

**KEARNY BOARD OF EDUCATION**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Kearny, New Jersey**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**of the**

**Kearny Board of Education**

**Kearny, New Jersey**

**For The Fiscal Year Ended June 30, 2023**

**Prepared by**

**Business Office**

**KEARNY BOARD OF EDUCATION  
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## **INTRODUCTORY SECTION**



# KEARNY SCHOOL DISTRICT

172 MIDLAND AVENUE  
KEARNY, NJ 07032

PHONE: 201-955-5004  
FAX: 201-955-0426  
[www.kearnyschools.com](http://www.kearnyschools.com)

Dr. Adeline Boyd  
Elizabeth A. Burke  
Cecilia Lindenfelser, Vice President  
John McKenna  
Samantha Paris, President  
Laura Pettigrew  
Jose Soares  
Mary S. Torres  
Sebastian J. Viscuso

November 27, 2023

Honorable President and  
Members of the Board of Education  
Kearny Board of Education  
172 Midland Avenue  
Kearny, New Jersey 07032

Dear Board Members:

*The Annual Comprehensive Financial Report (ACFR) of the Kearny Board of Education (the "Board" or "District") for the fiscal year ended June 30, 2023, 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 Kearny Board of Education. 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.*

*Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A that should be read in conjunction with it. Kearny Board of Education's MD&A can be found immediately following the "Independent Auditor's Report".*

*The annual comprehensive 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 Independent Auditors' Report, Management's Discussion and Analysis and basic financial statements including the District-Wide financial statements presented in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statements. The basic financial statements also include individual fund financial statements, Notes to Financial Statements and Required Supplementary Information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (U.S. Uniform Guidance), and the State 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 the internal control structure and compliance*



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with applicable laws and regulations and findings and questioned costs, are included in the single audit section of this report.

## **REPORTING ENTITY AND ITS SERVICES**

The Kearny Board of Education is an independent reporting entity within the criteria adopted by the GASB. All funds of the District are included in this report. The Kearny Board of Education constitutes the District's reporting entity. The District has no component units included in this report which meet the criteria of legally separate entities for which the District is financially accountable. In addition, the District is not includable in any other reporting entity as a component unit.

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, advanced placement courses, bilingual instruction in Spanish, English as a second language, vocational as well as special education for handicapped youngsters. The District completed the 2022/2023 fiscal year with an enrollment of 5,687 which is 235 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2022/2023	5687	4.31%
2021/2022	5452	-2.49%
2020/2021	5591	-2.49%
2019/2020	5734	-.15%
2018/2019	5743	-1.32%
2017/2018	5820	-.29%
2016/2017	5837	.33%
2015/2016	5818	.45%
2014/2015	5792	.63%
2013/2014	5756	0

## **ECONOMIC CONDITION AND OUTLOOK**

The Kearny Board of Education continues to provide a high-quality education while maintaining a fiscally conservative approach. The Board has controlled costs and been mindful of the impact of its decisions on the local taxpayer. The result is that District has consistently ranked near the bottom in per pupil spending in the county, while provided its students with an excellent education. The State of New Jersey continues to add costly mandates while maintaining or reducing state aid with a 2% budget CAP. Despite the challenging environment, the Kearny Board of Education is committed to move forward with the expectation of full compliance to regulations, adherence to the strict budget CAP and understanding of the difficult economic conditions of our taxpayers while continuing to provide high quality instruction to students.





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*The District continues to find itself in a strong economic position as indicated by its A2+ Stable long-term credit rating from Standard & Poor's, Inc. Global ("S&P"), Ratings Services. The S&P report dated 5/2/2023, noted that the Kearny Board of Education is characterized by stable and positive operating financial profile, which has allowed the district to significantly build up its fund balance over the last several years. The District's debt burden is low and expects it to remain at the level in the foreseeable future.*

## **RELEVANT FINANCIAL POLICES**

*The operations of the Kearny Board of Education are financed primarily through the local property tax levy; however, the District receives additional revenue from state and federal aid along with other miscellaneous local revenues. The school portion of the property tax levy, the largest revenue source for the district, has been held relatively stable over the past five years (under 2%) despite increases and decreases in contractual salaries and benefits, special educational placements and related transportation.*

*The administration continues to operate under the District's Standard Operating Procedures and Internal Controls which are reviewed and updated annually by the School Business Administrator. The policies include internal controls, accounting, budget development and purchasing in addition to other standardized procedures.*

## **INTERNAL ACCOUNTING CONTROLS**

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

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

## **BUDGETARY CONTROLS**

*In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.*



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*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 reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at June 30, 2023.*

## **OTHER INFORMATION**

*Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Bliss, 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 U.S. Uniform Guidance and the State OMB Circular 15-08. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's report related specifically to the single audit and Government Auditing Services is included in the single audit section of this report.*

## **ACKNOWLEDGEMENTS**

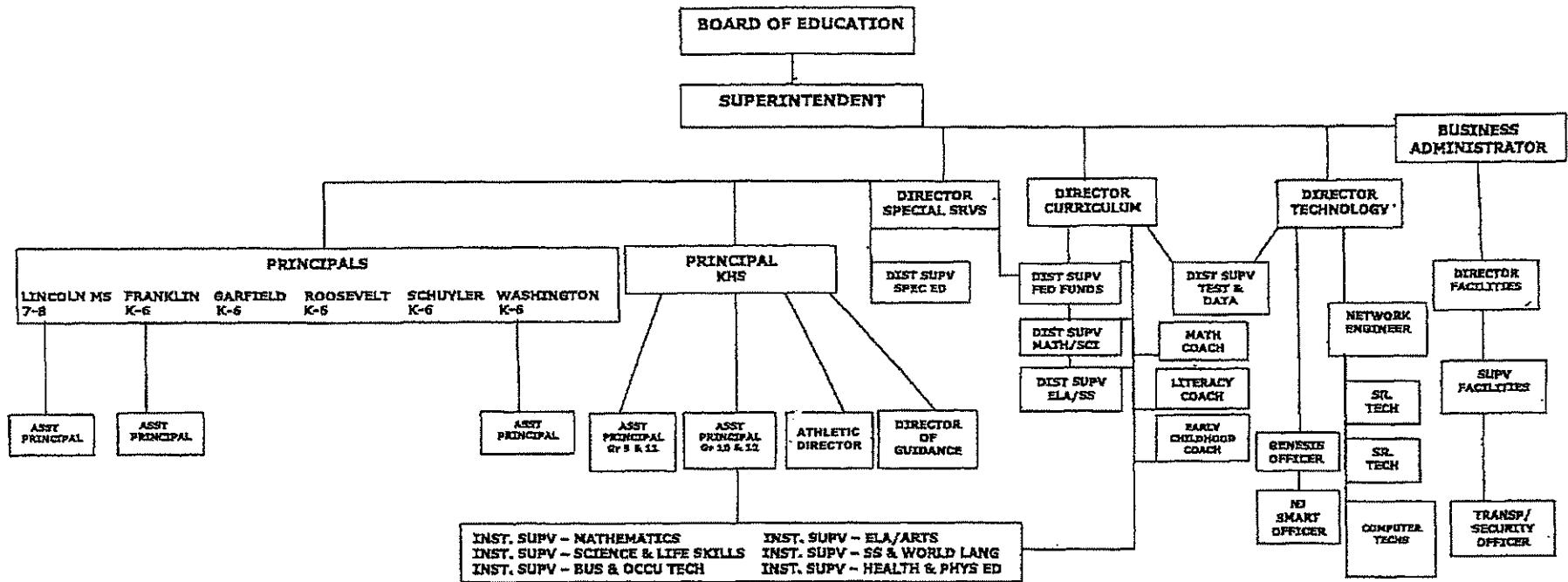
*We would like to express our appreciation to the members of the Kearny Board of Education for the concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation.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

*Respectfully submitted,*

  
Superintendent of Schools

  
School Business Administrator/  
Board Secretary

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KEARNY BOARD OF EDUCATION

KEARNY, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2023

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

Dr. Adeline Boyd	12/31/2024
Elizabeth A. Burke	12/31/2025
Cecilia Lindenfelser, V.P.	12/31/2024
John McKenna	12/31/2025
Samantha Paris, President	12/31/2023
Laura Pettigrew	12/31/2025
Jose Soares	12/31/2025
Mary S. Torres	12/31/2023
Sebastian J. Viscuso	12/31/2023

ADMINISTRATION

Flora Encarnacao, Superintendent of Schools  
Juan Faciolince, Business Administrator/Board Secretary

KEARNY BOARD OF EDUCATION - CONSULTANTS AND ADVISORS

ARCHITECTS OF RECORD

FALLON & PACHECO ARCHITECTS, LLC.  
399 BROAD STREET  
BLOOMFIELD, NEW JERSEY 07003

ATTORNEY

KENNETH J. LINDENFELSER, ESQ.  
570 KEARNY AVENUE  
KEARNY, NEW JERSEY 07032

CONSTRUCTION ATTORNEY

DENNIS MCKEEVER, ESQ.  
CORNELL, MERLINO, MCKEEVER & OSBORNE, LLC.  
238 ST. PAUL STREET  
WESTFIELD, NEW JERSEY 07090

AUDIT FIRM

LERCH, VINCI & BLISS, LLP  
17-17 STATE HIGHWAY #208N  
FAIRLAWN, NEW JERSEY 07410

BOND COUNSEL

MC MANIMON, SCOTLAND & BAUMANN, LLC.  
75 LIVINGSTON AVENUE - 2<sup>ND</sup> FLOOR  
ROSELAND, NEW JERSEY 07068

NEGOTIATOR/LABOR COUNSEL

DENNIS MCKEEVER, ESQ.  
CORNELL, MERLINO, MCKEEVER & OSBORNE, LLC.  
238 ST. PAUL STREET  
WESTFIELD, NEW JERSEY 07090

BENEFITS BROKER

DIANE CONWAY, ASSISTANT V.P.  
BRIAN RIZOR, SVP, EMPLOYEE BENEFITS DIVISION  
BROWN & BROWN BENEFIT ADVISORS  
56 LIVINGSTON AVENUE - SUITE 220  
ROSELAND, NEW JERSEY 07068

KEARNY BOARD OF EDUCATION - CONSULTANTS AND ADVISORS

(Continued)

FINANCIAL ADVISOR OF RECORD

NW FINANCIAL GROUP, LLC (ENERGY SAVING PROJECT)  
2 HUDSON PLACE - 3<sup>RD</sup> FLOOR  
HOBOKEN, NEW JERSEY 07030

LICENSED REMEDIATION SPECIALIST

TECHTONIC ENGINEERING CONSULTANTS, GEOLOGISTS & LAND SURVEYORS, DPC  
1122 ROUTE 22 - SUITE 106  
MOUNTAINSIDE, NEW JERSEY 07092

OFFICIAL DEPOSITORY

THE INVESTORS BANK  
300 BERGEN AVENUE  
KEARNY, NEW JERSEY 07032

**FINANCIAL SECTION**

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**





# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA  
ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA, PSA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA  
JOHN CUIFFO, CPA, PSA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Kearny Board of Education  
172 Midland Avenue  
Kearny, New Jersey 07032

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Kearny Board of Education, as of and for the fiscal year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

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 and each major fund of the Kearny Board of Education as of June 30, 2023, 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.

#### *Basis for Opinions*

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 the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Kearny Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kearny Board of Education's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Kearny Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kearny Board of Education's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and other postemployment benefits information be presented to supplement the basic financial statements. Such information is the responsibility of management and 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kearny Board of Education's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Kearny Board of Education. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedules of expenditures of federal awards and state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, financial schedules and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 27, 2023 on our consideration of the Kearny Board of Education'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 Kearny Board of Education'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 Kearny Board of Education's internal control over financial reporting and compliance.



LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Public School Accountants



Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 27, 2023

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# KEARNY BOARD OF EDUCATION

## Management's Discussion and Analysis

This section of Kearny Board of Education's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. The intent of this section is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement. Certain comparative information between the current year (2022-2023) and the prior year (2021-2022) is required to be presented in the MD&A.

### FINANCIAL HIGHLIGHTS

Key financial highlights for the 2022-2023 fiscal year include the following:

- The assets and deferred outflows of resources of the Kearny Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$39,703,671 (net position).
- Overall District revenues were \$144,110,973. General revenues accounted for \$107,164,750 or 74% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$36,946,223 or 26% of total revenue.
- The School District had \$128,692,960 in expenses for governmental activities; only \$33,919,915 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$107,164,750 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$34,222,827 an increase of \$13,026,146 when compared to the ending fund balance at June 30, 2022 of \$21,196,681.
- The General Fund unassigned fund balance at June 30, 2023 was in a deficit position of \$3,778,962, a decrease of \$2,350,198 when compared with the ending fund balance deficit of \$1,428,764 at June 30, 2022.
- The General Fund unassigned budgetary fund balance at June 30, 2023 was \$2,723,913 which represents a decrease of \$2,201,839 when compared to the ending unassigned fund balance at June 30, 2022 of \$4,925,752.

# KEARNY BOARD OF EDUCATION

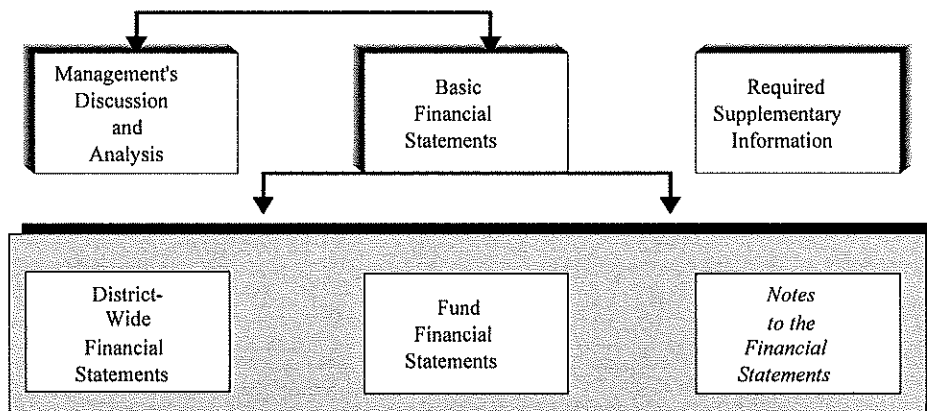
## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental 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 were financed in the short term as well as what remains for future spending.
  - Proprietary Funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The table below shows how the various parts of this annual report are arranged and related to one another.



# KEARNY BOARD OF EDUCATION

## Management's Discussion and Analysis

### OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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 are summarized below. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire district	The activities of the district that are not proprietary or fiduciary, such as instruction, special education building maintenance, and community education	Activities the district operates similar to private businesses: Enterprise funds
Required financial statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, 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 focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows, liabilities, deferred inflows, 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, deferred outflows, liabilities, deferred inflows, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or Paid	Revenues 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 revenues and expenses during the year, regardless of when cash is received or paid.

# KEARNY BOARD OF EDUCATION

## Management's Discussion and Analysis

### District-Wide Financial 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 outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues 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 outflows and liabilities/deferred inflows – 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 overall health of the District you need to consider additional non-financial 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 shown in two categories:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund is 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 bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).



# KEARNY BOARD OF EDUCATION

## Management's Discussion and Analysis

### Fund Financial Statements (Continued)

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 to 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, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) 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 Fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found following the fund financial statements.

### Other Information

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

The District also presents required supplementary information regarding the accounting and reporting for pensions as required under GASB Statement No. 68 and post-retirement medical benefits as required under GASB Statement No. 75. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons if required.

# KEARNY BOARD OF EDUCATION

## Management's Discussion and Analysis

### DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,703,671 and \$27,594,023 as of June 30, 2023 and 2022, respectively, as shown below.

By far the largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Net Position as of June 30, 2023 and 2022

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>						
Current and Other Assets	\$ 39,816,422	\$ 25,055,853	\$ 1,006,902	\$ 1,267,312	\$ 40,823,324	\$ 26,323,165
Capital Assets	<u>45,183,266</u>	<u>41,650,963</u>	<u>238,447</u>	<u>344,396</u>	<u>45,421,713</u>	<u>41,995,359</u>
<b>Total Assets</b>	<u>84,999,688</u>	<u>66,706,816</u>	<u>1,245,349</u>	<u>1,611,708</u>	<u>86,245,037</u>	<u>68,318,524</u>
<b>Deferred Outflows of Resources</b>						
Deferred Amounts on Net Pension Liability	1,032,108	591,427			1,032,108	591,427
Deferred Amounts on Refunding of Debt	<u>18,829</u>	<u>47,186</u>	<u>-</u>	<u>-</u>	<u>18,829</u>	<u>47,186</u>
<b>Total Deferred Outflows</b>	<u>1,050,937</u>	<u>638,613</u>	<u>-</u>	<u>-</u>	<u>1,050,937</u>	<u>638,613</u>
<b>Total Assets and Deferred Outflows</b>	<u>86,050,625</u>	<u>67,345,429</u>	<u>1,245,349</u>	<u>1,611,708</u>	<u>87,295,974</u>	<u>68,957,137</u>
<b>Liabilities</b>						
Long-Term Liabilities	38,966,348	29,183,770			38,966,348	29,183,770
Other Liabilities	<u>5,758,588</u>	<u>3,891,622</u>	<u>29,788</u>	<u>109,174</u>	<u>5,788,376</u>	<u>4,000,796</u>
<b>Total Liabilities</b>	<u>44,724,936</u>	<u>33,075,392</u>	<u>29,788</u>	<u>109,174</u>	<u>44,754,724</u>	<u>33,184,566</u>
<b>Deferred Inflows of Resources</b>						
Deferred Amounts on Net Pension Liability	2,837,579	8,173,632			2,837,579	8,173,632
Deferred Commodities Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,916</u>	<u>-</u>	<u>4,916</u>
<b>Total Deferred Inflows</b>	<u>2,837,579</u>	<u>8,173,632</u>	<u>-</u>	<u>4,916</u>	<u>2,837,579</u>	<u>8,178,548</u>
<b>Total Liabilities and Deferred Inflows</b>	<u>47,562,515</u>	<u>41,249,024</u>	<u>29,788</u>	<u>114,090</u>	<u>47,592,303</u>	<u>41,363,114</u>
<b>Net Position</b>						
Net Investment in Capital Assets	42,869,851	39,525,971	238,447	344,396	43,108,298	39,870,367
Restricted	28,811,453	19,482,285			28,811,453	19,482,285
Unrestricted	<u>(33,193,194)</u>	<u>(32,911,851)</u>	<u>977,114</u>	<u>1,153,222</u>	<u>(32,216,080)</u>	<u>(31,758,629)</u>
<b>Total Net Position</b>	<u>\$ 38,488,110</u>	<u>\$ 26,096,405</u>	<u>\$ 1,215,561</u>	<u>\$ 1,497,618</u>	<u>\$ 39,703,671</u>	<u>\$ 27,594,023</u>

# KEARNY BOARD OF EDUCATION

## Management's Discussion and Analysis

The changes in net position for fiscal years ended 2023 and 2022 are as follows:

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 550,779	\$ 663,105	\$ 615,847	\$ 147,054	\$ 1,166,626	\$ 810,159
Operating Grants and Contributions	31,178,249	35,852,348	2,410,461	2,929,053	33,588,710	38,781,401
Capital Grants and Contributions	2,190,887	110,219			2,190,887	110,219
<b>General Revenues</b>						
Property Taxes	57,944,298	56,810,820			57,944,298	56,810,820
Federal and State Aid	48,295,401	42,998,177			48,295,401	42,998,177
Other	925,051	646,633	-	-	925,051	646,633
<b>Total Revenues</b>	<u>141,084,665</u>	<u>137,081,302</u>	<u>3,026,308</u>	<u>3,076,107</u>	<u>144,110,973</u>	<u>140,157,409</u>
<b>Expenses</b>						
<b>Instruction</b>						
Regular	65,021,840	64,504,805			65,021,840	64,504,805
Special Education	15,525,421	16,081,453			15,525,421	16,081,453
Other Instruction	7,358,202	7,013,056			7,358,202	7,013,056
School Sponsored Activities and Athletics	2,052,093	2,150,599			2,052,093	2,150,599
<b>Support Services</b>						
Student and Instruction Related Services	11,294,361	10,535,804			11,294,361	10,535,804
General Administration Services	2,076,318	2,018,850			2,076,318	2,018,850
School Administration Services	8,755,008	8,860,480			8,755,008	8,860,480
Central Administrative Services	2,342,753	2,332,282			2,342,753	2,332,282
Plant Operation and Maintenance	11,207,193	11,589,450			11,207,193	11,589,450
Pupil Transportation	2,659,497	2,121,374			2,659,497	2,121,374
Interest and Other Chgs on Long-Term Debt	400,274	296,629			400,274	296,629
Food Service	-	-	3,308,365	2,919,847	3,308,365	2,919,847
<b>Total Expenses</b>	<u>128,692,960</u>	<u>127,504,782</u>	<u>3,308,365</u>	<u>2,919,847</u>	<u>132,001,325</u>	<u>130,424,629</u>
Change in Net Position	12,391,705	9,576,520	(282,057)	156,260	12,109,648	9,732,780
<b>Net Position, Beginning of Year</b>	<u>26,096,405</u>	<u>16,519,885</u>	<u>1,497,618</u>	<u>1,341,358</u>	<u>27,594,023</u>	<u>17,861,243</u>
<b>Net Position, End of Year</b>	<u>\$ 38,488,110</u>	<u>\$ 26,096,405</u>	<u>\$ 1,215,561</u>	<u>\$ 1,497,618</u>	<u>\$ 39,703,671</u>	<u>\$ 27,594,023</u>

# KEARNY BOARD OF EDUCATION

## Management's Discussion and Analysis

### Governmental Activities

The financial position of the District improved significantly. However, maintaining existing programs with decreased enrollment, the provision of a multitude of special programs/services for disabled pupils, and increases in District health benefits costs places a great demand on the District's resources. As a result, careful management of expenses remains essential for the District to sustain its financial health.

**Total and Net Cost of Governmental Activities.** The following schedule presents the District's total costs of services provided by major activity. After applying program revenues, derived from charges for services, operating grants and contributions and capital grants and contributions, the net cost of these services is presented. The following is a comparative analysis of the total and the net cost of governmental activities for the fiscal years ended June 30, 2023 and 2022.

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Instruction				
Regular	65,021,840	\$ 64,504,805	\$ 54,194,865	\$ 50,449,941
Special Education	15,525,421	16,081,453	5,550,665	5,284,504
Other Instruction	7,358,202	7,013,056	4,321,627	4,121,265
School Sponsored Activities and Athletics	2,052,093	2,150,599	1,422,720	1,355,706
Support Services				
Student and Instruction Related Services	11,294,361	10,535,804	8,519,913	7,697,492
General Administration Services	2,076,318	2,018,850	2,015,893	1,783,527
School Administration Services	8,755,008	8,860,480	7,548,228	7,203,955
Central Administrative Services	2,342,753	2,332,282	2,094,162	2,042,707
Plant Operation and Maintenance	11,207,193	11,589,450	6,289,886	8,819,157
Pupil Transportation	2,659,497	2,121,374	2,414,812	1,824,227
Interest and Other Charges on Long-Term Debt	400,274	296,629	400,274	296,629
<b>Total</b>	<b><u>\$ 128,692,960</u></b>	<b><u>\$ 127,504,782</u></b>	<b><u>\$ 94,773,045</u></b>	<b><u>\$ 90,879,110</u></b>

# KEARNY BOARD OF EDUCATION

## Management's Discussion and Analysis

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$34,222,827, an increase of \$13,026,146 from last year's fund balance of \$21,196,681.

Revenues for the District's governmental funds were \$151,974,631 and total expenditures were \$147,145,397. In addition, the District had other financing sources of \$8,196,912 due to capital financing agreements and IT subscription arrangements entered into during 2022/23.

**General Fund** - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students.

Revenues of the General Fund were \$140,173,186 for the fiscal year ended June 30, 2023. State sources amounted to \$81,679,786, local sources totaled \$57,887,470 and federal sources totaled \$605,930.

Expenditures of the General Fund were \$132,910,333. Instructional expenditures were \$87,369,283, expenditures for support services were \$40,439,667 and capital and debt service expenditures totaled \$5,101,383 for the fiscal year ended June 30, 2023.

**Special Revenue Fund** - The Special Revenue Fund includes all restricted Federal and State and Local grants and donations utilized in the operations of the district in providing educational services to students.

Revenues of the Special Revenue Fund were \$10,443,653 for the fiscal year ended June 30, 2023. State sources amounted to \$3,480,245, federal sources totaled \$6,441,595, and local sources amounted to \$521,813.

Expenditures of the Special Revenue Fund were \$11,409,150. Instructional expenditures were \$7,497,529, expenditures for support services were \$1,720,734 and capital expenditures totaled \$2,190,887 for the fiscal year ended June 30, 2023.

**Capital Projects** - The capital projects revenues and other financing sources exceeded expenditures and other financing uses by \$4,980,251 increasing the fund balance from \$47,034 at June 30, 2022 to \$5,027,285 at June 30, 2023.

#### Proprietary Funds

The District maintains an Enterprise Fund to account for activities, which are supported in part through user fees.

# KEARNY BOARD OF EDUCATION

## Management's Discussion and Analysis

**Enterprise Fund** - The District uses Enterprise Funds to report activities related to the Food Services program. The District's Enterprise Fund provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The District revised its annual operating budget to reflect the reappropriation of June 30, 2022 encumbrances.

### CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2023 and 2022 amounts to \$45,421,713 and \$41,995,359 (net of accumulated depreciation), respectively. The capital assets consist of land, site improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal year 2022-2023 amounted to \$2,773,322 for governmental activities and \$41,066 for the Business-Type activities.

The following is a comparative analysis of capital assets at June 30, 2023 and 2022.

	<b>Governmental</b>		<b>Business- Type</b>		<b>Total</b>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 245,000	\$ 245,000			\$ 245,000	\$ 245,000
Construction in Progress	4,842,673	586,037			4,842,673	586,037
Site Improvements	1,855,287	2,042,082			1,855,287	2,042,082
Buildings and Improvements	35,377,810	37,164,590			35,377,810	37,164,590
Machinery and Equipment	2,154,340	1,613,254	\$ 238,447	\$ 344,396	2,392,787	1,957,650
Right-to-Use IT Software	708,156	-	-	-	708,156	-
<b>Total</b>	<u>\$ 45,183,266</u>	<u>\$ 41,650,963</u>	<u>\$ 238,447</u>	<u>\$ 344,396</u>	<u>\$ 45,421,713</u>	<u>\$ 41,995,359</u>

Additional information on the District's capital assets are presented in the Notes to the Financial Statements.

## **KEARNY BOARD OF EDUCATION**

### **Management's Discussion and Analysis**

#### **LONG TERM LIABILITIES**

At June 30, 2023, the District's long-term liabilities consisted of compensated absences payable of \$16,261,416, bonds payable of \$657,833, (including unamortized premium), capital financing agreements of \$5,812,882, other financing agreements of \$95,510, IT subscription arrangements of \$673,615 and net pension liability of \$15,465,092 totaling \$38,966,348. This is in comparison to long-term liabilities at June 30, 2022 of \$29,183,770 or an increase of \$9,782,578.

Additional information on the District's long-term liabilities are presented in the Notes to the Financial Statements.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Many factors were considered by the District's administration during the process of developing the fiscal year 2023-2024 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing labor and related employee benefit costs. Other budgetary increases are anticipated with special education, and utilizes the required investment to repair the District's aging facilities.

These expenditures are to be paid for by the mandated 2% CAP on the property tax levy with certain allowable adjustments to the tax levy. In the future, any such allowable adjustments may not be permitted.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our 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 information contact the School Business Administrator, Kearny Board of Education, 172 Midland Avenue, Kearny, NJ 07032.

## **BASIC FINANCIAL STATEMENTS**



**KEARNY BOARD OF EDUCATION**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2023**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 30,030,832	\$ 817,231	\$ 30,848,063
Cash with Fiscal Agent	5,074,036		5,074,036
Receivables, net			
Receivables from Other Governments	3,272,264	148,989	3,421,253
Other Receivables	30,716		30,716
Inventory		40,682	40,682
Prepaid Items	1,408,574		1,408,574
Capital Assets			
Not Being Depreciated	5,087,673		5,087,673
Being Depreciated, Net	<u>40,095,593</u>	<u>238,447</u>	<u>40,334,040</u>
Total Assets	<u>84,999,688</u>	<u>1,245,349</u>	<u>86,245,037</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	1,032,108		1,032,108
Deferred Amount on Refunding on Debt	<u>18,829</u>	<u>-</u>	<u>18,829</u>
Total Deferred Outflows of Resources	<u>1,050,937</u>	<u>-</u>	<u>1,050,937</u>
Total Assets and Deferred Outflows of Resources	<u>86,050,625</u>	<u>1,245,349</u>	<u>87,295,974</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	1,310,862	29,788	1,340,650
Payable to Federal/State Governments	88,331		88,331
Unearned Revenue	4,194,402		4,194,402
Accrued Interest Payable	164,993		164,993
Noncurrent Liabilities			
Due Within One Year	2,775,515		2,775,515
Due Beyond One Year	<u>36,190,833</u>	<u>-</u>	<u>36,190,833</u>
Total Liabilities	<u>44,724,936</u>	<u>29,788</u>	<u>44,754,724</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Amounts on Net Pension Liability	<u>2,837,579</u>	<u>-</u>	<u>2,837,579</u>
Total Deferred Inflows of Resources	<u>2,837,579</u>	<u>-</u>	<u>2,837,579</u>
Total Liabilities and Deferred Inflows of Resources	<u>47,562,515</u>	<u>29,788</u>	<u>47,592,303</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	42,869,851	238,447	43,108,298
Restricted for:			
Capital Projects	22,364,603		22,364,603
Debt Service	215,199		215,199
Other Purposes	6,231,651		6,231,651
Unrestricted	<u>(33,193,194)</u>	<u>977,114</u>	<u>(32,216,080)</u>
Total Net Position	<u>\$ 38,488,110</u>	<u>\$ 1,215,561</u>	<u>\$ 39,703,671</u>

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

**KEARNY BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs:	Program Revenues			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
Governmental Activities							
Instruction							
Regular	\$ 65,021,840		\$ 10,826,975		\$ (54,194,865)		\$ (54,194,865)
Special Education	15,525,421	\$ 16,447	9,958,309		(5,550,665)		(5,550,665)
Other Instruction	7,358,202	35,208	3,001,367		(4,321,627)		(4,321,627)
School Sponsored Activities and Athletics	2,052,093	429,919	199,454		(1,422,720)		(1,422,720)
Support Services							
Student and Instruction Related Svcs.	11,294,361	69,205	2,705,243		(8,519,913)		(8,519,913)
General Administration Services	2,076,318		60,425		(2,015,893)		(2,015,893)
School Administration Services	8,755,008		1,206,780		(7,548,228)		(7,548,228)
Central Administrative Services	2,342,753		248,591		(2,094,162)		(2,094,162)
Plant Operations and Maintenance	11,207,193		2,726,420	\$ 2,190,887	(6,289,886)		(6,289,886)
Pupil Transportation	2,659,497		244,685		(2,414,812)		(2,414,812)
Interest and Other Charges on Long-Term Debt	400,274	-	-	-	(400,274)	-	(400,274)
Total Governmental Activities	<u>128,692,960</u>	<u>550,779</u>	<u>31,178,249</u>	<u>2,190,887</u>	<u>(94,773,045)</u>	<u>-</u>	<u>(94,773,045)</u>
Business-Type Activities							
Food Service	<u>3,308,365</u>	<u>615,847</u>	<u>2,410,461</u>	<u>-</u>	<u>-</u>	<u>\$ (282,057)</u>	<u>(282,057)</u>
Total Business-Type Activities	<u>3,308,365</u>	<u>615,847</u>	<u>2,410,461</u>	<u>-</u>	<u>-</u>	<u>(282,057)</u>	<u>(282,057)</u>
Total Primary Government	<u>\$ 132,001,325</u>	<u>\$ 1,166,626</u>	<u>\$ 33,588,710</u>	<u>\$ 2,190,887</u>	<u>(94,773,045)</u>	<u>(282,057)</u>	<u>(95,055,102)</u>
General Revenues:							
Property Taxes, General					57,080,556		57,080,556
Property Taxes, Debt Service					863,742		863,742
Federal and State Aid - Unrestricted					47,971,143		47,971,143
State Aid- Restricted for Debt Service					324,258		324,258
Investment Income					538,721		538,721
Miscellaneous Income					<u>386,330</u>	<u>-</u>	<u>386,330</u>
Total General Revenues and Transfers					<u>107,164,750</u>	<u>-</u>	<u>107,164,750</u>
Change in Net Position					12,391,705	(282,057)	12,109,648
Net Position, Beginning of Year					25,821,433	1,466,179	27,287,612
Prior Period Adjustment - Capital Assets					<u>274,972</u>	<u>31,439</u>	<u>306,411</u>
Net Position, End of Year					<u>\$ 38,488,110</u>	<u>\$ 1,215,561</u>	<u>\$ 39,703,671</u>

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

**FUND FINANCIAL STATEMENTS**

**KEARNY BOARD OF EDUCATION  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 24,396,677	\$ 4,994,524	\$ 639,631		\$ 30,030,832
Cash With Fiscal Agent			5,074,036		5,074,036
Due from Other Funds	2,538,522				2,538,522
Receivables, Net					
Receivables From Other Governments	350,413	1,069,711	1,852,140		3,272,264
Other Receivables	30,716				30,716
Prepaid Items	1,408,574	-	-	-	1,408,574
<b>Total Assets</b>	<u>\$ 28,724,902</u>	<u>\$ 6,064,235</u>	<u>\$ 7,565,807</u>	<u>\$ -</u>	<u>\$ 42,354,944</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 366,514	\$ 673,002			\$ 1,039,516
Payroll and Payroll Deductions Payable	98,555				98,555
Unemployment Deductions Payable	172,791				172,791
Due to Other Funds			\$ 2,538,522		2,538,522
Payable to Federal/State Governments	35,520	52,811			88,331
Unearned Revenue	-	4,194,402	-	-	4,194,402
<b>Total Liabilities</b>	<u>673,380</u>	<u>4,920,215</u>	<u>2,538,522</u>	<u>-</u>	<u>8,132,117</u>
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Prepays	1,408,574				1,408,574
<b>Restricted</b>					
Capital Reserve	20,993,078				20,993,078
Capital Reserve Designated for Subsequent Year's Budget	1,371,525				1,371,525
Maintenance Reserve	4,160,408				4,160,408
Adult Education Program	63,602				63,602
Unemployment Compensation Reserve	927,223				927,223
Student Activities		431,712			431,712
Scholarship Awards		712,308			712,308
Capital Projects			4,812,086		4,812,086
Debt Service			215,199		215,199
<b>Committed</b>					
Encumbrances	1,359,048				1,359,048
<b>Assigned</b>					
Designated for Subsequent Year's Budget	823,066				823,066
Encumbrances	723,960				723,960
Unassigned	(3,778,962)	-	-	-	(3,778,962)
<b>Total Fund Balances</b>	<u>28,051,522</u>	<u>1,144,020</u>	<u>5,027,285</u>	<u>-</u>	<u>34,222,827</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 28,724,902</u>	<u>\$ 6,064,235</u>	<u>\$ 7,565,807</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$66,420,284 and the accumulated depreciation is \$21,237,018.	45,183,266
The District has financed capital assets through the issuance of general obligation bonds and capital financing agreements. The accrued interest at year end is	(164,993)
Long-term liabilities, including bonds payable, deferred outflows/inflows of resources are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 2)	(38,966,348)
Deferred Inflows and Outflows related to the debt refundings and net pension liability are not reported in the funds. (See Note 2)	(1,786,642)

Net Position of Governmental Activities

\$ 38,488,110

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

**KEARNY BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local Sources					
Property Taxes	\$ 57,080,556			\$ 863,742	\$ 57,944,298
Miscellaneous	806,914	\$ 521,813	\$ 169,792	-	1,498,519
Total - Local Sources	57,887,470	521,813	169,792	863,742	59,442,817
State Sources	81,679,786	3,480,245		324,258	85,484,289
Federal Sources	605,930	6,441,595	-	-	7,047,525
Total Revenues	140,173,186	10,443,653	169,792	1,188,000	151,974,631
<b>EXPENDITURES</b>					
Current					
Instruction					
Regular Instruction	64,285,319	3,565,045			67,850,364
Special Education Instruction	15,428,444	1,363,524			16,791,968
Other Instruction	5,962,635	2,073,366			8,036,001
School Sponsored Activities and Athletics	1,692,885	495,594			2,188,479
Support Services					
Student and Instruction Related Services	10,666,699	1,718,262			12,384,961
General Administrative Services	2,261,035				2,261,035
School Administrative Services	9,870,050				9,870,050
Plant Operations and Maintenance	12,362,311				12,362,311
Pupil Transportation	2,761,372	2,472			2,763,844
Business and Central Services	2,518,200				2,518,200
Debt Service					
Principal	2,184,234			1,140,000	3,324,234
Interest and Other Charges	233,288			48,000	281,288
Capital Outlay	2,683,861	2,190,887	1,637,914	-	6,512,662
Total Expenditures	132,910,333	11,409,150	1,637,914	1,188,000	147,145,397
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,262,853	(965,497)	(1,468,122)	-	4,829,234
<b>OTHER FINANCING SOURCES (USES)</b>					
IT Subscription Arrangements	1,013,635				1,013,635
Capital Financing Agreements	733,277		6,450,000		7,183,277
Transfers In	1,627	944,714		-	946,341
Transfers Out	(944,714)	-	(1,627)	-	(946,341)
Total Other Financing Sources and Uses	803,825	944,714	6,448,373	-	8,196,912
Net Change in Fund Balances	8,066,678	(20,783)	4,980,251	-	13,026,146
Fund Balance, Beginning of Year	19,984,844	1,164,803	47,034	-	21,196,681
Fund Balance, End of Year	\$ 28,051,522	\$ 1,144,020	\$ 5,027,285	\$ -	\$ 34,222,827

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

**KEARNY BOARD OF EDUCATION  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** \$ 13,026,146

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation expense exceeds capital outlay in the current period.

Capital Outlays	\$ 6,512,662	
Depreciation Expense	<u>(2,773,322)</u>	3,739,340

The net effect of various miscellaneous transactions involving capital assets and financing agreements is to increase (decrease) net position

Loss on Disposal of Capital Assets	(207,037)	
Cancellation of Financing Agreement	<u>115,342</u>	(91,695)

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position. Also, the governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Proceeds from Financing Agreements	(7,183,277)	
IT Subscription Arrangements	(1,013,635)	
Repayment of Bond Principal	1,140,000	
Repayment of Financing Agreements	1,844,214	
Repayment of IT Subscription Arrangements	<u>340,020</u>	(4,872,678)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(Increase) Decrease in Pension Expense - Public Employees' Retirement System	2,637,465	
(Increase) Decrease in Compensated Absences	(1,927,887)	
Amortization of Premium	41,914	
Amortization of Deferred Amount on Refunding	(28,357)	
(Increase) Decrease in Accrued Interest	<u>(132,543)</u>	590,592

**Change in Net Position of Governmental Activities (Exhibit A-2)** \$ 12,391,705

**KEARNY BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF NET POSITION  
 AS OF JUNE 30, 2023**

**ASSETS**

## Current Assets

Cash and Cash Equivalents	\$	817,231
Intergovernmental Accounts Receivable		148,989
Inventories		<u>40,682</u>

Total Current Assets		<u>1,006,902</u>
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## Capital Assets

Furniture, Machinery and Equipment		536,532
Less Accumulated Depreciation		<u>(298,085)</u>

Total Capital Assets		<u>238,447</u>
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Total Assets		<u>1,245,349</u>
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**LIABILITIES**

## Current Liabilities

Accounts Payable		<u>29,788</u>
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Total Liabilities		<u>29,788</u>
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**NET POSITION**

Investment in Capital Assets		238,447
Unrestricted		<u>977,114</u>

Total Net Position	\$	<u><u>1,215,561</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**KEARNY BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**OPERATING REVENUES**

Charges for Services	
Daily Sales	
Non-Reimbursable Programs	\$ 549,431
Other Miscellaneous	66,416
	<hr/>
Total Operating Revenues	615,847

**OPERATING EXPENSES**

Cost of Sales	
Reimbursable Programs	791,722
Non-Reimbursable Programs	612,728
Personnel Costs	1,430,408
Management Fee	99,448
Other Expenses	161,167
Supplies and Materials	94,343
Depreciation	41,066
	<hr/>
Total Operating Expenses	3,230,882

Operating Income (Loss)	<hr/> <u>(2,615,035)</u>
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**NONOPERATING REVENUES**

State Sources	
State School Lunch Program	56,796
State Breakfast	5,643
After the Bell	3,377
Summer Food Program	37
Federal Sources	
National School Lunch Program	1,529,409
National School Breakfast Program	311,158
Food Distribution Program	231,658
Summer Food Service Program	1,642
Supply Chain Assistance	269,622
Local Food for Schools	1,119
Loss on Disposal of Capital Assets	(77,483)
	<hr/>
Total Nonoperating Revenues	2,332,978

Change in Net Position	(282,057)
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Total Net Position, Beginning of Year	1,466,179
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Prior Period Adjustment - Capital Assets	<hr/> 31,439
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Total Net Position, End of Year	<hr/> <u>\$ 1,215,561</u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.



**KEARNY BOARD OF EDUCATION  
 PROPRIETARY FUNDS  
 FOOD SERVICE ENTERPRISE FUND  
 STATEMENT OF CASH FLOWS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from Customers	\$ 549,431
Cash Payments for Employees Salaries and Benefits	(1,430,408)
Cash Payments to Suppliers	<u>(1,529,843)</u>
Net Cash (Used for) Operating Activities	<u>(2,410,820)</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Cash Received from State and Federal Sources	<u>2,210,845</u>
Net Cash Provided By Non-Capital Financing Activities	<u>2,210,845</u>

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES**

Cash Payments for Capital Assets	<u>(12,600)</u>
Net Cash (Used For) Capital Financing Activities	<u>(12,600)</u>

Net Change in Cash and Cash Equivalents	(212,575)
Cash and Cash Equivalents, Beginning of Year	<u>1,029,806</u>
Cash and Cash Equivalents, End of Year	<u>\$ 817,231</u>

**Reconciliation of Operating Income (Loss) to Net Cash****(Used for) Operating Activities:**

Operating Income (Loss)	<u>\$ (2,615,035)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash (Used for) Operating Activities	
Depreciation	41,066
Non Cash Federal Assistance-Food Distribution Program	231,658
(Increase) Decrease in Inventories	15,793
Increase (Decrease) in Accounts Payable	(79,386)
Increase (Decrease) in Deferred Commodities Revenue	<u>(4,916)</u>
Total Adjustments	<u>204,215</u>

Net Cash (Used for) Operating Activities	<u>\$ (2,410,820)</u>
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**Non-Cash Financing Activities:**

Fair Value Received - Food Distribution Program	\$ 226,742
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The accompanying Notes to the Financial Statements are an integral part of this statement.

**NOTES TO THE FINANCIAL STATEMENTS**

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Kearny Board of Education (the “Board” or the “District”) is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A Superintendent of Schools is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property. The Board currently operates a Pre-Kindergarten through grade twelve (12) school district.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls. The Superintendent of Schools is the Chief Administrative Officer of the District who is responsible for general supervision of all schools, planning and operational functions of the District. The School Business Administrator/Board Secretary is the Chief Financial Officer and is responsible for budgeting, financial accounting and reporting and reports through the Superintendent of Schools to the Board.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Kearny Board of Education this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. New Accounting Standards**

During fiscal year 2023, the District adopted the following GASB statements:

- GASB Statement No. 96, *Subscription – Based Information Technology Arrangements*. The objective of this Statement will be to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. New Accounting Standards (Continued)**

- GASB Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.
- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**C. Basis of Presentation - Financial Statements**

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Fiduciary funds are excluded from the district-wide financial statements. Currently the District has no fiduciary funds.

**District-Wide Financial Statements**

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Board of Education. All fiduciary activities are reported only in the fund financial statements. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

Separate fund financial statements are provided for governmental, proprietary, and fiduciary activities, even though the latter are excluded from the district-wide financial statements. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The District considers all of its governmental and its enterprise fund to be major funds.

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal, state and local financial programs, with the exception of grants for major capital projects and the child nutrition programs, student activity funds derived from athletic events or other activities of pupil organizations and private donations for scholarship awards.

The *capital projects fund* accounts for the proceeds from the sale of bonds, financing agreements, grants and other revenues used for the acquisition or construction of capital facilities and other capital assets, other than those financed by the proprietary funds.

The *debt service fund* accounts for the accumulation of resources that are restricted, committed or assigned for the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for administrators, teachers and special events.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

Reclassifications

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. All assets, all liabilities and all deferred outflows/inflows of resources associated with these operations are included on the Statement of Net Position. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt, acquisitions under financing agreements, leases payable for intangible right-to-use leased assets and subscription arrangements for intangible right-to-use information technology (IT) software assets are reported as other financing sources.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements (formula-type grants and aid) are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source. Expenditure-driven grants and similar awards (reimbursement-type grants and awards) are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements imposed by the grantor or provider have been met, and the amount is received during the period or within the availability period for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. *Cash, Cash Equivalents and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

**2. *Receivables***

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**3. *Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method and consist of food and expendable supplies. The cost of such inventories is recorded as expenses when consumed rather than when purchased. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities inventory at year-end is reported as deferred inflows of resources.

**4. *Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**5. *Restricted Assets***

Certain assets are classified as restricted on the balance sheet because they are maintained in separate bank accounts and their use is limited by capital financing agreements for projects.

**6. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost, except for intangible right-to-use leased assets and intangible right-to-use IT subscription assets, the measurement of which is discussed in Note 1. E.10 and E.11, respectively. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Site Improvements	20
Buildings and Improvements	20-40
Machinery and Equipment	5-20
Right-to-use Leased Equipment	5-10
Vehicles	8
Right-to-use IT Software	2-5

**7. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Board has two items which arise only under the accrual basis of accounting that qualify for reporting in this category. One item is the deferred amount on refunding of debt which results from a debt refunding reported in the district-wide statement of net position. Deferred amounts on debt refunding result from the difference on the transaction when the debt's reacquisition price is greater than the carrying value of the refunded debt. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item that qualifies for reporting in this category is the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; (4) changes in proportion and differences between employer contributions and proportionate share of contributions; and (5) contributions made subsequent to the measurement date. These amounts are deferred and amortized over future years.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***7. Deferred Outflows/Inflows of Resources (Continued)***

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has two types of items, which arise only under the accrual basis of accounting that qualify for reporting in this category. One item that qualifies for reporting in this category are the deferred amounts on net pension liability. Deferred amounts on net pension liability are reported in the district-wide statement of net position and result from: (1) differences between expected and actual experience; (2) changes in assumptions; (3) net difference between projected and actual investment earnings on pension plan investments; and (4) changes in proportion and differences between employer contributions and proportionate share of contributions. These amounts are deferred and amortized over future years. The other item that qualifies for reporting in this category is the deferred commodities revenue, reported in both the district-wide and the proprietary funds statements of net position. The deferred commodities revenue represents the estimated market value of the donated and unused Federal commodities inventory at year end. This amount is deferred and recognized as an inflow of resources in the period the commodities are consumed.

***8. Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused vacation and sick leave benefits. A long-term liability of accumulated vacation and sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

***9. Pensions***

In the district-wide financial statements and proprietary fund types in the fund financial statements, 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 retirement systems sponsored and administered by the State of New Jersey and additions to/deductions from these retirement systems' fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

In the governmental fund financial statements, net pension liabilities represent amounts normally expected to be liquidated with expendable available financial resources for required pension contributions that are due and payable at year end. Pension expenditures are recognized based on contractual pension contributions that are required to be made to the pension plan during the fiscal year.



**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

***10. Subscription Bases Information Technology Arrangements (SBITAs)***

Non-cancellable subscription arrangements for the use of another party's information technology (IT) software are recognized as a subscription liability and an intangible right-to-use IT subscription asset in the district-wide and proprietary fund type financial statements. The District recognizes subscription liabilities with an initial, individual value of \$2,000 or more. The subscription liability is subsequently reduced by the principal portion of SBITA payments made each year. The IT subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the IT subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the SBITA asset's useful life. SBITAs are monitored for changes in circumstances that would require a remeasurement of the SBITA and the IT subscription assets and liabilities are remeasured if certain changes occur that are expected to significantly affect the amount of the subscription liability. IT subscription assets are reported with other capital assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

In the fund financial statements SBITAs are recognized as other financing sources at the initial amount of the subscription liability. Intangible right-to-use IT subscription assets are reported as capital outlay expenditures.

***11. Financing Agreements***

Capital financing agreements and other financing agreements are financed purchase contracts that transfer ownership of the underlining assets or items (i.e. expendable supplies) to the District by the end of the agreement and do not contain termination options. Capital financing agreements and other financing agreements are recognized as long-term liabilities along with the related capital asset or expenses being financed, respectively, in the district-wide and proprietary fund type financial statements.

In the fund financial statements, capital financing agreements and other financing agreements are recognized as other financing sources at the face amount of the financed purchase contract. Assets and supplies financed under these agreements are reported as capital outlay or current expenditures, respectively.

***12. Long-Term Obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Differences resulting from debt refundings are classified as deferred inflows of resources or as deferred outflows of resources (delete as applicable). Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Differences resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported with the unamortized bond premium or discount. Bond issuance costs (other than for prepaid insurance) are treated as an expense.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

13. *Net Position/Fund Balance*

District-Wide Statements

In the district-wide statements, there are three classes of net position:

- **Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction or improvement of those assets or related debt also should be included.
- **Restricted Net Position** – reports net position when constraints placed on the residual amount of noncapital assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** – any portion of net position not already classified as either net investment in capital assets or net position – restricted is classified as net position – unrestricted.

Governmental Fund Statements

Fund balance categories are designed to make the nature and extent of the constraints placed on the District's fund balance more transparent. These categories are comprised of a hierarchy based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Nonspendable Fund Balance – Amounts that are not in a spendable form or are required to be maintained intact.

Prepays – Represents the portion of fund balance not available for future spending related to costs associated with and chargeable to future accounting periods.

Restricted Fund Balance – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Capital Reserve – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3D).

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the adopted 2023/2024 District budget certified for taxes.

Maintenance Reserve – This restriction was created by the Board in accordance with NJAC 6A:23A-14.2 to accumulate funds for the required maintenance of school facilities in accordance with the EFCA (NJSA 18A:7G-9) for a thorough and efficient education. (See Note 3E).

Adult Education Programs – This restriction was created in accordance with NJSA 18A:50-6 to represent the accumulated surplus from excess program fees and sources other than property taxes over the operating costs of the District's Adult Education Program.

Unemployment Compensation Reserve – This restriction was created in accordance with R.S. 43:21-7.3 to reserve funds for unemployment compensation claims reimbursable to the State under the District's election for payment in lieu of contributions (benefit reimbursement method). (See Note 5A).

Student Activities – This restriction was created in accordance with NJAC 6A:23A-16.12 to represent the accumulation of funds derived from athletic events and other student organizations reserved for the payment of student group activities.

Scholarship Awards – This restriction was created to represent the accumulation of donor restricted funds specifically earmarked for student scholarship awards.

Debt Service – Represents fund balance restricted specifically for the repayment of long-term debt principal and interest in the Debt Service Fund.

KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

13. *Net Position/Fund Balance (Continued)*

Governmental Fund Statements (Continued)

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Encumbrances* – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustees for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Encumbrances* – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

*Designated for Subsequent Year's Budget* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2023/2024 District budget certified for taxes.

**Unassigned Fund Balance** – Represents fund balance that has not been restricted, committed or assigned to specific purposes within the governmental funds.

In the general operating fund and other governmental funds (special revenue, capital projects and debt service fund types), it is the District's policy to consider restricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted (i.e., committed, assigned or unassigned) fund balances are available, followed by committed and then assigned fund balances. Unassigned amounts are used only after the other resources have been used.

14. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The Board of Education itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Trustees is the highest level of decision-making authority for the school district that can, by adoption of a resolution or formal Board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Board of Education for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the School Business Administrator/Board Secretary to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses**

***1. Program Revenues***

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

***2. Property Taxes***

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenues are recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred inflows of resources. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual “in rem” tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

***3. Tuition Revenues and Expenditures***

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2021-2022 and 2022-2023 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

***4. Proprietary Funds, Operating and Nonoperating Revenues and Expenses***

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the food service enterprise fund, are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net position**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position– governmental activities as reported in the district-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details are as follows:

General Obligation Bonds Payable	\$ 630,000
Premium on Bonds	27,833
Capital Financing Agreements	5,812,882
Other Financing Agreements	95,510
IT Subscription Arrangements	673,615
Compensated Absences	16,261,416
Net Pension Liability	<u>15,465,092</u>
	<u>\$ 38,966,348</u>

Another element of that reconciliation states that “deferred inflows and outflows related to debt refundings and net pension liability are not reported in the funds”. The details are as follows:

Deferred Inflows of Resources	
Deferred Amount on Net Pension Liability	\$ 2,837,579
Deferred Outflows of Resources	
Deferred Amount on Net Pension Liability	(1,032,108)
Deferred Amount on Refunding (to be amortized as interest expense)	<u>(18,829)</u>
	<u>\$ 1,786,642</u>

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education (“the Department”), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The District must prepare its budget in compliance with applicable laws limiting the amount by which the general fund property tax levy can increase in the annual school budget. The 2010 Tax Levy CAP Law is calculated using the formulas and provisions of NJSA 18A:7F-38. The law was originally adopted in 2007 and was most recently amended in 2018. The core of the tax-levy cap calculation is a 2% increase to the previous budget year’s general fund tax levy with exceptions only for enrollment increases, increases for certain pension contributions in excess of 2%, certain healthcare increases, and amounts approved by a simple majority of voters at a special election. Additionally, school districts can bank the unused tax levy for use in any of the next three (3) succeeding budget years if they were not granted approval to exceed the tax levy cap by the voters. The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent for review and approval prior to adoption. Districts that have their school board members elected in November do not have to submit their budgets that meet levy cap requirements for voter approval. Only a school board decision to exceed the tax levy cap would require voter approval for the additional amount on the November ballot.

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account 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. The Board approved several budget transfers during 2022/2023. Also, during 2022/2023 the Board increased the original budget of its General Fund by \$2,264,751 and its Special Revenue Fund by \$15,518,227, respectively. The increases were funded by grant awards, student activity revenues, scholarship donations and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. 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 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 which are reappropriated and honored during the subsequent fiscal year.

**B. Excess Expenditures Over Appropriations**

The following is a summary of expenditures in excess of available appropriations. The overexpended appropriations resulted in unfavorable variances.

	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund			
Current Expenditures			
Undistributed Expenditures			
Unallocated Benefits			
Social Security Contribution	\$ 1,305,600	\$ 1,326,580	\$ 20,980

The above variance was a result of an audit adjustment and was offset other available resources.

**KEARNY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**C. Deficit Fund Equity**

The District has an unassigned fund deficit of \$3,778,962 in the General Fund as of June 30, 2023 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2021/2022 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$3,778,962 in the General Fund is less than the delayed state aid payments at June 30, 2023.

**D. Capital Reserve**

A capital reserve account was established by the District. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes 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-14.1(g), the balance in the reserve 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 fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022		\$ 13,194,475
Increased by:		
Deposit by Board Resolution	\$ 10,498,083	
Interest Earnings	<u>63,408</u>	
		<u>10,561,491</u>
		23,755,966
Decreased by:		
Budgeted Withdrawal		<u>1,391,363</u>
Balance, June 30, 2023		<u>\$ 22,364,603</u>

The June 30, 2023 LRFP balance of local support costs of uncompleted capital projects is estimated by management to be \$29,947,800. \$1,371,525 of the capital reserve balance at June 30, 2023 was designated and appropriated for use in the 2023/2024 original budget certified for taxes.

**KEARNY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

**E. Maintenance Reserve**

A maintenance reserve account was established by the District. The accumulation of funds will be used for required maintenance of school facilities expenditures in subsequent fiscal years. The maintenance reserve is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve 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. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district’s school facilities for the current year.

The activity of the maintenance reserve for the fiscal year ended June 30, 2023 is as follows:

Balance, July 1, 2022	\$ 4,160,408
Increased by:	
Interest Earnings	<u>44,665</u>
	4,205,073
Decreased by:	
Transfer Out	<u>44,665</u>
Balance, June 30, 2023	<u>\$ 4,160,408</u>

The June 30, 2023 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$4,160,408.

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Cash Deposits and Investments**

**Cash Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), National Credit Union Share Insurance Fund (NCUSIF), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of the lesser of 75% of its capital funds or \$200 million for deposits in excess of the FDIC and NCUSIF insured amounts. GUDPA does not protect intermingled trust funds, withholdings from an employee’s salary or funds which may pass to the local government upon the happening of a future condition.



**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Cash Deposits and Investments (Continued)**

**Cash Deposits (Continued)**

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2022, the book value of the Board's deposits was \$35,922,099 and bank and brokerage firm balances of the Board's deposits amounted to \$36,483,093. The Board's deposits which are displayed on the statement of net position and the various fund balance sheets as "cash and cash equivalents" and "cash with fiscal agents" are categorized as:

**Depository Account**

Insured	\$ 31,116,617
Uninsured and Collateralized	<u>5,366,476</u>
	<u>\$ 36,483,093</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk. As of June 30, 2023 the Board's bank balance of \$5,366,476 was exposed to custodial credit risk as follows:

**Depository Account**

Uninsured and Collateralized	
Collateral held by pledging financial institution's trust department not in the Board's name	<u>\$ 5,366,476</u>

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; 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 obligations bear a fixed rate of interest not dependent on any index or other external factor; 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; 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 "Local Authorities Fiscal Control Law," (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 school districts; Local Government investment pools; 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); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2023, the Board had no outstanding investments.

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**B. Receivables**

Receivables as of June 30, 2023 for the district’s individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>Total</u>
Receivables:					
Accounts	\$ 30,716				\$ 30,716
Intergovernmental					
Federal		\$ 1,069,711	\$ 1,481,712	\$ 143,789	2,695,212
State	350,407			5,200	355,607
Other	<u>6</u>	<u>-</u>	<u>370,428</u>	<u>-</u>	<u>370,434</u>
	<u>381,129</u>	<u>1,069,711</u>	<u>1,852,140</u>	<u>148,989</u>	<u>3,451,969</u>
Gross Receivables	381,129	1,069,711	1,852,140	148,989	3,451,969
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Total Receivables	<u>\$ 381,129</u>	<u>\$ 1,069,711</u>	<u>\$ 1,852,140</u>	<u>\$ 148,989</u>	<u>\$ 3,451,969</u>

**C. Unearned Revenue**

Governmental funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	<u>Total</u>
Special Revenue Fund	
Unencumbered Grant Drawdowns	3,796,744
Grant Draw Downs Year-End Encumbrances	<u>397,658</u>
 Total Unearned Revenue for Governmental Funds	 <u>\$ 4,194,402</u>

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Balance, July 1, 2022 (Restated)	Increases	Decreases	Balance, June 30, 2023
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 245,000			\$ 245,000
Construction In Progress	586,037	\$ 4,256,636	-	4,842,673
Total Capital Assets, Not Being Depreciated	<u>831,037</u>	<u>4,256,636</u>	<u>-</u>	<u>5,087,673</u>
Capital Assets, Being Depreciated:				
Site Improvements	3,737,100			3,737,100
Buildings and Improvements	51,556,137			51,556,137
Machinery and Equipment	5,337,341	1,232,891	\$ (1,553,993)	5,016,239
Right-to-Use IT Software	-	1,023,135	-	1,023,135
Total Capital Assets Being Depreciated	<u>60,630,578</u>	<u>2,256,026</u>	<u>(1,553,993)</u>	<u>61,332,611</u>
Less Accumulated Depreciation for:				
Site Improvements	(1,695,018)	(186,795)		(1,881,813)
Buildings and Improvements	(14,391,547)	(1,786,780)		(16,178,327)
Machinery and Equipment	(3,724,087)	(484,768)	1,346,956	(2,861,899)
Right-to-Use IT Software	-	(314,979)	-	(314,979)
Total Accumulated Depreciation	<u>(19,810,652)</u>	<u>(2,773,322)</u>	<u>1,346,956</u>	<u>(21,237,018)</u>
Total Capital Assets, Being Depreciated, Net	<u>40,819,926</u>	<u>(517,296)</u>	<u>(207,037)</u>	<u>40,095,593</u>
Governmental Activities Capital Assets, Net	<u>\$ 41,650,963</u>	<u>\$ 3,739,340</u>	<u>\$ (207,037)</u>	<u>\$ 45,183,266</u>

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

	Balance, July 1, 2022 <u>(Restated)</u>	<u>Increases</u>	<u>Decreases</u>	Balance, June 30, 2023
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 655,675	\$ 12,600	\$ (131,743)	\$ 536,532
Total Capital Assets Being Depreciated	<u>655,675</u>	<u>12,600</u>	<u>(131,743)</u>	<u>536,532</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	<u>(311,279)</u>	<u>(41,066)</u>	<u>54,260</u>	<u>(298,085)</u>
Total Accumulated Depreciation	<u>(311,279)</u>	<u>(41,066)</u>	<u>54,260</u>	<u>(298,085)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 344,396</u>	<u>\$ (28,466)</u>	<u>\$ (77,483)</u>	<u>\$ 238,447</u>

Depreciation expense was charged to functions/programs of the District as follows:

<b>Governmental Activities:</b>	
Instruction	
Regular	\$ 2,643,264
Special	<u>1,229</u>
Total Instruction	<u>2,644,493</u>
Support Services	
Support Services - Students	13,521
General Administration	12,046
School Administration	1,721
Operations and Maintenance of Plant	7,129
Central Services	78,433
Student Transportation	<u>15,979</u>
Total Support Services	<u>128,829</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,773,322</u>
<b>Business-Type Activities:</b>	
Food Service Fund	
Total Depreciation Expense-Business-Type Activities	<u>\$ 41,066</u>

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Capital Assets (Continued)**

**Construction and Other Significant Commitments**

The District has the following active construction projects as of June 30, 2023:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
HVAC	\$ 2,492,034	\$ 11,315,361
Windows and Doors	1,098,924	134,326

**E. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2023, is as follows:

**Due To/From Other Funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Projects Fund	<u>\$ 2,538,522</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**Interfund Transfers**

	<u>Transfer In:</u>		
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
<b><u>Transfer Out:</u></b>			
General Fund		\$ 944,714	\$ 944,714
Capital Projects Fund	\$ 1,627	-	1,627
 Total Transfers	<u>\$ 1,627</u>	<u>\$ 944,714</u>	<u>\$ 946,341</u>

The above transfers are the result of revenues earned and/or other financing sources received in one fund to finance expenditures in another fund.

**KEARNY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Financing Agreements**

**Capital Financing Agreements**

The District entered into the following agreements to finance other capital assets under capital financing agreements. The repayments under these financing agreements are subject to the annual appropriation of funds in the District’s approved budget.

Capital financing agreements at June 30, 2023 are comprised of the following:

\$733,277, Fiscal Year 2023 agreement for the acquisition of digital copiers for a term of five years due in monthly principal installments of \$11,082 to \$13,435 through June 2028	\$ 733,277
\$6,450,000, Fiscal Year 2023 agreement for HVAC improvements to Roosevelt and Franklin Schools of four years due in annual principal installments of \$1,211,411 to \$1,329,614 through July 2026 interest at 3.1521%	<u>5,079,605</u>
Total	<u>\$ 5,812,882</u>

There is \$5,074,036 of unexpended proceeds, including interest earned, from the HVAC capital financing agreement on deposit with the fiscal agent as of June 30, 2023.

**Other Financing Agreements**

The District entered into the following agreements to finance the purchase of certain equipment that does not meet the threshold of a capital asset and therefore are classified as expendable supplies. The repayments under these financing agreements are subject to the annual appropriation of funds in the District’s approved budget.

Other financing agreements at June 30, 2023 are comprised of the following:

\$362,217, Fiscal Year 2021 agreement for the purchase of computers for a term of four years due in annual principal installments of \$92,404 through August 2023	\$ 92,404
\$12,177, Fiscal Year 2021 agreement for the purchase of computers for a term of four years due in annual principal installments of through December 2023	<u>3,106</u>
	<u>\$ 95,510</u>

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Financing Agreements (Continued)**

The maturity schedule of the remaining capital and other financing agreement lease payments for principal and interest is as follows:

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Capital Agreements</u>		<u>Other Agreements</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2024	\$ 1,346,809	\$ 186,463	\$ 95,510	\$ 4,169	\$ 1,632,951
2025	1,390,402	142,870			1,533,272
2026	1,435,415	97,858			1,533,273
2027	1,481,894	51,379			1,533,273
2028	<u>158,362</u>	<u>3,385</u>	<u>-</u>	<u>-</u>	<u>161,747</u>
Total	<u>\$ 5,812,882</u>	<u>\$ 481,955</u>	<u>\$ 95,510</u>	<u>\$ 4,169</u>	<u>\$ 6,394,516</u>

**G. Subscription – Based Information Technology Arrangements (SBITAs)**

On July 1, 2022, the District entered into a 24 month subscription for the use of Thrillshare Platform. An initial subscription liability was recorded in the amount of \$43,726. As of June 30, 2023, the value of the subscription liability is \$21,626. The District is required to make annual fixed payments of \$22,100. The subscription has an interest rate of 2.1937%. The value of the right to use asset as of June 30, 2023 is \$53,226 with accumulated depreciation of \$26,613.

On July 14, 2022, the District entered into a 36 month subscription for the use of Kuta-Infinite Algebra. An initial subscription liability was recorded in the amount of \$2,996. As of June 30, 2023, the value of the subscription liability is \$1,974. The District is required to make annual fixed payments of \$1,022. The subscription has an interest rate of 2.3543%. The value of the right to use asset as of June 30, 2023 is \$2,996 with accumulated depreciation of \$963.

On July 1, 2022, the District entered into a 24 month subscription for the use of Securly-Software. An initial subscription liability was recorded in the amount of \$40,985. As of June 30, 2023, the value of the subscription liability is \$20,641. The District is required to make annual fixed payments of \$21,094. The subscription has an interest rate of 2.1937%. The value of the right to use asset as of June 30, 2023 is \$40,985 with accumulated depreciation of \$20,493.

On July 1, 2022, the District entered into a 24 month subscription for the use of Systems 3000. An initial subscription liability was recorded in the amount of \$62,654. As of June 30, 2023, the value of the subscription liability is \$31,297. The District is required to make annual fixed payments of \$31,357. The subscription has an interest rate of 2.1937%. The value of the right to use asset as of June 30, 2023 is \$62,654 with accumulated depreciation of \$31,327.

On July 1, 2022, the District entered into a 27 month subscription for the use of Descubre Supersite Plus. An initial subscription liability was recorded in the amount of \$99,017. As of June 30, 2023, the value of the subscription liability is \$49,291. The District is required to make annual fixed payments of \$50,372. The subscription has an interest rate of 2.1937%. The value of the right to use asset as of June 30, 2023 is \$99,017 with accumulated depreciation of \$43,103.

**KEARNY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**G. Subscription – Based Information Technology Arrangements (SBITAs) (Continued)**

On July 1, 2022, the District entered into a 27 month subscription for the use of Descubre Supersite Plus. An initial subscription liability was recorded in the amount of \$91,454. As of June 30, 2023, the value of the subscription liability is \$45,526. The District is required to make annual fixed payments of \$46,524. The subscription has an interest rate of 2.1937%. The value of the right to use asset as of June 30, 2023 is \$91,454 with accumulated depreciation of \$39,810.

On July 1, 2022, the District entered into a 58 month subscription for the use of Listos Levels. An initial subscription liability was recorded in the amount of \$333,786. As of June 30, 2023, the value of the subscription liability is \$252,611. The District is required to make annual fixed payments of \$88,510. The subscription has an interest rate of 2.5357%. The value of the right to use asset as of June 30, 2023 is \$333,786 with accumulated depreciation of \$68,586.

On July 1, 2022, the District entered into a 24 month subscription for the use of CodeHS-Pro Section License. An initial subscription liability was recorded in the amount of \$4,155. As of June 30, 2023, the value of the subscription liability is \$2,055. The District is required to make annual fixed payments of \$2,100. The subscription has an interest rate of 2.1937%. The value of the right to use asset as of June 30, 2023 is \$4,155 with accumulated depreciation of \$2,077.

On July 1, 2022, the District entered into a 49 month subscription for the use of Newsela-Social Studies G 6-8. An initial subscription liability was recorded in the amount of \$334,862. As of June 30, 2023, the value of the subscription liability is \$248,594. The District is required to make annual fixed payments of \$86,950. The subscription has an interest rate of 2.4453%. The value of the right to use asset as of June 30, 2023 is \$334,862 with accumulated depreciation of \$82,007.

The future principal and interest SBITA payments as of June 30, 2023 are as follows:

**Governmental Activities:**

Fiscal Year Ending

June 30,

Principal

Interest

Total

2024

\$ 334,386 \$ 16,270 \$ 350,656

2025

168,034 8,448 176,482

2026

171,195 4,264 175,459

Total

\$ 673,615 \$ 28,982 \$ 702,597

**H. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities and other capital assets or other purposes permitted by statute. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

Bonds payable at June 30, 2023 are comprised of the following issues:

\$6,740,000, 2015 Bonds, due in annual installments of \$205,000 to \$215,000 through July 15, 2025, interest at 4.0%

\$630,000



**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**H. Long-Term Debt (Continued)**

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

Fiscal Year Ending June 30,	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2024	\$ 205,000	\$ 21,100	\$ 226,100
2025	210,000	12,800	222,800
2026	<u>215,000</u>	<u>4,300</u>	<u>219,300</u>
	<u>\$ 630,000</u>	<u>\$ 38,200</u>	<u>\$ 668,200</u>

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2023 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 200,010,706
Less: Net Debt Issued and Authorized But Not Issued	<u>630,000</u>
Remaining Borrowing Power	<u>\$ 199,380,706</u>

**Changes in Long-Term Liabilities**

Long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

	<u>Balance, July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2023</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable	\$ 1,770,000		\$ 1,140,000	\$ 630,000	\$ 205,000
Add: Premium on Bonds	<u>69,747</u>	-	<u>41,914</u>	<u>27,833</u>	-
Total Bonds Payable	1,839,747	-	1,181,914	657,833	205,000
Capital Financing Agreements	332,431	\$ 7,183,277	1,702,826	5,812,882	1,346,809
Other Financing Agreements	352,240		256,730	95,510	95,510
IT Subscription Arrangements		1,013,635	340,020	673,615	334,386
Compensated Absences	14,333,529	2,566,793	638,906	16,261,416	793,810
Net Pension Liability	<u>12,325,823</u>	<u>3,139,269</u>	-	<u>15,465,092</u>	-
Governmental Activity Long-Term Liabilities	<u>\$ 29,183,770</u>	<u>\$ 13,902,974</u>	<u>\$ 4,120,396</u>	<u>\$ 38,966,348</u>	<u>\$ 2,775,515</u>

For the governmental activities, the liabilities for compensated absences, capital financing arrangements, other financing agreements, IT subscription arrangements and net pension liability are generally liquidated by the general fund.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Annual Comprehensive Financial Report.

The District is a member of the School Alliance Insurance Fund (“SAIF” of the “Fund”). The Fund is a risk sharing public entity pool, established for the purpose of insuring against worker's compensation claims.

The relationship between the Board and the insurance fund is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The Board is contractually obligated to make all annual and supplementary contributions to the funds, to report claims on a timely basis, cooperate with the management of the funds, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by the funds. Members have a contractual obligation to fund any deficit of the funds attributable to a membership year during which they were a member.

SAIF provides its members with risk management services, including the defense of and settlement of claims and to establish reasonable and necessary loss reduction and prevention procedures to be followed by the members. Complete financial statements of the respective insurance funds are on file with the School's Business Administrator.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverage's in any of the prior three years.

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 District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's restricted fund balance for unemployment compensation claims in the General Fund for the current and previous two years:

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Employee</u> <u>Contributions</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2023	\$ 99,934	\$ 57,142	\$ 927,233
2022	93,510	11,005	915,565
2021	80,072	32,578	913,891

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2023, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**C. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2023, the District has not estimated its arbitrage earnings due to the IRS, if any.

**D. Employee Retirement Systems and Pension Plans**

**Plan Descriptions and Benefits Provided**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all Board employees who are eligible for pension coverage:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees. PERS is a cost sharing multiple employer defined benefit pension plan. For additional information about PERS, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

**KEARNY BOARD OF EDUCATION  
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**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Public Employees' Retirement System (PERS) (Continued)**

The following represents the membership tiers for PERS:

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

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years 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 ten years of service credit and have not reached the service retirement age for the respective tier.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees. TPAF is a cost sharing multiple- employer defined benefit pension plan with a special funding situation, which the State is responsible to fund 100% of local employer contributions, excluding any local employer early retirement incentive (ERI) contributions. For additional information about TPAF, please refer to the State Division of Pension and Benefits (Division's) Annual Comprehensive Financial Report (ACFR) which can be found at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

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

The following represent 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

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)**

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to tier 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to tier 4 members upon reached age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tier 1 and 2 members before reaching age 60, tier 3 and 4 members with 25 or more years of service credit before age 62, and tier 5 members with 30 or more years 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 for his/her respective tier. Deferred retirement is available to members who have at least ten years of service credit and have not reached the service retirement age for the respective tier.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007 and employees enrolled in PERS or TPAF on or after July 1, 2007 who earn in excess of established annual maximum compensation limits (equivalent to annual maximum wage for social security deductions). This provision was extended by Chapter 1, P.L. 2010, effective May 21, 2010, to new employees (Tier 2) of the PFRS and new employees who would otherwise be eligible to participate in PERS or TPAF on or after November 2, 2008 and do not earn the minimum salary required for tier 3 enrollment or do not work the minimum required hours for tier 4 and tier 5 enrollments but earn a base salary of at least \$5,000 are eligible for participation in the DCRP. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership. DCRP is a defined contribution pension plan.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems but are currently suspended as a result of reform legislation.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits (“Division”), issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Plan Amendments**

The authority to amend the provisions of the above plans rests with legislation passed by the State of New Jersey. Pension reforms enacted pursuant to Chapter 78, P.L. 2011 included provisions creating special Pension Plan Design Committees for TPAF and PERS, once a Target Funded Ratio (TFR) is met. The Pension Plan Design Committees will have the discretionary authority to modify certain plan design features, including member contribution rate; formula for calculation of final compensation of final salary; fraction used to calculate a retirement allowance; age at which a member may be eligible and the benefits for service or early retirement; and benefits provided for disability retirement. The committees will also have the authority to reactivate the cost of living adjustment (COLA) on pensions. However, modifications can only be made to the extent that the resulting impact does not cause the funded ratio to drop below the TFR in any one year of a 30-year projection period.

**Measurement Focus and Basis of Accounting**

The financial statements of the retirement systems are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the pension trust funds. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Investment Valuation**

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of the retirement systems. Prudential retirement is the third-party administrator for the DCRP and provides record keeping, administrative services and investment options. Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. The net increase or decrease in the fair value of investments includes the net realized and unrealized gains or losses on investments.

The State of New Jersey, Department of the Treasury, Division of Investment issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290 or at [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest).

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Collective Net Pension Liability**

The collective net pension liability of the participating employers for local PERS at June 30, 2022 is \$15.2 billion and the plan fiduciary net position as a percentage of the total pension liability is 62.91% . The collective net pension liability of the State funded TPAF at June 30, 2022 is \$51.7 billion and the plan fiduciary net position as a percentage of total pension liability is 32.29%.

The total pension liabilities were determined based on actuarial valuations as of July 1, 2021 which were rolled forward to June 30, 2022.

**Actuarial Methods and Assumptions**

In the July 1, 2021 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2023.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2023 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was more than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2023, 2022 and 2021 were equal to the required contributions.

During the fiscal years ended June 30, 2023, 2022 and 2021 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

Fiscal Year Ended <u>June 30,</u>	<u>PERS</u>	On-Behalf <u>TPAF</u>	<u>DCRP</u>
2023	\$ 1,292,276	\$ 16,686,069	\$ 67,723
2022	1,218,501	16,570,182	66,530
2021	1,134,042	11,622,058	62,618

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Employer and Employee Pension Contributions (Continued)**

In addition for fiscal years 2023, 2022 and 2021 the State contributed \$4,917, \$4,977 and \$5,328, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

The PERS contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure. The on-behalf TPAF contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB Statement No. 85, *Omnibus 2017* (GASB No. 85). The DCRP contributions are recognized in the governmental fund financial statements (modified accrual basis) as an expenditure, as well as, the district-wide financial statements (accrual basis) as an expense.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,548,790 during the fiscal year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

**Public Employees Retirement System (PERS)**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2021 through June 30, 2022. Employer allocation percentages have been rounded for presentation purposes.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2022 are based on the ratio of each employer's contribution to total employer contributions of the group for the fiscal year ended June 30, 2022.

At June 30, 2023, the District reported in the statement of net position (accrual basis) a liability of \$15,465,092 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2022. At June 30, 2022, the District's proportionate share was .10248 percent, which was a decrease of .00157 percent from its proportionate share measured as of June 30, 2021 of .10405 percent.



**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

For the fiscal year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension benefit of \$1,345,189 for PERS. The pension contribution made by the District during the current 2022/2023 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2023 with a measurement date of the prior fiscal year end of June 30, 2022. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2023 for contributions made subsequent to the measurement date. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Difference Between Expected and Actual Experience	\$ 111,620	\$ 98,433
Changes of Assumptions	47,916	2,315,737
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	640,086	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	<u>232,486</u>	<u>423,409</u>
Total	<u>\$ 1,032,108</u>	<u>\$ 2,837,579</u>

At June 30, 2023, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

Fiscal Year Ending <u>June 30,</u>	<u>Total</u>
2023	\$ (2,100,015)
2024	(996,078)
2025	(472,538)
2026	544,705
2027	1,218,455
Thereafter	<u>-</u>
	<u>\$ (1,805,471)</u>

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Actuarial Assumptions***

The District's total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:	2.75-6.55%
	Based on Years of Service
Investment Rate of Return	7.00%

***Mortality Rates***

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 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 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Long-Term Expected Rate of Return***

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2022) 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans 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 the PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

**KEARNY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Public Employees Retirement System (PERS) (Continued)**

***Discount Rate***

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

***Sensitivity of Net Pension Liability***

The following presents the District's proportionate share of the PERS net pension liability calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the PERS net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<b>1% Decrease <u>6.00%</u></b>	<b>Current Discount Rate <u>7.00%</u></b>	<b>1% Increase <u>8.00%</u></b>
District's Proportionate Share of the PERS Net Pension Liability	<u>\$ 21,060,319</u>	<u>\$ 15,465,092</u>	<u>\$ 10,716,749</u>

The sensitivity analysis was based on the proportionate share of the District's net pension liability as of the measurement date of June 30, 2022. A sensitivity analysis specific to the District's net pension liability at June 30, 2022 was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the PERS pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF)**

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The non-employer allocation percentages presented are based on the ratio of the State's contributions made as an employee and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2021 through June 30, 2022. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. 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 the fiscal year ended June 30, 2022, the State's pension contribution was more than the actuarial determined amount.

In accordance with GASB No. 68, the District is not required to recognize a net pension liability for TPAF. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to TPAF on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 68 is zero percent and the State's proportionate share is 100% of the net pension liability attributable to the District for TPAF. Therefore, in addition, the District does not recognize any portion of the TPAF collective deferred outflows of resources and deferred inflows of resources.

For the fiscal year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,511,372 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2023 the State's proportionate share of the net pension liability attributable to the District is \$204,786,311. The net pension liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2021. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2022. At June 30, 2022, the State's share of the net pension liability attributable to the District was .39692 percent, which was an increase of .00457 percent from its proportionate share measured as of June 30, 2021 of .39235 percent.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources  
Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Actuarial Assumptions**

The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. 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:	2.75-5.65%
	Based on Years of Service
Investment Rate of Return	7.00%

***Mortality Rates***

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

**Long-Term Expected Rate of Return**

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2022) 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 actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans 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 the TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk Mitigation Strategies	3.00%	4.91%
Cash Equivalents	4.00%	1.75%
U.S. Treasuries	4.00%	1.75%
Investment Grade Credit	7.00%	3.38%
US Equity	27.00%	8.12%
Non-US Developed Markets Equity	13.50%	8.38%
Emerging Markets Equity	5.50%	10.33%
High Yield	4.00%	4.95%
Real Assets	3.00%	7.60%
Private Credit	8.00%	8.10%
Real Estate	8.00%	11.19%
Private Equity	13.00%	11.80%

***Discount Rate***

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2022. 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 the actuarially determined contributions for the State. 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 in determining the total pension liability.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**D. Employee Retirement Systems and Pension Plans (Continued)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

**Teachers Pension and Annuity Fund (TPAF) (Continued)**

***Sensitivity of Net Pension Liability***

The following presents the State's proportionate share of the TPAF net pension liability attributable to the District calculated using the discount rate of 7.00%, as well as what the State's proportionate share of the TPAF net pension liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00% percent) or 1-percentage-point higher (8.00% percent) than the current rate:

	<b>1% Decrease <u>(6.00%)</u></b>	<b>Current Discount Rate <u>(7.00%)</u></b>	<b>1% Increase <u>(8.00%)</u></b>
State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District	<u>\$ 242,296,413</u>	<u>\$ 204,786,311</u>	<u>\$ 173,280,183</u>

The sensitivity analysis was based on the State's proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2022. A sensitivity analysis specific to the State's proportionate share of the net pension liability attributable to the District at June 30, 2022 was not provided by the pension system.

***Pension Plan Fiduciary Net Position***

Detailed information about the TPAF pension plan's fiduciary net position is available in the separately issued financial report from the State of New Jersey, Department of the Treasury, Division of Pension and Benefits. The financial report may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**E. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plan for school districts.

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

**Plan Description and Benefits Provided**

The State of New Jersey sponsors and administers the following post-retirement health benefit program plan covering certain local school district employees, including those Board employees and retirees eligible for coverage.



**KEARNY BOARD OF EDUCATION  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**State Health Benefit Program Fund – Local Education Retired Employees Plan** (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.32f provides medical coverage, prescription drug benefits and Medicare Part B reimbursement to qualified retired education employees and their covered dependents. The State of New Jersey provides employer-paid coverage to members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of Chapter 126, P.L. 1992, the State also provides employer-paid coverage to members of the PERS, the Police and Firemen Retirement System (PFRS) or Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents.

Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

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 above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Plan Membership**

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2021:

Active Plan Members	213,148
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	<u>151,669</u>
Total	<u>364,817</u>

**Measurement Focus and Basis of Accounting**

The financial statements of the post-employment health benefit plans are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Division adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the post-employment health benefit plan. Under this method, contributions are recorded in the accounting period in which they are legally due from the employer or plan member, and deductions are recorded at the time the liabilities are due and payable in accordance with the terms of each plan. The accounts of the Division are organized and operated on the basis of funds. All funds are accounted for using an economic resources measurement focus.

**Collective Net OPEB Liability**

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2022 is \$50.6 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2022 were determined based on actuarial valuations as of June 30, 2021 which were rolled forward to June 30, 2022.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**Actuarial Methods and Assumptions**

In the June 30, 2021 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

**Post-Retirement Medical Benefits Contributions**

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.33 billion to the OPEB plan in fiscal year 2022.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2023, 2022 and 2021 were \$4,383,390, \$3,871,464 and \$3,642,172, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2021 through June 30, 2022. Nonemployer allocation percentages have been rounded for presentation purposes.

In accordance with GASB No. 75, the District is not required to recognize an OPEB liability for the post-employment health benefit plan. The State of New Jersey, as a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to the plan on behalf of the District. Accordingly, the District's proportionate share percentage determined under Statement No. 75 is zero percent and the State's proportionate share is 100% of the OPEB liability attributable to the District. Therefore, in addition, the District does not recognize any portion of the collective deferred outflows of resources and deferred inflows of resources related to the plan.

For the fiscal year ended June 30, 2023, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$4,668,121. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2023 the State's proportionate share of the OPEB liability attributable to the District is \$174,828,429. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2022. At June 30, 2022, the state's share of the OPEB liability attributable to the District was .34519 percent, which was a decrease of .00024 percent from its proportionate share measured as of June 30, 2021 of .34543 percent.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Actuarial Assumptions**

The OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

	<u>PERS</u>	<u>TPAF</u>
Salary Increases	2.75% to 6.55% Based on Years of Service	2.75% to 4.25% Based on Years of Service

Preretirement mortality rates were based on the Pub-2010 Health “Teachers” (TPAF) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 “General” (PERS) and “Teachers” (TPAF) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of the TPAF and PERS actuarial experience studies for the period July 1, 2018 to June 30, 2021.

100% of active members are considered to participate in the plan upon retirement.

**Health Care Trend Assumptions**

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

**Discount Rate**

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Changes in the Total OPEB Liability**

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2023 (measurement date June 30, 2022) is as follows:

	Total OPEB Liability (State Share 100%)
Balance, June 30, 2021 Measurement Date	\$ <u>207,283,726</u>
Changes Recognized for the Fiscal Year:	
Service Cost	9,377,042
Interest on the Total OPEB Liability	4,633,146
Differences Between Expected and Actual Experience	4,875,852
Changes of Assumptions	(46,899,295)
Gross Benefit Payments	(4,589,268)
Contributions from the Member	<u>147,226</u>
Net Changes	<u>(32,455,297)</u>
Balance, June 30, 2022 Measurement Date	\$ <u>174,828,429</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.54% in 2022.

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022.

**Sensitivity of OPEB Liability**

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.54%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54% percent) or 1-percentage-point higher (4.54% percent) than the current rate:

	1% Decrease <u>(2.54%)</u>	Current Discount Rate <u>(3.54%)</u>	1% Increase <u>(4.54%)</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	\$ <u>205,492,428</u>	\$ <u>174,828,429</u>	\$ <u>150,252,767</u>

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 OTHER INFORMATION (Continued)**

**E. Post-Retirement Medical Benefits (Continued)**

**OPEB Liabilities, OPEB Expenses and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)**

**Sensitivity of OPEB Liability (Continued)**

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.* The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
State's Proportionate Share of the OPEB Liability Attributable to the District	<u>\$ 144,506,383</u>	<u>\$ 174,828,429</u>	<u>\$ 214,658,278</u>

The sensitivity analyses were based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022. Sensitivity analyses specific to the State's proportionate share of the OPEB liability attributable to the District at June 30, 2022 were not provided by the pension system.

**F. Tax Abatements**

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district. The District's share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate. During fiscal year 2023, the District received \$198,715 from the Town for the District's share of abated taxes.

**NOTE 6 RESTATEMENT**

The financial statements as of June 30, 2022 have been adjusted to reflect the capital asset valuation's in the District's appraisal report. The adjustments are as follows:

**Governmental Activities**

The June 30, 2022 governmental activities financial statements have been restated to reflect adjustments to the value of reported capital assets in the amount of \$306,411. The effect of the restatement is to increase net position of governmental activities by \$274,972 from \$25,821,433 as previously reported to \$26,096,405 as of June 30, 2022 and increase net position of business-type activities by \$31,439 from \$1,466,179 as previously reported to \$1,497,618 as of June 30, 2022.

**KEARNY BOARD OF EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 7 RECENT HEALTHCARE DEVELOPMENTS**

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Board have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Board's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, provides funding for State and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Board.

The Board has been awarded a total of \$18,553,665 in federal aid to address the effects of the COVID-19 pandemic.

**BUDGETARY COMPARISON SCHEDULES**

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**



**KEARNY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**EXHIBIT C-1**

	<u>Original Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
<b>Local Sources</b>					
Property Taxes	\$ 57,080,556		\$ 57,080,556	\$ 57,080,556	
Tuition from Other LEAs Within the State	70,000		70,000	16,447	\$ (53,553)
Tuition from Summer School	10,000		10,000	-	(10,000)
Rents and Royalties	10,000		10,000	40,646	30,646
Interest on Capital Reserve	1,000		1,000	63,408	62,408
Interest on Maintenance Reserve	2,000		2,000	44,665	42,665
Interest on Unemployment				11,658	11,658
Interest				249,198	249,198
Restricted Miscellaneous Revenue - Adult School				35,208	35,208
Unrestricted Miscellaneous Revenues	405,100	-	405,100	345,684	(59,416)
<b>Total Local Sources</b>	<u>57,578,656</u>	<u>-</u>	<u>57,578,656</u>	<u>57,887,470</u>	<u>308,814</u>
<b>State Sources</b>					
Equalization Aid	48,457,587		48,457,587	48,457,587	
Special Education Aid	5,200,975		5,200,975	5,200,975	
Security Aid	2,040,647		2,040,647	2,040,647	
Transportation Aid	239,445		239,445	239,445	
Extraordinary Aid	400,000		400,000	974,214	574,214
School Security Grant On Behalf TPAF (Non Budgeted)				292,111	292,111
NCGI Premium				228,332	228,332
Pension Contribution				16,457,737	16,457,737
Long Term Disability Insurance				4,917	4,917
Post Retirement Medical Contributions				4,383,390	4,383,390
Reimbursed Social Security Contribution	-	-	-	3,548,790	3,548,790
<b>Total State Sources</b>	<u>56,338,654</u>	<u>-</u>	<u>56,338,654</u>	<u>81,828,145</u>	<u>25,489,491</u>
<b>Federal Sources</b>					
FEMA - Public Assistance Grant - Coronavirus				366,970	366,970
Medicaid Assistance Program	169,846	-	169,846	238,960	69,114
<b>Total Federal Sources</b>	<u>169,846</u>	<u>-</u>	<u>169,846</u>	<u>605,930</u>	<u>436,084</u>
<b>Total Revenues</b>	<u>114,087,156</u>	<u>-</u>	<u>114,087,156</u>	<u>140,321,545</u>	<u>26,234,389</u>
<b>EXPENDITURES</b>					
<b>CURRENT</b>					
<b>Instruction - Regular Programs</b>					
<b>Salaries of Teachers</b>					
Kindergarten	1,410,885	\$ 5,220	1,416,105	1,381,572	34,533
Grades 1-5	9,755,715	(45,432)	9,710,283	9,178,497	531,786
Grades 6-8	7,292,710	(50,000)	7,242,710	6,523,171	719,539
Grades 9-12	9,457,578	29,000	9,486,578	9,331,888	154,690
<b>Regular Programs - Home Instruction</b>					
Salaries of Teachers	1,796,917	172,479	1,969,396	1,635,007	334,389
Other Salaries for Instruction	2,300,179	(319,732)	1,980,447	1,714,166	266,281
Purchased Professional Educational Services	235,314	(14,554)	220,760	189,072	31,688
Other Objects	-	-	-	-	-
<b>Regular Programs - Undistributed Instruction</b>					
Other Salaries for Instruction	591	-	591	-	591
Purchased Professional Educational Services	537,530	(73,997)	463,533	429,930	33,603
Other Purchased Services	833,366	(143,497)	689,869	593,924	95,945
General Supplies	1,026,310	394,630	1,420,940	924,072	496,868
Instructional Supplies Acquired Under Lease Purchase (Non-Budgeted)		-			-
Textbooks	761,618	483,110	1,244,728	735,747	508,981
Other Objects	85,058	7,535	92,593	44,466	48,127
<b>Total Regular Programs</b>	<u>35,493,771</u>	<u>444,762</u>	<u>35,938,533</u>	<u>32,681,512</u>	<u>3,257,021</u>
<b>Learning /Language Disabilities</b>					
Salaries of Teachers	1,497,743	(26,906)	1,470,837	1,425,140	45,697
General Supplies	10,000	(6,574)	3,426	66	3,360
<b>Total Learning /Language Disabilities</b>	<u>1,507,743</u>	<u>(33,480)</u>	<u>1,474,263</u>	<u>1,425,206</u>	<u>49,057</u>

**KEARNY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Emotional Regulation Impairment					
Salaries of Teachers	\$ 70,635	\$ (70,635)	-	-	-
Total Emotional Regulation Impairment	70,635	(70,635)	-	-	-
Resource Room/Resource Center					
Salaries of Teachers	4,456,325	159,107	\$ 4,615,432	\$ 4,586,244	\$ 29,188
Total Resource Room/Resource Center	4,456,325	159,107	4,615,432	4,586,244	29,188
Autism					
Salaries of Teachers	301,375	28,887	330,262	322,738	7,524
Total Autism	301,375	28,887	330,262	322,738	7,524
Preschool Disabilities - Full - Time					
Salaries of Teachers	365,475	63,655	429,130	403,919	25,211
Other Salaries for Instruction	300,000	-	300,000	249,156	50,844
Total Preschool Disabilities - Full - Time	665,475	63,655	729,130	653,075	76,055
Total Special Education	7,001,553	147,534	7,149,087	6,987,263	161,824
Basic Skills/Remedial					
Salaries of Teachers	882,105	(138,921)	743,184	536,309	206,875
General Supplies	887	-	887	107	780
Textbooks	-	1,000	1,000	946	54
Total Basic Skills/Remedial	882,992	(137,921)	745,071	537,362	207,709
Bilingual Education					
Salaries of Teachers	2,267,255	273,509	2,540,764	2,536,035	4,729
Purchased Professional Educational Services	3,000	2,700	5,700		5,700
General Supplies	1,000	800	1,800	1,372	428
Textbooks	19,000	(4,500)	14,500	12,455	2,045
Total Bilingual Education	2,290,255	272,509	2,562,764	2,549,862	12,902
Vocational Programs- Local - Instruction					
Salaries of Teachers	297,845	2,442	300,287	300,287	-
General Supplies	55,276	(7,491)	47,785	45,629	2,156
Total Vocational Programs- Local - Instruction	353,121	(5,049)	348,072	345,916	2,156
School Sponsored Co/Extra Curricular Activities					
Salaries	170,000	44,183	214,183	214,183	-
Purchased Services	36,090	(6,306)	29,784	24,923	4,861
Total School Sponsored Co/Extra Curricular Activities	206,090	37,877	243,967	239,106	4,861
School Sponsored Athletics					
Salaries	653,424	30,947	684,371	515,474	168,897
Purchased Services	303,000	4,857	307,857	264,722	43,135
Supplies and Materials	66,586	15,267	81,853	52,723	29,130
Other Objects	87,196	5,093	92,289	82,966	9,323
Total School Sponsored Athletics	1,110,206	56,164	1,166,370	915,885	250,485
Summer School - Instruction					
Salaries of Teachers	67,000	(65,699)	1,301	-	1,301
Total Summer School - Instruction	67,000	(65,699)	1,301	-	1,301
Total - Instruction	47,404,988	750,177	48,155,165	44,256,906	3,898,259

**KEARNY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Special		\$ 56,200	\$ 56,200	\$ 27,843	\$ 28,357
Tuition to CSSD & Reg. Day Schools	\$ 109,000	52,328	161,328	161,328	-
Tuition to Private School for Disabled W/I State	4,631,129	(572,865)	4,058,264	3,144,249	914,015
Tuition-State Facilities	18,053	-	18,053	18,053	-
<b>Total Undistributed Expenditures - Instruction</b>	<b>4,758,182</b>	<b>(464,337)</b>	<b>4,293,845</b>	<b>3,351,473</b>	<b>942,372</b>
Attendance and Social Work					
Salaries	27,258	18,503	45,761	45,761	-
<b>Total Attendance and Social Work</b>	<b>27,258</b>	<b>18,503</b>	<b>45,761</b>	<b>45,761</b>	<b>-</b>
Health Services					
Salaries	866,088	31,040	897,128	822,717	74,411
Other Purchased Services	200,000	50,000	250,000	209,050	40,950
Supplies and Materials	54,500	-	54,500	10,535	43,965
<b>Total Health Services</b>	<b>1,120,588</b>	<b>81,040</b>	<b>1,201,628</b>	<b>1,042,302</b>	<b>159,326</b>
Speech, OT, PT & Related Services					
Purchased Professional - Educational Services	690,000	60,000	750,000	647,739	102,261
<b>Total Speech, OT, PT &amp; Related Services</b>	<b>690,000</b>	<b>60,000</b>	<b>750,000</b>	<b>647,739</b>	<b>102,261</b>
Guidance					
Salaries of Other Professional Staff	1,569,128	56,567	1,625,695	1,559,521	66,174
Salaries of Secretarial and Clerical Assistants	148,500	74,017	222,517	161,993	60,524
Purchased Professional-Educational Services	-	2,300	2,300	2,292	8
Supplies and Materials	1,545	-	1,545	1,266	279
Other Objects	1,155	-	1,155	-	1,155
<b>Total Guidance</b>	<b>1,720,328</b>	<b>132,884</b>	<b>1,853,212</b>	<b>1,725,072</b>	<b>128,140</b>
Child Study Teams					
Salaries of Other Professional Staff	2,223,126	(143,839)	2,079,287	1,935,055	144,232
Salaries of Secretarial and Clerical Assistants	63,302	-	63,302	63,302	-
Purchased Professional-Educational Services	160,000	69,000	229,000	227,688	1,312
Other Purchased Services	26,100	-	26,100	5,149	20,951
Supplies and Materials	33,189	1,495	34,684	31,642	3,042
<b>Total Child Study Teams</b>	<b>2,505,717</b>	<b>(73,344)</b>	<b>2,432,373</b>	<b>2,262,836</b>	<b>169,537</b>
Improvement of Instructional Service					
Salaries of Secretarial and Clerical Assistants	31,526	6,400	37,926	33,275	4,651
Salaries of Facilitators, Math & Literacy Coaches	632,955	28,929	661,884	661,884	-
<b>Total Improvement of Instructional Service</b>	<b>664,481</b>	<b>35,329</b>	<b>699,810</b>	<b>695,159</b>	<b>4,651</b>
Educational Media Services/School Library					
Salaries	519,850	(29,329)	490,521	432,282	58,239
Supplies and Materials	11,942	2,029	13,971	5,067	8,904
<b>Total Educational Media Services/School Library</b>	<b>531,792</b>	<b>(27,300)</b>	<b>504,492</b>	<b>437,349</b>	<b>67,143</b>
Instructional Staff Training Services					
Purchased Professional-Educational Services	25,000	6,000	31,000	22,003	8,997
Supplies and Materials	30,000	(9,000)	21,000	7,690	13,310
Other Objects	15,000	-	15,000	6,327	8,673
<b>Total Instructional Staff Training Services</b>	<b>70,000</b>	<b>(3,000)</b>	<b>67,000</b>	<b>36,020</b>	<b>30,980</b>

**KEARNY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Services General Administration					
Salaries	\$ 1,097,752	\$ (25,000)	\$ 1,072,752	\$ 971,114	\$ 101,638
Legal Services	85,893	(4,000)	81,893	63,283	18,610
Audit Fees	70,000	5,000	75,000	68,379	6,621
Architectural/Engineering Services	100,000	62,780	162,780	69,883	92,897
Other Purchased Professional Services	70,000	96,255	166,255	151,922	14,333
Purchased Technical Services	45,000	(13,113)	31,887	29,570	2,317
Communications/Telephone	74,400	(6,980)	67,420	61,104	6,316
Miscellaneous Purchased Services	192,910	(15,000)	177,910	175,946	1,964
General Supplies	11,500	2,000	13,500	12,579	921
BOE In-House Training/Meeting Supplies	1,000	781	1,781	1,194	587
Judgments Against the School District	2,000	(1,000)	1,000		1,000
Miscellaneous Expenditures	68,600	44,619	113,219	100,621	12,598
BOE Membership Dues and Fees	30,000	(3,000)	27,000	26,876	124
<b>Total Support Services General Administration</b>	<b>1,849,055</b>	<b>143,342</b>	<b>1,992,397</b>	<b>1,732,471</b>	<b>259,926</b>
Support Services School Administration					
Salaries of Principals/Asst. Principals	4,320,682	69,573	4,390,255	4,390,255	-
Salaries of Other Professional Staff	161,980	134,137	296,117	296,117	-
Salaries of Secretarial and Clerical Assistants	1,231,052	(54,576)	1,176,476	1,135,260	41,216
Other Purchased Services	28,485	6,682	35,167	28,481	6,686
Supplies and Materials	95,024	(2,224)	92,800	49,978	42,822
Other Objects	60,700	153,083	213,783	29,701	184,082
<b>Total Support Services School Administration</b>	<b>5,897,923</b>	<b>306,675</b>	<b>6,204,598</b>	<b>5,929,792</b>	<b>274,806</b>
Central Services					
Salaries	589,439	93,121	682,560	576,867	105,693
Purchased Professional Services	137,200	(4,100)	133,100	122,211	10,889
Purchased Technical Services	10,000	-	10,000	975	9,025
Supplies and Materials	10,000	20,000	30,000	10,881	19,119
Miscellaneous Expenditures	10,000	-	10,000	6,856	3,144
<b>Total Central Services</b>	<b>756,639</b>	<b>109,021</b>	<b>865,660</b>	<b>717,790</b>	<b>147,870</b>
Admin. Info. Technology					
Salaries	793,952	20,000	813,952	737,366	76,586
Purchased Professional Services	25,500	6,874	32,374	28,974	3,400
Purchased Technical Services	144,000	(10,000)	134,000	118,790	15,210
Other Purchased Services	150,880	(5,115)	145,765	121,255	24,510
Other Objects	1,250	(405)	845	845	-
<b>Total Admin. Info. Technology</b>	<b>1,115,582</b>	<b>11,354</b>	<b>1,126,936</b>	<b>1,007,230</b>	<b>119,706</b>
Required Maintenance for School Facilities					
Salaries	1,639,038	(85,543)	1,553,495	1,483,575	69,920
Cleaning, Repair and Maintenance Services	2,083,043	2,633	2,085,676	865,387	1,220,289
General Supplies	490,682	349,850	840,532	726,045	114,487
<b>Total Required Maint. for School Facilities</b>	<b>4,212,763</b>	<b>266,940</b>	<b>4,479,703</b>	<b>3,075,007</b>	<b>1,404,696</b>
Custodial Services					
Salaries	3,449,821	51,328	3,501,149	3,441,275	59,874
Other Purchased Property Services	80,000	40,000	120,000	105,216	14,784
Insurance	623,568	24,118	647,686	647,686	-
General Supplies	319,000	(22,399)	296,601	233,333	63,268
Energy (Electricity)	900,000	117,370	1,017,370	925,320	92,050
Energy (Natural Gas)	600,000	(17,370)	582,630	453,163	129,467
Other Objects	25,009	1,950	26,959	26,376	583
<b>Total Custodial Services</b>	<b>5,997,398</b>	<b>194,997</b>	<b>6,192,395</b>	<b>5,832,369</b>	<b>360,026</b>
Care and Upkeep of Grounds					
Salaries	239,661	-	239,661	219,647	20,014
<b>Total Care and Upkeep of Grounds</b>	<b>239,661</b>	<b>-</b>	<b>239,661</b>	<b>219,647</b>	<b>20,014</b>
Security					
Salaries	550,000	-	550,000	473,080	76,920
<b>Total Security</b>	<b>550,000</b>	<b>-</b>	<b>550,000</b>	<b>473,080</b>	<b>76,920</b>

**KEARNY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT (Continued)</b>					
Undistributed Expenditures (Continued)					
Student Transportation Services					
Salaries for Pupil Transportation (Between Home and School) - Special Ed.	\$ 547,080	\$ (20,743)	\$ 526,337	\$ 525,592	\$ 745
Salaries for Pupil Transportation (Other Than Between and School)	60,000	(4,000)	56,000	55,988	12
Other Purchased Professional and Technical Services		-	-	-	-
Cleaning, Repair & Maint. Services	90,000	(19,238)	70,762	53,541	17,221
Lease Purchase Payments - School Buses	150,000	12,978	162,978	160,946	2,032
Contracted Services Aid in Lieu of Payments - Charter School	-	7,000	7,000	3,971	3,029
Contracted Services ( Between Home and School) Vendors	1,522,500	136,300	1,658,800	1,655,494	3,306
Contracted Services (Other than Between Home and School) - Vendors		68,680	68,680	65,084	3,596
Transportation Supplies	20,000	(10,400)	9,600	7,174	2,426
<b>Total Student Transportation Services</b>	<b>2,389,580</b>	<b>170,577</b>	<b>2,560,157</b>	<b>2,527,790</b>	<b>32,367</b>
Unallocated Benefits					
Group Insurance	26,000	-	26,000	21,854	4,146
Social Security Contribution	1,462,600	(157,000)	1,305,600	1,326,580	(20,980)
Other Retirement Contributions - PERS	1,415,351	(44,100)	1,371,251	1,363,190	8,061
Terminal Leave Payments	915,393	(379,000)	536,393	535,529	864
Worker's Compensation	605,508	(35,000)	570,508	567,922	2,586
Health Benefits	15,428,964	(151,335)	15,277,629	13,734,747	1,542,882
Tuition Reimbursement	65,000	(30,000)	35,000	34,219	781
Other Employee Benefits	120,000	(95,000)	25,000	24,105	895
<b>Total Unallocated Benefits</b>	<b>20,038,816</b>	<b>(891,435)</b>	<b>19,147,381</b>	<b>17,608,146</b>	<b>1,539,235</b>
On Behalf TPAF (Non Budgeted)					
NCGI Premium		-		228,332	(228,332)
Pension Contribution		-		16,457,737	(16,457,737)
Long Term Disability Contribution		-		4,917	(4,917)
Post Retirement Medical Contributions		-		4,383,390	(4,383,390)
Social Security Contribution	-	-	-	3,548,790	(3,548,790)
<b>Total TPAF Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,623,166</b>	<b>(24,623,166)</b>
<b>Total Undistributed Expenditures</b>	<b>55,135,763</b>	<b>71,246</b>	<b>55,207,009</b>	<b>73,990,199</b>	<b>(18,783,190)</b>
Interest Earned on Maintenance Reserve	2,000	-	2,000	-	2,000
<b>Total Current Expenditures</b>	<b>102,542,751</b>	<b>821,423</b>	<b>103,364,174</b>	<b>118,247,105</b>	<b>(14,882,931)</b>
<b>CAPITAL OUTLAY</b>					
Equipment					
Undistributed Expenditures					
Instruction		158,510	158,510	143,620	14,890
Operations and Maintenance		59,131	59,131	59,131	-
School Buses - Special	-	203,015	203,015	-	203,015
<b>Total Equipment</b>	<b>-</b>	<b>420,656</b>	<b>420,656</b>	<b>202,751</b>	<b>217,905</b>
Facilities Acquisition and Construction Services					
Architectural/Engineering Services		995,841	995,841	724,698	271,143
Lease Purchase Agreements	1,391,363	-	1,391,363	1,371,525	19,838
Assessment for Debt Service on SDA Funding	194,876	-	194,876	194,876	-
<b>Total Facilities Acquis. and Const. Services</b>	<b>1,586,239</b>	<b>995,841</b>	<b>2,582,080</b>	<b>2,291,099</b>	<b>290,981</b>
Assets Acquired Under IT Subscription Arrangements					
Instruction				866,270	(866,270)
Central Services				62,654	(62,654)
Admin. Info. Technology	-	-	-	94,211	(94,211)
<b>Total Assets Acquired Under IT Subscription Arrangements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,023,135</b>	<b>(1,023,135)</b>
Assets Acquired Under Capital Financing Agreement (Non-Budget)	-	-	-	733,277	(733,277)
Interest Deposit to Capital Reserve	1,000	-	1,000	-	1,000
<b>Total Capital Outlay</b>	<b>1,587,239</b>	<b>1,416,497</b>	<b>3,003,736</b>	<b>4,250,262</b>	<b>(1,246,526)</b>

**KEARNY BOARD OF EDUCATION  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-1

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>SPECIAL SCHOOLS</b>					
Adult Education - Local - Instruction					
Salaries of Teachers		\$ 22,254	\$ 22,254	\$ 22,254	
Purchased Professional and Technical Services	-	4,050	4,050	4,050	-
General Supplies	-	527	527	526	\$ 1
<b>Total Adult Education - Local - Instruction</b>	-	26,831	26,831	26,830	1
<b>Total Special Schools</b>	-	26,831	26,831	26,830	1
Transfer of Funds to Charter Schools	\$ 10,881,881	-	10,881,881	10,386,136	495,745
<b>Total Expenditures</b>	115,011,871	2,264,751	117,276,622	132,910,333	(15,633,711)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(924,715)	(2,264,751)	(3,189,466)	7,411,212	10,600,678
<b>Other Financing Sources (Uses)</b>					
IT Subscription Arrangements				1,013,635	1,013,635
Capital Financing Agreements				733,277	733,277
Operating Transfers Out-Food Service	(345,000)	-	(345,000)		345,000
Operating Transfers Out - Special Revenue Fund	(944,714)		(944,714)	(944,714)	
Operating Transfers In - Capital Projects Fund	-	-	-	1,627	1,627
<b>Total Other Financing Sources (Uses)</b>	(1,289,714)	-	(1,289,714)	803,825	2,093,539
Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses)	(2,214,429)	(2,264,751)	(4,479,180)	8,215,037	12,694,217
Fund Balances, Beginning of Year	26,339,360	-	26,339,360	26,339,360	-
Fund Balances, End of Year	\$ 24,124,931	\$ (2,264,751)	\$ 21,860,180	\$ 34,554,397	\$ 12,694,217
<b>Recapitulation of Fund Balance</b>					
Nonspendable					
Prepays				\$ 1,408,574	
Restricted					
Capital Reserve				20,993,078	
Capital Reserve Designated for Subsequent Years' Budget				1,371,525	
Maintenance Reserve				4,160,408	
Adult Education Program				63,602	
Unemployment Compensation Reserve				927,223	
Committed					
Encumbrances				1,359,048	
Assigned					
Designated for Subsequent Year's Budget				823,066	
Encumbrances				723,960	
Unassigned				2,723,913	
Fund Balance Per Governmental Funds (Budgetary)				34,554,397	
Reconciliation to Governmental Funds Statements (GAAP):					
Less: State Aid Not Recognized on GAAP Basis				(6,502,875)	
Fund Balance Per Governmental Funds (GAAP)				\$ 28,051,522	

**KEARNY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

EXHIBIT C-2

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
State Sources	\$ 6,088,494	\$ 430,265	\$ 6,518,759	\$ 3,604,153	\$ (2,914,606)
Private Sources	150,000	469,553	619,553	545,316	(74,237)
Federal Sources	3,552,531	14,547,922	18,100,453	11,635,190	(6,465,263)
<b>Total Revenues</b>	<b>9,791,025</b>	<b>15,447,740</b>	<b>25,238,765</b>	<b>15,784,659</b>	<b>(9,454,106)</b>
<b>EXPENDITURES</b>					
<b>Instruction</b>					
Salaries of Teachers	3,579,062	820,940	4,400,002	3,185,053	1,214,949
Other Salaries for Instruction	557,928	39,994	597,922	574,729	23,193
Purchased Professional-Educational Services	300,000	177,798	477,798	23,047	454,751
Tuition	1,137,139	226,578	1,363,717	1,363,050	667
General Supplies	588,689	757,594	1,346,283	344,669	1,001,614
Textbooks	-	25,098	25,098	16,285	8,813
Other Objects	-	136,443	136,443	106,149	30,294
Co-Curricular - Student Activities	100,000	185,950	285,950	285,722	228
Co-Curricular - Athletics	-	209,872	209,872	209,872	-
<b>Total Instruction</b>	<b>6,262,818</b>	<b>2,580,267</b>	<b>8,843,085</b>	<b>6,108,576</b>	<b>2,734,509</b>
<b>Support Services</b>					
Salaries of Supervisors/Program Directors	340,057	(186,184)	153,873	77,936	75,937
Salaries of Other Professional Staff	46,805	260,000	306,805	32,057	274,748
Salaries of Secretarial and Clerical Asst.	-	64,968	64,968	64,968	-
Other Salaries	78,038	10,239	88,277	77,248	11,029
Salaries of Community Parent Involvement	31,251	806	32,057	32,057	-
Salaries of Master Teachers	336,109	480,203	816,312	355,370	460,942
Personal Services - Employee Benefits	1,218,128	1,340,232	2,558,360	1,565,760	992,600
Purchased Education Services - Contracted Pre-K	219,186	8,010	227,196	227,196	-
Purchased Education Services - Head Start	121,106	4,425	125,531	125,531	-
Purchased Prof./Educ. Svcs.	550,851	99,660	650,511	194,999	455,512
Contracted Services - Trans. (Field Trips)	70,000	-	70,000	2,472	67,528
Travel	15,000	8,043	23,043	217	22,826
Other Purchased Services	-	92,111	92,111	46,194	45,917
Supplies and Materials	65,000	217,882	282,882	97,986	184,896
Other Objects	75,000	664,021	739,021	121,704	617,317
Other Expenditures - Scholarships	50,000	44,800	94,800	94,800	-
<b>Total Support Services</b>	<b>3,216,531</b>	<b>3,109,216</b>	<b>6,325,747</b>	<b>3,116,495</b>	<b>3,209,252</b>
<b>Facilities Acquisition and Const. Serv.</b>					
Instructional Equipment	592,952	(6,009)	586,943	62,888	524,055
Non Instructional Equipment	592,951	16,195	609,146	109,922	499,224
Building Improvements	-	9,818,558	9,818,558	7,352,275	2,466,283
<b>Total Facilities Acq. and Const. Serv.</b>	<b>1,185,903</b>	<b>9,828,744</b>	<b>11,014,647</b>	<b>7,525,085</b>	<b>3,489,562</b>
<b>Total Expenditures</b>	<b>10,665,252</b>	<b>15,518,227</b>	<b>26,183,479</b>	<b>16,750,156</b>	<b>9,433,323</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(874,227)	(70,487)	(944,714)	(965,497)	(20,783)
Transfers In	874,227	70,487	944,714	944,714	-
	-	-	-	(20,783)	(20,783)
Fund Balances, Beginning of Year	1,164,803	-	1,164,803	1,164,803	-
Fund Balances, End of Year	\$ 1,164,803	\$ -	\$ 1,164,803	\$ 1,144,020	\$ (20,783)

**KEARNY BOARD OF EDUCATION  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<b>Sources/Inflows of Resources</b>		
Actual Revenues (budgetary basis)	(C-1) \$ 140,321,545	(C-2) \$ 15,784,659
<b>Difference - Budget to GAAP</b>		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
State Aid payments recognized for GAAP statements not recognized for budgetary purposes.	6,354,516	
State Aid payments recognized for budgetary purposes not recognized for GAAP statements.	(6,502,875)	
Encumbrances are reported in the year the order is placed for budgetary purposes, but in the year the goods are received or the services are rendered for GAAP financial reporting purposes		
Add: Encumbrances, June 30, 2022 (net of cancellations)		2,117,666
Less: Encumbrances, June 30, 2023	<u>-</u>	<u>(7,458,672)</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>140,173,186</u>	\$ <u>10,443,653</u>
<b>Uses/Outflows of Resources</b>		
Actual Expenditures (budgetary basis)	(C-1) \$ 132,910,333	(C-2) \$ 16,750,156
Encumbrances are reported in the year the order is placed for budgetary purposes, but in the year the goods are received or the services are rendered for GAAP financial reporting purposes		
Add: Encumbrances, June 30, 2022 (net of cancellations)		2,117,666
Less: Encumbrances, June 30, 2023	<u>-</u>	<u>(7,458,672)</u>
Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	(B-2) \$ <u>132,910,333</u>	(B-2) \$ <u>11,409,150</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

KEARNY BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
 OF THE NET PENSION LIABILITY

PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 Last Ten Fiscal Years \*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.10248%	0.10405%	0.10366%	0.10174%	0.10347%	0.10715%	0.10943%	0.01085%	0.10900%	0.09978%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 15,465,092	\$ 12,325,823	\$ 16,905,023	\$ 18,331,347	\$ 20,373,317	\$ 24,941,945	\$ 32,410,578	\$ 24,354,535	\$ 20,406,935	\$ 19,070,856
District's Covered-Employee Payroll	\$ 8,007,067	\$ 7,458,608	\$ 7,526,659	\$ 7,218,763	\$ 6,980,043	\$ 7,231,880	\$ 7,285,913	\$ 7,287,542	\$ 7,411,246	\$ 7,268,063
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	193.14%	165.26%	224.60%	253.94%	291.88%	344.89%	444.84%	334.19%	275.35%	262.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.91%	70.33%	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

KEARNY BOARD OF EDUCATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 1,292,276	\$ 1,218,501	\$ 1,134,042	\$ 989,599	\$ 1,029,222	\$ 992,596	\$ 972,177	\$ 932,750	\$ 898,543	\$ 751,858
Contributions in Relation to the Contractually Required Contributions	<u>1,292,276</u>	<u>1,218,501</u>	<u>1,134,042</u>	<u>989,599</u>	<u>1,029,222</u>	<u>992,596</u>	<u>972,177</u>	<u>932,750</u>	<u>898,543</u>	<u>751,858</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered- Employee Payroll	\$ <u>8,826,635</u>	\$ <u>8,007,067</u>	\$ <u>7,458,608</u>	\$ <u>7,526,659</u>	\$ <u>7,218,763</u>	\$ <u>6,980,043</u>	\$ <u>7,231,880</u>	\$ <u>7,285,912</u>	\$ <u>7,287,542</u>	\$ <u>7,411,246</u>
Contributions as a Percentage of Covered-Employee Payroll	14.64%	15.22%	15.20%	13.15%	14.26%	14.22%	13.44%	12.80%	12.33%	10.14%

**KEARNY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**TEACHERS' PENSION AND ANNUITY FUND  
Last Ten Fiscal Years \***

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Position Liability (Asset)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability (Asset) Associated With the District	<u>204,786,311</u>	<u>188,621,720</u>	<u>244,246,488</u>	<u>234,730,476</u>	<u>239,689,170</u>	<u>261,292,128</u>	<u>313,542,609</u>	<u>245,563,648</u>	<u>202,685,459</u>	<u>196,772,632</u>
<b>Total</b>	<b><u>\$ 204,786,311</u></b>	<b><u>\$ 188,621,720</u></b>	<b><u>\$ 244,246,488</u></b>	<b><u>\$ 234,730,476</u></b>	<b><u>\$ 239,689,170</u></b>	<b><u>\$ 261,292,128</u></b>	<b><u>\$ 313,542,609</u></b>	<b><u>\$ 245,563,648</u></b>	<b><u>\$ 202,685,459</u></b>	<b><u>\$ 196,772,632</u></b>
District's Covered-Employee Payroll	\$ 47,208,539	\$ 45,885,885	\$ 44,073,798	\$ 40,751,171	\$ 39,552,080	\$ 40,435,519	\$ 39,310,251	\$ 39,284,711	\$ 39,625,977	\$ 38,007,372
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	0	0	0	0	0	0	0	0	0	0
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	35.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

\* The amounts presented for each fiscal year were determined as of the previous fiscal year end.

**KEARNY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
AND SCHEDULE OF DISTRICT CONTRIBUTIONS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Change of Benefit Terms:** None.

**Change of Assumptions:** Assumptions used in calculating the net pension liability and statutorily required employer contribution are presented in Note 5d.

**KEARNY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF  
TOTAL OTHER POSTEMPLOYMENT BENEFIT LIABILITY**

**Postemployment Health Benefit Plan**

**Last Seven Fiscal Years**

	2022	2021	2020	2019	2018	2017	2016
Service Cost	\$ 9,377,042	\$ 10,615,042	\$ 5,835,328	\$ 5,613,119	\$ 6,798,969	\$ 8,218,679	\$ 6,129,703
Interest on Total OPEB Liability	4,633,146	5,377,158	5,196,538	6,377,386	6,966,619	6,034,516	6,483,990
Changes of Benefit Terms		(220,628)					
Differences Between Expected and Actual Experience	4,875,852	(39,381,369)	40,229,464	(26,547,755)	(19,642,865)		
Changes of Assumptions	(46,899,295)	204,501	42,887,562	2,156,026	(18,511,177)	(25,776,003)	30,618,351
Gross Benefit Payments	(4,589,268)	(4,235,695)	(4,087,453)	(4,438,848)	(4,313,383)	(4,397,634)	(4,349,452)
Member Contributions	147,226	137,468	123,891	131,580	149,077	161,932	164,527
Net Change in Total OPEB Liability	(32,455,297)	(27,503,523)	90,185,330	(16,708,492)	(28,552,760)	(15,758,510)	39,047,119
Total OPEB Liability - Beginning of Year	207,283,726	234,787,249	144,601,919	161,310,411	189,863,171	205,621,681	166,574,563
Total OPEB Liability - End of Year	<u>\$ 174,828,429</u>	<u>\$ 207,283,726</u>	<u>\$ 234,787,249</u>	<u>\$ 144,601,919</u>	<u>\$ 161,310,411</u>	<u>\$ 189,863,171</u>	<u>\$ 205,621,682</u>
District's Proportionate Share of OPEB Liability	-	-	-	-	-	-	-
State's Proportionate Share of OPEB Liability	<u>\$ 174,828,429</u>	<u>\$ 207,283,726</u>	<u>\$ 234,787,249</u>	<u>\$ 144,601,919</u>	<u>\$ 161,310,411</u>	<u>\$ 189,863,171</u>	<u>\$ 205,621,682</u>
Total OPEB Liability - Ending	<u>\$ 174,828,429</u>	<u>\$ 207,283,726</u>	<u>\$ 234,787,249</u>	<u>\$ 144,601,919</u>	<u>\$ 161,310,411</u>	<u>\$ 189,863,171</u>	<u>\$ 205,621,682</u>
District's Covered-Employee Payroll	<u>\$ 55,215,606</u>	<u>\$ 53,344,493</u>	<u>\$ 51,600,457</u>	<u>\$ 47,969,934</u>	<u>\$ 46,532,123</u>	<u>\$ 42,211,970</u>	<u>\$ 46,596,164</u>
District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>

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

\*The amounts presented for each fiscal year were determined as of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years in accordance with GASB Statement No. 75. However, until a full 10-year trend is compiled, the District will only present information for those years for which information is available.

**KEARNY BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY  
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Changes in Benefit Terms:**

None.

**Changes of Assumptions**

Assumptions used in calculating the OPEB liability are presented in Note 5E.

**SPECIAL REVENUE FUND**



**KEARNY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	ESEA					IDEA		Sub-Total Page 3	Sub-Total Page 2	Grand Total
	Title I	Title I SIA	Title II-A	Title III	Title IV	Basic	Preschool			
<b>REVENUES</b>										
Intergovernmental										
State								\$ 251,808	\$ 3,352,345	\$ 3,604,153
Local								499,124	46,192	545,316
Federal	\$ 2,060,258	\$ 41,224	\$ 140,420	\$ 119,420	\$ 115,181	\$ 1,333,618	\$ 35,773	7,789,296	-	11,635,190
<b>Total Revenues</b>	<u>2,060,258</u>	<u>41,224</u>	<u>140,420</u>	<u>119,420</u>	<u>115,181</u>	<u>1,333,618</u>	<u>35,773</u>	<u>8,540,228</u>	<u>3,398,537</u>	<u>15,784,659</u>
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers	1,138,583	32,944		67,967	65,346			310,090	1,570,123	3,185,053
Other Salaries for Instruction									574,729	574,729
Purchased Prof. and Educational Services								16,210	6,837	23,047
Tuition						1,327,277	35,773	-	-	1,363,050
General Supplies	36,386	8,280		24,229	9,719	6,341		168,550	91,164	344,669
Textbooks					6,260			-	10,025	16,285
Other Objects					33,856			72,293	-	106,149
Co-Curricular - Student Activities								285,722	285,722	285,722
Co-Curricular - Athletics								209,872	-	209,872
<b>Total Instruction</b>	<u>1,174,969</u>	<u>41,224</u>	<u>-</u>	<u>92,196</u>	<u>115,181</u>	<u>1,333,618</u>	<u>35,773</u>	<u>1,062,737</u>	<u>2,252,878</u>	<u>6,108,576</u>
Support Services										
Salaries of Supervisors/Program Directors								18,855	59,081	77,936
Salaries of Other Professional Staff								32,057	-	32,057
Salaries of Secretarial & Clerical Asst.									64,968	64,968
Other Salaries								-	77,248	77,248
Salaries of Parent Involvement									32,057	32,057
Salaries of Master Teacher	28,956			16,109				310,305	310,305	355,370
Personal Svcs-Employee Benefits	853,844							48,661	663,255	1,565,760
Purchased Education Services - Contracted Pre-K									227,196	227,196
Purchased Education Services - Head Start									125,531	125,531
Purchased Prof./Educ. Svcs.	350		35,367	900				19,197	139,185	194,999
Contracted Services - Trans. (Field Trips)									2,472	2,472
Travel									217	217
Other Purchased Services			7,865					100	38,229	46,194
Supplies and Materials	1,810			10,215				2,816	83,145	97,986
Other Objects	329		97,188						24,187	121,704
Other Expenditures - Scholarships								94,800	-	94,800
<b>Total Support Services</b>	<u>885,289</u>	<u>-</u>	<u>140,420</u>	<u>27,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,486</u>	<u>1,847,076</u>	<u>3,116,495</u>
Facilities Acq. and Construction										
Instructional Equip.									62,888	62,888
Non Instructional Equip.									109,922	109,922
Facilities Improvements								7,352,275	-	7,352,275
<b>Total Facilities Acq. &amp; Constr.</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,352,275</u>	<u>172,810</u>	<u>7,525,085</u>
<b>Total Expenditures</b>	<u>2,060,258</u>	<u>41,224</u>	<u>140,420</u>	<u>119,420</u>	<u>115,181</u>	<u>1,333,618</u>	<u>35,773</u>	<u>8,631,498</u>	<u>4,272,764</u>	<u>16,750,156</u>
Excess (Deficiency) of Revenues Over (Under) Expenditure	-	-	-	-	-	-	-	(91,270)	(874,227)	(965,497)
Transfers In								70,487	874,227	944,714
Net Changes in Fund Balance								(20,783)		(20,783)
Fund Balance, Beginning of Year								1,164,803		1,164,803
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,144,020	\$ -	\$ 1,144,020

**KEARNY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Private Donations	Climate Change Awareness	SYBSPG	Nonpublic Nursing Services	Nonpublic Textbooks	Nonpublic Technology	Nonpublic Security	Chapter 193 Services Supplemental Instruction	Chapter 192 Services Comp Ed	Preschool Education Aid	Sub-Total to Page 1
<b>REVENUES</b>											
Intergovernmental											
State		\$ 5,738	\$ 307,437	\$ 17,248	\$ 10,025	\$ 6,384	\$ 31,570	\$ 2,478	\$ 3,063	\$ 2,968,402	\$ 3,352,345
Local	\$ 46,192										46,192
Federal	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>46,192</b>	<b>5,738</b>	<b>307,437</b>	<b>17,248</b>	<b>10,025</b>	<b>6,384</b>	<b>31,570</b>	<b>2,478</b>	<b>3,063</b>	<b>2,968,402</b>	<b>3,398,537</b>
<b>EXPENDITURES</b>											
Instruction											
Salaries of Teachers										1,570,123	1,570,123
Other Salaries for Instruction										574,729	574,729
Purchased Prof. and Educational Services								2,478	3,063	1,296	6,837
General Supplies	11,282	5,538								74,344	91,164
Textbooks	-	-	-	-	10,025	-	-	-	-	-	10,025
<b>Total Instruction</b>	<b>11,282</b>	<b>5,538</b>	<b>-</b>	<b>-</b>	<b>10,025</b>	<b>-</b>	<b>-</b>	<b>2,478</b>	<b>3,063</b>	<b>2,220,492</b>	<b>2,252,878</b>
Support Services											
Salaries of Supervisors/Program Directors			59,081								59,081
Salaries of Other Prof. Staff											-
Salaries of Other Professional Staff											-
Salaries of Secretarial & Clerical Asst.			64,968								64,968
Other Salaries										77,248	77,248
Salaries of Community Parent Involvement										32,057	32,057
Salaries of Master Teachers										310,305	310,305
Personal Svcs-Employee Benefits			16,310							646,945	663,255
Purchased Ed Services - Contracted Pre K										227,196	227,196
Purchased Education Services - Head Start										125,531	125,531
Purchased Prof./Educ. Svcs.			118,049							21,136	139,185
Contracted Services - Trans. (Field Trips)										2,472	2,472
Travel										217	217
Other Purchased Services		200	38,029								38,229
Supplies and Materials	3,926		6,000	17,248			31,570			24,401	83,145
Other Objects	15,995		5,000							3,192	24,187
<b>Total Support Services</b>	<b>19,921</b>	<b>200</b>	<b>307,437</b>	<b>17,248</b>	<b>-</b>	<b>-</b>	<b>31,570</b>	<b>-</b>	<b>-</b>	<b>1,470,700</b>	<b>1,847,076</b>
Facilities Acq. and Construction											
Instructional Equip.							6,384			56,504	62,888
Non Instructional Equip	14,989									94,933	109,922
<b>Total Facilities Acq. &amp; Constr.</b>	<b>14,989</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,384</b>	<b>-</b>	<b>-</b>	<b>151,437</b>	<b>172,810</b>
<b>Total Expenditures</b>	<b>46,192</b>	<b>5,738</b>	<b>307,437</b>	<b>17,248</b>	<b>10,025</b>	<b>6,384</b>	<b>31,570</b>	<b>2,478</b>	<b>3,063</b>	<b>3,842,629</b>	<b>4,272,764</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	(874,227)	(874,227)
Transfers In	-	-	-	-	-	-	-	-	-	874,227	874,227
Net Changes in Fund Balance	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, Beginning of Year	-	-	-	-	-	-	-	-	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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**KEARNY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>ESSER II</u> <u>CRRSA</u>	<u>CRRSA</u> <u>Learning</u> <u>Acceleration</u>	<u>ARP</u> <u>ESSER</u>	<u>ARP</u> <u>Accelerated</u> <u>Learning</u> <u>Coach</u>	<u>ARP</u> <u>Mental</u> <u>Health</u> <u>Support</u>	<u>ARP</u> <u>Homeless</u>	<u>SDA</u> <u>Capital Grant</u>	<u>Student</u> <u>Activities</u>	<u>Scholarship</u>	<u>Sub-Total</u> <u>to Page 1</u>
<b>REVENUES</b>										
Intergovernmental										
State							\$ 251,808			\$ 251,808
Local								\$ 429,919	\$ 69,205	499,124
Federal	\$ 2,180,744	\$ 24,996	\$ 5,545,774	\$ 7,500	\$ 27,366	\$ 2,916	-	-	-	7,789,296
<b>Total Revenues</b>	<u>2,180,744</u>	<u>24,996</u>	<u>5,545,774</u>	<u>7,500</u>	<u>27,366</u>	<u>2,916</u>	<u>251,808</u>	<u>429,919</u>	<u>69,205</u>	<u>8,540,228</u>
<b>EXPENDITURES</b>										
Instruction										
Salaries of Teachers	309,922	168	-							310,090
Purchased Prof. and Educational Services	13,343	2,867	-							16,210
Tuition										-
General Supplies	167,680	870	-							168,550
Textbooks										-
Other Objects	72,293									72,293
Co-Curricular - Student Activities								285,722		285,722
Co-Curricular - Athletics								209,872		209,872
<b>Total Instruction</b>	<u>563,238</u>	<u>3,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>495,594</u>	<u>-</u>	<u>1,062,737</u>
Support Services										
Salaries of Supervisors/Program Directors	9,461	9,394								18,855
Salaries of Other Professional Staff			12,057		20,000					32,057
Salaries of Secretarial & Clerical Asst.										-
Other Salaries										-
Personal Svcs-Employee Benefits	41,295				7,366					48,661
Purchased Prof./Educ. Svcs.		11,697		7,500						19,197
Travel										-
Other Purchased Services						100				100
Supplies and Materials						2,816				2,816
Other Expenditures - Scholarships									94,800	94,800
<b>Total Support Services</b>	<u>50,756</u>	<u>21,091</u>	<u>12,057</u>	<u>7,500</u>	<u>27,366</u>	<u>2,916</u>	<u>-</u>	<u>-</u>	<u>94,800</u>	<u>216,486</u>
Facilities Acq. and Construction										
Facilities Improvements	1,566,750		5,533,717				251,808			7,352,275
<b>Total Facilities Acq. &amp; Constr.</b>	<u>1,566,750</u>	<u>-</u>	<u>5,533,717</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>251,808</u>	<u>-</u>	<u>-</u>	<u>7,352,275</u>
<b>Total Expenditures</b>	<u>2,180,744</u>	<u>24,996</u>	<u>5,545,774</u>	<u>7,500</u>	<u>27,366</u>	<u>2,916</u>	<u>251,808</u>	<u>495,594</u>	<u>94,800</u>	<u>8,631,498</u>
Excess (Deficiency) of Revenues Over (Under) E	-	-	-	-	-	-	-	(65,675)	(25,595)	(91,270)
Transfers In								70,487		70,487
Net Changes in Fund Balance								4,812	(25,595)	(20,783)
Fund Balance, Beginning of Year								426,900	737,903	1,164,803
<b>Fund Balance, End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 431,712</u>	<u>\$ 712,308</u>	<u>\$ 1,144,020</u>

**KEARNY BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES  
PRESCHOOL - ALL PROGRAMS  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Budget Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	\$ 1,623,210	\$ (37,000)	\$ 1,586,210	\$ 1,570,123	\$ 16,087
Other Salaries for Instruction	557,928	36,194	594,122	574,729	19,393
Purchased Professional-Educational Services	300,000	-	300,000	1,296	298,704
General Supplies	500,000	-	500,000	74,344	425,656
<b>Total Instruction</b>	<u>2,981,138</u>	<u>(806)</u>	<u>2,980,332</u>	<u>2,220,492</u>	<u>759,840</u>
Support Services					
Salaries of Supervisors of Instruction	62,470	-	62,470		62,470
Salaries of Other Professional Staff	26,805	-	26,805		26,805
Other Salaries	78,038	-	78,038	77,248	790
Salaries of Community Parent Involvement	31,251	806	32,057	32,057	-
Salaries of Master Teachers	336,109	-	336,109	310,305	25,804
Personnel Services - Employee Benefits	1,218,128	-	1,218,128	646,945	571,183
Purchased Education Services - Contracted Pre-K	219,186	8,010	227,196	227,196	-
Purchased Education Services - Head Start	121,106	4,425	125,531	125,531	-
Other Purchased Professional -Ed. Services	200,000	-	200,000	21,136	178,864
Contracted Services - Trans. (Field Trips)	70,000	-	70,000	2,472	67,528
Travel	15,000	-	15,000	217	14,783
Supplies and Materials	65,000	-	65,000	24,401	40,599
Other Objects	75,000	-	75,000	3,192	71,808
<b>Total Support Services</b>	<u>2,518,093</u>	<u>13,241</u>	<u>2,531,334</u>	<u>1,470,700</u>	<u>1,060,634</u>
Facilities Acquisition and Construction					
Instructional Equipment	592,952	(12,435)	580,517	56,504	524,013
Non-Instructional Equipment	592,951	-	592,951	94,933	498,018
<b>Total Facilities Acquisition and Construction</b>	<u>1,185,903</u>	<u>(12,435)</u>	<u>1,173,468</u>	<u>151,437</u>	<u>1,022,031</u>
<b>Total Expenditures</b>	<u>\$ 6,685,134</u>	<u>\$ -</u>	<u>\$ 6,685,134</u>	<u>\$ 3,842,629</u>	<u>\$ 2,842,505</u>

**Calculation of Budget Carryover**

Total 2022-2023 Preschool Education Aid Allocation	\$ 4,604,394
Add Actual Preschool Education Carryover (June 30, 2022)	2,495,738
Add: Prior Year Encumbrances/Payables Cancelled	43
Add: Budgeted Transfer from General Fund	<u>874,227</u>
Total Preschool Education Aid Funds Available for 2022-2023 Budget	7,974,402
Less: 2022-2023 Budgeted Preschool Education Aid (Including prior year budgeted carryover)	<u>6,685,134</u>
Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2023	1,289,268
Add: June 30, 2023 Unexpended Preschool Education Aid	<u>2,842,505</u>
2022-2023 Carryover - Preschool Education Aid /Preschool Programs	<u>\$ 4,131,773</u>
2022-2023 Preschool Education Aid Carryover Budgeted in 2023-2024	<u>\$ -</u>

**CAPITAL PROJECTS FUND**

KEARNY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Capital Project</u>	<u>Original Amount Authorized</u>	<u>Adjustments</u>	<u>Modified Authorization</u>	<u>Expenditures to Date</u>		<u>Cancellations Prior Years</u>	<u>Balance June 30, 2023</u>
				<u>Prior Years</u>	<u>Current Year</u>		
Aircraft Noise Abatement - Kearny High School	\$ 44,039,788	\$ 15,184,866	\$ 59,224,654	\$ 58,837,028		\$ 387,626	
HVAC System Improvements - Franklin and Roosevelt Schools	<u>6,450,000</u>	<u>-</u>	<u>6,450,000</u>	<u>-</u>	<u>\$ 1,637,914</u>	<u>-</u>	<u>\$ 4,812,086</u>
	<u>\$ 50,489,788</u>	<u>\$ 15,184,866</u>	<u>\$ 65,674,654</u>	<u>\$ 58,837,028</u>	<u>\$ 1,637,914</u>	<u>\$ 387,626</u>	<u>\$ 4,812,086</u>

Project Balances	\$ 4,812,086
Reserve for Payment of Debt Service - Lease Purchase	168,165
Reserve for Payment of Debt Service	<u>47,034</u>
Fund Balance (Budgetary Basis)	<u>\$ 5,027,285</u>

Analysis of Restricted Fund Balance:

Year-End Encumbrances	\$ 4,812,086
Restricted for Debt Service - Lease Purchase	168,165
Restricted for Debt Service	<u>47,034</u>
Fund Balance, GAAP Basis	<u>\$ 5,027,285</u>

**KEARNY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Revenues and Other Financing Sources**

Lease Purchase Proceeds	\$ 6,450,000
Interest on Lease Purchase	168,165
Interest on Deposits	<u>1,627</u>

Total Revenues	<u>6,619,792</u>
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**Expenditures and Other Financing Uses**

Facilities Acquisition and Construction Services	1,637,914
Transfer to General Fund	<u>1,627</u>

Total Expenditures and Other Financing Uses	<u>1,639,541</u>
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Excess (Deficiency) of Revenue Over (Under) Expenditures Other Financing Sources (Uses)	4,980,251
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Fund Balance, July 1, 2022	<u>47,034</u>
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Fund Balance, June 30, 2023	<u>\$ 5,027,285</u>
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**KEARNY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
KEARNY HIGH SCHOOL - AIRCRAFT NOISE ABATEMENT  
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Federal Sources - FAA Grant	\$ 21,145,025		\$ 21,145,025	\$ 21,145,025
Local Sources - Port Authority of NY/NJ	5,286,256		5,286,256	5,286,256
State Sources- SCC Grant	17,598,941		17,598,941	17,608,507
Capital Reserve	10,686,806		10,686,806	11,064,866
Lease Purchase Proceeds	4,120,000	-	4,120,000	4,120,000
	<u>58,837,028</u>	<u>-</u>	<u>58,837,028</u>	<u>59,224,654</u>
<b>Expenditures and Other Financing Uses</b>				
Facilities Acquisition and Construction Services	50,111,540		50,111,540	50,474,654
Purchased Professional and Technical Services	8,725,488	-	8,725,488	8,750,000
	<u>58,837,028</u>	<u>-</u>	<u>58,837,028</u>	<u>59,224,654</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	N/A
FAA/Port Authority	EWR 84-02 & 99-04
SDA	2410-050-04-3000
Grant Date	May 4, 2005
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 44,039,788
Additional Authorized Cost	\$ 15,184,866
Revised Authorized Cost	\$ 59,224,654
Percentage Increase Over Original	
Authorized Cost	34.48%
Percentage Completion	100.00%
Original Target Completion Date	October 31, 2013
Revised Target Completion Date	December 31, 2018



**KEARNY BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE  
AND PROJECT STATUS - BUDGETARY BASIS  
HVAC SYSTEM IMPROVEMENTS - FRANKLIN AND ROOSEVELT SCHOOLS  
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>Revenues and Other Financing Sources</b>				
Lease Purchase Proceeds	\$ -	\$ 6,450,000	\$ 6,450,000	\$ 6,450,000
Total Revenues	-	6,450,000	6,450,000	6,450,000
<b>Expenditures and Other Financing Uses</b>				
Facilities Acquisition and Construction Services	-	1,637,914	1,637,914	6,450,000
Total Expenditures	-	1,637,914	1,637,914	6,450,000
Excess of Revenues Over Expenditures	\$ -	\$ 4,812,086	\$ 4,812,086	\$ -

## Additional Project Information:

Project Number	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 6,450,000
Additional Authorized Cost	\$ -
Revised Authorized Cost	\$ 6,450,000
Percentage Increase Over Original Authorized Cost	0.00%
Percentage Completion	100.00%
Original Target Completion Date	December 31, 2023
Revised Target Completion Date	December 31, 2023

**ENTERPRISE FUND**

**KEARNY BOARD OF EDUCATION  
ENTERPRISE FUNDS  
COMBINING STATEMENT OF NET POSITION  
AS OF JUNE 30, 2023**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

**COMBINING STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

**COMBINING STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

**FIDUCIARY FUNDS**

**NOT APPLICABLE**

**LONG-TERM DEBT**

KEARNY BOARD OF EDUCATION  
LONG-TERM DEBT GROUP  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance, July 1, 2022</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance, June 30, 2023</u>
			<u>Date</u>	<u>Amount</u>					
Refunding Bonds	4/23/15	\$ 6,740,000	7/15/2023	205,000	4.00%				
			7/15/2024	210,000	4.00%				
			7/15/2025	215,000	4.00%	\$ 1,770,000	-	\$ 1,140,000	\$ 630,000
						\$ 1,770,000	\$ -	\$ 1,140,000	\$ 630,000

**KEARNY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER FINANCING AGREEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Year</u>	<u>Description</u>	<u>Amount of Original Issue</u>	<u>Balance, July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Cancelled</u>	<u>Balance, June 30, 2023</u>
<b>Capital Financing</b>							
2022	HVAC Systems	\$ 6,450,000		\$ 6,450,000	\$ 1,370,395		\$ 5,079,605
2022	Acquisition of Equipment	733,277		733,277			733,277
2019	Acquisition of Equipment	788,142	\$ 282,166		166,824	\$ 115,342	-
2020	Acquisition of School Buses	133,769	34,200		34,200		-
2020	Acquisition of School Bus	109,885	16,065	-	16,065	-	-
			<u>332,431</u>	<u>7,183,277</u>	<u>1,587,484</u>	<u>115,342</u>	<u>5,812,882</u>
<b>Other Financing</b>							
2020	Acquisition of Computers	646,480	165,213		165,213		-
2021	Acquisition of Computers	362,217	180,944		88,540		92,404
2021	Acquisition of Computers	12,177	6,083	-	2,977	-	3,106
			<u>352,240</u>	<u>-</u>	<u>256,730</u>	<u>-</u>	<u>95,510</u>
			<u>\$ 684,671</u>	<u>\$ 7,183,277</u>	<u>\$ 1,844,214</u>	<u>\$ 115,342</u>	<u>\$ 5,908,392</u>

**KEARNY BOARD OF EDUCATION  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Original Budget	Budget Adjustments	Final Budget	Actual	Variance Final to Actual
<b>REVENUES</b>					
Local Sources:					
Property Taxes	\$ 863,742		\$ 863,742	\$ 863,742	
State Sources:					
Debt Service Aid	324,258	-	324,258	324,258	-
Total Revenues	<u>1,188,000</u>	<u>-</u>	<u>1,188,000</u>	<u>1,188,000</u>	<u>-</u>
<b>EXPENDITURES</b>					
Debt Service:					
Redemption of Principal	1,140,000		1,140,000	1,140,000	
Interest	48,000	-	48,000	48,000	-
Total Expenditures	<u>1,188,000</u>	<u>-</u>	<u>1,188,000</u>	<u>1,188,000</u>	<u>-</u>
Excess of Revenues Over Expenditures	-	-	-	-	-
Fund Balance, July 1, 2022	-	-	-	-	-
Fund Balance, June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**KEARNY BOARD OF EDUCATION  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED  
INFORMATION TECHNOLOGY ARRANGEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

<u>Year</u>	<u>Description</u>	<u>Balance, July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance, June 30, 2023</u>
2022	Thrillshare		\$ 43,726	\$ 22,100	\$ 21,626
2022	Kuta		2,996	1,022	1,974
2022	Securly		40,985	20,344	20,641
2022	Systems 3000		62,654	31,357	31,297
2022	Descubre Supersite Plus		99,017	49,726	49,291
2022	Descubre Supersite Plus		91,454	45,928	45,526
2022	Listos Levels		333,786	81,175	252,611
2022	CodeHS		4,155	2,100	2,055
2022	Newsela		-	86,268	248,594
		\$ -	\$ 1,013,635	\$ 340,020	\$ 673,615

## STATISTICAL SECTION

This part of the Kearny Board of Education's annual comprehensive 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

### Exhibits

#### **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 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.

J-6 to 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 to 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.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.

J-16 to J-20

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

**KEARNY BOARD OF EDUCATION**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 55,485,780	\$ 55,491,651	\$ 57,535,963	\$ 72,979,220	\$ 51,445,043	\$ 52,998,917	\$ 53,408,622	\$ 37,492,506	\$ 39,525,971	\$ 42,869,851
Restricted	8,219,684	8,845,240	11,257,150	2,394,838	2,977,180	1,138,318	5,608,206	12,125,772	19,482,285	28,811,453
Unrestricted	(12,134,343)	(31,918,631)	(36,900,137)	(26,682,224)	(39,168,319)	(39,356,196)	(41,496,336)	(35,861,382)	(32,911,851)	(33,193,194)
<b>Total Governmental Activities Net Position</b>	<b>\$ 51,571,121</b>	<b>\$ 32,418,260</b>	<b>\$ 31,892,976</b>	<b>\$ 48,691,834</b>	<b>\$ 15,253,904</b>	<b>\$ 14,781,039</b>	<b>\$ 17,520,492</b>	<b>\$ 13,756,896</b>	<b>\$ 26,096,405</b>	<b>\$ 38,488,110</b>
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 97,047	\$ 122,355	\$ 107,215	\$ 98,898	\$ 308,196	\$ 304,965	\$ 316,552	\$ 280,173	\$ 344,396	\$ 238,447
Unrestricted	372,232	422,604	504,341	512,185	514,643	610,829	715,600	977,108	1,153,222	977,114
<b>Total Business-Type Activities Net Position</b>	<b>\$ 469,279</b>	<b>\$ 544,959</b>	<b>\$ 611,556</b>	<b>\$ 611,083</b>	<b>\$ 822,839</b>	<b>\$ 915,794</b>	<b>\$ 1,032,152</b>	<b>\$ 1,257,281</b>	<b>\$ 1,497,618</b>	<b>\$ 1,215,561</b>
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 55,582,827	\$ 55,614,006	\$ 57,643,178	\$ 73,078,118	\$ 51,753,239	\$ 53,303,882	\$ 53,725,174	\$ 37,772,679	\$ 39,870,367	\$ 43,108,298
Restricted	8,219,684	8,845,240	11,257,150	2,394,838	2,977,180	1,138,318	5,608,206	12,125,772	19,482,285	28,811,453
Unrestricted	(11,762,111)	(31,496,027)	(36,395,796)	(26,170,039)	(38,653,676)	(38,745,367)	(40,780,736)	(34,884,274)	(31,758,629)	(32,216,080)
<b>Total District Net Position</b>	<b>\$ 52,040,400</b>	<b>\$ 32,963,219</b>	<b>\$ 32,504,532</b>	<b>\$ 49,302,917</b>	<b>\$ 16,076,743</b>	<b>\$ 15,696,833</b>	<b>\$ 18,552,644</b>	<b>\$ 15,014,177</b>	<b>\$ 27,594,023</b>	<b>\$ 39,703,671</b>

Note 1 - Net position at June 30, 2014 is restated to reflect the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions".

Note 2 - Net position at June 30, 2020 is restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

**KEARNY BOARD OF EDUCATION  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
<b>Governmental Activities</b>										
<b>Instruction</b>										
Regular	\$ 45,504,197	\$ 50,637,282	\$ 55,352,833	\$ 60,448,695	\$ 56,053,842	\$ 62,398,755	\$ 60,504,352	\$ 68,430,611	\$ 64,504,805	\$ 65,021,840
Special Education	11,402,060	13,900,553	15,560,078	16,652,103	9,920,717	14,940,133	15,028,176	13,085,523	16,081,453	15,525,421
Other Instruction	2,740,285	2,920,309	3,357,362	3,890,809	2,778,454	6,116,270	6,140,146	6,826,306	7,013,056	7,358,202
School Sponsored Activities and Athletics	1,310,483	1,376,895	1,509,284	1,586,879	3,066,029	1,501,429	1,609,135	1,602,006	2,150,599	2,052,093
<b>Support Services:</b>										
Tuition					4,170,786					
Student and Instruction Related Services	8,050,400	8,764,376	8,959,592	9,191,340	8,991,837	9,697,687	10,345,485	10,688,811	10,535,804	11,294,361
General Administration	2,946,412	2,832,130	2,697,713	3,644,098	2,224,329	1,755,319	1,899,637	1,883,727	2,018,850	2,076,318
School Administrative Services	6,819,361	7,530,457	8,526,918	9,453,530	9,016,478	8,986,658	9,895,806	9,998,673	8,860,480	8,755,008
Central Administrative Services	1,672,507	2,021,459	2,189,236	2,424,248	1,285,789	2,454,507	2,521,097	2,489,975	2,332,282	2,342,753
Administration of Information Technology					953,769					
Plant Operations and Maintenance	8,984,044	9,643,413	10,038,580	10,068,434	10,327,879	10,252,309	10,301,337	10,584,655	11,589,450	11,207,193
Security					408,378					
Pupil Transportation	1,500,332	1,698,164	1,790,536	1,738,152	1,740,244	1,993,370	1,711,662	1,977,710	2,121,374	2,659,497
Special Schools					75,827					
Charter School					4,414,390					
Interest on Long-Term Debt	654,180	681,281	545,646	503,873	275,688	463,721	417,832	364,679	296,629	400,274
<b>Total Governmental Activities Expenses</b>	<b>91,584,261</b>	<b>102,006,319</b>	<b>110,527,778</b>	<b>119,602,161</b>	<b>115,704,436</b>	<b>120,560,158</b>	<b>120,374,665</b>	<b>127,932,676</b>	<b>127,504,782</b>	<b>128,692,960</b>
<b>Business-Type Activities:</b>										
Food Service	2,073,328	2,144,004	2,239,874	2,052,524	2,025,965	2,324,402	1,872,524	945,888	2,919,847	3,308,365
<b>Total Business-Type Activities Expense</b>	<b>2,073,328</b>	<b>2,144,004</b>	<b>2,239,874</b>	<b>2,052,524</b>	<b>2,025,965</b>	<b>2,324,402</b>	<b>1,872,524</b>	<b>945,888</b>	<b>2,919,847</b>	<b>3,308,365</b>
<b>Total District Expenses</b>	<b>\$ 93,657,589</b>	<b>\$ 104,150,323</b>	<b>\$ 112,767,652</b>	<b>\$ 121,654,685</b>	<b>\$ 117,730,401</b>	<b>\$ 122,884,560</b>	<b>\$ 122,247,189</b>	<b>\$ 128,878,564</b>	<b>\$ 130,424,629</b>	<b>\$ 132,001,325</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges for Services:</b>										
Tuition			\$ 10,305	\$ 5,884		\$ 136,399	\$ 119,689	\$ 148,069	\$ 79,005	\$ 16,447
Other Instruction/Special Schools	\$ 59,563	\$ 50,462	65,058	48,770		59,855	67,736			35,208
School Sponsored Activities and Athletics							154,869	533,994	429,919	
Student and Instruction Related Services							40,662	50,106	69,205	
Operating Grants and Contributions	15,152,252	25,265,538	30,490,718	38,809,517	\$ 27,589,426	35,350,515	33,413,190	45,488,926	35,852,348	31,178,249
Capital Grants and Contributions	5,734,925	2,034,553	2,693,140	18,130,074			79,761	110,219	2,190,887	
<b>Total Governmental Activities Program Revenues</b>	<b>20,946,740</b>	<b>27,350,553</b>	<b>33,250,916</b>	<b>56,988,361</b>	<b>27,589,426</b>	<b>35,546,769</b>	<b>33,600,615</b>	<b>45,912,287</b>	<b>36,625,672</b>	<b>33,919,915</b>
<b>Business-Type Activities:</b>										
<b>Charges for Services</b>										
Food Service	482,377	448,935	485,056	462,487	469,939	584,292	438,222	702	147,054	615,847
Operating Grants and Contributions	1,316,125	1,262,487	1,311,989	1,266,350	1,223,529	1,455,269	1,354,310	1,170,315	2,929,053	2,410,461
<b>Total Business Type Activities Program Revenues</b>	<b>1,798,502</b>	<b>1,711,422</b>	<b>1,797,045</b>	<b>1,728,837</b>	<b>1,693,468</b>	<b>2,039,561</b>	<b>1,792,532</b>	<b>1,171,017</b>	<b>3,076,107</b>	<b>3,026,308</b>
<b>Total District Program Revenues</b>	<b>\$ 22,745,242</b>	<b>\$ 29,061,975</b>	<b>\$ 35,047,961</b>	<b>\$ 58,717,198</b>	<b>\$ 29,282,894</b>	<b>\$ 37,586,330</b>	<b>\$ 35,393,147</b>	<b>\$ 47,083,304</b>	<b>\$ 39,701,779</b>	<b>\$ 36,946,223</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (70,637,521)	\$ (74,655,766)	\$ (77,276,862)	\$ (62,613,800)	\$ (88,115,010)	\$ (85,013,389)	\$ (86,774,050)	\$ (82,020,389)	\$ (90,879,110)	\$ (94,773,045)
Business-Type Activities	(274,826)	(432,582)	(442,829)	(323,687)	(332,497)	(284,841)	(79,992)	225,129	156,260	(282,057)
<b>Total District-Wide Net Expense</b>	<b>\$ (70,912,347)</b>	<b>\$ (75,088,348)</b>	<b>\$ (77,719,691)</b>	<b>\$ (62,937,487)</b>	<b>\$ (88,447,507)</b>	<b>\$ (85,298,230)</b>	<b>\$ (86,854,042)</b>	<b>\$ (81,795,260)</b>	<b>\$ (90,722,850)</b>	<b>\$ (95,055,102)</b>

**KEARNY BOARD OF EDUCATION  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Unaudited)  
(accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental Activities:</b>										
Property Taxes General	\$ 45,759,751	\$ 46,217,348	\$ 47,944,682	\$ 50,681,091	\$ 51,694,717	\$ 52,728,607	\$ 53,788,283	\$ 54,864,048	\$ 55,961,329	\$ 57,080,556
Property Taxes, Debt Service	1,129,457	1,119,817	1,070,232	1,048,757	1,011,767	984,504	999,090	927,708	849,491	863,742
Federal and State Aid - Unrestricted	26,552,231	26,699,788	26,701,899	26,862,187	34,141,871	30,254,045	33,831,340	35,474,799	42,659,468	47,971,143
State Aid- Restricted for Debt Service	444,338	439,684	425,956	402,706	393,921	380,596	366,010	351,491	338,709	324,258
Donation of Capital Assets	-	21,500				5,000				
Lease Obligations Paid And/Or Assumed by Vendor						575,525				
Investment Earnings	22,752	25,289	26,871	36,314		255,407	97,017	28,058	36,925	538,721
Miscellaneous Income	427,372	558,597	1,081,059	698,933	1,094,867	877,041	628,113	548,743	609,708	386,330
Transfers	(313,436)	(508,262)	(509,426)	(323,214)	369,584	(377,796)	(196,350)			
Adjustment to Capital Assets					(34,029,645)	-	-			
<b>Total Governmental Activities</b>	<b>74,022,465</b>	<b>74,573,761</b>	<b>76,741,273</b>	<b>79,406,774</b>	<b>54,677,082</b>	<b>85,682,929</b>	<b>89,513,503</b>	<b>92,194,847</b>	<b>100,455,630</b>	<b>107,164,750</b>
<b>Business-Type Activities:</b>										
Transfers	313,436	508,262	509,426	323,214	337,534	377,796	196,350			
Adjustment to Capital Assets					206,720	-	-			
<b>Total Business-Type Activities</b>	<b>313,436</b>	<b>508,262</b>	<b>509,426</b>	<b>323,214</b>	<b>544,254</b>	<b>377,796</b>	<b>196,350</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total District-Wide</b>	<b>\$ 74,335,901</b>	<b>\$ 75,082,023</b>	<b>\$ 77,250,699</b>	<b>\$ 79,729,988</b>	<b>\$ 55,221,336</b>	<b>\$ 86,060,725</b>	<b>\$ 89,709,853</b>	<b>\$ 92,194,847</b>	<b>\$ 100,455,630</b>	<b>\$ 107,164,750</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 3,384,944	\$ (82,005)	\$ (535,589)	\$ 16,792,974	\$ (33,437,928)	\$ 669,540	\$ 2,739,453	\$ 10,174,458	\$ 9,576,520	\$ 12,391,705
Business-Type Activities	38,610	75,680	66,597	(473)	211,757	92,955	116,358	225,129	156,260	(282,057)
<b>Total District</b>	<b>\$ 3,423,554</b>	<b>\$ (6,325)</b>	<b>\$ (468,992)</b>	<b>\$ 16,792,501</b>	<b>\$ (33,226,171)</b>	<b>\$ 762,495</b>	<b>\$ 2,855,811</b>	<b>\$ 10,399,587</b>	<b>\$ 9,732,780</b>	<b>\$ 12,109,648</b>

**KEARNY BOARD OF EDUCATION**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(modified accrual basis of accounting)*

	As of June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund</b>										
Nonspendable	\$ 222,232	\$ 111,116								\$ 1,408,574
Restricted	9,856,929	9,467,872	\$ 9,202,878	\$ 2,924,017	\$ 738,840	\$ 1,679,737	\$ 5,801,615	\$ 11,500,514	\$ 18,325,791	27,515,836
Committed	529,245	423,991	309,878	764,842	1,441,048	393,301		1,029,440	1,237,120	1,359,048
Assigned	1,702,673	815,291	1,667,784	656,950	398,080	293,515	737,398	352,426	1,850,697	1,547,026
Unassigned	(1,709,765)	(1,652,334)	(1,647,226)	(1,476,171)	(1,056,520)	(2,246,394)	(2,605,179)	(934,202)	(1,428,764)	(3,778,962)
<b>Total General Fund</b>	<b>\$ 10,601,314</b>	<b>\$ 9,165,936</b>	<b>\$ 9,533,314</b>	<b>\$ 2,869,638</b>	<b>\$ 1,521,448</b>	<b>\$ 120,159</b>	<b>\$ 3,933,834</b>	<b>\$ 11,948,178</b>	<b>\$ 19,984,844</b>	<b>\$ 28,051,522</b>
<b>All Other Governmental Funds</b>										
Unassigned					\$ (34,744)		\$ (33,948)			
Restricted	\$ 1,044,460	\$ 499,958	\$ 2,648,799	\$ 8,314,841	479,204	\$ 545,759	470,495	\$ 1,262,601	\$ 1,211,837	\$ 6,171,305
<b>Total All Other Governmental Funds</b>	<b>\$ 1,044,460</b>	<b>\$ 499,958</b>	<b>\$ 2,648,799</b>	<b>\$ 8,314,841</b>	<b>\$ 444,460</b>	<b>\$ 545,759</b>	<b>\$ 436,547</b>	<b>\$ 1,262,601</b>	<b>\$ 1,211,837</b>	<b>\$ 6,171,305</b>

Note 1 - Fund balances in the General and Special Revenue Funds at June 30, 2020 are restated to reflect the implementation of GASB Statement No. 84, "Fiduciary Activities".

**KEARNY BOARD OF EDUCATION  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Unaudited)  
(modified accrual basis of accounting)**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Property Taxes	\$ 46,889,208	\$ 47,337,165	\$ 49,014,914	\$ 51,729,848	\$ 52,706,484	\$ 53,713,111	\$ 54,787,373	\$ 55,791,756	\$ 56,810,820	\$ 57,944,298
Miscellaneous	1,154,656	884,872	1,533,890	2,977,437	1,488,788	1,298,569	926,516	932,326	1,340,282	1,498,519
State Sources	41,732,329	41,184,480	43,404,790	50,709,284	47,152,938	52,689,923	59,344,927	65,269,320	79,124,848	85,484,289
Federal Sources	5,506,448	4,198,681	4,755,582	12,108,340	3,058,858	3,555,027	3,200,286	5,579,532	5,177,346	7,047,525
<b>Total Revenues</b>	<b>95,282,641</b>	<b>93,605,198</b>	<b>98,709,176</b>	<b>117,524,909</b>	<b>104,407,068</b>	<b>111,256,630</b>	<b>118,259,102</b>	<b>127,572,934</b>	<b>142,453,296</b>	<b>151,974,631</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	41,780,251	42,565,681	43,909,681	45,962,757	31,321,085	55,678,256	54,587,712	61,757,228	65,074,855	67,850,364
Special Education Instruction	11,342,082	13,089,595	14,103,142	14,194,658	5,056,982	14,004,889	14,193,916	12,021,862	16,853,932	16,791,968
Other Instruction	2,717,321	2,618,113	2,843,504	3,028,862	3,066,029	5,697,044	5,729,261	6,333,228	7,393,239	8,036,001
School Sponsored Activities and Athletics	1,303,110	1,276,764	1,339,932	1,318,343	280,611	1,399,426	1,509,261	1,503,186	2,235,760	2,188,479
<b>Support Services:</b>										
Tuition					4,170,786					
Student and Inst. Related Services	7,975,682	8,107,689	7,904,892	7,507,417	6,084,367	9,060,959	9,828,895	10,025,371	11,204,467	12,384,961
General Administration	2,912,794	2,609,139	2,542,639	3,341,535	1,532,410	1,694,724	1,863,625	1,841,615	2,170,961	2,261,035
School Administrative Services	6,758,836	6,875,942	7,378,796	7,477,505	4,813,094	8,304,361	9,263,678	9,274,761	9,588,696	9,870,050
Business/Central Services	1,659,558	1,914,327	1,963,755	2,016,857	1,464,046	2,321,463	2,407,473	2,343,602	2,498,622	2,518,200
Plant Operations and Maintenance	8,921,168	9,556,186	9,576,584	8,949,747	7,337,920	10,035,591	10,281,801	10,556,047	12,485,066	12,362,311
Pupil Transportation	1,473,340	1,668,320	1,719,521	1,605,457	1,435,221	1,962,349	1,696,930	1,962,890	2,186,910	2,763,844
Employee Benefits					27,434,260					
Transfer to Charter School					4,414,390					
Special Schools					54,176					
Capital Outlay	6,268,849	2,936,632	4,725,970	20,380,694	14,124,157	454,799	721,720	517,547	822,862	6,512,662
<b>Debt Service:</b>										
Principal	1,095,000	1,189,608	1,271,068	2,143,725	1,130,000	2,654,670	2,694,304	2,718,896	1,615,040	3,324,234
Interest and Other Charges	673,671	668,820	524,047	560,631	275,688	521,609	469,847	410,933	336,984	281,288
Cost of Issuance		108,484								
<b>Total Expenditures</b>	<b>94,881,662</b>	<b>95,185,300</b>	<b>99,803,531</b>	<b>118,488,188</b>	<b>113,995,222</b>	<b>113,790,140</b>	<b>115,248,423</b>	<b>121,267,166</b>	<b>134,467,394</b>	<b>147,145,397</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>400,979</b>	<b>(1,580,102)</b>	<b>(1,094,355)</b>	<b>(963,279)</b>	<b>(9,588,154)</b>	<b>(2,533,510)</b>	<b>3,010,679</b>	<b>6,305,768</b>	<b>7,985,902</b>	<b>4,829,234</b>
<b>Other Financing Sources (Uses)</b>										
Premiums on Bonds/Notes		706,406								
Leases/Capital/Other Financing Proceeds	394,437		4,120,000	288,859	707,117	1,611,317	890,134	374,394		7,183,277
IT Subscription Arrangements										1,013,635
Bond/Refunding Bond Proceeds		6,740,000								
Payments to Escrow Agents		(7,337,922)								
Transfers In	583,738	504,834	67	8,706,717		90,767	3,946	415,358	63,533	946,341
Transfers Out	(897,174)	(1,013,096)	(509,493)	(9,029,931)	(337,534)	(468,563)	(200,296)	(415,358)	(63,533)	(946,341)
<b>Total Other Financing Sources (Uses)</b>	<b>81,001</b>	<b>(399,778)</b>	<b>3,610,574</b>	<b>(34,355)</b>	<b>369,583</b>	<b>1,233,521</b>	<b>693,784</b>	<b>374,394</b>	<b>-</b>	<b>8,196,912</b>
<b>Net Change in Fund Balances</b>	<b>\$ 481,980</b>	<b>\$ (1,979,880)</b>	<b>\$ 2,516,219</b>	<b>\$ (997,634)</b>	<b>\$ (9,218,571)</b>	<b>\$ (1,299,989)</b>	<b>\$ 3,704,463</b>	<b>\$ 6,680,162</b>	<b>\$ 7,985,902</b>	<b>\$ 13,026,146</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>2.00%</b>	<b>2.01%</b>	<b>1.89%</b>	<b>2.76%</b>	<b>1.41%</b>	<b>2.80%</b>	<b>2.76%</b>	<b>2.59%</b>	<b>1.46%</b>	<b>2.56%</b>

KEARNY BOARD OF EDUCATION  
GENERAL FUND OTHER LOCAL REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Unaudited)

<u>Fiscal Year Ended June 30,</u>	<u>Interest Earned</u>	<u>Rentals</u>	<u>Adult School</u>	<u>Payments In Lieu of Taxes</u>	<u>Solar Energy Sales</u>	<u>Miscellaneous</u>	<u>Total</u>
2014	\$ 22,752	\$ 43,293	\$ 59,563		\$ 161,289	\$ 222,790	\$ 509,687
2015	23,470	52,596	50,462		210,956	295,045	632,529
2016	26,871	36,462	65,058		310,678	744,224	1,183,293
2017	24,456	33,453	48,770		254,659	416,704	778,042
2018	166,436	173,772	54,176		177,491	491,033	1,062,908
2019	164,640	41,144	59,855		216,196	689,546	1,171,381
2020	93,071	44,381	67,736		269,709	427,514	902,411
2021	27,760	2,200	-		246,513	448,099	724,572
2022	36,692			\$ 294,503	42,768	351,442	725,405
2023	368,929	40,646	35,208	198,715	10,489	152,927	806,914



**KEARNY BOARD OF EDUCATION  
 ASSESSED VALUATION AND ACTUAL VALUATION OF TAXABLE PROPERTY  
 LAST TEN YEARS  
 (Unaudited)**

Fiscal Year Ended June 30.	Vacant Land	Residential	Commercial	Industrial	Apartment	Total Assessed Valuation	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Valuation	Total Direct School Tax Rate <sup>a</sup>
2014	\$ 14,078,200	\$ 675,822,900	\$ 112,403,000	\$ 215,090,300	\$ 33,487,200	\$ 1,050,881,600	\$ 2,743,918	\$ 1,053,625,518	\$ 3,272,805,570	\$ 4.472
2015	14,492,500	677,591,940	111,905,700	215,841,800	33,348,100	1,053,180,040	2,554,395	1,055,734,435	3,467,639,014	4.563
2016	13,551,600	678,291,340	114,196,600	212,596,300	33,738,200	1,052,374,040	2,597,073	1,054,971,113	3,621,562,461	4.775
2017	12,200,100	679,359,040	123,510,700	209,665,350	33,898,200	1,058,633,390	2,623,295	1,061,256,685	3,662,894,119	4.920
2018	13,073,000	690,271,140	125,225,800	215,971,050	34,006,900	1,078,547,890	2,519,308	1,081,067,198	3,866,711,268	4.922
2019	17,851,100	684,051,740	129,105,400	222,093,650	33,689,700	1,086,791,590	2,431,449	1,089,223,039	4,086,775,819	4.982
2020	17,915,000	686,544,940	129,896,500	224,216,250	33,795,400	1,092,368,090	2,328,057	1,094,696,147	4,378,976,602	5.050
2021	17,358,300	689,170,600	126,759,900	237,432,250	34,266,600	1,104,987,650	2,335,362	1,107,323,012	4,625,339,176	5.085
2022	30,209,300	693,244,900	122,930,900	243,351,850	36,590,300	1,126,327,250	2,185,160	1,128,512,410	3,948,475,072	5.085
2023	32,722,000	700,184,500	123,131,200	248,813,850	37,462,900	1,142,314,450	1,988,230	1,144,302,680	5,800,257,529	5.086

Source: County Abstract of Ratables

a - Tax rates are per \$100

**KEARNY BOARD OF EDUCATION**  
**DIRECT AND OVERLAPPING PROPERTY TAX RATES**  
**LAST TEN YEARS**  
**(Unaudited)**  
*(rate per \$100 of assessed value)*

Calendar Year	School	Overlapping Rates		Total Direct and Overlapping Tax Rate
		Municipality	County	
2014	\$ 4.472	\$ 3.872	\$ 1.692	\$ 10.036
2015	4.563	3.992	1.771	10.326
2016	4.775	4.058	1.836	10.669
2017	4.920	4.084	1.701	10.705
2018	4.922	4.013	1.626	10.561
2019	4.982	3.945	1.615	10.542
2020	5.050	3.877	1.563	10.490
2021	5.085	3.792	1.608	10.485
2022	5.085	3.732	1.725	10.542
2023	5.086	3.659	1.822	10.567

Source: County Abstract of Ratables

**KEARNY BOARD OF EDUCATION  
PRINCIPAL PROPERTY TAXPAYERS,  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer	2023		2014	
	Taxable Assessed Valuation	% of Total District Net Assessed Valuation	Taxable Assessed Valuation	% of Total District Net Assessed Valuation
RTC Properties, Inc.	\$ 36,268,900	3.17%	\$ 28,953,200	2.75%
PSE&G	19,321,600	1.69%	21,851,300	2.07%
SPG Central Ave LLC	13,036,500	1.14%		
RTL Services			13,144,400	1.25%
AMB Alliance Fund III	11,000,000	0.96%	11,000,000	1.04%
BE Kearny LP CA Ltd	10,200,000	0.89%		
MEPT Passaic Ave, LLC	10,000,000	0.87%		
DVL Holdings			9,272,300	0.88%
Sunset Cahuenga			9,000,000	0.85%
Hugo NEU Kearny Development, LLC	8,027,800	0.70%		
Wal-Mart	7,204,600	0.63%	9,264,200	0.88%
Hugo NEU Kearny Warehouses LLC	6,780,500	0.59%		
Terrior Associates, LLC	7,617,400	0.67%		
Hurricane Associates, LLC			6,617,400	0.63%
Kearny Holding VF LLC			5,359,000	0.51%
Orangewood Prop. Ltd	-	-	5,633,500	0.53%
	<u>\$ 129,457,300</u>	<u>11.31%</u>	<u>\$ 120,095,300</u>	<u>11.40%</u>

Source: Municipal Tax Assessor

**KEARNY BOARD OF EDUCATION  
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		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 46,889,208	\$ 46,889,208	100.00%	N/A
2015	47,337,165	47,234,598	99.78%	\$ 102,567
2016	49,014,914	49,005,110	99.98%	-
2017	51,729,848	51,729,848	100.00%	N/A
2018	52,706,484	52,706,484	100.00%	N/A
2019	53,713,111	53,713,111	100.00%	N/A
2020	54,787,373	54,787,373	100.00%	N/A
2021	55,791,756	55,791,756	100.00%	N/A
2022	56,810,820	56,810,820	100.00%	N/A
2023	57,944,298	57,944,298	100.00%	N/A

**KEARNY BOARD OF EDUCATION  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	<u>Governmental Activities</u>				Total	Population	Per Capita
	General Obligation Bonds	Financing Agreements	IT Subscription Arrangements	Bond/Grant Anticipation Notes			
2014	\$ 11,025,000	\$ 394,437		\$ 15,000,000	\$ 26,419,437	41,592	\$ 635
2015	9,780,000	329,829		15,000,000	25,109,829	41,669	603
2016	8,580,000	4,378,761		15,000,000	27,958,761	41,573	673
2017	7,450,000	3,653,895		15,000,000	26,103,895	41,589	628
2018	6,320,000	3,517,261		15,000,000	24,837,261	41,585	597
2019	5,185,000	2,962,824		6,727,117	14,874,941	41,217	361
2020	4,050,000	2,364,213		2,000,000	8,414,213	41,128	205
2021	2,910,000	1,159,711			4,069,711	40,507	100
2022	1,770,000	684,690			2,454,690	40,370	61
2023	630,000	5,908,392	673,615		7,212,007	39,862	181

Source: District records

**KEARNY BOARD OF EDUCATION  
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Inter- governmental Loans	Deductions			
2014	\$ 11,025,000			\$ 11,025,000	1.05%	\$ 265
2015	9,780,000			9,780,000	0.93%	235
2016	8,580,000			8,580,000	0.81%	206
2017	7,450,000			7,450,000	0.70%	179
2018	6,320,000			6,320,000	0.58%	152
2019	5,185,000			5,185,000	0.48%	126
2020	4,050,000			4,050,000	0.37%	98
2021	2,910,000			2,910,000	0.26%	72
2022	1,770,000			1,770,000	0.16%	44
2023	630,000			630,000	0.06%	16

Source: District records

**KEARNY BOARD OF EDUCATION  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
AS OF DECEMBER 31, 2022  
(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>		<u>Net Debt</u>
Municipal Debt: (1)				
Kearny Board of Education (as of June 30, 2023)	\$ 630,000			\$ 630,000
Town of Kearny (as of December 31, 2022)	<u>92,745,554</u>	<u>\$ -</u>		<u>92,745,554</u>
	<u>\$ 93,375,554</u>	<u>\$ -</u>		<u>93,375,554</u>
Overlapping Debt Apportioned to the Municipality:				
County of Hudson				62,565,640
Passaic Valley Sewerage Commission				12,878,475
North Jersey District Water Supply Commission				<u>4,878,905</u>
				<u>80,323,020</u>
Total Direct and Overlapping Debt				<u>\$ 173,698,574</u>

Source:  
Municipal and County Annual Debt Statements

**KEARNY BOARD OF EDUCATION  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

	Fiscal Year Ended June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt Limit	\$ 130,844,283	\$ 130,838,539	\$ 135,481,070	\$ 140,094,135	\$ 150,241,636	\$ 150,241,636	\$ 159,681,250	\$ 169,864,871	\$ 182,039,229	\$ 200,010,706
Total Net Debt Applicable to Limit	<u>11,025,000</u>	<u>9,780,000</u>	<u>8,580,000</u>	<u>7,450,000</u>	<u>6,320,000</u>	<u>5,185,000</u>	<u>4,050,000</u>	<u>2,910,000</u>	<u>1,770,000</u>	<u>630,000</u>
Legal Debt Margin	<u>\$ 119,819,283</u>	<u>\$ 121,058,539</u>	<u>\$ 126,901,070</u>	<u>\$ 132,644,135</u>	<u>\$ 143,921,636</u>	<u>\$ 145,056,636</u>	<u>\$ 155,631,250</u>	<u>\$ 166,954,871</u>	<u>\$ 180,269,229</u>	<u>\$ 199,380,706</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.43%	7.47%	6.33%	5.32%	4.21%	3.45%	2.54%	1.71%	0.97%	0.31%

**Legal Debt Margin Calculation for Fiscal Year 2023**

Equalized Valuation Basis	
2022	\$ 5,623,201,448
2021	4,891,490,261
2020	<u>4,486,111,253</u>
	<u>\$ 15,000,802,962</u>
Average Equalized Valuation of Taxable Property	<u>\$ 5,000,267,654</u>
Debt Limit (4% of Average Equalization Value)	\$ 200,010,706
Total Net Debt Applicable to Limit	<u>630,000</u>
Legal Debt Margin	<u>\$ 199,380,706</u>



**KEARNY BOARD OF EDUCATION  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

<u>Year</u>	<u>Population</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2014	41,592	\$ 47,381	7.50%
2015	41,669	51,066	6.40%
2016	41,573	54,675	5.50%
2017	41,589	56,597	4.80%
2018	41,585	60,558	4.70%
2019	41,217	65,090	3.80%
2020	41,128	67,570	12.6%
2021	40,507	71,682	8.0%
2022	40,370	72,046	4.5%
2023	39,862	N/A	N/A

Source: New Jersey State Department of Education

N/A - Not available

**KEARNY BOARD OF EDUCATION  
PRINCIPAL EMPLOYERS,  
CURRENT YEAR AND TEN YEARS AGO  
(Unaudited)**

**INFORMATION NOT AVAILABLE**

**KEARNY BOARD OF EDUCATION**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

<u>Function/Program</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Instruction										
Regular	399	384	370	365	368	370	389	380	408	408
Special Education	30	34	40	40	41	42	65	80	44	41
Other Special Education	44	48	52	51	51	50	-	-		
Vocational	3	3	3	3	3	3	9	7	9	4
Support Services:										
Student and Instruction Related Services	60	53	56	55	55	55	55	63	64	78
General Administration	15	13	14	14	13	13	13	11	16	17
School Administrative Services	24	23	23	23	21	20	21	19	21	17
Central Services	9	8	7	8	8	8	41	37	41	62
Administrative Information Technology	7	8	8	8	8	8	8	8	8	7
Plant Operations and Maintenance	68	69	66	67	68	68	63	68	67	68
Pupil Transportation	12	13	13	13	12	11	11	12	11	11
Special Schools	37	37	37	37	37	37	-	-	-	-
<b>Total</b>	<u>708</u>	<u>693</u>	<u>688</u>	<u>684</u>	<u>685</u>	<u>685</u>	<u>675</u>	<u>685</u>	<u>689</u>	<u>713</u>

**Source:** District Personnel Records

KEARNY BOARD OF EDUCATION  
 OPERATING STATISTICS  
 LAST TEN FISCAL YEARS  
 (Unaudited)

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Pupil/Teacher Ratio			Average Daily Enrollment	Average Daily Attendance	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School				
2014	5,911	\$ 86,844,142	\$ 14,692	2.12%	N/A	1:15	1:22	1:13	5,912	5,641	-1.76%	95.42%
2015	5,915	90,281,756	15,263	3.89%	N/A	1:15	1:22	1:13	5,909	5,608	-0.05%	94.91%
2016	5,909	93,282,446	15,787	3.43%	N/A	1:15	1:22	1:13	5,912	5,617	0.05%	95.01%
2017	5,999	95,403,138	15,903	0.74%	N/A	1:15	1:22	1:13	5,563	5,341	-5.90%	96.01%
2018	5,628	98,465,377	17,496	10.01%	N/A	1:15	1:22	1:13	5,578	5,280	0.27%	94.66%
2019	5,363	110,159,062	20,541	17.40%	N/A	1:15	1:22	1:13	5,295	5,011	-5.07%	94.64%
2020	5,734	111,362,552	19,421	-5.45%	N/A	1:15	1:22	1:13	5,229	5,034	-1.25%	96.27%
2021	5,591	117,619,790	21,037	8.32%	N/A	1:15	1:22	1:13	5,179	4,903	-0.96%	94.67%
2022	5,710 *	137,027,213	23,998	14.07%	N/A	1:15	1:22	1:13	5,105	4,753	-1.43%	93.10%
2023	6,022 *	137,027,213	22,754	-5.18%	N/A	1:15	1:22	1:13	5,320	4,930	4.21%	92.67%

Sources: District records

- Note:
- a Enrollment based on annual October district count.
  - b Operating expenditures equal total expenditures less debt service and capital outlay.
  - c Cost per pupil represents operating expenditures divided by enrollment.
  - \* Resident Students Including Charter School Students and PreK Students

N/A Not Available

**KEARNY BOARD OF EDUCATION  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b><u>District Building</u></b>										
<b><u>Elementary</u></b>										
<b><u>Franklin</u></b>										
Square Feet	114,854	114,854	114,854	114,854	114,854	114,854	114,854	114,854	114,854	114,854
Capacity (students)	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099
Enrollment	1,086	1,103	1,146	938	935	889	891	885	871	939
<b><u>Garfield</u></b>										
Square Feet	63,095	63,095	63,095	63,095	63,095	63,095	63,095	63,095	63,095	63,095
Capacity (students)	578	578	578	578	578	578	578	578	578	578
Enrollment	654	562	526	530	524	498	486	453	447	440
<b><u>Lincoln Middle School</u></b>										
Square Feet	88,510	88,510	88,510	88,510	88,510	88,510	88,510	88,510	88,510	88,510
Capacity (students)	794	794	794	794	794	794	794	794	794	794
Enrollment	817	865	882	911	909	856	816	813	775	751
<b><u>Roosevelt</u></b>										
Square Feet	43,385	43,385	43,385	43,385	43,385	43,385	43,385	43,385	43,385	43,385
Capacity (students)	463	463	463	463	463	463	463	463	463	463
Enrollment	457	483	466	435	438	405	379	374	387	464
<b><u>Schuyler</u></b>										
Square Feet	54,880	54,880	54,880	54,880	54,880	54,880	54,880	54,880	54,880	54,880
Capacity (students)	514	514	514	514	514	514	514	514	514	514
Enrollment	504	553	530	453	454	451	469	426	415	446
<b><u>Washington</u></b>										
Square Feet	86,220	86,220	86,220	86,220	86,220	86,220	86,220	86,220	86,220	86,220
Capacity (students)	671	671	671	671	671	671	671	671	671	671
Enrollment	703	625	621	566	560	540	496	502	488	507
<b><u>High School</u></b>										
Square Feet	276,400	276,400	276,400	276,400	276,400	276,400	276,400	276,400	276,400	276,400
Capacity (students)	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569	1,569
Enrollment	1,690	1,710	1,747	1,730	1,730	1,709	1,695	1,726	1,722	1,809

Number of Schools at June 30, 2023

Elementary = 5

Middle = 1

High School = 1

Source: District Records

**KEARNY BOARD OF EDUCATION  
GENERAL FUND  
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
LAST TEN FISCAL YEARS  
(Unaudited)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>School Facilities</b>										
Kearny High School	\$ 651,132	\$ 805,694	\$ 766,505	\$ 712,077	\$ 756,037	\$ 689,995	\$ 719,484	\$ 835,524	\$ 1,120,385	\$ 1,014,752
Franklin School	326,670	404,213	384,551	357,342	379,300	346,166	382,226	444,339	595,205	492,001
Garfield School	189,402	234,361	222,962	207,128	219,917	200,706	202,355	235,457	315,108	276,751
Lincoln School	265,890	329,006	313,003	290,870	308,728	281,759	292,290	339,431	455,157	399,751
Roosevelt School	129,787	160,595	152,783	141,938	150,697	137,533	157,387	183,238	245,084	215,250
Schuyler School	164,708	203,807	193,893	180,126	191,245	174,539	202,355	235,457	315,108	276,751
Washington School	258,850	320,294	304,715	282,811	300,554	274,299	292,290	339,898	455,157	399,751
Total School Facilities	<u>\$ 1,986,439</u>	<u>\$ 2,457,970</u>	<u>\$ 2,338,412</u>	<u>\$ 2,172,292</u>	<u>\$ 2,306,478</u>	<u>\$ 2,104,997</u>	<u>\$ 2,248,387</u>	<u>\$ 2,613,344</u>	<u>\$ 3,501,204</u>	<u>\$ 3,075,007</u>

Source: District Records

**KEARNY BOARD OF EDUCATION  
INSURANCE SCHEDULE  
JUNE 30, 2023  
(Unaudited)**

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy (School Alliance Insurance Fund)		
Property	\$ 500,000,000	\$ 2,500
Commercial General Liability	5,000,000	
Crime	500,000	5,000
School Board Legal Liability	5,000,000	10,000
Excess Liability	5,000,000	
Workers' Compensation	5,000,000	
School Leader Professional Liability	5,000,000	10,000
Excess Liability Coverage	5,000,000	
Surety Bonds (Selective Insurance)		
Treasurer	500,000	
Board Secretary/Business Administrator	500,000	

Source: District records

Note: Additional insurance coverage information on file with the School Business Administrator.

**SINGLE AUDIT SECTION**





# LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
PAUL J. LERCH, CPA, RMA, PSA  
JULIUS B. CONSONI, CPA, PSA  
ANDREW D. PARENTE, CPA, RMA, PSA  
ELIZABETH A. SHICK, CPA, RMA, PSA  
ROBERT W. HAAG, CPA, RMA, PSA

DEBRA GOLLE, CPA  
MARK SACO, CPA  
ROBERT LERCH, CPA, PSA  
CHRISTOPHER M. VINCI, CPA, PSA  
CHRISTINA CUIFFO, CPA, PSA  
JOHN CUIFFO, CPA, PSA

**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 AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
Kearny Board of Education  
172 Midland Avenue  
Kearny, New Jersey 07032

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 audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Kearny Board of Education as of and for the fiscal year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Kearny Board of Education's basic financial statements and have issued our report thereon dated November 27, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Kearny Board of Education'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 Kearny Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kearny Board of Education'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited 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.

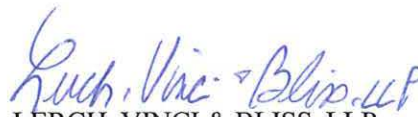
### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Kearny Board of Education's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Kearny Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 27, 2023.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kearny Board of Education'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 Kearny Board of Education's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Public School Accountants

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 27, 2023



LERCH, VINCI & BLISS, LLP EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA  
GARY J. VINCI, CPA, RMA, PSA  
JEFFREY C. BLISS, CPA, RMA, PSA  
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CHRISTINA CUIFFO, CPA, PSA  
JOHN CUIFFO, CPA, PSA

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable President and Members  
of the Board of Trustees  
Kearny Board of Education  
172 Midland Avenue  
Kearny, New Jersey 07032

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

***Opinion on Each Major Federal and State Program***

We have audited the Kearny Board of Education's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Kearny Board of Education's major federal and state programs for the fiscal year ended June 30, 2023. The Kearny Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Kearny Board of Education complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal and State Program***

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; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Kearny Board of Education and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Kearny Board of Education's compliance with the compliance requirements referred to above.

## ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulation, rules, and provisions of contracts or grant agreements applicable to the Kearny Board of Education's federal and state programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Kearny Board of Education's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance and New Jersey OMB Circular 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Kearny Board of Education's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, U.S. Uniform Guidance, and New Jersey OMB Circular 15-08, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Kearny Board of Education's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Kearny Board of Education's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the U.S. Uniform Guidance and New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Kearny Board of Education's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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.

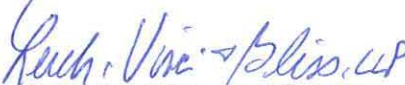
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by U.S. Uniform Guidance and Schedule of Expenditures of State Financial Assistance Required by New Jersey OMB Circular 15-08**

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Kearny Board of Education, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated November 27, 2023, which contained unmodified on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

  
LERCH, VINCI & BLISS, LLP  
Certified Public Accountants  
Public School Accountants

  
Gary J. Vinci  
Public School Accountant  
PSA Number CS00829

Fair Lawn, New Jersey  
November 27, 2023

KEARNY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Grant Period	Award Amount	Balance July 1, 2022	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Cancellations	June 30, 2023			GAAP Account Receivable
											(Account Receivable)	Uncarned Revenue	Due to Grantor	
<b>U.S. Department of Education Passed-through State Department of Education</b>														
Medicaid Assistance Program	93.778	2005NJ5MAP	7/1/22-6/30/23	\$ 170,627			\$ 170,627	\$ 170,627						
Medicaid Assistance Program - FFCRA	93.778	2005NJ5MAP	1/1/21-12/31/21	20,746			20,746	20,746						
Medicaid Assistance (MAC)	93.778	2005NJ5MAP	1/1/22-12/31/22	47,587			47,587	47,587						
Medicaid Assistance Program	93.778	2005NJ5MAP	7/1/21-6/30/22	221,831	\$ (78,158)		78,158							
Medicaid Assistance (MAC)	93.778	2005NJ5MAP	7/1/21-6/30/22	25,652	(8,488)		8,488							
<b>Total Medicaid Assistance Programs - General Fund</b>					<b>(86,646)</b>		<b>325,606</b>	<b>238,960</b>						
<b>Department of Law and Public Safety</b>														
Public Assistance Grant	97.036	NA	NA	366,970			366,970	366,970						
<b>Total Public Assistance Grant - General Fund</b>							<b>366,970</b>	<b>366,970</b>						
<b>U.S. Department of Education Passed-through State Department of Education</b>														
Local Food For Schools Cooperative	10.185	231NJ304N1099	7/1/22-6/30/23	1,119			1,119	1,119						
Covid Supply Chain Assistance	10.555	231NJ304N1099	7/1/21-6/30/22	114,992			114,992	114,992						
Covid Supply Chain Assistance	10.555	231NJ304N1099	7/1/22-6/30/23	104,673			104,673	104,673						
Covid Supply Chain Assistance	10.555	231NJ304N1099	7/1/22-6/30/23	49,957			49,957	49,957						
Food Distribution Program	10.555	231NJ304N1099	7/1/22-6/30/23	226,742			226,742	226,742						
Food Distribution Program	10.555	221NJ304N1099	7/1/21-6/30/22	158,176	4,916		4,916							
National School Lunch Program	10.555	231NJ304N1099	7/1/22-6/30/23	1,529,409			1,415,516	1,529,409			\$ (113,893)		\$ (113,893)	
National School Lunch Program	10.555	221NJ304N1099	7/1/21-6/30/22	2,046,548	(125,524)		125,524							
Summer Food Service Program	10.559	231NJ304N1099	7/1/22-6/30/23	1,642			1,642	1,642						
Summer Food Service Program	10.559	221NJ304N1099	7/1/21-6/30/22	97,860	(14,214)		14,214							
National School Breakfast Program	10.553	231NJ304N1099	7/1/22-6/30/23	311,158			281,262	311,158			(29,896)		(29,896)	
National School Breakfast Program	10.553	221NJ304N1099	7/1/21-6/30/22	483,379	(38,020)		38,020							
<b>Total U.S. Department of Agriculture - Enterprise Fund</b>					<b>(172,842)</b>		<b>2,373,661</b>	<b>2,344,608</b>			<b>(143,789)</b>			<b>(143,789)</b>
<b>U.S. Department of Education Passed-through State Department of Education</b>														
Title I, Part A	84.010A	S010A210030	7/1/21-9/30/22	1,628,510	\$ (698,618)	\$ (351,369)	698,618		\$ 351,369					
Title I, Part A	84.010A	S010A220030	7/1/22-9/30/23	1,938,442		351,369	1,269,737	2,060,258			(1,020,074)	\$ 229,553		(790,521)
Title I, Part SIA	84.010A	S010A210030	7/1/21-9/30/22	18,600	(6,923)	(18,600)	6,923				18,600			
Title I, Part SIA	84.010A	S010A220030	7/1/22-9/30/23	37,700			28,880	41,224			(18,600)			(4,064)
<b>Total Title I</b>					<b>(705,541)</b>		<b>2,004,158</b>	<b>2,101,482</b>			<b>(1,047,494)</b>	<b>244,629</b>		<b>(794,585)</b>
I.D.E.A Part B, Basic Regular	84.027A	H027A220100	7/1/22-9/30/23	1,334,275		10	1,263,658	1,333,618	(10)		(70,627)	667		(63,619)
I.D.E.A Part B, Basic Regular	84.027	H027A210100	7/1/21-9/30/22	1,307,796	(178,746)	(10)	178,746				10			
I.D.E.A. Part B, Preschool	84.173A	H173A220114	7/1/22-9/30/23	35,773			35,773	35,773						
ARP - IDEA Basic	84.027X	H027X200100	7/1/21-9/30/22	288,572	(860)						(860)			(860)
<b>Total I.D.E.A</b>					<b>(179,606)</b>		<b>1,478,177</b>	<b>1,369,391</b>			<b>(71,487)</b>	<b>667</b>		<b>(64,479)</b>
Title II, Part A	84.367A	S367A210029	7/1/21-9/30/22	232,994	(3,246)		3,246		\$ 30			\$ 30		
Title II, Part A	84.367A	S367A220029	7/1/22-9/30/23	234,557			64,209	140,420			(170,348)	94,137		(73,150)
<b>Total Title II</b>					<b>(3,246)</b>		<b>67,455</b>	<b>140,420</b>			<b>(170,348)</b>	<b>94,137</b>		<b>(73,150)</b>
Title III	84.365A	S365A210030	7/1/21-9/30/22	111,878	(17,915)	(54,058)	17,915				54,058			
Title III	84.365A	S365A200030	7/1/20-9/30/21	99,907	21							21		
Title III	84.365A	S365A220030	7/1/22-9/30/23	115,868		54,058	99,235	119,420	(54,058)		(70,691)	50,506		(16,898)
Title III Immigrant	84.365A	S365A210030	7/1/21-9/30/22		(20,790)		20,790							
<b>Total Title III</b>					<b>(38,684)</b>		<b>137,940</b>	<b>119,420</b>			<b>(70,691)</b>	<b>50,506</b>		<b>(16,898)</b>
Title IV	84.424A	S424A210031	7/1/21-9/30/22	104,340	(8,533)	(71,095)	8,533				71,095			
Title IV	84.424A	S424A220031	7/1/22-9/30/23	132,895		71,095	104,286	115,181	(71,095)		(99,604)	88,809		(4,396)
<b>Total Title IV</b>					<b>(8,533)</b>		<b>112,919</b>	<b>115,181</b>			<b>(99,604)</b>	<b>88,809</b>		<b>(4,396)</b>

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KEARNY BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal AL Number	Federal FAIN Number	Grant Period	Award Amount	Balance July 1, 2022	Carryover Amount	Cash Received	Budgetary Expenditures	Adjustment	Cancellations	June 30, 2023			GAAP Account Receivable
											(Account Receivable)	Uncearned Revenue	Due to Grantor	
CRRSA - ESSER II	84.425D	S425D210027	3/13/20-9/30/23	\$ 4,685,385	\$ (1,249,510)		\$ 1,599,813	\$ 2,180,744		\$ 1,249	\$ (2,054,115)	\$ 224,923		\$ (116,203)
CRRSA - Learning Acceleration	84.425D	S425D210027	3/13/20-9/30/23	300,684	(13,300)		110,074	24,996		29	(32,225)	104,032		
CRRSA - Mental Health	84.425D	S425D210027	3/13/20-9/30/23	45,000	-						(10,239)	10,239		
ARP - ESSER	84.425U	S425U210027	3/13/20-9/30/24	10,530,099	-		861,057	5,545,774			(9,669,042)	4,984,325		
ARP - Accelerated Learning	84.425U	S425U210027	3/13/20-9/30/24	542,004	-		7,500	7,500			(534,504)	534,504		
ARP - Summer Learning	84.425U	S425U210027	3/13/20-9/30/24	40,000	-						(40,000)	40,000		
ARP - Beyond the School Day	84.425U	S425U210027	3/13/20-9/30/24	40,000	-						(40,000)	40,000		
ARP - Mental Health	84.425U	S425U210027	3/13/20-9/30/24	45,000	-		27,366	27,366			(17,634)	17,634		
ARP - Homeless	84.425W	S425W210031	4/31/21-9/30/23	35,052	-		2,439	2,916			(32,613)	32,136		
Total CRRSA, ESSER and ARP-ESSER					(1,262,810)	-	2,608,249	7,789,296	-	1,278	(12,430,372)	5,987,793	-	(116,203)
Total U.S. Department of Education - Special Revenue Fund					(2,198,420)	-	6,408,898	11,635,190	-	1,308	(13,889,996)	6,466,541	\$ 51	(1,069,711)
U.S. Department of Transportation Airport Improvement Program Aircraft Noise Abatement - K.H.S.	20.106	N/A	Not Available	21,145,025	(1,481,712)	-	-	-	-	-	(1,481,712)	-	-	(1,481,712)
Total U.S. Department of Transportation - Capital Projects Fund					(1,481,712)	-	-	-	-	-	(1,481,712)	-	-	(1,481,712)
Total Federal Awards					\$ (3,939,620)	\$ -	\$ 9,475,135	\$ 14,585,728	\$ -	\$ 1,308	\$ (15,515,497)	\$ 6,466,541	\$ 51	\$ (2,695,212)

KEARNY BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2022		Carryover Amount	Cash Received	Budgetary Expenditures	Transfer In from General Fund	Adjustment	Refund of Prior Years' Balances	June 30, 2023			MEMO		
				Uncearned Revenue/ (Accts Rec.)	Due to Grantor							(Accounts Receivable)	Uncearned Revenue/	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
<b>State Department of Education</b>																	
Special Education Aid	22-495-034-5120-089	7/1/21-6/30/22	\$ 5,200,975	\$ (515,122)			\$ 515,122										
Special Education Aid	23-495-034-5120-089	7/1/22-6/30/23	5,200,975				4,686,940	\$ 5,200,975				\$ (514,035)					\$ 5,200,975
Equalization Aid	22-495-034-5120-078	7/1/21-6/30/22	43,443,874	(4,302,830)			4,302,830										-
Equalization Aid	23-495-034-5120-078	7/1/22-6/30/23	48,457,587				43,668,313	48,457,587				(4,789,274)					48,457,587
Security Aid	22-495-034-5120-084	7/1/21-6/30/22	2,040,647	(202,113)			202,113										-
Security Aid	23-495-034-5120-084	7/1/22-6/30/23	2,040,647				1,838,961	2,040,647				(201,686)					2,040,647
<b>Total State Aid Public</b>				<b>(5,020,065)</b>			<b>55,214,279</b>	<b>55,699,209</b>				<b>(5,504,995)</b>					<b>55,699,209</b>
Extraordinary Aid	22-100-034-5120-473	7/1/21-6/30/22	1,310,736	(1,310,736)			1,310,736										-
Extraordinary Aid	23-100-034-5120-044	7/1/22-6/30/23	974,214					974,214				(974,214)					974,214
Transportation Aid	22-495-034-5120-014	7/1/21-6/30/22	239,445	(23,715)			23,715										-
Transportation Aid	23-495-034-5120-014	7/1/22-6/30/23	239,445				215,779	239,445				(23,666)					239,445
School Security Grant			292,111				292,111	292,111									292,111
TPAF Social Security Aid	22-495-034-5094-003	7/1/21-6/30/22	3,376,102	(334,620)			334,620										-
TPAF Social Security Aid	23-495-034-5094-003	7/1/22-6/30/23	3,548,790				3,198,383	3,548,790				(350,407)			\$	(350,407)	3,548,790
On Behalf TPAF																	-
NCGI Premium	23-495-034-5094-004	7/1/22-6/30/23					228,332	228,332									228,332
TPAF Pension Contribution	23-495-034-5094-002	7/1/22-6/30/23					16,457,737	16,457,737									16,457,737
TPAF Long Term Disability Insurance	23-495-034-5094-004	7/1/22-6/30/23					4,917	4,917									4,917
TPAF Post Retirement	23-495-034-5094-001	7/1/22-6/30/23					4,383,390	4,383,390									4,383,390
<b>Total General Fund</b>				<b>(6,689,136)</b>			<b>81,663,999</b>	<b>81,828,145</b>				<b>(6,853,282)</b>				<b>(350,407)</b>	<b>81,828,145</b>
Preschool Education Aid	23-495-034-5120-086	7/1/22-6/30/23	4,604,394			\$ 2,495,738	4,143,955	3,842,629	\$ 874,227	\$ 43		(460,439)	\$ 4,131,773				3,842,629
Preschool Education Aid	22-495-034-5120-086	7/1/21-6/30/22	3,700,431	2,125,695		(2,495,738)	370,043										-
New Jersey Nonpublic Aid								10,025								\$	73
Textbook Aid	23-100-034-5120-064	7/1/22-6/30/23	10,098				10,098										10,025
Textbook Aid	22-100-034-5120-064	7/1/21-6/30/22	7,743		\$ 155						\$ 155						-
Auxiliary Services																	-
Compensatory Education	23-100-034-5120-067	7/1/22-6/30/23	3,459				3,459	3,063									3,063
Compensatory Education	22-100-034-5120-067	7/1/21-6/30/22	8,958		8,958						8,958						-
Transportation	23-100-034-5120-067	7/1/22-6/30/23	925				925										-
Transportation	22-100-034-5120-067	7/1/21-6/30/22	1,374		1,374						1,374						-
Handicapped Services																	-
Examination and Classification	22-100-034-5120-066	7/1/21-6/30/22	7,584		7,584						7,584						-
Examination and Classification	23-100-034-5120-066	7/1/22-6/30/23	4,738				4,738									4,738	-
Supplementary	22-100-034-5120-066	7/1/21-6/30/22	4,956		2,478						2,478						-
Supplementary	23-100-034-5120-066	7/1/22-6/30/23	3,304				3,304	2,478								826	2,478
Nursing	23-100-034-5120-070	7/1/22-6/30/23	17,360				17,360	17,248								112	17,248
Nursing	22-100-034-5120-070	7/1/21-6/30/22	14,560		8						8						-
Technology	23-100-034-5120-373	7/1/22-6/30/23	6,426				6,426	6,384								42	6,384
Security	23-100-034-5120-509	7/1/22-6/30/23	31,775				31,775	31,570								205	31,570
Schools Development Authority																	-
SDA Emergent Needs Grant	NA	7/1/21-6/30/22	251,808	125,067			126,741	251,808									251,808
Climate Awareness Grant			6,660				5,738	5,738									-
Department of Environmental Protection																	-
Equipment Modernization Program	22-71H-042-4801-006	5/4/22-5/3/24	699,324	(635,464)								(699,324)	63,860				-
Department of Human Services																	-
School Based Youth Services	#23ARJP	7/1/22-6/30/23	287,802			19,637	287,802	307,437								2	307,437
School Based Youth Services	#22ARJP	7/1/21-6/30/22	327,563			(19,637)											-
School Based Youth Services	#21ARJP	7/1/20-6/30/21	277,587			7,911					7,374					537	-
School Based Youth Services	#20ARJP	7/1/19-6/30/20	277,587			55										55	-
School Based Youth Services	SB08020	7/1/16-6/30/17	277,587			14,554										14,554	-
School Based Youth Services	SB08020	7/1/14-6/30/15	277,587			2,219										2,219	-
School Based Youth Services	SB08020	7/1/13-6/30/14	277,587			34										34	-
School Based Youth Services	SB08020	7/1/12-6/30/13	282,387			203										203	-
School Based Youth Services	SB08020	7/1/09-6/30/10	277,587			27,839										27,839	-
<b>Total Special Revenue Fund</b>				<b>1,615,298</b>	<b>93,009</b>		<b>5,012,364</b>	<b>4,478,380</b>	<b>874,227</b>	<b>43</b>	<b>27,931</b>	<b>(1,159,763)</b>	<b>4,195,633</b>	<b>52,760</b>			<b>4,478,380</b>



KEARNY BOARD OF EDUCATION  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2022			Cash Received	Budgetary Expenditures	Transfer In from General Fund	Adjustment	Refund of Prior Years' Balances	June 30, 2023			MEMO		
				Unearned Revenue/ (Accts Rec.)	Due to Grantor	Carryover Amount						(Accounts Receivable)	Unearned Revenue/	Due to Grantor	GAAP Receivable	Cumulative Total Expenditures	
Debt Service Aid	23-495-034-5120-075	7/1/22-6/30/23	324,258	-	-	-	\$ 324,258	\$ 324,258	-	-	-	-	-	-	-	\$ 324,258	
Total Debt Service Fund				-	-	-	324,258	324,258	-	-	-	-	-	-	-	324,258	
State Department of Agriculture																	
State Breakfast	23-100-010-3360-023	7/1/22-6/30/23	5,643				5,011	5,643					(632)			\$ (632)	5,643
State After the Bell Breakfast	23-100-010-3360-023	7/1/22-6/30/23	3,377				3,084	3,377					(293)			(293)	3,377
Summer Food Service	23-100-010-3360-023	7/1/22-8/31/22	37				37	37									37
State School Lunch Program	23-100-010-3360-023	7/1/22-6/30/23	56,796				52,521	56,796					(4,275)			(4,275)	56,796
State School Lunch Program	22-100-010-3360-023	7/1/21-6/30/22	48,496	\$ (3,273)	-	-	3,273	-	-	-	-	-	-	-	-	-	-
Total Enterprise Fund				(3,273)	-	-	63,926	65,853	-	-	-	-	(5,200)	-	-	(5,200)	65,853
Total State Awards				\$ (5,077,111)	\$ 93,009	\$ -	\$ 87,064,547	\$ 86,696,636	\$ 874,227	\$ 43	\$ 27,931	\$ (8,018,245)	\$ 4,195,633	\$ 52,760	\$ (355,607)	\$ 86,696,636	
Less: State Aid Not Subject to Single Audit:																	
On-Behalf TPAF																	
NCGI Premium	23-495-034-5094-004							(228,332)									
Pension Contribution	23-495-034-5094-002							(16,457,737)									
Long-Term Disability Insurance	23-495-034-5094-004							(4,917)									
Post-Retirement Medical	23-495-034-5094-001							(4,383,390)									
Total State Financial Assistance Subject to Single Audit								\$ 65,622,260									

**KEARNY BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 1 REPORTING ENTITY**

The Kearny Board of Education (the “Board” or the “District”) received and participated in numerous Federal Award and State Financial Assistance programs in the form of cost reimbursement grants and revenue sharing entitlements. The Board is the reporting entity for these programs. The Board is defined in Note 1 (A) to the Board’s Financial Statements.

**NOTE 2 BASIS OF PRESENTATION**

The accompanying schedules of expenditures of federal awards and state financial assistance (the “Schedules”) present the activity of all federal and state programs of the Board. All federal awards received directly from federal agencies or passed through other government agencies are included on the schedule of expenditures of federal awards. All state awards received directly from state agencies or passed through other government agencies are included in the schedule of expenditures of state financial assistance. The information in these Schedules are presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principals, and audit Requirements for Federal Awards* (Uniform Guidance) and New Jersey OMB Circular Letter 15-08 *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*.

**NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Schedules are prepared and presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in the Notes to the Budgetary Comparison Schedules (RSI) and Note 1(D) to the Board’s financial statements, respectively. Therefore, some amounts presented in these schedules may differ from the amounts presented in, or used in the preparation of, the financial statements. The Board’s summary of significant accounting policies are described in Note 1 to the Board’s financial statements.

**NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS**

The 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 a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain 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 revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$148,359 for the general fund and a decrease of \$5,341,006 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 605,930	\$ 81,679,786	\$ 82,285,716
Special Revenue Fund	6,441,595	3,480,245	9,921,840
Debt Service Fund		324,258	324,258
Food Service Fund	<u>2,344,608</u>	<u>65,853</u>	<u>2,410,461</u>
Total Financial Assistance	<u>\$ 9,392,133</u>	<u>\$ 85,550,142</u>	<u>\$ 94,942,275</u>

**KEARNY BOARD OF EDUCATION  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 6 OTHER INFORMATION**

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$3,548,790 represents 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, 2023. The amount reported as TPAF Pension System Contributions in the amount of \$16,686,069, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,383,390 and TPAF Long-Term Disability Insurance in the amount of \$4,917 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2023.

**NOTE 7 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension, Post-Retirement Medical Benefits and Long-Term Disability Insurance Contributions payments are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's financial statements and the amount subject to State single audit and major program determination.

**NOTE 8 DE MINIMIS INDIRECT COST RATE**

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

**KEARNY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

*Part I – Summary of Auditor’s Results*

**Financial Statement Section**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no

2) Were significant deficiencies identified that were not considered to be material weaknesses? \_\_\_\_\_ yes  X  none reported

Noncompliance material to the basic financial statements noted? \_\_\_\_\_ yes  X  no

**Federal Awards Section**

Internal Control over major programs:

1) Material weakness(es) identified? \_\_\_\_\_ yes  X  no

2) Significant deficiencies identified? \_\_\_\_\_ yes  X  none reported

Type of auditors' report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a) of Uniform Guidance \_\_\_\_\_ yes  X  no

Identification of major programs:

<u>AL Number(s)</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.027A</u>	<u>H027A220100</u>	<u>IDEA Basic</u>
<u>84.173A</u>	<u>H173A220114</u>	<u>IDEA Preschool</u>
<u>84.425D</u>	<u>S425D220027</u>	<u>Coronavirus Response and Relief Supplemental Act (CRRSA ESSER II)</u>
<u>84.425D</u>	<u>S425D220027</u>	<u>Coronavirus Response and Relief Supplemental Act ( Learning Acceleration)</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>American Rescue Plan - Elementary and Secondary Schools (ARP - ESSER)</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>American Rescue Plan - Elementary and Secondary Schools ( Learning Acceleration)</u>
<u>84.425U</u>	<u>S425U210027</u>	<u>American Rescue Plan - Elementary and Secondary Schools (Mental Health)</u>
<u>84.425W</u>	<u>S425W210031</u>	<u>American Rescue Plan - Emergency Relief Fund - Homeless Children and Youth</u>
<u>97.036</u>	<u>NA</u>	<u>Public Assistance Grants</u>

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

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**KEARNY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

*Part I – Summary of Auditor’s Results*

**State Awards Section**

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,968,667

Auditee qualified as low-risk auditee?  X  yes   no

Internal Control over major programs:

1) Material weakness(es) identified?   yes  X  no

2) Significant deficiencies identified that are not considered to be material weaknesses?   yes  X  none reported

Type of auditors' report on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular Letter 15-08?   yes  X  none

Identification of major programs:

<u>State Grant/Project Number(s)</u>	<u>Name of State Program</u>
<u>23-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>23-495-034-5120-089</u>	<u>Special Education Aid</u>
<u>23-495-034-5120-084</u>	<u>Security Aid</u>
<u>23-495-034-5094-003</u>	<u>TPAF Social Security</u>
<u>23-495-034-5120-086</u>	<u>Preschool Education Aid</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

**KEARNY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

*Part 2 – Schedule of Financial Statement Findings*

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**KEARNY BOARD OF EDUCATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by 2 CFR 200 Section .516 of the Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and New Jersey OMB Circular Letter 15-08, as applicable.

**CURRENT YEAR FEDERAL AWARDS**

There are none.

**CURRENT YEAR STATE AWARDS**

There are none.

**KEARNY BOARD OF EDUCATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

This section identifies the status of prior-year findings related to the basic financial statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of *Government Auditing Standards*, U.S. OMB Uniform Administrative Requirements, Costs Principles and Audit Requirements for Federal Awards and New Jersey OMB's Circular 15-08, as applicable

**STATUS OF PRIOR YEAR FINDINGS**

There were none.