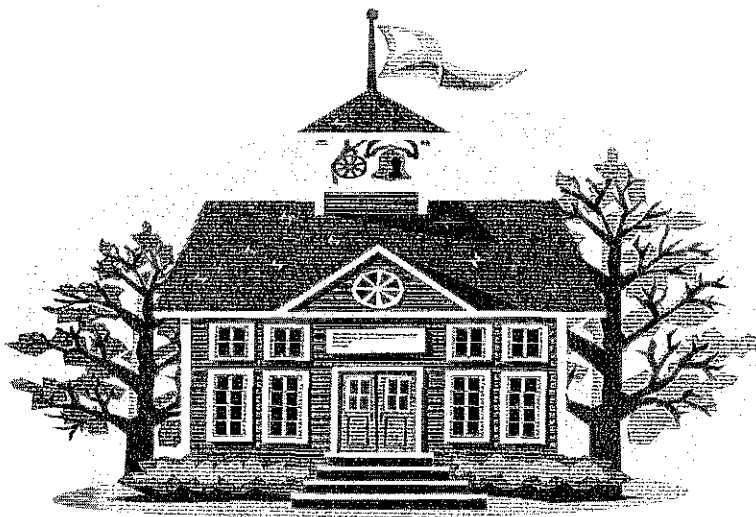


SCHOOL DISTRICT

OF

KENILWORTH



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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

OF THE

KENILWORTH BOARD OF EDUCATION

KENILWORTH, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PREPARED BY

**KENILWORTH BOARD OF EDUCATION
FINANCE DEPARTMENT**

KENILWORTH SCHOOL DISTRICT

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INTRODUCTORY SECTION

Kyle C. Arlington
Superintendent



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

Kenilworth Public Schools

www.kenilworthschools.com
426 Boulevard
Kenilworth, New Jersey 07033
908-276-1644

February 11, 2022

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 ending June 30, 2021 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.

*Arlington/Gonnella to Board of Education
February 11, 2022*

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, 2020 was 1,422 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
2020 – 2021	1422	(0.21%)
2019 – 2020	1425	1.71%
2018 – 2019	1401	.29%
2017 – 2018	1397	4.02%
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	----

*Arlington/Gonnella to Board of Education
February 11, 2022*

You may note that the Board is directly responsible for overseeing high school-aged students attending the Brearley School; the data shows a dramatic change from the K-8 data. The 1997-1998 data was the new base for enrollment; you will note a more “normal” change since the 1997-1998 school year. The major shift in responsibility was a common theme throughout the annual audit and financial reports, making any comparison between past school years and those school years very difficult without a detailed breakdown. The 1997-1998 school year’s figures would not be a true picture for future analysis due to the large cost of establishing the high school for the first school year. However, the 2014-2015 figures are more in line with what should be a normal statistical year.

2) ECONOMIC CONDITION AND OUTLOOK:

Budgetarily speaking, 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” and additional State Aid 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 is questionable. The district did see a sizable increase in State Aid and if the current funding formula remains, we anticipate minimal increases in the future.

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.

The overall impact that the COVID-19 Pandemic will have on the short-term and long-term financial well-being of the school district is uncertain. The district did receive several County, State and Federal grants aimed at mitigating the financial impact. All grants were carefully reviewed for maximum benefit in meeting the district goal of keeping the buildings open during the pandemic.

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

*Arlington/Gonnella to Board of Education
February 11, 2022*

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.

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

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 district is in the planning phase for another referendum scheduled for the Fall of 2022. The projects planned will assist the district to move educationally into the 21st Century and allow our students to successfully meet the changing workforce and society.

The district approved a Solar Power Purchasing Agreement with HESP Solar in December 2020 with installation planned for the summer of 2021. Rooftop solar panels were installed on both the Harding and Brearley Schools. Financially, the project cost no tax dollars and will generate over \$1.1 million savings over the next 15 years.

Additionally, the district approved an Energy Savings Improvement Program with Willdan Energy Solutions. This project calls for a series of energy conservation projects including lighting, boiler and chiller replacements, that will generate significant energy savings over the life of the project.

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 \$385,619 was spent on Renovations/Repairs to the Harding and Brearley facilities during the 2020-2021 school year:

Harding School:

Repair of Building & Equipment	\$	89,786	
Instructional Equipment Repairs	\$	-	
			\$ 89,786

Brearley School:

Repair of Building & Equipment*	\$	78,328	
Instructional Equipment Repairs			
			\$ 78,328

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District Level:

Contracted Upkeep of Grounds (No Salaries)	\$	46,744	
Asbestos Management	\$	5,120	
Contracted Services Maintenance	\$	65,666	
Maintenance Supplies & Other Objects	\$	89,381	
Maintenance Agreements	\$	<u>10,594</u>	
			\$ 217,505
Total			<u>\$ 385,619</u>

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

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

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 2018 a three-year re-inspection was conducted on both the Harding and Brearley facilities, along with major updates to the plan.

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

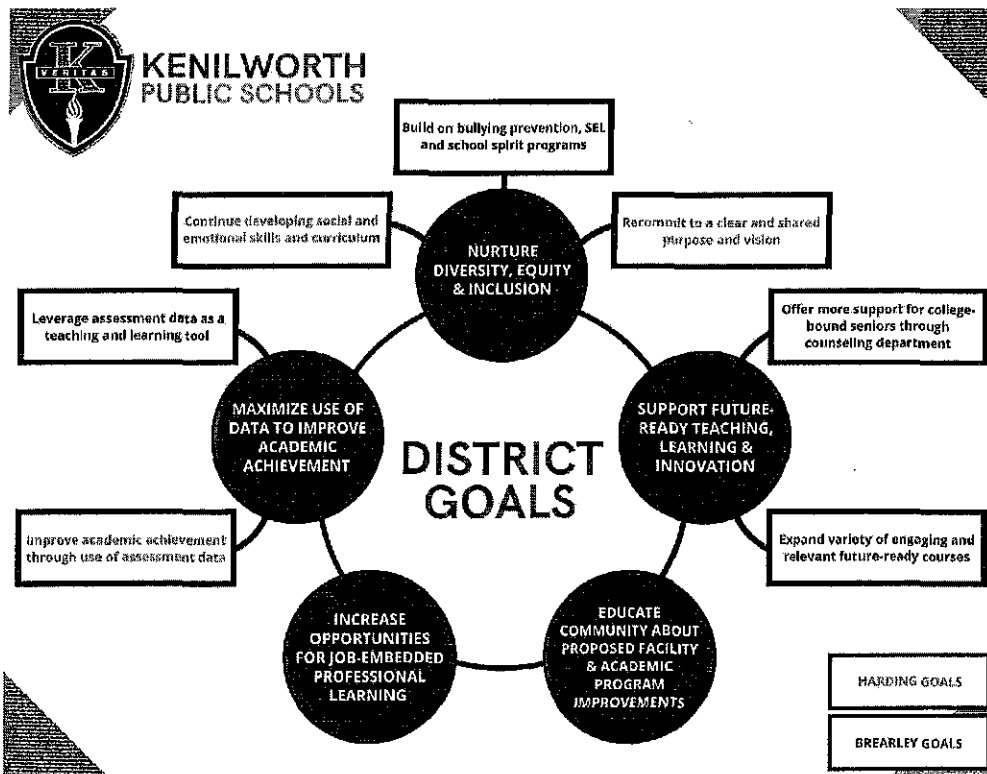
3) MAJOR INITIATIVES INSTRUCTIONAL PROGRAM:

The Kenilworth Public School District has operated as a Pre K-12 system since July 1, 1997. The

*Arlington/Gonnella to Board of Education
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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 2021-22 were proposed to improve performance at both Harding Elementary School and David Brearley Middle-High School. More specifically, for the school year 2021-22, our district goals focus on supporting future reading teaching and learning through a focus on innovation, educating the community on proposed facilities and academic improvements, increasing job-embedded professional learning, maximizing the use of data to inform student achievement and nurturing diversity, equity, and inclusion. Our school buildings have their own set of goals that coalesce within the district's larger goals. In the 2021-22 school year, Harding Elementary School will focus on recommitting to a clear and focused vision, continuing to develop social and emotional skills and curriculum, and relying on performance data to inform instruction. Brearley Middle High School also has a school goal that aligns with Harding's and focuses on data to drive instruction. Additionally, Brearley Middle-High School's school goals also include building on bullying prevention and school climate programs, ramping up support for college and career readiness, and expanding a variety of future-ready course work for our students.



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Our grades K-6 classrooms continue to use a curriculum-based SEL program called “Second Step.” We support this work, and professional learning around it, for the next several years. Our final district goal focuses on offering our teachers more job-embedded and targeted professional learning. Elementary teachers receive embedded coaching around the workshop model while secondary teachers receive embedded coaching related to small group instruction and holding effective conferring sessions. Additionally, a technology facilitator coaches all staff in technology integration as well as assists with the implementation of a 1:1 Chromebook initiative at the middle/high school. We also rely on an Interventions Coordinator to help manage and provide leadership to our multi-tiered system of support. Through tiered interventions, we look to address students’ academic, social, and behavioral needs.

We will realize a strong academic foundation begins in pre-school. We continue to monitor the pre-school curriculum entitled “Tools of the Mind.” This program implementation, along with offering tuition-less preschool, is part of our ongoing work, which will continue for the next several years to expand our preschool program and more greatly prioritize early childhood education.

The district is also committed to the continued refinement of a newly adopted balanced literacy approach. All K-6 teachers implement readers and writers workshop. Middle and high school teachers are working towards new text selection that reflects a more culturally responsive approach to literacy teaching and learning. Middle school teachers will have a new schedule next school year that will allow them to differentiate instruction to meet the needs of all students in a single setting.

At David Brearley, we continue to monitor our implementation of GOMath. The program and accompanying professional learning conversations have yielded a rise in student achievement levels. Algebra I is an area of focus for us. We are exploring the possibility of a more differentiated, approach to Algebra instruction through a program entitled Teach to One.

We continue to transform our elementary library into a 21st Century maker space. Students across the grades now have access to units of study in coding, robotics, design, and engineering principles, as well as informational literacy. This space will serve as a model as we continue to refresh our library/media space at Brearley Middle-High School.

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. A new Program brought into the district Successful Outcomes Achieving Resiliency (SOAR) provides students the opportunity for credit remediation, exploring different careers while participating in group and individual counseling. Student flexibility allows students to participate in their least restrictive environment. The Alternative Classroom Experience

*Arlington/Gonnella to Board of Education
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(ACE) helps adolescents recover high school credit they may not have acquired during the regular school day. The Kenilworth Scholars' Academy, enrolled Grades 7-11 students. These students are provided a "university-level" experience that allows them to focus on specialization by their senior year of high school. Students in the Scholars' Academy continue to participate in virtual science labs and STEM field trips. 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. The district continues to grow the Scholars' Academy program by raising the number of academy spots we allocate in our school Choice program to attract high-achieving learners from surrounding communities.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

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,

*Arlington/Gonnella to Board of Education
February 11, 2022*

2021.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) DEBT ADMINISTRATION:

2003 ERIP Refinance:

The District refunded Bonds associated with the NJ Pension Early Retirement Incentive Plan in the amount of \$410,000 on September 29, 2003. Total Debt Service in the amount of \$35,962.50 was paid during the fiscal year 2021. A \$35,000 principal payment was made. Outstanding debt as of June 30, 2021 was \$0.

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. This bond was refunded in the Spring of 2016 with outstanding debt, as of June 30, 2021 of \$0.

2016 Refunding:

In the Spring of 2016 the 2009 Bond issue was refinanced due to potential savings. Total Debt Service in the amount of \$1,175,800 was paid during the fiscal year 2021. A \$805,000 principal payment was made. The principal balance as of June 30, 2021 was \$8,465,000.

Total debt retired in fiscal year 2021 was \$840,000. Total outstanding debt for the District as of June 30, 2021, was \$8,465,000.

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 all deposited public funds in public depositories to be 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.

*Arlington/Gonnella to Board of Education
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9) RISK MANAGEMENT:

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

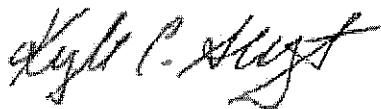
10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert S. Hulsart and Company was selected by the Board to conduct the annual independent audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, and the related OMB Circular A - 133 and state Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Kenilworth Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our central office staff.

Respectfully submitted,



Kyle C. Arlington
Superintendent



Vincent A. Gonnella
Board Secretary/Business Administrator

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

**ROSTER OF OFFICIALS
June 30, 2021**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Dr. Michelle Panichi, President	12/31/2021
Gregg F. David, Vice President	12/31/2020
Robert Beiner	12/31/2019
Genean Braun	12/31/2021
Paulette Drogon	12/31/2021
Ryan Haberthur	12/31/2020
Mark Jankiewicz	12/31/2019
Anthony Laudati	12/31/2019
Nancy Zimmerman	12/31/2020

Other Officials:

Kyle C. Arlington, Acting Superintendent of Schools/Treasurer

Vincent A. Gonnella, Board Secretary/Business Administrator

Vito A. Gagliardi, Jr., Esq., Solicitor

Administration:

Lauren Bound, Supervisor
 Ronald Bubnowski, Principal Warren Harding Elementary School
 Dana Cansian, Supervisor
 Carol Carrera, Assistant Principal
 Dawn Cuccolo, Director of Pupil Personnel Services
 Jeremy Davies, Principal David Brearley Middle/High School
 Brian Luciani, Director of Academics
 Scott Miller, Supervisor of Athletics & Health Education
 Joant Rodriguez, Manager of Information Technology
 Drew Vanderzee, Supervisor of Buildings & Grounds

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

CONSULTANTS & ADVISORS

Architect of Record

SSP Architectural Group
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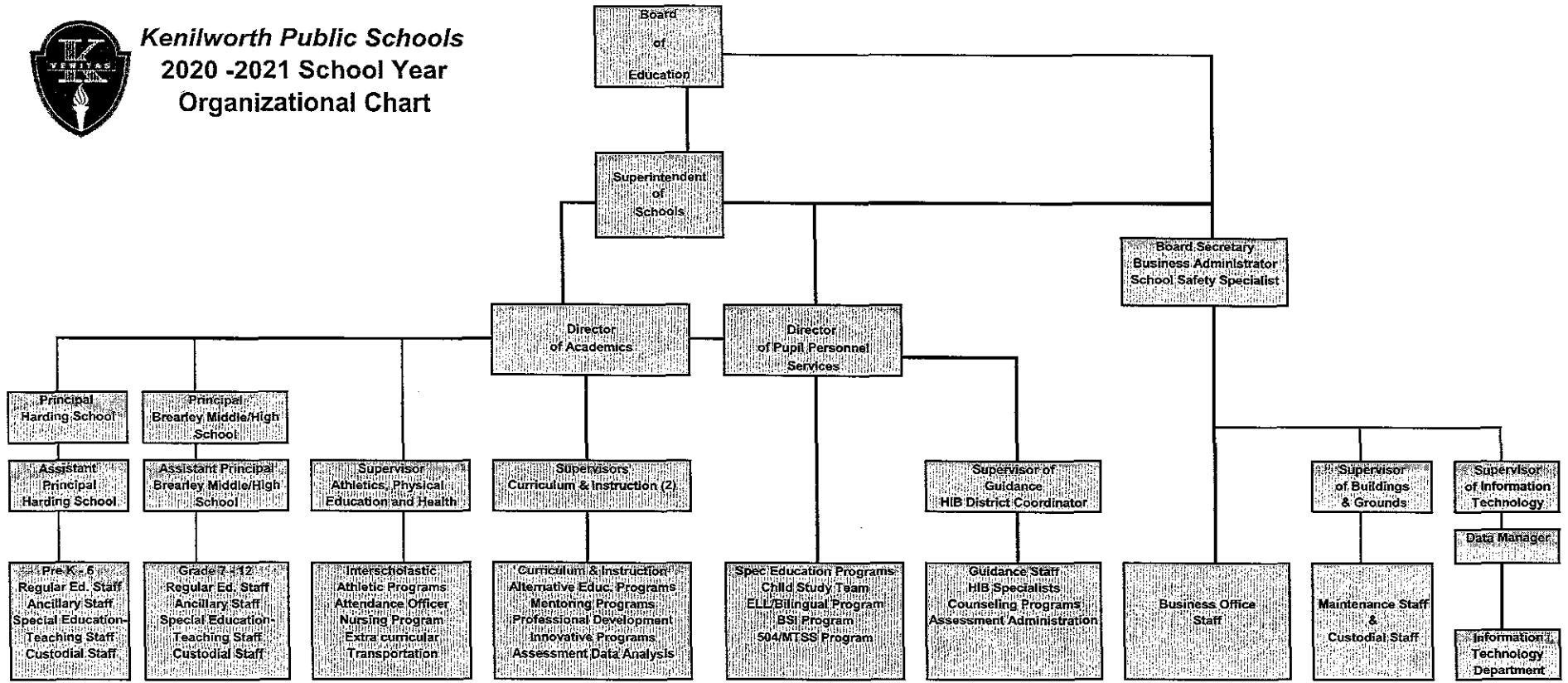
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**Kenilworth Public Schools
2020 -2021 School Year
Organizational Chart**



Revised: Effective July 1, 2020

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.
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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, 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, 2021, 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, 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, 2021, 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

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kenilworth School District's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB 15-08 and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Requirements* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of federal awards and the schedule of state financial assistance as required by NJ OMB 15-08 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 standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of state financial assistance as required by NJ OMB 15-08 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2022 on our consideration of the Kenilworth Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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

February 11, 2022

REQUIRED SUPPLEMENTARY INFORMATION
PART I

KENILWORTH PUBLIC SCHOOL DISTRICT
BOROUGH OF KENILWORTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2021. 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 Annual Comprehensive Financial Report's (ACFR) 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 2020-2021 fiscal year are as follows:

- General revenues accounted for \$34,299,861 in revenue or 96% 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 \$1,422,320 or 4% percent to total revenues of \$35,722,181.
- The School District had \$34,223,964 in expenses; only \$1,422,320 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$34,299,861 were adequate to provide for these programs.
- The General Fund had \$33,353,585 in revenues, \$32,130,545 in expenditures. The General Fund's balance increased \$1,245,981 from 2020. This increase was anticipated by the Board of Education.

Using this Annual Comprehensive Financial Report (ACFR)

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 (ACFR)

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 2020-2021 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 2021 with 2020.

Table 1
Net Position

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current and Other Assets	\$ 9,073,826	5,209,562
Capital Assets, Net	<u>7,591,971</u>	<u>8,212,322</u>
Total Assets	<u>\$ 16,665,797</u>	<u>13,421,884</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 684,291</u>	<u>859,993</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 1,626,932</u>	<u>1,642,835</u>
<u>Liabilities</u>		
Current Liabilities	\$ 1,177,718	1,047,716
Long Term Liabilities	<u>14,032,863</u>	<u>13,357,561</u>
Total Liabilities	<u>\$ 15,210,581</u>	<u>14,405,277</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ (2,695,469)	(1,092,678)
Restricted	6,380,021	3,590,894
Unrestricted	<u>(3,171,977)</u>	<u>(4,264,451)</u>
Total Net Position	<u>\$ 512,575</u>	<u>(1,766,235)</u>

Table 2 shows the changes in net position for fiscal year 2021. Revenue and expense comparisons to fiscal year 2020.

Table 2
Changes in Net Position

	<u>2021</u>	<u>2020</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 369,937	672,448
Operating Grants and Contributions	1,557,182	794,765
General Revenues		
Property Taxes	21,372,317	20,953,739
Grants and Entitlements	12,575,897	11,273,738
Other	<u>351,829</u>	<u>153,759</u>
Total Revenues	<u>36,227,162</u>	<u>33,848,449</u>
<u>Program Expenses</u>		
Instruction	13,822,296	13,402,059
Support Services		
Pupils and Instructional Staff	5,073,684	4,642,530
General Administration, School Administration, Business	11,217,452	10,666,415
Operations and Maintenance of Facilities	2,086,763	1,888,832
Pupil Transportation	805,516	577,407
Interest on Debt	363,114	391,238
Unallocated Depreciation	616,371	616,371
Capital Outlay Not Capitalized	225,170	853,359
Special Schools	13,598	47,017
Enterprise	<u>505,710</u>	<u>530,894</u>
Total Expenses	<u>34,729,674</u>	<u>33,616,122</u>
Increase/Decrease in Net Position	<u>\$ 1,497,488</u>	<u>232,327</u>

Governmental Activities

Property taxes made up 62% percent of revenues for governmental activities for the Kenilworth Public School District for fiscal year 2021. The District's total revenues were \$36,227,162 for the fiscal year ended June 30, 2021. Federal, state and local grants and miscellaneous revenues accounted for another 38%.

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 \$23,174.
- Aftercare expenses exceeded revenues by \$23,903.
- Charges for services represent \$81,453 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 \$423,346.

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, 2021, it reported a combined net position balance of \$512,575. 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 ACFR, 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, 2021, the School Board had approximately \$7,591,311 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 2021 fiscal year.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Table II		
Capital Assets at June 30, 2021		
Land	\$ 2	
Sites	667,660	
Buildings	6,816,418	
Machinery and Equipment	<u>107,231</u>	660
Total	<u>\$ 7,591,311</u>	<u>660</u>

Debt Administration

At June 30, 2021, the School District had \$14,937,863 as outstanding debt. Of this amount \$1,371,489 is for compensated absences, \$3,278,934 is for pension liability, the balance of \$8,465,000 is for bonds for school construction; and \$1,822,440 is for the ESIP Lease.

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 \$512,575 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 \$512,575.

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, 2021

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ -	244,949	244,949
Receivables, Net	334,835	29,136	363,971
Inventory		4,607	4,607
Restricted Assets:			
Cash and Cash Equivalents	5,080,590		5,080,590
Capital Reserve Account - Cash	3,379,709		3,379,709
Capital Assets Not Depreciated	2		2
Capital Assets, Net	7,591,309	660	7,591,969
Total Assets	<u>16,386,445</u>	<u>279,352</u>	<u>16,665,797</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>684,291</u>		<u>684,291</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>1,626,932</u>		<u>1,626,932</u>
<u>Liabilities</u>			
Deferred Revenue	14,447	9,614	24,061
Accounts Payable	35,875	51,000	86,875
Accrued Interest	161,782		161,782
Noncurrent Liabilities:			
Due Within One Year	905,000		905,000
Due Beyond One Year	14,032,863		14,032,863
Total Liabilities	<u>15,149,967</u>	<u>60,614</u>	<u>15,210,581</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	(2,696,129)	660	(2,695,469)
Restricted For:			
Other Purposes	6,380,021		6,380,021
Unrestricted	<u>(3,390,055)</u>	<u>218,078</u>	<u>(3,171,977)</u>
Total Net Position	<u>\$ 293,837</u>	<u>218,738</u>	<u>512,575</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, 2021

	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	\$ 9,452,763			(9,452,763)		(9,452,763)
Special Education	3,232,954		655,965	(2,576,989)		(2,576,989)
Other Instruction	1,136,579			(1,136,579)		(1,136,579)
Support Services:						
Tuition	1,337,124	288,484		(1,048,640)		(1,048,640)
Student & Instruction Related Services	3,736,560		477,871	(3,258,689)		(3,258,689)
School Administrative Services	643,301			(643,301)		(643,301)
General and Business Administrative Services	946,636			(946,636)		(946,636)
Technology Information Services	197,201			(197,201)		(197,201)
Plant Operations and Maintenance	2,086,763			(2,086,763)		(2,086,763)
Pupil Transportation	805,516			(805,516)		(805,516)
Unallocated Benefits	9,430,314			(9,430,314)		(9,430,314)
Special Schools	13,598			(13,598)		(13,598)
Capital Outlay	225,170			(225,170)		(225,170)
Interest on Long-Term Debt	363,114			(363,114)		(363,114)
Unallocated Depreciation	616,371			(616,371)		(616,371)
Total Government Activities	<u>34,223,964</u>	<u>288,484</u>	<u>1,133,836</u>	<u>(32,801,644)</u>	<u>-</u>	<u>(32,801,644)</u>
Business-Type Activities:						
Aftercare Program	98,217	74,132			(24,085)	(24,085)
Food Service	407,493	7,321	423,346		23,174	23,174
Total Business-Type Activities	<u>505,710</u>	<u>81,453</u>	<u>423,346</u>	<u>-</u>	<u>(911)</u>	<u>(911)</u>
Total Primary Government	<u>34,729,674</u>	<u>369,937</u>	<u>1,557,182</u>	<u>(32,801,644)</u>	<u>(911)</u>	<u>(32,802,555)</u>

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

KENILWORTH SCHOOL DISTRICT

**Exhibit A-2
Sheet 2 of 2**

STATEMENT OF ACTIVITIES

JUNE 30, 2021

	Net (Expense) Revenue and Changes in Net Position		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	20,560,327		20,560,327
Taxes Levied for Debt Service	811,990		811,990
Federal and State Aid Not Restricted	12,575,897		12,575,897
Miscellaneous Income	328,706	182	328,888
Prior Year Adjustment and Transfers	22,941		22,941
Total General Revenues	<u>34,299,861</u>	<u>182</u>	<u>34,300,043</u>
Change in Net Position	1,498,217	(729)	1,497,488
Net Position - Beginning	(1,985,702)	219,467	(1,766,235)
Prior Period Adjustments	781,322		781,322
Net Position - Ending	<u>\$ 293,837</u>	<u>218,738</u>	<u>512,575</u>

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

FUND FINANCIAL STATEMENTS – B

KENILWORTH SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET**GOVERNMENTAL FUNDS****JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets					
Cash and Cash Equivalents	\$ 6,433,405	241,897	1,784,997		8,460,299
Interfund Receivable	17,388	-		57	17,445
Receivables from Other Governments	<u>267,125</u>	<u>50,265</u>			<u>317,390</u>
Total Assets	<u>\$ 6,717,918</u>	<u>292,162</u>	<u>1,784,997</u>	<u>57</u>	<u>8,795,134</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ -	18,430			18,430
Interfund Payable		17,388	57		17,445
Deferred Revenue		<u>14,447</u>			<u>14,447</u>
Total Liabilities	<u>-</u>	<u>50,265</u>	<u>57</u>	<u>-</u>	<u>50,322</u>
Fund Balance:					
Restricted for:					
Maintenance Reserve	450,000				450,000
Emergency Reserve	250,000				250,000
Capital Reserve Account	2,584,709				2,584,709
Designated for Subsequent Year's Expenditures - Maintenance Reserve	109,000				109,000
Designated for Subsequent Year's Expenditures - Capital Reserve	795,000				795,000
Designated for Subsequent Year's Expenditures - Excess Surplus	149,871				149,871
Unemployment	536,641				536,641
Scholarship Fund		162,648			162,648
Student Activity Funds		79,249			79,249
Committed To:					
Other Purposes	1,055,636				1,055,636
Assigned To:					
Designated by the BOE for Subsequent Year's Expenditures	207,267				207,267
Unassigned:					
Debt Service Fund				57	57
Capital Projects Fund			1,784,940		1,784,940
General Fund	<u>579,794</u>				<u>579,794</u>
Total Fund Balances	<u>6,717,918</u>	<u>241,897</u>	<u>1,784,940</u>	<u>57</u>	<u>8,744,812</u>
Total Liabilities and Fund Balance	<u>\$ 6,717,918</u>	<u>292,162</u>	<u>1,784,997</u>	<u>57</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 \$13,631,060.

7,591,311

Deferred outflow of resources - contributions to the pension plan

684,291

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

(1,626,932)

Accrued Interest

(161,782)

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

(14,937,863)

Net position of governmental activities

\$ 293,837

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, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 20,560,327			811,990	21,372,317
Tuition Charges	288,484				288,484
Miscellaneous	328,649	184,872	57		513,578
Total Local Sources	<u>21,177,460</u>	<u>184,872</u>	<u>57</u>	<u>811,990</u>	<u>22,174,379</u>
State Sources	12,156,007	126,255		399,772	12,682,034
Federal Sources	20,118	822,709			842,827
Total Revenues	<u>33,353,585</u>	<u>1,133,836</u>	<u>57</u>	<u>1,211,762</u>	<u>35,699,240</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	9,452,763				9,452,763
Special Education Instruction	2,552,052	680,902			3,232,954
Other Instruction	1,136,579				1,136,579
Support Services and Undistributed Costs:					
Tuition	1,337,124				1,337,124
Student and Instruction Related Services	3,258,689	477,871			3,736,560
School Administrative Services	643,301				643,301
Other Administrative Services	946,636				946,636
Technology Information Services	197,201				197,201
Plant Operations and Maintenance	2,086,763				2,086,763
Pupil Transportation	805,516				805,516
Unallocated Benefits	9,512,653				9,512,653
Special Schools	13,598				13,598
Capital Outlay	187,670		37,500		225,170
Debt Service:					
Principal				840,000	840,000
Interest and Other Charges				371,763	371,763
Total Expenditures	<u>32,130,545</u>	<u>1,158,773</u>	<u>37,500</u>	<u>1,211,763</u>	<u>34,538,581</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit B-2
Sheet 2 of 2**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,223,040</u>	<u>(24,937)</u>	<u>(37,443)</u>	<u>(1)</u>	<u>1,160,659</u>
Other Financing Sources (Uses):					
Lease Proceeds			1,822,440		1,822,440
Transfer Capital Projects to Debt Service			(57)	57	-
Prior Year Adjustment	22,941				22,941
	<u>22,941</u>	<u>-</u>	<u>1,822,383</u>	<u>57</u>	<u>1,845,381</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>1,245,981</u>	<u>(24,937)</u>	<u>1,784,940</u>	<u>56</u>	<u>3,006,040</u>
Net Change in Fund Balances	1,245,981	(24,937)	1,784,940	56	3,006,040
Fund Balance - July 1	4,957,449			1	4,957,450
Prior Period Adjustment	514,488	266,834			781,322
Fund Balance, July 1, Restated	<u>5,471,937</u>	<u>266,834</u>	<u>-</u>	<u>1</u>	<u>5,738,772</u>
Fund Balance - June 30	<u>\$ 6,717,918</u>	<u>241,897</u>	<u>1,784,940</u>	<u>57</u>	<u>8,744,812</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, 2021

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 3,006,040
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)
Capital Lease Proceeds	(1,822,440)
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.	840,000
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	(68,100)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	(175,702)
Pension related deferrals	15,903
Change in net pension liability	310,238
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.	<u>8,649</u>
Change in Net Position of Governmental Activities	<u>\$ 1,498,217</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, 2021

	<u>Enterprise Funds</u>
<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 244,949
Accounts Receivable:	
State	1,212
Federal	27,924
Inventory	4,607
Total Current Assets	<u>278,692</u>
Noncurrent Assets:	
Equipment	177,050
Accumulated Depreciation	<u>(176,390)</u>
Total Fixed Assets	<u>660</u>
Total Assets	<u>\$ 279,352</u>
<u>Liabilities:</u>	
Accounts Payable	\$ 51,000
Deferred Revenue	<u>9,614</u>
Total Liabilities	<u>\$ 60,614</u>
<u>Net Position:</u>	
Investment in Capital Assets	\$ 660
Unrestricted	<u>218,078</u>
Total Net Position	<u>\$ 218,738</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, 2021

	<u>Enterprise Fund</u>
Operating Revenues:	
Daily Sales - Reimbursable Programs	\$ 7,321
Fees	74,132
Total Operating Revenues	<u>81,453</u>
Operating Expenses:	
Salaries	90,851
Other Employee Benefits	27,800
Cost of Sales - Reimbursable Programs	134,801
Supplies and Materials	6,074
Management Fee	108,123
Repairs/Equipment	80,680
Depreciation	3,980
Miscellaneous	53,401
Operating Expenses	<u>505,710</u>
Operating Gain/(Loss)	(424,257)
Non-Operating Revenues:	
Interest Revenue	182
State Sources:	10,734
State School Lunch Program	
Federal Sources:	
National School Lunch Program	224,500
Federal HHFKA Lunch Program	4,477
Federal Breakfast Program	145,160
Food Distribution Program	38,475
Total Non-Operating Revenues	<u>423,528</u>
Change in Net Position	(729)
Net Position, July 1	<u>219,467</u>
Net Position, June 30	<u>\$ 218,738</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, 2021**

	Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 81,453
Payments to Employees	(186,734)
Payments to Suppliers	(245,548)
Net Cash Provided (Used) by Operating Activities	<u>(350,829)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	10,734
Federal Sources	374,137
Net Cash Provided by Noncapital Financing Activities	<u>384,871</u>
Cash Flows from Investing Activities:	
Interest Revenue	182
Net Cash Provided by Investing Activities	<u>182</u>
Net Increase (Decrease) in Cash and Cash Equivalents	34,224
Cash and Cash Equivalents, July 1	<u>210,725</u>
Cash and Cash Equivalents, June 30	<u>\$ 244,949</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (424,257)
Depreciation	3,980
Federal Commodities Consumed	38,475
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities	
Decrease/(Increase) in Accounts Receivables	(15,225)
(Decrease)/Increase in Accounts Payable	51,000
(Decrease)/Increase in Deferred Revenue	(195)
Decrease/(Increase) in Inventory	(4,607)
Net Cash Provided (Used) by Operating Activities	<u>\$ (350,829)</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, 2021

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, 2021 of 1,437 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 School District's basic financial statements consist of government-wide statements, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. It is the policy of the School District to not allocate indirect expenses to functions in the statement of activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes and other items not properly included among program revenues are reported instead as general revenues.

In regards to the fund financial statements, the School District segregates transaction related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a single column. Fiduciary funds are reported by fund type.

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

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.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types (Continued)

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, 2021 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.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)**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, 2021.

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.

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

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

Capital asset activity for the year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities:				
Land	\$ 2	_____	_____	2
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>1,283,590</u>	_____	_____	<u>1,283,590</u>
Total	<u>21,222,369</u>	_____	_____	<u>21,222,369</u>
Less: Accumulated Depreciation:				
Sites Improvements	(2,055,195)	(112,822)		(2,168,017)
Buildings	(9,821,790)	(464,894)		(10,286,684)
Equipment	<u>(1,137,704)</u>	<u>(38,655)</u>	_____	<u>(1,176,359)</u>
Total Accumulated Depreciation	<u>(13,014,689)</u>	<u>(616,371)</u>	_____	<u>(13,631,060)</u>
Net Depreciable Assets	<u>8,207,680</u>	<u>(616,371)</u>	_____	<u>7,591,309</u>
Governmental Activities Capital Assets (Net)	<u>\$ 8,207,682</u>	<u>(616,371)</u>	_____	<u>7,591,311</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2021</u>
Business-Type Activities:				
Equipment	\$ 177,050			177,050
Less: Accumulated Depreciation:				
Equipment	<u>(172,410)</u>	<u>(3,980)</u>	<u> </u>	<u>(176,390)</u>
Business-Type Capital Assets (Net)	<u>\$ 4,640</u>	<u>(3,980)</u>	<u> </u>	<u>660</u>

Depreciation expense was charged to governmental functions as follow:

Unallocated	<u>\$ 616,371</u>
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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 1: Summary of Significant Accounting Policies (Continued)

M. Net Position

Net position represents the difference between the summation of assets and deferred outflows of resources, and the summation of liabilities and deferred inflows of resources. Net position is classified into the following three components:

Net Investment in Capital Assets – This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.

Restricted – Net Position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Unrestricted – Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted – The restricted fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) if employed to previously commit those amounts.

NOTE 1: Summary of Significant Accounting Policies (Continued)**M. Net Position (Continued)**

Assigned – The assigned fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes, but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes. Such authority of the business administrator is established by way of a formal job description for the position and standard operating procedures, approved by the Board of Education.

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

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, it is the policy of the School District to spend restricted fund balances first. Moreover, when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, it is the policy of the School District to spend fund balances, if appropriate, in the following order; committed, assigned, then unassigned.

NOTE 2: Cash and Cash Equivalents and Investments

Cash and cash equivalents for all funds, include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. Such is the definition of cash and cash equivalents used in the statement of cash flows for the proprietary funds. U.S. treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

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.

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

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%.

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, 2021, 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>\$ 8,976,976</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2021 was \$8,976,976 and the bank balance was \$10,369,544. Of the bank balance, \$500,000 was covered by federal depository insurance; \$9,869,544 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**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, 2021</u>	<u>June 30, 2020</u>
Insured:		
FDIC	\$ 500,000	250,000
GUDPA	9,869,544	7,003,137

As of June 30, 2021, the District did not hold any long-term investments.

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, 2021, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u>		<u>Balance</u>	<u>Long-Term</u>	<u>Amount</u>
	<u>June 30, 2020</u>	<u>Additions</u>	<u>June 30, 2021</u>	<u>Portion</u>	<u>Due</u>
					<u>In one Year</u>
Pension Liability	\$ 3,589,172		(310,238)	3,278,934	3,278,934
Compensated Absences Payable	1,303,389	68,100		1,371,489	1,371,489
Capital Lease Payable		1,822,440		1,822,440	1,822,440
Bonds Payable	<u>9,305,000</u>		<u>(840,000)</u>	<u>8,465,000</u>	<u>7,560,000</u>
	<u>\$ 14,197,561</u>	<u>1,890,540</u>	<u>(1,150,238)</u>	<u>14,937,863</u>	<u>14,032,863</u>
					<u>905,000</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 \$-0- at June 30, 2021 with a 5.50% interest rate.

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

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 \$8,465,000 at June 30, 2021 with interest rates ranging from 3.00% to 4.00%.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2022	\$ 905,000	338,600	1,243,600
2023	950,000	302,400	1,252,400
2024	990,000	264,400	1,254,400
2025	1,035,000	224,800	1,259,800
2026	1,080,000	183,400	1,263,400
2026-2029	<u>3,505,000</u>	<u>284,000</u>	<u>3,789,000</u>
	<u>\$ 8,465,000</u>	<u>1,597,600</u>	<u>10,062,600</u>

B. Capital Leases Payable

The District is leasing energy conservation measures equipment under a capital lease. The capital lease is for a term of fifteen years. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2021:

2021 Energy Savings Improvement Program lease @ 2.225% interest for 15 years maturing on 1/15/2037 with a balance of \$1,822,440 at June 30, 2021.

Future Minimum Lease Payments

2021-2022	\$ 28,159
2022-2023	234,872
2023-2024	135,645
2024-2025	139,420
2025-2026	143,005
2026-2037	<u>1,490,838</u>
	2,171,939
Less: Interest	<u>(349,499)</u>
Lease Payments	<u>\$ 1,822,440</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.

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.

NOTE 4: Pension Plans (Continued)

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.

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, 2021, the State of New Jersey contributed \$4,565,460 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 \$976,079 during the year ended June 30, 2021 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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/21	\$ 219,961	100%	0
6/30/20	194,510	100%	0
6/30/19	236,859	100%	0

NOTE 4: Pension Plans (Continued)**Three-Year Trend Information for TPAF (Paid On-Behalf of the District)**

<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/21	\$ 4,565,460	100%	0
6/30/20	3,441,019	100%	0
6/30/19	3,350,505	100%	0

Public Employees' Retirement System (PERS)**Plan Description**

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

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

The following represents the membership tiers for PERS:

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

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

NOTE 4: Pension Plans (Continued)**Basis of Presentation**

The schedule of employer allocations and the schedule of pension amounts by employer (collectively, the Schedules) present amounts that are considered elements of the financial statements of PERS or its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of PERS or the participating employers. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of PERS to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2019 through June 30, 2020. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedule of pension amount by employer. The allocation percentages for each group of June 30, 2020 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2020.

NOTE 4: Pension Plans (Continued)

A special funding situation exists for certain Local employers of the Public Employees' Retirement System. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by Local employers under Chapter 366, P.L. 2001. This legislation established the Prosecutors Part of the PERS which provides enhanced retirement benefits for Prosecutors enrolled in the PERS. The State is liable for the increased pension costs to a County that resulted from the enrollment of Prosecutors in the Prosecutors Part. The June 30, 2020 State special funding situation net pension liability amount of \$128.2 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$11 million, for the fiscal year ending June 30, 2020, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2020. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

For the year ended June 30, 2021, the District recognized pension expense of \$219,961. At June 30, 2021, 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	\$ 59,704	11,596
Changes of Assumptions	106,372	1,372,921
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	112,077	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	186,177	242,415
District Contributions Subsequent to the Measurement Date	<u>219,961</u>	<u> </u>
Total	<u>\$ 684,291</u>	<u>1,626,932</u>

NOTE 4: Pension Plans (Continued)

\$219,961 reported as deferred outflows of resources related to pensions resulting from school district, project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ending
June 30,**

2021	\$ (408,232)
2022	(372,184)
2023	(212,694)
2024	(86,010)
2025	<u>(18,602)</u>
	<u>\$ (1,097,722)</u>

Additional Information

Collective balances at December 31, 2020 and 2019 are as follows:

	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Collective Deferred Outflows of Resources	\$ 684,291	859,993
Collective Deferred Inflows of Resources	1,626,932	1,642,835
Collective Net Pension Liability	3,278,934	3,589,172
District's Proportion	.01995%	.01978%

Components of Net Pension Liability

The components of the collective net pension liability of the participating employers as of June 30, 2020 were as follows:

	<u>2020</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,272,160,382	39,432,792,871	67,704,953,253
Plan Fiduciary Net Position	<u>6,048,192,857</u>	<u>22,997,176,445</u>	<u>29,045,369,302</u>
Net Pension Liability	<u>\$ 22,223,967,525</u>	<u>16,435,616,426</u>	<u>38,659,583,951</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	21.39%	58.32%	42.90%

NOTE 4: Pension Plans (Continued)

The collective total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00% - 6.00%
	Based on years of service
Thereafter	3.00% - 7.00%
	Based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Medial Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

NOTE 4: Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine 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, 2020, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2020</u>		
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
School District's Proportionate Share Of the Net Pension Liability	<u>\$ 4,127,631</u>	<u>3,278,934</u>	<u>2,558,791</u>

NOTE 4: Pension Plans (Continued)**Teachers Pensions and Annuity Fund (TPAF)****Plan Description**

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division).

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

The following represents the membership tiers for TPAF:

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

Service retirement benefits of $1/55^{\text{th}}$ of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of $1/60^{\text{th}}$ of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Basis of Presentation

The Schedule of employers and nonemployer allocations and the schedule of pension amounts by employer and nonemployer (collectively, the Schedules) present amounts that are considered elements of the financial statements of TPAF and the State as an employer/nonemployer entity. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of TPAF or the State. The accompanying Schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of TPAF to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results could differ from those estimates.

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocation and applied to, presented in the schedule of pension amount by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation had modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2020, State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

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

Components of Net Pension Liability

The components of the net pension liability of the State as of June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Total Pension Liability	\$ 87,522,678,686	84,215,846,719
Plan Fiduciary Net Position	<u>21,529,179,998</u>	<u>22,696,734,276</u>
Net Pension Liability	<u>\$ 65,993,498,688</u>	<u>61,519,112,443</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%

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

	<u>2020</u>	<u>2019</u>
District's Liability	<u>\$ 73,967,386</u>	<u>70,387,794</u>
District's Proportion	.11208%	.11442%

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55 - 4.45%
	Based on years of service
Thereafter	2.75 - 5.65%
	Based on years of service
Investment Rate of Return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020) 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, 2020 are summarized in the following table:

NOTE 4: Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	27.00%	7.71%
Non-U.S. Developed Market Equity	13.50%	8.57%
Emerging Market Equity	5.50%	10.23%
Private Equity	13.00%	11.42%
Real Assets	3.00%	9.73%
Real Estate	8.00%	9.56%
High Yield	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash Equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk Mitigation Strategies	3.00%	3.40%

Discount Rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 2.21% as of June 30, 2020 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 78% of the actuarially determined contributions for the State. 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062, 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, 2020 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>2020</u>		
	<u>At 1% Decrease (4.40%)</u>	<u>At Current Discount Rate (5.40%)</u>	<u>At 1% Increase (6.40%)</u>
School District's Proportionate Share Of the Net Pension Liability	\$ 0	0	0
State of New Jersey's Proportionate Share Of the District's Net Pension Liability	<u>86,883,358</u>	<u>73,967,386</u>	<u>63,242,840</u>
	<u>\$ 86,883,358</u>	<u>73,967,386</u>	<u>63,242,840</u>

NOTE 5: Post-Retirement Benefits**General Information about the OPEB Plan****Plan description and benefits provided**

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pension*. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L., 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

NOTE 5: Post-Retirement Benefits (Continued)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

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

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 20, 2019, with was rolled forward to June 30, 2020. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total Nonemployer OPEB Liability \$67,809,962,608

Inflation rate 2.50%

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 – 4.45% based on service years	2.00% - 6.00% based on service years	3.25% - 15.25% based on service years
Thereafter	1.55 – 4.45% based on service years	3.00% - 7.00% based on service years	Applied to all future years

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 – June 30, 2018, July 1, 2014 – June 30, 2018, and July 1, 2013 – June 30, 2018 for TPAF, PERS and PFRS, respectively.

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully-insured Medicare Advantage trend rates for fiscal year 2021 through 2022 are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

NOTE 5: Post-Retirement Benefits (Continued)***(b) Discount Rate***

The discount rate for June 30, 2020 was 2.21%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State of New Jersey's proportionate share of the total Non-Employer OPEB Liability associated with the School District:

	Total OPEB Liability
Balances at June 30, 2019	\$ 34,270,420
Changes for the Year:	
Service Cost	1,774,925
Interest	1,245,071
Difference Between Expected and Actual Experience	9,752,162
Changes in Assumptions or Other Inputs	10,300,766
Benefit Payments	(981,727)
Member Contributions	<u>29,756</u>
Balance at June 30, 2020	<u>\$ 56,391,373</u>

There were no changes in benefit terms between the June 30, 2019 measurement date and the June 30, 2020 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% percent in 2019 to 2.21% percent in 2020.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease <u>(1.21%)</u>	Discount Rate <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 67,982,711</u>	<u>56,391,373</u>	<u>47,328,063</u>

NOTE 5: Post-Retirement Benefits (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 45,521,018</u>	<u>56,391,373</u>	<u>69,335,550</u>

OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2020, the Board of Education recognized OPEB expense of \$3,519,706 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Kenilworth Board of Education proportionate share of school retirees OPEB is zero; there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows or resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 8,561,679	7,626,439
Changes in Proportion	3,334,005	
Changes of Assumptions or Other Inputs	<u>9,591,987</u>	<u>6,434,575</u>
Total	<u>\$ 21,487,671</u>	<u>14,061,014</u>

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

Year Ended June 30:	
2022	\$ 873,724
2023	873,724
2024	873,724
2025	873,724
2026	873,724
Thereafter	<u>3,058,037</u>
	<u>\$ 7,426,657</u>

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.

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, 2021, was \$1,371,489.

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, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 2,601,023
Increased by:	
Resolution Increase	<u>778,686</u>
Ending Balance, June 30, 2021	<u>\$ 3,379,709</u>

*\$795,000 is budgeted for withdrawal in 2021-2022.

NOTE 8: Fund Balance Appropriated

General Fund – Of the \$7,354,923 General Fund fund balance at June 30, 2021, \$1,055,636 is reserved for encumbrances; \$2,584,709 has been placed in the capital reserve; \$250,000 is in emergency reserve; \$450,000 is in maintenance reserve; \$109,000 is designated for subsequent year's expenditures maintenance reserve; \$149,871 is designated for subsequent years expenditures – excess surplus; \$795,000 is designated for subsequent years expenditures – capital reserve; \$536,641 is unemployment; \$207,267 is designated for subsequent years; and \$1,216,799 is unreserved and undesignated.

NOTE 9: 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 10: Equity Balance**4% Calculation of Excess Surplus**

2020-21 Total General Fund Expenditures Per the ACFR	\$ 32,102,264
Decreased by:	
On Behalf TPAF Pension and Social Security	(5,541,539)
Adjusted 2020-21 General Fund Expenditures	<u>\$ 26,560,725</u>
4% of Adjusted 2020-21 General Fund Expenditures	\$ 1,062,429
Increased by Allowable Adjustments	<u>154,370</u>
Maximum Unassigned Fund Balance	<u>\$ 1,216,799</u>
<u>Section 2</u>	
Total General Fund – Fund Balance @ 6-30-21	\$ 7,354,923
Decreased by:	
Reserved for Encumbrances	(1,055,636)
Other Reserves	(3,284,709)
Unemployment	(536,641)
Designated for Subsequent Years Expenditures – Maintenance Reserve	(109,000)
Designated for Subsequent Years Expenditures – Capital Reserve	(795,000)
Designated for Subsequent Years Expenditures – Excess Surplus	(149,871)
Designated for Subsequent Years Expenditures	<u>(207,267)</u>
Total Unassigned Fund Balance	<u>\$ 1,216,799</u>
Designated for Subsequent Years Expenditures – Excess Surplus	\$ 149,871
Reserved Fund Balance – Excess Surplus	<u>0</u>
	<u>\$ 149,871</u>

NOTE 10: Equity Balance (Continued)**Section 3****Detail of Allowable Adjustments**

Extraordinary Aid	<u>\$ 154,370</u>
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Detail of Other Reserved Fund Balance

Capital Reserve	\$ 2,584,709
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Maintenance Reserve	450,000
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Emergency Reserve	<u>250,000</u>
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	<u>\$ 3,284,709</u>
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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 2021-2022 budget.

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

NOTE 11: 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 12: 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, 2021 financial statements.

NOTE 13: 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 14: Risk Management

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

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

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2020-2021	\$ 0	74,770	52,617	536,641
2019-2020	0	56,635	24,336	514,488
2018-2019	0	46,397	41,473	482,189

NOTE 15: 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, 2021 of \$250,000.

NOTE 16: COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was first detected in China and has since spread to other countries, including the United States, and to each state within the United States, including New Jersey, has been declared a Public Health Emergency of International Concern by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The outbreak of COVID-19 across the United States has caused the federal government to declare a national state of emergency. The State has likewise declared a state of emergency. While the potential impact on the State cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the finances of the State and the Board of Education (collectively, the “Affected Entities”).

NOTE 16: COVID-19 (Continued)

The degree of any such impact to the Affected Entities' respective operations and finances, is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the Affected Entities and their respective economies.

NOTE 17: Subsequent Events

Subsequent events have been evaluated through February 11, 2022, which is the date the financial statements were available to be issued. No additional subsequent event disclosures are required.

NOTE 18: Prior Period Adjustment/Restatement of Fund Balance and Net Position

Net position as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Funds*.

Net Position as Previously Reported At June 30, 2020	\$ (1,985,702)
Prior Period Adjustment – Implementation of GASB 84:	
Restricted Fund Balance – Unemployment	514,488
Restricted Fund Balance – Student Activities	94,453
Restricted Fund Balance – Scholarship	<u>172,381</u>
Total Prior Period Adjustment	<u>781,322</u>
Net Position as Restated, July 1, 2020	<u>\$ (1,204,380)</u>

Fund Balance in the General Fund and the Special Revenue Fund as of July 1, 2020, has been restated as follows for the implementation of GASB Statement No. 84, *Fiduciary Funds*.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Fund Balance as Previously Reported at June 30, 2020	\$ 4,957,449	
Prior Period Adjustments: Implementations of GASB 84:		
Restricted Fund Balance - Unemployment	514,488	
Restricted Fund Balance – Student Activities		94,453
Restricted Fund Balance – Scholarship		<u>172,381</u>
Total Prior Period Adjustment	<u>514,488</u>	<u>266,834</u>
Fund Balance as Restated, July 1, 2020	<u>\$ 5,471,937</u>	<u>266,834</u>

**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, 2021

	<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	\$ 20,560,327		20,560,327	20,560,327	-
Tuition	276,341		276,341	288,484	12,143
Miscellaneous	127,003		127,003	253,879	126,876
Other Restricted Miscellaneous Revenues			-	74,770	74,770
Total Local Sources	<u>20,963,671</u>	<u>-</u>	<u>20,963,671</u>	<u>21,177,460</u>	<u>213,789</u>
State Sources:					
School Choice Aid	2,013,600		2,013,600	2,025,440	11,840
Special Education Aid	1,218,446		1,218,446	1,218,446	-
Extraordinary Aid	64,000		64,000	228,687	164,687
Equalization Aid	2,873,410		2,873,410	2,758,931	(114,479)
Security Aid	214,451		214,451	214,451	-
Transportation Aid	173,781		173,781	173,781	-
On-Behalf T.P.A.F Pension Contributions - Post Retirement Medical (Non-Budgeted)			-	1,088,764	1,088,764
On-Behalf T.P.A.F Pension Contributions - Normal Cost (Non-Budgeted)			-	3,409,343	3,409,343
On-Behalf T.P.A.F Non-Contributory Insurance			-	64,867	64,867
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability			-	2,486	2,486
TPAF Social Security Contribution (Reimbursed)			-	976,079	976,079
Total State Sources	<u>6,557,688</u>	<u>-</u>	<u>6,557,688</u>	<u>12,161,275</u>	<u>5,603,587</u>
Federal Sources:					
Medical Assistance Program (Semi)	<u>24,358</u>		<u>24,358</u>	<u>20,118</u>	<u>(4,240)</u>
Total Revenues	<u>27,545,717</u>	<u>-</u>	<u>27,545,717</u>	<u>33,358,853</u>	<u>5,813,136</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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	76,608	67,281	143,889	143,889	-
Kindergarten - Salaries of Teachers	416,159	(67,193)	348,966	348,966	-
Grades 1-5 - Salaries of Teachers	2,696,916	(18,549)	2,678,367	2,678,367	-
Grades 6-8 - Salaries of Teachers	2,253,326	(177,504)	2,075,822	2,075,745	77
Grades 9-12 - Salaries of Teachers	3,013,495	2,516	3,016,011	3,016,011	-
Subtotal	<u>8,456,504</u>	<u>(193,449)</u>	<u>8,263,055</u>	<u>8,262,978</u>	<u>77</u>
Regular Programs - Other:					
Other Salaries for Instruction	110,934	(45,389)	65,545	61,728	3,817
Subtotal	<u>8,567,438</u>	<u>(238,838)</u>	<u>8,328,600</u>	<u>8,324,706</u>	<u>3,894</u>
Regular Programs - Undistributed Instruction:					
Other Instructional Salaries	341,832	72,072	413,904	321,157	92,747
Purchased Professional Educational Services	47,025	92,076	139,101	85,101	54,000
Other Purchased Services	116,889	(93,783)	23,106	22,505	601
General Supplies	398,578	347,852	746,430	627,352	119,078
Textbooks	75,735	67,369	143,104	71,942	71,162
Other Objects	2,157	(2,157)	-	-	-
Subtotal	<u>982,216</u>	<u>483,429</u>	<u>1,465,645</u>	<u>1,128,057</u>	<u>337,588</u>
Total Regular Programs - Instruction	<u>9,549,654</u>	<u>244,591</u>	<u>9,794,245</u>	<u>9,452,763</u>	<u>341,482</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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	143,220	(75,900)	67,320	67,320	-
Other Salaries for Instruction	134,846	4,843	139,689	139,689	-
General Supplies	1,126	(350)	776	714	62
Total Learning and Language Disabilities	<u>279,192</u>	<u>(71,407)</u>	<u>207,785</u>	<u>207,723</u>	<u>62</u>
Multiple Disabilities					
General Supplies	12,700	(12,700)	-	-	-
Total Multiple Disabilities	<u>12,700</u>	<u>(12,700)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Resource Room/Center:					
Salaries of Teachers	1,955,767	(110,543)	1,845,224	1,845,224	-
Other Salaries for Instruction	438,249	(105,411)	332,838	332,837	1
General Supplies	4,607	2,227	6,834	6,833	1
Total Resource Room/Center	<u>2,398,623</u>	<u>(213,727)</u>	<u>2,184,896</u>	<u>2,184,894</u>	<u>2</u>
Pre-School Disabilities - Part-Time					
Salaries of Teachers	82,170	7,093	89,263	89,263	-
Other Salaries for Instruction	50,567	18,995	69,562	69,561	1
General Supplies	425	186	611	611	-
Total Pre-School Handicapped	<u>133,162</u>	<u>26,274</u>	<u>159,436</u>	<u>159,435</u>	<u>1</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 4 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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>2,823,677</u>	<u>(271,560)</u>	<u>2,552,117</u>	<u>2,552,052</u>	<u>65</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	471,049	829	471,878	471,874	4
General Supplies	<u> </u>	<u>1,112</u>	<u>1,112</u>	<u>1,111</u>	<u>1</u>
Total Basic Skills/Remedial - Instruction	<u>471,049</u>	<u>1,941</u>	<u>472,990</u>	<u>472,985</u>	<u>5</u>
Bilingual Education - Instruction:					
Salaries of Teachers	159,912	1,136	161,048	161,044	4
General Supplies	<u>986</u>	<u>672</u>	<u>1,658</u>	<u>1,568</u>	<u>90</u>
Total Bilingual Education - Instruction	<u>160,898</u>	<u>1,808</u>	<u>162,706</u>	<u>162,612</u>	<u>94</u>
School Sponsored Co-Curricular Activities - Instruction					
Salaries	159,345		159,345	147,658	11,687
Supplies	31,745	(2,254)	29,491	17,881	11,610
Other Objects	<u>8,025</u>	<u>2,253</u>	<u>10,278</u>	<u>3,798</u>	<u>6,480</u>
Total School Sponsored Co-Curricular Activities	<u>199,115</u>	<u>(1)</u>	<u>199,114</u>	<u>169,337</u>	<u>29,777</u>
School Sponsored Athletics - Instruction					
Salaries	273,406		273,406	248,920	24,486
Purchased Services	64,980	(1,000)	63,980	36,910	27,070
Supplies and Materials	35,454	2,841	38,295	38,294	1
Other Objects	<u>18,245</u>	<u>(9)</u>	<u>18,236</u>	<u>7,521</u>	<u>10,715</u>
Total School Sponsored Athletics - Instruction	<u>392,085</u>	<u>1,832</u>	<u>393,917</u>	<u>331,645</u>	<u>62,272</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 5 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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>13,596,478</u>	<u>(21,389)</u>	<u>13,575,089</u>	<u>13,141,394</u>	<u>433,695</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's - Within State	157,320	(80,978)	76,342	57,339	19,003
Tuition to County Vocational School:					
Regular	538,900		538,900	514,363	24,537
Special	19,000		19,000	14,000	5,000
Tuition - County Special Services & Reg Day Schools	200,474	50,943	251,417	206,505	44,912
Tuition to Private School for Handicapped - Within State	<u>663,265</u>	<u>(7,326)</u>	<u>655,939</u>	<u>544,917</u>	<u>111,022</u>
Total Instruction	<u>1,578,959</u>	<u>(37,361)</u>	<u>1,541,598</u>	<u>1,337,124</u>	<u>204,474</u>
Attendance & Social Work:					
Salaries	50,140	1	50,141	50,140	1
Purchased Technical Services	<u>29,780</u>	<u>(2,820)</u>	<u>26,960</u>	<u>24,095</u>	<u>2,865</u>
Total Attendance & Social Work	<u>79,920</u>	<u>(2,819)</u>	<u>77,101</u>	<u>74,235</u>	<u>2,866</u>
Health Services:					
Salaries	149,939	64,890	214,829	214,829	-
Purchased Professional/Technical Services	22,440	(6,804)	15,636	15,467	169
Supplies and Materials	4,058	4,613	8,671	8,670	1
Total Health Services	<u>176,437</u>	<u>62,699</u>	<u>239,136</u>	<u>238,966</u>	<u>170</u>
Other Student Support Services - Related Services:					
Salaries	432,824	(79,801)	353,023	351,849	1,174
Purchased Professional/Technical Services	59,336	161,569	220,905	178,468	42,437
Supplies and Materials	<u>6,377</u>	<u>(1,785)</u>	<u>4,592</u>	<u>4,306</u>	<u>286</u>
Total Other Student Support Services - Related Services	<u>498,537</u>	<u>79,983</u>	<u>578,520</u>	<u>534,623</u>	<u>43,897</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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	618,984	(100,440)	518,544	518,544	-
Salaries of Secretarial & Clerical	59,016	(66)	58,950	58,950	-
Purchased Professional/Educational Services	20,747	(6,568)	14,179	14,178	1
Other Purchased Professional/Technical Services	50,429	(1,382)	49,047	38,418	10,629
Other Purchased Services	321		321	321	-
Supplies and Materials	7,500	(2,296)	5,204	2,140	3,064
Other Objects	1,560	(810)	750	750	-
Total Other Support Student - Regular	<u>758,557</u>	<u>(111,562)</u>	<u>646,995</u>	<u>633,301</u>	<u>13,694</u>
Other Support Student Services- Special:					
Salaries of Other Professional Staff	535,996	78,052	614,048	599,401	14,647
Salaries of Secretarial & Clerical	55,240	(808)	54,432	54,351	81
Purchased Professional Educational Services	44,309	77,694	122,003	89,003	33,000
Miscellaneous Purchased Services	39,729	(22,712)	17,017	17,017	-
Supplies and Materials	7,072	4,086	11,158	11,157	1
Total Other Support Student Services- Special	<u>682,346</u>	<u>136,312</u>	<u>818,658</u>	<u>770,929</u>	<u>47,729</u>
Improvement Instructional Services:					
Salaries of Supervisors of Instruction	552,889	7,501	560,390	560,390	-
Salaries of Other Professional Staff	17,028	(3,050)	13,978	10,320	3,658
Salaries of Secretarial & Clerical	54,531	640	55,171	55,170	1
Other Purchased Services	300		300		300
Supplies & Materials	500		500	498	2
Other Objects	6,360	(1,290)	5,070	5,070	-
Total Improvement Instructional Services	<u>631,608</u>	<u>3,801</u>	<u>635,409</u>	<u>631,448</u>	<u>3,961</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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	146,429	300	146,729	146,689	40
Salaries of Technology Coordinators	113,730	1	113,731	113,731	-
Other Purchased Services	193		193	193	-
Supplies & Materials	17,187		17,187	11,662	5,525
Total Educational Media/Library	<u>277,539</u>	<u>301</u>	<u>277,840</u>	<u>272,275</u>	<u>5,565</u>
Staff Training:					
Salaries of Supervisors of Instruction	58,482		58,482	58,482	-
Other Salaries for Instruction	10,940	(343)	10,597	10,596	1
Purchased Professional/Educational Serv.	33,570	12,880	46,450	33,274	13,176
Supplies & Materials	2,500	(1,717)	783	450	333
Other Objects	214		214	110	104
Total Staff Training	<u>105,706</u>	<u>10,820</u>	<u>116,526</u>	<u>102,912</u>	<u>13,614</u>
Support Services - General Administration:					
Salaries	277,265	26,937	304,202	278,015	26,187
Legal Services	76,000	59,470	135,470	126,165	9,305
Audit Fee	16,000	(500)	15,500	15,500	-
Other Purchased Professional Services	15,030	9,935	24,965	14,944	10,021
Purchased Technical Services	1,115	1	1,116	1,115	1
Communications/Telephone	37,000	2,884	39,884	39,883	1
BOE Other Purchased Services	25,154	(1,465)	23,689	23,689	-
Other Purchased Services	12,995	(7,284)	5,711	5,710	1
Liability Insurance	75,075	(4,319)	70,756	70,755	1
Supplies & Materials	1,700	731	2,431	2,431	-
BOE In House Training Supplies	3,100	235	3,335	3,334	1
Miscellaneous Expenditures	7,457	(2,423)	5,034	5,034	-
BOE Membership Dues and Fees	21,112	(1,120)	19,992	19,992	-
Total Support Services - General Administration	<u>569,003</u>	<u>83,082</u>	<u>652,085</u>	<u>606,567</u>	<u>45,518</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 8 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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	317,583	(134,604)	182,979	182,978	1
Salaries of Other Professional Staff	215,965	74,578	290,543	275,365	15,178
Salaries of Secretarial & Clerical	186,677	(8,318)	178,359	178,359	-
Other Purchased Services	1,333		1,333	1,033	300
Supplies & Materials	6,804	(3,526)	3,278	3,031	247
Other Objects	4,060	(1,525)	2,535	2,535	-
Total Support Services - School Administration	<u>732,422</u>	<u>(73,395)</u>	<u>659,027</u>	<u>643,301</u>	<u>15,726</u>
Technology Information Service:					
Salaries	93,037	34,004	127,041	126,583	458
Purchased Professional Services	28,800	3,104	31,904	30,132	1,772
Purchased Technical Services	34,100	(1,484)	32,616	31,070	1,546
Other Purchased Services	9,200	217	9,417	9,416	1
Supplies and Materials	28,400	(28,115)	285		285
Total Technology Information Service	<u>193,537</u>	<u>7,726</u>	<u>201,263</u>	<u>197,201</u>	<u>4,062</u>
Required Maintenance - Facilities:					
Cleaning, Repair & Maintenance Services	219,468	248,088	467,556	244,374	223,182
General Supplies	38,200	51,182	89,382	89,381	1
Other Objects	1,735	(365)	1,370	1,370	-
Total Allowable Maintenance Facilities	<u>259,403</u>	<u>298,905</u>	<u>558,308</u>	<u>335,125</u>	<u>223,183</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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	479,202	(55,836)	423,366	423,365	1
Purchased Professional/Technical Serv.	5,000	2,320	7,320	5,120	2,200
Cleaning, Repair & Maintenance Services	529,300	4,968	534,268	533,749	519
Insurance	137,127	(20,255)	116,872	116,872	-
General Supplies	35,250	60,722	95,972	94,585	1,387
Natural Gas	111,472	35,750	147,222	105,233	41,989
Energy (Heat & Electricity)	264,699	10,000	274,699	209,152	65,547
Other Objects		14,952	14,952	3,375	11,577
Total Other Operations & Maintenance	<u>1,562,050</u>	<u>52,621</u>	<u>1,614,671</u>	<u>1,491,451</u>	<u>123,220</u>
Upkeep of Grounds:					
Salaries	55,472	(33)	55,439	55,438	1
Purchased Professional/Technical Serv.	33,000	(3,564)	29,436	15,878	13,558
Repair and Maintenance	23,500	(12,636)	10,864	10,864	-
Supplies	24,820	(4,817)	20,003	20,002	1
Total Upkeep of Grounds	<u>136,792</u>	<u>(21,050)</u>	<u>115,742</u>	<u>102,182</u>	<u>13,560</u>
Security:					
Purchased Professional Technical Services		133,239	133,239	132,745	494
Repair and Maintenance	4,500	(3,310)	1,190	1,190	-
Supplies and Materials		24,070	24,070	24,070	-
Total Security	<u>4,500</u>	<u>153,999</u>	<u>158,499</u>	<u>158,005</u>	<u>494</u>
Total Operations & Maintenance	<u>1,962,745</u>	<u>484,475</u>	<u>2,447,220</u>	<u>2,086,763</u>	<u>360,457</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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	83,500	(14,233)	69,267	23,487	45,780
Contracted Services Special Ed. Joint Agreement	719,700	103,914	823,614	687,243	136,371
Contracted Services(Reg.Students) ESCs & CTSA's	146,800		146,800	94,736	52,064
Other Objects		50	50	50	-
Total Student Transportation	<u>950,000</u>	<u>89,731</u>	<u>1,039,731</u>	<u>805,516</u>	<u>234,215</u>
Central Services:					
Salaries	317,193	(1,334)	315,859	315,859	-
Purchased Technical Services	16,640	(2,585)	14,055	14,055	-
Supplies & Materials	5,000	1,963	6,963	6,923	40
Miscellaneous Expenditures	2,893	340	3,233	3,232	1
Total Central Services	<u>341,726</u>	<u>(1,616)</u>	<u>340,110</u>	<u>340,069</u>	<u>41</u>
Undistributed Expenditures-Employee Benefits:					
Other Retirement Contrib. - Social Security	290,937	6,868	297,805	268,905	28,900
Other Retirement Contrib. - PERS	20,655	199,317	219,972	219,961	11
Other Retirement Contrib. - ERIP	5,443	18,412	23,855	22,845	1,010
Other Retirement Contrib.		5,390	5,390	5,390	
Workman's Compensation	125,416		125,416	99,820	25,596
Unemployment				52,617	(52,617)
Health Benefits	3,806,556	5,390	3,811,946	3,150,888	661,058
Tuition Reimbursements	68,500	(52,162)	16,338		16,338
Other Employee Benefits	156,065	7,943	164,008	150,688	13,320
Total Unallocated Benefits	<u>4,473,572</u>	<u>191,158</u>	<u>4,664,730</u>	<u>3,971,114</u>	<u>693,616</u>
On-Behalf T.P.A.F Pension Contributions -					
Post Retirement Medical (Non-Budgeted)			-	1,088,764	(1,088,764)
On-Behalf T.P.A.F Pension Contr. - Normal Cost (Non-Budgeted)			-	3,409,343	(3,409,343)
On-Behalf T.P.A.F Non-Contributory Insurance			-	64,867	(64,867)
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability			-	2,486	(2,486)
TPAF Social Security Contribution (Reimbursed)			-	976,079	(976,079)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,541,539</u>	<u>(5,541,539)</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Undistributed Expenditures	<u>14,012,614</u>	<u>923,335</u>	<u>14,935,949</u>	<u>18,787,883</u>	<u>(3,851,934)</u>
Total General Current Expense	<u>27,609,092</u>	<u>901,946</u>	<u>28,511,038</u>	<u>31,929,277</u>	<u>(3,418,239)</u>
Capital Outlay					
Equipment-Regular Instruction		62,761	62,761		62,761
Professional Services-Architectural/Engineering Services		237,998	237,998	98,700	139,298
Professional Services-Facility Construction	90,000	41,873	131,873	60,800	71,073
Equipment-Operation of Plant		<u>66,641</u>	<u>66,641</u>	<u>28,170</u>	<u>38,471</u>
Total Capital Outlay	<u>90,000</u>	<u>409,273</u>	<u>499,273</u>	<u>187,670</u>	<u>311,603</u>
Summer School					
Instruction:					
Salaries of Teachers	51,019		51,019	13,598	37,421
Supplies			-		-
Support Services	<u>3,060</u>		<u>3,060</u>		<u>3,060</u>
Total Instruction	<u>54,079</u>	<u>-</u>	<u>54,079</u>	<u>13,598</u>	<u>40,481</u>
Total Summer School	<u>54,079</u>	<u>-</u>	<u>54,079</u>	<u>13,598</u>	<u>40,481</u>
Total Current Expense & Summer School	<u>27,753,171</u>	<u>1,311,219</u>	<u>29,064,390</u>	<u>32,130,545</u>	<u>(3,066,155)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(207,454)	(1,311,219)	(1,518,673)	1,228,308	2,746,981
Other Financing Sources (Uses):					
Prior Year Adjustment			-	22,941	22,941
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,941</u>	<u>22,941</u>
Total Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	(207,454)	(1,311,219)	(1,518,673)	1,251,249	2,769,922

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balance, July 1	5,589,186		5,589,186	5,589,186	
Prior Period Adjustment				514,488	514,488
Fund Balances, July 1, Restated	5,589,186	-	5,589,186	6,103,674	514,488
Fund Balance, June 30	<u>\$ 5,381,732</u>	<u>(1,311,219)</u>	<u>4,070,513</u>	<u>7,354,923</u>	<u>3,284,410</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 2,584,709	
Maintenance Reserve				450,000	
Emergency Reserve				250,000	
Designated for Subsequent Year's Expenditures - Maintenance Reserve				109,000	
Designated for Subsequent Year's Expenditures - Capital Reserve				795,000	
Designated for Subsequent Year's Expenditures - Excess Surplus				149,871	
Committed Fund Balance:					
Year End Encumbrances				1,055,636	
Unemployment Compensation				536,641	
Assigned Fund Balances:					
Designated for Subsequent Year's Expenditures				207,267	
Unassigned Fund Balance				<u>1,216,799</u>	
				7,354,923	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(637,005)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 6,717,918</u>	

KENILWORTH SCHOOL DISTRICT

Exhibit C-2

Sheet 1 of 2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ 184,872		184,872	184,872	-
State Sources	\$ 125,611		125,611	125,611	-
Federal Sources:					
Title I, Part A	194,297		194,297	194,297	-
Title IIA, Part A	47,567		47,567	47,567	-
Title III Immigrant	2,253		2,253	2,253	-
Title IV, Part A	14,891		14,891	14,891	-
IDEA Part B, Basic	349,085		349,085	349,085	-
IDEA Part B, Preschool	10,277		10,277	10,277	-
Coronavirus Relief Fund	61,455		61,455	61,455	-
Educational Stabilization Fund (CARES Act)	151,415		151,415	151,415	-
Educational Stabilization Fund (Digital Divide)	5,916		5,916	5,916	-
Educational Stabilization Fund (ESSER II)			-		-
Total Federal Sources	837,156	-	837,156	837,156	-
Total Revenues	1,147,639	-	1,147,639	1,147,639	-
Expenditures:					
Instruction:					
Salaries of Teachers	96,411		96,411	96,411	-
Purchased Professional Educational Services	102,625		102,625	102,625	-
Tuition	352,411		352,411	352,411	-
Instructional Supplies	143,258		143,258	143,258	-
Total Instruction	694,705	-	694,705	694,705	-

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

JUNE 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services:					
Salaries	7,000		7,000	7,000	-
Employee Benefits	14,447		14,447	14,447	-
Purchased Professional Services	219,695		219,695	219,695	-
Other Purchased Services	22,986		22,986	22,986	-
General Supplies	86,634		86,634	86,634	-
Scholarships Awarded	10,000		10,000	10,000	-
Student Activities	117,109		117,109	117,109	-
Total Support Services	<u>477,871</u>	<u>-</u>	<u>477,871</u>	<u>477,871</u>	<u>-</u>
Total Expenditures	<u>1,172,576</u>	<u>-</u>	<u>1,172,576</u>	<u>1,172,576</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,937)</u>	<u>-</u>	<u>(24,937)</u>	<u>(24,937)</u>	<u>-</u>
Fund Balance, July 1					
Prior Period Adjustment				266,834	
Fund Balance, July 1 (Restated)				<u>266,834</u>	
Fund Balance, June 30				<u>\$ 241,897</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 162,648	
Student Activities				<u>79,249</u>	
Total Fund Balance				<u>\$ 241,897</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

KENILWORTH SCHOOL DISTRICT**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit C-3

BUDGETARY COMPARISON SCHEDULE**NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 33,358,853	1,147,639
Difference - budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized		(13,803)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	631,737	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(637,005)</u>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 33,353,585</u>	<u>1,133,836</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 32,130,545	1,172,576
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>(13,803)</u>
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 32,130,545</u>	<u>1,158,773</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

KENILWORTH SCHOOL DISTRICT

Exhibit L-1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - PERS

LAST EIGHT FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,278,934	3,589,172	4,264,033	4,799,673	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	-	-	-	-	-	-	-	-
Total	<u>\$ 3,278,934</u>	<u>3,589,172</u>	<u>4,264,033</u>	<u>4,799,673</u>	<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	\$ 1,538,412	1,429,946	1,413,368	1,481,276	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	46.92%	39.84%	33.15%	30.86%	23.51%	29.99%	38.05%	36.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%

KENILWORTH SCHOOL DISTRICT

Exhibit L-2

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

LAST EIGHT FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 194,510	238,859	193,023	177,657	157,288	157,288	147,567	148,462
Contributions in Relation to the Contractually Required Contribution	194,510	238,859	193,023	177,657	157,288	157,288	147,567	148,462
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$1,538,412	1,429,946	1,413,368	1,481,276	1,386,691	1,336,534	1,359,347	1,374,199
Contributions as a Percentage of Covered-Employee Payroll	12.64%	16.70%	13.66%	11.99%	11.34%	11.77%	10.86%	10.80%

KENILWORTH SCHOOL DISTRICT

Exhibit L-3

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>73,967,386</u>	<u>70,387,794</u>	<u>69,925,955</u>	<u>68,893,455</u>	<u>81,531,403</u>	<u>62,823,200</u>	<u>52,744,337</u>	<u>49,602,149</u>
Total	<u>\$ 73,967,386</u>	<u>70,387,794</u>	<u>69,925,955</u>	<u>68,893,455</u>	<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	\$ 13,713,334	12,585,548	11,967,178	11,928,717	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	18.54%	17.88%	17.11%	17.31%	13.94%	16.45%	18.90%	19.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.60%	26.95%	26.49%	25.41%	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, 2021**Public Employee's Retirement System (PERS)**

Changes in Benefit Terms – None

Changes in Assumptions – The discount rate changed from 6.28% as of June 30, 2019, to 7.00% as of June 30, 2020, 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 5.60% as of June 30, 2019, to 5.40% as of June 30, 2020, in accordance with Paragraph 44 of GASB Statement No. 67.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING
FOR OPEB (GASB 75) - M**

KENILWORTH SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Exhibit M-1

LAST FIVE FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>State's OPEB Liability Attributable to the District</u>					
Service Cost	\$ 1,774,925	1,630,364	1,836,965	2,223,210	*
Interest	1,245,071	1,426,483	1,513,400	1,304,585	*
Benefit Payments	(981,727)	(1,052,000)	(955,547)	(947,192)	*
Member Contributions	29,756	31,184	33,025	34,878	*
Difference between Expected and Actual Experience	9,752,162	(4,011,822)	(3,485,797)		*
Change of Assumptions	10,300,766	510,975	(4,100,797)	(5,726,145)	*
Net Change in Total OPEB Liability	<u>22,120,953</u>	<u>(1,464,816)</u>	<u>(5,158,751)</u>	<u>(3,110,664)</u>	*
 Total Attributable OPEB Liability - Beginning	 <u>34,270,420</u>	 <u>35,735,236</u>	 <u>40,893,987</u>	 <u>44,004,651</u>	 *
 Total Attributable OPEB Liability - Ending	 <u>\$ 56,391,373</u>	 <u>34,270,420</u>	 <u>35,735,236</u>	 <u>40,893,987</u>	 <u>44,004,651</u>
 District's Covered Payroll	 \$ 15,251,746	 14,015,494	 13,380,546	 13,409,993	 12,755,869
 District's Contribution	 None	 None	 None	 None	 None
 State's Proportionate Share of OPEB Liability as a Percentage of the District's Covered-Employee Payroll	 369.74%	 244.52%	 267.07%	 304.95%	 344.98%

* - Information not available

Source: GASB 75 report on State of New Jersey Health Benefits Program; District Records.

Note: This schedule is required by GASB 75 to show information for a 10 year period. However, information is only currently available for two years. Additional years will be presented as they become available.

KENILWORTH SCHOOL DISTRICTNOTES TO REQUIRED SUPPLEMENTARY INFORMATIONFOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit M-2

Change of Benefit Terms

None

Difference Between Expected and Actual Experience

The change in the liability from June 30, 2019 to June 30, 2020 is due to changes in the census, claims and premiums experience.

Changes of Assumptions

The Discount Rate changed from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

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, 2021

	Title I	Title IIA	Title IV	LD.E.A. Basic Flow-Thru	LD.E.A. Pre-School	Compensatory Education	ESL	Supplementary Instruction	Examination and Classification	Corrective Speech
Revenues:										
State Sources	\$ -					49,903	710	11,574	16,531	4,739
Federal Sources	194,297	47,567	14,891	349,085	10,277					
Local Sources										
Total Revenues	194,297	47,567	14,891	349,085	10,277	49,903	710	11,574	16,531	4,739
Expenditures:										
Instruction:										
Salaries of Teachers	96,411									
Purchased Professional and Technical Services						49,903	710	11,574	16,531	4,739
Tuition				342,134	10,277					
General Supplies	51,008		10,126							
Total Instruction	147,419	-	10,126	342,134	10,277	49,903	710	11,574	16,531	4,739
Support Services:										
Salaries	7,000									
Employee Benefits	14,447									
Purchased Professional Educational Services	25,431	45,517	4,765	6,951						
Other Purchased Services										
General Supplies		2,050								
Scholarships Awarded										
Student Activities										
Total Support Services	46,878	47,567	4,765	6,951	-	-	-	-	-	-
Total Expenditures	194,297	47,567	14,891	349,085	10,277	49,903	710	11,574	16,531	4,739
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	-
Fund Balance, July 1										
Prior Period Adjustment										
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-	-	-	-
Fund Balance, June 30	\$ -	-	-	-	-	-	-	-	-	-

*Represents scholarship fund net position as of June 30, 2020 per Exhibit H-2

**Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

KENILWORTH SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Non-Public Security	Non-Public Nursing Services	Non-Public Textbooks	Insurance Grant	Title III Immigrant	CARES Grant	Digital Divide	CRF Grant	UC CARES	Scholarship Fund	Student Activities	Total 2021
Revenues:												
State Sources	22,986	10,970	8,198									125,611
Federal Sources					2,253	151,415	5,916	61,455				837,156
Local Sources				12,500					70,200	267	101,905	184,872
Total Revenues	22,986	10,970	8,198	12,500	2,253	151,415	5,916	61,455	70,200	267	101,905	1,147,639
Expenditures:												
Instruction:												
Salaries of Teachers												96,411
Purchased Professional and Technical Services		10,970	8,198									102,625
Tuition												352,411
General Supplies				12,500	2,253		5,916	61,455				143,258
Total Instruction	-	10,970	8,198	12,500	2,253	-	5,916	61,455	-	-	-	694,705
Support Services:												
Salaries												7,000
Employee Benefits												14,447
Purchased Professional Educational Services						137,031						219,695
Other Purchased Services	22,986											22,986
General Supplies						14,384			70,200			86,634
Scholarships Awarded										10,000		10,000
Student Activities											117,109	117,109
Total Support Services	22,986	-	-	-	-	151,415	-	-	70,200	10,000	117,109	477,871
Total Expenditures	22,986	10,970	8,198	12,500	2,253	151,415	5,916	61,455	70,200	10,000	117,109	1,172,576
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	(9,733)	(15,204)	(24,937)
Fund Balance, July 1												-
Prior Period Adjustment										172,381	94,453	266,834
Fund Balance, July 1 (Restated)	-	-	-	-	-	-	-	-	-	172,381	94,453	266,834
Fund Balance, June 30	-	-	-	-	-	-	-	-	-	162,648	79,249	241,897

*Represents scholarship fund net position as of June 30, 2020 per Exhibit H-2

**Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

CAPITAL PROJECTS FUND – F

KENILWORTH SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES INFUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2021

Revenues and Other Financing Sources:	\$ 1,822,440
Lease Proceeds	57
Interest on Investments	<u>1,822,497</u>
Total Revenues and Other Financing Sources	
Expenditures and Other Financing Uses:	
Other Purchased Professional and Technical Services	37,500
Transfer to Debt Service Fund	57
Total Expenditures and Other Financing Uses	<u>37,557</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,784,940
Fund Balance - Beginning	<u> </u>
Fund Balance - Ending	<u>\$ 1,784,940</u>

KENILWORTH SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUND**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****ENERGY SAVINGS IMPROVEMENT PROGRAM****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Lease Proceeds	\$ -	1,822,440	1,822,440	1,822,440
Total Revenues	<u>-</u>	<u>1,822,440</u>	<u>1,822,440</u>	<u>1,822,440</u>
<u>Expenditures and Other Financing Uses</u>				
Capital Project Equipment	-	-	-	1,722,440
Other Purchased Prof. and Tech. Services	-	37,500	37,500	100,000
Total Expenditures	<u>-</u>	<u>37,500</u>	<u>37,500</u>	<u>1,822,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>1,784,940</u>	<u>1,784,940</u>	<u>-</u>
<u>Additional Project Information</u>				
Original Authorized Cost		\$ 1,822,440		
Percentage Increase Over Original Authorized Cost		0		
Percentage Completion		2%		
Original Target Completion Date		N/A		
Revised Target Completion Date		N/A		

PROPRIETARY FUNDS – G

KENILWORTH SCHOOL DISTRICT**STATEMENT OF NET POSITION**

Exhibit G-1

ENTERPRISE FUNDS**JUNE 30, 2021**

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
<u>Assets:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 152,273	92,676	244,949
Accounts Receivable:			
State	1,212		1,212
Federal	27,924		27,924
Inventory	4,607		4,607
Total Current Assets	<u>186,016</u>	<u>92,676</u>	<u>278,692</u>
Noncurrent Assets			
Equipment	177,050		177,050
Accumulated Depreciation	(176,390)		(176,390)
Total Fixed Assets	<u>660</u>	<u>-</u>	<u>660</u>
Total Assets	<u>\$ 186,676</u>	<u>92,676</u>	<u>279,352</u>
<u>Liabilities:</u>			
Accounts Payable	\$ 51,000		51,000
Deferred Revenue	9,614		9,614
Total Liabilities	<u>\$ 60,614</u>	<u>-</u>	<u>60,614</u>
<u>Net Position:</u>			
Investment in Capital Assets	\$ 660		660
Unrestricted	125,402	92,676	218,078
Total Net Position	<u>\$ 126,062</u>	<u>92,676</u>	<u>218,738</u>

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

Exhibit G-2

ENTERPRISE FUNDS**JUNE 30, 2021**

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
Operating Revenues:			
Daily Sales - Reimbursable Programs	\$ 7,321		7,321
Fees		74,132	74,132
Total Operating Revenues	<u>7,321</u>	<u>74,132</u>	<u>81,453</u>
Operating Expenses:			
Salaries	90,851		90,851
Other Employee Benefits	27,800		27,800
Cost of Sales - Reimbursable Programs	134,801		134,801
Supplies and Materials	6,074		6,074
Management Fee	12,240	95,883	108,123
Repairs/Equipment	80,680		80,680
Depreciation	3,980		3,980
Miscellaneous	51,067	2,334	53,401
Operating Expenses	<u>407,493</u>	<u>98,217</u>	<u>505,710</u>
Operating Gain/(Loss)	(400,172)	(24,085)	(424,257)
Non-Operating Revenues:			
Interest Revenue		182	182
State Sources:			
State School Lunch Program	9,745		9,745
State School Lunch Program - Extra Subsidy	989		989
Federal Sources:			
National School Lunch Program	224,500		224,500
Federal HHFKA Program	4,477		4,477
Federal Breakfast Program	145,160		145,160
Food Distribution Program	38,475		38,475
Total Non-Operating Revenues	<u>423,346</u>	<u>182</u>	<u>423,528</u>
Change in Net Position	23,174	(23,903)	(729)
Net Position, July 1	<u>102,888</u>	<u>116,579</u>	<u>219,467</u>
Net Position, June 30	<u>\$ 126,062</u>	<u>92,676</u>	<u>218,738</u>

KENILWORTH SCHOOL DISTRICT**SCHEDULE OF CASH FLOWS****Exhibit G-3****ENTERPRISE FUNDS****JUNE 30, 2021**

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 7,321	74,132	81,453
Payments to Employees	(90,851)	(95,883)	(186,734)
Payments to Suppliers	(243,214)	(2,334)	(245,548)
Net Cash Provided (Used) by Operating Activities	<u>(326,744)</u>	<u>(24,085)</u>	<u>(350,829)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	10,734		10,734
Federal Sources	374,137		374,137
Net Cash Provided by Noncapital Financing Activities	<u>384,871</u>	<u>-</u>	<u>384,871</u>
Cash Flows from Investing Activities:			
Interest Revenue		182	182
Net Cash Provided by Investing Activities	<u>-</u>	<u>182</u>	<u>182</u>
Net Increase (Decrease) in Cash and Cash Equivalents	58,127	(23,903)	34,224
Cash and Cash Equivalents, July 1	<u>94,146</u>	<u>116,579</u>	<u>210,725</u>
Cash and Cash Equivalents, June 30	<u>\$ 152,273</u>	<u>92,676</u>	<u>244,949</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (400,172)	(24,085)	(424,257)
Depreciation	3,980		3,980
Federal Commodities Consumed	38,475		38,475
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Decrease/(Increase) in Inventory	(4,607)		(4,607)
(Decrease)/Increase in Accounts Payable	51,000		51,000
(Decrease)/Increase in Deferred Revenue	(195)		(195)
Decrease/(Increase) in Accounts Receivable	(15,225)		(15,225)
Net Cash Provided (Used) by Operating Activities	<u>\$ (326,744)</u>	<u>(24,085)</u>	<u>(350,829)</u>

FIDUCIARY FUND – H

N/A

LONG-TERM DEBT – I

KENILWORTH SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-1

SCHEDULE OF SERIAL BONDS

JUNE 30, 2021

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2020</u>	<u>Retired</u>	<u>Balance June 30, 2021</u>
			<u>Date</u>	<u>Amount</u>				
ERIP Refunding	9/29/2003	\$ 410,000	10/1/2020	\$ 35,000	5.50%	\$ 35,000	35,000	-
2016 Refunding Bonds	5/18/2016	9,395,000	1/15/2022	905,000	4.00%	9,270,000	805,000	8,465,000
			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>\$ 9,305,000</u>	<u>840,000</u>	<u>8,465,000</u>

KENILWORTH SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-2

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2021

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance July 1, 2020</u>	<u>Issued Current Year</u>	<u>Paid Current Year</u>	<u>Amount Outstanding June 30, 2021</u>
ESIP Equipment Lease	5/5/2021	\$ 1,822,440	2.225%	<u>\$ -</u>	<u>1,822,440</u>	<u>-</u>	<u>1,822,440</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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	\$ 811,990		811,990	811,990	
State Sources:					
Debt Service Aid Type II	<u>399,772</u>		<u>399,772</u>	<u>399,772</u>	
Total Revenues	<u>1,211,762</u>	<u>-</u>	<u>1,211,762</u>	<u>1,211,762</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	370,800		370,800	370,800	-
Interest - ERIP	963		963	963	-
Redemption of Principal	<u>840,000</u>		<u>840,000</u>	<u>840,000</u>	
Total Regular Debt Service	<u>1,211,763</u>	<u>-</u>	<u>1,211,763</u>	<u>1,211,763</u>	<u>-</u>
Total Expenditures	<u>1,211,763</u>	<u>-</u>	<u>1,211,763</u>	<u>1,211,763</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1)	-	(1)	(1)	-
Other Financing Sources:					
Transfer from Capital Projects Fund				<u>57</u>	<u>57</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources	(1)	-	(1)	56	57
Fund Balance July 1	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund Balance June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>57</u>	<u>57</u>

STATISTICAL SECTION

(Unaudited)

Borough of Kenilworth Board of Education
Net position by Component,
Last Ten Fiscal Years

Exhibit J-1

(accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental activities										
Invested in capital assets, net of related debt	\$ (1,753,862)	\$ (1,429,497)	\$ (1,544,137)	\$ (2,332,437)	\$ (2,020,379)	\$ (1,663,205)	\$ (1,509,576)	\$ 7,809,053	\$ (1,097,318)	\$ (2,696,129)
Restricted (Debt Service)	\$ 3	\$ 313	\$ 111	\$ 9	\$ 5,506	\$ 49,708				
Restricted (Capital Projects)	\$ 433,507	\$ 325,878	\$ -	\$ -						
Restricted (Other Purposes)	\$ 1,495,703	\$ 2,073,891	\$ 1,810,255	\$ 2,009,363	\$ 1,649,929	\$ 2,476,020	\$ 3,591,382	\$ 4,779,566	\$ 3,590,894	\$ 6,380,021
Unrestricted	\$ (598,399)	\$ (1,206,178)	\$ (875,997)	\$ (4,404,932)	\$ (4,776,914)	\$ (5,239,070)	\$ (6,505,174)	\$ (14,812,480)	\$ (4,479,278)	\$ (3,390,055)
Total governmental activities net position	<u>\$ (423,048)</u>	<u>\$ (235,593)</u>	<u>\$ (609,768)</u>	<u>\$ (4,727,997)</u>	<u>\$ (5,141,858)</u>	<u>\$ (4,376,547)</u>	<u>\$ (3,423,368)</u>	<u>\$ (2,223,861)</u>	<u>\$ (1,985,702)</u>	<u>\$ 293,837</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 37,530	\$ 34,000	\$ 30,470	\$ 25,540	\$ 20,560	\$ 16,580	\$ 12,600	\$ 8,620	\$ 4,640	\$ 660
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 94,903	\$ 88,745	\$ 116,344	\$ -	\$ 137,092	\$ 161,033	\$ 197,427	\$ 216,679	\$ 214,827	\$ 218,078
Total business-type activities net position	<u>\$ 132,433</u>	<u>\$ 122,745</u>	<u>\$ 146,814</u>	<u>\$ 25,540</u>	<u>\$ 157,652</u>	<u>\$ 177,613</u>	<u>\$ 210,027</u>	<u>\$ 225,299</u>	<u>\$ 219,467</u>	<u>\$ 218,738</u>
District-wide										
Invested in capital assets, net of related debt	\$ (1,716,332)	\$ (1,395,497)	\$ (1,513,667)	\$ (2,307,897)	\$ (1,999,819)	\$ (1,646,625)	\$ (1,496,976)	\$ 7,817,673	\$ (1,092,678)	\$ (2,695,469)
Restricted	\$ 433,510	\$ 326,191	\$ 111	\$ 9	\$ 5,506	\$ 49,708				
Other Purposes	\$ 1,495,703	\$ 2,073,891	\$ 1,810,255	\$ 2,009,363	\$ 1,649,929	\$ 2,476,020	\$ 3,591,382	\$ 4,779,566	\$ 3,590,894	\$ 6,380,021
Unrestricted	\$ (503,496)	\$ (1,117,433)	\$ (764,836)	\$ (4,288,588)	\$ (4,639,822)	\$ (5,078,037)	\$ (5,307,747)	\$ (14,595,801)	\$ (4,264,451)	\$ (3,171,977)
Total district net position	<u>\$ (290,615)</u>	<u>\$ (112,848)</u>	<u>\$ (468,137)</u>	<u>\$ (4,587,113)</u>	<u>\$ (4,984,206)</u>	<u>\$ (4,198,934)</u>	<u>\$ (3,213,341)</u>	<u>\$ (1,998,562)</u>	<u>\$ (1,766,235)</u>	<u>\$ 512,575</u>

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,

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 6,660,169	\$ 7,176,047	\$ 7,371,644	\$ 7,169,752	\$ 8,278,681	\$ 7,902,473	\$ 7,865,280	\$ 8,657,294	\$ 9,275,645	\$ 9,452,763
Special education	2,180,521	2,320,339	2,210,861	2,065,576	3,117,115	3,095,217	2,950,083	3,054,278	3,010,348	3,232,954
Other special education	317,117	373,782	576,846	1,044,459	469,834	603,002				
Other instruction	455,915	506,885	498,965	546,340	739,128	552,346	1,171,465	1,153,566	1,116,066	1,136,579
Support Services:										
Tuition	1,792,435	1,670,299	1,759,129	2,142,778	1,818,728	1,942,494	1,918,923	1,701,486	1,413,536	1,337,124
Student & instruction related services	2,101,647	2,127,791	2,220,803	2,157,614	2,362,969	2,413,470	2,665,729	2,972,560	3,228,994	3,736,560
School administrative services	524,145	580,411	557,611	655,129	681,306	669,683	816,818	704,742	712,004	643,301
General administrative services	1,058,488	1,099,370	1,140,220	1,059,239	1,031,882	1,018,607	889,916	1,157,221	1,381,233	1,143,837
Plant operations and maintenance	1,389,821	1,378,877	1,774,694	1,496,737	1,604,097	1,605,136	1,615,633	1,891,810	1,888,832	2,086,763
Pupil transportation	649,657	616,852	665,699	643,591	635,830	816,755	847,979	842,707	577,407	805,516
Unallocated Benefits	4,798,339	5,544,882	5,399,365	5,763,117	6,265,756	6,816,245	7,611,614	8,370,281	8,573,178	9,430,314
Special Schools	46,429	45,116	60,934	64,423	67,053	76,978	44,927	38,845	47,017	13,598
Education Jobs	127,692	-	-	-	-	-	-	-	-	-
Interest on Long Term Debt	632,993	601,752	581,305	567,312	388,228	473,980	456,021	423,624	391,238	363,114
Capital Outlay	1,267,372	135,511	5,336	-	28,614	6,800	164,624	481,776	853,359	225,170
Unallocated depreciation	465,633	465,633	465,633	672,942	672,942	616,371	616,371	616,371	616,371	616,371
ARRA	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	24,468,373	24,643,347	25,289,045	26,049,009	28,162,163	28,609,557	29,635,383	32,066,561	33,085,228	34,223,964
Business-type activities:										
Food service	519,303	468,255	465,651	408,858	411,586	428,308	454,679	495,377	384,011	407,493
Aftercare Program		115,988	115,988	154,901	184,307	175,226	182,797	188,527	146,883	98,217
Total business-type activities expense	519,303	584,243	581,639	563,759	595,893	603,534	637,476	683,904	530,894	505,710
Total district expenses	\$24,987,676	\$25,227,590	\$25,870,684	\$26,612,768	\$28,758,056	\$29,213,091	\$30,272,859	\$32,750,465	\$33,616,122	\$34,729,674
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	329,051	320,929	384,828	512,972	426,985	550,660	468,448	486,093	303,133	288,484
Operating grants and contributions	765,300	682,155	577,338	791,702	676,452	590,147	629,222	668,869	639,018	1,133,836
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	1,094,351	1,003,084	962,166	1,304,674	1,103,437	1,140,807	1,097,670	1,154,962	942,151	1,422,320
Business-type activities:										
Charges for services		296,778	291,902	235,845	268,642	266,926	277,287	301,001	207,467	7,321
Aftercare Program				160,117	176,000	179,429	207,649	231,309	161,848	74,132
Operating grants and contributions	161,887	161,789	136,618	169,000	168,019	177,140	184,295	165,547	155,747	423,346
Capital grants and contributions										
Total business type activities program revenues	161,887	458,567	428,520	564,962	612,661	623,495	669,231	697,857	525,062	504,799
Total district program revenues	1,256,238	1,461,651	1,390,686	1,869,636	1,716,098	1,764,302	1,766,901	1,852,819	1,467,213	1,927,119
Net (Expense)/Revenue										
Governmental activities	(23,374,022)	(23,640,263)	(24,326,879)	(24,744,335)	(27,058,726)	(27,468,750)	(28,537,713)	(30,911,599)	(32,143,077)	(32,801,644)
Business-type activities	(357,416)	(125,676)	(153,119)	1,203	18,768	19,961	31,755	13,953	(5,832)	(911)
Total district-wide net expense	(23,731,438)	(23,765,939)	(24,479,998)	(24,743,132)	(27,041,958)	(27,448,789)	(28,505,958)	(30,897,646)	(32,148,909)	(32,802,555)

General Revenues and Other Changes in Net position
 Governmental activities:

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Property taxes levied for general purposes, net	16,244,515	16,244,515	16,519,624	17,083,017	18,110,000	19,384,980	19,733,356	19,729,297	20,115,139	20,560,327
Taxes levied for debt service	653,823	690,794	695,330	787,607	848,149	849,641	840,369	786,818	838,600	811,990
Unrestricted grants and contributions	5,691,293	6,690,044	6,550,917	7,061,340	7,572,120	7,812,472	8,739,355	11,021,497	11,273,738	12,575,897
Investment Income	-	-	-	-	-	-	-	-	-	-
Tuition Received	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	253,922	177,111	216,515	135,601	114,596	186,968	177,812	573,494	153,759	328,706
Other	-	-	(20,630)	-	-	-	-	-	-	22,941
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	22,843,553	23,802,464	23,961,756	25,067,565	26,644,865	28,234,061	29,490,892	32,111,106	32,381,236	34,299,861
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	659	1,319	-	182
Total business-type activities	-	-	-	-	-	-	659	1,319	-	182
Total district-wide	22,843,553	23,802,464	23,961,756	25,067,565	26,644,865	28,234,061	29,491,551	32,112,425	32,381,236	34,300,043
Change in Net position										
Governmental activities	(530,469)	162,201	(365,123)	323,230	(413,861)	765,311	953,179	1,199,507	238,159	1,498,217
Business-type activities	(357,416)	(125,676)	(153,119)	1,203	16,768	19,961	32,414	15,272	(5,832)	(729)
Total district	(887,885)	36,525	(518,242)	324,433	(397,093)	785,272	985,593	1,214,779	232,327	1,497,488

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Fund										
Reserved	1,460,181	1,921,935	1,715,888	1,918,625	1,589,859	2,575,143	3,547,179	4,779,566	5,019,566	6,138,124
Unreserved	306,434	213,115	140,272	222,304	148,522	166,214	67,183	(61,611)	(62,117)	579,794
Total general fund	<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>	<u>\$ 3,614,362</u>	<u>\$ 4,717,955</u>	<u>\$ 4,957,449</u>	<u>\$6,717,918</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	51,437	89,999	55,426	46,318	73,356	64,972				241,897
Capital projects fund	448,392	325,878	-	-						1,784,940
Debt service fund	3	313	111	9	5,506	49,708	44,203	1	1	57
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 499,832</u>	<u>\$ 416,190</u>	<u>\$ 55,537</u>	<u>\$ 46,327</u>	<u>\$ 78,862</u>	<u>\$ 114,680</u>	<u>\$ 44,203</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$2,026,894</u>
Total all Governmental Funds:	<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>	<u>\$ 3,658,565</u>	<u>\$ 4,717,956</u>	<u>\$ 4,957,450</u>	<u>\$8,744,812</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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	16,896,338	16,935,309	17,214,954	17,870,624	18,958,149	19,384,980	20,573,725	20,516,115	20,953,739	21,372,317
Tuition charges	329,051	320,292	384,828	512,972	426,985	550,660	468,448	486,093	303,133	288,484
Interest earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	267,122	190,511	216,515	109,833	130,935	85,313	173,339	336,425	165,859	513,578
Erate	-	-	38,185	40,568	17,309	28,503	19,537	-	-	-
State sources	5,835,640	6,871,595	6,648,776	7,162,943	7,704,670	7,457,821	8,841,605	11,108,058	11,341,592	12,682,034
Federal sources	609,467	487,204	441,294	515,182	510,254	9,813	511,908	563,772	559,064	842,827
Total revenue	23,939,618	24,804,911	24,944,552	26,212,122	27,748,302	27,517,090	30,588,562	33,010,463	33,323,387	35,699,240
Expenditures										
Instruction										
Regular Instruction	6,781,906	7,176,047	7,324,796	7,169,752	8,177,657	7,781,065	7,944,748	8,658,743	9,053,122	9,452,763
Special education instruction	2,182,235	2,320,339	2,210,861	2,065,575	3,117,115	2,568,039	2,950,083	3,054,278	3,010,348	3,232,954
Other special instruction	317,117	373,782	576,846	1,044,459	469,834	603,002	-	-	-	-
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	455,915	506,685	498,965	546,340	739,128	552,346	1,171,465	1,153,566	1,116,066	1,136,579
Support Services:										
Tuition	1,792,435	1,670,299	1,759,129	2,142,778	1,818,728	1,942,494	1,918,923	1,701,486	1,413,536	1,337,124
Student & instruction related services	2,101,647	2,127,791	2,220,803	2,157,614	2,362,969	2,350,501	2,665,729	2,972,560	3,228,994	3,736,560
General administrative services	536,303	615,750	557,611	560,944	681,306	669,683	644,210	704,742	712,004	643,301
School Administrative services	524,145	580,411	645,822	655,129	530,194	504,056	889,916	1,006,865	916,515	946,636
Information Technology	189,323	194,879	198,449	199,118	179,575	191,046	172,608	150,356	209,113	197,201
Business administrative services	332,862	288,741	295,949	299,178	322,113	323,505	-	-	-	-
Plant operations and maintenance	1,389,821	1,378,877	1,774,694	1,496,737	1,604,097	1,605,136	1,615,633	1,891,810	1,888,832	2,086,763
Pupil transportation	649,657	616,852	665,699	643,591	635,830	816,755	847,979	842,707	577,407	805,516
Unallocated employee benefits	4,798,339	5,529,995	5,399,365	5,700,081	6,146,609	6,542,372	7,430,553	8,310,331	8,550,887	9,512,653
Special Schools	46,429	45,116	60,934	64,423	67,053	76,978	44,927	38,845	47,017	13,598
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	1,313,315	135,511	356,327	-	28,614	6,800	164,624	481,776	853,359	225,170
Debt service:										
Principal	375,000	385,000	405,000	585,000	705,000	855,000	770,000	800,000	845,000	840,000
Interest and other charges	628,862	610,231	590,357	576,106	559,531	368,429	470,000	438,612	406,088	371,763
ARRA/Education Jobs	127,692	-	-	-	-	-	-	-	-	-
Total expenditures	24,543,003	24,556,306	25,541,607	25,906,825	28,145,353	27,757,207	29,701,398	32,206,677	32,828,288	34,538,581
Excess (Deficiency) of revenues over (under) expenditures	(603,385)	248,605	(597,055)	305,297	(397,051)	(240,117)	887,164	803,786	495,099	1,160,659
Other Financing sources (uses)										
Adjustment to Fund Balance	-	-	-	-	-	-	-	255,605	(255,605)	-
State of NJ Grant	-	-	-	-	-	-	-	-	-	-
Lease Proceeds	-	-	-	-	-	-	-	-	-	1,822,440
Cancel Accounts Receivable	-	-	-	-	-	-	-	-	-	-
Adjustment prior year refund	-	-	-	-	-	-	-	-	-	22,941
Total other financing sources (uses)	-	-	-	-	-	-	-	255,605	(255,605)	1,845,381
Net change in fund balances	(603,385)	248,605	(597,055)	305,297	(397,051)	(240,117)	887,164	1,059,391	239,494	3,006,040
Debt service as a percentage of noncapital expenditures	4.3%	4.1%	4.0%	4.5%	4.5%	4.4%	4.2%	3.9%	3.9%	3.5%

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</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Contribution</u> <u>EE Benefits</u>	<u>E-Rate</u>	<u>Choice Trans</u>	<u>Total</u>
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
2018		\$ 468,448		\$ 173,339		\$ 19,537		\$ 661,324
2019		\$ 486,093		\$ 317,889		\$ -		\$ 803,982
2020		\$ 303,133		\$ 165,859		\$ -		\$ 468,992
2021		\$ 288,484		\$ 513,578		\$ -		\$ 802,062

Source: District Records

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Personal Tangible Property	Net Valuation Taxable ¹	Total Direct School Tax Rate ²	Estimated Actual (County Equalized Value)
2012	\$ 8,489,400	\$ 445,497,400	\$ -	\$ -	\$ 86,755,600	\$ 304,366,400	\$ -	\$ 845,108,800	\$ -	\$ 669,606	\$ 845,778,406	2.003	
2013	\$ 7,816,300	\$ 448,142,500	\$ -	\$ -	\$ 85,952,000	\$ 269,868,100	\$ -	\$ 811,778,900	\$ -	\$ 654,527	\$ 812,433,427	2.119	
2014	\$ 7,826,100	\$ 449,566,100	\$ -	\$ -	\$ 88,522,400	\$ 269,859,600	\$ -	\$ 815,764,200	\$ -	\$ 622,822	\$ 816,387,022	2.189	
2015	\$ 7,820,900	\$ 451,270,500	\$ -	\$ -	\$ 89,904,100	\$ 269,142,200	\$ -	\$ 818,137,100	\$ -	\$ 629,922	\$ 818,767,022	2.316	
2016	\$ 7,977,900	\$ 452,547,700	\$ -	\$ -	\$ 89,797,200	\$ 269,079,300	\$ -	\$ 819,402,100	\$ -	\$ 658,808	\$ 820,060,908	2.467	
2017	\$ 8,059,300	\$ 455,339,700	\$ -	\$ -	\$ 87,565,800	\$ 266,955,100	\$ -	\$ 817,918,900	\$ -	\$ 658,767	\$ 818,577,667	2.514	
2018	\$ 7,898,200	\$ 456,530,900	\$ -	\$ -	\$ 86,825,700	\$ 269,920,500	\$ -	\$ 816,174,300	\$ -	\$ 650,570	\$ 816,824,870	2.512	
2019	\$ 7,859,600	\$ 457,857,700	\$ -	\$ -	\$ 87,240,700	\$ 264,284,900	\$ -	\$ 817,648,500	\$ -	\$ 599,570	\$ 818,248,070	2.561	
2020	\$ 7,805,400	\$ 461,658,300	\$ -	\$ -	\$ 90,794,200	\$ 265,614,000	\$ -	\$ 826,410,800	\$ -	\$ 588,587	\$ 826,999,387	2.585	
2021	\$ 8,299,600	\$ 462,874,300	\$ -	\$ -	\$ 89,133,700	\$ 256,614,000	\$ -	\$ 826,460,500	\$ -	\$ 584,606	\$ 827,045,106	2.647	

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Kenilworth Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt	Total Direct	Kenilworth Borough	County Open Space	Union County	
		Service ^b					
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	4.794
2017	2.514		2.514	1.433	0.025	0.902	4.874
2018	2.512		2.512	1.472	0.026	0.899	4.909
2019	2.559		2.559	1.507	0.028	0.952	5.046
2020	2.561		2.561	1.552	0.029	0.958	5.100
2021	2.612		2.612	1.592	0.029	0.943	5.176

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	2021			2012		
	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)			#VALUE!			0.00%
Castle & Cooke, NJ, LLC			#VALUE!			0.00%
Kenilworth-Grocery/Berenson			#VALUE!			0.00%
Cristie Properties			#VALUE!			0.00%
251 S. 31st Street, LLC			#VALUE!			0.00%
FDV Realty			#VALUE!			0.00%
Lakhani Associates			#VALUE!			0.00%
141 Market Street Realty, LLC.			#VALUE!			0.00%
Boright Realty			#VALUE!			0.00%
ADHP Real Estate			#VALUE!			0.00%
Total			#VALUE!			0.00%

Total Assessed Value:

\$ 881,020,500

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	
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%	
2017	\$ 40,074,496	\$ 39,662,278	98.94%	
2018	\$ 40,175,885	\$ 39,797,014	98.99%	
2019	\$ 41,427,539	\$ 41,064,006	99.12%	
2020	\$ 42,423,754	\$ 42,013,140	99.03%	

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		
2012	14,935,000	-	-	-	-	14,935,000	0.20%	\$ 29,831
2013	14,550,000	-	-	-	-	14,550,000	0.20%	\$ 29,363
2014	14,145,000	-	-	-	-	14,145,000	0.21%	\$ 29,182
2015	13,560,000	-	-	-	-	13,560,000	0.25%	\$ 33,914
2016	12,575,000	-	-	-	-	12,575,000	0.33%	\$ 41,792
2017	11,720,000	-	-	-	-	11,720,000	0.36%	\$ 42,123
2018	10,950,000	-	-	-	-	10,950,000	0.38%	\$ 42,123
2019	10,015,000	-	-	-	-	10,015,000	0.35%	\$ 35,161
2020	9,305,000	-	-	-	-	9,305,000	0.38%	\$ 35,161
2021	8,465,000	-	-	-	-	8,465,000	0.42%	\$ 35,161

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

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

Exhibit J-11

General Bonded Debt Outstanding							
Fiscal Year Ended June 30,	General Obligation Bonds	Additions	Refinanced	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
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	10,375,000	5,000	12,575,000	0.41%	\$ 1,542.38
2017	12,575,000			855,000	11,720,000	0.38%	\$ 1,426.66
2018	11,720,000			770,000	10,950,000	0.36%	\$ 1,347.03
2019	10,950,000			800,000	10,150,000	0.33%	\$ 1,234.79
2020	10,150,000			845,000	9,305,000	0.30%	\$ 1,104.19
2021	9,305,000			840,000	8,465,000	0.27%	\$ 1,004.51

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, 2021

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 (12-31-20)	10,582,670	100.000%	10,582,670
Other debt			
County of Union - Borough's Share	551,314,136	2.15%	11,853,254
Rahway Valley Sewerage Authority	122,848,525	4.60%	5,651,032
Subtotal, overlapping debt			28,086,956
Kenilworth Borough School District Direct Debt			<u>8,465,000</u>
Total direct and overlapping debt			<u><u>\$ 36,551,956</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	
2020	\$ 1,629,358,833
2019	\$ 1,586,127,061
2018	\$ 1,523,850,448
[A]	<u>\$ 4,739,336,342</u>
[A/3]	\$ 1,579,778,781
	63,191,151
[C]	<u>8,465,000</u> (District Debt 6/30)
[B-C]	<u>\$ 54,726,151</u>

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit	\$ 65,251,540	\$ 64,170,313	\$ 38,836,672	\$ 52,092,654	\$ 52,092,654	\$ 50,806,358	\$ 50,806,358	\$ 50,806,358	\$ 61,258,152	\$ 63,191,151
Loss of Business Income										
Total net debt applicable to limit	<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>	<u>\$ 10,950,000</u>	<u>\$ 10,150,000</u>	<u>\$ 9,305,000</u>	<u>\$ 8,465,000</u>
Legal debt margin	<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>	<u>\$ 39,856,358</u>	<u>\$ 40,656,358</u>	<u>\$ 51,953,152</u>	<u>\$ 54,726,151</u>
Total net debt applicable to the limit as a percentage of debt limit	22.89%	22.67%	36.42%	26.03%	24.14%	23.07%	21.55%	19.98%	15.19%	13.40%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Kenilworth Population**</u>	<u>Personal Income (thousands of dollars)*</u>	<u>Per Capita Personal Income*</u>	<u>Unemployment Rate</u>
2012	7,914	23,608,253	29,831	10.20%
2013	8,040	23,607,852	29,363	9.20%
2014	8,090	23,608,238	29,182	6.60%
2015	8,153	23,608,642	28,957	5.80%
2016	8,215	23,608,267	28,738	5.20%
2017	8,194	23,608,553	28,812	4.50%
2018	8,129	23,608,242	29,042	4.60%
2019	8,220	28,902,342	35,161	3.10%
2020	8,427	29,630,175	35,161	16.40%
2021	8,427	29,630,175	35,161	8.10%

Source: NJ Dept of Labor and Workforce Development: http://lwd.dol.state.nj.us/labor/lpa/employ/emp_index.html
<http://quickfacts.census.gov/> (Population & Per Capita Income)
<http://www.homefacts.com/unemployment/New-Jersey/Union-County/Kenilworth.html> (Unemployment)

**April 1, 2020 is the latest census data

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

Employer	2021			2012		
	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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	90.6	91.2	94.55	95.7	97.29	101.23	99.1	101.83	107.18	108.03
Special education	33.6	35.5	34.22	39.57	44.61	47.34	42.06	42.1	42.57	44.17
Other special education (CST)	7	7	7	7	7	7	7	8	8	6.8
Other instruction	8	9	11.27	11.64	11.5	10.5	10.5	10.5	10	10
Support Services:										
Student & instruction related services	11	11	10	11	12	13.94	14.5	14.5	15.5	15.5
General administrative services	7	7	8	7	7	7.5	8.5	8.5	9.5	9.5
School administrative services	8.5	8.9	9.5	9.5	9.5	10.5	10.5	11.5	11.5	11.5
Business administrative services	4	4	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Plant operations and maintenance	8.5	8.5	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Total	<u>178.2</u>	<u>182.1</u>	<u>187.0</u>	<u>193.9</u>	<u>201.4</u>	<u>210.5</u>	<u>204.7</u>	<u>209.4</u>	<u>216.8</u>	<u>218.0</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				
2012	1,332	22,098,134	\$ 16,590	1.79%	128.00	11.56	10.6	1,360.72	1,299.96	1.55%	95.53%
2013	1,400	23,425,564	\$ 16,733	0.86%	129.70	11.24	10.30	1,395.70	1,322.30	2.57%	94.74%
2014	1,389	24,189,923	\$ 17,415	4.08%	136.91	10.69	10.73	1,442.90	1,386.30	3.38%	96.08%
2015	1,412	24,745,719	\$ 17,532	0.67%	141.20	10.63	10.01	1,414.14	1,338.75	-1.99%	94.67%
2016	1,353	26,852,208	\$ 19,846	13.20%	146.73	12.00	11.00	1,411.57	1,341.37	-0.18%	95.03%
2017	1,355	26,526,978	\$ 19,577	-1.36%	99.10	12.00	11.00	1,433.97	1,357.47	1.59%	94.67%
2018	1,465	28,296,774	\$ 19,315	-1.34%	141.16	12.00	11.00	1,438.53	1,359.75	0.32%	94.52%
2019	1,445	30,486,289	\$ 21,098	9.23%	143.93	11.00	11.00	1,422.29	1,351.37	-1.13%	95.01%
2020	1,424	30,723,841	\$ 21,576	2.27%	149.75	11.00	11.00	1,424.02	1,292.97	0.12%	90.80%
2021	1,437	0	0	-100.00%	152.20	11.00	11.00	1,422.18	1,375.11	-0.13%	96.69%

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**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<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
Capacity (students)	650	650	650	650	650	650	650	650	650	650
Enrollment	652	680	714	730	679	682	706	691	700	666
<u>Middle/High School</u>										
David Brearley (1966)										
Square Feet	150,267	150,267	150,267	150,267	150,267	150,267	150,267	150,267	150,267	150,267
Capacity (students)	804	804	804	804	804	804	804	804	804	804
Enrollment	680	716	729	721	744	752	759	754	724	771
DISTRICT TOTALS	1,332	1,396	1,443	1,451	1,423	1,434	1,465	1,445	1,424	1,437

Number of Schools at June 30, 2021

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)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Warren Harding Elementary School	N/A	89,786	52,110	77,115	76,941	109,920	57,341	50,935	28,700	62,398	13,840
David Brearley Middle/High School	N/A	78,328	53,592	110,695	49,087	56,353	108,322	104,459	69,033	54,125	96,369
District Level	N/A	217,505	224,519	155,454	193,145	267,626	158,295	88,333	136,512	103,436	152,319
Total School Facilities		<u>385,619</u>	<u>330,221</u>	<u>343,264</u>	<u>319,173</u>	<u>433,899</u>	<u>323,958</u>	<u>243,727</u>	<u>234,245</u>	<u>219,959</u>	<u>262,528</u>

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
2020-2021**

	Limits	Deductible	
PROPERTY:			
Building & Personal Property - Pool	\$500,000,000	\$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 Acquired Property up to 120 days after acquisition - Pool	\$10,000,000	\$5,000	
Auto Physical Damage	Per Schedule	\$1,000	
Flood for properties in SFHA Zone - Pool	\$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	\$150,000	\$5,000	
Loss of Business Income	\$300,000	\$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.
ROBERT A. HULSART, JR., C.P.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, 2021, 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 February 11, 2022.

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

February 11, 2022

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

**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, 2021. 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, 2021.

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**

February 11, 2022

KENILWORTH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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, 2020	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2021				
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor		
General Fund:																
Medical Assistance Program SEMI	93.778	2105NJ5MAP	N/A	\$ 20,118	07/01/2020	06/30/2021	\$ -		20,118	(20,118)						
U.S. Department of Agriculture Passed Through State Department of Education:																
National School Lunch Program	10.555	211NJ304N1099	N/A	224,500	07/01/2020	06/30/2021			207,820	(224,500)		(16,680)				
National School Lunch Program	10.555	201NJ304N1099	N/A	92,853	07/01/2019	06/30/2020	(4,215)		4,215							
School Breakfast Program	10.553	201NJ304N1099	N/A	13,275	07/01/2019	06/30/2020	(2,699)		2,699							
School Breakfast Program	10.553	211NJ304N1099	N/A	145,160	07/01/2020	06/30/2021			134,249	(145,160)		(10,911)				
HHFKA	10.555	211NJ304N1099	N/A	4,477	07/01/2020	06/30/2021			4,145	(4,477)		(332)				
HHFKA	10.555	201NJ304N1099	N/A	3,961	07/01/2019	06/30/2020	(87)		87							
Food Distribution Program	10.550	211NJ304N1099	N/A	38,475	07/01/2020	06/30/2021			38,475	(38,475)						
Total U.S. Department of Agriculture							(7,001)	-	391,690	(412,612)	-	(27,923)	-	-	-	-
U.S. Department of Education Passed Through State Department of Education:																
Title I	84.010	S101A190030	N/A	164,823	07/01/2019	06/30/2020	(1,011)		1,011							
Title I	84.010	S101A200030	N/A	194,297	07/01/2020	06/30/2021			174,488	(194,297)		(19,809)				
Title IIA	84.367	S367A200029	N/A	47,567	07/01/2020	06/30/2021			22,855	(47,567)		(24,712)				
Title IIA	84.367	S367A190029	N/A	45,054	07/01/2019	06/30/2020	(18,679)		18,679							
Title III - Immigrant	84.365	S365A200030	N/A	2,253	07/01/2020	06/30/2021			2,253	(2,253)						
Title IV	84.424	S424A190031	N/A	10,000	07/01/2019	06/30/2020	(3,667)		3,667							
Title IV	84.424	S424A200031	N/A	14,891	07/01/2020	06/30/2021			10,218	(14,891)		(4,673)				
IDEA Part B Basic	84.173	H173A190114	N/A	340,563	07/01/2019	06/30/2020	(10,187)		10,187							
IDEA Part B Basic	84.173	H173A200114	N/A	361,705	07/01/2020	06/30/2021			348,014	(349,085)		(1,071)				
IDEA Part B Preschool	84.027	H027A200100	N/A	10,277	07/01/2020	06/30/2021			10,277	(10,277)						
CARES Act	84.425D	S425D200027	N/A	151,415	03/13/2020	09/30/2022			151,415	(151,415)						
CARES - Digital Divide	84.425D	S425D200027	N/A	5,916	07/16/2020	10/31/2020			5,916	(5,916)						
Coronavirus Relief Fund	21.019	STL0040	N/A	61,455	09/20/2020	12/01/2020			61,455	(61,455)						
Total U.S. Department of Education							(33,544)	-	820,435	(837,156)	-	(50,265)	-	-	-	-
Total Federal Financial Assistance							\$ (40,545)	-	1,232,243	(1,269,886)	-	(78,188)	-	-	-	-

See Accompanying Notes to Schedules of Financial Assistance.

KENILWORTH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2020				Budgetary Expenditures Pass Through Funds	Repayment of Prior Year Balances	Balance at June 30, 2021			MEMO		
			From	To	Deferred Income (Accts Receivable)	Due To Grantor	Carryover (Walkover) Amount	Cash Received			Intergovernmental (Accounts Receivable)	Deferred Revenue Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
Special Education Aid	21-495-034-5120-089	\$ 1,218,446	7/1/2020	6/30/2021	\$ -			1,096,778	(1,218,446)					(121,668)	1,218,446	
School Choice	21-495-034-5120-068	2,025,440	7/1/2020	6/30/2021				1,823,509	(2,025,440)					(201,931)	2,025,440	
Equalization Aid	21-495-034-5120-078	2,758,931	7/1/2020	6/30/2021				2,484,382	(2,758,931)					(274,549)	2,758,931	
Security Aid	21-495-034-5120-084	214,451	7/1/2020	6/30/2021				192,793	(214,451)					(21,658)	214,451	
Transportation Aid	21-495-034-5120-014	173,781	7/1/2020	6/30/2021				156,582	(173,781)					(17,199)	173,781	
Extraordinary Aid	21-495-034-5120-044	228,687	7/1/2020	6/30/2021					(228,687)			(228,687)			228,687	
Extraordinary Aid	20-495-034-5120-044	103,001	7/1/2019	6/30/2020	(103,001)			103,001								
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)	21-495-034-5094-001	1,088,764	7/1/2020	6/30/2021				1,088,764	(1,088,764)						1,088,764	
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	21-495-034-5094-002	3,409,343	7/1/2020	6/30/2021				3,409,343	(3,409,343)						3,409,343	
On-Behalf T.P.A.F. Non-Contributory Insurance	21-495-034-5094-004	64,867	7/1/2020	6/30/2021				64,867	(64,867)						64,867	
On-Behalf T.P.A.F. Pension Contributions - Long Term Disability	21-495-034-5094-004	2,486	7/1/2020	6/30/2021				2,486	(2,486)						2,486	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	21-100-034-5095-003	976,079	7/1/2020	6/30/2021				927,324	(976,079)			(48,755)			976,079	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	20-100-034-5095-002	966,704	7/1/2019	6/30/2020	(47,686)			47,686								
					(150,687)			11,397,515	(12,161,275)			(277,442)			(637,005)	12,161,275
State Department of Agriculture: National School Lunch Program (State Share)	20-100-010-3350-023	2,953	7/1/2019	6/30/2020	(68)			68								
National School Lunch Program (State Share)	21-100-010-3350-023	9,745	7/1/2020	6/30/2021	(68)			8,533	(9,745)			(1,212)			9,745	
								8,601	(9,745)			(1,212)			9,745	
Debt Service Aid Type II	21-495-034-5120-125	399,772	7/1/2019	6/30/2020				399,772	(399,772)						399,772	
Special Revenue: Nonpublic Aid: Textbook Aid	20-495-034-5120-064	6,905	7/1/2019	6/30/2020		541					(541)					
Textbook Aid	21-495-034-5120-064	8,308	7/1/2020	6/30/2021				8,308	(8,198)					110	8,198	
Nursing Services	20-100-034-5120-070	12,707	7/1/2019	6/30/2020		5,358				(5,358)						
Nursing Services	21-100-034-5120-070	13,872	7/1/2020	6/30/2021				13,872	(10,970)					2,902	10,970	
Technology Aid	20-100-034-5120-373	4,716	7/1/2019	6/30/2020		672				(672)						
Security Aid	20-100-034-5120-084	19,650	7/1/2019	6/30/2020		387				(387)						
Security Aid	21-100-034-5120-084	23,800	7/1/2020	6/30/2021				23,800	(22,986)					814	22,986	
Compensatory Education	20-100-034-5120-067	31,636	7/1/2019	6/30/2020		1,703				(1,703)						
Compensatory Education	21-100-034-5120-067	50,252	7/1/2020	6/30/2021				50,252	(49,903)					349	49,903	
English as a Second Language	21-100-034-5120-067	1,066	7/1/2020	6/30/2021				1,066	(710)					356	710	
Transportation	21-100-034-5120-067	7,672	7/1/2020	6/30/2021				7,672						7,672		
Examination and Classification	21-100-034-5120-066	22,482	7/1/2020	6/30/2021				22,482	(16,531)					5,951	16,531	
Examination and Classification	20-100-034-5120-066	12,450	7/1/2019	6/30/2020		5,389				(5,389)						
Corrective Speech	20-100-034-5120-066	5,195	7/1/2019	6/30/2020		273				(273)						
Corrective Speech	21-100-034-5120-066	5,013	7/1/2020	6/30/2021				5,013	(4,739)					274	4,739	
Supplemental Instruction	20-100-034-5120-066	12,952	7/1/2019	6/30/2020		5,667				(5,667)						
Supplemental Instruction	21-100-034-5120-066	11,576	7/1/2020	6/30/2021				11,576	(11,574)					2	11,574	
						19,990			144,041	(125,611)		(19,990)			18,430	125,611
Total State Financial Assistance					\$ (130,765)			11,949,929	(12,696,403)		(19,990)	(278,654)		18,430	(637,005)	12,696,403
Less On Behalf Pension System Contributions									(4,565,460)							
Total For State Financial Assistance Major Program Determination								\$ (8,130,943)								

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

KENILWORTH SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2021****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	\$ 12,161,275	125,611	399,772	9,745	12,696,403
Difference – Budget to “GAAP”					
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized		644			644
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)	(5,268)				(5,268)
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 12,156,007</u>	<u>126,255</u>	<u>399,772</u>	<u>9,745</u>	<u>12,691,779</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					
	\$ 20,118	837,156		412,612	1,269,886
Difference – Budget to “GAAP”					
Grant Accounting Budgetary					
Basis Differs from GAAP in that					
Encumbrances are Recognized as					
Expenditures, and the Related					
Revenue is Recognized					
	_____	(14,447)	_____	_____	(14,447)
Total Federal Revenue as					
Reported on the Statement					
of Revenue, Expenditures,					
and Changes in Fund					
Balances					
	<u>\$ 20,118</u>	<u>822,709</u>	_____	<u>412,612</u>	<u>1,255,439</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, 2021. 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, 2021.

BOROUGH OF KENILWORTH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Internal control over compliance

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

2) Reportable conditions(s) identified that are not considered to be material weaknesses? _____ Yes x None Reported

Type of auditor's report issued on compliance for major programs: _____ Unmodified

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

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.010
84.027
84.173
84.425D

Title I
IDEA Part B (Special Education Cluster)
IDEA - Preschool (Special Education Cluster)
CARES Act

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

Auditee qualified as low-risk auditee? x Yes _____ No

BOROUGH OF KENILWORTH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

K-6

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)

21-100-034-5095-002

21-495-034-5120-030

21-495-034-5120-068

21-495-034-5120-084

21-495-034-5120-089

Name of State Program

Reimbursed TPAF Social Security Contributions

Equalization Aid (Public Cluster)

School Choice (Public Cluster)

Security Aid (Public Cluster)

Special Education Aid (Public Cluster)

BOROUGH OF KENILWORTH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

K-6

Part 2 - Schedule of Financial Statement Findings

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

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

BOROUGH OF KENILWORTH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

K-6

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

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

FEDERAL AWARDS

Finding: None

Federal program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

BOROUGH OF KENILWORTH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

K-6

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

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

BOROUGH OF KENILWORTH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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Prior Audit Findings:

No prior year audit findings.