

SCHOOL DISTRICT

OF

KENILWORTH



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

KENILWORTH BOARD OF EDUCATION

KENILWORTH, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

PREPARED BY

**KENILWORTH BOARD OF EDUCATION
FINANCE DEPARTMENT**

KENILWORTH SCHOOL DISTRICT

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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 20, 2017

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, 2017 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 20, 2017*

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 1,343 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
2016 – 2017	1343	(0.74%)
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

*Tramaglino/Gonnella to Board of Education
November 20, 2017*

comparison between past school years and those school years very difficult without a detailed breakdown. The 1997-1998 school year's figures would not be a true picture for future analysis due to the large cost of establishing the high school for the first school year. However, the 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 to meet our ever changing demographic population. 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.

*Tramaglino/Gonnella to Board of Education
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COMPREHENSIVE MAINTENANCE SUMMARY:

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

Consistent with maintaining buildings at a level of excellence and Kenilworth standards, a total of \$433,899 was spent on Renovations/Repairs to the Harding and Brearley facilities during the 2016-2017 school year:

Harding School:

Repair of Building & Equipment	\$ 109,920	
Instructional Equipment Repairs	<u>\$ -</u>	\$ 109,920

Brearley School:

Repair of Building & Equipment*	\$ 56,353	
Instructional Equipment Repairs	<u>\$ -</u>	\$ 56,353

District Level:

Contracted Upkeep of Grounds (No Salaries)	\$ 29,669	
Purchased Professional Services	\$ 143,060	
Contracted Services Maintenance	\$ 48,422	
Maintenance Supplies & Materials	\$ 27,600	
Maintenance Agreements	<u>\$ 18,875</u>	

Total

\$ 267,626
\$ 433,899

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

*Tramaglino/Gonnella to Board of Education
November 20, 2017*

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.

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 and were completed by the Spring of 2017.

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 2015 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

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November 20, 2017*

negative and the water was not contaminated. The Board however, decided to proceed with an upgrade of water fountains throughout the buildings.

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 2016-2017 were purposed to improving performance at both Harding and Brearley Middle-High Schools. The goals focused on aligning curricula to the New Jersey Learning Standards (NJLS) as a primary effort to grow 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 spent a lot of time implementing their guided reading program, specifically through the Teachers College model of balanced literacy. The teachers also continued to implement their Go Math K-5 series, which was also aligned to the 2015 version of the Common Core State Standards (NJLS). This implementation began in 2016-2017 and is continuing in 2017-2017 with a focus on data driven instruction. Also, in the current school year professional development is focused on the implementation of our data warehouse LinkIt! This is the first year of a multi-year initiative to both improve our database of information and further implement a data warehouse which will help us meet the need of our learners. This is the first year of 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. Before this year, the district utilized grant funding from Merck to pay for student courses. This year, the funds were added to the district budget as Merck does not provide any funding for this program at this time. In 2017-2018 the district is continuing to grow this program by again raising the number of academy spots we

*Tramaglini/Gonnella to Board of Education
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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 valuation of the costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit 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, 2016.

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.

*Tramaglino/Gonnella to Board of Education
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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 \$38,250 was paid during the fiscal year 2017. A \$30,000 principal payment was made. Outstanding debt as of June 30, 2017 was \$135,000.

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 of \$813,600 was paid during the fiscal year 2017. A \$700,000 principal payment was made. This bond was refunded in the Spring of 2016 with outstanding debt, as of June 30, 2016 of \$2,315,000.

2016 Refunding:

In the Spring of 2016 the 2009 Bond issue was refinanced due to potential savings. Total Debt Service in the amount of \$371,428.75 was paid during the fiscal year 2017. A \$125,000 principal payment was made. The principal balance as of June 30, 2016 was \$9,270,000.

Total outstanding debt for the District as of June 30, 2017 was \$11,720,000.

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

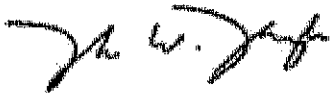
*Tramaglini/Gonnella to Board of Education
November 20, 2017*

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.

Respectfully submitted,



Thomas Tramaglini
Superintendent



Vincent A. Gonnella
Board Secretary/Business Administrator

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

**ROSTER OF OFFICIALS
June 30, 2017**

<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
Robert Beiner	12/31/2019
Genean Braun	12/31/2017
Gregg F. David	12/31/2017
Paulette Drogon	12/31/2018
Annmarie Duda	12/31/2019
Anthony Laudati	12/31/2019
Ryan Haberthur	12/31/2017

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**

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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

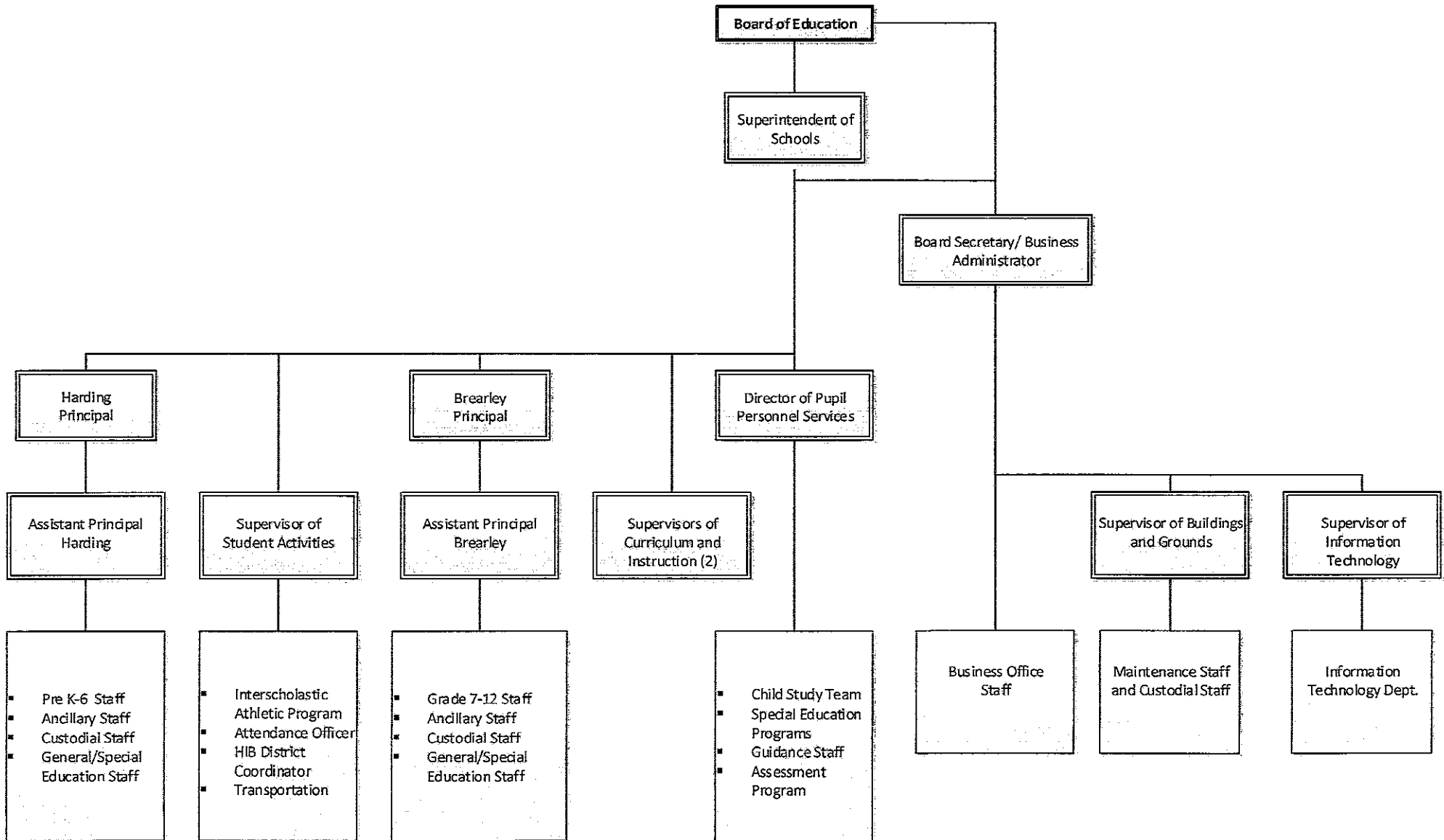
Health Benefits Advisor

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



Kenilworth Public Schools

2016-2017 School Year



FINANCIAL SECTION

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.

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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, 2017, 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, 2017, 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 20, 2017 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 20, 2017

REQUIRED SUPPLEMENTARY INFORMATION
PART I

KENILWORTH PUBLIC SCHOOL DISTRICT
BOROUGH OF KENILWORTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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, 2017. 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 2016-2017 fiscal year are as follows:

- General revenues accounted for \$28,234,061 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 \$1,764,302 or 6% percent to total revenues of \$29,998,363.
- The School District had \$29,213,091 in expenses; only \$1,764,302 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$28,334,061 were adequate to provide for these programs.
- The General Fund had \$27,517,000 in revenues, \$26,533,778 in expenditures. The General Fund's balance increased \$983,312 from 2016. 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 2016-2017 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 2017 with 2016.

Table 1
Net Position

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current and Other Assets	\$ 3,036,545	1,958,441
Capital Assets, Net	<u>10,073,375</u>	<u>10,575,181</u>
Total Assets	<u>\$ 13,109,920</u>	<u>12,533,622</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 1,840,939</u>	<u>877,962</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 51,600</u>	<u>138,244</u>
<u>Liabilities</u>		
Current Liabilities	\$ 1,088,359	17,216,387
Long Term Liabilities	<u>18,009,834</u>	<u>1,041,159</u>
Total Liabilities	<u>\$ 19,098,193</u>	<u>18,257,546</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ (1,646,625)	(1,999,819)
Restricted	2,525,728	1,655,435
Unrestricted	<u>(5,078,037)</u>	<u>(4,639,822)</u>
Total Net Position	<u>\$ (4,198,934)</u>	<u>(4,984,206)</u>

Table 2 shows the changes in net position for fiscal year 2017. Revenue and expense comparisons to fiscal year 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 997,015	871,627
Operating Grants and Contributions	767,287	844,471
General Revenues		
Property Taxes	20,234,621	18,958,149
Grants and Entitlements	7,812,472	7,572,120
Other	<u>186,968</u>	<u>114,596</u>
Total Revenues	<u>29,998,363</u>	<u>28,360,963</u>
<u>Program Expenses</u>		
Instruction	12,153,038	12,604,758
Support Services		
Pupils and Instructional Staff	4,355,964	4,181,697
General Administration, School Administration, Business	8,504,535	7,978,944
Operations and Maintenance of Facilities	1,605,136	1,604,097
Pupil Transportation	816,755	635,830
Interest on Debt	473,980	388,228
Unallocated Depreciation	616,371	672,942
Capital Outlay Not Capitalized	6,800	28,614
Special Schools	76,978	67,053
Enterprise	<u>603,534</u>	<u>595,893</u>
Total Expenses	<u>29,213,091</u>	<u>28,758,056</u>
Increase/Decrease in Net Position	<u>\$ 785,272</u>	<u>(397,093)</u>

Governmental Activities

Property taxes made up 67% percent of revenues for governmental activities for the Kenilworth Public School District for fiscal year 2017. The District's total revenues were \$29,998,363 for the fiscal year ended June 30, 2017. Federal, state and local grants and miscellaneous revenues accounted for another 33%.

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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 \$15,758.
- Aftercare expenses exceeded revenues by \$4,203.
- Charges for services represent \$446,355 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 \$177,140.

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, 2017, it reported a combined net position balance of \$(4,198,934). 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, 2017, 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 2017 fiscal year.

	Governmental Activities	Business Type Activities
Table II		
Capital Assets at June 30, 2017		
Land	\$ 2	
Sites	1,118,948	
Buildings	8,675,994	
Machinery and Equipment	<u>261,851</u>	<u>16,580</u>
Total	<u>\$ 10,056,795</u>	<u>16,580</u>

Debt Administration

At June 30, 2017, the School District had \$18,779,834 as outstanding debt. Of this amount \$1,161,783 is for compensated absences, \$5,898,051 is for pension liability and the balance of \$11,720,000 is 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 \$(4,376,547) 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 \$(4,376,547).

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, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 201,348	143,946	345,294
Receivables, Net	178,669	28,805	207,474
Inventory		7,757	7,757
Restricted Assets:			
Cash and Cash Equivalents	700,000		700,000
Capital Reserve Account - Cash	1,776,020		1,776,020
Capital Assets not Depreciated	2		2
Capital Assets, Net	10,056,793	16,580	10,073,373
Total Assets	<u>12,912,832</u>	<u>197,088</u>	<u>13,109,920</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>1,840,939</u>		<u>1,840,939</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>51,600</u>		<u>51,600</u>
<u>Liabilities</u>			
Deferred Revenue	64,972	4,475	69,447
Accounts Payable	19,664	15,000	34,664
Accrued Interest	214,248		214,248
Noncurrent Liabilities:			
Due Within One Year	770,000		770,000
Due Beyond One Year	18,009,834		18,009,834
Total Liabilities	<u>19,078,718</u>	<u>19,475</u>	<u>19,098,193</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	(1,663,205)	16,580	(1,646,625)
Restricted For:			
Debt Service	49,708		49,708
Other Purposes	2,476,020		2,476,020
Unrestricted	<u>(5,239,070)</u>	<u>161,033</u>	<u>(5,078,037)</u>
Total Net Position	<u>\$ (4,376,547)</u>	<u>177,613</u>	<u>(4,198,934)</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, 2017

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$ 7,902,473			(7,902,473)		(7,902,473)
Special Education	3,095,217		527,178	(2,568,039)		(2,568,039)
Other Special Instruction	603,002			(603,002)		(603,002)
Other Instruction	552,346			(552,346)		(552,346)
Support Services:						
Tuition	1,942,494	550,660		(1,391,834)		(1,391,834)
Student & Instruction Related Services	2,413,470		62,969	(2,350,501)		(2,350,501)
School Administrative Services	669,683			(669,683)		(669,683)
General and Business Administrative Services	827,561			(827,561)		(827,561)
Technology Information Services	191,046			(191,046)		(191,046)
Plant Operations and Maintenance	1,605,136			(1,605,136)		(1,605,136)
Pupil Transportation	816,755			(816,755)		(816,755)
Unallocated Benefits	6,816,245			(6,816,245)		(6,816,245)
Special Schools	76,978			(76,978)		(76,978)
Capital Outlay	6,800			(6,800)		(6,800)
Interest on Long-Term Debt	473,980			(473,980)		(473,980)
Unallocated Depreciation	616,371			(616,371)		(616,371)
Total Government Activities	28,609,557	550,660	590,147	(27,468,750)	-	(27,468,750)
Business-Type Activities:						
Aftercare Program	175,226	179,429			4,203	4,203
Food Service	428,308	266,926	177,140		15,758	15,758
Total Business-Type Activities	603,534	446,355	177,140	-	19,961	19,961
Total Primary Government	29,213,091	997,015	767,287	(27,468,750)	19,961	(27,448,789)

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, 2017

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	\$ 19,384,980		19,384,980
Taxes Levied for Debt Service	849,641		849,641
Federal and State Aid Not Restricted	7,812,472		7,812,472
Miscellaneous Income	186,968		186,968
Total General Revenues	<u>28,234,061</u>	<u>-</u>	<u>28,234,061</u>
Change in Net Position	765,311	19,961	785,272
Net Position - Beginning	<u>(5,141,858)</u>	<u>157,652</u>	<u>(4,984,206)</u>
Net Position - Ending	<u>\$ (4,376,547)</u>	<u>177,613</u>	<u>(4,198,934)</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 2,575,143	52,517	49,708	2,677,368
Receivables from Other Governments	166,214	12,455		178,669
Total Assets	<u>\$ 2,741,357</u>	<u>64,972</u>	<u>49,708</u>	<u>2,856,037</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts Payable	\$ 19,664			19,664
Deferred Revenue		64,972		64,972
Total Liabilities	<u>19,664</u>	<u>64,972</u>	<u>-</u>	<u>84,636</u>
Fund Balance:				
Restricted for:				
Maintenance Reserve	300,000			300,000
Capital Reserve Account	1,776,020			1,776,020
Committed To:				
Other Purposes	151,835			151,835
Assigned To:				
Designated by the BOE for Subsequent Year's Expenditures	150,000			150,000
Designated by the BOE for Subsequent Year's Expenditures-Emergency Reserve	250,000			250,000
Unassigned:				
General Fund	93,838			93,838
Debt Service			49,708	49,708
Total Fund Balances	<u>2,721,693</u>	<u>-</u>	<u>49,708</u>	<u>2,771,401</u>
Total Liabilities and Fund Balance	<u>\$ 2,741,357</u>	<u>64,972</u>	<u>49,708</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 \$21,222,371 and the accumulated depreciation is \$11,165,576.

10,056,795

Deferred outflow of resources - contributions to the pension plan

1,840,939

Deferred inflow of resources - acquisition of assets applicable to future reporting periods

(51,600)

Accrued Interest

(214,248)

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

(18,779,834)

Net position of governmental activities

\$ (4,376,547)

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, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Local Sources:				
Local Tax Levy	\$ 19,384,980		849,641	20,234,621
Tuition Charges	550,660			550,660
Miscellaneous	85,313	73,152		158,465
Erate	28,503			28,503
Total Local Sources	20,049,456	73,152	849,641	20,972,249
State Sources	7,457,821	40,618	417,990	7,916,429
Federal Sources	9,813	476,377		486,190
Total Revenues	27,517,090	590,147	1,267,631	29,374,868
<u>Expenditures</u>				
Current:				
Regular Instruction	7,781,065			7,781,065
Special Education Instruction	2,568,039	527,178		3,095,217
Other Special Instruction	603,002			603,002
Other Instruction	552,346			552,346
Support Services and Undistributed Costs:				
Tuition	1,942,494			1,942,494
Student and Instruction Related Services	2,350,501	62,969		2,413,470
School Administrative Services	669,683			669,683
Other Administrative Services	827,561			827,561
Technology Information Services	191,046			191,046
Plant Operations and Maintenance	1,605,136			1,605,136
Pupil Transportation	816,755			816,755
Unallocated Benefits	6,542,372			6,542,372
Special Schools	76,978			76,978
Capital Outlay	6,800			6,800
Debt Service:				
Principal			855,000	855,000
Interest and Other Charges			368,429	368,429
Total Expenditures	26,533,778	590,147	1,223,429	28,347,354

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, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>983,312</u>	<u>-</u>	<u>44,202</u>	<u>1,027,514</u>
Net Change in Fund Balances	983,312	-	44,202	1,027,514
Fund Balance - July 1	<u>1,738,381</u>	<u>-</u>	<u>5,506</u>	<u>1,743,887</u>
Fund Balance - June 30	<u>\$ 2,721,693</u>	<u>-</u>	<u>49,708</u>	<u>2,771,401</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, 2017

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 1,027,514
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	(616,371)
Fixed Asset Adjustments	118,545
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.	855,000
In the statement of activities certain operating activities are measured by the amount earned while in the government funds. Expenses are reported in the amount of financial resources used.	
Compensated Absences	(121,408)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	962,977
Pension related deferrals	86,644
Change in net pension liability	(1,442,039)
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.	(105,551)
Change in Net Position of Governmental Activities	<u>\$ 765,311</u>

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

KENILWORTH SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2017

	<u>Enterprise Funds</u>
<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 143,946
Accounts Receivable:	
State	234
Federal	8,907
Other	19,664
Inventory	7,757
Total Current Assets	<u>180,508</u>
Noncurrent Assets:	
Equipment	177,050
Accumulated Depreciation	(160,470)
Total Fixed Assets	<u>16,580</u>
Total Assets	<u>\$ 197,088</u>
<u>Liabilities:</u>	
Accounts Payable	\$ 15,000
Deferred Revenue	4,475
Total Liabilities	<u>\$ 19,475</u>
<u>Net Position:</u>	
Investment in Capital Assets	\$ 16,580
Unrestricted	161,033
Total Net Position	<u>\$ 177,613</u>

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

KENILWORTH SCHOOL DISTRICTSTATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

Exhibit B-5

PROPRIETARY FUNDSJUNE 30, 2017

	<u>Enterprise Fund</u>
Operating Revenues:	
Daily Sales - Reimbursable Programs	\$ 213,989
Daily Sales - Non-Reimbursable Programs	52,937
Fees	179,429
Total Operating Revenues	<u>446,355</u>
Operating Expenses:	
Salaries	334,158
Other Employee Benefits	35,743
Cost of Sales - Reimbursable Programs	147,965
Cost of Sales - Non-Reimbursable Programs	34,785
Supplies and Materials	16,278
Management Fee	8,129
Repairs	3,654
Depreciation	3,980
Miscellaneous	18,842
Operating Expenses	<u>603,534</u>
Operating Gain/(Loss)	(157,179)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	3,979
Federal Sources:	
National School Lunch Program	134,753
Federal HHFKA Lunch Program	5,077
Federal Breakfast Program	6,891
Food Distribution Program	26,440
Total Non-Operating Revenues	<u>177,140</u>
Change in Net Position	19,961
Net Position, July 1	<u>157,652</u>
Net Position, June 30	<u>\$ 177,613</u>

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

KENILWORTH SCHOOL DISTRICT**STATEMENT OF CASH FLOWS****Exhibit B-6****PROPRIETARY FUNDS****JUNE 30, 2017**

	Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 446,355
Payments to Employees	(334,158)
Payments to Suppliers	(246,538)
Net Cash Provided (Used) by Operating Activities	<u>(134,341)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	3,979
Federal Sources	146,721
Net Cash Provided by Noncapital Financing Activities	<u>150,700</u>
Net Increase (Decrease) in Cash and Cash Equivalents	16,359
Cash and Cash Equivalents, July 1	<u>127,587</u>
Cash and Cash Equivalents, June 30	<u>\$ 143,946</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (157,179)
Depreciation	3,980
Federal Commodities Consumed	26,440
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities	
Decrease/(Increase) in Accounts Receivables	(1,484)
(Decrease)/Increase in Accounts Payable	15,000
(Decrease)/Increase in Deferred Revenue	369
Decrease/(Increase) in Inventory	<u>(21,467)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (134,341)</u>

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

KENILWORTH SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
Assets:		
Cash and Cash Equivalents	\$ 458,032	171,582
Total Assets	<u>\$ 458,032</u>	<u>171,582</u>
Net Position:		
Reserved - Scholarships	\$ -	171,582
Reserved - Unemployment Benefits	<u>458,032</u>	
Total Net Position	<u>\$ 458,032</u>	<u>171,582</u>

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

KENILWORTH SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSFOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
<u>Additions</u>		
Contributions:		
Other	\$ 39,114	-
Total Contributions	<u>39,114</u>	<u>-</u>
Investment Earnings:		
Interest	2,133	893
Net Investment Earnings	<u>2,133</u>	<u>893</u>
Total Additions	<u>41,247</u>	<u>893</u>
<u>Deductions</u>		
Unemployment Claims	33,802	
Scholarships Awarded		3,000
Total Deductions	<u>33,802</u>	<u>3,000</u>
Change in Net Position	7,445	(2,107)
Net Position - Beginning of Year	<u>450,587</u>	<u>173,689</u>
Net Position - End of the Year	<u>\$ 458,032</u>	<u>171,582</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, 2017

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, 2017 of 1,372 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, 2017 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, 2017.

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 2017 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 2016-2017 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2017, fiscal year 2017 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, 2017 was as follows:

	Balance <u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2017</u>
Governmental Activities:				
Land	\$ <u>2</u>	_____	_____	_____ <u>2</u>
Total	_____ <u>2</u>	_____	_____	_____ <u>2</u>
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>45,700</u>	_____	<u>1,283,590</u>
Total	<u>21,176,669</u>	<u>45,700</u>	_____	<u>21,222,369</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation (Continued)

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2017</u>
Less: Accumulated				
Depreciation:				
Sites	(1,604,835)	(112,822)	928	(1,716,729)
Buildings	(7,969,026)	(464,894)	6,812	(8,427,108)
Equipment	<u>(1,048,189)</u>	<u>(38,655)</u>	<u>65,105</u>	<u>(1,021,739)</u>
Total Accumulated				
Depreciation	<u>(10,622,050)</u>	<u>(616,371)</u>	<u>72,845</u>	<u>(11,165,576)</u>
Net Depreciable Assets	<u>10,554,619</u>	<u>(570,671)</u>	<u>72,845</u>	<u>10,056,793</u>
Governmental Activities				
Capital Assets (Net)	<u>\$ 10,554,621</u>	<u>(570,671)</u>	<u>72,845</u>	<u>10,056,795</u>
Business-Type Activities:				
Equipment	\$ 181,750		(4,700)	177,050
Less: Accumulated				
Depreciation:				
Equipment	<u>(161,190)</u>	<u>(3,980)</u>	<u>4,700</u>	<u>(160,470)</u>
Business-Type Capital				
Assets (Net)	<u>\$ 20,560</u>	<u>(3,980)</u>	<u>_____</u>	<u>16,580</u>

Depreciation expense was charged to governmental functions as follow:

Unallocated	\$ 591,183
Instructional	2,675
Support/Administration	11,152
Maintenance/Custodial	<u>11,361</u>
	<u>\$ 616,371</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, 2017, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash
	<u>Equivalents</u>
Checking and Money Market Accounts	<u>\$ 3,859,558</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2017 was \$3,859,558 and the bank balance was \$5,077,923. Of the bank balance, \$250,000 was covered by federal depository insurance; \$4,827,923 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:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Insured:		
FDIC	\$ 250,000	250,000
GUDPA	4,827,923	4,284,693

As of June 30, 2017, 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, 2017, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Long-Term</u> <u>Portion</u>	<u>Amount Due</u> <u>In one Year</u>
Pension Liability	\$ 4,456,012	1,442,039		5,898,051	5,898,051	
Compensated Absences Payable	1,040,375	121,408		1,161,783	1,161,783	
Bonds Payable	<u>12,575,000</u>	<u> </u>	<u>(855,000)</u>	<u>11,720,000</u>	<u>10,950,000</u>	<u>770,000</u>
	<u>\$ 18,071,387</u>	<u>1,563,447</u>	<u>(855,000)</u>	<u>18,779,834</u>	<u>18,009,834</u>	<u>770,000</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 \$135,000 at June 30, 2017 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 \$2,315,000 at June 30, 2017 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 \$9,270,000 at June 30, 2017 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,			
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	905,000	338,600	1,243,600
2023-2027	5,180,000	1,115,200	6,295,200
2028-2029	<u>2,380,000</u>	<u>143,800</u>	<u>2,523,800</u>
	<u>\$ 11,720,000</u>	<u>3,284,063</u>	<u>15,004,063</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, 2017, the State of New Jersey contributed \$2,110,704 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 \$846,977 during the year ended June 30, 2017 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/17	\$ 177,657	100%	\$ 0
6/30/16	170,656	100%	\$ 0
6/30/15	157,288	100%	0

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/17	\$ 2,110,704	100%	0
6/30/16	1,817,858	100%	0
6/30/15	1,390,464	100%	0

NOTE 4: Pension Plans (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$177,657. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 109,686	
Changes of Assumptions	1,221,761	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	224,898	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	106,937	51,600
District Contributions Subsequent to the Measurement Date	<u>177,657</u>	<u> </u>
Total	<u>\$ 1,840,939</u>	<u>51,600</u>

\$1,840,939 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, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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, 2016 and 2015 are as follows:

	<u>Dec. 31, 2016</u>	<u>Dec. 31, 2015</u>
Collective Deferred Outflows of Resources	\$ 1,840,939	877,962
Collective Deferred Inflows of Resources	51,600	138,244
Collective Net Pension Liability	5,898,051	4,456,012
District's Proportion	.01991%	.01985%

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

The components of the collective net pension liability of the participating employers as of June 30, 2016 were as follows:

	2016		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 36,295,189,928	49,474,698,146	85,769,888,074
Plan Fiduciary Net Position	<u>6,904,504,223</u>	<u>19,857,566,387</u>	<u>26,762,070,610</u>
Net Pension Liability	<u>\$ 29,390,685,705</u>	<u>29,617,131,759</u>	<u>59,007,817,464</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	19.02%	40.14%	31.20%

	2015		
	<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%

The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation Rate	3.08%
Salary Increases:	
Through 2026	1.65% - 4.15% Based on Age
Thereafter	2.65% - 5.15% Based on Age
Investment Rate of Return	7.65%

NOTE 4: Pension Plans (Continued)

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

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 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%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

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

The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal years. State employer contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2016, 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:

	2016		
	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
State	\$ 34,422,851,197	29,390,685,705	25,246,574,457
Local	<u>36,292,338,055</u>	<u>29,617,131,759</u>	<u>24,106,170,190</u>
Total	<u>\$ 70,715,189,252</u>	<u>59,007,817,464</u>	<u>49,352,744,647</u>
	2015		
	At 1% Decrease (3.90%)	At Current Discount Rate (4.90%)	At 1% Increase (5.90%)
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>

NOTE 4: Pension Plans (Continued)**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, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Total Pension Liability	\$ 101,746,770,000	89,182,662,000
Plan Fiduciary Net Position	<u>22,717,862,967</u>	<u>25,604,797,560</u>
Net Pension Liability	<u>\$ 79,028,907,033</u>	<u>63,577,864,440</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%

State Proportionate Share of Net Pension Liability Attributable to District

	<u>2016</u>	<u>2015</u>
District's Liability	<u>\$ 81,531,403</u>	<u>62,823,200</u>
District's Proportion	.10317%	.09881%

The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. 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	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvements on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

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

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 (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign – Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds – Equity Hedge	3.75%	4.72%
Hedge Funds – Distressed	3.75%	3.49%

Discount Rate

The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029, 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, 2016 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>
2016 (2.22%, 3.22%, 4.22%)	\$ 94,378,176,033	79,028,907,033	66,494,248,033
2015 (3.13%, 4.13%, 5.13%)	75,559,915,440	63,577,864,440	53,254,610,440

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, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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, 2017, was \$1,161,783.

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, 2016 to June 30, 2017 fiscal year is as follows:

Beginning Balance, July 1, 2016	\$ 720,281
Year End Deposit by Board Resolution	<u>1,055,739</u>
Ending Balance, June 30, 2017	<u>\$ 1,776,020</u>

NOTE 8: Inventory

Inventory in the Food Service Fund at June 30, 2017 consisted of the following:

Food	\$ 6,470
Supplies	<u>1,287</u>
	<u>\$ 7,757</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 \$3,159,615 General Fund fund balance at June 30, 2017, \$151,835 is reserved for encumbrances; \$1,776,020 has been placed in the capital reserve; \$250,000 is in emergency reserve designated for subsequent year's expenditures; \$300,000 is in maintenance reserve; \$150,000 is designated for subsequent year's expenditures; and \$531,760 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**

2016-17 Total General Fund Expenditures Per the CAFR	\$ 26,533,778
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Decreased by:

On Behalf TPAF Pension and Social Security	<u>(2,957,681)</u>
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Adjusted 2016-17 General Fund Expenditures	<u>\$ 23,576,097</u>
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2% of Adjusted 2016-17 General Fund Expenditures	\$ 471,522
Increased by Allowable Adjustments	<u>60,238</u>

Maximum Unassigned Fund Balance	<u>\$ 531,760</u>
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Section 2

Total General Fund – Fund Balance @ 6-30-17	\$ 3,159,615
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Decreased by:

Reserved for Encumbrances	(151,835)
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Other Reserves	(2,076,020)
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Designated for Subsequent Years Expenditures – Maintenance Reserve	(250,000)
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Designated for Subsequent Years Expenditures	<u>(150,000)</u>
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Total Unassigned Fund Balance	<u>\$ 531,760</u>
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Designated for Subsequent Years Expenditures – Excess Surplus	\$ 0
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Reserved Fund Balance – Excess Surplus	<u> </u>
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	<u>\$ 0</u>
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NOTE 11: Equity Balance (Continued)**Section 3****Detail of Allowable Adjustments**

Extraordinary Aid	<u>\$ 60,238</u>
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Detail of Other Reserved Fund Balance

Capital Reserve	\$ 1,776,020
Maintenance Reserve	<u>300,000</u>

\$ 2,076,020

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 2017-2018 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, 2017 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.

NOTE 15: Risk Management (Continued)

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>
2016-2017	\$ 0	41,247	33,802	458,032
2015-2016	0	63,643	48,348	450,587
2014-2015	0	35,423	37,290	435,292

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, 2017 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, 2017. 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, 2017 through November 20, 2017.

**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, 2017

	<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	\$ 19,384,980		19,384,980	19,384,980	-
Tuition	428,715		428,715	550,660	121,945
Miscellaneous	159,250		159,250	85,313	(73,937)
Erate				28,503	28,503
Total Local Sources	<u>19,972,945</u>	<u>-</u>	<u>19,972,945</u>	<u>20,049,456</u>	<u>76,511</u>
State Sources:					
School Choice Aid	2,079,015		2,079,015	2,079,015	-
Special Education Aid	821,279		821,279	821,279	-
Extraordinary Aid	64,000		64,000	124,238	60,238
Equalization Aid	1,243,266		1,243,266	1,243,266	-
Security Aid	43,234		43,234	43,234	-
Transportation Aid	33,288		33,288	33,288	-
Under Adequacy Aid	46,156		46,156	46,156	-
Additional Adjustment Aid	80,478		80,478	80,478	-
PARCC Readiness Aid	14,180		14,180	14,180	-
Per Pupil Growth Aid	14,180		14,180	14,180	-
Professional Learning Community Aid	13,660		13,660	13,660	-
TPAF Pension Contribution (On-Behalf)			-	2,110,704	2,110,704
TPAF Social Security Contribution (Reimbursed)			-	846,977	846,977
Total State Sources	<u>4,452,736</u>	<u>-</u>	<u>4,452,736</u>	<u>7,470,655</u>	<u>3,017,919</u>
Federal Sources:					
Medical Assistance Program (Semi)	22,691		22,691	9,813	(12,878)
Total Revenues	<u>24,448,372</u>	<u>-</u>	<u>24,448,372</u>	<u>27,529,924</u>	<u>3,081,552</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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	60,543		60,543	60,543	-
Kindergarten - Salaries of Teachers	349,731	(27,123)	322,608	322,608	-
Grades 1-5 - Salaries of Teachers	2,284,694	(79,095)	2,205,599	2,205,598	1
Grades 6-8 - Salaries of Teachers	1,857,779	(26,337)	1,831,442	1,831,442	-
Grades 9-12 - Salaries of Teachers	2,464,651	(4,390)	2,460,261	2,451,446	8,815
Subtotal	<u>7,017,398</u>	<u>(136,945)</u>	<u>6,880,453</u>	<u>6,871,637</u>	<u>8,816</u>
Regular Programs - Other:					
Salaries of Teachers	9,500	23,628	33,128	33,128	-
Subtotal	<u>7,026,898</u>	<u>(113,317)</u>	<u>6,913,581</u>	<u>6,904,765</u>	<u>8,816</u>
Regular Programs - Undistributed Instruction:					
Other Instructional Salaries	360,662	65,506	426,168	424,344	1,824
Purchased Professional Educational Services	91,409	(16,380)	75,029	75,029	-
Other Purchased Services	28,482	(12,022)	16,460	16,460	-
General Supplies	316,181	53,406	369,587	309,689	59,898
Textbooks	46,826	2,149	48,975	48,968	7
Other Objects	1,917		1,917	1,810	107
Subtotal	<u>845,477</u>	<u>92,659</u>	<u>938,136</u>	<u>876,300</u>	<u>61,836</u>
Total Regular Programs - Instruction	<u>7,872,375</u>	<u>(20,658)</u>	<u>7,851,717</u>	<u>7,781,065</u>	<u>70,652</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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	161,067		161,067	161,067	-
Other Salaries for Instruction	222,622	(116,112)	106,510	106,510	-
General Supplies	1,386	(95)	1,291	1,244	47
Total Learning and Language Disabilities	<u>385,075</u>	<u>(116,207)</u>	<u>268,868</u>	<u>268,821</u>	<u>47</u>
Multiple Disabilities					
Salaries of Teachers	123,951		123,951	107,234	16,717
Other Salaries for Instruction	95,686	12,371	108,057	53,692	54,365
General Supplies	8,960	(1,240)	7,720	5,161	2,559
Total Multiple Disabilities	<u>228,597</u>	<u>11,131</u>	<u>239,728</u>	<u>166,087</u>	<u>73,641</u>
Resource Room/Center:					
Salaries of Teachers	1,691,241	(55,924)	1,635,317	1,635,317	-
Other Salaries for Instruction	191,372	115,564	306,936	306,935	1
General Supplies	6,699	1,240	7,939	7,939	-
Total Resource Room/Center	<u>1,889,312</u>	<u>60,880</u>	<u>1,950,192</u>	<u>1,950,191</u>	<u>1</u>
Pre-School Disabilities - Part-Time					
Salaries of Teachers	72,398	14,113	86,511	66,244	20,267
Other Salaries for Instruction	90,311	26,049	116,360	116,127	233
General Supplies	671		671	569	102
Total Pre-School Handicapped	<u>163,380</u>	<u>40,162</u>	<u>203,542</u>	<u>182,940</u>	<u>20,602</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 4 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Special Education - Instruction	<u>2,666,364</u>	<u>(4,034)</u>	<u>2,662,330</u>	<u>2,568,039</u>	<u>94,291</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	454,690	7,241	461,931	461,931	-
General Supplies	<u>5,859</u>	<u>(233)</u>	<u>5,626</u>	<u>5,626</u>	<u>-</u>
Total Basic Skills/Remedial - Instruction	<u>460,549</u>	<u>7,008</u>	<u>467,557</u>	<u>467,557</u>	<u>-</u>
Bilingual Education - Instruction:					
Salaries of Teachers	133,531	515	134,046	134,046	-
General Supplies	<u>1,360</u>	<u>40</u>	<u>1,400</u>	<u>1,399</u>	<u>1</u>
Total Bilingual Education - Instruction	<u>134,891</u>	<u>555</u>	<u>135,446</u>	<u>135,445</u>	<u>1</u>
School Sponsored Co-Curricular Activities - Instruction					
Salaries	194,081	7,582	201,663	201,663	-
Supplies	31,535	(7,582)	23,953	19,168	4,785
Other Objects	<u>2,650</u>		<u>2,650</u>	<u>1,883</u>	<u>767</u>
Total School Sponsored Co-Curricular Activities	<u>228,266</u>	<u>-</u>	<u>228,266</u>	<u>222,714</u>	<u>5,552</u>
School Sponsored Athletics - Instruction					
Salaries	254,718		254,718	245,817	8,901
Purchased Services	60,232	(120)	60,112	37,378	22,734
Supplies and Materials	33,654	120	33,774	33,412	362
Other Objects	<u>14,780</u>		<u>14,780</u>	<u>13,025</u>	<u>1,755</u>
Total School Sponsored Athletics - Instruction	<u>363,384</u>	<u>-</u>	<u>363,384</u>	<u>329,632</u>	<u>33,752</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1

Sheet 5 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Distributed Expenditures	<u>11,725,829</u>	<u>(17,129)</u>	<u>11,708,700</u>	<u>11,504,452</u>	<u>204,248</u>
Undistributed Expenditures:					
Instruction:					
Tuition to County Vocational School:					
Regular	459,000	(4,000)	455,000	430,250	24,750
Special	24,000	4,000	28,000	24,400	3,600
Tuition - County Special Services & Reg Day Schools	434,651	(35,244)	399,407	398,925	482
Tuition to Private School for Handicapped - Within State	1,242,070	(14,757)	1,227,313	1,088,919	138,394
Tuition-State Facilities	<u>57,081</u>		<u>57,081</u>		<u>57,081</u>
Total Instruction	<u>2,216,802</u>	<u>(50,001)</u>	<u>2,166,801</u>	<u>1,942,494</u>	<u>224,307</u>
Attendance & Social Work:					
Purchased Technical Services	19,100	175	19,275	17,333	1,942
Supplies and Materials	<u>250</u>	<u>(60)</u>	<u>190</u>		<u>190</u>
Total Attendance & Social Work	<u>19,350</u>	<u>115</u>	<u>19,465</u>	<u>17,333</u>	<u>2,132</u>
Health Services:					
Salaries	129,591		129,591	129,591	-
Purchased Professional/Technical Services	18,750	(1,216)	17,534	17,007	527
Supplies and Materials	<u>3,481</u>	<u>(681)</u>	<u>2,800</u>	<u>2,442</u>	<u>358</u>
Total Health Services	<u>151,822</u>	<u>(1,897)</u>	<u>149,925</u>	<u>149,040</u>	<u>885</u>
Other Student Support Services - Related Services:					
Salaries	327,224	5,301	332,525	332,525	-
Purchased Professional/Technical Services	48,715	9,368	58,083	43,253	14,830
Supplies and Materials	<u>3,060</u>	<u>(147)</u>	<u>2,913</u>	<u>2,912</u>	<u>1</u>
Total Other Student Support Services - Related Services	<u>378,999</u>	<u>14,522</u>	<u>393,521</u>	<u>378,690</u>	<u>14,831</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Student - Regular:					
Salaries of Other Professional Staff	426,015	1,302	427,317	422,191	5,126
Salaries of Secretarial & Clerical	52,413	6,415	58,828	51,828	7,000
Purchased Professional/Educational Services	3,650		3,650	3,270	380
Other Purchased Professional/Technical Services	17,259		17,259	10,545	6,714
Other Purchased Services	1,933	(746)	1,187		1,187
Supplies and Materials	6,687	541	7,228	4,625	2,603
Other Objects	625		625		625
Total Other Support Student - Regular	<u>508,582</u>	<u>7,512</u>	<u>516,094</u>	<u>492,459</u>	<u>23,635</u>
Other Support Student Services- Special:					
Salaries of Other Professional Staff	516,022	(1,401)	514,621	513,678	943
Salaries of Secretarial & Clerical	47,696		47,696	47,696	-
Purchased Professional Educational Services	9,837	895	10,732	10,731	1
Miscellaneous Purchased Services	4,800	(316)	4,484	4,399	85
Supplies and Materials	6,588	7	6,595	6,389	206
Total Other Support Student Services- Special	<u>584,943</u>	<u>(815)</u>	<u>584,128</u>	<u>582,893</u>	<u>1,235</u>
Improvement Instructional Services:					
Salaries of Supervisors of Instruction	346,455	4,424	350,879	350,879	-
Salaries of Other Professional Staff	9,436	(2,512)	6,924	2,952	3,972
Salaries of Secretarial & Clerical	46,717	6	46,723	46,723	-
Other Purchased Services	500		500	205	295
Supplies & Materials	1,050		1,050	1,049	1
Other Objects	4,670		4,670	4,345	325
Total Improvement Instructional Services	<u>408,828</u>	<u>1,918</u>	<u>410,746</u>	<u>406,153</u>	<u>4,593</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 7 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Educational Media/Library:					
Salaries	141,696		141,696	141,696	-
Salaries of Technology Coordinators	109,035	(15,426)	93,609	93,608	1
Other Purchased Services	648		648		648
Supplies & Materials	31,456		31,456	24,587	6,869
Total Educational Media/Library	<u>282,835</u>	<u>(15,426)</u>	<u>267,409</u>	<u>259,891</u>	<u>7,518</u>
Staff Training:					
Salaries of Supervisors of Instruction	53,252	1,502	54,754	52,545	2,209
Other Salaries for Instruction	9,417	(7,859)	1,558	1,558	-
Purchased Professional/Educational Serv.	10,720	(629)	10,091	8,691	1,400
Supplies & Materials	500	533	1,033	1,033	-
Other Objects		216	216	215	1
Total Staff Training	<u>73,889</u>	<u>(6,237)</u>	<u>67,652</u>	<u>64,042</u>	<u>3,610</u>
Support Services - General Administration:					
Salaries	226,827	1	226,828	204,717	22,111
Legal Services	65,000	15,722	80,722	58,604	22,118
Audit Fee	16,000	(22)	15,978	15,500	478
Other Purchased Professional Services	4,840		4,840	4,389	451
Purchased Technical Services	5,904	430	6,334	5,883	451
Communications/Telephone	72,352	(3,500)	68,852	52,798	16,054
BOE Other Purchased Services	12,245	(4,300)	7,945	7,865	80
Other Purchased Services	136,472	(10,330)	126,142	126,097	45
Supplies & Materials	1,700	607	2,307	2,307	-
BOE In House Training Supplies	2,200	(323)	1,877	1,876	1
Miscellaneous Expenditures	4,717	(263)	4,454	4,202	252
BOE Membership Dues and Fees	20,562	(293)	20,269	19,818	451
Total Support Services - General Administration	<u>568,819</u>	<u>(2,271)</u>	<u>566,548</u>	<u>504,056</u>	<u>62,492</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 8 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - School Administration:					
Salaries of Principals/Vice Principals	309,893		309,893	309,893	-
Salaries of Other Professional Staff	195,496	1	195,497	195,496	1
Salaries of Secretarial & Clerical	162,363	3,539	165,902	158,033	7,869
Other Purchased Services	1,721	(1)	1,720		1,720
Supplies & Materials	5,353		5,353	2,781	2,572
Other Objects	4,178		4,178	3,480	698
Total Support Services - School Administration	<u>679,004</u>	<u>3,539</u>	<u>682,543</u>	<u>669,683</u>	<u>12,860</u>
Technology Information Service:					
Salaries	89,985	(1,166)	88,819	88,818	1
Purchased Professional Services	36,600		36,600	36,600	-
Purchased Technical Services	63,225	(24,422)	38,803	38,803	-
Other Purchased Services	9,655	(9,655)	-		-
Supplies and Materials	13,500	14,077	27,577	26,825	752
Total Technology Information Service	<u>212,965</u>	<u>(21,166)</u>	<u>191,799</u>	<u>191,046</u>	<u>753</u>
Required Maintenance - Facilities:					
Cleaning, Repair & Maintenance Services	154,094	97,187	251,281	233,570	17,711
General Supplies	35,555	(1,800)	33,755	27,601	6,154
Other Objects	1,595		1,595	1,320	275
Total Allowable Maintenance Facilities	<u>191,244</u>	<u>95,387</u>	<u>286,631</u>	<u>262,491</u>	<u>24,140</u>

KENILWORTH SCHOOL DISTRICT

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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Operations & Maintenance:					
Salaries	460,463	(26,627)	433,836	424,350	9,486
Purchased Professional/Technical Serv.	5,000	11,200	16,200	14,306	1,894
Cleaning, Repair & Maintenance Services	346,450	4,712	351,162	351,161	1
Other Purchased Property Services	35,800	2,390	38,190	37,037	1,153
Insurance	57,559		57,559	57,414	145
General Supplies	32,250	6,000	38,250	34,390	3,860
Natural Gas	128,028	28,748	156,776	97,939	58,837
Energy (Heat & Electricity)	326,195	19,569	345,764	248,193	97,571
Total Other Operations & Maintenance	<u>1,391,745</u>	<u>45,992</u>	<u>1,437,737</u>	<u>1,264,790</u>	<u>172,947</u>
Upkeep of Grounds:					
Salaries	48,186		48,186	48,186	-
Purchased Professional/Technical Serv.	25,650	(6,000)	19,650	11,242	8,408
Repair and Maintenance	6,000		6,000	3,745	2,255
Supplies	21,500		21,500	14,682	6,818
Total Upkeep of Grounds	<u>101,336</u>	<u>(6,000)</u>	<u>95,336</u>	<u>77,855</u>	<u>17,481</u>
Total Operations & Maintenance	<u>1,684,325</u>	<u>135,379</u>	<u>1,819,704</u>	<u>1,605,136</u>	<u>214,568</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 10 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Student Transportation:					
Contracted Services Other - Vendors	61,280	4,461	65,741	65,741	-
Contracted Services Special Ed. Joint Agreement	577,978	103,198	681,176	680,784	392
Contracted Services(Reg.Students) ESCs & CTAs	77,259	(6,837)	70,422	70,130	292
Other Objects		100	100	100	-
Total Student Transportation	<u>716,517</u>	<u>100,922</u>	<u>817,439</u>	<u>816,755</u>	<u>684</u>
Central Services:					
Salaries	284,944	12,961	297,905	297,693	212
Purchased Technical Services	20,496	(820)	19,676	19,626	50
Supplies & Materials	5,000	(1,648)	3,352	3,351	1
Miscellaneous Expenditures	2,857		2,857	2,835	22
Total Central Services	<u>313,297</u>	<u>10,493</u>	<u>323,790</u>	<u>323,505</u>	<u>285</u>
Undistributed Expenditures-Employee Benefits:					
Other Retirement Contrib. - Social Security	236,269	23,725	259,994	259,969	25
Other Retirement Contrib. - PERS	186,062	(36)	186,026	177,657	8,369
Other Retirement Contrib. - ERIP	18,000	2,212	20,212	20,211	1
Workman's Compensation	96,719		96,719	96,220	499
Health Benefits	3,463,360	(58,901)	3,404,459	2,946,013	458,446
Tuition Reimbursements	68,500	(2,000)	66,500	66,048	452
Other Employee Benefits	18,068	2,000	20,068	18,573	1,495
Total Unallocated Benefits	<u>4,086,978</u>	<u>(33,000)</u>	<u>4,053,978</u>	<u>3,584,691</u>	<u>469,287</u>
TPAF Pension Contribution (On-Behalf)			-	2,110,704	(2,110,704)
TPAF Social Security Contribution (Reimbursed)			-	846,977	(846,977)
Total Undistributed Expenditures	<u>12,887,955</u>	<u>143,587</u>	<u>13,031,542</u>	<u>14,945,548</u>	<u>(1,914,006)</u>
Total General Current Expense	<u>24,613,784</u>	<u>126,458</u>	<u>24,740,242</u>	<u>26,450,000</u>	<u>(1,709,758)</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1

Sheet 11 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Capital Outlay					
Regular Instruction		4,000	4,000		4,000
Support Service-Students Regular	12,000	(12,000)	-		-
Equipment-Operation of Plant		6,800	6,800	6,800	
Total Capital Outlay	<u>12,000</u>	<u>(1,200)</u>	<u>10,800</u>	<u>6,800</u>	<u>4,000</u>
Summer School					
Instruction:					
Salaries of Teachers	72,924	(2,002)	70,922	70,921	1
Supplies		744	744	744	
Total Instruction	<u>72,924</u>	<u>(1,258)</u>	<u>71,666</u>	<u>71,665</u>	<u>1</u>
Support Services:					
Salaries	3,960	1,353	5,313	5,313	-
Total Support Services	<u>3,960</u>	<u>1,353</u>	<u>5,313</u>	<u>5,313</u>	<u>-</u>
Total Summer School	<u>76,884</u>	<u>95</u>	<u>76,979</u>	<u>76,978</u>	<u>1</u>
Total Current Expense & Summer School	<u>24,702,668</u>	<u>125,353</u>	<u>24,828,021</u>	<u>26,533,778</u>	<u>(1,705,757)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(254,296)	(125,353)	(379,649)	996,146	1,379,661
Fund Balance July 1	<u>2,163,469</u>		<u>2,163,469</u>	<u>2,163,469</u>	
Fund Balance June 30	<u>\$ 1,909,173</u>	<u>(125,353)</u>	<u>1,783,820</u>	<u>3,159,615</u>	<u>1,379,661</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 12 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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:					
Emergency Reserve-Designated for Subsequent Year's Expenditures				\$ 250,000	
Capital Reserve				1,776,020	
Maintenance Reserve				300,000	
Committed Fund Balance:					
Year End Encumbrances				151,835	
Assigned Fund Balances:					
Designated for Subsequent Year's Expenditures				150,000	
Unassigned Fund Balance				<u>531,760</u>	
				3,159,615	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(437,922)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,721,693</u>	

KENILWORTH SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ 141,000	21,451	162,451	105,590	56,861
Local Sources		73,152	73,152	73,152	
Federal Sources	<u>470,000</u>	<u>27,945</u>	<u>497,945</u>	<u>476,377</u>	<u>21,568</u>
Total Revenues	<u>\$ 611,000</u>	<u>122,548</u>	<u>733,548</u>	<u>655,119</u>	<u>78,429</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 99,000	3,033	102,033	92,323	9,710
Purchased Professional and Technical Services	130,500	63,109	193,609	136,769	56,840
Tuition	315,000	(16,135)	298,865	298,865	
General Supplies	20,000	33,608	53,608	53,608	
Textbooks	10,500	106	10,606	10,585	21
Total Instruction	<u>575,000</u>	<u>83,721</u>	<u>658,721</u>	<u>592,150</u>	<u>66,571</u>
Support Services:					
Personal Services - Employee Benefits	7,000	4,975	11,975	11,975	
Purchased Professional - Educational Services	20,000	21,857	41,857	29,999	11,858
Other Purchased Services		9,200	9,200	9,200	
Tuition	9,000	(9,000)	-	-	
General Supplies		11,795	11,795	11,795	
Total Support Services	<u>36,000</u>	<u>38,827</u>	<u>74,827</u>	<u>62,969</u>	<u>11,858</u>
Total Expenditures	<u>\$ 611,000</u>	<u>122,548</u>	<u>733,548</u>	<u>655,119</u>	<u>78,429</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

KENILWORTH SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGETARY COMPARISON SCHEDULENOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 27,529,924	655,119
Difference - budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized		(64,972)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	425,088	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(437,922)</u>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 27,517,090</u>	<u>590,147</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 26,533,778	655,119
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.		<u>(64,972)</u>
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 26,533,778</u>	<u>590,147</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 FOUR FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,898,051	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>	<u>-</u>
Total	<u>\$ 5,898,051</u>	<u>4,456,012</u>	<u>3,572,190</u>	<u>3,743,058</u>
District's Covered-Employee Payroll	\$ 1,386,691	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	23.51%	29.99%	38.05%	36.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	31.20%	38.21%	42.74%	40.71%

KENILWORTH SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST FOUR FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 177,657	157,288	147,567	148,462
Contributions in Relation to the Contractually Required Contribution	<u>177,657</u>	<u>157,288</u>	<u>147,567</u>	<u>148,462</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 1,386,691	1,336,534	1,359,347	1,374,199
Contributions as a Percentage of Covered-Employee Payroll	12.81%	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 FOUR FISCAL YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	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>81,531,403</u>	<u>62,823,200</u>	<u>52,744,337</u>	<u>49,602,149</u>
Total	<u>\$ 81,531,403</u>	<u>62,823,200</u>	<u>52,744,337</u>	<u>49,602,149</u>
District's Covered-Employee Payroll	\$ 11,369,178	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	13.94%	16.45%	18.90%	19.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	22.33%	28.71%	33.64%	33.76%

KENILWORTH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S CONTRIBUTIONS
TEACHER'S PENSION AND ANNUITY FUND (TPAF)
LAST TEN FISCAL YEARS

L-4

This schedule is not applicable.

The School District is not required to make any contributions towards TPAF.

There is a special funding situation where the State of New Jersey pays 100% of the required contributions.

KENILWORTH SCHOOL DISTRICT**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PART III**

L-5

FOR THE FISCAL YEAR ENDED JUNE 30, 2017**Public Employee's Retirement System (PERS)**

Changes in Benefit Terms – None

Changes in Assumptions – The discount rate changed from 4.90% as of June 30, 2015, to 3.98% as of June 30, 2016, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms – None

Changes in Assumption – The discount rate changed from 4.13% as of June 30, 2015, to 3.22% as of June 30, 2016, in accordance with Paragraph 44 of GASB Statement No. 67.

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, 2017

	<u>Title I</u>	<u>Title IIA</u>	<u>Title III</u>	<u>I.D.E.A. Basic Flow-Thru</u>	<u>I.D.E.A. Pre-School</u>
Revenues:					
State Sources	\$ -				
Federal Sources	132,869	19,800	13,399	300,621	9,688
Local Sources					
Total Revenues	<u>\$ 132,869</u>	<u>19,800</u>	<u>13,399</u>	<u>300,621</u>	<u>9,688</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 84,238		8,085		
Purchased Professional and Technical Services					
Tuition				292,301	9,688
General Supplies	33,906		4,390		
Textbooks					
Total Instruction	<u>118,144</u>	<u>-</u>	<u>12,475</u>	<u>292,301</u>	<u>9,688</u>
Support Services:					
Employee Benefits	11,975				
Purchased Professional Educational Services	2,750	18,005	924	8,320	
Other Purchased Services					
General Supplies		1,795			
Total Support Services	<u>14,725</u>	<u>19,800</u>	<u>924</u>	<u>8,320</u>	<u>-</u>
Total Expenditures	<u>\$ 132,869</u>	<u>19,800</u>	<u>13,399</u>	<u>300,621</u>	<u>9,688</u>

KENILWORTH SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Compensatory Education</u>	<u>Transportation</u>	<u>Supplementary Instruction</u>	<u>Examination and Classification</u>	<u>Corrective Speech</u>
Revenues:					
State Sources	29,561	7,583	13,261	15,133	1,414
Federal Sources					
Local Sources					
Total Revenues	<u>29,561</u>	<u>7,583</u>	<u>13,261</u>	<u>15,133</u>	<u>1,414</u>
Expenditures:					
Instruction:					
Salaries of Teachers					
Purchased Professional and Technical Services	29,561	7,583	13,261	15,133	1,414
Tuition					
General Supplies					
Textbooks					
Total Instruction	<u>29,561</u>	<u>7,583</u>	<u>13,261</u>	<u>15,133</u>	<u>1,414</u>
Support Services:					
Employee Benefits					
Purchased Professional Educational Services					
Other Purchased Services					
General Supplies					
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>29,561</u>	<u>7,583</u>	<u>13,261</u>	<u>15,133</u>	<u>1,414</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, 2017

	<u>Non-Public Security</u>	<u>Non-Public Technology</u>	<u>Non-Public Nursing Services</u>	<u>Non-Public Textbooks</u>	<u>Safety Grant</u>	<u>Errington Foundation Grant</u>	<u>Merck Grant</u>	<u>Total 2017</u>
Revenues:								
State Sources	9,200	4,580	14,273	10,585				105,590
Federal Sources								476,377
Local Sources					6,900	10,000	56,252	73,152
Total Revenues	<u>9,200</u>	<u>4,580</u>	<u>14,273</u>	<u>10,585</u>	<u>6,900</u>	<u>10,000</u>	<u>56,252</u>	<u>655,119</u>
Expenditures:								
Instruction:								
Salaries of Teachers								92,323
Purchased Professional and Technical Services		4,580	14,273		6,900		34,375	127,080
Tuition							6,565	308,554
General Supplies							15,312	53,608
Textbooks				10,585				10,585
Total Instruction	<u>-</u>	<u>4,580</u>	<u>14,273</u>	<u>10,585</u>	<u>6,900</u>	<u>-</u>	<u>56,252</u>	<u>592,150</u>
Support Services:								
Employee Benefits								11,975
Purchased Professional Educational Services								29,999
Other Purchased Services	9,200							9,200
General Supplies						10,000		11,795
Total Support Services	<u>9,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>62,969</u>
Total Expenditures	<u>9,200</u>	<u>4,580</u>	<u>14,273</u>	<u>10,585</u>	<u>6,900</u>	<u>10,000</u>	<u>56,252</u>	<u>655,119</u>

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

KENILWORTH SCHOOL DISTRICT**STATEMENT OF NET POSITION**

Exhibit G-1

ENTERPRISE FUNDS**JUNE 30, 2017**

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
<u>Assets:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 113,321	30,625	143,946
Accounts Receivable:			
State	234		234
Federal	8,907		8,907
Other	19,664		19,664
Inventory	7,757		7,757
Total Current Assets	<u>149,883</u>	<u>30,625</u>	<u>180,508</u>
Noncurrent Assets			
Equipment	177,050		177,050
Accumulated Depreciation	(160,470)		(160,470)
Total Fixed Assets	<u>16,580</u>	<u>-</u>	<u>16,580</u>
Total Assets	<u>\$ 166,463</u>	<u>30,625</u>	<u>197,088</u>
<u>Liabilities:</u>			
Accounts Payable	\$ 15,000		15,000
Deferred Revenue	4,475		4,475
Total Liabilities	<u>\$ 19,475</u>	<u>-</u>	<u>19,475</u>
<u>Net Position:</u>			
Investment in Capital Assets	\$ 16,580		16,580
Unrestricted	130,408	30,625	161,033
Total Net Position	<u>\$ 146,988</u>	<u>30,625</u>	<u>177,613</u>

KENILWORTH SCHOOL DISTRICTSCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

Exhibit G-2

ENTERPRISE FUNDSJUNE 30, 2017

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
Operating Revenues:			
Daily Sales - Reimbursable Programs	\$ 213,989		213,989
Daily Sales - Non-Reimbursable Programs	52,937		52,937
Fees		179,429	179,429
Total Operating Revenues	<u>266,926</u>	<u>179,429</u>	<u>446,355</u>
Operating Expenses:			
Salaries	158,932	175,226	334,158
Other Employee Benefits	35,743		35,743
Cost of Sales - Reimbursable Programs	147,965		147,965
Cost of Sales - Non-Reimbursable Programs	34,785		34,785
Supplies and Materials	16,278		16,278
Management Fee	8,129		8,129
Repairs	3,654		3,654
Depreciation	3,980		3,980
Miscellaneous	18,842		18,842
Operating Expenses	<u>428,308</u>	<u>175,226</u>	<u>603,534</u>
Operating Gain/(Loss)	(161,382)	4,203	(157,179)
Non-Operating Revenues:			
State Sources:			
State School Lunch Program	3,979		3,979
Federal Sources:			
National School Lunch Program	134,753		134,753
Federal HHHKA Program	5,077		5,077
Federal Breakfast Program	6,891		6,891
Food Distribution Program	26,440		26,440
Total Non-Operating Revenues	<u>177,140</u>	<u>-</u>	<u>177,140</u>
Change in Net Position	15,758	4,203	19,961
Net Position, July 1	<u>131,230</u>	<u>26,422</u>	<u>157,652</u>
Net Position, June 30	<u>\$ 146,988</u>	<u>30,625</u>	<u>177,613</u>

KENILWORTH SCHOOL DISTRICT**SCHEDULE OF CASH FLOWS****Exhibit G-3****ENTERPRISE FUNDS****JUNE 30, 2017**

	Food Service Program	Aftercare Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 266,926	179,429	446,355
Payments to Employees	(158,932)	(175,226)	(334,158)
Payments to Suppliers	(246,538)		(246,538)
Net Cash Provided (Used) by Operating Activities	<u>(138,544)</u>	<u>4,203</u>	<u>(134,341)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	3,979		3,979
Federal Sources	146,721		146,721
Net Cash Provided by Noncapital Financing Activities	<u>150,700</u>	<u>-</u>	<u>150,700</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,156	4,203	16,359
Cash and Cash Equivalents, July 1	<u>101,165</u>	<u>26,422</u>	<u>127,587</u>
Cash and Cash Equivalents, June 30	<u>\$ 113,321</u>	<u>30,625</u>	<u>143,946</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (161,382)	4,203	(157,179)
Depreciation	3,980		3,980
Federal Commodities Consumed	26,440		26,440
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Decrease/(Increase) in Inventory	(1,484)		(1,484)
(Decrease)/Increase in Accounts Payable	15,000		15,000
(Decrease)/Increase in Deferred Revenue	369		369
Decrease/(Increase) in Accounts Receivable	(21,467)		(21,467)
Net Cash Provided (Used) by Operating Activities	<u>\$ (138,544)</u>	<u>4,203</u>	<u>(134,341)</u>

FIDUCIARY FUND – H

KENILWORTH SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	<u>Agency Student Activity</u>	<u>Scholarship Fund Non-Expendable Trust Fund</u>	<u>Unemployment Compensation Expendable Trust Fund</u>	<u>Summer Payroll</u>	<u>Total</u>
Assets:					
Cash and Cash Equivalents	\$ 95,810	171,582	458,032	312,820	1,038,244
Total Assets	<u>\$ 95,810</u>	<u>171,582</u>	<u>458,032</u>	<u>312,820</u>	<u>1,038,244</u>
Liabilities:					
Due to Student Groups	\$ 95,810				95,810
Total Liabilities	<u>\$ 95,810</u>				<u>95,810</u>
Net Position:					
Due to Employees				312,820	312,820
Reserved - Scholarships		171,582			171,582
Reserved - Unemployment Benefits			458,032		458,032
Total Net Position		<u>\$ 171,582</u>	<u>458,032</u>	<u>312,820</u>	<u>942,434</u>

KENILWORTH SCHOOL DISTRICT

Exhibit H-2

SCHOLARSHIP NONEXPENDABLE TRUST FUNDSTATEMENT OF CHANGES IN FIDUCIARY NET POSITIONFOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>2017</u>
Operating Revenue:	
Local Source:	
Interest on Investments	\$ 893
Total Operating Revenue	<u>893</u>
Operating Expenses:	
Scholarship Payments	3,000
Total Operating Expenses	<u>3,000</u>
Operating Income (Loss)	<u>(2,107)</u>
Net Position July 1	<u>173,689</u>
Net Position June 30	<u>\$ 171,582</u>

KENILWORTH SCHOOL DISTRICT**STUDENT ACTIVITY AGENCY FUND**

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Balance</u> <u>July 1, 2016</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Elementary School</u>				
Harding	\$ 26,203	37,577	40,493	23,287
<u>High School</u>				
David Brearley	78,790	138,012	144,279	72,523
Facility Use Account	-	4,000	4,000	-
Athletic Account	-	26,000	26,000	-
Total High School	<u>78,790</u>	<u>168,012</u>	<u>174,279</u>	<u>72,523</u>
Total All Schools	<u>\$ 104,993</u>	<u>205,589</u>	<u>214,772</u>	<u>95,810</u>

KENILWORTH SCHOOL DISTRICTPAYROLL AGENCY

Exhibit H-4

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIESFOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ -	7,770,541	7,770,541	-
<u>Liabilities</u>				
Payroll Deductions, Withholdings and Amount Due Employees	\$ -	7,770,541	7,770,541	-

LONG-TERM DEBT - I

KENILWORTH SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-1

SCHEDULE OF SERIAL BONDS

JUNE 30, 2017

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2016</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
			<u>Date</u>	<u>Amount</u>				
ERIP Refunding	9/29/2003	\$ 410,000	10/1/2017	\$ 30,000	5.50%	\$ 165,000	30,000	135,000
			10/1/2018-20	35,000				
2008 Renovations	2/25/2009	13,900,000	1/15/2018	740,000	4.00%	3,015,000	700,000	2,315,000
			1/15/2019	765,000				
			1/15/2020	810,000				
2016 Refunding Bonds	5/18/2016	9,395,000	1/15/2021	805,000	4.00%	9,395,000	125,000	9,270,000
			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>\$ 12,575,000</u>	<u>855,000</u>	<u>11,720,000</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<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	\$ 849,641		849,641	849,641	
State Sources:					
Debt Service Aid Type II	417,990		417,990	417,990	
Total Revenues	<u>1,267,631</u>	<u>-</u>	<u>1,267,631</u>	<u>1,267,631</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	537,632	(125,000)	412,632	368,429	44,203
Redemption of Principal	730,000	125,000	855,000	855,000	
Total Regular Debt Service	<u>1,267,632</u>	<u>-</u>	<u>1,267,632</u>	<u>1,223,429</u>	<u>44,203</u>
Total Expenditures	<u>1,267,632</u>	<u>-</u>	<u>1,267,632</u>	<u>1,223,429</u>	<u>44,203</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	44,202	44,203
Fund Balance July 1	<u>5,506</u>	<u>-</u>	<u>5,506</u>	<u>5,506</u>	<u>-</u>
Fund Balance June 30	<u>\$ 5,505</u>	<u>-</u>	<u>5,505</u>	<u>49,708</u>	<u>44,203</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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Invested in capital assets, net of related debt	\$ 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)	\$ (1,663,205)
Restricted (Debt Service)	\$ 312,470	\$ 20,905	\$ 46,967	\$ 51,346	\$ 3	\$ 313	\$ 111	\$ 9	\$ 5,506	\$ 49,708
Restricted (Capital Projects)	\$ -	\$ 13,699,782	\$ 8,246,987	\$ 1,717,992	\$ 433,507	\$ 325,878	\$ -	\$ -	\$ -	\$ -
Other Purposes	\$ -	\$ -	\$ 405,015	\$ 754,507	\$ 1,495,703	\$ 2,073,891	\$ 1,810,255	\$ 2,009,363	\$ 1,649,929	\$ 2,476,020
Unrestricted	\$ (966,216)	\$ (1,166,298)	\$ (1,208,665)	\$ 284,261	\$ (598,399)	\$ (1,206,178)	\$ (875,997)	\$ (4,404,932)	\$ (4,776,914)	\$ (5,239,070)
Total governmental activities net position	\$ (619,797)	\$ (874,665)	\$ 1,790,539	\$ 591,301	\$ (423,048)	\$ (235,593)	\$ (609,768)	\$ (4,727,997)	\$ (5,141,858)	\$ (4,376,547)
Business-type activities										
Invested in capital assets, net of related debt	\$ 3,086	\$ 24,200	\$ 21,517	\$ 41,060	\$ 37,530	\$ 34,000	\$ 30,470	\$ 24,540	\$ 20,560	\$ 16,580
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 78,834	\$ 68,526	\$ 85,148	\$ 121,800	\$ 94,903	\$ 88,745	\$ 116,344	\$ 116,344	\$ 137,092	\$ 161,033
Total business-type activities net position	\$ 81,920	\$ 92,726	\$ 106,665	\$ 162,860	\$ 132,433	\$ 122,745	\$ 146,814	\$ 140,884	\$ 157,652	\$ 177,613
District-wide										
Invested in capital assets, net of related debt	\$ 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)	\$ (1,646,625)
Restricted	\$ 312,470	\$ 20,905	\$ 46,967	\$ 1,769,338	\$ 433,510	\$ 326,191	\$ 111	\$ 9	\$ 5,506	\$ 49,708
Other Purposes	\$ -	\$ 13,899,782	\$ 8,652,002	\$ 754,507	\$ 1,495,703	\$ 2,073,891	\$ 1,810,255	\$ 2,009,363	\$ 1,649,929	\$ 2,476,020
Unrestricted	\$ (887,382)	\$ (1,097,772)	\$ (1,123,517)	\$ 406,061	\$ (503,496)	\$ (1,117,433)	\$ (764,836)	\$ (4,288,588)	\$ (4,839,822)	\$ (5,078,037)
Total district net position	\$ (537,877)	\$ (781,939)	\$ 1,897,204	\$ 754,161	\$ (290,615)	\$ (112,848)	\$ (468,137)	\$ (4,587,113)	\$ (4,984,206)	\$ (4,198,934)

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 7,902,473
Special education	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	3,095,217
Other special education	205,018	338,602	483,754	495,497	317,117	373,782	576,846	1,044,459	469,834	603,002
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	578,260	595,501	560,607	423,406	455,915	506,685	498,965	546,340	739,128	552,346
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	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	1,942,494
Student & instruction related services	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	2,413,470
School administrative services	1,239,364	546,894	565,642	528,848	524,145	580,411	557,611	655,129	681,306	669,683
General administrative & IT services	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	1,018,607
Plant operations and maintenance	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	1,605,136
Pupil transportation	492,173	502,005	547,152	568,453	649,657	616,852	665,699	643,591	635,830	816,755
Unallocated Benefits	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	6,816,245
Special Schools	52,887	61,855	43,018	34,938	46,429	45,116	60,934	64,423	67,053	76,978
Education Jobs	-	-	-	-	127,692	-	-	-	-	-
Interest on Long Term Debt	121,040	276,130	656,218	626,763	632,993	601,752	581,305	567,312	388,228	473,980
Capital Outlay	-	-	-	1,924,688	1,267,372	135,511	5,336	-	28,614	6,800
Unallocated depreciation	191,259	231,416	231,417	472,752	465,633	465,633	465,633	672,942	672,942	616,371
ARRA	-	-	273,016	-	-	-	-	-	-	-
Total governmental activities expenses	20,784,331	21,792,834	22,867,239	24,019,726	24,468,373	24,643,347	25,289,045	26,049,009	28,162,163	28,609,557
Business-type activities:										
Food service	447,278	465,972	470,366	445,839	519,303	468,255	465,651	408,858	411,586	428,308
Aftercare Program	-	-	-	-	-	115,988	115,988	154,901	184,307	175,226
Total business-type activities expense	447,278	465,972	470,366	445,839	519,303	584,243	581,639	563,759	595,893	603,534
Total district expenses	\$ 21,231,609	\$ 22,258,806	\$ 23,337,605	\$ 24,465,565	\$ 24,987,676	\$ 25,227,590	\$ 25,870,684	\$ 26,612,768	\$ 28,758,056	\$ 29,213,091
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ -	-	-	291,289	329,051	320,929	384,828	512,972	426,985	550,660
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	160,117	-	-
Operating grants and contributions	804,434	896,603	1,100,146	675,834	765,300	682,155	577,338	631,585	676,452	590,147
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	804,434	896,603	1,100,146	967,123	1,094,351	1,003,084	962,166	1,304,674	1,103,437	1,140,807
Business-type activities:										
Charges for services (Food Service)	-	-	-	-	-	296,778	291,902	235,845	268,642	266,926
Aftercare Program	-	-	-	-	-	-	-	160,117	176,000	179,429
Operating grants and contributions	108,606	113,227	134,293	147,381	161,887	161,789	136,618	169,000	168,019	177,140
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	108,606	113,227	134,293	147,381	161,887	458,567	428,520	564,962	612,661	623,495
Total district program revenues	\$ 913,040	1,009,830	1,234,439	1,114,504	1,256,238	1,461,651	1,390,686	1,869,636	1,716,098	1,764,302
Net (Expense)/Revenue										

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities	\$ (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)	(27,468,750)
Business-type activities	17,877	(12,991)	(336,073)	(298,458)	(357,416)	(125,676)	(153,119)	1,203	16,768	19,961
Total district-wide net expense	<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>	<u>(27,448,789)</u>
General Revenues and Other Changes in Net position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 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	19,384,980
Taxes levied for debt service	303,376	309,592	594,933	700,725	653,823	690,794	695,330	787,607	848,149	849,641
Unrestricted grants and contributions	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	7,812,472
Investment Income	51,540	10,077	1,775	-	-	-	-	-	-	-
Tuition Received	388,332	445,679	275,781	305,839	-	-	-	-	-	-
Miscellaneous income	300,926	277,712	219,829	63,186	253,922	177,111	216,515	135,601	114,596	186,968
Other (Bond Proceeds)	-	13,921,859	50,450	408,880	-	-	(20,630)	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<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>	<u>28,234,061</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>\$ 19,697,017</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>	<u>28,234,061</u>
Change in Net position										
Governmental activities	\$ (282,880)	13,834,496	122,808	(646,006)	(530,469)	162,201	(365,123)	323,230	(413,861)	765,311
Business-type activities	17,877	(12,991)	13,939	(298,458)	(357,416)	(125,676)	(153,119)	1,203	16,768	19,961
Total district	<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>	<u>785,272</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	313,558	297,941	405,015	854,507	1,460,181	1,921,935	1,715,888	1,918,625	1,589,859	2,575,143
Interfund Recieveable	-	-	-	-	-	58,188	42,547	222,304	148,522	166,214
Unreserved	242,614	296,815	236,122	184,261	306,434	154,927	97,725	-	-	-
Total general fund	<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>	<u>\$ 2,741,357</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	64,972
Capital projects fund	-	9,920,376	7,713,456	1,717,992	448,392	325,878	-	-	-	-
Debt service fund	-	20,905	20,905	51,346	3	313	111	9	5,506	49,708
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 114,680</u>
Total all Governmental Funds:	<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>	<u>\$ 2,856,037</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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Tax levy	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	19,384,980
Tuition charges	388,332	445,679	275,781	291,289	329,051	320,292	384,828	512,972	426,985	550,660
Interest earnings	51,540	10,077	1,775	359	-	-	-	-	-	-
Miscellaneous	336,242	361,866	264,856	437,973	267,122	190,511	216,515	109,833	130,935	85,313
Erate	-	-	-	-	-	-	38,185	40,568	17,309	28,503
State sources	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	7,457,821
Federal sources	405,131	561,790	1,131,500	414,266	609,467	487,204	441,294	515,182	510,254	9,813
Total revenue	20,501,451	21,705,471	22,939,597	22,964,540	23,939,618	24,804,911	24,944,552	26,212,122	27,748,302	27,517,090
Expenditures										
Instruction										
Regular Instruction	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	7,781,065
Special education instruction	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	2,568,039
Other special instruction	205,018	338,602	483,754	495,497	317,117	373,782	576,846	1,044,459	469,834	603,002
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	578,260	595,501	560,607	423,406	455,915	506,685	498,965	546,340	739,128	552,346
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	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	1,942,494
Student & instruction related services	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	2,350,501
General administrative services	705,949	704,257	585,842	528,848	536,303	615,750	557,611	560,944	681,306	669,683
School Administrative services	548,881	564,984	540,018	538,473	524,145	580,411	645,822	655,129	530,194	504,056
Information Technology	226,471	238,268	259,645	226,310	189,323	194,879	198,449	199,118	179,575	191,046
Business administrative services	306,944	325,790	334,945	296,546	332,862	288,741	295,949	299,178	322,113	323,505
Plant operations and maintenance	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	1,605,136
Pupil transportation	492,173	502,005	547,152	568,453	649,657	616,852	665,699	643,591	635,830	816,755
Unallocated employee benefits	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	6,542,372
Special Schools	52,887	61,855	43,018	34,938	46,429	45,116	60,934	64,423	67,053	76,978
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	110,329	4,176,373	2,206,920	6,511,448	1,313,315	135,511	356,327	-	28,614	6,800
Debt service:										
Principal	300,000	325,000	345,000	360,000	375,000	385,000	405,000	585,000	705,000	855,000
Interest and other charges	129,285	113,999	574,673	646,165	628,862	610,231	590,357	576,106	559,531	368,429
ARRA/Education Jobs	-	-	273,016	-	127,692	-	-	-	-	-
Total expenditures	21,019,904	25,646,377	25,124,523	28,966,875	24,543,003	24,556,306	25,541,607	25,906,825	28,145,353	27,757,207
Excess (Deficiency) of revenues over (under) expenditures	(518,453)	(3,940,906)	(2,184,926)	(6,002,335)	(603,385)	248,605	(597,055)	305,297	(397,051)	(240,117)
Other Financing sources (uses)										
Capital leases (non-budgeted)	-	-	-	-	-	-	-	-	-	-
Sale of Bonds	-	13,900,000	-	-	-	-	-	-	-	-
State of NJ Grant	-	39,100	-	-	-	-	-	-	-	-
2009-2010 budget appropriation	-	58,850	-	-	-	-	-	-	-	-
Cancel Accounts Receivable	-	(3,800)	-	-	-	-	-	-	-	-
Adjustment prior year refund	-	(72,091)	50,450	(26,901)	-	-	-	-	-	-
Total other financing sources (uses)	-	13,921,859	50,450	(26,901)	-	-	-	-	-	-
Net change in fund balances	(518,453)	9,980,953	(2,134,476)	(6,029,236)	(603,385)	248,605	(597,055)	305,297	(397,051)	(240,117)
Debt service as a percentage of noncapital expenditures	2.05%	2.04%	4.01%	4.48%	4.32%	4.08%	3.95%	4.48%	4.50%	4.41%

Source: CAFR Schedule B-2

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition Revenue</u>	<u>Rentals</u>	<u>Misc.</u>	<u>UCRHS #1</u>	<u>Contribution EE Benefits</u>	<u>E-Rate</u>	<u>Choice Trans</u>	<u>Total</u>
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
2017	\$ 25,250	\$ 510,173	\$ 47,058	\$ 16,870	\$ -	\$ -	\$ 28,504	\$ -	\$ 627,855

Source: District Records

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 ^b	Estimated Actual (County Equalized Value)
2008	\$ 7,644,800	\$ 440,025,800	\$ -	\$ -	\$ 83,304,600	\$ 350,045,300	\$ -	\$ 881,020,500	\$ -	\$ 530,873	\$ 881,551,373	1.714	
2009 ^a	\$ 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	\$ 304,368,400	\$ -	\$ 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	\$ -	\$ 629,822	\$ 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	
2017	\$ 8,058,300	\$ 455,339,700	\$ -	\$ -	\$ 87,565,800	\$ 266,955,100	\$ -	\$ 817,918,900	\$ -	\$ 658,767	\$ 818,577,667	2.514	

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
	General		Total Direct	Kenilworth Borough	County Open Space	Union County	
	Basic Rate ^a	Obligation Debt Service ^b					
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	0.830	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	1.402	0.025	0.900	4.795
2017	2.514		2.514	1.433	0.025	0.902	4.874

Source: District Records and Municipal Tax Collector

Note:

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

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

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

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

Exhibit J-8

Taxpayer	2017			2007		
	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)	\$ 172,566,700	1	21.10%	\$ 241,982,700	1	27.49%
Castle & Cooke, NJ, LLC	\$ 7,867,100	2	0.96%	\$ 7,867,100	4	0.89%
Kenilworth-Grocery/Berenson	\$ 7,643,700	3	0.93%	\$ 9,031,800	2	1.03%
Cristie Properties	\$ 6,903,600	4	0.84%	\$ 6,903,600	5	0.78%
FDV Realty	\$ 4,917,600	5	0.60%	\$ 4,579,300	9	0.52%
Lakhani Associates	\$ 4,352,000	7	0.53%	\$ -		0.00%
141 Market Street Realty, LLC.	\$ 4,113,000	6	0.84%	\$ -		0.00%
Boright Realty	\$ 3,610,800	8	0.50%	\$ 8,786,500	3	1.00%
ADHP Real Estate	\$ 3,500,000	9	0.43%	\$ -		0.00%
K' Worth Storage, LLC	\$ 3,400,000	10	0.42%	\$ 4,700,000	7	0.53%
Total	\$ 218,874,500		27.16%	\$ 283,851,000		32.25%
Total Assessed Value:	\$ 817,918,900			\$ 880,223,723		

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	
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	\$ 38,283,875	\$ 38,021,915	99.31%	
2016	\$ 39,427,384	\$ 39,109,601	99.19%	

Source: Borough Tax Office

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

Fiscal Year Ended June 30, #	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
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
2017	11,720,000	-	-	-	-	11,720,000	0.36%	\$ 42,123

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Additions	Refinanced	Deductions			
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	9,395,000	9,675,000	705,000	12,575,000	0.41%	\$ 1,542.38
2017	12,575,000			855,000	11,720,000	0.38%	\$ 1,430.31

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

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

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

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

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Kenilworth (12-31-16)	9,644,267	100.000%	9,644,267
Other debt			
County of Union - Borough's Share	582,124,789	2.10%	12,224,621
Rahway Valley Sewerage Authority	155,548,561	2.30%	3,577,617
Subtotal, overlapping debt			25,446,504
Kenilworth Borough School District Direct Debt			<u>11,720,000</u>
Total direct and overlapping debt			<u><u>\$ 37,166,504</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	
2016	\$ 1,270,158,942
2015	\$ 1,270,158,942
2014	\$ 1,270,158,942
[A]	\$ 3,810,476,826
[A/3]	\$ 1,270,158,942
	50,806,358 a
[C]	12,855,000
[B-C]	\$ 37,951,358

	Fiscal Year										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 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	\$ 50,806,358
Loss of Business Income											
Total net debt applicable to limit	<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>\$ 12,575,000</u>	<u>\$ 11,720,000</u>
Legal debt margin	<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>\$ 39,517,654</u>	<u>\$ 39,086,358</u>
Total net debt applicable to the limit as a percentage of debt limit	4.48%	3.55%	21.79%	20.97%	20.84%	22.89%	22.67%	36.42%	26.03%	24.14%	23.07%

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

Equalized valuation basis figures not available for 2015 or 2016 from Borough so 2014 figures carried over.

**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>
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%
2017	8,194	23,608,253	42,123	4.50%

Source: NJ Dept of Labor and Workforce Development: 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

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>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>	<u>2017</u>
Instruction										
Regular	85	86	88.0	89.6	90.6	91.2	94.55	95.7	97.29	101.23
Special education	28	28	32.0	33.6	33.6	35.5	34.22	39.57	44.61	47.34
Other special education (CST)	6	6	6.5	7	7	7	7	7	7	7
Other instruction			8.0	8	8	9	11.27	11.64	11.5	10.5
Support Services:										
Student & instruction related services	17	17	10.0	11	11	11	10	11	12	13.94
General administrative services	2	2	7.0	7	7	7	8	7	7	7.5
School administrative services	11	11	8.5	8.5	8.5	8.9	9.5	9.5	9.5	10.5
Business administrative services	4	4	4.0	4	4	4	3.75	3.75	3.75	3.75
Plant operations and maintenance	14	14	8.5	8.5	8.5	8.5	8.75	8.75	8.75	8.75
Pupil transportation	0	0	0.0	0	0	0	0	0	0	
Total	<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>	<u>210.5</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 ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle/High School				
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	13.96%	146.73	12.00	11.00	1,411.57	1,341.37	-2.17%	95.03%
2017	1,372	26,526,978	\$ 19,335	10.28%	148.57	12.00	11.00	1,433.97	1,357.47	1.40%	94.67%

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	2017
<u>District Building</u>												
<u>Elementary</u>												
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	90,500
Capacity (students)	650	650	650	650	650	650	650	650	650	650	650	650
Enrollment	635	656	631	640	703	638	652	680	714	730	679	682
<u>Middle/High School</u>												
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	150,267
Capacity (students)	804	804	804	804	804	804	804	804	804	804	804	804
Enrollment	708	752	694	701	664	678	680	716	729	721	744	752
DISTRICT TOTALS	1,343	1,408	1,325	1,341	1,367	1,316	1,332	1,396	1,443	1,451	1,423	1,434

Number of Schools at June 30, 2017

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

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

School Facilities	Project # (s)	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Warren Harding Elementary School	N/A	109,920	57,341	50,935	28,700	62,398	13,840	36,894	30,870	54,644	53,731
David Brearley Middle/High School	N/A	56,353	108,322	104,459	69,033	54,125	96,369	38,492	40,867	99,639	71,485
District Level	N/A	267,626	158,295	88,333	136,512	103,436	152,319	101,560	122,289	119,746	110,326
Total School Facilities	-	433,899	323,958	243,727	234,245	219,959	262,528	176,946	194,026	274,029	235,542

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
2016-2017**

	Limits	Deductible	
PROPERTY:			
Building & Personal Property - Pool	\$450,000,000	\$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	\$25,000,000	\$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	\$5,000	
Fine Arts (if scheduled) - Pool	\$1,000,000	\$5,000	None scheduled
Loss of Rents	\$450,000	\$5,000	
Loss of Business Income	\$600,000	\$5,000	
CRIME & FIDELITY:			
Money & Securiteis	\$100,000	\$500	
Public Employee Dishonesty	\$250,000	\$1,000	
COMMERCIAL GENERAL & AUTO LIABILITY :			
Limit of Liability; Per Occurrence	\$16,000,000		
SCHOOL LEADERS PROFESSIONAL LIABILITY			
Limit of Liability; Per Occurrence/Aggregate	\$16,000,000	\$5,000	
EMPLOYEE DISHONESTY BONDS:			
Treasurer off School Monies	\$250,000	\$ 1,000	
Board Secretary/Business Administrator	\$80,000	\$ 500	

Source: District Records

SINGLE AUDIT SECTION

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

K-1

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, 2017, 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 20, 2017.

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 it 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 20, 2017

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

K-2

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, 2017. 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, 2017.

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 20, 2017

KENILWORTH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule A
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, 2017	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2017				
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor		
General Fund:																
Medical Assistance Program	93.778	1705NJ5MAP	N/A	\$ 93,813	7/01/2016	6/30/2017	\$ -		9,813	(9,813)						
U.S. Department of Agriculture Passed Through State Department of Education:																
National School Lunch Program	10.555	1716NJ304N1099	N/A	134,753	7/01/2016	6/30/2017			126,043	(134,753)		(8,710)				
National School Lunch Program	10.555	1616NJ304N1099	N/A	122,800	7/01/2015	6/30/2016	(6,372)		6,372							
School Breakfast Program	10.553	1616NJ304N1099	N/A	6,538	7/01/2015	6/30/2016	(493)		493							
School Breakfast Program	10.553	1716NJ304N1099	N/A	6,891	7/01/2016	6/30/2017			6,450	(6,891)		(441)				
HHFKA	10.555	1716NJ304N1099	N/A	5,077	7/01/2016	6/30/2017			4,780	(5,077)		(297)				
HHFKA	10.555	1616NJ304N1099	N/A	5,109	7/01/2015	6/30/2016	(267)		267							
Food Distribution Program	10.550	1716NJ304N1099	N/A	26,440	7/01/2016	6/30/2017			26,440	(26,440)						
Total U.S. Department of Agriculture							(7,132)	-	170,845	(173,161)	-	(9,448)	-	-	-	-
U.S. Department of Education Passed Through State Department of Education:																
Title I	84.010	S101A150030	N/A	143,089	9/01/2015	8/31/2016	(459)		459							
Title I	84.010	S101A160030	N/A	142,579	9/01/2016	8/31/2017			132,869	(132,869)						
Title IIA	84.367	S367A160029	N/A	19,800	9/01/2016	8/31/2017			17,948	(19,800)		(1,852)				
Title IIA	84.367	S367A150029	N/A	22,997	9/01/2015	8/31/2016	(1,571)		1,571							
Title III	84.365	S365A160030	N/A	13,399	9/01/2016	8/31/2017			12,796	(13,399)		(603)				
Title III	84.365	S365A150030	N/A	20,667	9/01/2015	8/31/2016	(9,270)		9,270							
IDEA Preschool	84.173	H173A160114	N/A	9,688	9/01/2016	8/31/2017			9,688	(9,688)						
IDEA Part B Basic	84.027	H027A160100	N/A	312,479	9/01/2016	8/31/2017			300,621	(300,621)						
IDEA Part B Basic	84.027	H027A150100	N/A	322,745	9/01/2015	8/31/2016	(4,520)		4,520							
Total U.S. Department of Education							(15,820)	-	489,742	(476,377)	-	(2,455)	-	-	-	-
Total Federal Financial Assistance							\$ (22,952)	-	670,400	(659,351)	-	(11,903)	-	-	-	-

See Accompanying Notes to Schedules of Financial Assistance.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2016			Cash Received	Budgetary Expenditures Pass Through Funds	Adjustments	Repayment of Prior Year Balances	Balance at June 30, 2017			MEMO		
			From	To	Deferred Income (Accts Receivable)	Due To Grantor	Carryover (Walkover) Amount					Intergovernmental (Accounts Receivable)	Deferred Revenue Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
Special Education Aid	17-495-034-5120-089	\$ 821,279	7/1/2016	6/30/2017	\$ -			737,899								(83,380)	821,279
School Choice	17-495-034-5120-068	2,079,015	7/1/2016	6/30/2017				1,872,971								(206,044)	2,079,015
Equalization Aid	17-495-034-5120-078	1,243,266	7/1/2016	6/30/2017				1,119,203								(124,063)	1,243,266
Security Aid	17-495-034-5120-084	43,234	7/1/2016	6/30/2017				38,899								(4,335)	43,234
Transportation Aid	17-495-034-5120-014	33,288	7/1/2016	6/30/2017				29,960								(3,328)	33,288
Under Adequacy Aid	17-495-034-5120-083	46,156	7/1/2016	6/30/2017				41,558								(4,598)	46,156
Addl. Adjustment Aid	17-495-034-5120-085	80,478	7/1/2016	6/30/2017				72,464								(8,014)	80,478
PARCC Readiness Aid	17-495-034-5120-098	14,180	7/1/2016	6/30/2017				12,779								(1,401)	14,180
Per Pupil Growth Aid	17-495-034-5120-097	14,180	7/1/2016	6/30/2017				12,779								(1,401)	14,180
Prof. Learning Community Aid	17-495-034-5120-101	13,660	7/1/2016	6/30/2017				12,302								(1,358)	13,660
Extraordinary Aid	17-495-034-5120-044	124,238	7/1/2016	6/30/2017								(124,238)					124,238
Extraordinary Aid	16-495-034-5120-044	107,234	7/1/2015	6/30/2016	(107,234)			107,234									
On Behalf TPAF Pension Contributions	17-495-034-5094-002	2,110,704	7/1/2016	6/30/2017				2,110,704									2,110,704
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	17-100-034-5095-003	846,977	7/1/2016	6/30/2017				805,001				(846,977)					846,977
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	16-100-034-5095-002	871,202	7/1/2015	6/30/2016	(41,288)			41,288									
					(148,522)	-	-	7,015,041	(7,470,655)	-	-	(166,214)	-	-		(437,922)	7,570,655
State Department of Agriculture: National School Lunch Program (State Share)	16-100-010-3350-023	4,077	7/1/2015	6/30/2016	(206)			206									
National School Lunch Program (State Share)	17-100-010-3350-023	3,979	7/1/2016	6/30/2017				3,745	(3,979)			(234)					3,979
					(206)	-	-	3,951	(3,979)	-	-	(234)	-	-		-	3,979
Debt Service Aid Type II	17-495-034-5120-125	417,990	7/1/2016	6/30/2017				417,990	(417,990)								417,990
Special Revenue: Nonpublic Aid:																	
Textbook Aid	16-495-034-5120-064	10,449	7/1/2015	6/30/2016		110					(110)						
Textbook Aid	17-495-034-5120-064	10,606	7/1/2016	6/30/2017				10,606	(10,585)								10,585
Nursing Services	16-100-034-5120-070	16,470	7/1/2015	6/30/2016		249					(249)						
Nursing Services	17-100-034-5120-070	16,560	7/1/2016	6/30/2017				16,560	(14,273)						2,287		14,273
Technology Aid	17-100-034-5120-373	4,784	7/1/2016	6/30/2017				4,784	(4,580)						204		4,580
Technology Aid	16-100-034-5120-373	4,758	7/1/2015	6/30/2016		159					(159)						
Security Aid	17-100-034-5120-084	9,200	7/1/2016	6/30/2017				9,200	(9,200)								9,200
Compensatory Education	16-100-034-5120-067	53,077	7/1/2015	6/30/2016		1,779					(1,779)						
Compensatory Education	17-100-034-5120-067	63,602	7/1/2016	6/30/2017				63,602	(29,561)						34,041		29,561
English as a Second Language	16-100-034-5120-067	863	7/1/2015	6/30/2016		863					(863)						
Transportation	17-100-034-5120-067	7,583	7/1/2016	6/30/2017				7,583	(7,583)								7,583
Examination and Classification	17-100-034-5120-066	24,313	7/1/2016	6/30/2017				24,313	(15,135)						9,180		15,135
Examination and Classification Initial	16-100-034-5120-066	13,499	7/1/2015	6/30/2016		1,192					(1,192)						
Examination and Classification Annual	16-100-034-5120-066	7,174	7/1/2015	6/30/2016		2,733					(2,733)						
Corrective Speech	16-100-034-5120-066	7,525	7/1/2015	6/30/2016		4,599					(4,599)						
Corrective Speech	17-100-034-5120-066	6,185	7/1/2016	6/30/2017				6,185	(1,414)						4,771		1,414
Supplemental Instruction	16-100-034-5120-066	22,277	7/1/2015	6/30/2016		5,420					(5,420)						
Supplemental Instruction	17-100-034-5120-066	19,618	7/1/2016	6/30/2017				19,618	(13,261)						6,357		13,261
						17,104		162,451	(105,590)		(17,104)				56,861		105,590
Total State Financial Assistance					\$ (148,728)	17,104	-	7,599,433	(7,998,214)	-	(17,104)	(166,448)	-	56,861	(437,922)	8,098,214	
Less On Behalf Pension System Contributions									2,110,704								
Total For State Financial Assistance Major Program Determination									\$ (5,887,510)								

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

KENILWORTH SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2017****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>
<u>State Assistance</u>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 7,470,655	105,590	417,990	3,979	7,998,214
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized		(64,972)			(64,972)
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)	(12,834)				(12,834)
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 7,457,821</u>	<u>40,618</u>	<u>417,990</u>	<u>3,979</u>	<u>7,920,408</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>
<u>Federal Assistance</u>					
Actual Amounts (Budgetary)					
“Revenues” from the Schedule					
of Expenditures of Federal					
Awards					
	\$ 9,813	476,377		173,161	659,351
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>\$ 9,813</u>	<u>476,377</u>	<u>_____</u>	<u>173,161</u>	<u>659,351</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, 2017. 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, 2017.

BOROUGH OF KENILWORTH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Part 1 - Summary of Auditor's Results

Financial Statement Section

Unmodified

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

1) Material weakness(es) identified?

_____ Yes x No

2) Were reportable conditions(s) identified that were not considered to be material weaknesses?

_____ Yes x 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**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017***Part 1 - Summary of Auditor's Results (Continued)*****State Awards Section**

- (J) Dollar threshold used to determine Type A programs: \$750,000
- (K) Auditee qualified as low-risk auditee? x Yes No
- (L) Type of auditor's report on compliance for major programs: Unmodified
- (M) Internal control over compliance:
- (1) Material Weakness(es) identified? Yes x No
- (2) Were reportable condition(s) identified that were not considered to material weaknesses? Yes x No
- (N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04? Yes x No
- (O) Identification of major programs:

GMIS Number(s)

17-100-034-5095-002

17-495-034-5120-030

17-495-034-5120-068

17-495-034-5120-083

17-495-034-5120-084

17-495-034-5120-089

17-495-034-5120-097

17-495-034-5120-098

17-495-034-5120-014

17-495-034-5120-101

17-495-034-5120-085

Name of State Program

Reimbursed TPAF Social Security Contributions

Equalization Aid (Public Cluster)

School Choice (Public Cluster)

Under Adequacy Aid (Public Cluster)

Security Aid (Public Cluster)

Special Education Aid (Public Cluster)

Per Pupil Growth Aid (Public Cluster)

PARCC Readiness Aid (Public Cluster)

Transportation Aid (Public Cluster)

Professional Learning Community Aid (Public Cluster)

Additional Adjustment Aid (Public Cluster)

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

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017***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**

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2017*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, 2017

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, 2017

Prior Audit Findings:

No prior year audit findings.