monmouth.com

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

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Kenilworth School District, in the County of Union, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Kenilworth School District, in the County of Union, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

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

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016 on our consideration of the Kenilworth's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kenilworth Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

---

**Robert A. Hulsart**  
**Licensed Public School Accountant**  
**No. 322**  
**Robert A. Hulsart and Company**  
**Wall Township, New Jersey**

November 21, 2016



**REQUIRED SUPPLEMENTARY INFORMATION  
PART I**

**KENILWORTH PUBLIC SCHOOL DISTRICT**  
**BOROUGH OF KENILWORTH**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016. 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 2015-2016 fiscal year are as follows:

- General revenues accounted for \$26,644,865 in revenue or 94% 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 \$1,715,738 or 6% percent to total revenues of \$28,360,603.
- The School District had \$28,758,056 in expenses; only \$1,715,738 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$26,644,865 were adequate to provide for these programs.
- The General Fund had \$25,801,822 in revenues, \$26,204,370 in expenditures. The General Fund's balance decreased \$402,548 from 2015. This decrease 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 Position 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 Position 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 2015-2016 fiscal year?" The Statement of Net Position 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 position and changes in that position. This change in net position 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 Position 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 Position 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 position comparisons of fiscal year 2016 with 2015.

**Table 1**  
**Net Position**

	<u>2016</u>	<u>2015</u>
<b><u>Assets</u></b>		
Current and Other Assets	\$ 1,958,441	2,307,728
Capital Assets, Net	<u>10,575,181</u>	<u>11,252,103</u>
Total Assets	<u>\$ 12,533,622</u>	<u>13,559,831</u>
<b><u>Deferred Outflow of Resources</u></b>		
Contribution to Pension Plan	<u>\$ 877,962</u>	<u>\$ 269,527</u>
<b><u>Deferred Inflow of Resources</u></b>		
Pension Deferrals	<u>\$ 138,244</u>	<u>\$ 294,484</u>
<b><u>Liabilities</u></b>		
Long-Term Liabilities	\$ 17,216,387	17,366,541
Other Liabilities	<u>1,041,159</u>	<u>755,446</u>
Total Liabilities	<u>\$ 18,257,546</u>	<u>18,121,987</u>
<b><u>Net Position</u></b>		
Invested in Capital Assets, Net of Debt	\$ (1,999,819)	(2,307,897)
Restricted	1,655,435	2,009,372
Unrestricted	<u>(4,639,822)</u>	<u>(4,288,588)</u>
Total Net Position	<u>\$ (4,984,206)</u>	<u>(4,587,113)</u>

Table 2 shows the changes in net position for fiscal year 2016. Revenue and expense comparisons to fiscal year 2015.

**Table 2**  
**Changes in Net Position**

	<u>2016</u>	<u>2015</u>
<b><u>Revenues</u></b>		
Program Revenues		
Charges for Services	\$ 871,627	917,817
Operating Grants and Contributions	844,471	791,702
General Revenues		
Property Taxes	18,958,149	17,870,624
Grants and Entitlements	7,572,120	7,061,340
Other	<u>114,596</u>	<u>135,601</u>
Total Revenues	<u>28,360,963</u>	<u>26,777,084</u>
<b><u>Program Expenses</u></b>		
Instruction	12,604,758	10,826,127
Support Services		
Pupils and Instructional Staff	4,181,697	4,300,392
General Administration, School Administration, Business	7,978,944	7,477,485
Operations and Maintenance of Facilities	1,604,097	1,496,737
Pupil Transportation	635,830	643,591
Interest on Debt	388,228	567,312
Unallocated Depreciation	672,942	672,942
Capital Outlay Not Capitalized	28,614	
Special Schools	67,053	64,423
Enterprise	<u>595,893</u>	<u>563,759</u>
Total Expenses	<u>28,758,056</u>	<u>26,612,768</u>
Increase/Decrease in Net Position	<u>\$ (397,093)</u>	<u>164,316</u>

### **Governmental Activities**

Property taxes made up 68% percent of revenues for governmental activities for the Kenilworth Public School District for fiscal year 2016. The District's total revenues were \$27,748,302 for the fiscal year ended June 30, 2016. Federal, state and local grants and miscellaneous revenues accounted for another 32%.

### **Business-Type Activities**

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

- Food service revenues exceeded expenses by \$16,768.
- Aftercare expenses exceeded revenues by \$8,307.
- Charges for services represent \$444,642 of revenue. This represents amount paid by patrons for daily services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$168,019.

### **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’s 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, 2016, it reported a combined net position balance of \$(4,984,206). 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, 2016, the School Board had approximately \$10,575,181 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 2016 fiscal year.

	<b><u>Governmental Activities</u></b>	<b><u>Business Type Activities</u></b>
Table II		
Capital Assets at June 30, 2016		
Land	\$ 2	
Sites	1,230,842	
Buildings	9,134,076	
Machinery and Equipment	<u>189,701</u>	<u>20,560</u>
Total	<u>\$ 10,554,621</u>	<u>20,560</u>

### **Debt Administration**

At June 30, 2016, the School District had \$18,071,387 as outstanding debt. Of this amount \$1,040,375 is for compensated absences, \$4,456,012 is for pension liability and the balance \$12,575,000 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.

The \$(4,776,914) in unrestricted net position 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 \$(4,776,914).

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**

**KENILWORTH SCHOOL DISTRICT****STATEMENT OF NET POSITION**

Exhibit A-1

**JUNE 30, 2016**

	<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	\$ 319,578	127,587	447,165
Receivables, Net	170,721	7,338	178,059
Inventory		6,273	6,273
Restricted Assets:			
Cash and Cash Equivalents	606,663		606,663
Capital Reserve Account - Cash	720,281		720,281
Capital Assets not Depreciated	2		2
Capital Assets, Net	10,554,619	20,560	10,575,179
Total Assets	<u>12,371,864</u>	<u>161,758</u>	<u>12,533,622</u>
<b><u>Deferred Outflow of Resources</u></b>			
Contribution to Pension Plan	<u>877,962</u>		<u>877,962</u>
<b><u>Deferred Inflow of Resources</u></b>			
Pension Deferrals	<u>138,244</u>		<u>138,244</u>
<b><u>Liabilities</u></b>			
Deferred Revenue	56,252	4,106	60,358
Accounts Payable	125,801		125,801
Noncurrent Liabilities:			
Due Within One Year	855,000		855,000
Due Beyond One Year	17,216,387		17,216,387
Total Liabilities	<u>18,253,440</u>	<u>4,106</u>	<u>18,257,546</u>
<b><u>Net Position</u></b>			
Invested in Capital Assets, Net of Related Debt	(2,020,379)	20,560	(1,999,819)
Restricted For:			
Debt Service	5,506		5,506
Other Purposes	1,649,929		1,649,929
Unrestricted	<u>(4,776,914)</u>	<u>137,092</u>	<u>(4,639,822)</u>
Total Net Position	<u>\$ (5,141,858)</u>	<u>157,652</u>	<u>(4,984,206)</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, 2016**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b><u>Functions/Programs</u></b>						
Governmental Activities:						
Instruction:						
Regular	\$8,278,681			(8,278,681)		(8,278,681)
Special Education	3,117,115		615,154	(2,501,961)		(2,501,961)
Other Special Instruction	469,834			(469,834)		(469,834)
Other Instruction	739,128			(739,128)		(739,128)
Support Services:						
Tuition	1,818,728	426,985		(1,391,743)		(1,391,743)
Student & Instruction Related Services	2,362,969		61,298	(2,301,671)		(2,301,671)
School Administrative Services	681,306			(681,306)		(681,306)
General and Business Administrative Services	852,307			(852,307)		(852,307)
Technology Information Services	179,575			(179,575)		(179,575)
Plant Operations and Maintenance	1,604,097			(1,604,097)		(1,604,097)
Pupil Transportation	635,830			(635,830)		(635,830)
Unallocated Benefits	6,265,756			(6,265,756)		(6,265,756)
Special Schools	67,053			(67,053)		(67,053)
Capital Outlay	28,614			(28,614)		(28,614)
Interest on Long-Term Debt	388,228			(388,228)		(388,228)
Unallocated Depreciation	672,942			(672,942)		(672,942)
Total Government Activities	<u>28,162,163</u>	<u>426,985</u>	<u>676,452</u>	<u>(27,058,726)</u>	<u>-</u>	<u>(27,058,726)</u>
Business-Type Activities:						
Aftercare Program	184,307	176,000			(8,307)	(8,307)
Food Service	411,586	268,642	168,019		25,075	25,075
Total Business-Type Activities	<u>595,893</u>	<u>444,642</u>	<u>168,019</u>	<u>-</u>	<u>16,768</u>	<u>16,768</u>
Total Primary Government	<u>28,758,056</u>	<u>871,627</u>	<u>844,471</u>	<u>(27,058,726)</u>	<u>16,768</u>	<u>(27,041,958)</u>

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

**KENILWORTH SCHOOL DISTRICT**

Exhibit A-2

Sheet 2 of 2

**STATEMENT OF ACTIVITIES**

**JUNE 30, 2016**

	<b>Net (Expense) Revenue and Changes in Net Position</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	\$ 18,110,000		18,110,000
Taxes Levied for Debt Service	848,149		848,149
Federal and State Aid Not Restricted	7,572,120		7,572,120
Miscellaneous Income	114,596		114,596
Total General Revenues	<u>26,644,865</u>	<u>-</u>	<u>26,644,865</u>
Change in Net Position	(413,861)	16,768	(397,093)
Net Position - Beginning	<u>(4,727,997)</u>	<u>140,884</u>	<u>(4,587,113)</u>
Net Position - Ending	<u><u>\$ (5,141,858)</u></u>	<u><u>157,652</u></u>	<u><u>(4,984,206)</u></u>

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

**FUND FINANCIAL STATEMENTS – B**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ 1,589,859	51,157	5,506	1,646,522
Receivables from Other Governments	<u>148,522</u>	<u>22,199</u>		<u>170,721</u>
Total Assets	<u>\$ 1,738,381</u>	<u>73,356</u>	<u>5,506</u>	<u>1,817,243</u>
<b><u>Liabilities and Fund Balance</u></b>				
Liabilities:				
Accounts Payable	\$ -	17,104		17,104
Deferred Revenue		<u>56,252</u>		<u>56,252</u>
Total Liabilities	<u>-</u>	<u>73,356</u>	<u>-</u>	<u>73,356</u>
Fund Balance:				
Restricted for:				
Emergency Reserve	250,000			250,000
Maintenance Reserve	300,000			300,000
Capital Reserve Account	720,281			720,281
Committed To:				
Other Purposes	125,352			125,352
Assigned To:				
Designated by the BOE for Subsequent Year's Expenditures	154,296			154,296
Designated by the BOE for Subsequent Year's Expenditures-Maintenance Reserve	100,000			100,000
Unassigned:				
General Fund	88,452			88,452
Debt Service			5,506	5,506
Total Fund Balances	<u>1,738,381</u>	<u>-</u>	<u>5,506</u>	<u>1,743,887</u>
Total Liabilities and Fund Balance	<u>\$ 1,738,381</u>	<u>73,356</u>	<u>5,506</u>	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$21,176,671 and the accumulated depreciation is \$10,622,050.	10,554,621
Deferred outflow of resources - contributions to the pension plan	877,962
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(138,244)
Accrued Interest	(108,697)
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	<u>(18,071,387)</u>
Net position of governmental activities	<u>\$ (5,141,858)</u>

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, 2016**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Debt Service Fund</u></b>	<b><u>Total Governmental Funds</u></b>
<b><u>Revenues</u></b>				
Local Sources:				
Local Tax Levy	\$ 18,110,000		848,149	18,958,149
Tuition Charges	426,985			426,985
Miscellaneous	91,783	33,648	5,504	130,935
Erate	17,309			17,309
Total Local Sources	<u>18,646,077</u>	<u>33,648</u>	<u>853,653</u>	<u>19,533,378</u>
State Sources	7,155,561	132,734	416,375	7,704,670
Federal Sources	184	510,070		510,254
Total Revenues	<u>25,801,822</u>	<u>676,452</u>	<u>1,270,028</u>	<u>27,748,302</u>
<b><u>Expenditures</u></b>				
Current:				
Regular Instruction	8,177,657			8,177,657
Special Education Instruction	2,501,961	615,154		3,117,115
Other Special Instruction	469,834			469,834
Other Instruction	739,128			739,128
Support Services and Undistributed Costs:				
Tuition	1,818,728			1,818,728
Student and Instruction Related Services	2,301,671	61,298		2,362,969
School Administrative Services	681,306			681,306
Other Administrative Services	852,307			852,307
Technology Information Services	179,575			179,575
Plant Operations and Maintenance	1,604,097			1,604,097
Pupil Transportation	635,830			635,830
Unallocated Benefits	6,146,609			6,146,609
Special Schools	67,053			67,053
Capital Outlay	28,614			28,614
Debt Service:				
Principal			705,000	705,000
Interest and Other Charges			559,531	559,531
Total Expenditures	<u>26,204,370</u>	<u>676,452</u>	<u>1,264,531</u>	<u>28,145,353</u>



**KENILWORTH SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

Exhibit B-2  
Sheet 2 of 2

**GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2016**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Debt Service Fund</u></b>	<b><u>Total Governmental Funds</u></b>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>(402,548)</u>	<u>-</u>	<u>5,497</u>	<u>(397,051)</u>
Net Change in Fund Balances	(402,548)	-	5,497	(397,051)
Fund Balance - July 1	<u>2,140,929</u>	<u>-</u>	<u>9</u>	<u>2,140,938</u>
Fund Balance - June 30	<u>\$ 1,738,381</u>	<u>-</u>	<u>5,506</u>	<u>1,743,887</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-3

TO THE STATEMENT OF ACTIVITIESJUNE 30, 2016

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ (397,231)
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	(672,942)
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.	705,000
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	(101,024)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	608,435
Pension related deferrals	156,240
Change in net pension liability	(883,822)
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>171,483</u>
Change in Net Position of Governmental Activities	<u>\$ (413,861)</u>

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

**KENILWORTH SCHOOL DISTRICT****STATEMENT OF NET POSITION****PROPRIETARY FUNDS****JUNE 30, 2016****Exhibit B-4**

	<b><u>Enterprise Funds</u></b>
<b><u>Assets:</u></b>	
Current Assets:	
Cash and Cash Equivalents	\$ 127,587
Accounts Receivable:	
State	206
Federal	7,132
Inventory	6,273
Total Current Assets	<u>141,198</u>
Noncurrent Assets:	
Equipment	181,750
Accumulated Depreciation	<u>(161,190)</u>
Total Fixed Assets	<u>20,560</u>
Total Assets	<u>\$ 161,758</u>
<b><u>Liabilities:</u></b>	
Deferred Revenue	<u>\$ 4,106</u>
<b><u>Net Position:</u></b>	
Investment in Capital Assets	\$ 20,560
Unrestricted	<u>137,092</u>
Total Net Position	<u>\$ 157,652</u>

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

**KENILWORTH SCHOOL DISTRICT****STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

Exhibit B-5

**PROPRIETARY FUNDS****JUNE 30, 2016**

	<b>Enterprise Fund</b>
	<hr/>
Operating Revenues:	
Daily Sales	\$ 268,642
Fees	176,000
Total Operating Revenues	<hr/> 444,642 <hr/>
Operating Expenses:	
Salaries	336,936
Other Employee Benefits	35,928
Cost of Sales	186,205
Supplies and Materials	16,568
Management Fee	8,129
Repairs	2,655
Depreciation	3,980
Miscellaneous	5,492
Operating Expenses	<hr/> 595,893 <hr/>
Operating Gain/(Loss)	(151,251)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	4,077
Federal Sources:	
National School Lunch Program	122,800
Federal HHFKA Lunch Program	5,109
Federal Breakfast Program	6,538
Food Distribution Program	29,495
Total Non-Operating Revenues	<hr/> 168,019 <hr/>
Change in Net Position	16,768
Net Position, July 1	<hr/> 140,884 <hr/>
Net Position, June 30	<hr/> \$ 157,652 <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, 2016**

	<b><u>Enterprise Fund</u></b>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 444,642
Payments to Employees	(336,936)
Payments to Suppliers	(229,407)
Net Cash Provided (Used) by Operating Activities	<u>(121,701)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	4,077
Federal Sources	134,447
Net Cash Provided by Noncapital Financing Activities	<u>138,524</u>
Net Increase (Decrease) in Cash and Cash Equivalents	16,823
Cash and Cash Equivalents, July 1	<u>110,764</u>
Cash and Cash Equivalents, June 30	<u>\$ 127,587</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (151,251)
Depreciation	3,980
Federal Commodities Consumed	29,495
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities	
Decrease/(Increase) in Accounts Receivables	9
(Decrease)/Increase in Deferred Revenue	(22)
Decrease/(Increase) in Inventory	(3,912)
Net Cash Provided (Used) by Operating Activities	<u>\$ (121,701)</u>

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

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

Exhibit B-7

**JUNE 30, 2016**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Scholarship Fund</u></b>
Assets:		
Cash and Cash Equivalents	\$ 450,587	173,689
Total Assets	<u>\$ 450,587</u>	<u>173,689</u>
Net Position:		
Reserved - Scholarships	\$ -	173,689
Reserved - Unemployment Benefits	<u>450,587</u>	
Total Net Position	<u>\$ 450,587</u>	<u>173,689</u>

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

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

Exhibit B-8

**FIDUCIARY FUNDS****FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b><u>Unemployment Compensation Trust</u></b>	<b><u>Private Purpose Scholarship Fund</u></b>
<b><u>Additions</u></b>		
Contributions:		
Other	\$ 62,510	-
Total Contributions	<u>62,510</u>	<u>-</u>
Investment Earnings:		
Interest	1,133	494
Net Investment Earnings	<u>1,133</u>	<u>494</u>
Total Additions	<u>63,643</u>	<u>494</u>
<b><u>Deductions</u></b>		
Unemployment Claims		
Fees	258	
Scholarships Awarded	48,090	3,500
Total Deductions	<u>48,348</u>	<u>3,500</u>
Change in Net Position	15,295	(3,006)
Net Position - Beginning of Year	<u>435,292</u>	<u>176,695</u>
Net Position - End of the Year	<u>\$ 450,587</u>	<u>173,689</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, 2016**

**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, 2016 of 1,412 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. 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, 2016 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, 2016.

**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 2016 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report was updated to include capital assets purchased during the 2015-2016 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2016, fiscal year 2016 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, 2016 was as follows:

	<b>Balance</b> <b><u>July 1, 2015</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b>Balance</b> <b><u>June 30, 2016</u></b>
Governmental Activities:				
Land	\$ <u>2</u>	_____	_____	_____2
Total	_____2	_____	_____	_____2
Depreciable Assets:				
Site Improvements	2,835,677			2,835,677
Buildings & Sites	17,103,102			17,103,102
Equipment	<u>1,237,890</u>	_____	_____	<u>1,237,890</u>
Total	<u>21,176,669</u>	_____	_____	<u>21,176,669</u>

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

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2016</u>
Less: Accumulated				
Depreciation:				
Sites	(1,489,993)	(114,842)		(1,604,835)
Buildings	(7,497,321)	(471,705)		(7,969,026)
Equipment	<u>(961,794)</u>	<u>(86,395)</u>		<u>(1,048,189)</u>
Total Accumulated				
Depreciation	<u>(9,949,108)</u>	<u>(672,942)</u>		<u>(10,622,050)</u>
Net Depreciable Assets	<u>11,227,561</u>	<u>(672,942)</u>		<u>10,554,619</u>
Governmental Activities				
Capital Assets (Net)	<u>\$ 11,227,563</u>	<u>(672,942)</u>		<u>10,554,621</u>
Business-Type Activities:				
Equipment	\$ 181,750			181,750
Less: Accumulated				
Depreciation:				
Equipment	<u>(157,210)</u>	<u>(3,980)</u>		<u>(161,190)</u>
Business-Type Capital				
Assets (Net)	<u>\$ 24,540</u>	<u>(3,980)</u>		<u>20,560</u>

Depreciation expense was charged to governmental functions as follow:

Unallocated	\$ 598,750
Instructional	46,327
Support/Administration	12,960
Maintenance/Custodial	<u>14,905</u>
	<u>\$ 672,942</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, 2016, 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	<u>\$ 2,871,141</u>

The carrying amount of the District’s cash and cash equivalents at June 30, 2016 was \$2,871,141 and the bank balance was \$4,534,693. Of the bank balance, \$250,000 was covered by federal depository insurance; \$4,284,693 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

**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>Bank Balance</u></b>	
<b><u>Depository Account</u></b>	<b><u>June 30, 2016</u></b>	<b><u>June 30, 2015</u></b>
Insured:		
FDIC	\$ 250,000	250,000
GUDPA	4,284,693	3,872,672

As of June 30, 2016, 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.

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

During the fiscal year ended June 30, 2016, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Long-Term</u> <u>Portion</u>	<u>Amount Due</u> <u>In one Year</u>
Pension Liability	\$ 3,572,190	883,822		4,456,012	4,456,012	
Compensated Absences Payable	939,351	101,024		1,040,375	1,040,375	
Bonds Payable	<u>13,560,000</u>	<u>9,395,000</u>	<u>(10,380,000)</u>	<u>12,575,000</u>	<u>11,720,000</u>	<u>855,000</u>
	<u>\$ 18,071,541</u>	<u>10,379,846</u>	<u>(10,380,000)</u>	<u>18,071,387</u>	<u>17,216,387</u>	<u>855,000</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.

Refunding Bonds issued September 29, 2003 for \$410,000 for ERIP funding maturing October 1, 2020 with a balance of \$165,000 at June 30, 2016 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 \$3,015,000 at June 30, 2016 with interest rates from 3.00% to 4.00%

Refunding Bonds issued May 18, 2016 for \$9,395,000 to partially refund the February 25, 2009 maturing January 15, 2029 with a balance of \$9,395,000 at June 30, 2016 with interest rates ranging from 3.00% to 4.00%.

**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,			
2017	\$ 855,000	368,429	1,223,429
2018	770,000	470,000	1,240,000
2019	800,000	438,613	1,238,613
2020	845,000	406,087	1,251,087
2021	840,000	371,763	1,211,763
2022-2026	4,960,000	1,313,600	6,273,600
2027-2029	<u>3,505,000</u>	<u>284,000</u>	<u>3,789,000</u>
	<u>\$ 12,575,000</u>	<u>3,652,492</u>	<u>16,227,492</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 6.78% 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, 2016, the State of New Jersey contributed \$1,817,858 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 \$871,202 during the year ended June 30, 2016 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**

<b>Year Funding</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/16	\$ 170,656	100%	\$ 0
6/30/15	157,288	100%	0
6/30/14	147,567	100%	0

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

<b>Year Funding</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6/30/16	\$ 1,817,858	100%	0
6/30/15	1,390,464	100%	0
6/30/14	1,101,955	100%	0

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

For the year ended June 30, 2016, the District recognized pension expense of \$170,656. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 106,305	
Changes of Assumptions	478,540	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		71,644
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	122,461	66,600
District Contributions Subsequent to the Measurement Date	<u>170,656</u>	<u>          </u>
Total	<u>\$ 877,962</u>	<u>138,244</u>

\$877,962 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Additional Information**

Collective balances at December 31, 2014 and 2015 are as follows:

	<b><u>Dec. 31, 2015</u></b>	<b><u>Dec. 31, 2014</u></b>
Collective Deferred Outflows of Resources	\$ 877,962	269,527
Collective Deferred Inflows of Resources	138,244	294,484
Collective Net Pension Liability	4,456,012	3,572,190
District's Proportion	.01985%	.01908%

**NOTE 4: Pension Plans (Continued)****Components of Net Pension Liability**

The components of the net pension liability of the participating employers for PERS as of June 30, 2015 and 2014 are as follows:

	<b>2015</b>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 31,614,118,524	43,109,580,038	74,723,698,562
Plan Fiduciary Net Position	<u>7,891,982,987</u>	<u>20,661,583,919</u>	<u>28,553,566,906</u>
Net Pension Liability	<u>\$ 23,722,135,537</u>	<u>22,447,996,119</u>	<u>46,170,131,656</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.96%	47.93%	38.21%

	<b>2014</b>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,777,950,141	39,071,470,586	67,849,420,727
Plan Fiduciary Net Position	<u>8,650,846,191</u>	<u>20,348,735,583</u>	<u>28,999,581,774</u>
Net Pension Liability	<u>\$ 20,127,103,950</u>	<u>18,722,735,003</u>	<u>38,849,838,953</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.06%	52.08%	42.74%

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2103, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.04%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% – 5.40% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

**NOTE 4: Pension Plans (Continued)****Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Intermediate Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation-Indexed Bonds	1.50%	3.25%
Broad US Equities	27.25%	8.52%
Developed Foreign Equities	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Return	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
REIT	4.25%	5.12%

**Discount Rate**

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.



**NOTE 4: Pension Plans (Continued)****Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate**

The following presents the collective net pension liability of the participating employers as of June 30, 2015 and 2014, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2015</u>		
	<u>At 1%</u>	<u>At Current</u>	<u>At 1%</u>
	<u>Decrease (3.90%)</u>	<u>Discount</u>	<u>Increase (5.90%)</u>
<u>Rate (4.90%)</u>			
State	\$ 27,802,122,942	23,722,135,537	20,314,768,782
Local	<u>27,900,112,533</u>	<u>22,447,996,119</u>	<u>17,876,981,108</u>
Total	<u>\$ 55,702,235,475</u>	<u>46,170,131,656</u>	<u>38,191,749,890</u>
	<u>2014</u>		
	<u>At 1%</u>	<u>At Current</u>	<u>At 1%</u>
	<u>Decrease (4.39%)</u>	<u>Discount</u>	<u>Increase (6.39%)</u>
	<u>Rate (5.39%)</u>		
State	\$ 23,772,450,916	20,127,103,950	17,069,920,644
Local	<u>23,553,838,159</u>	<u>18,722,735,003</u>	<u>14,665,837,859</u>
Total	<u>\$ 47,326,289,075</u>	<u>38,849,838,953</u>	<u>31,735,758,503</u>

**Teachers Pensions and Annuity Fund (TPAF)****Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Total Pension Liability	\$ 89,182,662,000	81,095,320,000
Plan Fiduciary Net Position	<u>25,604,797,560</u>	<u>27,282,252,461</u>
Net Pension Liability	<u>\$ 63,577,864,440</u>	<u>53,813,067,539</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%

**NOTE 4: Pension Plans (Continued)****State Proportionate Share of Net Pension Liability Attributable to District**

	<u>2015</u>	<u>2014</u>
District's Liability	<u>\$ 62,823,200</u>	<u>52,744,337</u>
District's Proportion	.09881%	.09801%

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases: 2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvements. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

**NOTE 4: Pension Plans (Continued)****Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return</u></b>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign – Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds – Equity Hedge	4.00%	5.68%
Hedge Funds – Distressed	4.00%	4.30%

**Discount Rate**

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

**NOTE 4: Pension Plans (Continued)****Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the State as of June 30, 2015 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2015 (3.13%, 4.13%, 5.13%)	\$ 75,559,915,440	63,577,864,440	53,254,610,440
2014 (3.68%, 4.68%, 5.68%)	64,722,984,539	53,813,067,539	44,738,870,539

**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, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. 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 benefits changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program (APB) who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**NOTE 6: 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.

**NOTE 6: Compensated Absences (Continued)**

In the district-wide *Statement of Net Position*, 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, 2016, was \$1,040,375.

**NOTE 7: 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.

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning Balance, July 1, 2015	\$ 125,101
Year End Deposit by Board Resolution	<u>595,180</u>
Ending Balance, June 30, 2016	<u>\$ 720,281</u>

**NOTE 8: Inventory**

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$ 5,351
Supplies	<u>922</u>
	<u>\$ 6,273</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 9: Fund Balance Appropriated**

**General Fund** – Of the \$2,163,469 General Fund fund balance at June 30, 2016, \$125,352 is reserved for encumbrances; \$720,281 has been placed in the capital reserve; \$250,000 is in emergency reserve; \$300,000 is in maintenance reserve; \$100,000 is maintenance reserve designed for subsequent year's expenditures; \$154,296 is designated for subsequent year's expenditures; and \$513,540 is unreserved and undesignated.

**NOTE 10: 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 11: Equity Balance****2% Calculation of Excess Surplus**

2015-16 Total General Fund Expenditures Per the CAFR	\$ 26,204,370
Decreased by:	
On Behalf TPAF Pension and Social Security	<u>(2,689,060)</u>
Adjusted 2015-16 General Fund Expenditures	<u>\$ 23,515,310</u>
2% of Adjusted 2015-16 General Fund Expenditures	\$ 470,306
Increased by Allowable Adjustments	<u>43,234</u>
Maximum Unassigned Fund Balance	<u>\$ 513,540</u>
<b><u>Section 2</u></b>	
Total General Fund – Fund Balance @ 6-30-16	\$ 2,163,469
Decreased by:	
Reserved for Encumbrances	(125,352)
Other Reserves	(1,270,281)
Designated for Subsequent Years Expenditures – Maintenance Reserve	(100,000)
Designated for Subsequent Years Expenditures	<u>(154,296)</u>
Total Unassigned Fund Balance	<u>\$ 513,540</u>
<b><u>Section 3</u></b>	
<b><u>Detail of Allowable Adjustments</u></b>	
Extraordinary Aid	<u>\$ 43,234</u>
<b><u>Detail of Other Reserved Fund Balance</u></b>	
Capital Reserve	\$ 720,281
Maintenance Reserve	300,000
Emergency Reserve	<u>250,000</u>
	<u>\$ 1,270,281</u>

**NOTE 11: Equity Balance (Continued)**

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 2016-2017 budget.

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

**NOTE 12: 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 13: 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, 2016 financial statements.

**NOTE 14: 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 15: 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>
2015-2016	\$ 0	63,643	48,348	450,587
2014-2015	0	35,423	37,290	435,292
2013-2014	105,000	34,996	31,763	437,159

**NOTE 16: 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 maintained an emergency reserve on June 30, 2016 of \$250,000.

**NOTE 17: 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, 2015. 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, 2016 through November 21, 2016.



**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, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 18,110,000		18,110,000	18,110,000	-
Tuition	404,881		404,881	426,985	22,104
Miscellaneous	147,500		147,500	91,783	(55,717)
Erate				17,309	17,309
Total Local Sources	<u>18,662,381</u>	<u>-</u>	<u>18,662,381</u>	<u>18,646,077</u>	<u>(16,304)</u>
State Sources:					
School Choice Aid	2,125,960		2,125,960	2,125,960	-
Special Education Aid	808,290		808,290	808,290	-
Extraordinary Aid	64,000		64,000	107,234	43,234
Equalization Aid	1,246,171		1,246,171	1,246,171	-
Security Aid	37,446		37,446	37,446	-
Transportation Aid	29,770		29,770	29,770	-
Under Adequacy Aid	46,156		46,156	46,156	-
Additional Adjustment Aid	33,533		33,533	33,533	-
PARCC Readiness Aid	14,180		14,180	14,180	-
Per Pupil Growth Aid	14,180		14,180	14,180	-
TPAF Pension Contribution (On-Behalf)			-	1,817,858	1,817,858
TPAF Social Security Contribution (Reimbursed)			-	871,202	871,202
Total State Sources	<u>4,419,686</u>	<u>-</u>	<u>4,419,686</u>	<u>7,151,980</u>	<u>2,732,294</u>
Federal Sources:					
Semi				184	184
Total Revenues	<u>23,082,067</u>	<u>-</u>	<u>23,082,067</u>	<u>25,798,241</u>	<u>2,716,174</u>

**KENILWORTH SCHOOL DISTRICT**

Exhibit C-1  
Sheet 2 of 12

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	59,733	2,247	61,980	61,980	-
Kindergarten - Salaries of Teachers	345,369	22,663	368,032	368,032	-
Grades 1-5 - Salaries of Teachers	2,194,577	134,248	2,328,825	2,318,207	10,618
Grades 6-8 - Salaries of Teachers	1,823,477	249,115	2,072,592	2,050,693	21,899
Grades 9-12 - Salaries of Teachers	2,405,579	(18,101)	2,387,478	2,382,023	5,455
Subtotal	<u>6,828,735</u>	<u>390,172</u>	<u>7,218,907</u>	<u>7,180,935</u>	<u>37,972</u>
Regular Programs - Other:					
Salaries of Teachers	7,500	24,009	31,509	31,509	-
Subtotal	<u>6,836,235</u>	<u>414,181</u>	<u>7,250,416</u>	<u>7,212,444</u>	<u>37,972</u>
Regular Programs - Undistributed Instruction:					
Other Instructional Salaries	285,275	95,178	380,453	371,859	8,594
Purchased Professional Educational Services	83,254		83,254	78,539	4,715
Other Purchased Services	29,318		29,318	18,650	10,668
General Supplies	328,107	99,004	427,111	417,489	9,622
Textbooks	77,522	(93)	77,429	76,991	438
Other Objects	1,767		1,767	1,685	82
Subtotal	<u>805,243</u>	<u>194,089</u>	<u>999,332</u>	<u>965,213</u>	<u>34,119</u>
Total Regular Programs - Instruction	<u>7,641,478</u>	<u>608,270</u>	<u>8,249,748</u>	<u>8,177,657</u>	<u>72,091</u>

**KENILWORTH SCHOOL DISTRICT**

Exhibit C-1  
Sheet 3 of 12

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Special Education Instruction:					
Learning & Language Disabilities:					
Salaries of Teachers	155,324	2,218	157,542	157,542	-
Other Salaries for Instruction	170,444	(3,911)	166,533	147,135	19,398
General Supplies	1,336	(539)	797	796	1
Total Learning and Language Disabilities	<u>327,104</u>	<u>(2,232)</u>	<u>324,872</u>	<u>305,473</u>	<u>19,399</u>
Multiple Disabilities					
Salaries of Teachers	131,214	(7,414)	123,800	123,799	1
Other Salaries for Instruction	98,698	3,973	102,671	89,448	13,223
General Supplies	12,067	(4,274)	7,793	7,793	-
Total Multiple Disabilities	<u>241,979</u>	<u>(7,715)</u>	<u>234,264</u>	<u>221,040</u>	<u>13,224</u>
Resource Room/Center:					
Salaries of Teachers	1,577,626	(46,828)	1,530,798	1,530,798	-
Other Salaries for Instruction	195,273	76,153	271,426	271,426	-
General Supplies	8,491	(700)	7,791	7,651	140
Textbooks	252	(51)	201	200	1
Total Resource Room/Center	<u>1,781,642</u>	<u>28,574</u>	<u>1,810,216</u>	<u>1,810,075</u>	<u>141</u>
Autism:					
Other Salaries for Instruction		457	457		457
Total Autism	<u>-</u>	<u>457</u>	<u>457</u>	<u>-</u>	<u>457</u>
Pre-School Disabilities - Part-Time					
Salaries of Teachers	70,224	3,725	73,949	73,949	-
Other Salaries for Instruction	106,127	6,530	112,657	89,959	22,698
General Supplies	1,629	(164)	1,465	1,465	-
Total Pre-School Handicapped	<u>177,980</u>	<u>10,091</u>	<u>188,071</u>	<u>165,373</u>	<u>22,698</u>

**KENILWORTH SCHOOL DISTRICT**

Exhibit C-1  
Sheet 4 of 12

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Total Special Education - Instruction	<u>2,528,705</u>	<u>29,175</u>	<u>2,557,880</u>	<u>2,501,961</u>	<u>55,919</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	437,650	22,195	459,845	459,844	1
General Supplies	<u>9,685</u>	<u>309</u>	<u>9,994</u>	<u>9,990</u>	<u>4</u>
Total Basic Skills/Remedial - Instruction	<u>447,335</u>	<u>22,504</u>	<u>469,839</u>	<u>469,834</u>	<u>5</u>
Bilingual Education - Instruction:					
Salaries of Teachers	199,391	4,750	204,141	204,140	1
General Supplies	<u>4,035</u>	<u>67</u>	<u>4,102</u>	<u>4,099</u>	<u>3</u>
Total Bilingual Education - Instruction	<u>203,426</u>	<u>4,817</u>	<u>208,243</u>	<u>208,239</u>	<u>4</u>
School Sponsored Co-Curricular Activities - Instruction					
Salaries	190,619	13,455	204,074	183,286	20,788
Supplies	22,184	(900)	21,284	14,404	6,880
Other Objects	<u>2,282</u>		<u>2,282</u>	<u>174</u>	<u>2,108</u>
Total School Sponsored Co-Curricular Activities	<u>215,085</u>	<u>12,555</u>	<u>227,640</u>	<u>197,864</u>	<u>29,776</u>
School Sponsored Athletics - Instruction					
Salaries	250,118	2,026	252,144	252,144	-
Purchased Services	58,452	(5,489)	52,963	38,730	14,233
Supplies and Materials	23,076	7,089	30,165	30,039	126
Other Objects	<u>13,680</u>	<u>(45)</u>	<u>13,635</u>	<u>12,112</u>	<u>1,523</u>
Total School Sponsored Athletics - Instruction	<u>345,326</u>	<u>3,581</u>	<u>348,907</u>	<u>333,025</u>	<u>15,882</u>

**KENILWORTH SCHOOL DISTRICT**

Exhibit C-1  
Sheet 5 of 12

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Total Distributed Expenditures	<u>11,381,355</u>	<u>680,902</u>	<u>12,062,257</u>	<u>11,888,580</u>	<u>173,677</u>
Undistributed Expenditures:					
Instruction:					
Tuition to County Vocational School:					
Regular	568,000	(110,218)	457,782	431,800	25,982
Special	24,000		24,000	24,000	-
Tuition - County Special Services & Reg Day Schools	406,690	163,539	570,229	503,129	67,100
Tuition to Private School for Handicapped - Within State	900,815	(37,683)	863,132	827,493	35,639
Tuition-State Facilities	<u>57,081</u>	<u>(24,775)</u>	<u>32,306</u>	<u>32,306</u>	<u>-</u>
Total Instruction	<u>1,956,586</u>	<u>(9,137)</u>	<u>1,947,449</u>	<u>1,818,728</u>	<u>128,721</u>
Attendance & Social Work:					
Purchased Technical Services	19,100	(1,356)	17,744	15,832	1,912
Supplies and Materials	<u>250</u>		<u>250</u>		<u>250</u>
Total Attendance & Social Work	<u>19,350</u>	<u>(1,356)</u>	<u>17,994</u>	<u>15,832</u>	<u>2,162</u>
Health Services:					
Salaries	128,231	4,184	132,415	132,415	-
Purchased Professional/Technical Services	18,750	(3,306)	15,444	15,444	-
Supplies and Materials	<u>3,660</u>	<u>506</u>	<u>4,166</u>	<u>3,150</u>	<u>1,016</u>
Total Health Services	<u>150,641</u>	<u>1,384</u>	<u>152,025</u>	<u>151,009</u>	<u>1,016</u>
Other Student Support Services - Related Services:					
Salaries	283,271	21,100	304,371	304,371	-
Purchased Professional/Technical Services	43,570	9,137	52,707	45,123	7,584
Supplies and Materials	<u>2,768</u>		<u>2,768</u>	<u>2,653</u>	<u>115</u>
Total Other Student Support Services - Related Services	<u>329,609</u>	<u>30,237</u>	<u>359,846</u>	<u>352,147</u>	<u>7,699</u>

**KENILWORTH SCHOOL DISTRICT**

Exhibit C-1  
Sheet 6 of 12

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Other Support Student - Regular:					
Salaries of Other Professional Staff	387,474	35	387,509	387,509	-
Salaries of Secretarial & Clerical	31,337	2,485	33,822	33,822	-
Purchased Professional/Educational Services	7,957	2,931	10,888	10,888	-
Other Purchased Professional/Technical Services	13,492		13,492	12,987	505
Other Purchased Services	2,767	(2,706)	61	60	1
Supplies and Materials	3,587	(592)	2,995	2,148	847
Other Objects	3,125	(2,092)	1,033		1,033
<b>Total Other Support Student - Regular</b>	<b>449,739</b>	<b>61</b>	<b>449,800</b>	<b>447,414</b>	<b>2,386</b>
Other Support Student Services- Special:					
Salaries of Other Professional Staff	492,798	38,108	530,906	530,906	-
Salaries of Secretarial & Clerical	44,922	4,459	49,381	49,381	-
Purchased Professional Educational Services	9,521	140	9,661	9,661	-
Other Purchased Services		199	199	199	-
Miscellaneous Purchased Services	3,400	2,702	6,102	5,197	905
Supplies and Materials	1,377	16	1,393	1,384	9
<b>Total Other Support Student Services- Special</b>	<b>552,018</b>	<b>45,624</b>	<b>597,642</b>	<b>596,728</b>	<b>914</b>
Improvement Instructional Services:					
Salaries of Supervisors of Instruction	337,248	19,538	356,786	356,786	-
Salaries of Other Professional Staff	16,092	(4,202)	11,890	11,890	-
Salaries of Secretarial & Clerical	62,060	3,865	65,925	65,312	613
Other Purchased Services	150	(51)	99	84	15
Supplies & Materials		2,319	2,319	2,319	-
Other Objects	2,955	1,146	4,101	4,101	-
<b>Total Improvement Instructional Services</b>	<b>418,505</b>	<b>22,615</b>	<b>441,120</b>	<b>440,492</b>	<b>628</b>



**KENILWORTH SCHOOL DISTRICT**

Exhibit C-1  
Sheet 7 of 12

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Educational Media/Library:					
Salaries	139,670	5,292	144,962	144,962	-
Salaries of Technology Coordinators	47,926	141	48,067	48,065	2
Other Purchased Services	927		927	22	905
Supplies & Materials	28,977		28,977	25,833	3,144
<b>Total Educational Media/Library</b>	<b>217,500</b>	<b>5,433</b>	<b>222,933</b>	<b>218,882</b>	<b>4,051</b>
Staff Training:					
Salaries of Supervisors of Instruction	51,000	51	51,051	51,051	-
Other Salaries for Instruction	15,717	(5,000)	10,717	6,663	4,054
Purchased Professional/Educational Serv.	33,035	(4,439)	28,596	20,962	7,634
Supplies & Materials	500		500	491	9
Other Objects	3,299		3,299		3,299
<b>Total Staff Training</b>	<b>103,551</b>	<b>(9,388)</b>	<b>94,163</b>	<b>79,167</b>	<b>14,996</b>
Support Services - General Administration:					
Salaries	169,610	(17,571)	152,039	152,039	-
Salaries-Secretarial	47,139	(91)	47,048	47,048	-
Other Salaries	7,956		7,956	7,956	-
Legal Services	55,000	35,462	90,462	75,210	15,252
Audit Fee	16,000	(500)	15,500	15,500	-
Other Purchased Professional Services	4,840	(402)	4,438	4,438	-
Purchased Technical Services	5,610	1,186	6,796	6,768	28
Communications/Telephone	80,784	(9,703)	71,081	64,047	7,034
BOE Other Purchased Services	8,610	(2,211)	6,399	5,728	671
Other Purchased Services	125,070	(910)	124,160	124,160	-
Supplies & Materials	900	2,500	3,400	3,207	193
BOE In House Training Supplies	2,200	40	2,240	2,214	26
Miscellaneous Expenditures	3,840	(2,512)	1,328	1,305	23
BOE Membership Dues and Fees	20,562	12	20,574	20,574	-
<b>Total Support Services - General Administration</b>	<b>548,121</b>	<b>5,300</b>	<b>553,421</b>	<b>530,194</b>	<b>23,227</b>

**KENILWORTH SCHOOL DISTRICT**

Exhibit C-1  
Sheet 8 of 12

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual</b>
Support Services - School Administration:					
Salaries of Principals/Vice Principals	306,089	(1,702)	304,387	304,387	-
Salaries of Other Professional Staff	189,385	605	189,990	189,990	-
Salaries of Secretarial & Clerical	162,135	16,994	179,129	179,128	1
Other Purchased Services	2,205	(1,938)	267	266	1
Supplies & Materials	5,294	(1,238)	4,056	4,055	1
Other Objects	4,118	(638)	3,480	3,480	-
Total Support Services - School Administration	<u>669,226</u>	<u>12,083</u>	<u>681,309</u>	<u>681,306</u>	<u>3</u>
Technology Information Service:					
Salaries	84,514	2,395	86,909	86,908	1
Purchased Professional Services	37,344	4,779	42,123	42,122	1
Purchased Technical Services	34,405	3,327	37,732	37,731	1
Other Purchased Services	10,945	(3,050)	7,895		7,895
Supplies and Materials	39,325	(5,056)	34,269	12,814	21,455
Total Technology Information Service	<u>206,533</u>	<u>2,395</u>	<u>208,928</u>	<u>179,575</u>	<u>29,353</u>
Required Maintenance - Facilities:					
Cleaning, Repair & Maintenance Services	161,892	173,226	335,118	237,994	97,124
General Supplies	35,555	10,000	45,555	45,020	535
Other Objects	1,580		1,580	1,480	100
Total Allowable Maintenance Facilities	<u>199,027</u>	<u>183,226</u>	<u>382,253</u>	<u>284,494</u>	<u>97,759</u>

**KENILWORTH SCHOOL DISTRICT**

**Exhibit C-1  
Sheet 9 of 12**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Other Operations & Maintenance:					
Salaries	455,435	(21,024)	434,411	431,523	2,888
Purchased Professional/Technical Serv.	6,500	(2,000)	4,500	2,500	2,000
Cleaning, Repair & Maintenance Services	338,000	9,311	347,311	347,310	1
Other Purchased Property Services	31,300	2,723	34,023	33,037	986
Insurance	60,781	(5,049)	55,732	55,731	1
General Supplies	32,250	2,250	34,500	34,365	135
Natural Gas	134,091	130	134,221	71,150	63,071
Energy (Heat & Electricity)	334,901	764	335,665	256,633	79,032
Other Objects		80	80	60	20
Total Other Operations & Maintenance	<u>1,393,258</u>	<u>(12,815)</u>	<u>1,380,443</u>	<u>1,232,309</u>	<u>148,114</u>
Upkeep of Grounds:					
Salaries	46,667	2,292	48,959	48,915	44
Purchased Professional/Technical Serv.	11,650	645	12,295	12,295	-
Repair and Maintenance	6,000	9,479	15,479	14,804	675
Supplies	21,500	(9,377)	12,123	11,280	843
Total Upkeep of Grounds	<u>85,817</u>	<u>3,039</u>	<u>88,856</u>	<u>87,294</u>	<u>1,562</u>
Total Operations & Maintenance	<u>1,678,102</u>	<u>173,450</u>	<u>1,851,552</u>	<u>1,604,097</u>	<u>247,435</u>

**KENILWORTH SCHOOL DISTRICT**

Exhibit C-1  
Sheet 10 of 12

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Student Transportation:					
Contracted Services Other - Vendors	61,400	900	62,300	59,680	2,620
Contracted Services Special Ed. Joint Agreement	645,478	(21,352)	624,126	576,100	48,026
Other Objects		50	50	50	
Total Student Transportation	<u>706,878</u>	<u>(20,402)</u>	<u>686,476</u>	<u>635,830</u>	<u>50,646</u>
Central Services:					
Salaries	277,170	(297)	276,873	276,873	-
Purchased Technical Services	27,496	8,514	36,010	35,779	231
Supplies & Materials	5,000	1,701	6,701	6,633	68
Miscellaneous Expenditures	2,864		2,864	2,828	36
Total Central Services	<u>312,530</u>	<u>9,918</u>	<u>322,448</u>	<u>322,113</u>	<u>335</u>
Undistributed Expenditures-Employee Benefits:					
Other Retirement Contrib. - Social Security	207,738	56,572	264,310	264,310	-
Other Retirement Contrib. - PERS	185,000	(5,010)	179,990	170,656	9,334
Other Retirement Contrib. - ERIP	8,250	5,000	13,250	12,849	401
Workman's Compensation	92,682		92,682	88,430	4,252
Health Benefits	3,097,326	(341,876)	2,755,450	2,687,603	67,847
Tuition Reimbursements	67,000		67,000	60,815	6,185
Other Employee Benefits	19,971	195,160	215,131	172,886	42,245
Total Unallocated Benefits	<u>3,677,967</u>	<u>(90,154)</u>	<u>3,587,813</u>	<u>3,457,549</u>	<u>130,264</u>
TPAF Pension Contribution (On-Behalf)			-	1,817,858	(1,817,858)
TPAF Social Security Contribution (Reimbursed)			-	871,202	(871,202)
Total Undistributed Expenditures	<u>11,996,856</u>	<u>178,063</u>	<u>12,174,919</u>	<u>14,220,123</u>	<u>(2,045,224)</u>
Total General Current Expense	<u>23,378,211</u>	<u>858,965</u>	<u>24,237,176</u>	<u>26,108,703</u>	<u>(1,871,547)</u>

**KENILWORTH SCHOOL DISTRICT**

Exhibit C-1  
Sheet 11 of 12

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital Outlay					
Instructional Equipment	8,000	(1)	7,999	7,310	689
School Buses		21,304	21,304	21,304	
Total Capital Outlay	<u>8,000</u>	<u>21,303</u>	<u>29,303</u>	<u>28,614</u>	<u>689</u>
Summer School					
Instruction:					
Salaries of Teachers	58,997	7,763	66,760	66,760	-
Total Instruction	<u>58,997</u>	<u>7,763</u>	<u>66,760</u>	<u>66,760</u>	<u>-</u>
Support Services:					
General Supplies	4,060	(3,767)	293	293	-
Total Support Services	<u>4,060</u>	<u>(3,767)</u>	<u>293</u>	<u>293</u>	<u>-</u>
Total Summer School	<u>63,057</u>	<u>3,996</u>	<u>67,053</u>	<u>67,053</u>	<u>-</u>
Total Current Expense & Summer School	<u>23,449,268</u>	<u>884,264</u>	<u>24,333,532</u>	<u>26,204,370</u>	<u>(1,870,858)</u>
Excess (Deficiency) of Revenues Over/(Under)					
Expenditures	(367,201)	(884,264)	(1,251,465)	(406,129)	845,316
Fund Balance July 1	<u>2,569,598</u>		<u>2,569,598</u>	<u>2,569,598</u>	
Fund Balance June 30	<u>\$ 2,202,397</u>	<u>(884,264)</u>	<u>1,318,133</u>	<u>2,163,469</u>	<u>845,316</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1  
Sheet 12 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted Fund Balance:					
Maintenance Reserve-Designated for Subsequent Year's Expenditures				\$ 100,000	
Emergency Reserve				250,000	
Capital Reserve				720,281	
Maintenance Reserve				300,000	
Committed Fund Balance:					
Year End Encumbrances				125,352	
Assigned Fund Balances:					
Designated for Subsequent Year's Expenditures				154,296	
Unassigned Fund Balance				<u>513,540</u>	
				2,163,469	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(425,088)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 1,738,381</u>	

**KENILWORTH SCHOOL DISTRICT**

**Exhibit C-2**

**BUDGETARY COMPARISON SCHEDULE**

**SPECIAL REVENUE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b><u>Original Budget</u></b>	<b><u>Budget Transfers</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Final to Actual</u></b>
Revenues:					
State Sources	\$ 152,400	(2,562)	149,838	132,734	17,104
Local Sources		54,900	54,900	33,648	21,252
Federal Sources	437,000	82,101	519,101	510,070	9,031
Total Revenues	<u>\$ 589,400</u>	<u>134,439</u>	<u>723,839</u>	<u>676,452</u>	<u>47,387</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 94,000	(51,715)	42,285	42,285	
Other Salaries for Instruction		38,650	38,650	38,650	
Purchased Professional and Technical Services	141,400	(6,586)	134,814	117,820	16,994
Tuition	301,000	31,285	332,285	311,045	21,240
General Supplies	15,000	80,027	95,027	95,015	12
Textbooks	11,000	(551)	10,449	10,339	110
Total Instruction	<u>562,400</u>	<u>91,110</u>	<u>653,510</u>	<u>615,154</u>	<u>38,356</u>
Support Services:					
Salaries		7,000	7,000	7,000	
Personal Services - Employee Benefits	7,000	3,840	10,840	10,840	
Purchased Professional - Educational Services	20,000	23,014	43,014	33,983	9,031
Other Purchased Services		4,575	4,575	4,575	
General Supplies		4,900	4,900	4,900	
Total Support Services	<u>27,000</u>	<u>43,329</u>	<u>70,329</u>	<u>61,298</u>	<u>9,031</u>
Total Expenditures	<u>\$ 589,400</u>	<u>134,439</u>	<u>723,839</u>	<u>676,452</u>	<u>47,387</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, 2016**

	<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	\$ 25,798,241	676,452
Difference - budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	428,669	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(425,088)</u>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 25,801,822</u>	<u>676,452</u>
<b><u>Uses/Outflows of Resources</u></b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 26,204,370	676,452
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.		
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 26,204,370</u>	<u>676,452</u>

**REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING  
FOR PENSIONS (GASB 68) - L**

**KENILWORTH SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - PERS****Exhibit L-1****LAST THREE FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 4,456,012	3,572,190	3,743,058
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,456,012</u>	<u>3,572,190</u>	<u>3,743,058</u>
District's Covered-Employee Payroll	\$ 1,336,534	1,359,347	1,374,199
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	29.99%	38.05%	36.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	38.21%	42.74%	40.71%

**KENILWORTH SCHOOL DISTRICT****SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS****Exhibit L-2****LAST THREE FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 157,288	147,567	148,462
Contributions in Relation to the Contractually Required Contribution	<u>157,288</u>	<u>147,567</u>	<u>148,462</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 1,336,534	1,359,347	1,374,199
Contributions as a Percentage of Covered-Employee Payroll	11.77%	10.86%	10.80%

**KENILWORTH SCHOOL DISTRICT****SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - TPAF****Exhibit L-3****LAST THREE FISCAL YEARS**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>62,823,200</u>	<u>52,744,337</u>	<u>49,602,149</u>
Total	<u>\$62,823,200</u>	<u>52,744,337</u>	<u>49,602,149</u>
District's Covered-Employee Payroll	\$10,333,060	9,966,336	9,779,748
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	16.45%	18.90%	19.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	28.71%	33.64%	33.76%

**OTHER SUPPLEMENTARY INFORMATION**

**SCHOOL LEVEL SCHEDULES – D**

N/A



**SPECIAL REVENUE FUND – E**

KENILWORTH SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Title I</u>	<u>I.D.E.A. Basic Flow-Thru</u>	<u>I.D.E.A. Pre-School</u>	<u>Title IIA</u>	<u>Title III</u>	<u>Safety Grant</u>
Revenues:						
State Sources	\$ -					
Federal Sources	143,089	313,714	9,603	22,997	20,667	
Local Sources						4,900
Total Revenues	<u>\$ 143,089</u>	<u>313,714</u>	<u>9,603</u>	<u>22,997</u>	<u>20,667</u>	<u>4,900</u>
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 34,000				8,285	
Other Salaries for Instruction	38,650					
Purchased Professional and Technical Services						
Tuition		297,194	9,603			
General Supplies	47,724			11,159	11,632	
Textbooks						
Total Instruction	<u>120,374</u>	<u>297,194</u>	<u>9,603</u>	<u>11,159</u>	<u>19,917</u>	<u>-</u>
Support Services:						
Salaries	7,000					
Employee Benefits	10,840					
Purchased Professional Educational Services	4,875	16,520		11,838	750	
Other Purchased Services						
General Supplies						4,900
Total Support Services	<u>22,715</u>	<u>16,520</u>	<u>-</u>	<u>11,838</u>	<u>750</u>	<u>4,900</u>
Total Expenditures	<u>\$ 143,089</u>	<u>313,714</u>	<u>9,603</u>	<u>22,997</u>	<u>20,667</u>	<u>4,900</u>

**KENILWORTH SCHOOL DISTRICT**

**SPECIAL REVENUE FUND**

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	53,298	5,171	16,857	14,307	4,441	2,926
Federal Sources						
Local Sources						
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	<u>53,298</u>	<u>5,171</u>	<u>16,857</u>	<u>14,307</u>	<u>4,441</u>	<u>2,926</u>
Expenditures:						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Professional and Technical Services	53,298	5,171	16,857	14,307	4,441	2,926
Tuition						
General Supplies						
Textbooks						
Total Instruction	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	<u>53,298</u>	<u>5,171</u>	<u>16,857</u>	<u>14,307</u>	<u>4,441</u>	<u>2,926</u>
Support Services:						
Salaries						
Employee Benefits						
Purchased Professional Educational Services						
Other Purchased Services						
General Supplies						
Total Support Services	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-	-	-
Total Expenditures	<u>53,298</u>	<u>5,171</u>	<u>16,857</u>	<u>14,307</u>	<u>4,441</u>	<u>2,926</u>

**KENILWORTH SCHOOL DISTRICT**

Exhibit E-1  
Sheet 3 of 3

**SPECIAL REVENUE FUND**

**COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Merck Grant</u>	<u>Non-Public Security</u>	<u>Non-Public Technology</u>	<u>Non-Public Nursing Services</u>	<u>Non-Public Textbooks</u>	<u>Total 2016</u>
Revenues:						
State Sources		4,575	4,599	16,221	10,339	132,734
Federal Sources						510,070
Local Sources	28,748					33,648
Total Revenues	<u>28,748</u>	<u>4,575</u>	<u>4,599</u>	<u>16,221</u>	<u>10,339</u>	<u>676,452</u>
Expenditures:						
Instruction:						
Salaries of Teachers						42,285
Other Salaries for Instruction						38,650
Purchased Professional and Technical Services			4,599	16,221		117,820
Tuition	4,248					311,045
General Supplies	24,500					95,015
Textbooks					10,339	10,339
Total Instruction	<u>28,748</u>	<u>-</u>	<u>4,599</u>	<u>16,221</u>	<u>10,339</u>	<u>615,154</u>
Support Services:						
Salaries						7,000
Employee Benefits						10,840
Purchased Professional Educational Services						33,983
Other Purchased Services		4,575				4,575
General Supplies						4,900
Total Support Services	<u>-</u>	<u>4,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,298</u>
Total Expenditures	<u>28,748</u>	<u>4,575</u>	<u>4,599</u>	<u>16,221</u>	<u>10,339</u>	<u>676,452</u>

**CAPITAL PROJECTS FUND – F**

**N/A**

**PROPRIETARY FUNDS – G**

**KENILWORTH SCHOOL DISTRICT****STATEMENT OF NET POSITION**

Exhibit G-1

**ENTERPRISE FUNDS****JUNE 30, 2016**

	<b><u>Food Service Program</u></b>	<b><u>Aftercare Program</u></b>	<b><u>Total</u></b>
<b><u>Assets:</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$ 101,165	26,422	127,587
Accounts Receivable:			
State	206		206
Federal	7,132		7,132
Inventory	6,273		6,273
Total Current Assets	<u>114,776</u>	<u>26,422</u>	<u>141,198</u>
Noncurrent Assets			
Equipment	181,750		181,750
Accumulated Depreciation	(161,190)		(161,190)
Total Fixed Assets	<u>20,560</u>	<u>-</u>	<u>20,560</u>
Total Assets	<u>\$ 135,336</u>	<u>26,422</u>	<u>161,758</u>
<b><u>Liabilities:</u></b>			
Deferred Revenue	<u>\$ 4,106</u>		<u>4,106</u>
<b><u>Net Position:</u></b>			
Investment in Capital Assets	\$ 20,560		20,560
Unrestricted	<u>110,670</u>	<u>26,422</u>	<u>137,092</u>
Total Net Position	<u>\$ 131,230</u>	<u>26,422</u>	<u>157,652</u>

**KENILWORTH SCHOOL DISTRICT****SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**

Exhibit G-2

**ENTERPRISE FUNDS****JUNE 30, 2016**

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
Operating Revenues:			
Daily Sales	\$ 268,642		268,642
Fees		176,000	176,000
Total Operating Revenues	<u>268,642</u>	<u>176,000</u>	<u>444,642</u>
Operating Expenses:			
Salaries	152,629	184,307	336,936
Other Employee Benefits	35,928		35,928
Cost of Sales	186,205		186,205
Supplies and Materials	16,568		16,568
Management Fee	8,129		8,129
Repairs	2,655		2,655
Depreciation	3,980		3,980
Miscellaneous	5,492		5,492
Operating Expenses	<u>411,586</u>	<u>184,307</u>	<u>595,893</u>
Operating Gain/(Loss)	(142,944)	(8,307)	(151,251)
Non-Operating Revenues:			
State Sources:			
State School Lunch Program	4,077		4,077
Federal Sources:			
National School Lunch Program	122,800		122,800
Federal HHFKA Program	5,109		5,109
Federal Breakfast Program	6,538		6,538
Food Distribution Program	29,495		29,495
Total Non-Operating Revenues	<u>168,019</u>	<u>-</u>	<u>168,019</u>
Change in Net Position	25,075	(8,307)	16,768
Net Position, July 1	<u>106,155</u>	<u>34,729</u>	<u>140,884</u>
Net Position, June 30	<u>\$ 131,230</u>	<u>26,422</u>	<u>157,652</u>



**KENILWORTH SCHOOL DISTRICT****SCHEDULE OF CASH FLOWS**

Exhibit G-3

**ENTERPRISE FUNDS****JUNE 30, 2016**

	<b><u>Food Service Program</u></b>	<b><u>Aftercare Program</u></b>	<b><u>Total</u></b>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 268,642	176,000	444,642
Payments to Employees	(152,629)	(184,307)	(336,936)
Payments to Suppliers	(229,407)		(229,407)
Net Cash Provided (Used) by Operating Activities	<u>(113,394)</u>	<u>(8,307)</u>	<u>(121,701)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	4,077		4,077
Federal Sources	134,447		134,447
Net Cash Provided by Noncapital Financing Activities	<u>138,524</u>	<u>-</u>	<u>138,524</u>
Net Increase (Decrease) in Cash and Cash Equivalents	25,130	(8,307)	16,823
Cash and Cash Equivalents, July 1	<u>76,035</u>	<u>34,729</u>	<u>110,764</u>
Cash and Cash Equivalents, June 30	<u>\$ 101,165</u>	<u>26,422</u>	<u>127,587</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (142,944)	(8,307)	(151,251)
Depreciation	3,980		3,980
Federal Commodities Consumed	29,495		29,495
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Decrease/(Increase) in Inventory	(3,912)		(3,912)
(Decrease)/Increase in Deferred Revenue	(22)		(22)
Decrease/(Increase) in Accounts Receivable	9		9
Net Cash Provided (Used) by Operating Activities	<u>\$ (113,394)</u>	<u>(8,307)</u>	<u>(121,701)</u>

**FIDUCIARY FUND – H**

**KENILWORTH SCHOOL DISTRICT**

**TRUST AND AGENCY FUND**

**Exhibit H-1**

**COMBINING STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2016**

	<b><u>Agency Student Activity</u></b>	<b><u>Scholarship Fund Non-Expendable Trust Fund</u></b>	<b><u>Unemployment Compensation Expendable Trust Fund</u></b>	<b><u>Summer Payroll</u></b>	<b><u>Total</u></b>
Assets:					
Cash and Cash Equivalents	<u>\$ 104,993</u>	<u>173,689</u>	<u>450,587</u>	<u>367,736</u>	<u>1,097,005</u>
Total Assets	<u><u>\$ 104,993</u></u>	<u><u>173,689</u></u>	<u><u>450,587</u></u>	<u><u>367,736</u></u>	<u><u>1,097,005</u></u>
Liabilities:					
Due to Student Groups	<u>\$ 104,993</u>				<u>104,993</u>
Total Liabilities	<u><u>\$ 104,993</u></u>				<u><u>104,993</u></u>
Net Position:					
Due to Employees				367,736	367,736
Reserved - Scholarships		173,689			173,689
Reserved - Unemployment Benefits			450,587		450,587
Total Net Position		<u><u>\$ 173,689</u></u>	<u><u>450,587</u></u>	<u><u>367,736</u></u>	<u><u>992,012</u></u>

**KENILWORTH SCHOOL DISTRICT**  
**SCHOLARSHIP NONEXPENDABLE TRUST FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Exhibit H-2

	<b>2016</b>
Operating Revenue:	
Local Source:	
Interest on Investments	\$ 494
Total Operating Revenue	494
Operating Expenses:	
Scholarship Payments	3,500
Total Operating Expenses	3,500
Operating Income (Loss)	(3,006)
Net Position July 1	176,695
Net Position June 30	\$ 173,689

KENILWORTH SCHOOL DISTRICTSTUDENT ACTIVITY AGENCY FUND

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTSFOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Balance July 1, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2016</u>
<b><u>Elementary School</u></b>				
Harding	\$ 28,682	243,891	246,370	26,203
<b><u>High School</u></b>				
David Brearley	52,974	207,045	181,229	78,790
Facility Use Account		6,000	6,000	-
Athletic Account		29,618	29,618	-
Total High School	<u>52,974</u>	<u>242,663</u>	<u>216,847</u>	<u>78,790</u>
Total All Schools	<u>\$ 81,656</u>	<u>486,554</u>	<u>463,217</u>	<u>104,993</u>

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

Exhibit H-4

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES****FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b><u>Assets</u></b>				
Cash and Cash Equivalents	\$ -	7,593,922	7,593,922	-
<b><u>Liabilities</u></b>				
Payroll Deductions, Withholdings and Amount Due Employees	\$ -	7,593,922	7,593,922	-

## **LONG-TERM DEBT – I**

**KENILWORTH SCHOOL DISTRICT**

**LONG-TERM LIABILITIES**

**SCHEDULE OF SERIAL BONDS**

Exhibit I-1

**JUNE 30, 2016**

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Refinanced</u>	<u>Balance June 30, 2016</u>
			<u>Date</u>	<u>Amount</u>						
ERIP Refunding	9/29/2003	\$ 410,000	10/1/2016-17	\$ 30,000	5.50%	\$ 195,000		30,000		165,000
			10/1/2018-20	35,000						
2008 Renovations	2/25/2009	13,900,000	1/15/2017	700,000	3.00%	13,365,000		675,000	9,675,000	3,015,000
			1/15/2018	740,000	4.00%					
			1/15/2019	765,000						
			1/15/2020	810,000						
2016 Refunding Bonds	5/18/2016	9,395,000	1/15/2017	125,000	3.00%		9,395,000			9,395,000
			1/15/2021	805,000	4.00%					
			1/15/2022	905,000						
			1/15/2023	950,000						
			1/15/2024	990,000						
			1/15/2025	1,035,000						
			1/15/2026	1,080,000						
			1/15/2027	1,125,000						
			1/15/2028	1,165,000						
			1/15/2029	1,215,000						
						<u>\$ 13,560,000</u>	<u>9,395,000</u>	<u>705,000</u>	<u>9,675,000</u>	<u>12,575,000</u>



**KENILWORTH SCHOOL DISTRICT**

**BUDGETARY COMPARISON SCHEDULE**

Exhibit I-3

**DEBT SERVICE FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<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	\$ 848,149		848,149	848,149	
State Sources:					
Debt Service Aid Type II	416,375		416,375	416,375	
Total Revenues	<u>1,264,524</u>	<u>-</u>	<u>1,264,524</u>	<u>1,264,524</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	559,532		559,532	559,531	1
Redemption of Principal	705,000		705,000	705,000	
Total Regular Debt Service	<u>1,264,532</u>	<u>-</u>	<u>1,264,532</u>	<u>1,264,531</u>	<u>1</u>
Total Expenditures	<u>1,264,532</u>	<u>-</u>	<u>1,264,532</u>	<u>1,264,531</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8)	-	(8)	(7)	1
Other Financing Sources/(Uses):					
Interest Earned				5,504	5,504
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources/(Uses)	(8)	-	(8)	5,497	5,505
Fund Balance July 1	<u>9</u>	<u>-</u>	<u>9</u>	<u>9</u>	<u>-</u>
Fund Balance June 30	<u>\$ 1</u>	<u>-</u>	<u>1</u>	<u>5,506</u>	<u>5,505</u>

**STATISTICAL SECTION**

**(Unaudited)**

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

Exhibit J-1

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ (110,288)	\$ 33,949	\$ (13,429,054)	\$ (5,699,765)	\$ (2,216,805)	\$ (1,753,862)	\$ (1,429,497)	\$ (1,544,137)	\$ (2,332,437)	\$ (2,020,379)
Restricted (Debt Service)	\$ 395,294	\$ 312,470	\$ 20,905	\$ 46,967	\$ 51,346	\$ 3	\$ 313	\$ 111	\$ 9	\$ 5,506
Restricted (Capital Projects)	\$ -	\$ -	\$ 13,699,782	\$ 8,246,987	\$ 1,717,992	\$ 433,507	\$ 325,878	\$ -	\$ -	\$ -
Unrestricted	\$ (537,700)	\$ (966,216)	\$ (1,166,298)	\$ (1,208,665)	\$ 284,261	\$ (598,399)	\$ (1,206,178)	\$ (875,997)	\$ (4,404,932)	\$ (4,776,914)
<b>Total governmental activities net position</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>\$ (235,593)</b>	<b>\$ (609,768)</b>	<b>\$ (4,727,997)</b>	<b>\$ (5,141,858)</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 3,086	\$ 3,086	\$ 24,200	\$ 21,517	\$ 41,060	\$ 37,530	\$ 34,000	\$ 30,470	\$ 24,540	\$ 20,560
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 60,957	\$ 78,834	\$ 68,526	\$ 85,148	\$ 121,800	\$ 94,903	\$ 88,745	\$ 116,344	\$ 116,344	\$ 137,092
<b>Total business-type activities net position</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>\$ 122,745</b>	<b>\$ 146,814</b>	<b>\$ 140,884</b>	<b>\$ 157,652</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ (107,202)	\$ 37,035	\$ (13,404,854)	\$ (5,678,248)	\$ (2,175,745)	\$ (1,716,332)	\$ (1,395,497)	\$ (1,513,667)	\$ (2,307,897)	\$ (1,999,819)
Restricted	\$ 395,294	\$ 312,470	\$ 20,905	\$ 46,967	\$ 1,769,338	\$ 433,510	\$ 326,191	\$ 111	\$ 9	\$ 5,506
Other Purposes	\$ -	\$ -	\$ 13,699,782	\$ 8,652,002	\$ 754,507	\$ 1,495,703	\$ 2,073,891	\$ 1,810,255	\$ 2,009,363	\$ 1,649,929
Unrestricted	\$ (476,743)	\$ (887,382)	\$ (1,097,772)	\$ (1,123,517)	\$ 406,061	\$ (503,496)	\$ (1,117,433)	\$ (764,836)	\$ (4,288,588)	\$ (4,639,822)
<b>Total district net position</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>	<b>\$ (112,848)</b>	<b>\$ (468,137)</b>	<b>\$ (4,587,113)</b>	<b>\$ (4,984,206)</b>

Source: CAFR Schedule A-1 (Net position)

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

Exhibit J-2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 5,504,115	\$ 6,364,107	\$ 6,584,495	\$ 6,324,634	\$ 6,112,698	\$ 6,660,169	\$ 7,176,047	\$ 7,371,644	\$ 7,169,752	\$ 8,278,681
Special education	1,583,879	2,092,304	2,085,007	2,427,121	2,154,051	2,180,521	2,320,339	2,210,861	2,065,576	3,117,115
Other special education	178,577	205,018	338,602	483,754	495,497	317,117	373,782	576,846	1,044,459	469,834
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	544,693	578,260	595,501	560,607	423,406	455,915	506,685	498,965	546,340	739,128
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	1,186,212	1,057,646	1,276,859	1,405,506	1,508,674	1,792,435	1,670,299	1,759,129	2,142,778	1,818,728
Student & instruction related services	2,137,314	1,941,029	2,231,134	2,124,053	2,033,536	2,101,647	2,127,791	2,220,803	2,157,614	2,362,969
School administrative services	1,183,574	1,239,364	546,894	565,642	528,848	524,145	580,411	557,611	655,129	681,306
General administrative services	548,182	548,861	1,286,405	874,963	1,061,329	1,058,488	1,099,370	1,140,220	1,059,239	1,031,882
Plant operations and maintenance	1,448,881	1,457,264	1,555,870	1,541,424	1,432,142	1,389,821	1,378,877	1,774,694	1,496,737	1,604,097
Pupil transportation	508,048	492,173	502,005	547,152	568,453	649,657	616,852	665,699	643,591	635,830
Unallocated Benefits	4,033,932	4,443,119	4,220,661	4,808,714	4,641,951	4,798,339	5,544,882	5,399,365	5,763,117	6,265,756
Special Schools	49,064	52,887	61,855	43,018	34,938	46,429	45,116	60,934	64,423	67,053
Education Jobs	-	-	-	-	-	127,692	-	-	-	-
Interest on Long Term Debt	136,092	121,040	276,130	656,218	626,763	632,993	601,752	581,305	567,312	388,228
Capital Outlay	-	-	-	-	1,924,688	1,267,372	135,511	5,336	-	28,614
Unallocated depreciation	188,266	191,259	231,416	231,417	472,752	465,633	465,633	465,633	672,942	672,942
ARRA	-	-	-	273,016	-	-	-	-	-	-
Total governmental activities expenses	<u>19,230,829</u>	<u>20,784,331</u>	<u>21,792,834</u>	<u>22,867,239</u>	<u>24,019,726</u>	<u>24,468,373</u>	<u>24,643,347</u>	<u>25,289,045</u>	<u>26,049,009</u>	<u>28,162,163</u>
Business-type activities:										
Food service	478,653	447,278	465,972	470,366	445,839	519,303	468,255	465,651	408,858	411,586
Aftercare Program	-	-	-	-	-	-	115,988	115,988	154,901	184,307
Total business-type activities expense	<u>478,653</u>	<u>447,278</u>	<u>465,972</u>	<u>470,366</u>	<u>445,839</u>	<u>519,303</u>	<u>584,243</u>	<u>581,639</u>	<u>563,759</u>	<u>595,893</u>
Total district expenses	<u>\$ 19,709,482</u>	<u>\$ 21,231,609</u>	<u>\$ 22,258,806</u>	<u>\$ 23,337,605</u>	<u>\$ 24,465,565</u>	<u>\$ 24,987,676</u>	<u>\$ 25,227,590</u>	<u>\$ 25,870,684</u>	<u>\$ 26,612,768</u>	<u>\$ 28,758,056</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	-	\$ -	-	-	291,289	329,051	320,929	384,828	512,972	426,985
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-	160,117	-
Operating grants and contributions	758,830	804,434	896,603	1,100,146	675,834	765,300	682,155	577,338	631,585	676,452
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>758,830</u>	<u>804,434</u>	<u>896,603</u>	<u>1,100,146</u>	<u>967,123</u>	<u>1,094,351</u>	<u>1,003,084</u>	<u>962,166</u>	<u>1,304,674</u>	<u>1,103,437</u>
Business-type activities:										
Charges for services (Food Service)	-	-	-	-	-	-	296,778	291,902	235,845	268,642
Aftercare Program	-	-	-	-	-	-	-	-	160,117	176,000
Operating grants and contributions	97,120	108,606	113,227	134,293	147,381	161,887	161,789	136,618	169,000	168,019
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>97,120</u>	<u>108,606</u>	<u>113,227</u>	<u>134,293</u>	<u>147,381</u>	<u>161,887</u>	<u>458,567</u>	<u>428,520</u>	<u>564,962</u>	<u>612,661</u>
Total district program revenues	<u>\$ 855,950</u>	<u>\$ 913,040</u>	<u>1,009,830</u>	<u>1,234,439</u>	<u>1,114,504</u>	<u>1,256,238</u>	<u>1,461,651</u>	<u>1,390,686</u>	<u>1,869,636</u>	<u>1,716,098</u>
<b>Net (Expense)/Revenue</b>										

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

Exhibit J-2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities	\$ (18,471,999)	\$ (19,979,897)	(20,896,231)	(21,767,093)	(23,052,603)	(23,374,022)	(23,640,263)	(24,326,879)	(24,744,335)	(27,058,726)
Business-type activities	(43,638)	17,877	(12,991)	(336,073)	(298,458)	(357,416)	(125,676)	(153,119)	1,203	16,768
Total district-wide net expense	<u>\$ (18,515,637)</u>	<u>\$ (19,962,020)</u>	<u>(20,909,222)</u>	<u>(22,103,166)</u>	<u>(23,351,061)</u>	<u>(23,731,438)</u>	<u>(23,765,939)</u>	<u>(24,479,998)</u>	<u>(24,743,132)</u>	<u>(27,041,958)</u>
<b>General Revenues and Other Changes in Net position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 14,133,275	\$ 14,791,143	14,791,143	15,208,753	16,197,614	16,244,515	16,244,515	16,519,624	17,083,017	18,110,000
Taxes levied for debt service	294,667	303,376	309,592	594,933	700,725	653,823	690,794	695,330	787,607	848,149
Unrestricted grants and contributions	3,703,759	3,861,700	4,974,665	5,538,380	4,730,353	5,691,293	6,690,044	6,550,917	7,061,340	7,572,120
Investment Income	83,746	51,540	10,077	1,775	-	-	-	-	-	-
Tuition Received	383,712	388,332	445,679	275,781	305,839	-	-	-	-	-
Miscellaneous income	452,857	300,926	277,712	219,829	63,186	253,922	177,111	216,515	135,601	114,596
Other (Bond Proceeds)	-	-	13,921,859	50,450	408,880	-	-	(20,630)	-	-
Transfers	(15,000)	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>19,037,016</u>	<u>19,697,017</u>	<u>34,730,727</u>	<u>21,889,901</u>	<u>22,406,597</u>	<u>22,843,553</u>	<u>23,802,464</u>	<u>23,961,756</u>	<u>25,067,565</u>	<u>26,644,865</u>
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 19,037,016</u>	<u>\$ 19,697,017</u>	<u>34,730,727</u>	<u>21,889,901</u>	<u>22,406,597</u>	<u>22,843,553</u>	<u>23,802,464</u>	<u>23,961,756</u>	<u>25,067,565</u>	<u>26,644,865</u>
<b>Change in Net position</b>										
Governmental activities	\$ 565,017	\$ (282,880)	13,834,496	122,808	(646,006)	(530,469)	162,201	(365,123)	323,230	(413,861)
Business-type activities	(43,638)	17,877	(12,991)	13,939	(298,458)	(357,416)	(125,676)	(153,119)	1,203	16,768
Total district	<u>\$ 521,379</u>	<u>\$ (265,003)</u>	<u>13,821,505</u>	<u>136,747</u>	<u>(944,464)</u>	<u>(887,885)</u>	<u>36,525</u>	<u>(518,242)</u>	<u>324,433</u>	<u>(397,093)</u>

Source: CAFR Schedule A-2

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

Exhibit J-3

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 912,670	313,558	297,941	405,015	854,507	1,460,181	1,921,935	1,715,888	1,918,625	1,589,859
Interfund Recieveable	\$ -	-	-	-	-	-	58,188	42,547	222,304	148,522
Unreserved	167,011	242,614	296,815	236,122	184,261	306,434	154,927	97,725	-	-
Total general fund	<u>\$ 1,079,681</u>	<u>\$ 556,172</u>	<u>\$ 594,756</u>	<u>\$ 641,137</u>	<u>\$ 1,038,768</u>	<u>\$ 1,766,615</u>	<u>\$ 2,135,050</u>	<u>\$ 1,856,160</u>	<u>\$ 2,140,929</u>	<u>\$ 1,738,381</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ 3,481,465	\$ 533,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund		(1,088)	-	-	180,195	51,437	89,999	55,426	46,318	73,356
Capital projects fund	-	-	9,920,376	7,713,456	1,717,992	448,392	325,878	-	-	-
Debt service fund	1	-	20,905	20,905	51,346	3	313	111	9	5,506
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 1</u>	<u>\$ (1,088)</u>	<u>\$ 13,422,746</u>	<u>\$ 8,267,892</u>	<u>\$ 1,949,533</u>	<u>\$ 499,832</u>	<u>\$ 416,190</u>	<u>\$ 55,537</u>	<u>\$ 46,327</u>	<u>\$ 78,862</u>
Total all Governmental Funds:	<u>\$ 1,079,682</u>	<u>\$ 555,084</u>	<u>\$ 14,017,502</u>	<u>\$ 8,909,029</u>	<u>\$ 2,988,301</u>	<u>\$ 2,266,447</u>	<u>\$ 2,551,240</u>	<u>\$ 1,911,697</u>	<u>\$ 2,187,256</u>	<u>\$ 1,817,243</u>

Source: CAFR Schedule B-1

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

**Exhibit J-4**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues</b>										
Tax levy	\$ 14,427,942	15,094,519	15,100,735	15,803,686	16,898,339	16,898,338	16,935,309	17,214,954	17,870,624	18,958,149
Tuition charges	383,712	388,332	445,679	275,781	291,289	329,051	320,292	384,828	512,972	426,985
Interest earnings	83,746	51,540	10,077	1,775	359	-	-	-	-	-
Miscellaneous	512,186	336,242	361,866	264,856	437,973	267,122	190,511	216,515	109,833	130,935
Erate	-	-	-	-	-	-	-	38,185	40,568	17,309
State sources	3,944,266	4,225,687	5,225,324	5,461,999	4,922,294	5,835,640	6,871,595	6,648,776	7,162,943	7,704,670
Federal sources	458,994	405,131	561,790	1,131,500	414,286	609,467	487,204	441,294	515,182	510,254
<b>Total revenue</b>	<b>19,810,846</b>	<b>20,501,451</b>	<b>21,705,471</b>	<b>22,939,597</b>	<b>22,964,540</b>	<b>23,939,618</b>	<b>24,804,911</b>	<b>24,944,552</b>	<b>26,212,122</b>	<b>27,748,302</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	5,473,702	6,372,365	6,330,212	6,342,960	6,566,437	6,781,906	7,176,047	7,324,796	7,169,752	8,177,657
Special education instruction	1,583,879	2,092,304	2,085,007	2,427,121	2,154,051	2,182,235	2,320,339	2,210,861	2,065,575	3,117,115
Other special instruction	178,577	205,018	338,602	483,754	495,497	317,117	373,782	576,846	1,044,459	469,834
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	544,693	578,260	595,501	560,607	423,406	455,915	506,685	498,965	546,340	739,128
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
<b>Support Services:</b>										
Tuition	1,186,212	1,057,646	1,276,859	1,405,506	1,508,674	1,792,435	1,670,299	1,759,129	2,142,778	1,818,728
Student & instruction related services	2,137,314	1,941,029	2,231,134	2,124,053	2,033,536	2,101,647	2,127,791	2,220,803	2,157,614	2,362,969
General administrative services	712,169	705,949	704,257	565,842	528,848	536,303	615,750	557,611	560,944	681,306
School Administrative services	548,182	548,861	564,984	540,018	538,473	524,145	580,411	645,822	655,129	530,194
Information Technology	174,256	226,471	238,268	259,645	226,310	189,323	194,879	198,449	199,118	179,575
Business administrative services	297,149	306,944	325,790	334,945	296,546	332,862	288,741	295,949	299,178	322,113
Plant operations and maintenance	1,448,881	1,457,264	1,555,870	1,541,424	1,432,142	1,389,821	1,378,877	1,774,694	1,496,737	1,604,097
Pupil transportation	508,048	492,173	502,005	547,152	568,453	649,657	616,852	665,699	643,591	635,830
Unallocated employee benefits	4,033,932	4,443,119	4,220,661	4,549,069	4,641,951	4,798,339	5,529,995	5,399,365	5,700,081	6,146,609
Special Schools	49,064	52,887	61,855	43,018	34,938	46,429	45,116	60,934	64,423	67,053
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	32,646	110,329	4,176,373	2,206,920	6,511,448	1,313,315	135,511	356,327	-	28,614
<b>Debt service:</b>										
Principal	275,000	300,000	325,000	345,000	360,000	375,000	385,000	405,000	585,000	705,000
Interest and other charges	143,343	129,285	113,999	574,673	646,165	628,862	610,231	590,357	576,106	559,531
ARRA/Education Jobs	-	-	-	273,016	-	127,692	-	-	-	-
<b>Total expenditures</b>	<b>19,327,047</b>	<b>21,019,904</b>	<b>25,646,377</b>	<b>25,124,523</b>	<b>28,966,875</b>	<b>24,543,003</b>	<b>24,556,306</b>	<b>25,541,607</b>	<b>25,906,825</b>	<b>28,145,353</b>
Excess (Deficiency) of revenues over (under) expenditures	483,799	(518,453)	(3,940,906)	(2,184,926)	(6,002,335)	(603,385)	248,605	(597,055)	305,297	(397,051)
<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)	50,450	(26,901)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>13,921,859</b>	<b>50,450</b>	<b>(26,901)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 483,799</b>	<b>(518,453)</b>	<b>9,980,953</b>	<b>(2,134,476)</b>	<b>(6,029,236)</b>	<b>(603,385)</b>	<b>248,605</b>	<b>(597,055)</b>	<b>305,297</b>	<b>(397,051)</b>
Debt service as a percentage of noncapital expenditures	2.17%	2.05%	2.04%	4.01%	4.48%	4.32%	4.08%	3.95%	4.48%	4.50%

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
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
2013	\$ -	\$ 320,292	\$ 99,434	\$ 41,398	\$ -	\$ -	\$ 9,268	\$ -	\$ 470,392
2014	\$ -	\$ 446,828	\$ 83,647	\$ 71,174	\$ -	\$ -	\$ 38,185	\$ -	\$ 639,834
2015	\$ -	\$ 525,407	\$ 43,955	\$ 33,955	\$ -	\$ -	\$ 40,568	\$ -	\$ 643,885
2016	\$ 9,646	\$ 435,634	\$ 51,485	\$ 21,710	\$ -	\$ -	\$ 17,309	\$ -	\$ 535,784

Source: District Records



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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	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)
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	
2013	\$ 7,816,300	\$ 448,142,500	\$ -	\$ -	\$ 85,952,000	\$ 269,868,100	\$ -	\$ 811,778,900	\$ -	\$ 654,527	\$ 812,433,427	2.119	
2014	\$ 7,826,100	\$ 449,556,100	\$ -	\$ -	\$ 88,522,400	\$ 269,859,600	\$ -	\$ 815,764,200	\$ -	\$ 622,822	\$ 816,387,022	2.189	
2015	\$ 7,820,300	\$ 451,270,500	\$ -	\$ -	\$ 89,904,100	\$ 269,142,200	\$ -	\$ 818,137,100	\$ -	\$ 629,922	\$ 818,767,022	2.316	
2016	\$ 7,977,900	\$ 452,547,700	\$ -	\$ -	\$ 89,797,200	\$ 269,079,300	\$ -	\$ 819,402,100	\$ -	\$ 658,808	\$ 820,060,908	2.467	

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**

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Kenilworth Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Kenilworth Borough	County Open Space	Union County	
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
2013	2.119		2.119	1.337	0.027	0.899	4.382
2014	2.189		2.189	1.387	0.025	0.874	4.475
2015	2.316		2.316	1.405	0.026	0.921	4.668
2016	2.467		2.467				

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.

Please note the Borough did not provide the overlapping rates by the deadline.

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

**Exhibit J-8**

Taxpayer	2015			2005		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Merck (Schering 2002)	\$ 177,667,000	1	21.68%	\$ 237,168,000	1	27.59%
Castle & Cooke, NJ, LLC	\$ 7,867,100	2	0.96%	\$ 7,867,100	5	0.93%
Kenilworth-Grocery/Berenson	\$ 7,643,700	3	0.93%	\$ 9,031,800	2	1.07%
Cristie Properties	\$ 6,903,600	4	0.84%	N/A		
Boright Realty	\$ 5,501,800	5	0.67%	\$ 8,786,500	3	1.07%
FDV Realty	\$ 4,750,800	7	0.58%	\$ 4,508,200	10	
ADHP Real Estate	\$ 4,500,000	6	0.84%	N/A		
Lakhani Associates	\$ 4,352,000	8	0.55%	N/A		
141 Market Street Realty, LLC.	\$ 3,850,000	9	0.47%	N/A		
K' Worth Storage, LLC	\$ 3,400,000	10	0.41%	4,800,000	7	0.57%
<b>Total</b>	<b>\$ 226,436,000</b>		<b>27.95%</b>	<b>\$ 272,161,600</b>		<b>31.23%</b>

Total Assessed Value: \$ 819,402,100

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	
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%	
2012	\$ 35,083,414	\$ 34,773,275	99.11%	
2013	\$ 35,711,990	\$ 35,395,437	99.09%	
2014	\$ 36,638,155	\$ 36,316,828	99.12%	
2015				

Source: Borough Tax Office

Please note the Borough did not provide the 2015 information by the deadline.

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

Exhibit J-10

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		
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
2013	14,550,000	-	-	-	-	14,550,000	0.24%	\$ 34,519
2014	14,145,000	-	-	-	-	14,145,000	0.23%	\$ 32,523
2015	13,560,000	-	-	-	-	13,560,000	0.25%	\$ 33,914
2016	12,855,000	-	-	-	-	12,855,000	0.33%	\$ 41,792

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**

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Additions	Deductions			
2007	3,015,000		275,000	2,740,000	0.09%	\$ 357.00
2008	2,740,000		300,000	2,440,000	0.08%	\$ 317.92
2009	2,440,000	13,900,000	325,000	16,015,000	0.52%	\$ 2,086.64
2010	16,015,000	-	345,000	15,670,000	0.51%	\$ 1,980.04
2011	15,670,000		360,000	15,310,000	0.50%	\$ 1,934.55
2012	15,310,000		375,000	14,935,000	0.48%	\$ 1,887.16
2013	14,935,000		385,000	14,550,000	0.47%	\$ 1,809.70
2014	14,550,000		405,000	14,145,000	0.46%	\$ 1,748.45
2015	14,145,000		585,000	13,560,000	0.44%	\$ 1,663.19
2016	13,560,000		985,000	12,575,000	0.41%	\$ 1,530.74

**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.

In May 2016, the BOE refunded bonds. The refunding will be reported in the future year.

**Borough of Kenilworth Board of Education  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2016**

**Exhibit J-12**

<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 (12-31-15)	9,644,267	100.000%	9,644,267
<b>Other debt</b>			
County of Union - Borough's Share	570,015,152	2.165%	12,338,548
Rahway Valley Sewerage Authority	169,324,711	2.391%	4,048,554
Subtotal, overlapping debt			26,031,369
<b>Kenilworth Borough School District Direct Debt</b>			<u>12,575,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 38,606,369</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.

**Legal Debt Margin Calculation**

Equalized valuation basis	
2015	\$ 1,270,158,942
2014	\$ 1,270,158,942
2013	\$ 1,366,631,145
[A]	\$ 3,906,949,029
[A/3]	\$ 1,302,316,343
	52,092,654 a
[C]	<u>12,855,000</u>
[B-C]	\$ <u>39,237,654</u>

	Fiscal Year										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 51,634,561	\$ 61,210,184	\$ 68,825,146	\$ 73,506,128	\$ 74,712,830	73,471,721	\$ 65,251,540	\$ 64,170,313	\$ 38,836,672	\$ 52,092,654	\$ 52,092,654
Loss of Business Income											
Total net debt applicable to limit	<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>	<u>\$ 14,550,000</u>	<u>\$ 14,145,000</u>	<u>\$ 13,560,000</u>	<u>\$ 12,855,000</u>
Legal debt margin	<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>\$ 50,316,540</u>	<u>\$ 49,620,313</u>	<u>\$ 24,691,672</u>	<u>\$ 38,532,654</u>	<u>\$ 39,237,654</u>
Total net debt applicable to the limit as a percentage of debt limit	5.84%	4.48%	3.55%	21.79%	20.97%	20.84%	22.89%	22.67%	36.42%	26.03%	24.68%

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

a Limit set by NJSA 18A:24-19 for a K through 12 district

Borough information not available



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

**Exhibit J-14**

<u>Year</u>	<u>Kenilworth Population**</u>	<u>Personal Income (thousands of dollars)*</u>	<u>Per Capita Personal Income*</u>	<u>Unemployment Rate</u>
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	10.20%
2013	8,040	23,608,253	34,519	9.20%
2014	8,090	23,608,253	32,523	6.60%
2015	8,153	23,608,253	33,914	5.80%
2016	8,215	23,608,253	41,792	5.20%

**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://quickfacts.census.gov/qfd/states/34/3436690.html> (Population & Per Capita Income)  
<http://www.homefacts.com/unemployment/New-Jersey/Union-County/Kenilworth.html> (Unemployment)

\*\*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	2016			2007		
	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%	-	3	0.00%
-	-	4	0.00%	-	4	0.00%
-	-	5	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%

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Instruction											
Regular	83	85	85	86	88.0	89.6	90.6	91.2	94.55	95.7	97.29
Special education	25	27	28	28	32.0	33.6	33.6	35.5	34.22	39.57	44.61
Other special education (CST)	5	6	6	6	6.5	7	7	7	7	7	7
Other instruction					8.0	8	8	9	11.27	11.64	11.5
Support Services:											
Student & instruction related services	-	-									
General administrative services	17	17	17	17	10.0	11	11	11	10	11	12
School administrative services	2	2	2	2	7.0	7	7	7	8	7	7
Business administrative services	11	11	11	11	8.5	8.5	8.5	8.9	9.5	9.5	9.5
Plant operations and maintenance	4	4	4	4	4.0	4	4	4	3.75	3.75	3.75
Pupil transportation	14	14	14	14	8.5	8.5	8.5	8.5	8.75	8.75	8.75
Pupil transportation	-	-	0	0	0.0	0	0	0	0	0	0
<b>Total</b>	<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>	<u>182.1</u>	<u>187.0</u>	<u>193.9</u>	<u>201.4</u>

**Source:** District Position Control Roster

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

Exhibit J-17

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				
2004	1,266	15,204,931	\$ 12,010	0.43%	104.00	13.4	11.10	1,110.00	1,050.70	-5.68%	94.66%
2005	1,281	16,444,292	\$ 12,837	6.88%	104.00	14.4	11.30	1,278.70	1,222.20	15.20%	95.58%
2006	1,359	17,631,879	\$ 12,974	1.07%	104.00	14.5	11.50	1,309.10	1,245.50	2.38%	95.14%
2007	1,316	18,876,058	\$ 14,344	10.55%	113.00	12.5	10.90	1,335.90	1,275.00	2.05%	95.44%
2008	1,346	20,480,290	\$ 15,216	6.08%	113.50	12.9	11.00	1,351.60	1,289.00	1.18%	95.37%
2009	1,314	21,031,005	\$ 16,005	5.19%	124.00	12.0	11.00	1,387.60	1,326.00	2.66%	95.56%
2010	1,367	21,997,930	\$ 16,092	0.54%	127.00	12.0	10.00	1,372.20	1,297.80	-1.11%	94.58%
2011	1,316	21,449,262	\$ 16,299	1.28%	127.00	11.9	10.7	1,339.90	1,276.10	-2.35%	95.24%
2012	1,332	22,098,134	\$ 16,590	1.79%	128.00	11.56	10.6	1,360.72	1,299.96	1.55%	95.53%
2013	1,400	23,425,564	\$ 16,733	0.86%	129.70	11.24	10.30	1,395.70	1,322.30	2.57%	94.74%
2014	1,389	24,189,923	\$ 17,415	4.08%	136.91	10.69	10.73	1,442.90	1,386.30	3.38%	96.08%
2015	1,412	24,745,719	\$ 17,532	0.67%	141.20	10.63	10.01	1,414.14	1,338.75	-1.99%	94.67%
2016	1,353	26,852,208	\$ 19,846	13.20%	146.73	12.00	11.00	1,411.57	1,341.37	-0.18%	95.03%

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 - Position Control Roster-Certified Staff Total
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Pupil Teacher Ratio - NJDOE School Performance Report

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

Exhibit J-18

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>District Building</b>											
<b>Elementary</b>											
Warren Harding (1923)											
Square Feet	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500
Capacity (students)	650	650	650	650	650	650	650	650	650	650	650
Enrollment	635	656	631	640	703	638	652	680	714	730	679
<b>Middle/High School</b>											
David Brearley (1966)											
Square Feet	147,910	147,910	147,910	147,910	147,910	147,910	150,267	150,267	150,267	150,267	150,267
Capacity (students)	804	804	804	804	804	804	804	804	804	804	804
Enrollment	708	752	694	701	664	678	680	716	729	721	744
<b>DISTRICT TOTALS</b>	<b>1,343</b>	<b>1,408</b>	<b>1,325</b>	<b>1,341</b>	<b>1,367</b>	<b>1,316</b>	<b>1,332</b>	<b>1,396</b>	<b>1,443</b>	<b>1,451</b>	<b>1,423</b>

Number of Schools at June 30, 2016

  Elementary = 1

  Middle/High School = 1

**Source:** District records- School Register ADE

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**

Exhibit J-19

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

School Facilities	Project # (s)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Warren Harding Elementary School	N/A	57,341	50,935	28,700	62,398	13,840	36,894	30,870	54,644	53,731	57,232	\$ 49,237
David Brearley Middle/High School	N/A	108,322	104,459	69,033	54,125	96,369	38,492	40,867	99,639	71,485	118,874	112,018
District Level	N/A	158,295	88,333	136,512	103,436	152,319	101,560	122,289	119,746	110,326	84,578	112,698
<b>Total School Facilities</b>	<b>-</b>	<b>323,958</b>	<b>243,727</b>	<b>234,245</b>	<b>219,959</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>

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

**BOROUGH OF KENILWORTH BOARD OF EDUCATION  
INSURANCE SCHEDULE  
UNAUDITED**

Exhibit J-20

**NJ SCHOOLS INSURANCE FUND (NJSIG) JOINT INSURANCE FUND  
2015-2016**

	Limits	Deductible	
<b>PROPERTY:</b>			
Building & Personal Property - Pool	\$350,000,000	\$5,000	
Equipment Breakdown - Pool	\$100,000,000	\$5,000	
EDP - Electronic Data Processing Equip	\$500,000	\$1,000	
Valuable Papers - Pool	\$10,000,000	\$5,000	
Newly Aquired 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	\$15,000,000	\$500,000	Building
		\$500,000	Contents
Flood for properties all other zones - Pool	\$75,000,000	\$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	\$150,000	\$5,000	
Loss of Business Income	\$300,000	\$5,000	
<b>CRIME &amp; FIDELITY:</b>			
Money & Securiteis	\$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

109.

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.

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

Telecopier:  
(732) 280-8888

e-mail:  
rah@monmouth.com

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

**INDEPENDENT AUDITOR'S 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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenilworth Board of Education, County of Union, State of New Jersey as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Kenilworth Board of Education, County of Union, State of New Jersey's basic financial statements, and have issued our report thereon dated November 21, 2016.

## **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

**Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company  
Wall Township, New Jersey**

November 21, 2016

# 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.  

---

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

Telecopier:  
(732) 280-8888  
  
e-mail:  
rah@monmouth.com

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

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

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

**Report on Compliance for Each Major State Program**

We have audited the Board of Education of the Kenilworth School District, County of Union, State of New Jersey’s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey’s major state programs for the year ended June 30, 2016. The Board of Education of the Kenilworth School District, County of Union, State of New Jersey’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

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

### ***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's compliance.

### ***Opinion on Each Major State Program***

In our opinion, the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Kenilworth School District, County of Union, and State of New Jersey'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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,

**ROBERT A. HULSART AND COMPANY**

*Robert A. Hulsart*

**Licensed Public School Accountant  
No. 322  
Robert A. Hulsart and Company  
Wall Township, New Jersey**

November 21, 2016

**KENILWORTH SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

K-3

Federal Grantor/ Pass-Through Grantor/ Project Title	Federal CFDA Number	Federal Fain Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2016			
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor	
U.S. Department of Agriculture Passed Through State Department of Education															
National School Lunch Program	10.555	1616NJ304N1099	NA	\$ 116,783	7/01/2014	6/30/2015	\$ (6,354)		6,354						
National School Lunch Program	10.555	1616NJ304N1099	NA	122,800	7/01/2015	6/30/2016			116,428	(122,800)		(6,372)			
School Breakfast Program	10.553	1616NJ304N1099	NA	6,538	7/01/2015	6/30/2016			6,045	(6,538)		(493)			
School Breakfast Program	10.553	1616NJ304N1099	NA	5,943	7/01/2014	6/30/2015	(514)		514						
HHFKA	10.555	1616NJ304N1099	NA	5,018	7/01/2014	6/30/2015	(270)		270						
HHFKA	10.555	1616NJ304N1099	NA	5,109	7/01/2015	6/30/2016			4,842	(5,109)		(267)			
Food Distribution Program	10.550	1616NJ304N1099	NA	29,495	7/01/2015	6/30/2016			29,495	(29,495)					
Total U.S. Department of Agriculture							(7,138)	-	163,948	(163,942)	-	(7,132)	-	-	-
U.S. Department of Education Passed Through State Department of Education															
Title I	84.010	S101A150030	NA	143,089	9/01/2015	8/31/2016			142,630	(143,089)		(459)			
Title I	84.010	S101A150030	NA	147,239	9/01/2014	8/31/2015	(9,323)		9,323						
Title II A	84.367	S367A150029	NA	22,308	9/01/2014	8/31/2015	(4,167)		4,167						
Title II A	84.367	S367A150029	NA	22,997	9/01/2015	8/31/2016			21,426	(22,997)		(1,571)			
Title III	84.365	S365A150030	NA	35,824	9/01/2014	8/31/2015	(11,445)		11,445						
Title III	84.365	S365A150030	NA	20,667	9/01/2015	8/31/2016			11,397	(20,667)		(9,270)			
IDEA Preschool	84.173	H173A150114	NA	9,603	9/01/2015	8/31/2016			9,603	(9,603)					
IDEA Part B Basic	84.027	H027A150100	NA	310,513	9/01/2014	8/31/2015	(19,386)		19,386						
IDEA Part B Basic	84.027	H027A150100	NA	322,745	9/01/2015	8/31/2016			309,194	(313,714)		(4,520)			
Total U.S. Department of Education							(44,321)	-	538,571	(510,070)	-	(15,820)	-	-	-
Total Federal Financial Assistance							\$ (51,459)	-	702,519	(674,012)	-	(22,952)	-	-	-

See Accompanying Notes to Schedules of Financial Assistance.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2015	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2016			MEMO	
			From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Total Expenditures
Special Education Aid	16-495-034-5120-089	\$ 808,290	7/1/2015	6/30/2016	\$ -		808,290	(808,290)					(78,896)	808,290	
School Choice	16-495-034-5120-068	2,125,960	7/1/2015	6/30/2016			2,125,960	(2,125,960)					(207,485)	2,125,960	
Equalization Aid	16-495-034-5120-078	1,246,171	7/1/2015	6/30/2016			1,246,171	(1,246,171)					(121,618)	1,246,171	
Security Aid	16-495-034-5120-084	37,446	7/1/2015	6/30/2016			37,446	(37,446)					(3,656)	37,446	
Transportation Aid	16-495-034-5120-014	29,770	7/1/2015	6/30/2016			29,770	(29,770)					(2,890)	29,770	
Under Adequacy Aid	16-495-034-5120-083	46,156	7/1/2015	6/30/2016			46,156	(46,156)					(4,506)	46,156	
Addl. Adjustment Aid	16-495-034-5120-085	33,533	7/1/2015	6/30/2016			33,533	(33,533)					(3,231)	33,533	
PARCC Readiness Aid	16-495-034-5120-098	14,180	7/1/2015	6/30/2016			14,180	(14,180)					(1,403)	14,180	
Per Pupil Growth Aid	16-495-034-5120-097	14,180	7/1/2015	6/30/2016			14,180	(14,180)					(1,403)	14,180	
Extraordinary Aid	15-495-034-5120-044	183,975	7/1/2014	6/30/2015	(183,975)		183,975								
Extraordinary Aid	16-495-034-5120-044	107,234	7/1/2015	6/30/2016				(107,234)			(107,234)			107,234	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	15-100-034-5095-002	761,744	7/1/2014	6/30/2015	(38,329)		38,329								
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	16-100-034-5095-002	871,202	7/1/2015	6/30/2016			829,914	(871,202)			(41,288)			871,202	
					(222,304)		5,407,904	(5,334,122)			(148,522)			(425,088)	5,334,122
State Department of Agriculture: National School Lunch Program (State Share)	16-100-010-3350-023	4,077	7/1/2015	6/30/2016			3,871	(4,077)			(206)			4,077	
National School Lunch Program (State Share)	15-100-010-3350-023	3,884	7/1/2014	6/30/2015	(209)										
					(209)	-	3,871	(4,077)	-		(206)	-	-	-	4,077
Debt Service Aid Type II	16-495-034-5120-125	416,375	7/1/2015	6/30/2016			416,375	(416,375)						416,375	
Special Revenue: Nonpublic Aid:															
Textbook Aid	16-495-034-5120-064	10,449	7/1/2015	6/30/2016			10,449	(10,339)				110		10,339	
Textbook Aid	15-495-034-5120-064	11,380	7/1/2014	6/30/2015	62				(62)						
Nursing Services	16-100-034-5120-070	16,470	7/1/2015	6/30/2016			16,470	(16,221)				249		16,221	
Nursing Services	15-100-034-5120-070	18,116	7/1/2014	6/30/2015	2,314				(2,314)						
Technology Aid	15-100-034-5120-373	6,112	7/1/2014	6/30/2015	26				(26)						
Technology Aid	16-100-034-5120-373	4,758	7/1/2015	6/30/2016			4,758	(4,599)				159		4,599	
Security Aid	16-100-034-5120-084	4,575	7/1/2015	6/30/2016			4,575	(4,575)						4,575	
Home Instruction	15-100-034-5120-067	257	7/1/2014	6/30/2015	(257)		257								
Compensatory Education	16-100-034-5120-067	55,077	7/1/2015	6/30/2016			55,077	(53,298)				1,779		53,298	
Compensatory Education	15-100-034-5120-067	71,664	7/1/2014	6/30/2015	20,334				(20,334)						
English as a Second Language	16-100-034-5120-067	863	7/1/2015	6/30/2016			863					863			
English as a Second Language	15-100-034-5120-067	914	7/1/2014	6/30/2015	914				(914)						
Transportation	16-100-034-5120-067	5,171	7/1/2015	6/30/2016			5,171	(5,171)						5,171	
Transportation	15-100-034-5120-067	6,590	7/1/2014	6/30/2015	659				(659)						
Examination and Classification Initial	15-100-034-5120-066	25,197	7/1/2014	6/30/2015	8,819				(8,819)						
Examination and Classification Annual	15-100-034-5120-066	6,498	7/1/2014	6/30/2015	1,444				(1,444)						
Examination and Classification Initial	16-100-034-5120-066	15,499	7/1/2015	6/30/2016			15,499	(14,307)				1,192		15,499	
Examination and Classification Annual	16-100-034-5120-066	7,174	7/1/2015	6/30/2016			7,174	(4,441)				2,733		3,249	
Corrective Speech	16-100-034-5120-066	7,525	7/1/2015	6/30/2016			7,525	(2,926)				4,599		2,926	
Corrective Speech	15-100-034-5120-066	7,952	7/1/2014	6/30/2015	1,856				(1,856)						
Supplemental Instruction	16-100-034-5120-066	22,277	7/1/2015	6/30/2016			22,277	(16,857)				5,420		16,857	
Supplemental Instruction	15-100-034-5120-066	26,680	7/1/2014	6/30/2015	9,890				(9,890)						
					46,061		150,095	(132,734)	(46,318)			17,104		132,734	
Total State Financial Assistance					\$ (176,452)	-	5,978,245	(5,887,308)	(46,318)	(148,728)	-	17,104	(425,088)	5,887,308	

See Accompanying Notes to Schedules of Financial Assistance.

**BOARD OF EDUCATION**

K-5

**KENILWORTH SCHOOL DISTRICT****NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2016****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	\$ 5,334,122	132,734	416,375	4,077	5,887,308
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	1,817,858				1,817,858
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>3,581</u>	_____	_____	_____	<u>3,581</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances					
	<u>\$ 7,155,561</u>	<u>132,734</u>	<u>416,375</u>	<u>4,077</u>	<u>7,708,747</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	\$ 184	510,070		163,942	674,012
Difference – Budget to “GAAP”					
Grant Accounting Budgetary					
Basis Differs from GAAP in that					
Encumbrances are Recognized as					
Expenditures, and the Related					
Revenue is Recognized					
	_____	_____	_____	_____	_____
Total Federal Revenue as					
Reported on the Statement					
of Revenue, Expenditures,					
and Changes in Fund					
Balances	<u>\$ 184</u>	<u>510,070</u>	_____	<u>163,942</u>	<u>674,012</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, 2016. 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, 2016.

**BOROUGH OF KENILWORTH SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

K-6

**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

*Part 1 - Summary of Auditor's Results*

**Financial Statement Section**

(A) Type of auditor's report issued: Unmodified

(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**

Not Applicable



**BOROUGH OF KENILWORTH SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

K-6

*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, 2016**

K-6

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

This section identifies audit findings required to be reported by Title 2 U.S. Code of Federal Regulations Part 200 and OMB Circular Letter 15-08.

**FEDERAL AWARDS**

Not Applicable

**BOROUGH OF KENILWORTH SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

K-6

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

**STATE AWARDS**

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

BOROUGH OF KENILWORTH SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Prior Audit Findings:

No prior year audit findings.