

**SCHOOL DISTRICT
OF
KINNELON BOROUGH**

**Kinnelon Borough School District
Kinnelon, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2021**

**Comprehensive Annual
Financial Report**

of the

Kinnelon Borough School District

Kinnelon, New Jersey

For the Fiscal Year Ended June 30, 2021

Prepared by

**Kinnelon Borough School District
Board of Education**

KINNELON BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal	1
Organizational Chart.....	4
Roster of Officials	5
Consultants and Advisors	6

FINANCIAL SECTION

Independent Auditors' Report	8
------------------------------------	---

Required Supplementary Information	11
Management's Discussion and Analysis.....	12

Basic Financial Statements (Sections A. and B.).....	20
--	----

A. District-Wide Financial Statements	21
A-1 Statement of Net Position.....	22
A-2 Statement of Activities	23

B. Fund Financial Statements	25
B-1 Balance Sheet – Governmental Funds.....	26
B-2 Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds	27
B-3 Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
B-4 Statement of Net Position – Proprietary Funds	29
B-5 Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds.....	30
B-6 Statement of Cash Flows – Proprietary Funds	31

Notes to Financial Statements	32
-------------------------------------	----

Required Supplementary Information.....

L. Schedules Related to Accounting and Reporting for Pensions and Postemployment Benefits Other than Pensions.....	71
L-1 Schedule of District's Proportionate Share of the Net Pension Liability – Public Employees Retirement System	71
L-2 Schedule of District Contributions – Public Employees Retirement System.....	72
L-3 Schedule of State's Proportionate Share of the Net Pension Liability Associated with the District – Teachers' Pension and Annuity Fund	73
L-4 Schedule of State Contributions – Teachers' Pension and Annuity Fund.....	74
L-5 Schedule of Changes in the State's Proportionate Share of the Total OPEB Liability Attributable to the District and Related Ratios	75
Notes to Required Supplementary Information	76

KINNELON BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

FINANCIAL SECTION (Cont'd)

C.	Budgetary Comparison Schedules	78
C-1	Budgetary Comparison Schedule – General Fund	79
C-2	Budgetary Comparison Schedule – Budgetary Basis - Special Revenue Fund.....	91
C-3	Budgetary Comparison Schedule – Note to RSI.....	92
Other Supplementary Schedules (D.-I.)		
D.	School Level Schedules (Not Applicable)	94
E.	Special Revenue Fund.....	95
E-1	Combining Schedule of Revenue and Expenditures Special Revenue Fund – Budgetary Basis	96
E-2	Preschool Education Aid Schedule of Expenditures (Not Applicable)	
F.	Capital Projects Fund (Not Applicable).....	99
G.	Proprietary Funds.....	100
	Enterprise Funds	
G-1	Combining Statement of Net Position.....	101
G-2	Combining Statement of Revenue, Expenses and Changes in Fund Net Position.....	102
G-3	Combining Statement of Cash Flows.....	103
H.	Fiduciary Activities (Not Applicable).....	104
I.	Long-Term Debt.....	105
I-1	Schedule of Serial Bonds	106
I-2	Schedule of Obligations Under Capital Leases (Not Applicable)	107
I-3	Debt Service Fund Budgetary Comparison Schedule	108
J.	STATISTICAL SECTION (Unaudited).....	109
J-1	Net Position by Component	110
J-2	Changes in Net Position	111
J-3	Fund Balances - Governmental Funds	113
J-4	Changes in Fund Balances – Governmental Funds.....	114
J-5	General Fund Other Local Revenue by Source	116
J-6	Assessed Value and Actual Value of Taxable Property	117
J-7	Direct and Overlapping Tax Rates	118
J-8	Principal Property Taxpayers	119
J-9	Property Tax Levies and Collections	120
J-10	Ratios of Outstanding Debt by Type.....	121
J-11	Ratios of Net General Bonded Debt Outstanding	122
J-12	Ratios of Overlapping Governmental Activities Debt	123
J-13	Legal Debt Margin Information	124

KINNELON BOROUGH SCHOOL DISTRICT
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

J. STATISTICAL SECTION (Unaudited) (Cont'd)	
J-14 Demographic and Economic Statistics	125
J-15 Principal Employers	126
J-16 Full-Time Equivalent District Employees by Function/Program.....	127
J-17 Operating Statistics.....	128
J-18 School Building Information.....	129
J-19 Schedule of Required Maintenance for School Facilities	130
J-20 Insurance Schedule.....	131
 K. Single Audit Section	 132
K-1 Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	 133
K-2 Report on Compliance For Each Major Federal and State Program: Report On Internal Control Over Compliance.....	 135
K-3 Schedule of Expenditures of Federal Awards	137
K-4 Schedule of Expenditures of State Awards	139
K-5 Notes to the Schedules of Expenditures of Federal and State Awards.....	141
K-6 Schedule of Findings and Questioned Costs	143
K-7 Summary Schedule of Prior Audit Findings	145

**INTRODUCTORY SECTION
(UNAUDITED)**



KINNELON PUBLIC SCHOOLS

109 KIEL AVENUE ♦ KINNELON, NEW JERSEY 07405

TEL: (973) 838-1418 ♦ FAX: (973) 838-5527

Website: www.kinnelonpublicschools.org

Kerry Keane
Business Administrator
Board Secretary

December 13, 2021

Honorable President and
Members of the Board of Education
Kinnelon Borough School District
109 Kiel Avenue
Kinnelon, New Jersey 07405

Dear Board Members:

The comprehensive annual financial report of the Kinnelon Board of Education (the “District”) for the fiscal year ended 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 management of the Kinnelon Board of Education (the “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 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 basic 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Kinnelon School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board “GASB” as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards. All funds of the District are included in this report. The Kinnelon Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through Grade 12. These include regular, vocational as well as special education for handicapped youngsters. The District completed the 2020/2021 fiscal year with an enrollment of 1,670 students which was a decrease of 72 students from the prior year.

Honorable President and
Members of the Board of Education
Kinnelon Borough School District
Page 2
December 13, 2021

2) ECONOMIC CONDITION AND OUTLOOK: While recent job growth in Kinnelon has been slow, and indicative of the economy as a whole, the most recent unemployment rate in the community is 3.0%. This is approximately 1.0% lower than the national average. Future home development is limited due to the implementation of the Highlands Act.

3) MAJOR INITIATIVES: Over the past five years, student enrollment in the Kinnelon Public Schools has decreased approximately 16.9%. Our student population decrease was anticipated and our focus is on repurposing existing instructional space to meet the needs of our student population. There are no plans for future building expansion.

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system 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 system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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 Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 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. These funds are explained in "Notes to the Financial Statements", Note 1.

Honorable President and
Members of the Board of Education
Kinnelon Borough School District
Page 3
December 13, 2021

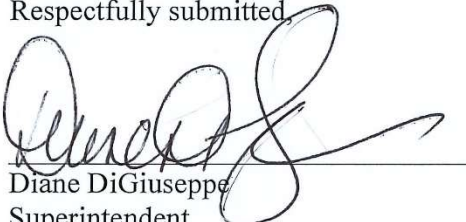
7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted 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.

8) 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.

9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Uniform Guidance and New Jersey's OMB Circular 15-08. The auditor's report on the basic financial statements and other supplementary schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Kinnelon School Board 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 financial and accounting staff.

Respectfully submitted,

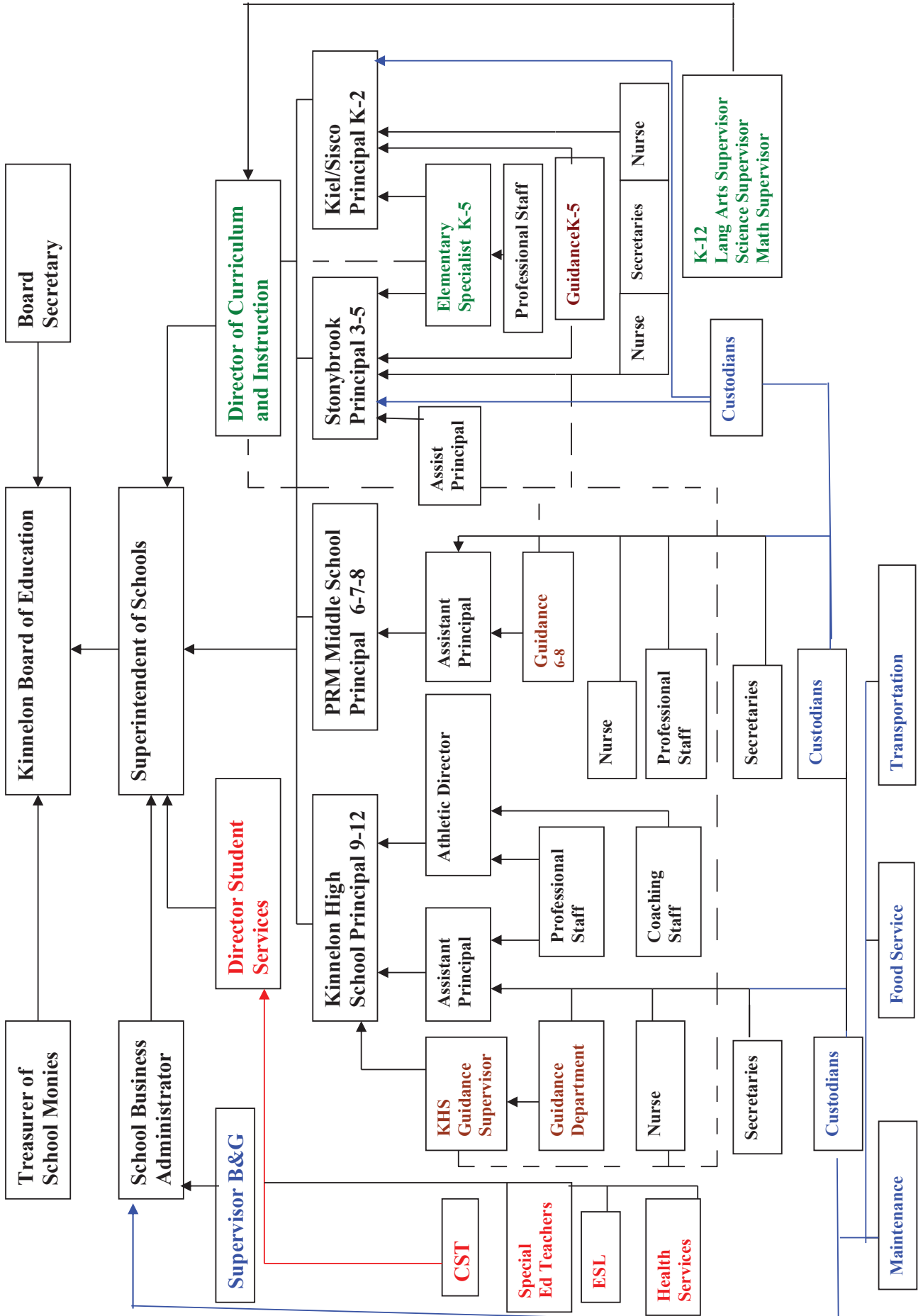


Diane DiGiuseppe
Superintendent



Kerry A. Keane
Board Secretary/Business Administrator

KINNELON SCHOOL DISTRICT ORGANIZATIONAL CHART



BOROUGH OF KINNELON BOARD OF EDUCATION KINNELON, NEW JERSEY

ROSTER OF OFFICIALS JUNE 30, 2021

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Michael Petruccelli	President	2021
Dr. Peter Hughes	Vice President	2021
Karen D'Amico	Member	2023
Jean Donaldson	Member	2023
Michelle Donus	Member	2022
Megan Fischbeck	Member	2022
David Gigante	Member	2022

Other Officials

Diane DiGiuseppe, Superintendent

Kerry A. Keane, Business Administrator / Board Secretary

Jennifer Stillman, Treasurer of School Monies

Apruzzese, McDermott, Mastro, Murphy, Board Attorney

KINNELON BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

AUDIT FIRM

Nisivoccia LLP
200 Valley Road, Suite 300
Mt. Arlington, NJ 07856

ATTORNEYS

Apruzzese, McDermott, Mastro & Murphy
25 Independence Boulevard
Box 112
Liberty Corner, NJ 07938

Andrea Kahn
McManimon & Scotland
1037 Raymond Blvd., Suite 400
Newark, NJ 07102

OFFICIAL DEPOSITORY

Lakeland Bank
Route 23 North
Kinnelon, NJ 07405

FINANCIAL SECTION

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Kinnelon Borough School District
County of Morris, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Kinnelon Borough School District (the “District”) in the County of Morris, as of and for the fiscal 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District’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 District’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Kinnelon Borough School District, in the County of Morris, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*, during the fiscal year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and postemployment benefit schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 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 District’s basic financial statements. The accompanying other supplementary schedules and the schedules of expenditures of federal and state 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 New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Honorable President and Members
of the Board of Education
Kinnelon Borough School District
Page 3

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

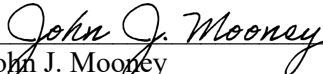
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 13, 2021
Mount Arlington, New Jersey


NISIVOCCIA LLP



John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

**REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management's Discussion and Analysis

This section of Kinnelon Borough School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2021. Please read it in conjunction with the transmittal letter at the front of this report and the district's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the district's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the district, reporting the district's operations in *more* detail than the district-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short-* and *long-term* financial information about the activities the district operates like a business, such as food services and the enrichment program.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1
Organization of Kinnelon Borough's School District Financial Report

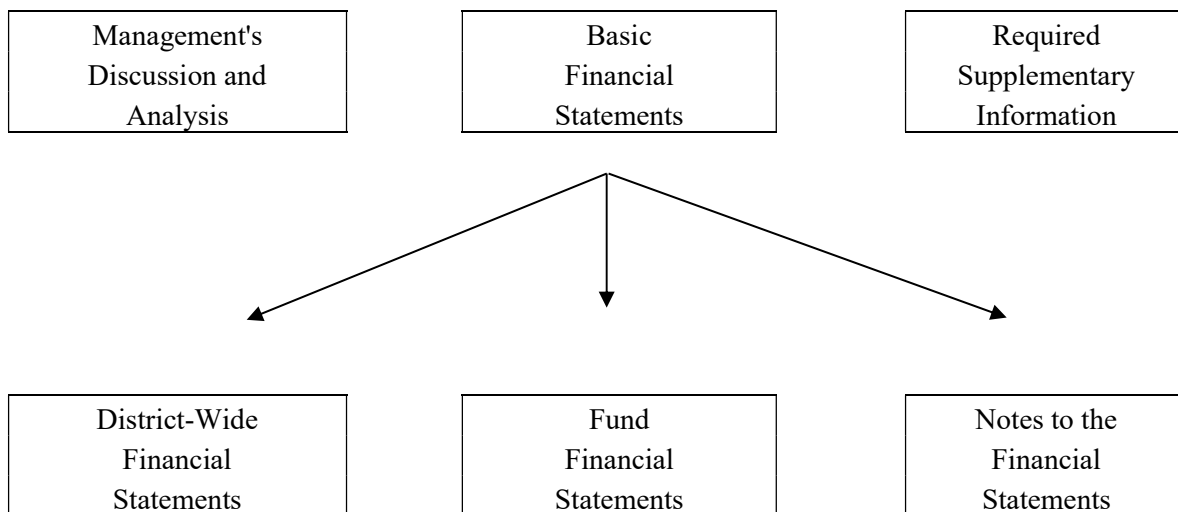


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

		Fund Financial Statements	
	District-Wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary, such as special education and building maintenance	Activities the district operates similar to private businesses, food services and enrichment program
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses and changes in net position • Statement of cash flows
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the district's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how it has changed. Net position – the difference between the district's assets, deferred inflows and outflows and liabilities – is one way to measure the district's financial health or *position*.

- Over time, increases or decreases in the district's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider additional nonfinancial factors such as changes in the district's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the district's activities are divided into two categories:

- *Governmental activities*: Most of the district's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The district charges fees to help it cover the costs of certain services it provides. The district's food service and enrichment program are included here.

Fund Financial Statements

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

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has two kinds of funds:

- *Governmental funds*: Most of the district's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The district's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The district uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The district currently does not maintain any internal service funds.

Notes to Financial Statements: Provides additional information essential to full understanding of District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Position: The Statement of Net Position provides one perspective of the District as a whole. Figure A-3 provides a summary of the District's net position as of June 30, 2021 and 2020. The District's *combined* net position was \$15,298,533 on June 30, 2021, \$1,284,976 or 8.40% more than the prior fiscal year. The net position of the governmental activities increased by \$1,420,048 and net position of the business-type activities decreased by \$135,072.

Figure A-3
Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change 2020/21
	2020/21	2019/20 (Restated)	2020/21	2019/20	2020/21	2019/20 (Restated)	
Current and Other Assets	\$ 6,479,895	\$ 6,335,697	\$ 170,309	\$ 303,112	\$ 6,650,204	\$ 6,638,809	
Capital Assets, Net	34,997,142	36,145,365	39,291	46,847	35,036,433	36,192,212	
Total Assets	<u>41,477,037</u>	<u>42,481,062</u>	<u>209,600</u>	<u>349,959</u>	<u>41,686,637</u>	<u>42,831,021</u>	-2.75%
Deferred Outflows of Resources	<u>2,489,455</u>	<u>3,012,171</u>			<u>2,489,455</u>	<u>3,012,171</u>	-21.00%
Other Liabilities	932,350	2,294,732	27,651	32,938	960,001	2,327,670	
Long-Term Liabilities	<u>24,356,800</u>	<u>26,158,924</u>			<u>24,356,800</u>	<u>26,158,924</u>	
Total Liabilities	<u>25,289,150</u>	<u>28,453,656</u>	<u>27,651</u>	<u>32,938</u>	<u>25,316,801</u>	<u>28,486,594</u>	-12.52%
Deferred Inflows of Resources	<u>3,560,758</u>	<u>3,343,041</u>			<u>3,560,758</u>	<u>3,343,041</u>	6.11%
Net Position:							
Net Investment in Capital Assets	21,458,097	21,716,861	39,291	46,847	21,497,388	21,763,708	
Restricted	3,723,351	2,895,938			3,723,351	2,895,938	
Unrestricted/(Deficit)	<u>(10,064,864)</u>	<u>(10,916,263)</u>	<u>142,658</u>	<u>270,174</u>	<u>(9,922,206)</u>	<u>(10,646,089)</u>	
Total Net Position	<u>\$ 15,116,584</u>	<u>\$ 13,696,536</u>	<u>\$ 181,949</u>	<u>\$ 317,021</u>	<u>\$ 15,298,533</u>	<u>\$ 14,013,557</u>	8.40%

Figure A-4 represents the *Changes in net position*. Net investment in capital assets decreased \$266,320 due to current fiscal year depreciation, offset by capital asset additions and bonded debt paid down. Restricted net position increased \$827,413 as a result of net increases in the capital reserve and unemployment compensation and an increase in excess surplus offset by net decreases in student activities and scholarships. The deficit in unrestricted net position increased by \$723,883 primarily due to the changes in compensated absences payable, net pension liability, deferred inflows and outflows of resources related to pensions, unexpended budget appropriations and an excess in state revenues.

Figure A-4
Changes in Net Position from Operating Results

	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District	Percentage Change
	2020/21	2020/21	2020/21	2019/20	2019/20	2019/20	2020/21
Revenue:							
Program Revenue:							
Charges for Services	\$ 154,812	\$ 52,339	\$ 207,151	\$ 5,870	\$ 520,270	\$ 526,140	
Operating Grants and Contributions							
	13,529,248	247,646	13,776,894	11,788,986	68,977	11,857,963	
General Revenue:							
Property Taxes	39,140,531		39,140,531	38,434,568		38,434,568	
Other	175,387	195	175,582	143,088	698	143,786	
Total Revenue	52,999,978	300,180	53,300,158	50,372,512	589,945	50,962,457	4.59%
Expenses:							
Instruction	27,934,196		27,934,196	26,924,346		26,924,346	
Pupil and Instruction Services							
	11,173,809		11,173,809	10,771,675		10,771,675	
Administrative and Business							
	4,560,724		4,560,724	4,345,885		4,345,885	
Maintenance and Operations							
	3,735,167		3,735,167	4,219,230		4,219,230	
Transportation	2,370,975		2,370,975	2,439,674		2,439,674	
Other	1,741,039	499,272	2,240,311	1,799,875	661,977	2,461,852	
Total Expenses	51,515,910	499,272	52,015,182	50,500,685	661,977	51,162,662	1.67%
Transfers	(64,020)	64,020					
Other Item:							
Capital Assets Disposal					(929)	(929)	-100.00%
Increase/(Decrease) in							
Net Position	\$ 1,420,048	\$ (135,072)	\$ 1,284,976	\$ (128,173)	\$ (72,961)	\$ (201,134)	-738.87%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. This was mostly attributable to a decrease in the net pension liability of the District in the current year, offset by the increased costs of maintaining existing programs and the provision of a multitude of special programs and services for disabled pupils. The District is also faced with increasing health benefit costs.

Careful management of expenses remains essential for the District to sustain its financial health. Among the many significant cost savings actions implemented/continued during the year were:

- Continued participation in several co-op purchasing programs to reduce costs.
- Monitoring of Special Education Costs and Out of District Tuition

It is crucial that the District continue to examine its expenses carefully. Increasing teacher, parental and student demands for new activities and programs must be evaluated thoroughly. District resources continue to be at their tightest level in many years.

Figure A-5 presents the cost of six major district activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-5
Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2020/21	2020/21	2019/20	2019/20
Instruction	\$ 27,934,196	\$ 18,235,892	\$26,924,346	\$18,637,642
Pupil and Instruction Services	11,173,809	8,539,505	10,771,675	8,508,914
Administrative and Business	4,560,724	3,726,328	4,345,885	3,597,645
Maintenance and Operations	3,735,167	3,666,465	4,219,230	4,152,382
Transportation	2,370,975	1,922,621	2,439,674	2,009,371
Other	1,741,039	1,741,039	1,799,875	1,799,875
	<u>\$ 51,515,910</u>	<u>\$ 37,831,850</u>	<u>\$50,500,685</u>	<u>\$38,705,829</u>

Business-Type Activities

Net position from the District's business-type activities decreased by \$135,072, comprised of an increase of \$48,856 in the Food Service program and a decrease of \$183,928 in the Enrichment program, due to the interruption of services as a result of the COVID-19 pandemic (Refer to Figure A-4).

Financial Analysis of the District's Funds

The District's financial position improved despite the rising challenge of difficult economic times. Expenditures during the recent year increased significantly as a result of an increased number of pupils with disabilities. In addition to greater numbers, these pupils are more profoundly disabled and require more complex educational and related services.

Other significant areas of budget increases have been in health insurance and energy. Insurance costs for all staff have continued to dramatically increase.

Difficult economic times have had a direct impact upon the District's revenue sources. As required by the enacted legislation, the District offset the tax levy by reducing unassigned fund balance to 4% of the current expense budget. As overall revenue for the District diminishes, the amount of funds generated to offset the tax levy likewise decreases.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

- Over the course of the year, the District reviewed the annual operating budget several times. These budget amendments were for changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Long-Term Liabilities

**Figure A-6
Capital Assets (Net of Depreciation)**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	Change 2020/21
Land	\$ 45,810	\$ 45,810			\$ 45,810	\$ 45,810	
Buildings and Building Improvements	34,438,920	35,555,208			34,438,920	35,555,208	
Machinery and Equipment	512,412	544,347	\$ 39,291	\$ 46,847	551,703	591,194	
Total Capital Assets (net of Depreciation)	<u>\$ 34,997,142</u>	<u>\$ 36,145,365</u>	<u>\$ 39,291</u>	<u>\$ 46,847</u>	<u>\$ 35,036,433</u>	<u>\$ 36,192,212</u>	-3.19%

The District's capital assets decreased by \$1,155,779. Total depreciation was \$1,257,468, offset by capital acquisitions of \$101,689.

Long-term Liabilities

At year-end, the District had \$24,356,800 in general obligation bonds and other long-term liabilities outstanding, a decrease of \$1,802,124 or 6.89% from the previous year, as shown in Figure A-7. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

**Figure A-7
Outstanding Long-Term Liabilities**

	Total School District		Percentage
	2020/21	2019/20	Change 2020/21
General Obligation Bonds (Financed with Property Taxes)	\$ 14,015,000	\$ 15,010,000	
Unamortized Bond Premium	1,275,310	1,424,254	
Net Pension Liability	8,432,902	9,100,422	
Compensated Absences	633,588	624,248	
	<u>\$ 24,356,800</u>	<u>\$ 26,158,924</u>	-6.89%

The District paid down \$995,000 of bonds, amortized \$148,944 of bond premiums, its net pension liability decreased by \$667,520 and there was a net increase in compensated absences of \$9,340.

Factors Bearing on the District's Future Revenue/Expense Changes

The COVID-19 pandemic continues to significantly impact the District's finances as we implement numerous emergency protective measures to protect public health and safety.

The impact of School Funding Reform Act. The School Funding Reform Act, adopted by the State of New Jersey on January 13, 2008, provided a new funding formula which would meet the requirements of Abbott v Burke in future years. The legislation requires each district to provide a local "fair share" contribution to property taxes to support schools, and establishes an "adequacy budget" for each district. The adequacy budget is based on a state formula for each expenditure that is needed to provide a thorough and efficient education. The formula also includes enrollment and other factors such as the number of special education students and at-risk, or poor students.

The impact of S29, adopted by the State of New Jersey on July 13, 2010 reduced the District's ability to increase taxes. While A1 legislation in 2007 restricted increases in the District's tax levy to 4%, this legislation, further reduced any increase in tax levy to no more than 2%. The District will need to focus on containing increases in areas such as health benefits and other employee benefits.

The impact of S2937 adopted by the State of New Jersey on June 28, 2011 provides pension and health benefit reforms. This legislation has provided some long term cost containment for pension and health benefit costs.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers and investors and creditors with a general overview of the district's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, Glen Sisco School, 109 Kiel Road, Kinnelon, NJ 07405.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

KINNELON BOROUGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 1,476,683	\$ 113,137	\$ 1,589,820
Receivables from Other Governments	1,460,133	34,805	1,494,938
Other Receivables	21,086		21,086
Internal Balances	(10,607)	10,607	
Inventory		11,760	11,760
Restricted Assets:			
Cash and Cash Equivalents:			
Capital Reserve	2,984,606		2,984,606
Unemployment Compensation	186,463		186,463
Student Activities	148,346		148,346
Scholarships	213,185		213,185
Capital Assets:			
Sites (Land)	45,810		45,810
Depreciable Buildings and Building Improvements and Machinery and Equipment	34,951,332	39,291	34,990,623
Total Assets	<u>41,477,037</u>	<u>209,600</u>	<u>41,686,637</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Amount on Refunding	475,955		475,955
Deferred Outflows of Resources Related to Pensions	2,013,500		2,013,500
Total Deferred Outflows of Resources	<u>2,489,455</u>		<u>2,489,455</u>
LIABILITIES			
Current Liabilities:			
Accrued Interest Payable	240,066		240,066
Accounts Payable	671,239		671,239
Payable to Federal Government	11,378		11,378
Unearned Revenue	9,667	27,651	37,318
Noncurrent Liabilities:			
Due Within One Year	1,143,944		1,143,944
Due Beyond One Year	23,212,856		23,212,856
Total Liabilities	<u>25,289,150</u>	<u>27,651</u>	<u>25,316,801</u>
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources Related to Pensions	3,560,758		3,560,758
Total Deferred Inflows of Resources	<u>3,560,758</u>		<u>3,560,758</u>
NET POSITION			
Net Investment in Capital Assets	21,458,097	39,291	21,497,388
Restricted for:			
Capital Projects	2,984,606		2,984,606
Excess Surplus	190,751		190,751
Unemployment Compensation	186,463		186,463
Student Activities	148,346		148,346
Scholarships	213,185		213,185
Unrestricted/(Deficit)	(10,064,864)	142,658	(9,922,206)
Total Net Position	<u>\$ 15,116,584</u>	<u>\$ 181,949</u>	<u>\$ 15,298,533</u>

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

KINNELON BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating		Governmental Activities	Business-type Activities	Total
			Grants and Contributions	Capital Grants and Contributions			
Governmental Activities:							
Instruction:							
Regular	\$ 19,465,268	\$ 9,900	\$ 5,037,381	\$	(14,417,987)	\$	(14,417,987)
Special Education	6,575,280		4,445,194		(2,130,086)		(2,130,086)
Other Special Instruction	791,791		205,829		(585,962)		(585,962)
Other Instruction	1,101,857				(1,101,857)		(1,101,857)
Support services:							
Tuition	1,960,980		385,080		(1,575,900)		(1,575,900)
Student & Instruction Related Services	9,212,829	144,912	2,104,312		(6,963,605)		(6,963,605)
General Administrative Services	1,027,734		121,657		(906,077)		(906,077)
School Administrative Services	2,900,795		712,739		(2,188,056)		(2,188,056)
Central Services	497,940				(497,940)		(497,940)
Administrative Information Technology	134,255				(134,255)		(134,255)
Plant Operations and Maintenance	3,735,167		68,702		(3,666,465)		(3,666,465)
Pupil Transportation	2,370,975		448,354		(1,922,621)		(1,922,621)
Transfer of Funds to Charter Schools	32,076				(32,076)		(32,076)
Interest on Long-Term Debt	583,020				(583,020)		(583,020)
Unallocated Depreciation	1,125,943				(1,125,943)		(1,125,943)
Total Governmental Activities	51,515,910	154,812	13,529,248	\$ -0-	(37,831,850)	\$ -0-	(37,831,850)

KINNELON BOROUGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Business-Type Activities:							
Food Service	\$ 315,149	\$ 52,339	\$ 247,646		\$ (15,164)	\$ (15,164)	
Enrichment Program	184,123				(184,123)	(184,123)	
Total Business-Type Activities	499,272	52,339	247,646		(199,287)	(199,287)	
Total Primary Government	\$ 52,015,182	\$ 207,151	\$ 13,776,894	\$ -0-	\$ (37,831,850)	(199,287)	(38,031,137)

General Revenues and Transfers:

Taxes:							
Property Taxes, Levied for General Purposes, Net				37,582,751			37,582,751
Taxes Levied for Debt Service				1,557,780			1,557,780
Investment Earnings				9,795	195		9,990
Miscellaneous Income				165,592			165,592
Transfers				(64,020)	64,020		
Total General Revenues and Transfers				39,251,898	64,215		39,316,113
Change in Net Position				1,420,048	(135,072)		1,284,976
Net Position - Beginning (Restated)				13,696,536	317,021		14,013,557
Net Position - Ending				\$ 15,116,584	\$ 181,949		\$ 15,298,533

THE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

KINNELON BOROUGH SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 1,476,683		\$ 1,476,683
Receivables from State Government	1,450,221		1,450,221
Receivables from Federal Government		\$ 9,912	9,912
Other Receivables		21,086	21,086
Interfunds Receivable	9,953		9,953
Restricted Cash and Cash Equivalents	<u>3,171,069</u>	<u>361,531</u>	<u>3,532,600</u>
Total Assets	<u>\$ 6,107,926</u>	<u>\$ 392,529</u>	<u>\$ 6,500,455</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 43,862		\$ 43,862
Payable to Federal Government		\$ 11,378	11,378
Interfund Payable	10,607	9,953	20,560
Unearned Revenue		<u>9,667</u>	<u>9,667</u>
Total Liabilities	<u>54,469</u>	<u>30,998</u>	<u>85,467</u>
Fund Balances:			
Restricted for:			
Capital Reserve	2,984,606		2,984,606
Excess Surplus - 2022-2023	190,751		190,751
Unemployment Compensation	186,463		186,463
Student Activities		148,346	148,346
Scholarships		213,185	213,185
Assigned:			
Designated For Subsequent Year's Expenditures	178,000		178,000
Year-end Encumbrances	289,071		289,071
Unassigned	<u>2,224,566</u>		<u>2,224,566</u>
Total Fund Balances	<u>6,053,457</u>	<u>361,531</u>	<u>6,414,988</u>
Total Liabilities and Fund Balances	<u>\$ 6,107,926</u>	<u>\$ 392,529</u>	

Amounts reported for Governmental Activities in the Statement of Net Positions (A-1) are different because:

Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the funds.	\$ 34,997,142
Bond issuance premiums are reported as a revenue in the Governmental Funds in the year of receipt.	(1,275,310)
Deferred amount on refunding is not reported as an expense in the Governmental Funds in the year of expense.	475,955
Accrued liability for interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(240,066)
The Net Pension Liability for PERS is not due and payable in the current period and is not reported in the Governmental Funds.	(8,432,902)
Certain amounts related to the Net Pension Liability are deferred and amortized in the Statement of Activities and are not reported in the Governmental Funds:	
Deferred Outflows of Resources Related to Pensions, Excluding Contribution Subsequent to Measurement Date	1,386,123
Deferred Inflows of Resources Related to Pensions	(3,560,758)
Other Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds	<u>(14,648,588)</u>
Net Position of Governmental Activities	<u>\$ 15,116,584</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

KINNELON BOROUGH SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUE:				
Local Sources:				
Local Tax Levy	\$ 37,582,751		\$ 1,557,780	\$ 39,140,531
Tuition	9,900			9,900
Interest Earned	9,795			9,795
Miscellaneous	165,592	\$ 271,252		436,844
Total - Local Sources	37,768,038	271,252	1,557,780	39,597,070
State Sources	11,150,062	6,371	68,702	11,225,135
Federal Sources		587,744		587,744
Total Revenue	48,918,100	865,367	1,626,482	51,409,949
EXPENDITURES:				
Current:				
Regular Instruction	11,334,986	85,163		11,420,149
Special Education Instruction	3,779,484	77,060		3,856,544
Other Special Instruction	462,358			462,358
Other Instruction	809,315			809,315
Support Services and Undistributed Costs:				
Tuition	1,575,900	385,080		1,960,980
Student & Instruction Related Services	5,787,286	342,687		6,129,973
General Administrative Services	829,472			829,472
School Administrative Services	1,755,074			1,755,074
Central Services	407,324			407,324
Administrative Information Technology	96,088			96,088
Plant Operations and Maintenance	3,096,603			3,096,603
Pupil Transportation	2,192,326			2,192,326
Unallocated Benefits	14,472,531			14,472,531
Transfer of Funds to Charter Schools	32,076			32,076
Debt Service:				
Principal			995,000	995,000
Interest and Other Charges			631,482	631,482
Capital Outlay	635,441			635,441
Total Expenditures	47,266,264	889,990	1,626,482	49,782,736
Excess of Revenue Over Expenditures	1,651,836	(24,623)		1,627,213
OTHER FINANCING (USES):				
Transfers Out	(64,020)			(64,020)
Total Other Financing (Uses)	(64,020)			(64,020)
Net Change in Fund Balances	1,587,816	(24,623)		1,563,193
Fund Balance — July 1 (Restated)	4,465,641	386,154		4,851,795
Fund Balance — June 30	\$ 6,053,457	\$ 361,531	\$ -0-	\$ 6,414,988

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

KINNELON BOROUGH SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Total Net Change in Fund Balances - Governmental Funds (from B-2)		
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		\$ 1,563,193
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 depreciation exceeded capital outlays.	Depreciation expense \$ (1,249,912) Capital outlays <u>101,689</u>	(1,148,223)
Repayment of serial bonds is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		995,000
In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		(9,340)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest is an addition in the reconciliation. (+)		5,059
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		667,520
Change in Deferred Outflows of Resources Related to Pensions		(478,847)
Change in Deferred Inflows of Resources Related to Pensions		(217,717)
The governmental funds report the effect of the deferred amount on refunding when debt is first issued, where as this amount is deferred and amortized in the statement of activities.		(105,541)
The governmental funds report the effect of a bond premium when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. (+)		<u>148,944</u>
Change in Net Position of Governmental Activities		<u>\$ 1,420,048</u>

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

KINNELON BOROUGH SCHOOL DISTRICT
PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		
	Major Funds		Total
	Food Service	Enrichment Program	Enterprise Funds
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 30,988	\$ 82,149	\$ 113,137
Accounts Receivable:			
Federal	32,507		32,507
State	2,298		2,298
Interfund Receivable	10,607		10,607
Inventories	11,760		11,760
Total Current Assets	88,160	82,149	170,309
Non-Current Assets:			
Capital Assets	414,731		414,731
Less: Accumulated Depreciation	(375,440)		(375,440)
Total Non-Current Assets	39,291		39,291
Total Assets	127,451	82,149	209,600
<u>LIABILITIES:</u>			
Current Liabilities:			
Unearned Revenue - Prepaid Sales	25,340		25,340
Unearned Revenue - Donated Commodities	2,311		2,311
Total Current Liabilities	27,651		27,651
<u>NET POSITION:</u>			
Investment in Capital Assets	39,291		39,291
Unrestricted	60,509	82,149	142,658
Total Net Position	\$ 99,800	\$ 82,149	\$ 181,949

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

KINNELON BOROUGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		
	Major Funds		Total
	Food Service	Enrichment Program	Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 52,339		\$ 52,339
Total Operating Revenue	52,339		52,339
Operating Expenses:			
Cost of Sales - Reimbursable Programs	136,156		136,156
Salaries, Benefits & Payroll Taxes	127,211	\$ 5,327	132,538
Management Fee	17,595		17,595
Purchased Services		31,707	31,707
Depreciation Expense	7,556		7,556
Supplies and Materials	23,547	147,089	170,636
Administrative Expense	3,084		3,084
Total Operating Expenses	315,149	184,123	499,272
Operating (Loss)	(262,810)	(184,123)	(446,933)
Non-Operating Income:			
Local Sources:			
Interest Income		195	195
State Sources:			
State School Lunch Program:			
COVID-19 Seamless Summer Option	10,231		10,231
Federal Sources:			
National School Lunch Program -			
COVID-19 Seamless Summer Option	191,828		191,828
School Breakfast Program -			
COVID-19 Seamless Summer Option	11,459		11,459
Food Distribution Program	34,128		34,128
Total Non-Operating Income	247,646	195	247,841
Change in Net Position Before Transfers	(15,164)	(183,928)	(199,092)
Operating Transfers In - General Fund	64,020		64,020
Change in Net Position	48,856	(183,928)	(135,072)
Net Position - Beginning of Year	50,944	266,077	317,021
Net Position - End of Year	\$ 99,800	\$ 82,149	\$ 181,949

THE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

KINNELON BOROUGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Major Funds</u>		<u>Total</u>
	<u>Food</u>	<u>Enrichment</u>	<u>Enterprise</u>
	<u>Service</u>	<u>Program</u>	<u>Funds</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 49,941		\$ 49,941
Payments to Employees		\$ (5,327)	(5,327)
Payments to Food Service Vendor	(259,677)		(259,677)
Payments to Suppliers	(3,920)	(178,796)	(182,716)
Net Cash (Used for) Operating Activities	(213,656)	(184,123)	(397,779)
Cash Flows from Noncapital Financing Activities:			
Cash Received from Federal and State Sources	180,679		180,679
Operating Transfer In - General Fund	64,020		64,020
Net Cash Provided by Noncapital Financing Activities	244,699		244,699
Cash Flows from Investing Activities:			
Investment Income		195	195
Net Cash Flows Provided by Investing Activities		195	195
Net Increase/(Decrease) in Cash and Cash Equivalents	31,043	(183,928)	(152,885)
Cash and Cash Equivalents/(Deficit), July 1	(55)	266,077	266,022
Cash and Cash Equivalents, June 30	\$ 30,988	\$ 82,149	\$ 113,137
Reconciliation of Operating Income/(Loss) to Net			
Cash (Used for) Operating Activities:			
Operating (Loss)	\$ (262,810)	\$ (184,123)	\$ (446,933)
Adjustment to Reconcile Operating (Loss) to Net			
Cash (Used for) Operating Activities:			
Federal Food Distribution Program	34,128		34,128
Depreciation Expense	7,556		7,556
Changes in Assets and Liabilities:			
Decrease in Inventory	12,702		12,702
(Decrease) in Prepaid Sales	(2,398)		(2,398)
(Decrease) in Unearned Revenue	(2,834)		(2,834)
Net Cash (Used for) Operating Activities	\$ (213,656)	\$ (184,123)	\$ (397,779)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$31,294 and utilized \$34,128 for the fiscal year ended June 30, 2021.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the “Board”) of the Kinnelon Borough School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

District-Wide Financial Statements

The statement of net position and the statement of activities present financial information about the District’s governmental and business type activities. These statements include the financial activities of the overall District in its entirety. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other non-exchange transactions. Business type activities are financed in part by fees charged to external parties.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

District-Wide Financial Statements (Cont'd)

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenue identifies the extent to which each government function or business segment is self-financing or draws from the general revenue of the District.

Fund Financial Statements

During the fiscal year, the School District segregated transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

The District reports the following governmental funds: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary funds:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The Food Service fund is utilized to account for the operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Enterprise (Enrichment Program) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's enrichment program. This program provides before and after school activities, as well as kindergarten enrichment opportunities to students who subscribe to the program. The Enrichment Fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue fund and debt service funds. The budget for the fiscal year ended June 30, 2021 was submitted to the County office and was approved by a vote of the Board of Education. 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. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgeting amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For Governmental Funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles (GAAP) 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.

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

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the state is recording the last two state aid payments in the subsequent year, the District cannot recognize these payments on the GAAP financial statements.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenue and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 48,924,206	\$ 846,825
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not		18,542
Prior Year State Aid Payment Recognized for GAAP Purposes, not Recognized for Budgetary Statements	180,985	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(187,091)	
Total Revenue as Reported on the Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 48,918,100	\$ 865,367
	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 47,266,264	\$ 871,448
Differences - Budgetary 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.		18,542
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 47,266,264	\$ 889,990

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit, with maturities of one year or less when purchased, are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection 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.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Government Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions

Transfers between governmental and business-type activities on the district-wide statements are reported in the same manner as general revenue. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenue/expenses in the Enterprise Funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities or governmental and agency funds, which are presented as internal balances.

G. Allowance for Uncollectible Accounts

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

H. 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 restricted, committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities, but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue 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.

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

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.

K. Capital Assets

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

K. Capital Assets (Cont'd)

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

Asset Class	Estimated Useful Life in Years
Buildings and Building Improvements	50
Machinery and Equipment	10 to 15
Computer and Related Technology	5
Vehicles	8

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental fund upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

L. Long-Term Liabilities

In the District-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year.

N. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. 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 rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's various contracts/agreements. 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/individual employees.

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 after one year.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. Unearned Revenue

Unearned revenue represents cash which has been received but not yet earned.

P. Fund Balance Appropriated

General Fund: Of the \$6,053,457 General Fund fund balance at June 30, 2021, \$289,071 is assigned for encumbrances; \$178,000 is assigned and designated for subsequent year's expenditures; \$2,984,606 is restricted in the capital reserve account; \$186,463 is restricted for unemployment compensation; \$190,751 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7 and will be included as anticipated revenue for the fiscal year ended June 30, 2023; and \$2,224,566 is unassigned which is \$187,091 less on the GAAP basis than the calculated maximum unassigned fund balance (budgetary basis) due to the June state aid payments which are not recognized until the fiscal year ended June 30, 2022.

Special Revenue Fund: Of the \$361,531 Special Revenue Fund fund balance at June 30, 2021, \$148,346 is restricted for student activities and \$213,185 is restricted for scholarships.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) the designation for Restricted 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 restrict 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 year's budget. The District had excess surplus at June 30, 2021.

P.L. 2003, C.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the related state aid payment as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize the last two state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

Q. Net Position

Net Position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2021 related to pensions and for the deferred amount on refunding of debt related to the District's refunding bonds. The District had deferred inflows of resources related to pensions at June 30, 2021.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Q. Net Position (Cont'd)

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

R. Deficit Net Position

The District's governmental activities has a \$10,064,864 deficit in unrestricted net position, primarily due to the accrual of compensated absences payable, accrued interest payable, unamortized bond issuance premiums, net pension liability and deferred inflows of resources related to pensions, offset by deferred outflows of resources related to pensions and Governmental Funds unassigned and assigned fund balances. This deficit does not indicate that the District is having financial difficulties and is a permitted practice under generally accepted accounting principles.

S. Fund Balance Restrictions, Commitments and Assignments

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and also includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned. Fund balance restrictions have been established for capital reserve, excess surplus, and unemployment compensation in the General Fund and student activities and scholarships in the Special Revenue Fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2021.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for encumbrances and the amount designated for subsequent year's expenditures in the General Fund at June 30, 2021.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified-accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the school district on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest, and tuition.

U. Operating Revenue and Expenses

Operating revenue is those revenues that are generated directly from the primary activity of the respective Proprietary Fund. For the School District, these revenues are sales for food service and fees for the enrichment program. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the respective Proprietary Fund.

V. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

W. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board 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.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed on the following page.

Custodial Credit Risk – The District's policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits

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

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

The market value of the collateral must equal at least five percent of the average daily balance of collected public funds on deposit, and

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.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

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 State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-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	\$ 2,361,617
Interest Earned	989
Increase per Board Resolution - May 27, 2021	1,000,000
Budgeted Withdrawal	<u>(378,000)</u>
Ending Balance, June 30, 2021	<u>\$ 2,984,606</u>

The balance in the capital reserve account at June 30, 2021 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved LRFP. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District's LRFP.

NOTE 5. CAPITAL ASSETS

Capital assets balances and activity for the year ended June 30, 2021 were as follows:

Activities	Beginning Balance	Additions	Adjustments	Ending Balance
Governmental Activities:				
Assets not Depreciated:				
Land	\$ 45,810			\$ 45,810
Total Assets not Depreciated	<u>45,810</u>			<u>45,810</u>
Assets Being Depreciated:				
Buildings and Building Improvements	60,734,403			60,734,403
Machinery and Equipment	5,653,776	\$ 101,689		5,755,465
Total Assets Being Depreciated	<u>66,388,179</u>	<u>101,689</u>		<u>66,489,868</u>
Governmental Activities Capital Assets	<u>66,433,989</u>	<u>101,689</u>		<u>66,535,678</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(25,179,195)	(1,116,288)		(26,295,483)
Machinery and Equipment	(5,109,429)	(133,624)		(5,243,053)
Total Accumulated Depreciation	<u>(30,288,624)</u>	<u>(1,249,912)</u>		<u>(31,538,536)</u>
Governmental Capital Assets, Net of Accumulated Depreciation	<u>\$ 36,145,365</u>	<u>\$ (1,148,223)</u>	<u>\$ -0-</u>	<u>\$ 34,997,142</u>

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 5. CAPITAL ASSETS (Cont'd)

Capital assets balances and activity for the year ended June 30, 2021 were as follows: (Cont'd)

Activities	Beginning Balance	Additions	Adjustments	Ending Balance
Business-Type Activities:				
Machinery and Equipment	\$ 414,731			\$ 414,731
Less: Accumulated Depreciation	(367,884)	\$ (7,556)		(375,440)
Business-Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 46,847</u>	<u>\$ (7,556)</u>	<u>\$ -0-</u>	<u>\$ 39,291</u>

Depreciation expense was charged to governmental functions as follows:

	Amount
Regular Instruction	\$ 25,711
General Administrative Services	3,547
Plant Operations and Maintenance	14,476
Pupil Transportation	80,235
Unallocated	<u>1,125,943</u>
Total Depreciation Expense	<u>\$ 1,249,912</u>

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the year ended June 30, 2021, the District made no transfers to the capital outlay accounts.

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2021, the following changes occurred in liabilities reported in the district-wide financial statements:

	Balance June 30, 2020	Issued/ Accrued	Retired	Balance June 30, 2021
Serial Bonds Payable	\$ 15,010,000		\$ 995,000	\$ 14,015,000
Unamortized Bond Premium	1,424,254		148,944	1,275,310
Net Pension Liability	9,100,422		667,520	8,432,902
Compensated Absences	624,248	\$ 32,772	23,432	633,588
Total	<u>\$ 26,158,924</u>	<u>\$ 32,772</u>	<u>\$ 1,834,896</u>	<u>\$ 24,356,800</u>

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the school district through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds and will be liquidated through the debt service fund.

The District had serial bonds outstanding as of June 30, 2021 as follows:

Purpose	Issue Dates	Interest Rates	Final Date of Maturity	Balance June 30, 2021
Refunding Bond of 2002 Issue	9/14/2010	3.00-3.25%	10/1/2023	\$ 2,835,000
Refunding Bond of 2006/2007 Issues	2/10/2015	2.00-5.00%	2/1/2033	<u>11,180,000</u>
				<u>\$ 14,015,000</u>

The current portion of bonds payable at June 30, 2021 is \$985,000 and the long-term portion is \$13,030,000.

Debt service requirements on serial bonds payable at June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 985,000	\$ 597,181	\$ 1,582,181
2023	1,005,000	567,516	1,572,516
2024	1,045,000	535,838	1,580,838
2025	910,000	517,275	1,427,275
2026	1,015,000	471,775	1,486,775
Thereafter:			
2027-2031	6,290,000	1,557,200	7,847,200
2032-2033	<u>2,765,000</u>	<u>197,600</u>	<u>2,962,600</u>
	<u>\$ 14,015,000</u>	<u>\$ 4,444,385</u>	<u>\$ 18,459,385</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2021, the Board has no bonds authorized but not issued.

C. Capital Leases Payable:

As of June 30, 2021, the Board has no capital leases payable.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

D. Unamortized Bond Premiums:

Unamortized bond premiums are recorded as a long-term liability in the governmental funds. As of June 30, 2021, the current portion of the liability is \$148,944, and the long-term portion is \$1,126,366.

E. Compensated Absences Payable:

The liability for compensated absences of the Governmental Fund types is recorded in the current and long-term liabilities. The entire \$633,588 compensated absences payable balance at June 30, 2021 is long-term. The General Fund will be used to liquidate the Governmental Activities compensated absences payable

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, no liability existed for compensated absences in the Food Service Fund or Enrichment Fund.

F. Net Pension Liability:

The Public Employee's Retirement System (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The entire \$8,432,902 net pension liability at June 30, 2021 is long-term. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. 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). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided

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. 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 1/55th 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 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to 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.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. 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. District contributions to PERS amounted to \$583,639 for fiscal year 2021.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2021, the District reported a liability of \$8,432,902 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.0517%, which was an increase of 0.0012% from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$594,749. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferral Year	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:	2016	5.57	\$ 273,573	
	2017	5.48		\$ 798,243
	2018	5.63		783,132
	2019	5.21		621,919
	2020	5.16		1,327,642
Subtotal			273,573	3,530,936
Changes in Proportion:	2016	5.57	47,719	
	2017	5.48	152,507	
	2018	5.63	19,109	
	2019	5.21	232,501	
	2020	5.16	218,922	
Subtotal			670,758	
Difference Between Expected and Actual Experience:	2016	5.57	8,301	
	2017	5.48	23,740	
	2018	5.63		29,822
	2019	5.21	47,540	
	2020	5.16	73,968	
Subtotal			153,549	29,822
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:	2017	5.00	(103,193)	
	2018	5.00	(95,706)	
	2019	5.00	23,161	
	2020	5.00	463,981	
Subtotal			288,243	
District Contribution Subsequent to the Measurement Date:	2020	1.00	627,377	
			\$ 2,013,500	\$ 3,560,758

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion and the District contribution subsequent to the measurement date) related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30,	Total
2021	\$ (1,058,175)
2022	(964,734)
2023	(551,321)
2024	(222,945)
2025	(48,218)
	\$ (2,845,393)

Actuarial Assumptions

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:

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-Median 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 a 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.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and 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 real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

<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 Markets 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 will be based on 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.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the Net Pension Liability	\$ 10,615,616	\$ 8,432,902	\$ 6,580,809
<u>Pension plan Fiduciary Net Position</u>			

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' 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 contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division).

For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

Benefits Provided

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. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

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

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th 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 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to 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 retirement age for their 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.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2020, the 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, such as the District. This note discloses the portion of the State's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2021, the State of New Jersey contributed \$4,838,631 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$6,698,602.

The employee contribution rate was 7.50% effective July 1, 2018.

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

At June 30, 2021, the State's proportionate share of the net pension liability associated with the District was \$107,721,826. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 which was rolled forward to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2020, the District's proportion was 0.1636%, which was an increase of 0.0014% from its proportion measured as of June 30, 2019.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>107,721,826</u>

Total	<u>\$ 107,721,826</u>
-------	-----------------------

For the fiscal year ended June 30, 2020, the State recognized pension expense on behalf of the District in the amount of \$6,698,602 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2021 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Amortization Period	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions:			
2014	8.50 years	\$ 461,324,773	
2015	8.30 years	1,638,696,238	
2016	8.30 years	4,304,747,820	
2017	8.30 years		\$ 6,882,861,832
2018	8.29 years		4,349,959,805
2019	8.04 years		3,009,143,115
2020	7.99 years	1,411,170,422	
Difference Between Expected and Actual Experience:			
2014	8.50 years		4,393,807
2015	8.30 years	101,207,836	
2016	8.30 years		53,533,223
2017	8.30 years	122,460,660	
2018	8.29 years	763,099,015	
2019	8.04 years		116,909,940
2020	7.99 years		7,520,890
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments:			
2017	5 years	(226,008,261)	
2018	5 years	(192,060,744)	
2019	5 years	108,662,078	
2020	5 years	<u>965,582,162</u>	
		<u>\$ 9,458,881,999</u>	<u>\$ 14,424,322,612</u>

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2021	\$ (262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	<u>(335,285,618)</u>
	<u>\$ (4,965,440,613)</u>

Actuarial Assumptions

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 a 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.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2020) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees and 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 real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2020 are summarized in the following table:

<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 Markets 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 – TPAF

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 pension 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 pension 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.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2020 calculated using the discount rate as disclosed below, as well as what the State's proportionate share of the net pension liability associated with the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2020		
	1% Decrease (4.40%)	Current Discount Rate (5.40%)	1% Increase (6.40%)
State's Proportionate Share of the Net Pension Liability Associated with the District	\$ 126,531,900	\$ 107,721,826	\$ 92,103,216

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$21,151 for the fiscal year ended June 30, 2021. Employee contributions to DCRP amounted to \$49,874 for the fiscal year ended June 30, 2021.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education 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 GASB Codification Section P50. The State Health Benefits 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 years or more 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.

The total nonemployer OPEB liability does not include certain OPEB obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s Comprehensive Annual Financial Report (CAFR) which can be found at <https://www.state.nj.us/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2018, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	148,051
Active Plan Members	<u>216,892</u>
Total	<u><u>364,943</u></u>

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018 which was rolled forward to June 30, 2019.

Actuarial Assumptions and Other Inputs

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.

Inflation Rate	2.50%	
	TPAF/ABP	PERS
Salary Increases:		
Through 2026	1.55 - 3.05%	2.00 - 6.00%
	based on service years	based on service years
Thereafter	1.55 - 3.05%	3.00 - 7.00%
	based on service years	based on service years

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

Mortality Rates

Pre-retirement 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-2019. Post-retirement 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-2019. 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-2019.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Health Care Trend Assumptions

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

Discount Rate

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. 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's Proportionate Share of the Total OPEB Liability Attributable to the District

	Total OPEB Liability
Balance at June 30, 2018	\$ 81,525,041
Changes for Year:	
Service Cost	3,213,423
Interest Cost	2,391,220
Difference Between Expected and Actual Experience	-
Changes in Assumptions	(9,968,959)
Member Contributions	64,373
Gross Benefit Payments	(1,748,205)
Net Changes	(6,048,148)
Balance at June 30, 2019	\$ 75,476,893

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019 calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	At 1% Decrease (2.50%)	At Discount Rate (3.50%)	At 1% Increase (4.50%)
Total OPEB Liability Attributable to the District	\$ 89,168,037	\$ 75,476,893	\$ 64,601,399

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2019 calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability Attributable to the District	\$ 62,189,596	\$ 75,476,893	\$ 93,066,546

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$1,275,260 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2019, the State deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District is from the following sources:

	Deferral Year	Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2017	9.54		\$ 8,787,037
	2018	9.51		7,558,041
	2019	9.29	\$ 1,004,229	
			1,004,229	16,345,078
Differences between Expected and Actual Experience	2018	9.51		7,144,700
	2019	9.29		11,819,834
				18,964,534
Changes in Proportion	N/A	N/A	708,233	1,025,408
			\$ 1,712,462	\$ 36,335,020

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 9. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)
(Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
(Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB attributable to the District, excluding changes in proportion, will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2020	\$ (4,605,996)
2021	(4,605,996)
2022	(4,605,996)
2023	(4,605,996)
2024	(4,605,996)
Total Thereafter	(11,275,406)
	\$ (34,305,382)

NOTE 10. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

403(b)

- | | |
|--|--|
| <ul style="list-style-type: none"> ➤ Equitable ➤ Great West (thru Lincoln Investments) ➤ Lincoln National | <ul style="list-style-type: none"> ➤ Metropolitan Life ➤ Met Life Investors ➤ Valic (AIG) |
|--|--|

457

- Equitable

NOTE 11. 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. The District obtains its health benefit coverage through Horizon Blue Cross Blue Shield.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

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 has elected to fund its New Jersey Unemployment Compensation Insurance under the ‘Benefit Reimbursement Method.

Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of the District contributions, employee contributions, interest earned, reimbursements to the State for benefits paid, and the ending balance of the District’s unemployment restricted fund balance in the General Fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Employer/ Employee Contributions</u>	<u>Interest</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2020-2021	\$ 109,480	\$ 282	\$ 71,466	\$ 186,463
2019-2020	76,181	274	73,907	148,167
2018-2019	59,154	- 0 -	67,338	145,619

Property and Liability

The Kinnelon Borough School District is a member of the Pooled Insurance Program of New Jersey (the “Fund”). This public entity risk management pool provides general liability, property and automobile coverage and workers’ compensation for its members. The Kinnelon Borough School District receives only workers’ compensation coverage from the Fund. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum.

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund’s liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body. In accordance with Statement No.10 of the Governmental Accounting Standards Board, these distributions are used to reduce the amount recorded for membership expense in the year in which the distribution was declared.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

Property and Liability (Cont'd)

The June 30, 2021 audit report for the Fund is not available as of the date of this report. Selected summarized financial information for the Fund as of June 30, 2019 is as follows:

<u>Year Ended</u> <u>June 30, 2020</u>	<u>Pooled Insurance</u> <u>Program of</u> <u>New Jersey</u>
Total Assets	<u>\$ 20,786,398</u>
Net Position	<u>\$ 8,063,082</u>
Total Revenue	<u>\$ 8,824,359</u>
Total Expenses	<u>\$ 8,681,780</u>
Member Dividends	<u>\$ 1,012,325</u>
Change in Net Position	<u>\$ (869,746)</u>

Financial statements for the Fund are available at the Fund Administrator's Office:

Pooled Insurance Program of New Jersey

Burton Agency, Inc.
44 Bergen Street
Westwood, New Jersey 07675
(201) 664-0301

NOTE 12. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 13. CONTINGENT LIABILITIES

Grant Programs

The School District participates in federal and state assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial statements of the District.

Arbitrage

The District may have a liability for arbitrage payable to the federal governments relative to its school bond issues. The amount of liability at June 30, 2021, if any, is unknown.

Encumbrances

At June 30, 2021, there were encumbrances as detailed below in the governmental funds.

General Fund	Special Revenue Fund	Total Governmental Activities
\$ 289,071	\$ 15,129	\$ 304,200

On the District's Governmental Fund Balance Sheet as of June 30, 2021, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund. On the GAAP basis, actual encumbrances of \$15,129 are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 14. ECONOMIC DEPENDENCY

The Board of Education receives 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 Board of Education's programs and activities.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 15. INTERFUND RECEIVABLES AND PAYABLES

The District had the following interfund receivables and payables as of June 30, 2021.

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 9,953	\$ 10,607
Special Revenue Fund		9,953
Enterprise Fund - Food Service	10,607	
	\$ 20,560	\$ 20,560

The General Fund interfund payable to the Enterprise Fund is due to a prior year balance not turned over by year end. The Special Revenue Fund interfund payable to the General Fund is due to the timing of the collection of Federal grant receipts.

NOTE 16. OPERATING LEASES PAYABLE

The District has commitments to lease copiers under three five-year operating leases which expire in the fiscal years 2021-22, 2022-23 and 2023-24. Future minimum lease payments are as follows:

Year Ending	Amount
June 30, 2022	\$ 90,926
June 30, 2023	50,240
June 30, 2024	25,375
Total future minimum lease payments	\$166,541

NOTE 17. ACCOUNTS PAYABLE

Payables as of June 30, 2021 were as follows:

	Governmental Funds General Fund	District Contribution Subsequent to Measurement Date	Total Governmental Activities
Due to State of New Jersey		\$ 627,377	\$ 627,377
Accrued Salaries and Wages	\$ 491		491
Payroll Deductions and Withholdings	43,371		43,371
	\$ 43,862	\$ 627,377	\$ 671,239

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 18. PRIOR YEAR ADJUSTMENT

GASB 84, *Fiduciary Activities*, was implemented during the fiscal year ended June 30, 2021. As part of this implementation, the activity for the Unemployment Compensation Insurance and Flexible Spending Trust Funds which had previously been reported in the Fiduciary Funds is now reported in the General Fund. The Student Activities Fund (which includes Athletic Activities) is now reported in the Special Revenue Fund. The ending balances as of June 30, 2020 were restated due to this implementation as follows:

	Balance June 30, 2020 as Previously Reported	Retroactive Adjustments	Balance June 30, 2020 as Restated
<u>Statement of Net Activities - Governmental Activities:</u>			
Net Position - Ending	\$ 13,162,215	\$ 534,321	\$ 13,696,536
<u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds:</u>			
General Fund:			
Fund Balance - June 30	\$ 4,317,474	\$ 148,167	\$ 4,465,641
Special Revenue Fund:			
Fund Balance - June 30	\$ -0-	\$ 386,154	\$ 386,154
<u>Statement of Changes in Fiduciary Net Position - Fiduciary Funds:</u>			
Unemployment Compensation Trust:			
Net Position - End of the Year	\$ 148,167	\$ (148,167)	\$ -0-
Private Purpose Scholarship Trust:			
Net Position - End of the Year	\$ 223,855	\$ (223,855)	\$ -0-
Flexible Benefits Trust:			
Net Position - End of the Year	\$ 31,037	\$ (31,037)	\$ -0-

NOTE 19. SUBSEQUENT EVENT

The COVID-19 outbreak in the United States and specifically in New Jersey has caused disruption of the District's normal financial operations. Though the impact on the District's operations cannot be reasonably estimated at this date, it is likely that there will be an impact on certain revenue in the General Fund other than state aid and the local tax levy. There have been additional operating expenses in the General Fund due to schools re-opening on a full-time basis.

The District's Enterprise Funds have been impacted by COVID-19 for the fiscal year ending June 30, 2022, as the District continues to offer free meals to students.

**SCHEDULES OF
REQUIRED SUPPLEMENTARY INFORMATION**

KINNELON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
District's Proportion of the Net Pension Liability	0.0406411768%	0.0437210765%	0.0460686155%	0.0486587120%	0.0488400797%
District's Proportionate Share of the Net Pension Liability	\$ 7,609,140	\$ 9,814,506	\$ 13,644,203	\$ 11,326,970	\$ 9,616,368
District's Covered Employee Payroll	\$ 2,986,913	\$ 3,155,047	\$ 3,306,119	\$ 3,307,672	\$ 3,558,963
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	254.75%	311.07%	412.70%	342.45%	270.20%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	52.08%	47.93%	40.14%	48.10%	53.60%
	Fiscal Year Ending June 30,				
	2020	2021			
District's Proportion of the Net Pension Liability	0.0505060404%	0.0517121647%			
District's Proportionate Share of the Net Pension Liability	\$ 9,100,422	\$ 8,432,902			
District's Covered Employee Payroll	\$ 3,656,473	\$ 3,860,962			
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered Employee Payroll	248.89%	218.41%			
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	56.27%	58.32%			

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

KINNELON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 327,943	\$ 375,884	\$ 409,267	\$ 469,189	\$ 488,289
Contributions in relation to the Contractually Required Contribution	(327,943)	(375,884)	(409,267)	(469,189)	(488,289)
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's Covered Employee Payroll	\$ 3,155,047	\$ 3,306,119	\$ 3,307,672	\$ 3,558,963	\$ 3,656,473
Contributions as a percentage of Covered Employee Payroll	10.39%	11.37%	12.37%	13.18%	13.35%
	Fiscal Year Ending June 30,				
	2020	2021			
Contractually Required Contribution	\$ 493,688	\$ 583,639			
Contributions in relation to the Contractually Required Contribution	(493,688)	(583,639)			
Contribution Deficiency/(Excess)	<u>\$ -0-</u>	<u>\$ -0-</u>			
District's Covered Employee Payroll	\$ 3,656,473	\$ 3,860,962			
Contributions as a percentage of Covered Employee Payroll	13.50%	15.12%			

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

KINNELON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY ATTRIBUTABLE TO THE DISTRICT
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
State's Proportion of the Net Pension Liability attributable to the District	0.1627893584%	0.1573076996%	0.1598515577%	0.1616932703%	0.1663393125%
State's Proportionate Share of the Net Pension Liability attributable to the District	\$ 84,305,810	\$ 99,425,184	\$ 125,749,413	\$ 109,019,433	\$ 105,821,498
District's Covered Employee Payroll	\$ 16,179,613	\$ 16,525,816	\$ 16,880,904	\$ 16,865,034	\$ 17,815,642
State's Proportionate Share of the Net Pension Liability attributable to the District as a percentage of the District's Covered Employee Payroll	521.06%	601.64%	744.92%	646.42%	593.98%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	33.64%	28.71%	22.33%	25.41%	26.49%
	Fiscal Year Ending June 30,				
	2020	2021			
State's Proportion of the Net Pension Liability attributable to the District	0.1621803979%	0.1635896643%			
State's Proportionate Share of the Net Pension Liability attributable to the District	\$ 99,531,641	\$ 107,721,826			
District's Covered Employee Payroll	\$ 18,279,018	\$ 18,094,806			
State's Proportionate Share of the Net Pension Liability attributable to the District as a percentage of the District's Covered Employee Payroll	544.51%	595.32%			
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	26.95%	24.60%			

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

KINNELON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF STATE CONTRIBUTIONS
TEACHERS' PENSION AND ANNUITY FUND
LAST SEVEN FISCAL YEARS

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 4,536,444	\$ 6,070,803	\$ 9,448,319	\$ 7,552,314	\$ 6,169,023
Contributions in relation to the Contractually Required Contribution	<u>(793,383)</u>	<u>(1,219,106)</u>	<u>(1,755,138)</u>	<u>(2,449,591)</u>	<u>(3,189,696)</u>
Contribution Deficiency/(Excess)	<u>\$ 3,743,061</u>	<u>\$ 4,851,697</u>	<u>\$ 7,693,181</u>	<u>\$ 5,102,723</u>	<u>\$ 2,979,327</u>
District's Covered Employee Payroll	\$ 16,525,816	\$ 16,880,904	\$ 16,865,034	\$ 17,815,642	\$ 18,279,018
Contributions as a percentage of Covered Employee Payroll	4.80%	7.22%	10.41%	13.75%	17.45%
	Fiscal Year Ending June 30,				
	2020	2021			
Contractually Required Contribution	\$ 5,870,642	\$ 6,698,602			
Contributions in relation to the Contractually Required Contribution	<u>(3,588,148)</u>	<u>(4,838,631)</u>			
Contribution Deficiency/(Excess)	<u>\$ 2,282,494</u>	<u>\$ 1,859,971</u>			
District's Covered Employee Payroll	\$ 18,279,018	\$ 18,094,806			
Contributions as a percentage of Covered Employee Payroll	19.63%	26.74%			

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

KINNELON BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S PROPORTIONATE SHARE OF THE TOTAL
OPEB LIABILITY ATTRIBUTABLE TO THE DISTRICT AND RELATED RATIOS
LAST THREE FISCAL YEARS

	Fiscal Year Ending June 30,		
	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 2,334,677	\$ 2,669,302	\$ 3,213,423
Interest Cost	2,532,735	2,768,332	2,391,220
Difference Between Expected and Actual Experience	(9,533,529)	(7,949,087)	
Changes in Assumptions	871,304	(7,341,194)	(9,968,959)
Member Contributions	53,175	59,121	64,373
Gross Benefit Payments	(1,793,850)	(1,710,609)	(1,748,205)
Net Change in Total OPEB Liability	(5,535,488)	(11,504,135)	(6,048,148)
Total OPEB Liability - Beginning	63,972,758	75,476,893	81,525,041
Total OPEB Liability - Ending	<u>\$ 58,437,270</u>	<u>\$ 63,972,758</u>	<u>\$ 75,476,893</u>
District's Covered Employee Payroll *	\$ 21,374,605	\$ 20,172,706	\$ 20,187,023
Total OPEB Liability as a Percentage of Covered Employee Payroll	273%	317%	374%

* - Covered payroll for the fiscal years ending June 30, 2017, 2018 and 2019 are based on the payroll on the June 30, 2016, 2017 and 2018 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

	<u>As of June 30,</u>	
	<u>2020</u>	<u>2019</u>
Discount Rate	7.00%	6.28%
Municipal Bond Rate	2.21%	3.50%

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

	<u>As of June 30,</u>	
	<u>2020</u>	<u>2019</u>
Discount Rate	5.40%	5.60%
Municipal Bond Rate	2.21%	3.50%

In the July 1, 2018 actuarial valuation the mortality improvement was based on Scale MP-2019 while in the July 1, 2019 actuarial valuation the mortality improvement was based on Scale MP-2020.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate for June 30, 2019 was 3.50%. The discount rate for June 30, 2018 was 3.87%, a change of -.37%.

The mortality rates in the valuation as of June 30, 2018 were based on the following:

Pre-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female Mortality Table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using MP-2017 scale.

The mortality rates in the valuation as of June 30, 2019 were based on the following:

Pre-retirement 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-2019. Post-retirement 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-2019. 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-2019.

The health care trend rates in the valuation as of June 30, 2018 were based on the following:

For pre-Medicare preferred provider organization (PPO) medical benefits and health maintenance organization (HMO) medical benefits, trend rate is initially 5.8% and decreases to a 5.0% long term trend rate after eight years. For self-insured post-65 PPO and HMO medical benefits, the trend rate is 4.5%. For prescription drug benefits, the initial trend rate is 8.0% decreasing to a 5.0% long term rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

The health care trend rates in the valuation as of June 30, 2019 were based on the following:

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

BUDGETARY COMPARISON SCHEDULES

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 37,582,751		\$ 37,582,751	\$ 37,582,751	
Tuition from Individuals	29,070		29,070	9,900	\$ (19,170)
Tuition from Other LEAs Within the State	74,330		74,330		(74,330)
Interest Revenue				8,806	8,806
Interest Revenue - Capital Reserve				989	989
Miscellaneous	150,000		150,000	165,592	15,592
Total - Local Sources	37,836,151		37,836,151	37,768,038	(68,113)
State Sources:					
Transportation Aid	430,416		430,416	430,416	
Special Education Aid	1,464,910	\$ (131,095)	1,333,815	1,333,815	
Security Aid	164,769		164,769	164,769	
Extraordinary Aid	549,999		549,999	1,366,724	816,725
Nonpublic School Transportation Costs				17,980	17,980
On-Behalf TPAF Contributions:					
Pension (Non-Budgeted)				4,838,631	4,838,631
Post-Retirement Medical Benefits (Non-Budgeted)				1,545,202	1,545,202
Non-Contributory Insurance (Non-Budgeted)				92,061	92,061
Long-Term Disability Insurance (Non-Budgeted)				1,708	1,708
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,364,862	1,364,862
Total State Sources	2,610,094	(131,095)	2,478,999	11,156,168	8,677,169
TOTAL REVENUES	40,446,245	(131,095)	40,315,150	48,924,206	8,609,056

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 278,209		\$ 278,209	\$ 267,419	\$ 10,790
Grades 1-5 - Salaries of Teachers	3,207,079	(12,287)	3,194,792	3,107,398	87,394
Grades 6-8 - Salaries of Teachers	3,096,485	(39,250)	3,057,235	2,997,837	59,398
Grades 9-12 - Salaries of Teachers	4,369,144	7,258	4,376,402	4,323,194	53,208
Regular Programs - Home Instruction:					
Salaries of Teachers	17,500	(2,651)	14,849	2,974	11,875
Purchased Professional - Educational Services	17,000	(7,400)	9,600	6,609	2,991
Regular Programs - Undistributed Instruction:					
Purchased Professional - Educational Services	134,264	43,827	178,091	100,894	77,197
Other Purchased Services (400-500 series)	197,905	(16,455)	181,450	146,234	35,216
General Supplies	478,319	(56,900)	421,419	321,082	100,337
Textbooks	96,573	(11,000)	85,573	61,345	24,228
Total Regular Programs - Instruction	11,892,478	(94,858)	11,797,620	11,334,986	462,634
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	169,123	11,860	180,983	180,976	7
Other Salaries for Instruction	32,203	(1,445)	30,758	30,756	2
General Supplies	3,520		3,520	2,682	838
Total Learning and/or Language Disabilities	204,846	10,415	215,261	214,414	847
Auditory Impairments:					
Salaries of Teachers	34,703	(3,000)	31,703	31,637	66
General Supplies	400		400	291	109
Total Auditory Impairments	35,103	(3,000)	32,103	31,928	175

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction:					
Multiple Disabilities:					
Salaries of Teachers	\$ 188,030	\$ (7,770)	\$ 180,260	\$ 180,245	\$ 15
Other Salaries for Instruction	29,795	1,268	31,063	31,062	1
General Supplies	10,500		10,500	1,615	8,885
Total Multiple Disabilities	228,325	(6,502)	221,823	212,922	8,901
Resource Room/Resource Center:					
Salaries of Teachers	2,257,963	(59,377)	2,198,586	2,191,247	7,339
Other Salaries for Instruction	524,931	(34,771)	490,160	472,086	18,074
General Supplies	10,379		10,379	6,098	4,281
Total Resource Room/Resource Center	2,793,273	(94,148)	2,699,125	2,669,431	29,694
Autism:					
Salaries of Teachers	145,205	14,945	160,150	160,148	2
Other Salaries for Instruction	218,865	(14,304)	204,561	204,560	1
General Supplies	1,500		1,500	1,276	224
Total Autism	365,570	641	366,211	365,984	227
Preschool Disabilities - Part-time:					
Salaries of Teachers	129,101	6,899	136,000	135,998	2
Other Salaries for Instruction	72,400	1,990	74,390	74,390	
General Supplies	1,785		1,785	220	1,565
Total Preschool Disabilities - Part-time	203,286	8,889	212,175	210,608	1,567
Home Instruction:					
Salaries of Teachers	45,500	5,400	50,900	47,080	3,820
Purchased Professional - Educational Services	12,368	16,650	29,018	27,117	1,901
Total Home Instruction	57,868	22,050	79,918	74,197	5,721

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction:					
Total Special Education Instruction	\$ 3,888,271	\$ (61,655)	\$ 3,826,616	\$ 3,779,484	\$ 47,132
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	451,044	(38,941)	412,103	403,489	8,614
General Supplies	3,000		3,000	2,288	712
Total Basic Skills/Remedial - Instruction	454,044	(38,941)	415,103	405,777	9,326
Bilingual Education - Instruction:					
Salaries of Teachers	46,219	10,269	56,488	56,487	1
General Supplies	200		200	94	106
Total Bilingual Education - Instruction	46,419	10,269	56,688	56,581	107
School-Sponsored Cocurricular Activities - Instruction:					
Salaries	232,578	(42,105)	190,473	145,148	45,325
Supplies and Materials	12,132	7,650	19,782	5,483	14,299
Other Objects	4,825		4,825	2,934	1,891
Total School-Sponsored Cocurricular Activities - Instruction	249,535	(34,455)	215,080	153,565	61,515
School-Sponsored Cocurricular Athletics - Instruction:					
Salaries	516,392	(5,772)	510,620	448,786	61,834
Purchased Services (300-500 series)	139,484		139,484	102,078	37,406
Supplies and Materials	104,561	(1,637)	102,924	81,777	21,147
Other Objects	28,000		28,000	19,401	8,599
Transfer to Cover Deficit (Agency Fund)	20,058	(2,149)	17,909	3,708	14,201
Total School-Sponsored Cocurricular Athletics - Instruction	808,495	(9,558)	798,937	655,750	143,187
Total Instruction	<u>17,339,242</u>	<u>(229,198)</u>	<u>17,110,044</u>	<u>16,386,143</u>	<u>723,901</u>

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	\$ 17,490	\$ (15,000)	\$ 2,490	\$ 671	\$ 1,819
Tuition to Other LEAs Within the State - Special	300,000	(101,677)	198,323	172,397	25,926
Tuition to County Vocational Schools - Regular	160,780	10,062	170,842	170,835	7
Tuition to County Vocational Schools - Special	35,000	8,425	43,425	28,427	14,998
Tuition to Private Schools for the Handicapped - Within State	1,421,172	(141,716)	1,279,456	1,203,570	75,886
Total Undistributed Expenditures - Instruction	1,934,442	(239,906)	1,694,536	1,575,900	118,636
Attendance and Social Work Services:					
Salaries	19,844		19,844	19,614	230
Total Attendance and Social Work Services	19,844		19,844	19,614	230
Health Services:					
Salaries	460,815	(3,301)	457,514	436,286	21,228
Purchased Professional and Technical Services	27,850	1,887	29,737	25,958	3,779
Supplies and Materials	21,838	(1,887)	19,951	19,058	893
Total Health Services	510,503	(3,301)	507,202	481,302	25,900
Other Support Services - Students - Speech OT, PT and Related Services:					
Salaries	505,517	31,778	537,295	537,291	4
Purchased Professional - Educational Services	73,605	(1,146)	72,459	37,651	34,808
Supplies and Materials	7,557		7,557	1,138	6,419
Total Other Support Services - Students - Speech OT, PT and Related Services	586,679	30,632	617,311	576,080	41,231
Other Support Services - Students - Extraordinary Services:					
Salaries	585,444	15,336	600,780	590,996	9,784
Purchased Professional - Educational Services	827,341	(116,500)	710,841	645,403	65,438
Total Other Support Services - Students - Extraordinary Services	1,412,785	(101,164)	1,311,621	1,236,399	75,222

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Other Support Services - Students - Guidance:					
Salaries of Other Professional Staff	\$ 916,662	\$ (66,320)	\$ 850,342	\$ 846,480	\$ 3,862
Salaries of Secretarial and Clerical Assistants	112,572	3,220	115,792	115,126	666
Supplies and Materials	37,450	1,101	38,551	37,632	919
Total Other Support Services - Students - Guidance	1,066,684	(61,999)	1,004,685	999,238	5,447
Other Support Services - Students - Child Study Teams:					
Salaries of Other Professional Staff	888,976	22,280	911,256	911,236	20
Salaries of Secretarial and Clerical Assistants	97,784	1,500	99,284	99,254	30
Purchased Professional - Educational Services	44,745	63,780	108,525	92,040	16,485
Other Purchased Services	23,400	1,020	24,420	14,902	9,518
Supplies and Materials	12,900		12,900	9,403	3,497
Other Objects	4,250		4,250	349	3,901
Total Other Support Services - Students - Child Study Teams	1,072,055	88,580	1,160,635	1,127,184	33,451
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	532,709	2,820	535,529	535,528	1
Salaries of Other Professional Staff	66,110		66,110	65,031	1,079
Purchased Professional - Educational Services	13,640	4,827	18,467	17,067	1,400
Other Purchased Services (400-500 series)	6,680	(5,755)	925	279	646
Supplies and Materials	3,817		3,817	753	3,064
Other Objects	5,660	228	5,888	5,604	284
Total Improvement of Instructional Services	628,616	2,120	630,736	624,262	6,474

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

GENERAL FUND

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Educational Media Services/School Library:					
Salaries	\$ 402,794	\$ 3,433	\$ 406,227	\$ 406,222	\$ 5
Salaries of Technology Coordinators	193,234		193,234	191,935	1,299
Supplies and Materials	52,120	(2,920)	49,200	42,924	6,276
Other Objects	2,860		2,860		2,860
Total Educational Media Services/School Library	651,008	513	651,521	641,081	10,440
Instructional Staff Training Services:					
Salaries of Other Professional Staff	23,600		23,600	16,575	7,025
Purchased Professional - Educational Services	40,209	791	41,000	35,000	6,000
Other Purchased Services (400-500 series)	36,435	(942)	35,493	16,500	18,993
Supplies and Materials	14,648	151	14,799	14,051	748
Total Instructional Staff Training Services	114,892		114,892	82,126	32,766
Support Services - General Administration:					
Salaries	268,547	3,470	272,017	271,875	142
Legal Services	138,000	(14,426)	123,574	117,442	6,132
Audit Fees	38,500	515	39,015	39,015	
Other Purchased Professional Services	5,200	(2,535)	2,665	2,366	299
Communications/Telephone	120,000	59,426	179,426	172,738	6,688
BOE Other Purchased Services	7,750	(6,290)	1,460	1,165	295
Miscellaneous Purchased Services (400-500 series)	3,689	9,163	12,852	8,940	3,912
General Supplies	4,850		4,850	3,784	1,066
Judgments Against District	192,161		192,161	192,161	
Miscellaneous Expenditures	4,124		4,124	4,124	
BOE Membership Dues and Fees	18,000	(2,130)	15,870	15,862	8
Total Support Services - General Administration	800,821	47,193	848,014	829,472	18,542

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	\$ 1,283,746	\$ (80,310)	\$ 1,203,436	\$ 1,202,250	\$ 1,186
Salaries of Secretarial and Clerical Assistants	409,887	(7,776)	402,111	390,549	11,562
Purchased Professional and Technical Services	53,825	(3,400)	50,425	46,724	3,701
Other Purchased Services (400-500 series)	113,420	1,947	115,367	95,004	20,363
Supplies and Materials	15,916		15,916	11,170	4,746
Other Objects	13,114		13,114	9,377	3,737
Total Support Services - School Administration	<u>1,889,908</u>	<u>(89,539)</u>	<u>1,800,369</u>	<u>1,755,074</u>	<u>45,295</u>
Central Services:					
Salaries	356,667	(6,002)	350,665	348,516	2,149
Purchased Professional Services	4,500	17,010	21,510	15,298	6,212
Purchased Technical Services	28,700	1,208	29,908	29,908	
Miscellaneous Purchased Services (400-500 series)	9,245	(3,177)	6,068	417	5,651
Supplies and Materials	10,275	1,725	12,000	10,523	1,477
Other Objects	3,140	(225)	2,915	2,662	253
Total Central Services	<u>412,527</u>	<u>10,539</u>	<u>423,066</u>	<u>407,324</u>	<u>15,742</u>
Administration Information Technology:					
Salaries	93,544		93,544	92,914	630
Purchased Technical Services	5,500	(2,326)	3,174	3,174	
Total Administration Information Technology	<u>99,044</u>	<u>(2,326)</u>	<u>96,718</u>	<u>96,088</u>	<u>630</u>

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Required Maintenance of School Facilities:					
Salaries	\$ 185,765		\$ 185,765	\$ 183,152	\$ 2,613
Cleaning, Repair and Maintenance Services	234,274	\$ (14,680)	219,594	148,817	70,777
General Supplies	39,865	3,320	43,185	40,682	2,503
Total Required Maintenance of School Facilities	459,904	(11,360)	448,544	372,651	75,893
Custodial Services:					
Salaries	1,203,710	(9,180)	1,194,530	1,048,834	145,696
Salaries of Non-Instructional Aides	91,130	(8,520)	82,610	62,796	19,814
Purchased Professional and Technical Services	45,220	35,045	80,265	79,949	316
Cleaning, Repair and Maintenance Services	135,165	(7,400)	127,765	118,236	9,529
Other Purchased Property Services	89,000	(18,125)	70,875	63,559	7,316
Insurance	253,000	33,432	286,432	286,425	7
General Supplies	116,603	21,980	138,583	129,502	9,081
Energy (Natural Gas)	205,000	14,020	219,020	184,099	34,921
Energy (Electricity)	441,000	3,500	444,500	381,630	62,870
Other Objects	24,534		24,534	15,243	9,291
Total Custodial Services	2,604,362	64,752	2,669,114	2,370,273	298,841
Care and Upkeep of Grounds:					
Salaries	138,684		138,684	136,496	2,188
Cleaning, Repair & Maintenance Services	113,800	5,840	119,640	102,493	17,147
General Supplies	53,795	(13,466)	40,329	18,566	21,763
Total Care and Upkeep of Grounds	306,279	(7,626)	298,653	257,555	41,098
Security:					
Purchased Professional and Technical Services	90,000		90,000	90,000	
General Supplies	25,525	(6,235)	19,290	6,124	13,166
Total Security	115,525	(6,235)	109,290	96,124	13,166

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Student Transportation Services:					
Salaries for Pupil Transportation:					
Non-Instructional Aides	\$ 45,000	\$ (3,200)	\$ 41,800	\$ 5,679	\$ 36,121
Between Home and School - Regular	452,243	(71,110)	381,133	355,234	25,899
Cleaning, Repair, & Maintenance Services	48,600	6,020	54,620	48,708	5,912
Lease Purchase Payments - School Buses	57,121	(57,121)			
Contracted Services:					
Aid in Lieu Payments - Nonpublic Students	77,221		77,221	51,440	25,781
Between Home and School - Vendors	916,815	1	916,816	911,903	4,913
Other than Between Home and School - Vendors	82,980	(56,500)	26,480	23,559	2,921
Special Education - ESC's & CTSA's	849,168	(3,507)	845,661	778,921	66,740
Travel		300	300	16	284
Miscellaneous Purchased Services - Transportation	6,400	(300)	6,100	2,179	3,921
General Supplies	56,640	(21,660)	34,980	13,537	21,443
Other Objects	1,060	90	1,150	1,150	
Total Student Transportation Services	2,593,248	(206,987)	2,386,261	2,192,326	193,935
Unallocated Benefits:					
Social Security Contributions	475,000	15,500	490,500	489,679	821
Other Retirement Contributions - PERS	501,000	82,643	583,643	583,639	4
Other Retirement Contributions - Regular		21,151	21,151	21,151	
Unemployment Compensation	7,000	(7,000)			
Workmen's Compensation	247,640	(84,866)	162,774	161,943	831
Health Benefits	4,581,491	723,675	5,305,166	5,266,869	38,297
Tuition Reimbursement	162,436	(78,000)	84,436	83,354	1,082
Other Employee Benefits	137,000	(135,009)	1,991	23,432	1,991
Unused Sick Payment to Terminated/Retired Staff	26,000	(2,565)	23,435		3
Total Unallocated Benefits	6,137,567	535,529	6,673,096	6,630,067	43,029

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
On-Behalf TPAF Contributions:					
Pension (Non-Budgeted)			\$	4,838,631	(4,838,631)
Post-Retirement Medical Benefits (Non-Budgeted)				1,545,202	(1,545,202)
Non-Contributory Insurance (Non-Budgeted)				92,061	(92,061)
Long-Term Disability Insurance (Non-Budgeted)				1,708	(1,708)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,364,862	(1,364,862)
Total On-Behalf and Reimbursed TPAF Contributions				7,842,464	(7,842,464)
Total Personal Services - Employee Benefits	\$ 6,137,567	\$ 535,529	\$ 6,673,096	14,472,531	(7,799,435)
Total Undistributed Expenses	23,416,693	49,415	23,466,108	30,212,604	(6,746,496)
TOTAL CURRENT EXPENSE	40,755,935	(179,783)	40,576,152	46,598,747	(6,022,595)
CAPITAL OUTLAY					
Equipment:					
Regular Programs - Instruction:					
Grades 1-5	77,200		77,200	72,500	4,700
Grades 6-8	53,425	85,000	138,425	138,025	400
Grades 9-12	206,935		206,935	88,997	117,938
Undistributed Expenditures:					
Required Maintenance for School Facilities	286,795	(85,000)	201,795	123,889	77,906
Security	133,795		133,795	52,258	81,537
Non-Instructional Equipment	101,689		101,689	101,689	
Total Equipment	859,839		859,839	577,358	282,481
Facilities Acquisition and Construction Services:					
Other Objects - Debt Service Assessment	58,083		58,083	58,083	
Total Facilities Acquisition and Construction Services	58,083		58,083	58,083	
TOTAL CAPITAL OUTLAY	917,922		917,922	635,441	282,481

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Transfer of Funds to Charter Schools	\$ 48,332	\$ (15,332)	\$ 33,000	\$ 32,076	\$ 924
TOTAL EXPENDITURES	41,722,189	(195,115)	41,527,074	47,266,264	(5,739,190)
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,275,944)	64,020	(1,211,924)	1,657,942	2,869,866
Other Financing Sources/(Uses):					
Operating Transfer to Food Service Fund		(64,020)	(64,020)	(64,020)	
Total Other Financing Sources/(Uses)		(64,020)	(64,020)	(64,020)	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,275,944)		(1,275,944)	1,593,922	2,869,866
Fund Balance, July 1 (Restated)	4,646,626		4,646,626	4,646,626	
Fund Balance, June 30	\$ 3,370,682	\$ -0-	\$ 3,370,682	\$ 6,240,548	\$ 2,869,866
Recapitulation:					
Restricted for:					
Restricted for Capital Reserve				\$ 2,984,606	
Excess Surplus - 2022-2023				190,751	
Unemployment Compensation				186,463	
Assigned:					
Year-end Encumbrances				289,071	
For Subsequent Year's Expenditures				178,000	
Unassigned				2,411,657	
				6,240,548	
Reconciliation to Governmental Funds Statements (GAAP):					
June State Aid Payments not recognized on GAAP Basis				(187,091)	
Fund Balance per Governmental Fund on (Exhibit B-2)				\$ 6,053,457	

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
State Sources	\$ 6,371		\$ 6,371	\$ 6,371	
Federal Sources	626,697		626,697	576,741	\$ (49,956)
Local Sources	73,895	\$ 190,242	264,137	263,713	(424)
Total Revenues	<u>706,963</u>	<u>190,242</u>	<u>897,205</u>	<u>846,825</u>	<u>(50,380)</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers	90,396	2,000	92,396	69,883	22,513
Purchased Professional and Technical Services	1,300		1,300	1,300	
Tuition	380,523		380,523	380,523	
General Supplies	15,079		15,079	14,085	994
Textbooks	916		916	916	
Other Objects	73,895		73,895	73,471	424
Total Instruction	<u>562,109</u>	<u>2,000</u>	<u>564,109</u>	<u>540,178</u>	<u>23,931</u>
Support Services:					
Personal Services - Employee Benefits	3,958		3,958	3,958	
Purchased Professional and Technical Services	15,720		15,720	6,070	9,650
Other Purchased Services	32,099	(2,000)	30,099	22,056	8,043
Supplies and Materials	93,077		93,077	84,321	8,756
Student Activities		158,865	158,865	158,865	
Scholarships		56,000	56,000	56,000	
Total Support Services	<u>144,854</u>	<u>212,865</u>	<u>357,719</u>	<u>331,270</u>	<u>26,449</u>
Total Expenditures	<u>706,963</u>	<u>214,865</u>	<u>921,828</u>	<u>871,448</u>	<u>50,380</u>
Excess of Revenues Over Expenditures	<u>\$ -0-</u>	<u>\$ (24,623)</u>	<u>\$ (24,623)</u>	<u>\$ (24,623)</u>	<u>\$ -0-</u>

KINNELON BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 48,924,206	\$ 846,825
Differences - Budgetary to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, Whereas the GAAP Basis does not		18,542
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	180,985	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(187,091)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 48,918,100	\$ 865,367
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 47,266,264	\$ 871,448
Differences - Budgetary 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.		18,542
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 47,266,264	\$ 889,990

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budgets for the fiscal year ended June 30, 2021, were submitted to the County office and were approved by a vote of the Board of Education. 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. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

KINNELON BOROUGH SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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 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.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis except for student activities and scholarships. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments in the GAAP financial statements.

**SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)**

SPECIAL REVENUE FUND

KINNELON BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Elementary and Secondary Education Act		COVID-19	
	Title I	Title IIA	CARES Emergency Relief	Digital Divide (Nonpublic)
REVENUE:				
State Sources				
Federal Sources	\$ 38,384	\$ 50,635	\$ 29,741	\$ 612
Local Sources				
Total Revenue	\$ 38,384	\$ 50,635	\$ 29,741	\$ 612
EXPENDITURES:				
Instruction:				
Salaries of Teachers	\$ 26,829	\$ 33,158		
Purchased Professional and Technical Services				
Tuition				
General Supplies	1,047		\$ 612	
Textbooks				
Other Objects				
Total Instruction	27,876	33,158		612
Support Services:				
Personal Service - Employee Benefits				
Purchased Professional and Technical Services	250	4,290		
Other Purchased Services	9,903	12,153		
Supplies and Materials	355	1,034	\$ 29,741	\$ 53,191
Student Activities				
Scholarships				
Total Support Services	10,508	17,477	29,741	53,191
Total Expenditures	\$ 38,384	\$ 50,635	\$ 29,741	\$ 612

KINNELON BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	IDEA Part B Basic	IDEA Part B Preschool	Nursing	Nonpublic Security	Textbooks
REVENUE:					
State Sources	\$ 387,523	\$ 16,655	\$ 1,530	\$ 2,625	\$ 916
Federal Sources					
Local Sources					
Total Revenue	\$ 387,523	\$ 16,655	\$ 1,530	\$ 2,625	\$ 916
EXPENDITURES:					
Instruction:					
Salaries of Teachers		\$ 9,896			
Purchased Professional and Technical Services					
Tuition	\$ 380,523				
General Supplies	7,000	2,801		\$ 2,625	\$ 916
Textbooks					
Other Objects					
Total Instruction	387,523	12,697		2,625	916
Support Services:					
Personal Service - Employee Benefits		3,958			
Purchased Professional and Technical Services			\$ 1,530		
Other Purchased Services					
Supplies and Materials					
Student Activities					
Scholarships					
Total Support Services		3,958	1,530		
Total Expenditures	\$ 387,523	\$ 16,655	\$ 1,530	\$ 2,625	\$ 916

KINNELON BOROUGH SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Nonpublic Handicapped Services (Chapter 193) Examination & Classification	Student Activities	Scholarships	Local Grants	Totals June 30, 2021
REVENUE:					
State Sources	\$ 1,300				\$ 6,371
Federal Sources		\$ 144,912	\$ 45,330	\$ 73,471	576,741
Local Sources		\$ 144,912	\$ 45,330	\$ 73,471	263,713
Total Revenue	\$ 1,300	\$ 144,912	\$ 45,330	\$ 73,471	\$ 846,825
EXPENDITURES:					
Instruction:					
Salaries of Teachers					\$ 69,883
Purchased Professional and Technical Services	\$ 1,300				1,300
Tuition					380,523
General Supplies					14,085
Textbooks					916
Other Objects				\$ 73,471	73,471
Total Instruction	1,300			73,471	540,178
Support Services:					
Personal Service - Employee Benefits					3,958
Purchased Professional and Technical Services					6,070
Other Purchased Services					22,056
Supplies and Materials					84,321
Student Activities		\$ 158,865			158,865
Scholarships			\$ 56,000		56,000
Total Support Services		158,865	56,000		331,270
Total Expenditures	\$ 1,300	\$ 158,865	\$ 56,000	\$ 73,471	\$ 871,448

**CAPITAL PROJECTS FUND
(NOT APPLICABLE)**

PROPRIETARY FUNDS

KINNELON BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		
	Major Funds		Total
	Food Service	Enrichment Program	Enterprise Funds
<u>ASSETS:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 30,988	\$ 82,149	\$ 113,137
Accounts Receivable:			
Federal	32,507		32,507
State	2,298		2,298
Interfund Receivable	10,607		10,607
Inventories	11,760		11,760
Total Current Assets	88,160	82,149	170,309
Non-Current Assets:			
Capital Assets	414,731		414,731
Less: Accumulated Depreciation	(375,440)		(375,440)
Total Non-Current Assets	39,291		39,291
Total Assets	127,451	82,149	209,600
<u>LIABILITIES:</u>			
Current Liabilities:			
Unearned Revenue - Prepaid Sales	25,340		25,340
Unearned Revenue - Donated Commodities	2,311		2,311
Total Current Liabilities	27,651		27,651
<u>NET POSITION:</u>			
Investment in Capital Assets	39,291		39,291
Unrestricted	60,509	82,149	142,658
Total Net Position	\$ 99,800	\$ 82,149	\$ 181,949

KINNELON BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		
	Major Funds		Total
	Food Service	Enrichment Program	Enterprise Funds
Operating Revenue:			
Local Sources:			
Daily Sales - Reimbursable Programs	\$ 52,339		\$ 52,339
Total Operating Revenue	52,339		52,339
Operating Expenses:			
Cost of Sales - Reimbursable Programs	136,156		136,156
Salaries, Benefits & Payroll Taxes	127,211	\$ 5,327	132,538
Management Fee	17,595		17,595
Purchased Services		31,707	31,707
Depreciation Expense	7,556		7,556
Supplies and Materials	23,547	147,089	170,636
Administrative Expenses	3,084		3,084
Total Operating Expenses	315,149	184,123	499,272
Operating (Loss)	(262,810)	(184,123)	(446,933)
Non-Operating Income:			
Local Sources:			
Interest Income		195	195
State Sources:			
State School Lunch Program:			
COVID-19 Seamless Summer Option	10,231		10,231
Federal Sources:			
National School Lunch Program -			
COVID-19 Seamless Summer Option	191,828		191,828
School Breakfast Program -			
COVID-19 Seamless Summer Option	11,459		11,459
Food Distribution Program	34,128		34,128
Total Non-Operating Income	247,646	195	247,841
Change in Net Position Before Transfers	(15,164)	(183,928)	(199,092)
Operating Transfers In - General Fund	64,020		64,020
Change in Net Position	48,856	(183,928)	(135,072)
Net Position - Beginning of Year	50,944	266,077	317,021
Net Position - End of Year	\$ 99,800	\$ 82,149	\$ 181,949

KINNELON BOROUGH SCHOOL DISTRICT
ENTERPRISE FUND
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds		
	Major Funds		Total
	Food Service	Enrichment Program	Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 49,941		\$ 49,941
Payments to Employees		\$ (5,327)	(5,327)
Payments to Food Service Vendor	(259,677)		(259,677)
Payments to Suppliers	(3,920)	(178,796)	(182,716)
Net Cash (Used for) Operating Activities	(213,656)	(184,123)	(397,779)
Cash Flows from Noncapital Financing Activities:			
Cash Received from Federal and State Sources	180,679		180,679
Operating Transfer in - General Fund	64,020		64,020
Net Cash Provided by Noncapital Financing Activities	244,699		244,699
Cash Flows from Investing Activities:			
Interest Earned		195	195
Net Cash Flows Provided by Investing Activities		195	195
Net Increase/(Decrease) in Cash and Cash Equivalents	31,043	(183,928)	(152,885)
Cash and Cash Equivalents/(Deficit), July 1	(55)	266,077	266,022
Cash and Cash Equivalents, June 30	\$ 30,988	\$ 82,149	\$ 113,137
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities:			
Operating (Loss)	\$ (262,810)	\$ (184,123)	\$ (446,933)
Adjustment to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities:			
Federal Food Distribution Program	34,128		34,128
Depreciation Expense	7,556		7,556
Changes in Assets and Liabilities:			
Decrease in Inventory	12,702		12,702
(Decrease) in Prepaid Sales	(2,398)		(2,398)
(Decrease) in Unearned Revenue	(2,834)		(2,834)
Net Cash (Used for) Operating Activities	\$ (213,656)	\$ (184,123)	\$ (397,779)

Non-Cash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received commodities from the Federal Food Distribution Program valued at \$31,294 and utilized \$34,128 for the fiscal year ended June 30, 2021.

**FIDUCIARY ACTIVITIES
(NOT APPLICABLE)**

LONG-TERM DEBT

KINNELON BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS

Purpose	Date of Issue	Original Issue	Maturities of Bonds				Interest Rate	Balance June 30, 2020	Matured	Balance June 30, 2021
			Outstanding		Amount	Rate				
			Date	June 30, 2021						
Refunding Bond of 2002 Issue	9/14/10	\$ 9,980,000	10/1/21	\$ 960,000	3.00%					
			10/1/22	945,000	3.125%					
			10/1/23	930,000	3.25%	\$ 3,805,000	\$ 970,000	\$ 2,835,000		
Refunding Bond of 2006/2007 Issues	2/10/15	11,230,000	2/1/22	25,000	2.00%					
			2/1/23	60,000	3.00%					
			2/1/24	115,000	3.00%					
			2/1/25	910,000	5.00%					
			2/1/26	1,015,000	5.00%					
			2/1/27	1,120,000	4.25%					
			2/1/28	1,215,000	5.00%					
			2/1/29	1,285,000	4.50%					
			2/1/30	1,325,000	4.50%					
			2/1/31	1,345,000	4.75%					
		2/1/32	1,370,000	4.75%						
		2/1/33	1,395,000	4.75%						
						11,205,000	25,000	11,180,000		
						<u>\$ 15,010,000</u>	<u>\$ 995,000</u>	<u>\$ 14,015,000</u>		

KINNELON BOROUGH SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

NOT APPLICABLE

KINNELON BOROUGH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,557,780		\$ 1,557,780	\$ 1,557,780	
State Sources:					
Debt Service Type II Aid	68,702		68,702	68,702	
Total Revenue	<u>1,626,482</u>		<u>1,626,482</u>	<u>1,626,482</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest	631,482		631,482	631,482	
Redemption of Principal	995,000		995,000	995,000	
Total Regular Debt Service	<u>1,626,482</u>		<u>1,626,482</u>	<u>1,626,482</u>	
Total Expenditures	<u>1,626,482</u>		<u>1,626,482</u>	<u>1,626,482</u>	
Fund Balance, July 1	<u>-0-</u>	<u>\$ -0-</u>	<u>-0-</u>	<u>-0-</u>	
Fund Balance, June 30	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>-0-</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

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

KINNELON BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
Instruction:					
Regular	\$ 15,713,492	\$ 16,931,637	\$ 16,435,098	\$ 18,590,309	\$ 19,783,406
Special education	3,720,193	3,911,881	3,852,677	4,863,506	5,415,147
Other special education	283,982	395,358	488,137	712,248	659,958
Other instruction	1,170,137	1,246,967	1,096,947	1,461,012	1,672,943
Support Services:					
Tuition	1,355,161	1,395,101	1,608,863	1,623,287	1,607,359
Student & instruction related services	4,888,666	5,244,472	5,511,218	6,644,710	7,058,106
General and business administrative services	102,026	603,063	559,512	610,548	676,806
School Administrative Services	581,074	2,295,163	2,263,211	2,418,495	2,783,629
Central Services	2,124,580	571,202	550,833	569,105	571,136
Administrative Technology Information	591,272	109,973	107,629	162,512	134,457
Plant operations and maintenance	3,298,665	3,803,463	3,766,137	3,997,483	3,744,103
Pupil transportation	1,918,266	1,922,290	1,954,847	2,113,636	2,002,699
Interest on long-term debt	1,121,860	1,055,853	979,029	864,449	769,935
Unallocated depreciation					
Capital Outlay	42,322	58,083	60,439	58,083	527,518
Total governmental activities expenses	<u>36,911,696</u>	<u>39,544,506</u>	<u>39,234,577</u>	<u>44,689,383</u>	<u>47,407,202</u>
Business-type activities:					
Food service	592,740	578,749	528,907	549,686	576,502
Enrichment Program	127,288	146,572	234,677	227,538	269,553
Total business-type activities expense	<u>720,028</u>	<u>725,321</u>	<u>763,584</u>	<u>777,224</u>	<u>846,055</u>
Total district expenses	<u>\$ 37,631,724</u>	<u>\$ 40,269,827</u>	<u>\$ 39,998,161</u>	<u>\$ 45,466,607</u>	<u>\$ 48,253,257</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Instruction (tuition)					\$ 95,199
Student & Instruction Related Services					
Operating grants and contributions	\$ 4,804,944	\$ 5,672,053	\$ 5,208,200	\$ 9,539,898	11,336,746
Total governmental activities program revenues	<u>4,804,944</u>	<u>5,672,053</u>	<u>5,208,200</u>	<u>9,539,898</u>	<u>11,431,945</u>
Business-type activities:					
Charges for services:					
Food service	531,592	458,163	446,576	439,512	502,430
Enrichment Program	136,362	194,639	274,399	288,389	300,105
Operating grants and contributions	83,173	84,037	71,737	72,344	77,617
Total business type activities program revenues	<u>751,127</u>	<u>736,839</u>	<u>792,712</u>	<u>800,245</u>	<u>880,152</u>
Total district program revenues	<u>\$ 5,556,071</u>	<u>\$ 6,408,892</u>	<u>\$ 6,000,912</u>	<u>\$ 10,340,143</u>	<u>\$ 12,312,097</u>
Net (Expense)/Revenue					
Governmental activities	\$ (32,106,752)	\$ (33,872,453)	\$ (34,026,377)	\$ (35,149,485)	\$ (35,975,257)
Business-type activities	31,099	11,518	29,128	23,021	34,097
Total district-wide net expense	<u>\$ (32,075,653)</u>	<u>\$ (33,860,935)</u>	<u>\$ (33,997,249)</u>	<u>\$ (35,126,464)</u>	<u>\$ (35,941,160)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes levied for general purposes, net	\$ 30,701,983	\$ 31,316,023	\$ 32,102,343	\$ 32,480,021	\$ 33,389,621
Taxes levied for debt service	2,434,758	2,662,364	2,162,403	2,193,150	2,123,789
Federal and State Aid Not Restricted	68,759	68,656	68,553	193,264	69,550
Miscellaneous income	401,588	262,855	302,636	240,951	294,281
Transfers	228	134	183	163	
Total governmental activities	<u>33,607,316</u>	<u>34,310,032</u>	<u>34,636,118</u>	<u>35,107,549</u>	<u>35,877,241</u>
Business-type activities:					
Miscellaneous income	353	277	431	526	439
Transfers	(228)	(134)	(183)	(163)	
Other Item - Disposal of Capital Assets					
Total business-type activities	<u>125</u>	<u>143</u>	<u>248</u>	<u>363</u>	<u>439</u>
Total district-wide	<u>\$ 33,607,441</u>	<u>\$ 34,310,175</u>	<u>\$ 34,636,366</u>	<u>\$ 35,107,912</u>	<u>\$ 35,877,680</u>
Change in Net Position					
Governmental activities	\$ 1,500,564	\$ 437,579	\$ 609,741	\$ (41,936)	\$ (98,016)
Business-type activities	31,224	11,661	29,376	23,384	34,536
Total district	<u>\$ 1,531,788</u>	<u>\$ 449,240</u>	<u>\$ 639,117</u>	<u>\$ (18,552)</u>	<u>\$ (63,480)</u>

Source: School District Financial Reports

KINNELON BOROUGH SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Expenses					
Governmental activities:					
Instruction:					
Regular	\$ 21,089,444	\$ 21,601,378	\$ 19,088,105	\$ 18,550,528	\$ 19,465,268
Special education	6,247,293	6,282,372	6,155,701	6,348,241	6,575,280
Other special education	818,422	910,277	809,382	786,492	791,791
Other instruction	1,688,933	1,286,333	1,225,122	1,239,085	1,101,857
Support Services:					
Tuition	1,700,591	1,653,250	2,096,440	2,037,471	1,960,980
Student & instruction related services	8,307,308	9,192,350	8,666,561	8,734,204	9,212,829
General and business administrative services	785,407	807,556	774,726	831,224	1,027,734
School Administrative Services	3,213,866	3,180,534	2,987,848	2,849,379	2,900,795
Central Services	673,781	561,776	532,865	543,142	497,940
Administrative Technology Information	81,520	141,260	90,590	122,140	134,255
Plant operations and maintenance	4,078,236	4,554,839	4,554,978	4,219,230	3,735,167
Pupil transportation	2,195,396	2,220,667	2,413,206	2,439,674	2,370,975
Transfer of Funds to Charter Schools			28,505	57,986	32,076
Interest on long-term debt	883,193	701,028	656,078	617,370	583,020
Unallocated depreciation		1,157,907	1,125,868	1,124,519	1,125,943
Capital Outlay	331,894				
Total governmental activities expenses	<u>52,095,284</u>	<u>54,251,527</u>	<u>51,205,975</u>	<u>50,500,685</u>	<u>51,515,910</u>
Business-type activities:					
Food service	604,748	615,889	600,531	406,302	315,149
Enrichment Program	258,769	243,759	254,929	255,675	184,123
Total business-type activities expense	<u>863,517</u>	<u>859,648</u>	<u>855,460</u>	<u>661,977</u>	<u>499,272</u>
Total district expenses	<u>\$ 52,958,801</u>	<u>\$ 55,111,175</u>	<u>\$ 52,061,435</u>	<u>\$ 51,162,662</u>	<u>\$ 52,015,182</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Instruction (tuition)	\$ 92,001	\$ 65,469	\$ 114,297	\$ 5,870	\$ 9,900
Student & Instruction Related Services					144,912
Operating grants and contributions	14,824,450	16,195,716	13,597,932	11,788,986	13,529,248
Total governmental activities program revenues	<u>14,916,451</u>	<u>16,261,185</u>	<u>13,712,229</u>	<u>11,794,856</u>	<u>13,684,060</u>
Business-type activities:					
Charges for services:					
Food service	504,814	504,441	501,694	321,824	52,339
Enrichment Program	302,300	301,111	259,342	198,446	
Operating grants and contributions	79,498	90,196	84,349	68,977	247,646
Total business type activities program revenues	<u>886,612</u>	<u>895,748</u>	<u>845,385</u>	<u>589,247</u>	<u>299,985</u>
Total district program revenues	<u>\$ 15,803,063</u>	<u>\$ 17,156,933</u>	<u>\$ 14,557,614</u>	<u>\$ 12,384,103</u>	<u>\$ 13,984,045</u>
Net (Expense)/Revenue					
Governmental activities	\$ (37,178,833)	\$ (37,990,342)	\$ (37,493,746)	\$ (38,705,829)	\$ (37,831,850)
Business-type activities	23,095	36,100	(10,075)	(72,730)	(199,287)
Total district-wide net expense	<u>\$ (37,155,738)</u>	<u>\$ (37,954,242)</u>	<u>\$ (37,503,821)</u>	<u>\$ (38,778,559)</u>	<u>\$ (38,031,137)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes levied for general purposes, net	\$ 34,386,899	\$ 35,415,067	\$ 36,123,368	\$ 36,845,835	\$ 37,582,751
Taxes levied for debt service	2,127,453	2,100,548	1,596,669	1,588,733	1,557,780
Federal and State Aid Not Restricted	59,428		2,854		
Miscellaneous income	198,550	168,724	161,041	143,088	175,387
Transfers					(64,020)
Total governmental activities	<u>36,772,330</u>	<u>37,684,339</u>	<u>37,883,932</u>	<u>38,577,656</u>	<u>39,251,898</u>
Business-type activities:					
Miscellaneous income	546	666	677	698	195
Transfers					64,020
Other Item - Disposal of Capital Assets		(6,264)		(929)	
Total business-type activities	<u>546</u>	<u>(5,598)</u>	<u>677</u>	<u>(231)</u>	<u>64,215</u>
Total district-wide	<u>\$ 36,772,876</u>	<u>\$ 37,678,741</u>	<u>\$ 37,884,609</u>	<u>\$ 38,577,425</u>	<u>\$ 39,316,113</u>
Change in Net Position					
Governmental activities	\$ (406,503)	\$ (306,003)	\$ 390,186	\$ (128,173)	\$ 1,420,048
Business-type activities	23,641	30,502	(9,398)	(72,961)	(135,072)
Total district	<u>\$ (382,862)</u>	<u>\$ (275,501)</u>	<u>\$ 380,788</u>	<u>\$ (201,134)</u>	<u>\$ 1,284,976</u>

Source: School District Financial Reports

KINNELON BOROUGH SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	June 30,				
	2012	2013	2014	2015	2016
General Fund					
Restricted	\$ 100	\$ 699,574	\$ 861,139	\$ 838,771	\$ 1,119,539
Assigned	1,195,155	559,278	1,015,955	381,921	345,991
Unassigned	818,010	787,974	729,668	874,892	1,063,156
Total general fund	<u>\$ 2,013,265</u>	<u>\$ 2,046,826</u>	<u>\$ 2,606,762</u>	<u>\$ 2,095,584</u>	<u>\$ 2,528,686</u>
All Other Governmental Funds					
Restricted:					
Special revenue fund					
Capital projects fund	\$ 30,220				
Debt service fund	3	\$ 30,223			
Total all other governmental funds	<u>\$ 30,223</u>	<u>\$ 30,223</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
	June 30,				
	2017	2018	2019	2020 (Restated)	2021
General Fund					
Restricted	\$ 1,295,938	\$ 2,153,249	\$ 2,263,871	\$ 2,509,784	\$ 3,361,820
Assigned	1,274,345	825,275	546,989	897,944	467,071
Unassigned	874,693	830,032	1,247,440	1,057,913	2,224,566
Total general fund	<u>\$ 3,444,976</u>	<u>\$ 3,808,556</u>	<u>\$ 4,058,300</u>	<u>\$ 4,465,641</u>	<u>\$ 6,053,457</u>
All Other Governmental Funds					
Restricted:					
Special revenue fund				\$ 386,154	\$ 361,531
Capital projects fund					
Debt service fund					
Total all other governmental funds	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 386,154</u>	<u>\$ 361,531</u>

Source: School District Financial Reports

KINNELON BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Revenues					
Tax levy	\$ 33,136,741	\$ 33,978,387	\$ 34,264,746	\$ 34,673,171	\$ 35,513,410
Tuition charges	156,675	84,297	155,734	111,993	95,199
Interest earnings	4,653	5,406	6,464	6,236	6,018
Miscellaneous	240,260	173,786	152,904	207,760	288,263
State sources	4,325,529	5,245,522	4,820,383	5,507,282	6,140,022
Federal sources	548,174	494,553	443,904	454,861	475,304
Total revenue	<u>38,412,032</u>	<u>39,981,951</u>	<u>39,844,135</u>	<u>40,961,303</u>	<u>42,518,216</u>
Expenditures					
Instruction:					
Regular Instruction	11,042,708	11,720,334	11,497,005	11,754,488	11,781,223
Special education instruction	2,733,414	2,819,184	2,809,534	3,190,740	3,257,194
Other special instruction	207,422	282,917	353,665	459,367	389,775
Other instruction	782,038	826,625	734,929	961,881	952,371
Support Services:					
Tuition	1,355,161	1,395,101	1,608,863	1,623,288	1,607,359
Student & instruction related services	3,687,609	4,014,250	4,072,920	4,428,572	4,510,091
General administrative services	565,516	467,569	433,503	448,983	497,199
School Administrative services	1,543,675	1,578,497	1,569,588	1,517,683	1,645,247
Central Services	443,326	434,140	430,680	410,985	390,213
Administrative Information Technology	74,440	78,594	77,780	118,359	81,520
Plant operations and maintenance	2,744,340	3,167,677	3,140,976	3,003,338	2,759,399
Pupil transportation	1,838,348	1,831,095	1,870,391	1,870,297	1,988,640
Unallocated Benefits	7,681,270	8,494,168	8,294,708	8,689,244	9,611,081
Capital outlay	72,376	107,353	158,884	732,566	694,200
Debt service:					
Principal	1,670,000	1,715,000	1,310,000	1,355,000	1,380,000
Interest and other charges	1,082,027	1,016,020	951,179	907,853	813,339
Total expenditures	<u>37,523,670</u>	<u>39,948,524</u>	<u>39,314,605</u>	<u>41,472,644</u>	<u>42,358,851</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>888,362</u>	<u>33,427</u>	<u>529,530</u>	<u>(511,341)</u>	<u>159,365</u>
Other Financing sources (uses)					
Capital Leases (Non-budgeted)					273,737
Serial Bonds Defeased				(12,454,000)	
Serial Bonds Issued				11,230,000	
Bond Issuance Costs				(129,833)	
Deferred Amount on Refunding				(503,256)	
Bond Premium				1,857,089	
Transfers in	228	134	183	300,263	
Transfers out				(300,100)	
Total other financing sources (uses)	<u>228</u>	<u>134</u>	<u>183</u>	<u>163</u>	<u>273,737</u>
Net change in fund balances	<u>\$ 888,590</u>	<u>\$ 33,561</u>	<u>\$ 529,713</u>	<u>\$ (511,178)</u>	<u>\$ 433,102</u>
Debt service as a percentage of noncapital expenditures	7.931%	7.359%	6.129%	5.881%	5.557%

Source: School District Financial Reports

KINNELON BOROUGH SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Revenues					
Tax levy	\$ 36,514,352	\$ 37,515,615	\$ 37,720,037	\$ 38,434,568	\$ 39,140,531
Tuition charges	101,563	65,469	114,297	5,870	9,900
Interest earnings	6,736	7,904	7,665	8,098	9,795
Miscellaneous	197,387	204,229	253,242	177,544	436,844
State sources	6,705,409	7,659,241	8,798,781	9,127,775	11,225,135
Federal sources	470,153	465,236	467,771	415,899	587,744
Total revenue	<u>43,995,600</u>	<u>45,917,694</u>	<u>47,361,793</u>	<u>48,169,754</u>	<u>51,409,949</u>
Expenditures					
Instruction:					
Regular Instruction	11,008,684	11,829,750	11,635,859	11,691,532	11,420,149
Special education instruction	3,386,697	3,445,237	3,588,687	3,936,521	3,856,544
Other special instruction	433,162	489,767	469,986	485,193	462,358
Other instruction	997,571	953,095	970,274	983,602	809,315
Support Services:					
Tuition	1,700,591	1,653,250	2,096,440	2,037,471	1,960,980
Student & instruction related services	4,610,211	5,243,466	5,394,880	5,670,018	6,129,973
General administrative services	538,561	573,271	581,108	669,129	829,472
School Administrative services	1,670,744	1,757,041	1,779,306	1,807,153	1,755,074
Central Services	394,107	397,151	402,750	420,224	407,324
Administrative Information Technology	81,520	97,240	92,154	90,819	96,088
Plant operations and maintenance	2,885,178	3,013,419	3,347,197	3,315,839	3,096,603
Pupil transportation	2,071,907	2,167,212	2,339,582	2,303,036	2,192,326
Unallocated Benefits	10,674,285	11,044,224	11,991,779	12,398,951	14,472,531
Charter Schools			28,505	57,986	32,076
Capital outlay	439,211	723,810	729,361	387,525	635,441
Debt service:					
Principal	1,375,000	1,410,000	955,000	985,000	995,000
Interest and other charges	811,881	756,181	709,181	670,581	631,482
Total expenditures	<u>43,079,310</u>	<u>45,554,114</u>	<u>47,112,049</u>	<u>47,910,580</u>	<u>49,782,736</u>
Excess (Deficiency) of revenues over (under) expenditures	<u>916,290</u>	<u>363,580</u>	<u>249,744</u>	<u>259,174</u>	<u>1,627,213</u>
Other Financing sources (uses)					
Capital Leases (Non-budgeted)					
Transfers out					(64,020)
Total other financing sources (uses)					<u>(64,020)</u>
Net change in fund balances	<u>\$ 916,290</u>	<u>\$ 363,580</u>	<u>\$ 249,744</u>	<u>\$ 259,174</u>	<u>\$ 1,563,193</u>
Debt service as a percentage of noncapital expenditures	5.406%	4.783%	3.534%	3.458%	3.274%

Source: School District Financial Reports

KINNELON BOROUGH SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
UNAUDITED

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Prior Year</u> <u>Refunds</u>	<u>Other</u>	<u>Total</u>
2012	\$ 4,653	\$ 156,675	\$ 34,918	\$ 205,342	\$ 401,588
2013	5,406	84,297		173,152	262,855
2014	6,464	155,734		140,438	302,636
2015	6,236	111,993		122,722	240,951
2016	6,018	95,199		202,829	304,046
2017	6,736	101,563		164,574	272,873
2018	7,904	65,469	20,769	140,051	234,193
2019	7,665	114,297	24,013	129,363	275,338
2020	8,098	5,870	77	134,913	148,958
2021	9,795	9,900	14,461	151,131	185,287

Source: Borough of Kinnelon School District records

KINNELON BOROUGH SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Apartment	Total Assessed Value	Net Valuation Taxable	Total Direct School Tax Rate ^a	Estimated Actual (County Equalized Value)
2011	\$ 31,791,300	\$ 1,519,062,800	\$ 5,575,400	\$ 26,700	\$ 56,828,300	\$ 18,360,100	\$ 1,631,644,600	\$ 1,631,644,600	\$ 2.014	\$ 2,291,060,886
2012	28,269,200	1,503,416,800	5,575,400	26,700	55,922,200	18,360,100	1,611,570,400	1,611,570,400	2.082	2,187,065,383
2013	27,013,400	1,496,858,300	5,575,400	28,000	55,352,400	18,360,100	1,603,187,600	1,603,187,600	2.129	2,039,419,412
2014	24,433,700	1,498,703,100	3,907,700	38,500	54,096,400	18,500,700	1,599,680,100	1,599,680,100	2.156	2,036,364,102
2015	22,793,300	1,496,614,600	3,025,300	39,900	54,096,400	18,500,700	1,595,070,200	1,595,070,200	2.200	2,112,068,237
2016	21,927,600	1,497,282,400	4,701,400	41,500	53,914,600	18,500,700	1,596,368,200	1,596,368,200	2.256	2,112,419,558
2017*	27,103,200	1,989,936,000	8,345,700	55,600	83,384,700	30,125,000	2,138,950,200	2,138,950,200	1.731	2,132,177,216
2018	25,580,000	1,983,379,600	8,712,900	29,500	81,819,800	30,125,000	2,129,646,800	2,129,646,800	1.767	2,129,246,948
2019	25,136,300	1,977,419,900	8,765,600	29,500	79,989,600	30,125,000	2,121,465,900	2,121,465,900	1.795	2,152,872,366
2020	25,075,500	1,962,828,800	8,765,600	33,800	79,926,100	30,125,000	2,106,754,800	2,106,754,800	1.842	2,137,944,946

*-Revaluation Year

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 Tax rates are per \$100

Source: Municipal Tax Assessor

KINNELON BOROUGH SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
(rate per \$100 of assessed value)
UNAUDITED

Year Ended December 31,	Kinnelon School District Direct Rate			Overlapping Rates		Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Borough of Kinnelon	Morris County	
2011	\$ 1.864	\$ 0.150	\$ 2.014	\$ 0.531	\$ 0.330	\$ 2.875
2012	1.924	0.158	2.082	0.556	0.330	2.968
2013	1.978	0.151	2.129	0.582	0.330	3.041
2014	2.020	0.136	2.156	0.588	0.325	3.069
2015	2.065	0.135	2.200	0.588	0.332	3.120
2016	2.123	0.133	2.256	0.669	0.326	3.251
2017*	1.632	0.099	1.731	0.500	0.259	2.490
2018	1.680	0.087	1.767	0.506	0.260	2.533
2019	1.720	0.075	1.795	0.526	0.265	2.586
2020	1.767	0.075	1.842	0.541	0.264	2.647

* - Revaluation year

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 calculation.

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.

Source: Municipal Tax Collector and School Business Administrator

KINNELON BOROUGH SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

	2020			2011		
	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value	Taxpayer	Taxable Assessed Value	% of Total District Net Assessed Value
Multi-Family Housing		\$ 29,300,000	1.39%	Multi-Family Housing	\$ 17,609,600	1.08%
Commercial Property		15,750,000	0.75%	Commercial Property	10,644,800	0.65%
Commercial Property		13,000,000	0.62%	Commercial Property	9,750,000	0.60%
Commercial Property		6,024,900	0.29%	Commercial Property	5,875,000	0.36%
Commercial Property		4,518,100	0.21%	Vacant Land	3,374,900	0.21%
Commercial Property		4,300,000	0.20%	Vacant Land	2,968,300	0.18%
Commercial Property		4,036,400	0.19%	Vacant Land	2,819,800	0.17%
Residential Property		3,676,300	0.17%	Vacant Land	2,777,700	0.17%
Residential Property		3,190,000	0.15%	Vacant Land	2,640,000	0.16%
Commercial Property		3,175,000	0.15%	Commercial Property	2,604,800	0.16%
Total		\$ 86,970,700	4.12%		\$ 61,064,900	3.74%

Source: Municipal Tax Assessor

KINNELON BOROUGH SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$ 33,136,741	\$ 33,136,741	100.00%	\$ -0-
2013	33,978,387	33,978,387	100.00%	-0-
2014	34,264,746	34,264,746	100.00%	-0-
2015	34,673,171	34,673,171	100.00%	-0-
2016	35,513,410	35,513,410	100.00%	-0-
2017	36,514,352	36,514,352	100.00%	-0-
2018	37,515,615	37,515,615	100.00%	-0-
2019	37,720,037	37,720,037	100.00%	-0-
2020	38,434,568	38,434,568	100.00%	-0-
2021	39,140,531	39,140,531	100.00%	-0-

a School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

Source: Borough of Kinnelon District records including the Certificate and Report of School Taxes (A4F form)

KINNELON BOROUGH SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities			Percentage of Personal Income ^a	
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	Income ^a	Per Capita ^a
2012	\$ 26,719,000	\$ -0-	\$ 110,866	\$ -0-	\$ -0-	\$ 26,829,866	3.44%	\$ 2,638
2013	25,004,000	-0-	56,832	-0-	-0-	25,060,832	3.08%	2,461
2014	23,694,000	-0-	-0-	-0-	-0-	23,694,000	2.87%	2,322
2015	21,115,000	-0-	-0-	-0-	-0-	21,115,000	2.46%	2,076
2016	19,735,000	-0-	273,737	-0-	-0-	20,008,737	2.23%	1,970
2017	18,360,000	-0-	217,609	-0-	-0-	18,577,609	2.02%	1,837
2018	16,950,000	-0-	164,796	-0-	-0-	17,114,796	1.81%	1,697
2019	15,995,000	-0-	56,012	-0-	-0-	16,051,012	1.60%	1,624
2020	15,010,000	-0-	-0-	-0-	-0-	15,010,000	1.50%	1,524
2021	14,015,000	-0-	-0-	-0-	-0-	14,015,000	1.40%	1,423

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

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

Source: School District Financial Reports

KINNELON BOROUGH SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ 26,719,000	\$ -0-	\$ 26,719,000	1.638%	\$ 2,627
2013	25,004,000	-0-	25,004,000	1.552%	2,455
2014	23,694,000	-0-	23,694,000	1.478%	2,322
2015	21,115,000	-0-	21,115,000	1.320%	2,076
2016	19,735,000	-0-	19,735,000	1.237%	1,943
2017	18,360,000	-0-	18,360,000	1.150%	1,815
2018	16,950,000	-0-	16,950,000	0.792%	1,681
2019	15,995,000	-0-	15,995,000	0.751%	1,618
2020	15,010,000	-0-	15,010,000	0.708%	1,524
2021	14,015,000	-0-	14,015,000	0.665%	1,423

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements. These ratios are calculated using information from the prior calendar year.

a See Exhibit J-6 for property tax data.

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

Source: School District Financial Reports

KINNELON BOROUGH SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2020
UNAUDITED

<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 Kinnelon	\$ 11,973,404	100.00%	\$ 11,973,404
Morris County General Obligation Debt	250,902,246	2.20%	<u>5,531,490</u>
Subtotal, overlapping debt			17,504,894
Kinnelon School District Direct Debt			<u>14,040,000</u>
Total direct and overlapping debt			<u><u>\$ 31,544,894</u></u>

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 Kinnelon. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

Sources: Assessed value data used to estimate applicable percentages provided by the Morris County Board of Taxation; debt outstanding data provided by each governmental unit.

KINNELON BOROUGH SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

	Fiscal Year Ended June 30,				
	2012	2013	2014	2015	2016
Debt limit	\$ 92,418,520	\$ 88,571,000	\$ 84,927,221	\$ 83,648,814	\$ 83,540,821
Total net debt applicable to limit	26,719,000	25,004,000	23,714,000	21,115,000	19,735,000
Legal debt margin	<u>\$ 65,699,520</u>	<u>\$ 63,567,000</u>	<u>\$ 61,213,221</u>	<u>\$ 62,533,814</u>	<u>\$ 63,805,821</u>
Total net debt applicable to the limit as a percentage of debt limit	28.91%	28.23%	27.92%	25.24%	23.62%

	Fiscal Year Ended June 30,				
	2017	2018	2019	2020	2021
Debt limit	\$ 84,732,226	\$ 85,004,512	\$ 85,678,672	\$ 85,982,850	\$ 85,703,352
Total net debt applicable to limit	18,360,000	16,950,000	15,995,000	15,010,000	14,015,000
Legal debt margin	<u>\$ 66,372,226</u>	<u>\$ 68,054,512</u>	<u>\$ 69,683,672</u>	<u>\$ 70,972,850</u>	<u>\$ 71,688,352</u>
Total net debt applicable to the limit as a percentage of debt limit	21.67%	19.94%	18.67%	17.46%	16.35%

Legal Debt Margin Calculation for Fiscal Year 2021

Year Ended December 31,	Equalized Valuation Basis
2018	\$2,159,885,193
2019	2,151,588,134
2020	2,116,278,051
	<u>\$6,427,751,378</u>
Average equalized valuation of taxable property	\$2,142,583,793
Debt limit (4% of average equalization value)	85,703,352 ^a
Net bonded school debt	14,015,000
Legal debt margin	<u>\$ 71,688,352</u>

^a Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey,
Department of Treasury, Division of Taxation

KINNELON BOROUGH SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
UNAUDITED

Year	Population ^a	Personal Income (thousands of dollars) ^b	Morris County Per Capita Personal Income ^c	Unemployment Rate ^d
2012	10,183	\$ 812,348,825	\$ 79,775	4.80%
2013	10,203	824,555,445	80,815	4.80%
2014	10,172	857,275,816	84,278	4.20%
2015	10,155	897,041,925	88,335	4.20%
2016	10,114	921,870,872	91,148	4.10%
2017	10,085	944,288,805	93,633	3.70%
2018	10,006	978,776,914	97,819	3.40%
2019	9,885	1,004,770,710	101,646	3.00%
2020	9,852	1,001,416,392 *	101,646 *	7.30%
2021	9,852 **	1,001,416,392 **	101,646 **	N/A

* - Latest Morris County per capita personal income available (2019) was used for calculation purposes.

** - Latest Morris County per capita personal income (2019) and population data (2020) available was used for calculation purposes.

N/A - Not Available.

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

^c Personal income has been estimated based upon the municipal population and per capita personal income presented.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

KINNELON BOROUGH SCHOOL DISTRICT
PRINCIPAL EMPLOYERS - MORRIS COUNTY
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

2021		2012			
Employer	Employees	Percentage of Total Employment	Employer	Employees	Percentage of Total Employment
Atlantic Health System	7,642	N/A	Novartis	6,200	N/A
Picatinny Arsenal	6,000	N/A	U.S. Army Armament Research and Development	5,841	N/A
Novartis	5,200	N/A	Atlantic Health System	5,576	N/A
Bayer Healthcare, LLC	3,483	N/A	ADP	1,947	N/A
Barclays	2,560	N/A	County of Morris	1,838	N/A
ADP	2,400	N/A	Saint Clare's	1,662	N/A
Accenture	1,826	N/A	Wyndham Worldwide Corporation	1,546	N/A
Honeywell	1,704	N/A	BASF Corporation	1,500	N/A
St. Clare's	1,638	N/A	Accenture	1,498	N/A
County of Morris	1,469	N/A	Chilton Memorial	1,440	N/A
Total	33,922	N/A	Total	29,048	N/A

N/A - Total amount of employment is not available in order to do the percentage calculation.

Note - Information is for Morris County

Source: Morris County Economic Development Corporation

KINNELON BOROUGH SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

<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	141.80	138.30	137.30	134.00	126.00	127.00	126.00	128.00	127.00	128.86
Special education	50.90	51.40	51.40	55.50	75.00	76.00	78.00	83.50	85.00	90.00
Support Services:										
Student & instruction related services	43.40	43.40	43.90	46.00	42.70	43.50	45.00	44.00	46.00	46.00
School administrative services	12.50	12.50	12.50	14.50	15.50	15.50	15.50	17.70	16.50	16.50
General and business administrative services	3.90	3.90	3.90	4.00	6.00	6.00	6.00	4.00	3.00	3.00
Plant operations and maintenance	30.40	30.40	30.40	24.00	25.00	23.00	22.00	28.00	27.00	27.50
Business and other support services	4.60	4.60	4.60	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Pupil transportation	8.00	8.00	8.00	11.50	10.00	10.00	10.50	10.00	11.00	10.75
Total	295.50	292.50	292.00	291.50	302.20	303.00	305.00	317.20	317.50	324.61

Source: District Personnel Records

KINNELON BOROUGH SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Teaching Staff	Pupil/Teacher Ratio					Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
					Kiel Elementary	Stony Brook Elementary	Pearl R. Miller Middle School	Kinnelon High School					
2012	2,222	\$ 34,699,267	\$ 16,094	194.20	1:11	1:13	1:11	1:12	2,156	2,069	-2.178%	95.96%	
2013	2,143	37,110,151	17,530	191.20	1:12	1:14	1:11	1:12	2,117	2,032	-1.809%	95.98%	
2014	2,103	36,894,542	17,729	190.20	1:12	1:14	1:11	1:12	2,081	1,974	-1.701%	94.86%	
2015	2,019	38,477,225	19,152	189.50	1:12	1:14	1:11	1:12	2,009	1,930	-3.460%	96.07%	
2016	1,992	39,471,312	20,211	201.00	1:12	1:14	1:11	1:12	1,953	1,888	-2.787%	96.67%	
2017	1,953	40,453,218	21,135	203.00	1:12	1:14	1:11	1:10	1,914	1,835	-1.997%	95.87%	
2018	1,961	42,664,123	22,586	204.00	1:12	1:14	1:12	1:11	1,889	1,795	-1.306%	95.02%	
2019	1,804	44,718,507	24,317	211.50	1:12	1:14	1:12	1:11	1,839	1,755	-2.647%	95.43%	
2020	1,742	45,867,474	26,452	212.00	1:12	1:14	1:12	1:11	1,734	1,653	-5.710%	95.33%	
2021	1,670	47,520,813	28,593	214.00	1:12	1:14	1:12	1:11	1,662	1,583	-4.152%	95.25%	

Sources: Borough of Kinnelon School District records

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculations.

KINNELON BOROUGH SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

<u>District Building</u>	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Kiel Elementary School (1995)										
Square Feet	49,563	49,563	49,563	49,563	49,563	49,563	49,563	49,563	49,563	49,563
Capacity (students)	333	333	333	333	333	333	333	333	333	333
Enrollment	377	340	310	315	308	315	305	294	258	269
Stony Brook Elementary (1957)										
Square Feet	70,137	70,137	70,137	70,137	70,137	70,137	70,137	70,137	70,137	70,137
Capacity (students)	557	557	557	557	557	557	557	557	557	557
Enrollment	619	524	558	498	480	472	458	431	396	409
Pearl R. Miller Middle School (1968)										
Square Feet	89,910	89,910	89,910	89,910	89,910	89,910	89,910	89,910	89,910	89,910
Capacity (students)	593	593	593	593	593	593	593	593	593	593
Enrollment	532	522	514	508	493	500	471	454	424	430
Kinnelon High School (1963)										
Square Feet	136,846	136,846	136,846	136,846	136,846	136,846	136,846	136,846	136,846	136,846
Capacity (students)	646	646	646	646	646	646	646	646	646	646
Enrollment	694	693	699	688	672	685	655	625	569	562
Glenn Sisco Elementary School (1923)										
Square Feet	21,097	21,097	21,097	21,097	21,097	21,097	21,097	21,097	21,097	21,097
Capacity (students)	168	168	168	168	168	168	168	168	168	168
Enrollment	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Number of Schools at June 30, 2021										
Elementary = 2										
Middle School = 1										
High School = 1										

Note: Year of original construction is shown in parentheses.
 Enrollment is based on the annual October district count.

Source: Borough of Kinnelon School District Facilities Office

KINNELON BOROUGH SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS
UNAUDITED

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

Fiscal Year Ended June 30,	Kiel		Stony Brook		Glen L. Sisco		Pearl R. Miller		Kinnelon		Total
	Elementary School	Elementary School	Elementary School	Elementary School	Elementary School	Middle School	Middle School	High School	High School	Maintenance	
2012	\$ 37,618	\$ 67,957	\$ 4,999	\$ 41,510	\$ 127,168	\$ 3,955	\$ 283,207				
2013	21,942	61,671	3,559	62,387	410,331	36,000	595,890				
2014	54,035	56,236	22,210	87,810	199,659	33,259	453,209				
2015	58,953	96,454	8,973	42,565	140,173	112,282	459,400				
2016	51,865	87,220	11,890	51,730	83,993	39,770	326,468				
2017	45,977	70,734	21,220	84,881	130,220	14,533	367,565				
2018	44,509	95,214	13,485	80,657	151,354	29,458	414,677				
2019	78,316	84,752	2,700	96,396	206,159	8,102	476,425				
2020	80,614	45,272	7,847	89,790	227,942	3,125	454,590				
2021	66,071	37,016	6,447	73,599	186,847	2,671	372,651				

* School facilities as defined under EFCFA.
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Borough of Kinnelon School District records

KINNELON BOROUGH SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2021
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
Package - National Union Fire Insurance of Pittsburgh, PA		
Property	\$ 99,952,923	\$ 5,000
Comprehensive General Liability	1,000,000	
Comprehensive Automotive Liability	1,000,000	
Employee Theft	500,000	5,000
Forgery or Alteration, Theft of Money & Securities	250,000	5,000
Funds Transfer Fraud, Money Orders	250,000	5,000
Excess Policy		
National Union Fire Insurance of Pittsburgh, PA		
Per Occurrence	9,000,000	
Aggregate	9,000,000	
Excess Liability		
NJUEP (Hudson Insurance, Allied World, Markel)		
Per Occurrence	30,000,000	Unshared Limit
Aggregate	30,000,000	
Excess Liability		
Fireman's Fund Insurance Company		
Per Occurrence	25,000,000	Shared Limit
Aggregate	25,000,000	
Excess Workers Compensation		
Safety National		
Employer's Liability	1,000,000	
Self-Insured Retention (Fund Retention)	500,000	
Environmental Impairment Liability		
Chubb/Ace		
Per Occurrence	1,000,000	25,000
Aggregate	10,000,000	
School Board Legal Liability		
Greenwich Insurance Company		
Errors & Omissions	1,000,000	10,000
Employment Practices	1,000,000	25,000
Cyber Liability		
Indian Harbor Insurance Company		
Privacy & Cyber Security, Privacy Regulatory Defense	2,000,000	100,000
Business Interest & Extra Expense, Data Breach	1,000,000	
Surety Bonds		
The Hartford Insurance Group		
Treasurer of School Monies	250,000	
Board Secretary/Business Administrator	250,000	

Source: Kinnelon Borough School District records.

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Kinnelon Borough School District
County of Morris, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Kinnelon Borough School District, in the County of Morris (the "District") as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The Honorable President and Members
of the Board of Education
Kinnelon Borough School District
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 13, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

John J. Mooney

John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

Report on Compliance For Each Major Federal and State Program;
Report on Internal Control Over Compliance

Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Kinnelon Borough School District
County of Morris, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Kinnelon School District (the "District's") compliance with the types of compliance requirements described in the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2021. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District'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; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's OMB 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 or state program occurred. An audit includes examining, on a test basis, evidence about the District'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 of the major federal and state programs. However, our audit does not provide a legal determination of the District's compliance.

The Honorable President and Members
of the Board of Education
Kinnelon Borough School District
Page 2

Opinion on Each Major Federal and State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the District 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 District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and NJOMB 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 District's internal control over compliance.

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

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

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

December 13, 2021
Mount Arlington, New Jersey

Nisivoccia LLP
NISIVOCCIA LLP

John J. Mooney

John J. Mooney
Licensed Public School Accountant #2602
Certified Public Accountant

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

Federal Grantor/Pass Through Grantor / Program Title / Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance 6/30/2020		Cancellation of Prior Year Encumbrances	Balance 6/30/2021		Amounts Provided to Subrecipients
					Budgetary Unearned Revenue (Accounts Receivable)	Due to Grantor		Budgetary Accounts Receivable	Budgetary Unearned Revenue	
U.S. Department of Education - Passed-through										
State Department of Education:										
Special Education Cluster:										
I.D.E.A. Preschool	84.173	IDEA-2460-21	7/1/20-9/30/21	\$ 16,655	\$ 16,655	\$ (16,655)				
I.D.E.A. Part B, Basic	84.027	IDEA-2460-21	7/1/20-9/30/21	387,523	387,523	(387,523)				
I.D.E.A. Part B, Basic	84.027	IDEA-2460-20	7/1/19-9/30/20	374,558	\$ 60		\$ 4,732	\$ 4,792		
I.D.E.A. Part B, Basic	84.027	IDEA-2460-19	7/1/18-6/30/19	378,542	\$ 2,588			2,588		
I.D.E.A. Part B, Basic	84.027	IDEA-2460-18	7/1/17-6/30/18	383,863	1,340			1,340		
Total Special Education Cluster					3,928	(404,178)	4,732		8,720	
Elementary and Secondary Education Act:										
Title I	84.010A	ESEA-2460-21	7/1/20-9/30/21	71,599	33,735	(38,384)	\$ 13,574	\$ (4,649)		
Title I	84.010A	ESEA-2460-20	7/1/19-9/30/20	21,140	(14,228)					250
Title I	84.010A	ESEA-2460-19	7/1/18-6/30/19	32,052	453					453
Title I	84.010A	ESEA-2460-17	7/1/16-6/30/17	24,975	703	(38,384)	13,574	(4,649)		703
Subtotal Title I										
Title IIA	84.367A	ESEA-2460-21	7/1/20-9/30/21	67,335	40,035	(50,635)		(10,600)		
Title IIA	84.367A	ESEA-2460-20	7/1/19-9/30/20	14,195			8,469			495
Title IIA	84.367A	ESEA-2460-19	7/1/18-6/30/19	33,109	495					1,460
Title IIA	84.367A	ESEA-2460-18	7/1/17-6/30/18	20,094	1,460					1,955
Subtotal Title IIA					(9,072)	(50,635)	8,469	(10,600)		
Education Stabilization Fund:										
COVID-19 CARES Emergency Relief	84.425D	CARES246020	7/1/20-6/30/22	29,741	29,741	(29,741)				
COVID-19 Digital Divide Grant (Nonpublic)	84.425D	N/A	7/16/20-10/31/20	653		(612)		(612)		
Total Education Stabilization Fund					29,741	(30,353)		(612)		
Total U.S. Department of Education					(23,240)	(523,550)	22,043	(15,861)		11,378
U.S. Department of Treasury - Passed-through										
State Department of Education:										
COVID-19 Coronavirus Relief Fund	21.019	N/A	3/1/20-12/31/20	53,191	53,191	(53,191)				
Total U.S. Department of Treasury					53,191	(53,191)				
Total Special Revenue Fund					(23,240)	(576,741)	22,043	(15,861)		11,378

N/A - Not Applicable

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

Federal Grantor/Pass Through Grantor / Program Title / Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance 6/30/2020		Cash Received	Budgetary Expenditures	Cancellation of Prior Year Encumbrances	Budgetary Accounts Receivable	Balance 6/30/2021		Amounts Provided to Subrecipients
					Budgetary Unearned Revenue (Accounts Receivable)	Due to Grantor					Budgetary Unearned Revenue	Due to Grantor	
U.S. Department of Agriculture - Passed-through State Department of Agriculture:													
Child Nutrition Cluster:													
Federal Food Distribution Program	10.555	N/A	7/1/20-6/30/21	\$ 31,294	\$ 31,294	\$ (28,983)					\$ 2,311		
Federal Food Distribution Program	10.555	N/A	7/1/19-6/30/20	28,918		(5,145)							
Subtotal Federal Food Distribution Program					31,294	(34,128)					2,311		
School Breakfast Program:													
COVID-19 Seamless Summer Option	10.555	N/A	11/1/20-6/30/21	11,459	11,219	(11,459)				\$ (240)			
Subtotal School Breakfast Program					11,219	(11,459)				(240)			
National School Lunch Program:													
COVID-19 Seamless Summer Option	10.555	N/A	7/1/20-6/30/21	191,828	159,561	(191,828)							
COVID-19 Seamless Summer Option	10.555	N/A	3/18/20-6/30/20	5,290	995								
Subtotal National School Lunch Program					160,556	(191,828)					(32,267)		
Total U.S. Department of Agriculture/Child Nutrition Cluster					203,069	(237,415)					(32,507)	2,311	
TOTAL FEDERAL AWARDS					\$ 6,586	\$ (814,156)	\$ (814,156)	\$ 22,043	\$ 5,989	\$ (48,368)	\$ 2,311	\$ 11,378	\$ -0-

N/A - Not Applicable

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

KINNELON BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Project Number	Grant Period	Award Amount	Balance 6/30/2020		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance 6/30/2021		MEMO	
				Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
General Fund:												
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 1,333,815		\$ 1,204,450	\$ (1,333,815)			\$ (129,365)	\$ 1,333,815		
Special Education Categorical Aid Security Aid	20-495-034-5120-089	7/1/19-6/30/20	1,272,749	\$ (123,317)	123,317				(15,981)	1,272,749		
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	164,769		148,788	(164,769)				164,769		
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	164,769	(15,965)	15,965				(41,745)	164,769		
Transportation Aid	21-495-034-5120-014	7/1/20-6/30/21	430,416		388,671	(430,416)				430,416		
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	430,416	(41,703)	41,703				(1,366,724)	430,416		
Extraordinary Special Education Costs Aid	21-100-034-5120-044	7/1/20-6/30/21	1,366,724		899,134	(1,366,724)			(17,980)	1,366,724		
Extraordinary Special Education Costs Aid	20-100-034-5120-044	7/1/19-6/30/20	899,134	(899,134)					(65,517)	899,134		
Nonpublic School Transportation Costs	21-495-034-5120-014	7/1/20-6/30/21	17,980			(17,980)				17,980		
Reimbursed TPAF Contributions:												
Social Security Aid	21-495-034-5094-003	7/1/20-6/30/21	1,364,862		1,299,345	(1,364,862)			(65,517)	1,364,862		
On-Behalf TPAF Contributions:												
Pension	21-495-034-5094-001	7/1/20-6/30/21	4,838,631		4,838,631	(4,838,631)				4,838,631		
Post-Retirement Medical	21-495-034-5094-002	7/1/20-6/30/21	1,545,202		1,545,202	(1,545,202)				1,545,202		
Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	92,061		92,061	(92,061)				92,061		
Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	1,708		1,708	(1,708)				1,708		
Total General Fund				(1,080,119)	10,598,975	(11,156,168)			(1,450,221)	13,923,236		
Debt Service Fund:												
Debt Service Aid State Support	21-495-034-5120-017	7/1/20-6/30/21	68,702		68,702	(68,702)				68,702		
Total Debt Service Fund					68,702	(68,702)				68,702		
Special Revenue Fund:												
NJ Nonpublic Aid:												
Textbook Aid (Chapter 194)	21-100-034-5120-064	7/1/20-6/30/21	916		916	(916)				916		
Security Aid	21-100-034-5120-509	7/1/20-6/30/21	2,625		2,625	(2,625)				2,625		
Nursing Services (Chapter 226)	21-100-034-5120-070	7/1/20-6/30/21	1,530		1,530	(1,530)				1,530		
Handicapped Services (Chapter 193): Examination and Classification	21-100-034-5120-066	7/1/20-6/30/21	1,300		1,300	(1,300)				1,300		
Total Special Revenue Fund					6,371	(6,371)				7,901		
Total NJ Department of Education				(1,080,119)	10,674,048	(11,231,241)			(1,450,221)	13,999,839		

KINNELON BOROUGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance 6/30/2020		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance 6/30/2021		MEMO	
				Budgetary Unearned Revenue/ (Accounts Receivable)	Due to Grantor				GAAP (Accounts Receivable)	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:												
Enterprise Fund:												
State School Lunch Program -												
COVID-19 Seamless Summer Option	21-100-010-3350-023	7/1/20-6/30/21	\$ 10,231		\$ 7,933	\$ (10,231)			\$ (2,298)	\$ (2,298)	\$	10,231
COVID-19 Seamless Summer Option Supplemental	20-100-010-3350-023	3/18/20-6/30/20	84	(16)	16							84
	20-100-010-3350-023	7/1/19-6/30/20	955	(955)	955							955
Total Enterprise Fund				(971)	8,904	(10,231)			(2,298)	(2,298)		11,270
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT DETERMINATION					\$ (1,081,090)	\$ -0-	\$ (11,241,472)	\$ -0-	\$ (1,452,519)	\$ -0-	\$ (1,639,610)	\$ 14,134,670
Less - State Awards Not Subject to Single Audit Major Program Determination:												
On-Behalf TPAF Contributions:												
Pension	21-495-034-5094-001	7/1/20-6/30/21	4,838,631				4,838,631					
Post-Retirement Medical	21-495-034-5094-002	7/1/20-6/30/21	1,545,202				1,545,202					
Non-Contributory Insurance	21-495-034-5094-004	7/1/20-6/30/21	92,061				92,061					
Long-Term Disability Insurance	21-495-034-5094-004	7/1/20-6/30/21	1,708				1,708					
Subtotal On-Behalf TPAF Pension System Contributions							6,477,602					
TOTAL STATE AWARDS SUBJECT TO SINGLE AUDIT MAJOR PROGRAM DETERMINATION							\$ (4,763,870)					

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1: BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards (the “Schedules”) include the federal and state grant activity of the Kinnelon Board of Education under programs of the federal and state governments for the fiscal year ended June 30, 2021. The information in these schedules is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3: INDIRECT COST RATE

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

NOTE 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic 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 two state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes these payments are not recognized until the subsequent budget year due to the state deferral and recording of the last two state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not.

KINNELON BOROUGH SCHOOL DISTRICT
NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

NOTE 4: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$6,106) for the general fund and \$18,542 (\$7,539 local grants and \$11,003 federal grants) for the special revenue fund. See exhibit C-3 for a reconciliation of the Budgetary Basis to the modified accrual basis of accounting for the general and special revenue funds.

Revenue from federal and state awards are reported in the Board's basic financial statements on a GAAP basis as presented below:

<u>Fund</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 11,150,062	\$ 11,150,062
Special Revenue Fund	\$ 587,744	6,371	594,115
Debt Service Fund		68,702	68,702
Enterprise Fund	<u>237,415</u>	<u>10,231</u>	<u>247,646</u>
Total Financial Awards	<u>\$ 825,159</u>	<u>\$ 11,235,366</u>	<u>\$ 12,060,525</u>

NOTE 5: 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 6: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions, respectively. TPAF Social Security Contributions represent the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2021.

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

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over the major federal or state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on the major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following awards:

	<u>C.F.D.A/State</u> <u>Grant Number</u>	<u>Grant Period</u>	<u>Award</u> <u>Amount</u>	<u>Budgetary</u> <u>Expenditures</u>
<u>State:</u>				
Special Education Categorical Aid	21-495-034-5120-089	7/1/20-6/30/21	\$ 1,333,815	\$ 1,333,815
Security Aid	21-495-034-5120-084	7/1/20-6/30/21	164,769	164,769

Federal:

Special Education Cluster:				
I.D.E.A. Part B, Basic	84.027	7/1/20-9/30/21	387,523	387,523
I.D.E.A. Preschool	84.173	7/1/20-9/30/21	16,555	16,555

- The threshold used for distinguishing between Type A and Type B state programs was \$750,000.
- The single audit threshold identified in the Uniform Guidance and New Jersey's OMB Circular 15-08 was \$750,000.
- The District was determined not to be a "low-risk" auditee for federal programs.
- The District was determined to be a "low-risk" auditee for state programs.

KINNELON BOROUGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Continued)

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any audit findings which are required to be reported as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any audit findings which are required to be reported as defined in New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.

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

Status of Prior Year Findings:

The District had no prior year audit findings.