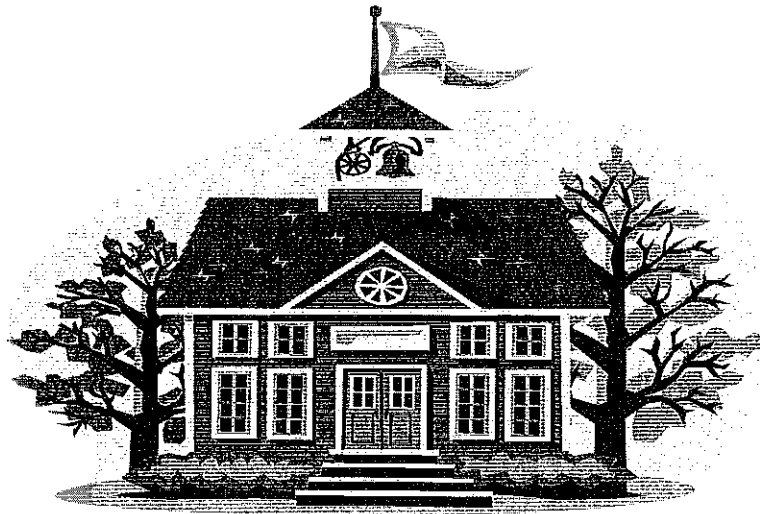


SCHOOL DISTRICT

OF

KENILWORTH



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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

OF THE

KENILWORTH BOARD OF EDUCATION

KENILWORTH, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PREPARED BY

**KENILWORTH BOARD OF EDUCATION
FINANCE DEPARTMENT**

KENILWORTH SCHOOL DISTRICT

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INTRODUCTORY SECTION

KENILWORTH PUBLIC SCHOOL DISTRICT

Kyle C. Arlington
Superintendent

Vincent A. Gonnella
School Business Administrator
Board Secretary



426 Boulevard
Kenilworth, NJ 07033

908-276-1644
www.kenilworthschools.com

January 15, 2024

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

Dear Board Members:

The annual comprehensive financial report of the Kenilworth School District (District) for the fiscal year ending 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 Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The 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 general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations, Part 200, "Audits of State and Local Governments," and the state Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES:

The Kenilworth School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Board and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for handicapped youngsters. The District's enrollment as of October 15, 2022 was 1,451 students. The following details the changes in the student enrollment of the District over the last ten years using an October 15th count:

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Fiscal Year	October 15th Enrollment	Student Change	% Change
2022 - 2023	1,451	(11)	-0.75%
2021 - 2022	1,462	25	1.74%
2020 - 2021	1,437	13	0.91%
2019 - 2020	1,424	(21)	-1.45%
2018 - 2019	1,445	(20)	-1.37%
2017 - 2018	1,465	31	2.16%
2016 - 2017	1,434	11	0.77%
2015 - 2016	1,423	(28)	-1.93%
2014 - 2015	1,451	8	0.55%
2013 - 2014	1,443	43	3.07%
1997 - 1998	930	256	37.98%
1996 - 1997	674	(24)	-3.44%

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

2) ECONOMIC CONDITION AND OUTLOOK:

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

Currently, the use of “banked cap” and additional State Aid has allowed the district to stay within the State mandated restrictive cap on expenditures and enable the district to expand programs to meet our ever-changing demographic population. In addition, the Board continues to look to other revenue sources while actively containing expenditures. Funding beyond the current school year is questionable. The district did see a sizable increase in State Aid in FY '23, but the FY'24 State Aid figures were essentially flat due to the funding formula’s reliance on home sales. Moving beyond the FY '24 budget State Aid is uncertain.

The community remains a vital part of the Board’s success; it provides financial support to the Board in

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addition to the numerous volunteer activities conducted by parents and community members. In October 2022, the community passed a \$31,448,000 facility referendum which greatly enabled the district to maintain its facilities in a safe and economic manner.

With changes in the election laws, in February 2012, the Board of Education authorized the change in the election cycle from April to November. As a result, the Board needed to submit a budget for review to the Executive County Superintendent. Once approved and a public hearing was held on the budget, the Board of Education adopted the budget. Since the budget was under the 2% mandatory cap on tax levy, no voter approval was necessary.

The overall impact that the COVID-19 Pandemic will have on the short-term and long-term financial well-being of the school district is becoming clearer. The district did receive several County, State and Federal grants aimed at mitigating the financial impact. All grants were carefully reviewed for maximum benefit in meeting the district goal of keeping the buildings open during the pandemic. It appears that the long-term impact will be on the increased needs to deal with the social and emotional well being of students who did not cope with the pandemic. The result is a greater need of mental health services.

STATUS OF FACILITIES:

With the dissolution of the Union County Regional High School District #1 on June 30, 1997, the Board assumed control of the David Brearley School. The Brearley School is a 150,267 square foot facility built for high school education in the 1960's, with additions in the 1970's. The school has housed grades 7-12 since the 1997-98 school year. The Warren Harding Elementary School houses the district's Pre-K to grade 6 population. The Harding School is a 90,500 square foot facility built in 1923 with major additions in the 1950's, 1960's and 1970's.

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

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

The district held a facility referendum in October 2022. The \$31,448,000 question was approved by the community. Planning for the implementation of the project began immediately. A major focus of the referendum was to create a separate and distinct Middle School at Brearley. The new 22,000 square foot addition will house additional middle school classes on the second floor along with an office. The first floor will house new state of the art science labs for high school students. Additional renovations on the second floor will increase the number of middle school classrooms. Renovations to the auxiliary gym will allow for the middle school to have an independent cafeteria and gymnasium.

The auditoriums in both the Harding and Brearley Schools will be completely renovated with new ceilings and seating.

The Ward Field Athletic Complex will receive a new synthetic field, providing all weather playing

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capabilities. The track will be resurfaced.

The HVAC systems in both buildings will be upgraded with new classroom unit ventilators as well as other air handling units being replaced.

These projects emphasized safety, security and upgrading the aging systems. Students spend more than 7 hours a day, 180 days a year, for 14 years in our facilities; it is imperative that they continue to be in a safe and secure environment for learning. The projects planned will assist the district to move educationally into the 21st Century and allow our students to successfully meet the changing workforce and society.

COMPREHENSIVE MAINTENANCE SUMMARY:

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

Consistent with maintaining buildings at a level of excellence and Kenilworth standards, a total of \$277,664 was spent on Renovations/Repairs to the Harding and Brearley facilities during the 2022-2023 school year:

Harding School:

Repair of Building & Equipment	\$ 16,116	
Instructional Equipment Repairs	<u>\$ -</u>	
		\$ 16,116

Brearley School:

Repair of Building & Equipment*	\$ 93,550	
Instructional Equipment Repairs		
		\$ 93,550

District Level:

Contracted Upkeep of Grounds (No Salaries)	\$ 44,406	
Asbestos Management	\$ -	
Contracted Services Maintenance	\$ 70,584	
Maintenance Supplies & Other Objects	\$ 29,096	
Maintenance Agreements	<u>\$ 23,912</u>	
		<u>\$ 167,998</u>
Total		<u>\$ 277,664</u>

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

The Board of Education revised its Five-Year Facility Plan that was submitted to the Department of Education in December 2000. The Department of Education has completed its preliminary review of the plan and has found it to be complete. On November 1, 2001, the Board of Education submitted an updated Long-

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Range Facilities Plan to the Department containing an inventory of the 40 building systems delineated in the plan. The Board of Education updated the Long-Range Facilities Plan for submission to the Department of Education in the Fall of 2005. On May 23, 2007, the district was notified that the plan was reviewed for completeness and was now under technical review. In 2008, the district amended the plan to include projects intended for the scheduled facility referendum in December 2008. The district received approval on the amended plan on September 8, 2009. Updates have been made as needed, the most recent being in April 2022 in anticipation for the referendum work noted earlier.

STATUS OF REQUIRED ANNUAL HEALTH AND SAFETY REVIEW:

The Head of Maintenance conducted annual and monthly inspections of the buildings. The School Business Administrator conducted an annual inspection of the buildings. The two building principals have conducted “Checklist Report: Evaluation of School Buildings Indicator 7.6” which are included in this submission. All health and safety matters of an immediate nature were taken care of. All required health and safety certificates are on file in the boiler room and the school cafeterias.

The three-year reinspection and update of the Asbestos Management Plan for Harding School was conducted in 1992, and updated in 1995. In 2022 a three-year re-inspection was conducted on both the Harding and Brearley facilities, along with major updates to the plan.

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

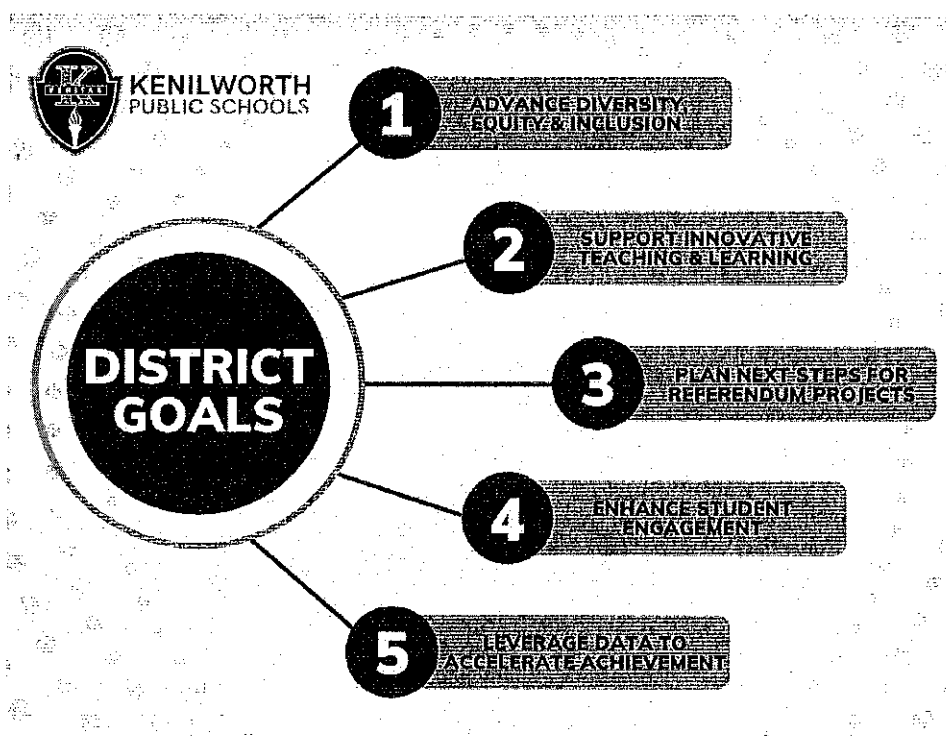
3) MAJOR INITIATIVES INSTRUCTIONAL PROGRAM:

The Kenilworth Public School District has operated as a Pre K-12 system since July 1, 1997. The school district continues its quest toward excellence through the assessment and refinement of the educational programs and the continuation of extra-curricular opportunities for its students.

District goals in 2022-23 were proposed to enhance performance at both Harding Elementary School and David Brearley Middle-High School. More specifically, for the school year 2022-23, our district goals focused on supporting math and literacy teaching and learning through a focus on engagement and innovation, increasing job-embedded professional learning, maximizing the use of data to inform student achievement and nurturing diversity, equity, and inclusion. Our school buildings have their own set of goals that coalesce within the district's larger goals. In the 2022-23 school year, Harding Elementary School focused on recommitting to a clear and focused vision for literacy, continued to develop a social and emotional skills curriculum, and relied on performance data to inform instruction. Brearley Middle High School also has a school goal that aligns with Harding’s and focuses on data to drive instruction. Additionally, Brearley Middle-High School’s school goals

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also included ramping up support for college and career readiness and continuing to expand a variety of future-ready course work for our students, including Robotics, Esports, and Digital Sound Engineering.



Our grades K-6 classrooms continue to use a curriculum-based SEL program called “Second Step.” We will continue supporting this work and professional learning for the next several years. Our final district goal focused on offering our teachers more job-embedded and targeted professional learning. With the new Instructional Coach role, we increased the support we can provide to K-12 teachers across content areas. Elementary teachers received embedded coaching around the workshop model, while secondary teachers received embedded coaching related to small group instruction and implementing book clubs to increase comprehension. Additionally, a technology facilitator coached all staff in technology integration as well as assisted with professional development around innovative teaching and learning tools using technology. We also relied on an intervention coordinator to help manage and provide leadership to our multi-tiered system of support. Through tiered interventions, we looked to address students’ academic, social, and behavioral needs.

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

The district is also committed to the continued refinement of a balanced literacy approach. All K-6 teachers implemented readers and writers workshop. All teachers k-3 were trained in Orton Gillingham practices to support our word study program, and all 4-6th grade teachers were trained in Morphology to study words in support of reading curriculum content. Middle and high school teachers are working towards new text selections that reflect a more culturally responsive approach to literacy teaching and learning. Middle school teachers have a new schedule that allows them to differentiate instruction to meet the needs of all students in a single setting along with a double ELA period.

At Harding and David Brearley, we continue to monitor our implementation of GOMath as we look to pilot new programs for a 2025 transition, including the new 2023 NJSLs for Math. 3rd-5th grade teachers are attending out of district professional development throughout the year. Algebra I and Geometry continue to be an area of focus for us.

To provide more individualized learning experiences for Kenilworth’s children, the middle-high school continues with its two specialized learning programs to target young adults’ specific learning requirements and career interests. A new Program brought into the district, Successful Outcomes Achieving Resiliency (SOAR), provides students the opportunity for credit remediation and exploring different careers while participating in group and individual counseling. Student flexibility allows students to participate in their least restrictive environment. The Alternative Classroom Experience (ACE) helps adolescents recover high school credit they may not have acquired during the regular school day. The Kenilworth Scholars’ Academy enrolled Grades 7-11 students. These students are provided a “university-level” experience that allows them to focus on specialization by their senior year of high school. Students in the Scholars’ Academy continue to participate in virtual science labs and STEM field trips. Both learning experiences address the needs of two student populations who often go underserved in school districts around the country. The by-product of the implementation of the ACE and Scholars’ Academy programs is the creation of smaller and more intimate learning environments that provide Kenilworth’s children with the highly individualized academic, social, and emotional attention they deserve. The district continues to grow the Scholars’ Academy program by raising the number of academy spots we allocate in our school Choice program to attract high-achieving learners from surrounding communities.

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4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2023.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) DEBT ADMINISTRATION:

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2016 Refunding:

In the Spring of 2016 the 2009 Bond issue was refinanced due to potential savings. Total Debt Service in the amount of \$1,252,400 was paid during the fiscal year 2023. A \$950,000 principal payment was made. The principal balance as of June 30, 2023 was \$6,610,000.

2022 Referendum Bonds:

In December 2022 the Bonds were issued in the amount of \$31,448,000 as a result of the voter approval in October 2022. No principal payments were made in fiscal year 2023. The principal balance as of June 30, 2023 was \$31,448,000.

Total debt retired in fiscal year 2023 was \$950,000. Total outstanding debt for the District as of June 30, 2023, was \$38,058,000.

8) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement," Note 2. The District has adopted a cash management plan that requires all deposited public funds in public depositories to be protected from loss under the provisions of the Governmental Unit Deposit Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. As mentioned earlier, historically low interest rates impeded the district's ability to generate interest income compared to previous years.

9) RISK MANAGEMENT:

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

10) OTHER INFORMATION:

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

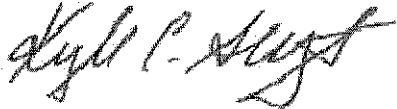
11) ACKNOWLEDGMENTS:

We would like to express our appreciation to the members of the Kenilworth Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The

*Arlington/Gonnella to Board of Education
January 15, 2024*

preparation of this report could not have been accomplished without the efficient and dedicated services of our central office staff.

Respectfully submitted,



Kyle C. Arlington
Superintendent



Vincent A. Gonnella
Board Secretary/Business Administrator

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

**ROSTER OF OFFICIALS
June 30, 2023**

Members of the Board of Education

Term Expires

Michelle Panichi, President	12/31/2024
Gregg F. David, Vice President	12/31/2023
Robert Beiner	12/31/2025
Paulette Drogon	12/31/2024
John Ferreira	12/31/2025
Ryan Haberthur	12/31/2023
Anthony Laudati	12/31/2025
Alison Tears	12/31/2024
Nancy Zimmerman	12/31/2023

Other Officials:

Kyle C. Arlington, Superintendent of Schools/Treasurer
Vincent A. Gonnella, Board Secretary/Business Administrator
Vito A. Gagliardi, Jr., Esq., Solicitor

Administration:

Ronald Bubnowski, Principal Warren Harding Elementary School
Carol Carrera, Assistant Principal, Harding
Justin Connolly, Supervisor of Buildings & Grounds
Dawn Cuccolo, Director of Pupil Personnel Services
Jeremy Davies, Principal David Brearley Middle/High School
Kathleen Derillo, Supervisor of Special Services & Projects
Samantha Heimple, Director of Curriculum, Instruction & Innovation
Brian Luciani, Director of Academics
Scott Miller, Supervisor of Athletics, Health & Physical Education
Joant Rodriguez, Manager of Information Technology
Madelyn Witchel, Assistant Principal, Brearley

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

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Somerville, NJ 08876-0758

Audit Firm

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Wall, New Jersey 07719

Attorney

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Cranford, NJ 07033

Insurance Agent/Risk Manager

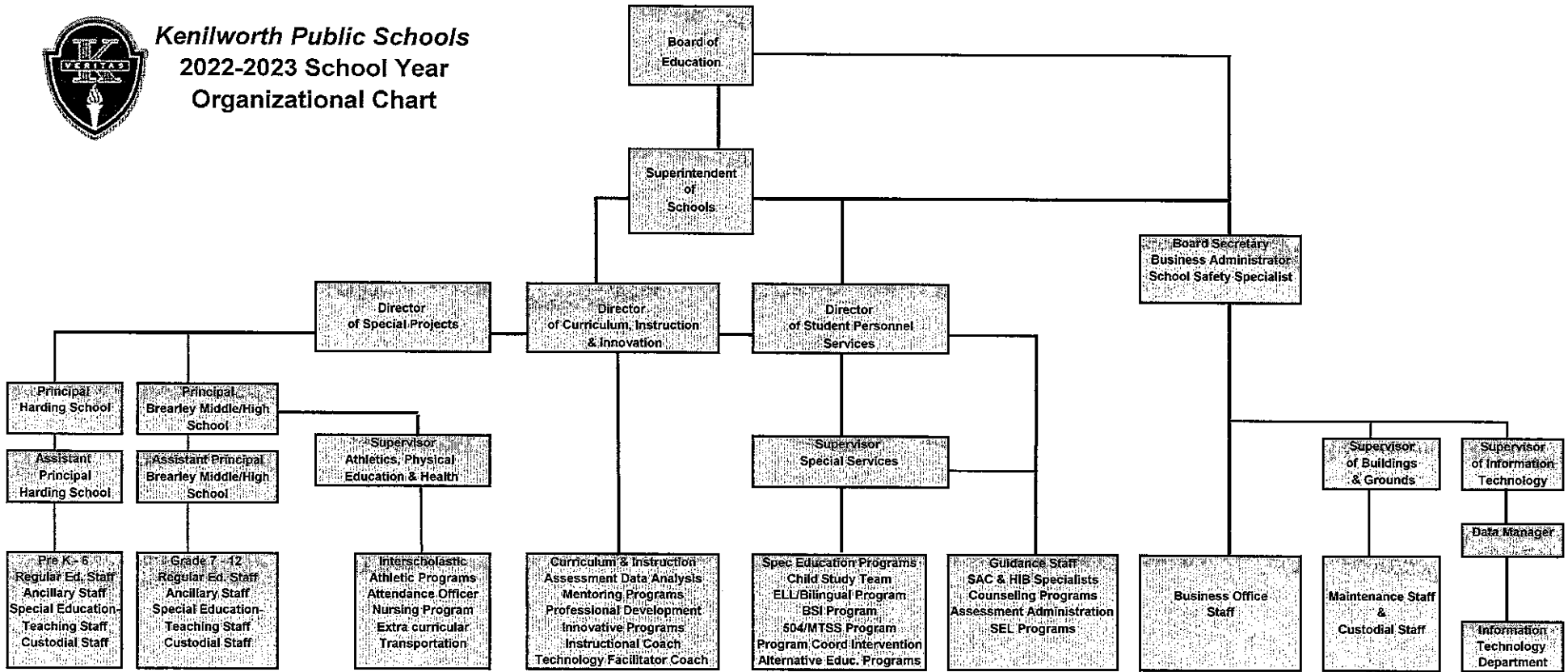
CBIZ Agency
219 South Street
New Providence, NJ 07974

Health Benefits Advisor

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



Kenilworth Public Schools
2022-2023 School Year
Organizational Chart



BOE Approved Aug. 8, 2022

FINANCIAL SECTION

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

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenilworth Board of Education, as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenilworth Board of Education, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section in our report. We are required to be independent of the Kenilworth 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 these 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 misstatement, 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently know information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the 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 and *Government Auditing Standards* 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; a 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 and *Government Auditing Standards*, we:

- Exercise professional judgment 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 District'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 District'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 require that the management's discussion and analysis, budgetary comparison information and pension and post-employment benefit trend information as noted in the table of contents 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 Kenilworth Board of Education's basic financial statements. The combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB's Circulars 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. 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, and the schedule 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 and statistical sections 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.

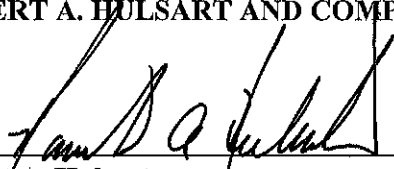
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 January 15, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* the District's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY



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

January 15, 2024

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

KENILWORTH PUBLIC SCHOOL DISTRICT
BOROUGH OF KENILWORTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The discussion and analysis of Kenilworth Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Annual Comprehensive Financial Report's (ACFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2022-2023 fiscal year are as follows:

- General revenues accounted for \$38,930,390 in revenue or 93% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,152,209 or 7% percent to total revenues of \$42,082,599.
- The School District had \$43,603,529 in expenses; only \$3,152,209 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$38,930,390 were adequate to provide for these programs.
- The General Fund had \$37,960,825 in revenues, \$37,664,351 in expenditures. The General Fund's balance increased \$296,474 from 2022. This increase was anticipated by the Board of Education.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Kenilworth Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole school district, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of Kenilworth Public School District, the General Fund is the most significant fund, with the Special Revenue Fund and Capital Project's Fund also having significance.

Using this Annual Comprehensive Financial Report (ACFR)

The School Board's auditor has provided assurance in his Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts of the Financial Section.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2022-2023 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that position. This change in net position is important because it tells the reader that, for the school district as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental activities** – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service Enterprise Fund is reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

Governmental Funds

The School District's activities are reported in Governmental Funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental Fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.

Enterprise Fund

The Enterprise Fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

The School District as a Whole

Table 1 provides a summary of the School District's net position comparisons of fiscal year 2023 with 2022.

Table 1
Net Position

	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Current and Other Assets	\$ 37,814,510	7,855,090
Capital Assets, Net	<u>6,358,569</u>	<u>6,974,940</u>
Total Assets	<u>\$ 44,173,079</u>	<u>14,830,030</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 626,770</u>	<u>628,019</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 709,276</u>	<u>1,751,625</u>
<u>Liabilities</u>		
Current Liabilities	\$ 1,315,109	1,553,394
Long Term Liabilities	<u>44,362,648</u>	<u>12,219,284</u>
Total Liabilities	<u>\$ 45,677,757</u>	<u>13,772,678</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ (33,326,431)	(2,407,500)
Restricted	36,686,294	4,492,324
Unrestricted	<u>(4,947,047)</u>	<u>(2,151,078)</u>
Total Net Position	<u>\$ (1,587,184)</u>	<u>(66,254)</u>

Table 2 shows the changes in net position for fiscal year 2023. Revenue and expense comparisons to fiscal year 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 762,164	526,440
Operating Grants and Contributions	2,390,045	2,333,502
General Revenues		
Property Taxes	22,492,367	21,889,348
Grants and Entitlements	15,903,917	14,956,899
Other	<u>534,106</u>	<u>414,316</u>
Total Revenues	<u>42,082,599</u>	<u>40,120,505</u>
<u>Program Expenses</u>		
Instruction	16,221,045	15,442,201
Support Services		
Pupils and Instructional Staff	6,126,694	5,362,960
General Administration, School Administration, Business, Benefits	13,317,076	13,087,173
Operations and Maintenance of Facilities	2,219,983	2,157,207
Pupil Transportation	1,365,546	985,763
Interest on Debt	952,460	334,003
Unallocated Depreciation	616,371	616,371
Capital Outlay Not Capitalized	1,980,031	1,904,206
Special Schools	85,889	31,055
Enterprise	<u>718,434</u>	<u>778,395</u>
Total Expenses	<u>43,603,529</u>	<u>40,699,334</u>
Increase/Decrease in Net Position	<u>\$ (1,520,930)</u>	<u>(578,829)</u>

Governmental Activities

Property taxes made up 53% percent of revenues for governmental activities for the Kenilworth Public School District for fiscal year 2023. The District's total revenues were \$42,082,599 for the fiscal year ended June 30, 2023. Federal, state and local grants and miscellaneous revenues accounted for another 47%.

Business-Type Activities

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

- Food service revenues exceeded expenses by \$59,046.
- Aftercare revenues exceeded expenses by \$21,874.
- Charges for services represent \$471,539 of revenue. This represents amount paid by patrons for daily services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$326,318.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

The School Board's Funds

The School Board uses funds to control and manage money for particular purposes. The Fund's basic financial statements allows the School Board to demonstrate its stewardship over and accountability for resources received from the Borough of Kenilworth's taxpayer's and other entities, including the State of New Jersey and the Federal Government. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2023, it reported a combined net position balance of \$(1,587,184). The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

The School Board's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the School Board revises its budget as it attempts to take into consideration unexpected changes in revenue and expenditures.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in the section of the ACFR, entitled Budgetary Comparison Schedules. The School Board generally did better than had been budgeted in its General Fund since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst-case scenarios in mind.

Capital Assets

At June 30, 2023, the School Board had approximately \$6,358,569 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2023 fiscal year.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Table II		
Capital Assets at June 30, 2023		
Land	\$ 2	
Sites	442,016	
Buildings	5,886,630	
Machinery and Equipment	<u>29,921</u>	_____
Total	<u>\$ 6,358,569</u>	_____

Debt Administration

At June 30, 2023, the School District had \$44,362,648 as outstanding debt. Of this amount \$1,590,340 is for compensated absences, \$3,087,308 is for pension liability, the balance of \$38,058,000 is for bonds for school construction; and \$1,627,000 is for the ESIP Lease.

Economic Factors and Next Year's Budget

The Kenilworth Public School District is in very good financial condition presently. Future finances are not without challenges as the community continues to grow and state funding is decreased.

The Borough of Kenilworth is primarily a residential community, with very few ratables. The majority of revenues needed to operate the District are derived from homeowners through property tax assessments and collections.

The \$(1,985,089) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a balance of \$(1,985,089).

At this time, the most important factor affecting the budget is the unsettled situation with State Aid. While State aid may be frozen, the District may experience growth in student population. The tax levy will be the area that will need to absorb any increase in budget obligations.

In conclusion, the Kenilworth Public School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Vincent A. Gonnella, School Business Administrator/Board Secretary at Kenilworth Board of Education, 426 Boulevard, Kenilworth, NJ 07033.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

KENILWORTH SCHOOL DISTRICT**STATEMENT OF NET POSITION****Exhibit A-1****JUNE 30, 2023**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 222,447	321,129	543,576
Receivables, Net	1,019,257	72,344	1,091,601
Inventory		5,450	5,450
Restricted Assets:			
Cash and Cash Equivalents	35,464,370		35,464,370
Capital Reserve Account - Cash	709,513		709,513
Capital Assets Not Depreciated	2		2
Capital Assets, Net	6,358,567		6,358,567
Total Assets	<u>43,774,156</u>	<u>398,923</u>	<u>44,173,079</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>626,770</u>		<u>626,770</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>709,276</u>		<u>709,276</u>
<u>Liabilities</u>			
Deferred Revenue	23,180	1,018	24,198
Accounts Payable	483,666		483,666
Accrued Interest	807,245		807,245
Noncurrent Liabilities:			
Due Within One Year	1,090,000		1,090,000
Due Beyond One Year	43,272,648		43,272,648
Total Liabilities	<u>45,676,739</u>	<u>1,018</u>	<u>45,677,757</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	(33,326,431)		(33,326,431)
Restricted For:			
Other Purposes	36,686,294		36,686,294
Unrestricted	<u>(5,344,952)</u>	<u>397,905</u>	<u>(4,947,047)</u>
Total Net Position	<u>\$ (1,985,089)</u>	<u>397,905</u>	<u>(1,587,184)</u>

The accompanying notes to financial statements are an integral part of this statement.

KENILWORTH SCHOOL DISTRICT

Exhibit A-2
Sheet 1 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2023

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$10,023,650			(10,023,650)		(10,023,650)
Special Education	4,678,867		1,361,825	(3,317,042)		(3,317,042)
Other Instruction	1,518,528			(1,518,528)		(1,518,528)
Support Services:						
Tuition	1,646,365	290,625		(1,355,740)		(1,355,740)
Student & Instruction Related Services	4,480,329		700,405	(3,779,924)		(3,779,924)
School Administrative Services	739,773			(739,773)		(739,773)
General and Business Administrative Services	1,051,347			(1,051,347)		(1,051,347)
Technology Information Services	222,100			(222,100)		(222,100)
Plant Operations and Maintenance	2,219,983			(2,219,983)		(2,219,983)
Pupil Transportation	1,365,546			(1,365,546)		(1,365,546)
Unallocated Benefits	11,303,856			(11,303,856)		(11,303,856)
Special Schools	85,889			(85,889)		(85,889)
Capital Outlay	1,980,031			(1,980,031)		(1,980,031)
Interest on Long-Term Debt	952,460			(952,460)		(952,460)
Unallocated Depreciation	616,371			(616,371)		(616,371)
Total Government Activities	<u>42,885,095</u>	<u>290,625</u>	<u>2,062,230</u>	<u>(40,532,240)</u>	<u>-</u>	<u>(40,532,240)</u>
Business-Type Activities:						
Aftercare Program					-	-
Food Service	718,434	471,539	327,815		80,920	80,920
Total Business-Type Activities	<u>718,434</u>	<u>471,539</u>	<u>327,815</u>	<u>-</u>	<u>80,920</u>	<u>80,920</u>
Total Primary Government	<u>43,603,529</u>	<u>762,164</u>	<u>2,390,045</u>	<u>(40,532,240)</u>	<u>80,920</u>	<u>(40,451,320)</u>

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

KENILWORTH SCHOOL DISTRICT

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

STATEMENT OF ACTIVITIES

JUNE 30, 2023

	Net (Expense) Revenue and Changes in Net Position		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	21,665,783		21,665,783
Taxes Levied for Debt Service	826,584		826,584
Federal and State Aid Not Restricted	15,903,917		15,903,917
Miscellaneous Income	534,106		534,106
Total General Revenues	<u>38,930,390</u>	<u>-</u>	<u>38,930,390</u>
Change in Net Position	(1,601,850)	80,920	(1,520,930)
Net Position - Beginning	<u>(383,239)</u>	<u>316,985</u>	<u>(66,254)</u>
Net Position - Ending	<u>\$ (1,985,089)</u>	<u>397,905</u>	<u>(1,587,184)</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEET**GOVERNMENTAL FUNDS****JUNE 30, 2023**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 5,106,310	263,246	31,026,774		36,396,330
Interfund Receivable	543,412			2,639	546,051
Receivables from Other Governments	597,266	421,991			1,019,257
Total Assets	\$ 6,246,988	685,237	31,026,774	2,639	37,961,638
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ 57,700	34,416	371,207		463,323
Interfund Payable		364,395	181,656		546,051
Payroll Deductions and Withholdings	20,343				20,343
Deferred Revenue		23,180			23,180
Total Liabilities	78,043	421,991	552,863	-	1,052,897
Fund Balance:					
Restricted for:					
Maintenance Reserve	350,002				350,002
Emergency Reserve	250,000				250,000
Capital Reserve Account	709,513				709,513
Designated for Subsequent Year's Expenditures - Excess Surplus	393,593				393,593
Designated for Subsequent Year's Expenditures - Capital Reserve	1,725,197				1,725,197
Excess Surplus	1,133,140				1,133,140
Unemployment	570,325				570,325
Scholarship Fund		150,652			150,652
Student Activity Funds		112,594			112,594
Committed To:					
Other Purposes	181,906		1,564,630		1,746,536
Assigned To:					
Designated by the BOE for Subsequent Year's Expenditures	814,728				814,728
Unassigned:					
Debt Service Fund				2,639	2,639
Capital Projects Fund			28,909,281		28,909,281
General Fund	40,541				40,541
Total Fund Balances	6,168,945	263,246	30,473,911	2,639	36,908,741
Total Liabilities and Fund Balance	\$ 6,246,988	685,237	31,026,774	2,639	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$21,222,371 and the accumulated depreciation is \$14,863,802.

6,358,569

Deferred outflow of resources - contributions to the pension plan

626,770

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

(709,276)

Accrued Interest

(807,245)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds

(44,362,648)

Net position of governmental activities

\$ (1,985,089)

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

KENILWORTH SCHOOL DISTRICT

Exhibit B-2
Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Local Sources:					
Local Tax Levy	\$ 21,665,783			826,584	22,492,367
Tuition Charges	290,625				290,625
Miscellaneous	281,661	250,381	1,064		533,106
Total Local Sources	<u>22,238,069</u>	<u>250,381</u>	<u>1,064</u>	<u>826,584</u>	<u>23,316,098</u>
State Sources	15,698,698	202,719		425,816	16,327,233
Federal Sources	24,058	1,614,856			1,638,914
Total Revenues	<u>37,960,825</u>	<u>2,067,956</u>	<u>1,064</u>	<u>1,252,400</u>	<u>41,282,245</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	10,023,650				10,023,650
Special Education Instruction	3,317,042	1,361,825			4,678,867
Other Instruction	1,518,528				1,518,528
Support Services and Undistributed Costs:					
Tuition	1,646,365				1,646,365
Student and Instruction Related Services	3,779,924	700,405			4,480,329
School Administrative Services	739,773				739,773
Other Administrative Services	1,051,347				1,051,347
Technology Information Services	222,100				222,100
Plant Operations and Maintenance	2,219,983				2,219,983
Pupil Transportation	1,365,546				1,365,546
Unallocated Benefits	11,649,592				11,649,592
Special Schools	85,889				85,889
Capital Outlay	44,612		2,130,859		2,175,471
Debt Service:					
Principal				950,000	950,000
Interest and Other Charges				302,400	302,400
Total Expenditures	<u>37,664,351</u>	<u>2,062,230</u>	<u>2,130,859</u>	<u>1,252,400</u>	<u>43,109,840</u>

KENILWORTH SCHOOL DISTRICT

Exhibit B-2

Sheet 2 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>296,474</u>	<u>5,726</u>	<u>(2,129,795)</u>	<u>-</u>	<u>(1,827,595)</u>
Other Financing Sources (Uses):					
Bond Proceeds			31,449,000		31,449,000
Transfer Capital Projects to Debt Service			(1,000)	1,000	-
Transfer Capital Projects to Debt Service			<u>(1,064)</u>	<u>1,064</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>31,446,936</u>	<u>2,064</u>	<u>31,449,000</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>296,474</u>	<u>5,726</u>	<u>29,317,141</u>	<u>2,064</u>	<u>29,621,405</u>
Net Change in Fund Balances	296,474	5,726	29,317,141	2,064	29,621,405
Fund Balance - July 1	<u>5,872,471</u>	<u>257,520</u>	<u>1,156,770</u>	<u>575</u>	<u>7,287,336</u>
Fund Balance - June 30	<u>\$ 6,168,945</u>	<u>263,246</u>	<u>30,473,911</u>	<u>2,639</u>	<u>36,908,741</u>

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

KENILWORTH SCHOOL DISTRICTRECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURESAND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Exhibit B-3TO THE STATEMENT OF ACTIVITIESJUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 29,621,405
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:	
Capital Outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.	
Depreciation Expense	(616,371)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	950,000
Lease Repayment	195,440
Bond Proceeds	(31,449,000)
Bond Premium	1,000
In the statement of activities certain operating activities are measured by the amount earned while in the government funds. Expenses are reported in the amount of financial resources used.	
Compensated Absences	(137,179)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	(1,249)
Pension related deferrals	1,042,349
Change in net pension liability	(558,185)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.	
	<u>(650,060)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (1,601,850)</u></u>

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

KENILWORTH SCHOOL DISTRICTSTATEMENT OF NET POSITION

Exhibit B-4

PROPRIETARY FUNDSJUNE 30, 2023

	<u>Enterprise Funds</u>
<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 321,129
Accounts Receivable:	
State	660
Federal	13,984
Other	57,700
Inventory	5,450
Total Current Assets	<u>398,923</u>
Noncurrent Assets:	
Equipment	177,050
Accumulated Depreciation	<u>(177,050)</u>
Total Fixed Assets	<u>-</u>
Total Assets	<u>\$ 398,923</u>
 <u>Liabilities:</u>	
Deferred Revenue	<u>\$ 1,018</u>
Total Liabilities	<u>\$ 1,018</u>
 <u>Net Position:</u>	
Unrestricted	<u>\$ 397,905</u>
Total Net Position	<u>\$ 397,905</u>

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

KENILWORTH SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION****Exhibit B-5****PROPRIETARY FUNDS****JUNE 30, 2023**

	Enterprise Fund
	<u> </u>
Operating Revenues:	
Daily Sales - Non-Reimbursable Programs	\$ 117,059
Daily Sales - Reimbursable Programs	173,762
Fees	180,718
Total Operating Revenues	<u>471,539</u>
Operating Expenses:	
Salaries	367,986
Other Employee Benefits	59,574
Cost of Sales - Reimbursable Programs	145,143
Cost of Sales - Non-Reimbursable Programs	90,716
Supplies and Materials	28,506
Management Fee	13,260
Repairs/Equipment	7,084
Miscellaneous	6,165
Operating Expenses	<u>718,434</u>
Operating Gain/(Loss)	(246,895)
Non-Operating Revenues:	
Interest Revenue	1,721
State Sources:	
State School Lunch Program	8,286
State Breakfast Program	282
Federal Sources:	
National School Lunch Program	163,958
HHFKA Lunch Program	5,953
Federal Breakfast Program	9,817
Supply Chain	79,265
Food Distribution Program	58,533
Total Non-Operating Revenues	<u>327,815</u>
Change in Net Position	80,920
Net Position, July 1	<u>316,985</u>
Net Position, June 30	<u>\$ 397,905</u>

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

KENILWORTH SCHOOL DISTRICT**STATEMENT OF CASH FLOWS**

Exhibit B-6

PROPRIETARY FUNDS**JUNE 30, 2023**

	Enterprise Fund
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 471,539
Payments to Employees	(367,986)
Payments to Suppliers	(318,611)
Net Cash Provided (Used) by Operating Activities	<u>(215,058)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	8,568
Federal Sources	258,993
Net Cash Provided by Noncapital Financing Activities	<u>267,561</u>
Cash Flows from Investing Activities:	
Interest Revenue	1,721
Net Cash Provided by Investing Activities	<u>1,721</u>
Net Increase (Decrease) in Cash and Cash Equivalents	54,224
Cash and Cash Equivalents, July 1	<u>266,905</u>
Cash and Cash Equivalents, June 30	<u>\$ 321,129</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (246,895)
Federal Commodities Consumed	58,533
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities	
Decrease/(Increase) in Accounts Receivables	(21,389)
(Decrease)/Increase in Deferred Revenue	(6,512)
Decrease/(Increase) in Inventory	1,205
Net Cash Provided (Used) by Operating Activities	<u>\$ (215,058)</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
KENILWORTH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: Summary of Significant Accounting Policies

The financial statements of the Board of Education (Board) of the Kenilworth School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Kenilworth School District is a Type II district located in the County of Union, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades PreK-12. The Kenilworth School District had an approximate enrollment at June 30, 2023 of 1,394 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Government Accounting and Financial Reporting Standards, is whether:

- The organization is legally separate (can sue or be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial/benefit/burden on the District
- There is a fiscal dependency by the organization on the District

B. Government-Wide Financial Statements

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Proprietary and fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. County tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met. The Unemployment Trust Fund recognizes employer and employee contributions in the period in which contributions are due.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to apply current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for long-term pension and compensated absences, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual includes Intergovernmental revenues, and the county tax levy. In general, other revenues are recognized when cash is received.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for food sales and for services provided to other governmental entities. Principles operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting:

The accounts of the District are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds or account groups in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Fund Types

General Fund: The general fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund.

Special Revenue Fund: The District accounts for the proceeds of specific revenue sources (other than expendable trust or major capital projects) that are legally restricted to expenditures for specified purposes in the special revenue funds.

Capital Projects Fund: the capital projects fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Fund: The debt service fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

Proprietary Fund Type

Enterprise Fund: To account for operations that are financed and operated in a manner similar to private business enterprises, in which the intent of the District is that the costs of providing goods or services to the District on a continuing basis be financed or recovered primarily through user charges.

Fiduciary Fund Types

Trust and Agency Funds: The trust and agency funds are used to account for assets held by the District on behalf of outside parties, including other governments, or on behalf of other funds within the District.

Unemployment Compensation Trust Fund: The trust fund is used to account for assets held under the terms of a formal trust agreement. The District reimburses the costs of unemployment benefits paid by the New Jersey Department of Labor.

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Fiduciary Fund Types (Continued)

Agency Funds (Payroll and Student Activities Fund): Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2023 were insignificant.

The Public School Education Act of 1975, limits the annual increase of any district's net current expense budget. The Commissioner of Education certifies the allowable amount for each district but may grant a higher level of increase if he determines that the sums so provided would be insufficient to meet the identified goals and needs of the district or that an anticipated enrollment increase requires additional funds.

The Commissioner must also review every proposed local school district budget for the next school year. He examines every item of appropriations for current expenses and budgeted capital outlay to determine their adequacy in relation to the identified needs and goals of the district. If, in his view, they are insufficient, the Commissioner must order remedial action. If necessary, he is authorized to order changes in the local district budget.

Once a budget is approved, it can be amended by transfers or additional appropriation of fund balances by approval of a majority of the members of the Board. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law. Individual transfers were not material in relation to the original appropriations. All uncommitted budget appropriations lapse at year-end.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

NOTE 1: Summary of Significant Accounting Policies (Continued)

F. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

G. Short-Term Interfund Receivables/Payables:

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

H. Inventories and Prepaid Expenses

Inventories and prepaid expenses, which benefit future periods, are recorded as an expenditure during the year of purchase. The value of inventories remaining at the end of the fiscal year is not included on the balance sheet.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2023.

I. Capital Assets and Depreciation

The District's property, buildings and improvements, equipment, vehicles, furniture and fixtures with useful lives of five years or more are stated at historical or estimated historical cost and are reported in the government-wide financial statements. Proprietary Fund capital assets are reported in its respective fund.

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

The District contracted with an outside service company during the 2017 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report was updated to include capital assets purchased during the 2016-2017 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2017, fiscal year 2017 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

Buildings and Improvements	20 – 50
Equipment and Vehicles	5 – 20
Furniture and Fixtures	5 – 20

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

	Balance <u>July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2023</u>
Governmental Activities:				
Land	\$ <u>2</u>	_____	_____	_____ <u>2</u>
Total	_____ <u>2</u>	_____	_____	_____ <u>2</u>
Depreciable Assets:				
Site Improvements	2,835,677			2,835,677
Buildings & Sites	17,103,102			17,103,102
Equipment	<u>1,283,590</u>	_____	_____	<u>1,283,590</u>
Total	<u>21,222,369</u>	_____	_____	<u>21,222,369</u>
Less: Accumulated Depreciation:				
Sites Improvements	(2,280,839)	(112,822)		(2,393,661)
Buildings	(10,751,578)	(464,894)		(11,216,472)
Equipment	<u>(1,215,014)</u>	<u>(38,655)</u>	_____	<u>(1,253,669)</u>
Total Accumulated Depreciation	<u>(14,247,431)</u>	<u>(616,371)</u>	_____	<u>(14,863,802)</u>
Net Depreciable Assets	<u>6,974,938</u>	<u>(616,371)</u>	_____	<u>6,358,567</u>
Governmental Activities				
Capital Assets (Net)	<u>\$ 6,974,940</u>	<u>(616,371)</u>	_____	<u>6,358,569</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets and Depreciation (Continued)

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2023</u>
Business-Type Activities:				
Equipment	\$ 177,050			177,050
Less: Accumulated Depreciation:				
Equipment	<u>(177,050)</u>	—	—	<u>(177,050)</u>
Business-Type Capital Assets (Net)	<u>\$ —</u>	—	—	<u>—</u>

Depreciation expense was charged to governmental functions as follow:

Unallocated	<u>\$ 616,371</u>
-------------	-------------------

J. Compensated Absences

District employees are permitted, within certain limitations, to accrue vacation and sick leave in varying amounts under the Districts personnel policies and may be paid at a later date according to contractual agreements.

The liability for vested compensated absences of the governmental fund types is recorded in the government-wide financial statements as a non-current liability. Governmental funds report only matured compensated absences payable to currently terminating employees and are included in wages and benefits payable

K. Deferred Revenue

Deferred revenue in the special revenue funds represent cash which has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

L. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The general fund reserve for restricted purposes includes net assets relating to capital reserve (See Note 10).

NOTE 1: Summary of Significant Accounting Policies (Continued)

M. Net Position

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

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

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

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

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

Fund Balance

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

M. Net Position (Continued)

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

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

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

NOTE 2: Cash and Cash Equivalents and Investments

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

Investments are stated at cost, which approximates market. The District classifies certificates of deposit, which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

Deposits

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

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

Deposits (Continued)

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

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments

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

- a. Bonds or other obligations of the United States or obligations guaranteed by the United States.
- b. Bonds of any Federal Intermediate Credit Bank, Federal Home Loan Bank, Federal National Mortgage Agency or any United States Bank for cooperatives which have a maturity date not greater than twelve months from the date of purchase.
- c. Bonds or other obligations of the school district.

As of June 30, 2023, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash
	<u>Equivalents</u>
Checking and Money Market Accounts	<u>\$ 36,717,459</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2023 was \$36,717,459 and the bank balance was \$39,455,454. Of the bank balance, \$364,199 was covered by federal depository insurance; \$7,149,419 was covered by a collateral pool maintained by the banks as required by New Jersey statutes; and \$31,941,836 is uninsured.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Credit Risk Categories**

All bank deposits and investments as of the balance sheet date are classified as to credit risk by the following two categories described below:

<u>Depository Account</u>	<u>Bank Balance</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Insured:		
FDIC	\$ 364,199	500,000
GUDPA	7,149,419	8,611,866
Uninsured	31,941,836	

As of June 30, 2023, the District did not hold any long-term investments.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk.

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2023, the following changes occurred in liabilities reported in the general long-term debt account group:

	<u>Balance</u>			<u>Balance</u>	<u>Long-Term</u>	<u>Amount</u>
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>	<u>Portion</u>	<u>Due</u>
						<u>In one Year</u>
Pension Liability	\$ 2,529,123	558,185		3,087,308	3,087,308	
Compensated Absences Payable	1,453,161	137,179		1,590,340	1,590,340	
Capital Lease Payable	1,822,440		(195,440)	1,627,000	1,527,000	100,000
Bonds Payable	<u>7,560,000</u>	<u>31,448,000</u>	<u>(950,000)</u>	<u>38,058,000</u>	<u>37,068,000</u>	<u>990,000</u>
	<u>\$ 13,364,724</u>	<u>32,143,364</u>	<u>(1,145,440)</u>	<u>44,362,648</u>	<u>43,272,648</u>	<u>1,090,000</u>

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are of general obligation bonds.

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

Refunding Bonds issued May 18, 2016 for \$9,395,000 to partially refund the February 25, 2009 maturing January 15, 2029 with a balance of \$6,610,000 at June 30, 2023 with interest rates ranging from 3.00% to 4.00%.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2024	\$ 990,000	264,400	1,254,400
2025	1,035,000	224,800	1,259,800
2026	1,080,000	183,400	1,263,400
2027	1,125,000	140,200	1,265,200
2028	1,165,000	95,200	1,260,200
2029	<u>1,215,000</u>	<u>48,600</u>	<u>1,263,600</u>
	<u>\$ 6,610,000</u>	<u>956,600</u>	<u>7,566,600</u>

School bonds issued November 15, 2022, for \$31,448,000 maturing August 15, 2047, with a balance of \$31,448,000 at June 30, 2023 with interest rates ranging from 3.00% to 4.25%.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2024	\$	1,525,197	1,525,197
2025	728,000	1,254,220	1,982,220
2026	750,000	1,228,300	1,978,300
2027	770,000	1,197,900	1,967,900
2028	825,000	1,166,000	1,991,000
2029-2047	<u>28,375,000</u>	<u>11,846,687</u>	<u>40,221,687</u>
	<u>\$ 31,448,000</u>	<u>18,218,304</u>	<u>49,666,304</u>

NOTE 3: General Long-Term Debt (Continued)**B. Capital Leases Payable**

The District is leasing energy conservation measures equipment under a capital lease. The capital lease is for a term of fifteen years. The following is a schedule of the future minimum lease payments under the capital lease, and the present value of the net minimum lease payments at June 30, 2022:

2021 Energy Savings Improvement Program lease @ 2.225% interest for 15 years maturing on 1/15/2037 with a balance of \$1,627,000 at June 30, 2023.

<u>Future Minimum Lease Payments</u>	
2023-2024	\$ 135,645
2024-2025	139,420
2025-2026	143,005
2026-2027	145,458
2027-2028	113,077
2028-2037	<u>1,232,303</u>
	1,908,908
Less: Interest	<u>(281,908)</u>
Lease Payments	<u>\$ 1,627,000</u>

NOTE 4: Pension Plans

Description of Plans – All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teacher's Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625.

Teachers' Pension and Annuity Fund (TPAF) – The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

NOTE 4: Pension Plans (Continued)

Public Employees' Retirement System (PERS) – The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Vesting and Benefit Provisions – The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provide for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provision of the System.

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

Significant Legislation - During the year ended June 30, 1997, legislation was enacted Chapter 114, P.L. 1997) authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems. Additional legislation enacted during the year ended June 30, 1997 (Chapter 115, P.L. 1997), changed the asset valuation method from market related value to full-market value. This legislation also contains a provision to reduce the employee contribution rate by ½ of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets. Due to recognition of the bond proceeds and the change in asset valuation method as a result of enactment of Chapters 114 and 115, all unfunded accrued liabilities were eliminated, except for the unfunded liability for local early retirement incentive benefits, accordingly, the pension costs for TPAF and PERS were reduced.

Funding Policy – The contribution policy is set by New Jersey State Statutes and contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.78% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

NOTE 4: Pension Plans (Continued)

Legislation enacted during 1993 provides early retirement incentives for certain members of TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1994 fiscal year. The early retirement incentives included: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 years but less than 20 years of service. The Board will assume the increased cost for the early retirement as it affects their districts.

During the year ended June 30, 2023, the State of New Jersey contributed \$6,337,066 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,108,505 during the year ended June 30, 2023 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/23	\$ 257,978	100%	0
6/30/22	249,778	100%	0
6/30/21	219,961	100%	0

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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/23	\$ 6,337,066	100%	0
6/30/22	6,306,367	100%	0
6/30/21	4,565,460	100%	0

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

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's annual financial statements, which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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.

NOTE 4: Pension Plans (Continued)

The following represents the membership tiers for PERS:

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

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

Basis of Presentation

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

Allocation Methodology and Reconciliation to Financial Statements

GASB Statement No. 68, *Accounting and Financial Reporting for Pension*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense. The employer allocation percentages presented in the schedule of employer allocations and applied to amounts presented in the schedule of pension amounts by employer based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2021 through June 30, 2022. Employer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

NOTE 4: Pension Plans (Continued)

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

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

A special funding situation exists for certain Local employers of the Public Employees' Retirement System. The State of New Jersey, as a nonemployer, is required to pay the additional costs incurred by local employers under Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The Chapter 366, P.L. 2001 legislation established the Prosecutors Part of the PERS which provides enhanced retirement benefits for prosecutors enrolled in the PERS. The State is liable for the increased pension costs to a County that resulted from the enrollment of prosecutors in the Prosecutors Part. The June 30, 2022 State special funding situation net pension liability amount of \$127.8 million is the accumulated difference between the annual actuarially determined State obligation under the special funding situation and the actual State contribution through the valuation date. The special funding situation for Chapter 133, P.L. 2001 is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2022, there is no net pension liability associated with this special funding situation there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date. The State special funding situation pension expense of \$50.2 million, for the fiscal year ending June 30, 2022, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2022. The pension expense is deemed to be a State administrative expense due to the special funding situation.

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, the State's pension contribution was less than the actuarial determined amount.

NOTE 4: Pension Plans (Continued)

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

For the year ended June 30, 2023, the District recognized pension expense of \$257,978. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 22,283	19,650
Changes of Assumptions	9,565	462,292
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	127,781	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	209,163	227,334
District Contributions Subsequent to the Measurement Date	<u>257,978</u>	<u> </u>
Total	<u>\$ 626,770</u>	<u>709,276</u>

\$257,978 reported as deferred outflows of resources related to pensions resulting from school district, project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2023	\$ (262,602)
2024	(133,787)
2025	(65,245)
2026	142,340
2027	<u>(313)</u>
	<u>\$ (319,607)</u>

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

Collective balances at December 31, 2022 and 2021 are as follows:

	<u>Dec. 31, 2022</u>	<u>Dec. 31, 2021</u>
Collective Deferred Outflows of Resources	\$ 626,770	628,019
Collective Deferred Inflows of Resources	709,276	1,751,625
Collective Net Pension Liability	3,087,308	2,529,123
District's Proportion	0.02029%	0.02112%

Components of Net Pension Liability

The components of the collective net pension liability of the participating employers as of June 30, 2022 were as follows:

	<u>2022</u>		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 29,144,869,310	41,029,268,965	70,174,138,275
Plan Fiduciary Net Position	<u>6,758,038,264</u>	<u>25,810,084,045</u>	<u>32,568,122,309</u>
Net Pension Liability	<u>\$ 22,386,831,046</u>	<u>15,219,184,920</u>	<u>37,606,015,966</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	23.19%	62.91%	46.41%

The collective 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:

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%

NOTE 4: Pension Plans (Continued)

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2022 are summarized in the following table:

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

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

The discount rate used to measure the total pension liability 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 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

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

The following presents the collective net pension liability of the participating employers as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2022</u>		
	<u>At 1% Decrease (6.00%)</u>	<u>At Current Discount Rate (7.00%)</u>	<u>At 1% Increase (8.00%)</u>
School District's Proportionate Share Of the Net Pension Liability	<u>\$ 3,966,286</u>	<u>3,087,308</u>	<u>2,339,262</u>

Teachers Pensions and Annuity Fund (TPAF)**Plan Description**

The State of New Jersey, Teacher's Pension and Annuity Fund (TPAF) is a cost sharing multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contribution, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to the Division's annual financial statements which can be found at <https://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

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

NOTE 4: Pension Plans (Continued)

The following represents the membership tiers for TPAF:

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

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

Basis of Presentation

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

Allocation Methodology

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocation and applied to, presented in the schedule of pension amount by employer and nonemployer are based on the ratio of the State's actual contributions made as an employer and nonemployer adjusted for unpaid early retirement incentives to total contributions to TPAF during the year ended June 30, 2022. Employer and nonemployer allocation percentages have been rounded for presentation purposes, therefore amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences.

NOTE 4: Pension Plans (Continued)

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing employers. State legislation had modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2022, State's pension contribution was less than the actuarial determined amount.

Special Funding Situation

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

Components of Net Pension Liability

The components of the net pension liability of the State as of June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Total Pension Liability	\$ 76,317,117,835	74,699,133,697
Plan Fiduciary Net Position	<u>24,640,530,532</u>	<u>26,533,142,515</u>
Net Pension Liability	<u>\$ 51,676,587,303</u>	<u>48,165,991,182</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	35.52%

State Proportionate Share of Net Pension Liability Attributable to District

	<u>2022</u>	<u>2021</u>
District's Liability	<u>\$ 63,154,297</u>	<u>56,385,147</u>
District's Proportion	.12221%	.11706%

NOTE 4: Pension Plans (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in pension expense (benefit) as follows:

Year Ending June 30:	
2023	\$ (3,249,368)
2024	(4,673,046)
2025	(4,095,404)
2026	(1,844,617)
2027	(2,013,699)
Thereafter	<u>(2,062,576)</u>
Total	<u>\$ (17,938,710)</u>

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%

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.

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

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2022) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2022 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability 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 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.

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

The following presents the net pension liability of the State as of June 30, 2022 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2022</u>		
	<u>At 1%</u>	<u>At Current</u>	<u>At 1%</u>
	<u>Decrease (6.00%)</u>	<u>Discount</u>	<u>Increase (8.00%)</u>
		<u>Rate (7.00%)</u>	
School District's Proportionate Share Of the Net Pension Liability	\$ 0	0	0
State of New Jersey's Proportionate Share Of the District's Net Pension Liability	<u>74,049,755</u>	<u>63,154,297</u>	<u>53,976,242</u>
	<u>\$ 74,049,755</u>	<u>63,154,297</u>	<u>53,976,242</u>

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

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

NOTE 5: Post-Retirement Benefits (Continued)

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

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

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

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

Additional information on Pensions and OPEB can be accessed at state.nj.us/treasury/pensions/financial-reports.shtml.

Total OPEB Liability

The total OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 20, 2021, with was rolled forward to June 30, 2022. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Total OPEB Liability \$50,646,462,966

	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases	2.75% – 4.25% based on years of service	2.75% - 6.55% based on years of service	3.25% - 16.25% based on years of service

NOTE 5: Post-Retirement Benefits (Continued)

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-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 “Safety” (PFRS), “General” (PERS), and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

(a) 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 4.50% 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%.

(b) 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.

NOTE 5: Post-Retirement Benefits (Continued)

Changes in the total OPEB Liability reported by the State of New Jersey:

	Total OPEB Liability
Balances at June 30, 2021	\$ 60,007,650,970
Changes for the Year:	
Service Cost	2,770,618,025
Interest	1,342,187,139
Change of Benefit Terms	
Difference Between Expected and Actual Experience	1,399,200,736
Changes in Assumptions or Other Inputs	(13,586,368,097)
Member Contributions	42,650,252
Benefit Payments	<u>(1,329,476,059)</u>
Balance at June 30, 2022	<u>\$ 50,646,462,966</u>

There were no changes in benefit terms between the June 30, 2021 measurement date and the June 30, 2022 measurement date.

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

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

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 59,529,589,697</u>	<u>50,646,462,966</u>	<u>43,527,080,995</u>

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 41,862,397,291</u>	<u>50,646,462,966</u>	<u>62,184,866,635</u>

NOTE 5: Post-Retirement Benefits (Continued)

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

For the year ended June 30, 2022, the Board of Education recognized OPEB expense of \$2,366,858 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the Board of Education's proportionate share of school retirees OPEB is zero; there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows or resources. At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 9,042,402,619	(15,462,950,679)
Changes in Proportion	<u>8,765,620,577</u>	<u>(17,237,289,230)</u>
Total	<u>\$ 17,808,023,196</u>	<u>(32,700,239,909)</u>

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

Year Ended June 30:	
2023	\$ (2,517,151,602)
2024	(2,517,151,602)
2025	(2,517,151,602)
2026	(2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
	<u>\$ (14,892,216,713)</u>

NOTE 6: Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the right to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. Upon termination, employees are paid for accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences as of June 30, 2023, was \$1,590,340.

NOTE 7: Capital Reserve Account

A capital reserve account was established by the Borough of Kenilworth Board of Education by inclusion of \$1 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to *N.J.S.A.* 19:60-2. Pursuant to *N.J.A.C.* 6:23A-5.1(d) 7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2022 to June 30, 2023 fiscal year is as follows:

Beginning Balance, July 1, 2022	\$ 2,584,709
Increased by:	
Interest	1
Decreased by:	
Budgeted Withdrawal	<u>(150,000)</u>
Ending Balance, June 30, 2023	<u>\$ 2,434,710</u>

*\$1,725,197 is budgeted for withdrawal in 2023-2024.

NOTE 8: Fund Balance Appropriated

General Fund – Of the \$6,928,218 General Fund fund balance at June 30, 2023, \$181,906 is reserved for encumbrances; \$709,513 has been placed in the capital reserve; \$250,000 is in emergency reserve; \$350,002 is in maintenance reserve; \$1,725,197 is designated for subsequent years expenditures – capital reserve; \$570,325 is unemployment; \$814,728 is designated for subsequent years; \$1,133,140 excess surplus – current year; \$393,593 is designated for subsequent year’s expenditures – excess surplus; and \$799,814 is unreserved and undesignated.

NOTE 9: Calculation of Excess Surplus

In accordance with N.J.S.A. 18A:7F-7, the designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years’ budget.

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

2022-23 Total General Fund Expenditures Per the ACFR	\$ 37,617,025
Decreased by:	
On Behalf TPAF Pension and Social Security	<u>(7,445,571)</u>
Adjusted 2022-23 General Fund Expenditures	<u>\$ 30,171,454</u>
2% of Adjusted 2022-23 General Fund Expenditures	\$ 603,429
Increased by Allowable Adjustments	<u>196,385</u>
Maximum Unassigned Fund Balance	<u>\$ 799,814</u>
<u>Section 2</u>	
Total General Fund – Fund Balance @ 6-30-23	\$ 6,928,218
Decreased by:	
Reserved for Encumbrances	(181,906)
Other Reserves	(1,309,515)
Unemployment	(570,325)
Designated for Subsequent Years Expenditures – Excess Surplus	(393,593)
Designated for Subsequent Years Expenditures – Capital Reserve	(1,725,197)
Designated for Subsequent Years Expenditures	<u>(814,728)</u>
Total Unassigned Fund Balance	<u>\$ 1,932,954</u>
Designated for Subsequent Years Expenditures – Excess Surplus	\$ 393,593
Reserved Fund Balance – Excess Surplus	<u>1,133,140</u>
	<u>\$ 1,526,733</u>

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

Extraordinary Aid	<u>\$ 196,385</u>
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Detail of Other Reserved Fund Balance

Capital Reserve	\$ 709,513
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Maintenance Reserve	350,002
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Emergency Reserve	<u>250,000</u>
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	<u>\$ 1,309,515</u>
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Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget. Designated for subsequent year's represents the amount appropriated in the 2023-2024 budget.

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

NOTE 11: Contingent Liabilities

The Board is involved in several claims and lawsuits incidental to its operations. In the opinion of the administration and legal counsel, the ultimate resolution of these matters will not have a material adverse effect of the financial position of the District.

NOTE 12: Tuition Adjustments

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2023 financial statements.

NOTE 13: Economic Dependency

The District receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the District's programs and activities.

NOTE 14: Risk Management

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

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

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2022-2023	\$ 0	58,936	47,326	570,325
2021-2022	0	77,429	55,355	558,715
2020-2021	0	74,770	52,617	536,641

NOTE 15: General Fund Emergency Reserve Account

The reserve account is to be used to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonable unforeseeable. The emergency reserve balance may not exceed \$250,000 or 1% of the District’s general fund budget up to a maximum of \$100,000 whichever is greater. Withdrawals require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent. Kenilworth maintained an emergency reserve on June 30, 2023 of \$250,000.

NOTE 16: Subsequent Events

Subsequent events have been evaluated through January 15, 2024, which is the date the financial statements were available to be issued. No additional subsequent event disclosures are required.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 1 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 21,665,783		21,665,783	21,665,783	-
Tuition	281,025		281,025	290,625	9,600
Miscellaneous	94,875		94,875	224,595	129,720
Other Restricted Miscellaneous Revenues			-	57,066	57,066
Total Local Sources	<u>22,041,683</u>	<u>-</u>	<u>22,041,683</u>	<u>22,238,069</u>	<u>196,386</u>
State Sources:					
School Choice Aid	2,018,080		2,018,080	2,018,080	-
Special Education Aid	1,218,446		1,218,446	1,218,446	-
Extraordinary Aid	64,000		64,000	260,385	196,385
Equalization Aid	4,057,996		4,057,996	4,057,996	-
Security Aid	214,451		214,451	214,451	-
Transportation Aid	173,781		173,781	173,781	-
Maintenance of Effort Aid			-	235,956	235,956
Stabilization Aid			-	66,628	66,628
School Security Grant - Alyssa			-	82,165	82,165
Lead Testing Reimbursement			-	2,689	2,689
On-Behalf T.P.A.F Pension Contributions - Post Retirement Medical (Non-Budgeted)			-	1,317,902	1,317,902
On-Behalf T.P.A.F Pension Contributions - Normal Cost (Non-Budgeted)			-	5,016,802	5,016,802
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability			-	2,362	2,362
TPAF Social Security Contribution (Reimbursed)			-	1,108,505	1,108,505
Total State Sources	<u>7,746,754</u>	<u>-</u>	<u>7,746,754</u>	<u>15,776,148</u>	<u>8,029,394</u>
Federal Sources:					
Medical Assistance Program (Semi)	26,663		26,663	24,058	(2,605)
Total Revenues	<u>29,815,100</u>	<u>-</u>	<u>29,815,100</u>	<u>38,038,275</u>	<u>8,223,175</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Distributed Expenditures:					
Regular Programs - Instruction:					
Pre-Kindergarten - Salaries of Teachers	82,888	4	82,892	82,892	-
Kindergarten - Salaries of Teachers	457,723	(70,539)	387,184	387,184	-
Grades 1-5 - Salaries of Teachers	2,860,216	(110,347)	2,749,869	2,749,869	-
Grades 6-8 - Salaries of Teachers	2,415,829	99,224	2,515,053	2,514,988	65
Grades 9-12 - Salaries of Teachers	3,438,903	(454,257)	2,984,646	2,984,645	1
Subtotal	<u>9,255,559</u>	<u>(535,915)</u>	<u>8,719,644</u>	<u>8,719,578</u>	<u>66</u>
Regular Programs - Other:					
Other Salaries for Instruction	160,376	(29,177)	131,199	131,198	1
Subtotal	<u>9,415,935</u>	<u>(565,092)</u>	<u>8,850,843</u>	<u>8,850,776</u>	<u>67</u>
Regular Programs - Undistributed Instruction:					
Other Instructional Salaries	37,000	443,918	480,918	465,789	15,129
Purchased Professional Educational Services	68,325	25,698	94,023	94,000	23
Other Purchased Services	108,043	(3,899)	104,144	104,128	16
General Supplies	407,800	19,067	426,867	421,061	5,806
Textbooks	88,372	(2,446)	85,926	85,766	160
Other Objects	2,547	(417)	2,130	2,130	-
Subtotal	<u>712,087</u>	<u>481,921</u>	<u>1,194,008</u>	<u>1,172,874</u>	<u>21,134</u>
Total Regular Programs - Instruction	<u>10,128,022</u>	<u>(83,171)</u>	<u>10,044,851</u>	<u>10,023,650</u>	<u>21,201</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 3 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Special Education Instruction:					
Learning & Language Disabilities:					
Salaries of Teachers	150,083	54,425	204,508	204,508	-
Other Salaries for Instruction	202,447	1,090	203,537	203,537	-
General Supplies	2,204	(239)	1,965	1,964	1
Total Learning and Language Disabilities	<u>354,734</u>	<u>55,276</u>	<u>410,010</u>	<u>410,009</u>	<u>1</u>
Resource Room/Center:					
Salaries of Teachers	2,127,698	(26,819)	2,100,879	2,100,878	1
Other Salaries for Instruction	554,065	(111,697)	442,368	441,796	572
Purchased Professional Educational Services	-	151,326	151,326	136,238	15,088
General Supplies	17,045	(3,098)	13,947	8,951	4,996
Total Resource Room/Center	<u>2,698,808</u>	<u>9,712</u>	<u>2,708,520</u>	<u>2,687,863</u>	<u>20,657</u>
Pre-School Disabilities - Part-Time					
Salaries of Teachers	88,342	20,124	108,466	108,058	408
Other Salaries for Instruction	195,040	(84,789)	110,251	110,251	-
General Supplies	804	58	862	861	1
Total Pre-School Handicapped	<u>284,186</u>	<u>(64,607)</u>	<u>219,579</u>	<u>219,170</u>	<u>409</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Special Education - Instruction	<u>3,337,728</u>	<u>381</u>	<u>3,338,109</u>	<u>3,317,042</u>	<u>21,067</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	645,893	101,886	747,779	747,776	3
General Supplies		2,405	2,405	2,405	-
Total Basic Skills/Remedial - Instruction	<u>645,893</u>	<u>104,291</u>	<u>750,184</u>	<u>750,181</u>	<u>3</u>
Bilingual Education - Instruction:					
Salaries of Teachers	172,384	(5,387)	166,997	166,996	1
General Supplies	1,741	245	1,986	1,898	88
Total Bilingual Education - Instruction	<u>174,125</u>	<u>(5,142)</u>	<u>168,983</u>	<u>168,894</u>	<u>89</u>
School Sponsored Co-Curricular Activities - Instruction					
Salaries	185,652		185,652	175,139	10,513
Supplies	35,914	(8,225)	27,689	27,624	65
Other Objects	6,830	(3,676)	3,154	3,154	-
Total School Sponsored Co-Curricular Activities	<u>228,396</u>	<u>(11,901)</u>	<u>216,495</u>	<u>205,917</u>	<u>10,578</u>
School Sponsored Athletics - Instruction					
Salaries	293,572		293,572	290,242	3,330
Purchased Services	68,488	(32,930)	35,558	35,289	269
Supplies and Materials	35,312	12,264	47,576	47,575	1
Other Objects	19,110	117	19,227	19,226	1
Total School Sponsored Athletics - Instruction	<u>416,482</u>	<u>(20,549)</u>	<u>395,933</u>	<u>392,332</u>	<u>3,601</u>
Afterschool Tutoring Program	<u>34,452</u>	<u>(33,248)</u>	<u>1,204</u>	<u>1,204</u>	<u>-</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 5 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Distributed Expenditures	<u>14,965,098</u>	<u>(49,339)</u>	<u>14,915,759</u>	<u>14,859,220</u>	<u>56,539</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's - Within State Special	85,000	6,715	91,715	91,715	-
Tuition to County Vocational School:					
Regular	507,740	(21,950)	485,790	473,840	11,950
Special	24,000	(4,000)	20,000	20,000	-
Tuition - County Special Services & Reg Day Schools	287,784	92,897	380,681	369,283	11,398
Tuition to Private School for Handicapped - Within State	667,944	23,584	691,528	691,527	1
Tuition - State Facilities			-		-
Total Instruction	<u>1,572,468</u>	<u>97,246</u>	<u>1,669,714</u>	<u>1,646,365</u>	<u>23,349</u>
Attendance & Social Work:					
Salaries	53,245	5,529	58,774	58,774	-
Purchased Technical Services	30,300	(4,012)	26,288	26,288	-
Total Attendance & Social Work	<u>83,545</u>	<u>1,517</u>	<u>85,062</u>	<u>85,062</u>	<u>-</u>
Health Services:					
Salaries	228,024		228,024	228,024	-
Purchased Professional/Technical Services	22,056	45,492	67,548	67,048	500
Supplies and Materials	2,964	2,222	5,186	5,165	21
Total Health Services	<u>253,044</u>	<u>47,714</u>	<u>300,758</u>	<u>300,237</u>	<u>521</u>
Other Student Support Services - Related Services:					
Salaries	560,493	272,313	832,806	832,805	1
Purchased Professional/Technical Services	136,232	586	136,818	63,162	73,656
Supplies and Materials	8,727	(3,362)	5,365	5,364	1
Total Other Student Support Services - Related Services	<u>705,452</u>	<u>269,537</u>	<u>974,989</u>	<u>901,331</u>	<u>73,658</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 6 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Student - Regular:					
Salaries of Other Professional Staff	754,169	(218,366)	535,803	535,803	-
Salaries of Secretarial & Clerical	39,358	1	39,359	39,358	1
Purchased Professional/Educational Services	30,377	(7,234)	23,143	23,068	75
Other Purchased Professional/Technical Services	73,076	(6,009)	67,067	67,067	-
Other Purchased Services	1,627	1	1,628	1,628	-
Supplies and Materials	7,727	(5,381)	2,346	2,345	1
Other Objects	1,825	(893)	932	932	-
Total Other Support Student - Regular	<u>908,159</u>	<u>(237,881)</u>	<u>670,278</u>	<u>670,201</u>	<u>77</u>
Other Support Student Services- Special:					
Salaries of Other Professional Staff	634,160	(83,172)	550,988	550,988	-
Salaries of Secretarial & Clerical	56,161		56,161	56,161	-
Purchased Professional Educational Services	14,550	(1,885)	12,665	12,664	1
Miscellaneous Purchased Services	21,111	(13,578)	7,533	7,390	143
Supplies and Materials	10,284	(911)	9,373	9,219	154
Total Other Support Student Services- Special	<u>736,266</u>	<u>(99,546)</u>	<u>636,720</u>	<u>636,422</u>	<u>298</u>
Improvement Instructional Services:					
Salaries of Supervisors of Instruction	584,729	97,671	682,400	682,400	-
Salaries of Other Professional Staff	39,345	(282)	39,063	33,626	5,437
Salaries of Secretarial & Clerical	82,919		82,919	82,919	-
Other Purchased Services	2,111		2,111	1,811	300
Supplies & Materials	500	(421)	79	79	-
Other Objects	6,360	1,161	7,521	7,520	1
Total Improvement Instructional Services	<u>715,964</u>	<u>98,129</u>	<u>814,093</u>	<u>808,355</u>	<u>5,738</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Educational Media/Library:					
Salaries	158,029		158,029	158,029	-
Salaries of Technology Coordinators	120,362		120,362	120,362	-
Supplies & Materials	32,641	(2,358)	30,283	29,510	773
Total Educational Media/Library	<u>311,032</u>	<u>(2,358)</u>	<u>308,674</u>	<u>307,901</u>	<u>773</u>
Staff Training:					
Salaries of Supervisors of Instruction	62,142	(62,142)	-		-
Other Salaries for Instruction	10,340	6,459	16,799	16,799	-
Purchased Professional/Educational Serv.	59,565	17,439	77,004	48,553	28,451
Supplies & Materials	2,500	2,640	5,140	5,063	77
Other Objects	234	(234)	-		-
Total Staff Training	<u>134,781</u>	<u>(35,838)</u>	<u>98,943</u>	<u>70,415</u>	<u>28,528</u>
Support Services - General Administration:					
Salaries	290,954	3,592	294,546	291,011	3,535
Legal Services	59,000	39,216	98,216	91,577	6,639
Audit Fee	16,500	(1,000)	15,500	15,500	-
Architect and Engineer Services	7,500	(7,500)	-		-
Other Purchased Professional Services	13,950	1,937	15,887	15,886	1
Purchased Technical Services	1,811		1,811	1,811	-
Communications/Telephone	60,254	19,360	79,614	79,612	2
BOE Other Purchased Services			-		-
Other Purchased Services	13,095	8,766	21,861	21,860	1
Liability Insurance	89,816	(14,857)	74,959	74,958	1
Supplies & Materials	2,250	5,880	8,130	8,129	1
BOE In House Training Supplies	3,100	1,248	4,348	4,348	-
Miscellaneous Expenditures	31,644	9,028	40,672	40,672	-
BOE Membership Dues and Fees	21,085	15	21,100	21,100	-
Total Support Services - General Administration	<u>610,959</u>	<u>65,685</u>	<u>676,644</u>	<u>666,464</u>	<u>10,180</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - School Administration:					
Salaries of Principals/Vice Principals	536,250	22,843	559,093	556,728	2,365
Salaries of Secretarial & Clerical	180,377	(6,563)	173,814	172,452	1,362
Other Purchased Services	3,676	(299)	3,377	3,376	1
Supplies & Materials	8,479	(2,951)	5,528	5,527	1
Other Objects	4,060	(2,370)	1,690	1,690	-
Total Support Services - School Administration	<u>732,842</u>	<u>10,660</u>	<u>743,502</u>	<u>739,773</u>	<u>3,729</u>
Technology Information Service:					
Salaries	144,199	(8,500)	135,699	135,698	1
Purchased Professional Services	32,808		32,808	30,660	2,148
Purchased Technical Services	48,825	3,555	52,380	46,427	5,953
Other Purchased Services	9,200	115	9,315	9,315	-
Supplies and Materials	13,540	(9,919)	3,621		3,621
Total Technology Information Service	<u>248,572</u>	<u>(14,749)</u>	<u>233,823</u>	<u>222,100</u>	<u>11,723</u>
Required Maintenance - Facilities:					
Cleaning, Repair & Maintenance Services	227,315	53,517	280,832	204,162	76,670
General Supplies	34,200	(3,857)	30,343	29,096	1,247
Other Objects	2,100	1,415	3,515	3,515	-
Total Allowable Maintenance Facilities	<u>263,615</u>	<u>51,075</u>	<u>314,690</u>	<u>236,773</u>	<u>77,917</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 9 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Operations & Maintenance:					
Salaries	435,432	(44,776)	390,656	385,686	4,970
Purchased Professional/Technical Serv.	6,000	(6,000)	-	-	-
Cleaning, Repair & Maintenance Services	635,500	(15,254)	620,246	615,093	5,153
Insurance	155,021	(7,801)	147,220	147,219	1
General Supplies	36,650	16,921	53,571	53,569	2
Natural Gas	131,500	40,010	171,510	132,136	39,374
Energy (Heat & Electricity)	258,850	11,308	270,158	179,271	90,887
Other Objects	234,872		234,872	234,872	-
Total Other Operations & Maintenance	<u>1,893,825</u>	<u>(5,592)</u>	<u>1,888,233</u>	<u>1,747,846</u>	<u>140,387</u>
Upkeep of Grounds:					
Salaries	60,031		60,031	60,031	-
Purchased Professional/Technical Serv.	28,000	(5,037)	22,963	19,393	3,570
Repair and Maintenance	19,500	(14,972)	4,528	4,527	1
Supplies	21,000	(454)	20,546	20,486	60
Total Upkeep of Grounds	<u>128,531</u>	<u>(20,463)</u>	<u>108,068</u>	<u>104,437</u>	<u>3,631</u>
Security:					
Purchased Professional Technical Services	102,154	9,568	111,722	111,721	1
Repair and Maintenance		15,316	15,316	15,315	1
Supplies and Materials		3,891	3,891	3,891	-
Total Security	<u>102,154</u>	<u>28,775</u>	<u>130,929</u>	<u>130,927</u>	<u>2</u>
Total Operations & Maintenance	<u>2,388,125</u>	<u>53,795</u>	<u>2,441,920</u>	<u>2,219,983</u>	<u>221,937</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Student Transportation:					
Contracted Services Other - Vendors	70,800	(6,233)	64,567	64,144	423
Contracted Services Special Ed. Joint Agreement	797,550	367,108	1,164,658	1,147,812	16,846
Contracted Services(Reg.Students) ESCs & CTSA's	162,340	(8,750)	153,590	153,590	-
Total Student Transportation	<u>1,030,690</u>	<u>352,125</u>	<u>1,382,815</u>	<u>1,365,546</u>	<u>17,269</u>
Central Services:					
Salaries	342,985	21,443	364,428	364,426	2
Purchased Technical Services	16,380	(2,025)	14,355	14,355	-
Supplies & Materials	4,650	(23)	4,627	3,727	900
Miscellaneous Expenditures	2,990	(615)	2,375	2,375	-
Total Central Services	<u>367,005</u>	<u>18,780</u>	<u>385,785</u>	<u>384,883</u>	<u>902</u>
Undistributed Expenditures-Employee Benefits:					
Other Retirement Contrib. - Social Security	325,075		325,075	321,115	3,960
Other Retirement Contrib. - PERS	244,868	13,110	257,978	257,978	-
Other Retirement Contrib. - DCRP	36,292	(3,423)	32,869	32,862	7
Other Retirement Contrib.		11,242	11,242	5,690	5,552
Workman's Compensation	109,407	(9,518)	99,889	99,889	-
Unemployment		47,362	47,362	47,326	36
Health Benefits	3,463,816	(112,930)	3,350,886	3,227,755	123,131
Tuition Reimbursements	86,000	(30,990)	55,010	55,010	-
Other Employee Benefits	175,190	6,362	181,552	156,396	25,156
Total Unallocated Benefits	<u>4,440,648</u>	<u>(78,785)</u>	<u>4,361,863</u>	<u>4,204,021</u>	<u>157,842</u>
On-Behalf T.P.A.F Pension Contributions -					
Post Retirement Medical (Non-Budgeted)			-	1,317,902	(1,317,902)
On-Behalf T.P.A.F Pension Contr. - Normal Cost (Non-Budgeted)			-	5,016,802	(5,016,802)
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability			-	2,362	(2,362)
TPAF Social Security Contribution (Reimbursed)			-	1,108,505	(1,108,505)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,445,571</u>	<u>(7,445,571)</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Undistributed Expenditures	<u>15,239,552</u>	<u>546,031</u>	<u>15,785,583</u>	<u>22,674,630</u>	<u>(6,889,047)</u>
Total General Current Expense	<u>30,204,650</u>	<u>496,692</u>	<u>30,701,342</u>	<u>37,533,850</u>	<u>(6,832,508)</u>
Capital Outlay					
Equipment-Regular Instruction			-		-
Equipment-Security			-		-
Professional Services-Architectural/Engineering Services		43,230	43,230	18,504	24,726
Professional Services-Facility Construction	<u>150,000</u>	<u>26,108</u>	<u>176,108</u>	<u>26,108</u>	<u>150,000</u>
Total Capital Outlay	<u>150,000</u>	<u>69,338</u>	<u>219,338</u>	<u>44,612</u>	<u>174,726</u>
Summer School					
Instruction:					
Salaries of Teachers	64,332	(17,324)	47,008	47,007	1
General Supplies		391	391	391	-
Support Services	<u>10,368</u>	<u>(9,276)</u>	<u>1,092</u>	<u>1,092</u>	<u>-</u>
Total Instruction	<u>74,700</u>	<u>(26,209)</u>	<u>48,491</u>	<u>48,490</u>	<u>1</u>
Total Summer School	<u>74,700</u>	<u>(26,209)</u>	<u>48,491</u>	<u>48,490</u>	<u>1</u>
Transfer to Charter Schools		<u>37,399</u>	<u>37,399</u>	<u>37,399</u>	<u>-</u>
Total Current Expense & Summer School	<u>30,429,350</u>	<u>577,220</u>	<u>31,006,570</u>	<u>37,664,351</u>	<u>(6,657,781)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(614,250)	(577,220)	(1,191,470)	373,924	1,565,394
Fund Balance, July 1	<u>6,554,294</u>		<u>6,554,294</u>	<u>6,554,294</u>	
Fund Balance, June 30	<u>\$ 5,940,044</u>	<u>(577,220)</u>	<u>5,362,824</u>	<u>6,928,218</u>	<u>1,565,394</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 709,513	
Maintenance Reserve				350,002	
Emergency Reserve				250,000	
Designated for Subsequent Year's Expenditures - Capital Reserve				1,725,197	
Designated for Subsequent Year's Expenditures - Excess Surplus				393,593	
Excess Surplus - Current Year				1,133,140	
Committed Fund Balance:					
Year End Encumbrances				181,906	
Unemployment Compensation				570,325	
Assigned Fund Balances:					
Designated for Subsequent Year's Expenditures				814,728	
Unassigned Fund Balance				<u>799,814</u>	
				6,928,218	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(759,273)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 6,168,945</u>	

KENILWORTH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-2
 Sheet 1 of 2

SPECIAL REVENUE FUND

JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ 250,381		250,381	250,381	-
State Sources	200,117		200,117	200,117	-
Federal Sources:					
Title I, Part A	233,622		233,622	233,622	-
Title IIA, Part A	33,507		33,507	33,507	-
Title IV, Part A	17,295		17,295	17,295	-
IDEA Part B, Basic	344,639		344,639	344,639	-
IDEA Preschool	22,774		22,774	22,774	-
ARP ESSER II	605,506		605,506	605,506	-
ARP Learning Acceleration	120,180		120,180	120,180	-
ARP Summer Learning	28,324		28,324	28,324	-
ARP Mental Health	88,501		88,501	88,501	-
Total Federal Sources	<u>1,494,348</u>	<u>-</u>	<u>1,494,348</u>	<u>1,494,348</u>	<u>-</u>
Total Revenues	<u>1,944,846</u>	<u>-</u>	<u>1,944,846</u>	<u>1,944,846</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	90,031		90,031	90,031	-
Purchased Professional Educational Services	188,933		188,933	188,933	-
Tuition	344,639		344,639	344,639	-
Instructional Supplies	615,112		615,112	615,112	-
Total Instruction	<u>1,238,715</u>	<u>-</u>	<u>1,238,715</u>	<u>1,238,715</u>	<u>-</u>

KENILWORTH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-2
Sheet 2 of 2

SPECIAL REVENUE FUND

JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services:					
Salaries	25,663		25,663	25,663	-
Purchased Professional Services	442,287		442,287	442,287	-
Scholarships Awarded	6,500		6,500	6,500	-
Student Activities	225,955		225,955	225,955	-
Total Support Services	<u>700,405</u>	<u>-</u>	<u>700,405</u>	<u>700,405</u>	<u>-</u>
 Total Expenditures	 <u>1,939,120</u>	 <u>-</u>	 <u>1,939,120</u>	 <u>1,939,120</u>	 <u>-</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>5,726</u>	 <u>-</u>	 <u>5,726</u>	 <u>5,726</u>	 <u>-</u>
 Fund Balance, July 1	 <u>257,520</u>		 <u>257,520</u>	 <u>257,520</u>	
 Fund Balance, June 30	 <u>\$ 263,246</u>	 <u>-</u>	 <u>263,246</u>	 <u>263,246</u>	 <u>-</u>
 Recapitulation:					
Restricted:					
Scholarships				\$ 150,652	
Student Activities				<u>112,594</u>	
 Total Fund Balance				 <u>\$ 263,246</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

KENILWORTH SCHOOL DISTRICT**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit C-3

BUDGETARY COMPARISON SCHEDULE**NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 38,038,275	1,944,846
Difference - budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized		123,110
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	681,823	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(759,273)</u>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 37,960,825</u>	<u>2,067,956</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 37,664,351	1,939,120
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>123,110</u>
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 37,664,351</u>	<u>2,062,230</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

KENILWORTH SCHOOL DISTRICT

Exhibit L-1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - PERS

LAST TEN FISCAL YEARS

	<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>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.02029%	0.02112%	0.01995%	0.01978%	0.02062%	0.01991%	0.01991%	0.01985%	0.01908%	0.01958%
District's Proportionate Share of the Net Pension Liability	<u>\$3,087,308</u>	<u>2,529,123</u>	<u>3,278,934</u>	<u>3,589,172</u>	<u>4,264,033</u>	<u>4,799,673</u>	<u>5,898,051</u>	<u>4,456,012</u>	<u>3,572,190</u>	<u>3,743,058</u>
District's Covered-Employee Payroll	\$1,480,493	1,511,125	1,538,412	1,429,946	1,413,368	1,481,276	1,386,691	1,336,534	1,359,347	1,374,199
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	47.95%	59.75%	46.92%	39.84%	33.15%	30.86%	23.51%	29.99%	38.05%	36.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	46.41%	42.90%	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%	40.71%

KENILWORTH SCHOOL DISTRICT

Exhibit L-2

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

LAST TEN FISCAL YEARS

	<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>	<u>2013</u>
Contractually Required Contribution	\$ 249,778	219,961	194,510	238,859	193,023	177,657	157,288	157,288	147,567	148,462
Contributions in Relation to the Contractually Required Contribution	<u>249,778</u>	<u>219,961</u>	<u>194,510</u>	<u>238,859</u>	<u>193,023</u>	<u>177,657</u>	<u>157,288</u>	<u>157,288</u>	<u>147,567</u>	<u>148,462</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's Covered-Employee Payroll	\$1,480,493	1,511,125	1,538,412	1,429,946	1,413,368	1,481,276	1,386,691	1,336,534	1,359,347	1,374,199
Contributions as a Percentage of Covered-Employee Payroll	16.87%	14.56%	12.64%	16.70%	13.66%	11.99%	11.34%	11.77%	10.86%	10.80%

KENILWORTH SCHOOL DISTRICT

Exhibit L-3

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

LAST TEN FISCAL YEARS

	<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>	<u>2013</u>
District's Proportion of the Net Pension Liability	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	\$ -	-	-	-	-	-	-	-	-	-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>63,154,297</u>	<u>56,385,147</u>	<u>73,967,386</u>	<u>70,387,794</u>	<u>69,925,955</u>	<u>68,893,455</u>	<u>81,531,403</u>	<u>62,823,200</u>	<u>52,744,337</u>	<u>49,602,149</u>
Total	<u>\$ 63,154,297</u>	<u>56,385,147</u>	<u>73,967,386</u>	<u>70,387,794</u>	<u>69,925,955</u>	<u>68,893,455</u>	<u>81,531,403</u>	<u>62,823,200</u>	<u>52,744,337</u>	<u>49,602,149</u>
District's Covered-Employee Payroll	\$ 14,553,060	13,614,513	13,713,334	12,585,548	11,967,178	11,928,717	11,369,178	10,333,060	9,966,336	9,779,748
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	23.04%	24.15%	18.54%	17.88%	17.11%	17.31%	13.94%	16.45%	18.90%	19.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.29%	32.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%

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

L-4

This schedule is not applicable.

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

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

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

L-5

FOR THE FISCAL YEAR ENDED JUNE 30, 2023**Public Employee's Retirement System (PERS)**

Changes in Benefit Terms – None

Changes in Assumptions – The discount rate remained at 7.00% as of June 30, 2021, and as of June 30, 2022, in accordance with Paragraph 44 of GASB Statement No. 67.

Teachers' Pension and Annuity Fund (TPAF)

Changes in Benefit Terms – None

Changes in Assumption – The discount rate remained at 7.00% as of June 30, 2021, and as of June 30, 2022, in accordance with Paragraph 44 of GASB Statement No. 67.

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

KENILWORTH SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

Exhibit M-1

LAST SEVEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's Proportionate Share of OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District's Proportionate of the Net OPEB Liability	\$ -	-	-	-	-	-	-
<u>State's OPEB Liability Attributable to the District</u>							
Service Cost	\$ 2,885,752	3,219,741	1,774,925	1,630,364	1,836,965	2,223,210	*
Interest	1,118,372	1,340,609	1,245,071	1,426,483	1,513,400	1,304,585	*
Change of Benefit Terms		(55,006)					*
Benefit Payments	(1,107,780)	(1,056,024)	(981,727)	(1,052,000)	(955,547)	(947,192)	*
Member Contributions	35,538	34,273	29,756	31,184	33,025	34,878	*
Difference between Expected and Actual Experience	(1,089,191)	(8,246,910)	9,752,162	(4,011,822)	(3,485,797)		*
Change of Assumptions	<u>(11,320,783)</u>	<u>50,985</u>	<u>10,300,766</u>	<u>510,975</u>	<u>(4,100,797)</u>	<u>(5,726,145)</u>	*
Net Change in Total OPEB Liability	(9,478,092)	(4,712,332)	22,120,953	(1,464,816)	(5,158,751)	(3,110,664)	*
Total Attributable OPEB Liability - Beginning	<u>51,679,041</u>	<u>56,391,373</u>	<u>34,270,420</u>	<u>35,735,236</u>	<u>40,893,987</u>	<u>44,004,651</u>	*
Total Attributable OPEB Liability - Ending	<u>\$ 42,200,949</u>	<u>51,679,041</u>	<u>56,391,373</u>	<u>34,270,420</u>	<u>35,735,236</u>	<u>40,893,987</u>	<u>44,004,651</u>
District's Covered Payroll	\$ 16,033,553	15,125,638	15,251,746	14,015,494	13,380,546	13,409,993	12,755,869
District's Contribution	None	None	None	None	None	None	None
District's Proportionate Share of OPEB Liability as a Percentage of its Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
State's Proportionate Share of OPEB Liability as a Percentage of the District's Covered-Employee Payroll	263.20%	341.67%	369.74%	244.52%	267.07%	304.95%	344.98%

* - Information not available

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

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

KENILWORTH SCHOOL DISTRICT**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION****FOR THE FISCAL YEAR ENDED JUNE 30, 2023****Exhibit M-2**Change of Benefit Terms

Refer to Note 5 - Notes to Financial Statements.

Difference Between Expected and Actual Experience

The change in the liability from June 30, 2021 to June 30, 2022 is due to changes in the census, claims and premiums experience.

Changes of Assumptions

The Discount Rate changed from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND – E

KENILWORTH SCHOOL DISTRICT

Exhibit E-1
Sheet 1 of 2

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Title I</u>	<u>Title IIA</u>	<u>Title IV</u>	<u>I.D.E.A. Basic Flow-Thru</u>	<u>I.D.E.A. Preschool</u>	<u>Compensatory Education</u>	<u>Supplementary Instruction</u>	<u>Examination and Classification</u>	<u>Corrective Speech</u>
Revenues:									
State Sources	\$ -					94,185	12,308	14,223	10,230
Federal Sources	233,622	33,507	17,295	344,639	22,774				
Local Sources									
Total Revenues	<u>233,622</u>	<u>33,507</u>	<u>17,295</u>	<u>344,639</u>	<u>22,774</u>	<u>94,185</u>	<u>12,308</u>	<u>14,223</u>	<u>10,230</u>
Expenditures:									
Instruction:									
Salaries of Teachers	61,707								
Purchased Professional and Technical Services					19,819	94,185	12,308	14,223	10,230
Tuition				344,639					
General Supplies	106,929		17,295		2,955				
Total Instruction	<u>168,636</u>	<u>-</u>	<u>17,295</u>	<u>344,639</u>	<u>22,774</u>	<u>94,185</u>	<u>12,308</u>	<u>14,223</u>	<u>10,230</u>
Support Services:									
Salaries	15,652								
Purchased Professional Educational Services	49,334	33,507							
Scholarships Awarded									
Student Activities									
Total Support Services	<u>64,986</u>	<u>33,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>233,622</u>	<u>33,507</u>	<u>17,295</u>	<u>344,639</u>	<u>22,774</u>	<u>94,185</u>	<u>12,308</u>	<u>14,223</u>	<u>10,230</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures									
Fund Balance, July 1									
Fund Balance, June 30	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

KENILWORTH SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Non-Public Security</u>	<u>Non-Public Nursing Services</u>	<u>Non-Public Textbooks</u>	<u>ARP ESSER II</u>	<u>ARP Accel. Learning</u>	<u>ARP Summer</u>	<u>ARP Mental Health</u>	<u>Safety Grant</u>	<u>Climate Awareness</u>	<u>Scholarship</u>	<u>Student Activities</u>	<u>Total 2023</u>
Revenues:												
State Sources	36,750	14,213	11,755						6,453			200,117
Federal Sources				605,506	120,180	28,324	88,501					1,494,348
Local Sources								12,200		1,833	236,348	250,381
Total Revenues	<u>36,750</u>	<u>14,213</u>	<u>11,755</u>	<u>605,506</u>	<u>120,180</u>	<u>28,324</u>	<u>88,501</u>	<u>12,200</u>	<u>6,453</u>	<u>1,833</u>	<u>236,348</u>	<u>1,944,846</u>
Expenditures:												
Instruction:												
Salaries of Teachers						28,324						90,031
Purchased Professional and Technical Services		14,213	11,755					12,200				188,953
Tuition				364,199	120,180				3,554			344,639
General Supplies												615,112
Total Instruction	<u>-</u>	<u>14,213</u>	<u>11,755</u>	<u>364,199</u>	<u>120,180</u>	<u>28,324</u>	<u>-</u>	<u>12,200</u>	<u>3,554</u>	<u>-</u>	<u>-</u>	<u>1,238,715</u>
Support Services:												
Salaries				10011								25,663
Purchased Professional Educational Services	36,750			231,296			88,501		2,899			442,287
Scholarships Awarded										6,500		6,500
Student Activities											225,955	225,955
Total Support Services	<u>36,750</u>	<u>-</u>	<u>-</u>	<u>241,307</u>	<u>-</u>	<u>-</u>	<u>88,501</u>	<u>-</u>	<u>2,899</u>	<u>6,500</u>	<u>225,955</u>	<u>700,405</u>
Total Expenditures	<u>36,750</u>	<u>14,213</u>	<u>11,755</u>	<u>605,506</u>	<u>120,180</u>	<u>28,324</u>	<u>88,501</u>	<u>12,200</u>	<u>6,453</u>	<u>6,500</u>	<u>225,955</u>	<u>1,939,120</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,667)</u>	<u>10,393</u>	<u>5,726</u>
Fund Balance, July 1										155,319	102,201	257,520
Fund Balance, June 30	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,652</u>	<u>112,594</u>	<u>263,246</u>

CAPITAL PROJECTS FUND – F

KENILWORTH SCHOOL DISTRICTCAPITAL PROJECTS FUND

Exhibit F-1

SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES INFUND BALANCE - BUDGETARY BASISFOR THE YEAR ENDED JUNE 30, 2023

Revenues and Other Financing Sources:	
Bond Proceeds	\$31,449,000
Interest on Investments	1,064
Total Revenues and Other Financing Sources	<u>31,450,064</u>
Expenditures and Other Financing Uses:	
Other Purchased Professional and Technical Services	1,044,210
Transfer to General Fund	1,086,649
Transfer to Debt Service Fund - Bond Premium	1,000
Transfer to Debt Service Fund - Interest	1,064
Total Expenditures and Other Financing Uses	<u>2,132,923</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	29,317,141
Fund Balance - Beginning	<u>1,156,770</u>
Fund Balance - Ending	<u><u>\$30,473,911</u></u>

KENILWORTH SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUNDSCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,AND PROJECT STATUS - BUDGETARY BASISENERGY SAVINGS IMPROVEMENT PROGRAMFROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Lease Proceeds	\$ 1,822,440		1,822,440	1,822,440
Total Revenues	<u>1,822,440</u>	<u>-</u>	<u>1,822,440</u>	<u>1,822,440</u>
<u>Expenditures and Other Financing Uses</u>				
Capital Project Equipment	529,946	1,022,049	1,551,995	1,664,555
Other Purchased Prof. and Tech. Services	135,724	22,161	157,885	157,885
Total Expenditures	<u>665,670</u>	<u>1,044,210</u>	<u>1,709,880</u>	<u>1,822,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,156,770</u>	<u>(1,044,210)</u>	<u>112,560</u>	<u>-</u>
<u>Additional Project Information</u>				
Original Authorized Cost		\$1,822,440		
Percentage Increase Over Original Authorized Cost		0%		
Percentage Completion		93%		
Original Target Completion Date		N/A		
Revised Target Completion Date		N/A		

KENILWORTH SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUND**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,****AND PROJECT STATUS - BUDGETARY BASIS****RENOVATION TO ELEMENTARY SCHOOL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<u>Revenues and Other Financing Sources</u>				
Bond Proceeds and Transfers	\$ -	31,448,000	31,448,000	31,448,000
Total Revenues	<u>-</u>	<u>31,448,000</u>	<u>31,448,000</u>	<u>31,448,000</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services			1,086,649	31,448,000
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,086,649</u>	<u>31,448,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>31,448,000</u>	<u>30,361,351</u>	<u>-</u>

Additional Project Information

Bond Authorization Date	12/1/2022
Bonds Authorized	\$31,448,000
Bonds Issued	\$31,448,000
Original Authorized Cost	\$31,448,000
Percentage Increase Over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	6/30/2024
Revised Target Completion Date	6/30/2024

PROPRIETARY FUNDS – G

KENILWORTH SCHOOL DISTRICT**STATEMENT OF NET POSITION**

Exhibit G-1

ENTERPRISE FUNDS**JUNE 30, 2023**

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
<u>Assets:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 169,129	152,000	321,129
Accounts Receivable:			
State	660		660
Federal	13,984		13,984
Other	57,700		57,700
Inventory	5,450		5,450
Total Current Assets	<u>246,923</u>	<u>152,000</u>	<u>398,923</u>
Noncurrent Assets			
Equipment	177,050		177,050
Accumulated Depreciation	<u>(177,050)</u>		<u>(177,050)</u>
Total Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 246,923</u>	<u>152,000</u>	<u>398,923</u>
<u>Liabilities:</u>			
Deferred Revenue	<u>\$ 1,018</u>		<u>1,018</u>
Total Liabilities	<u>\$ 1,018</u>	<u>-</u>	<u>1,018</u>
<u>Net Position:</u>			
Unrestricted	<u>\$ 245,905</u>	<u>152,000</u>	<u>397,905</u>
Total Net Position	<u>\$ 245,905</u>	<u>152,000</u>	<u>397,905</u>

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

Exhibit G-2

ENTERPRISE FUNDSJUNE 30, 2023

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
Operating Revenues:			
Daily Sales - Non-Reimbursable Programs	\$ 117,059		117,059
Daily Sales - Reimbursable Programs	173,762		173,762
Fees		180,718	180,718
Total Operating Revenues	<u>290,821</u>	<u>180,718</u>	<u>471,539</u>
Operating Expenses:			
Salaries	207,795	160,191	367,986
Other Employee Benefits	59,574		59,574
Cost of Sales - Reimbursable Programs	145,143		145,143
Cost of Sales - Non-Reimbursable Programs	90,716		90,716
Supplies and Materials	28,506		28,506
Management Fee	13,260		13,260
Repairs/Equipment	7,084		7,084
Miscellaneous	6,015	150	6,165
Operating Expenses	<u>558,093</u>	<u>160,341</u>	<u>718,434</u>
Operating Gain/(Loss)	(267,272)	20,377	(246,895)
Non-Operating Revenues:			
Interest Revenue	224	1,497	1,721
State Sources:			
State School Lunch Program	8,286		8,286
State Breakfast Program	282		282
Federal Sources:			
National School Lunch Program	163,958		163,958
HHFKA Lunch Program	5,953		5,953
Federal Breakfast Program	9,817		9,817
Supply Chain	79,265		79,265
Food Distribution Program	58,533		58,533
Total Non-Operating Revenues	<u>326,318</u>	<u>1,497</u>	<u>327,815</u>
Change in Net Position	59,046	21,874	80,920
Net Position, July 1	<u>186,859</u>	<u>130,126</u>	<u>316,985</u>
Net Position, June 30	<u>\$ 245,905</u>	<u>152,000</u>	<u>397,905</u>

KENILWORTH SCHOOL DISTRICT**SCHEDULE OF CASH FLOWS****Exhibit G-3****ENTERPRISE FUNDS****JUNE 30, 2023**

	Food Service Program	Aftercare Program	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 290,821	180,718	471,539
Payments to Employees	(207,795)	(160,191)	(367,986)
Payments to Suppliers	(318,461)	(150)	(318,611)
Net Cash Provided (Used) by Operating Activities	(235,435)	20,377	(215,058)
Cash Flows from Noncapital Financing Activities:			
State Sources	8,568		8,568
Federal Sources	258,993		258,993
Net Cash Provided by Noncapital Financing Activities	267,561	-	267,561
Cash Flows from Investing Activities:			
Interest Revenue	224	1,497	1,721
Net Cash Provided by Investing Activities	224	1,497	1,721
Net Increase (Decrease) in Cash and Cash Equivalents	32,350	21,874	54,224
Cash and Cash Equivalents, July 1	136,779	130,126	266,905
Cash and Cash Equivalents, June 30	\$ 169,129	152,000	321,129
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (267,272)	20,377	(246,895)
Federal Commodities Consumed	58,533		58,533
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Decrease/(Increase) in Inventory	1,205		1,205
(Decrease)/Increase in Deferred Revenue	(6,512)		(6,512)
Decrease/(Increase) in Accounts Receivable	(21,389)		(21,389)
Net Cash Provided (Used) by Operating Activities	\$ (235,435)	20,377	(215,058)

FIDUCIARY FUND – H

N/A

LONG-TERM DEBT – I

KENILWORTH SCHOOL DISTRICT

Exhibit I-1

LONG-TERM LIABILITIES

SCHEDULE OF SERIAL BONDS

JUNE 30, 2023

	<u>Date of Issue</u>	<u>Original 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>					
2016 Refunding Bonds	5/18/2016	9,395,000	1/15/2024	990,000	4.00%	\$ 7,560,000		950,000	6,610,000
			1/15/2025	1,035,000					
			1/15/2026	1,080,000					
			1/15/2027	1,125,000					
			1/15/2028	1,165,000					
			1/15/2029	1,215,000					
2022 School Bonds	11/15/2022	31,448,000	8/15/2024	728,000	3.00%		31,448,000		31,448,000
			8/15/2025	750,000	4.00%				
			8/15/2026	770,000					
			8/15/2027	825,000					
			8/15/2028	825,000					
			8/15/2029	1,450,000					
			8/15/2030	1,450,000					
			8/15/2031	1,450,000					
			8/15/2032	1,450,000					
			8/15/2033	1,450,000					
			8/15/2034	1,450,000					
			8/15/2035	1,450,000					
			8/15/2036	1,450,000					
			8/15/2037	1,450,000					
			8/15/2038	1,450,000					
			8/15/2039	1,450,000					
			8/15/2040	1,450,000					
			8/15/2041	1,450,000					
			8/15/2042	1,450,000					
			8/15/2043	1,450,000	4.125%				
			8/15/2044	1,450,000					
			8/15/2045	1,450,000	4.250%				
			8/15/2046	1,450,000					
			8/15/2047	1,450,000					
						<u>\$ 7,560,000</u>	<u>31,448,000</u>	<u>950,000</u>	<u>38,058,000</u>

KENILWORTH SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-2

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2023

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance July 1, 2022</u>	<u>Issued Current Year</u>	<u>Paid Current Year</u>	<u>Amount Outstanding June 30, 2023</u>
ESIP Equipment Lease	5/5/2021	\$ 1,822,440	2.225%	<u>\$ 1,822,440</u>	<u></u>	<u>195,440</u>	<u>1,627,000</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 826,584		826,584	826,584	
State Sources:					
Debt Service Aid Type II	425,816		425,816	425,816	
Total Revenues	<u>1,252,400</u>	<u>-</u>	<u>1,252,400</u>	<u>1,252,400</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	302,400		302,400	302,400	-
Redemption of Principal	950,000		950,000	950,000	-
Total Regular Debt Service	<u>1,252,400</u>	<u>-</u>	<u>1,252,400</u>	<u>1,252,400</u>	<u>-</u>
Total Expenditures	<u>1,252,400</u>	<u>-</u>	<u>1,252,400</u>	<u>1,252,400</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Other Financing Sources:					
Transfer from Capital Projects Fund				2,064	2,064
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources	-	-	-	2,064	2,064
Fund Balance July 1	<u>575</u>	<u>-</u>	<u>575</u>	<u>575</u>	<u>-</u>
Fund Balance June 30	<u>\$ 575</u>	<u>-</u>	<u>575</u>	<u>2,639</u>	<u>2,064</u>

STATISTICAL SECTION

(Unaudited)

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

Exhibit J-1

(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in capital assets, net of related debt	\$ (1,544,137)	\$ (2,332,437)	\$ (2,020,379)	\$ (1,663,205)	\$ (1,509,576)	\$ 7,809,053	\$ (1,097,318)	\$ (2,696,129)	\$ (2,407,500)	\$ (33,326,431)
Restricted (Debt Service)	\$ 111	\$ 9	\$ 5,506	\$ 49,708						
Restricted (Capital Projects)	\$ -	\$ -								
Restricted (Other Purposes)	\$ 1,810,255	\$ 2,009,363	\$ 1,649,929	\$ 2,476,020	\$ 3,591,382	\$ 4,779,566	\$ 3,590,894	\$ 6,380,021	\$ 4,492,324	\$ 36,686,294
Unrestricted	\$ (875,997)	\$ (4,404,932)	\$ (4,776,914)	\$ (5,239,070)	\$ (5,505,174)	\$ (14,812,480)	\$ (4,479,278)	\$ (3,390,055)	\$ (2,468,063)	\$ (5,344,952)
Total governmental activities net position	<u>\$ (609,768)</u>	<u>\$ (4,727,997)</u>	<u>\$ (5,141,858)</u>	<u>\$ (4,376,547)</u>	<u>\$ (3,423,368)</u>	<u>\$ (2,223,861)</u>	<u>\$ (1,985,702)</u>	<u>\$ 293,837</u>	<u>\$ (383,239)</u>	<u>\$ (1,985,089)</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 30,470	\$ 25,540	\$ 20,560	\$ 16,580	\$ 12,600	\$ 8,620	\$ 4,640	\$ 660		
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Unrestricted	\$ 116,344	\$ -	\$ 137,092	\$ 161,033	\$ 197,427	\$ 216,679	\$ 214,827	\$ 218,078	\$ 316,985	\$ 397,905
Total business-type activities net position	<u>\$ 146,814</u>	<u>\$ 25,540</u>	<u>\$ 157,652</u>	<u>\$ 177,613</u>	<u>\$ 210,027</u>	<u>\$ 225,299</u>	<u>\$ 219,467</u>	<u>\$ 218,738</u>	<u>\$ 316,985</u>	<u>\$ 397,905</u>
District-wide										
Invested in capital assets, net of related debt	\$ (1,513,667)	\$ (2,307,897)	\$ (1,999,819)	\$ (1,646,625)	\$ (1,496,976)	\$ 7,817,673	\$ (1,092,678)	\$ (2,695,469)	\$ (2,407,500)	\$ (33,326,431)
Restricted	\$ 111	\$ 9	\$ 5,506	\$ 49,708						
Other Purposes	\$ 1,810,255	\$ 2,009,363	\$ 1,649,929	\$ 2,476,020	\$ 3,591,382	\$ 4,779,566	\$ 3,590,894	\$ 6,380,021	\$ 4,492,324	\$ 36,686,294
Unrestricted	\$ (764,836)	\$ (4,288,588)	\$ (4,639,822)	\$ (5,078,037)	\$ (5,307,747)	\$ (14,595,801)	\$ (4,264,451)	\$ (3,171,977)	\$ (2,151,078)	\$ (4,947,047)
Total district net position	<u>\$ (468,137)</u>	<u>\$ (4,587,113)</u>	<u>\$ (4,984,206)</u>	<u>\$ (4,198,934)</u>	<u>\$ (3,213,341)</u>	<u>\$ (1,998,562)</u>	<u>\$ (1,786,235)</u>	<u>\$ 512,575</u>	<u>\$ (66,254)</u>	<u>\$ (1,587,184)</u>

Source: ACFR Schedule A-1 (Net position)

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

Exhibit J-2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 7,371,644	\$ 7,169,752	\$ 8,278,681	\$ 7,902,473	\$ 7,865,280	\$ 8,657,294	\$ 9,275,645	\$ 9,452,763	\$ 9,872,745	\$10,023,650
Special education	2,210,861	2,065,576	3,117,115	3,095,217	2,950,083	3,054,278	3,010,348	3,232,954	4,224,697	4,678,867
Other special education	576,846	1,044,459	489,834	603,002						
Other instruction	498,965	546,340	739,128	552,346	1,171,465	1,153,566	1,116,066	1,136,579	1,344,759	1,518,528
Support Services:										
Tuition	1,759,129	2,142,778	1,818,728	1,942,494	1,918,923	1,701,486	1,413,536	1,337,124	1,284,283	1,646,365
Student & instruction related services	2,220,803	2,157,614	2,362,969	2,413,470	2,665,729	2,972,560	3,228,994	3,736,560	4,078,677	4,480,329
School administrative services	557,611	655,129	681,306	669,683	816,818	704,742	712,004	643,301	740,622	739,773
General administrative services	1,140,220	1,059,239	1,031,882	1,018,607	889,916	1,157,221	1,381,233	1,143,837	1,220,969	1,273,447
Plant operations and maintenance	1,774,694	1,496,737	1,604,097	1,605,136	1,615,633	1,891,810	1,888,832	2,086,763	2,157,207	2,219,983
Pupil transportation	665,699	643,591	635,830	816,755	847,979	842,707	577,407	805,516	985,763	1,365,546
Unallocated Benefits	5,399,365	5,763,117	6,265,756	6,816,245	7,611,614	8,370,281	8,573,178	9,430,314	11,125,582	11,303,856
Special Schools	60,934	64,423	67,053	76,978	44,927	38,845	47,017	13,598	31,055	85,889
Education Jobs	-	-	-	-	-	-	-	-	-	-
Interest on Long Term Debt	581,305	567,312	388,228	473,980	456,021	423,624	391,238	363,114	334,003	952,460
Capital Outlay	5,336	-	28,614	6,800	184,624	481,776	853,359	225,170	1,904,206	1,980,031
Unallocated depreciation	465,633	672,942	672,942	616,371	616,371	616,371	616,371	616,371	616,371	616,371
ARRA	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	25,289,045	26,049,009	28,162,163	28,609,557	29,835,383	32,066,561	33,085,228	34,223,964	39,920,939	42,885,095
Business-type activities:										
Food service	465,651	408,858	411,586	428,308	454,679	495,377	384,011	407,493	636,002	558,093
Aftercare Program	115,988	154,901	184,307	175,226	182,797	188,527	146,883	98,217	142,393	160,341
Total business-type activities expense	581,639	563,759	595,893	603,534	637,476	683,904	530,894	505,710	778,395	718,434
Total district expenses	\$25,870,684	\$26,612,768	28,758,056	29,213,091	30,272,859	32,750,465	33,616,122	34,729,674	40,699,334	43,603,529
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)	384,828	512,972	426,985	550,660	468,448	486,093	303,133	288,484	311,237	290,625
Operating grants and contributions	577,338	791,702	676,452	590,147	629,222	668,869	639,018	1,133,836	1,672,198	2,062,230
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	962,166	1,304,674	1,103,437	1,140,807	1,097,670	1,154,962	942,151	1,422,320	1,983,435	2,352,855
Business-type activities:										
Charges for services	291,902	235,845	268,642	266,926	277,287	301,001	207,467	7,321	35,495	180,718
Aftercare Program		160,117	176,000	179,429	207,649	231,309	161,848	74,132	179,708	290,821
Operating grants and contributions	136,618	169,000	168,019	177,140	184,295	165,547	155,747	423,346	661,304	327,815
Capital grants and contributions										
Total business type activities program revenues	428,520	564,962	612,661	623,495	669,231	697,857	525,062	504,799	876,507	799,354
Total district program revenues	1,390,686	1,869,636	1,716,098	1,764,302	1,766,901	1,852,819	1,467,213	1,927,119	2,859,942	3,152,209
Net (Expense)/Revenue										
Governmental activities	(24,326,879)	(24,744,335)	(27,058,726)	(27,468,750)	(28,537,713)	(30,911,599)	(32,143,077)	(32,801,644)	(37,937,504)	(40,532,240)
Business-type activities	(153,119)	1,203	16,768	19,961	31,755	13,953	(5,832)	(911)	98,112	
Total district-wide net expense	(24,479,998)	(24,743,132)	(27,041,958)	(27,448,789)	(28,505,958)	(30,897,646)	(32,148,909)	(32,802,555)	(37,839,392)	(40,532,240)
General Revenues and Other Changes in Net position										
Governmental activities:										
Property taxes levied for general purposes, net	16,519,624	17,083,017	18,110,000	19,384,980	19,733,356	19,729,297	20,115,139	20,560,327	21,068,572	21,665,783
Taxes levied for debt service	695,330	787,607	848,149	849,641	840,369	786,818	838,600	811,990	820,776	826,584

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

Exhibit J-2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Unrestricted grants and contributions	6,550,917	7,061,340	7,572,120	7,812,472	8,739,355	11,021,497	11,273,738	12,575,897	14,956,899	15,903,917
Investment Income	-	-	-	-	-	-	-	-	-	-
Tuition Received	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	216,515	135,601	114,596	186,968	177,812	573,494	153,759	328,706	414,181	534,106
Other	(20,630)	-	-	-	-	-	-	22,941	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	23,961,756	25,067,565	26,644,865	28,234,061	29,490,892	32,111,106	32,381,236	34,299,861	37,260,428	38,930,390
Business-type activities:										
Investment earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	659	1,319	-	182	135	-
Total business-type activities	-	-	-	-	659	1,319	-	182	135	-
Total district-wide	23,961,756	25,067,565	26,644,865	28,234,061	29,491,551	32,112,425	32,381,236	34,300,043	37,260,563	38,930,390
Change in Net position										
Governmental activities	(365,123)	323,230	(413,861)	765,311	953,179	1,199,507	238,159	1,498,217	(677,076)	(1,601,850)
Business-type activities	(153,119)	1,203	16,768	19,961	32,414	15,272	(5,832)	(729)	98,247	80,920
Total district	(518,242)	324,433	(397,093)	785,272	985,593	1,214,779	232,327	1,497,488	(578,829)	(1,520,930)

Source: ACFR Schedule A-2

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

Exhibit J-3

	<u>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>
General Fund										
Reserved	1,715,888	1,918,625	1,589,859	2,575,143	3,547,179	4,779,566	5,019,566	6,138,124	743,558	40,451
Unreserved	140,272	222,304	148,522	166,214	67,183	(61,611)	(62,117)	579,794	5,128,913	6,128,494
Total general fund	<u>\$ 1,856,160</u>	<u>\$ 2,140,929</u>	<u>\$ 1,738,381</u>	<u>\$ 2,741,357</u>	<u>\$ 3,614,362</u>	<u>\$ 4,717,955</u>	<u>\$ 4,957,449</u>	<u>\$ 6,717,918</u>	<u>\$ 5,872,471</u>	<u>\$ 6,168,945</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	55,426	46,318	73,356	64,972				241,897	257,520	263,246
Capital projects fund	-	-	-	-				1,784,940	1,156,770	30,473,911
Debt service fund	111	9	5,506	49,708	44,203	1	1	57	575	2,639
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 55,537</u>	<u>\$ 46,327</u>	<u>\$ 78,862</u>	<u>\$ 114,680</u>	<u>\$ 44,203</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2,026,894</u>	<u>\$ 1,414,865</u>	<u>\$ 30,739,796</u>
Total all Governmental Funds:	<u>\$ 1,911,697</u>	<u>\$ 2,187,256</u>	<u>\$ 1,817,243</u>	<u>\$ 2,856,037</u>	<u>\$ 3,658,565</u>	<u>\$ 4,717,956</u>	<u>\$ 4,957,450</u>	<u>\$ 8,744,812</u>	<u>\$ 7,287,336</u>	<u>\$ 36,908,741</u>

Source: ACFR Schedule B-1

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

Exhibit J-4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Tax levy	17,214,954	17,870,624	18,958,149	19,384,980	20,573,725	20,516,115	20,953,739	21,372,317	21,889,348	22,492,367
Tuition charges	384,828	512,972	426,985	550,660	468,448	486,093	303,133	288,484	311,237	290,625
Interest earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	216,515	109,833	130,935	85,313	173,339	336,425	165,859	513,578	582,262	533,106
Erate	38,185	40,568	17,309	28,503	19,537	-	-	-	-	-
State sources	6,648,776	7,162,943	7,704,670	7,457,821	8,841,605	11,108,058	11,341,592	12,682,034	15,102,075	16,327,233
Federal sources	441,294	515,182	510,254	9,813	511,908	563,772	559,064	842,827	1,358,941	1,638,914
Total revenue	24,944,552	26,212,122	27,748,302	27,517,090	30,588,562	33,010,463	33,323,387	35,699,240	39,243,863	41,282,245
Expenditures										
Instruction										
Regular Instruction	7,324,796	7,169,752	8,177,657	7,781,065	7,944,748	8,658,743	9,053,122	9,452,763	9,872,745	10,023,650
Special education instruction	2,210,861	2,065,575	3,117,115	2,568,039	2,950,083	3,054,278	3,010,348	3,232,954	4,224,697	4,678,867
Other special instruction	576,846	1,044,459	469,834	603,002	-	-	-	-	-	-
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	498,965	546,340	739,128	552,346	1,171,465	1,153,566	1,116,066	1,136,579	1,344,759	1,518,528
Support Services:										
Tuition	1,759,129	2,142,778	1,818,728	1,942,494	1,918,923	1,701,486	1,413,536	1,337,124	1,284,283	1,646,365
Student & instruction related services	2,220,803	2,157,614	2,362,969	2,350,501	2,665,729	2,972,560	3,228,994	3,736,560	4,078,677	4,480,329
General administrative services	557,611	560,944	681,306	669,683	644,210	704,742	712,004	643,301	740,622	1,051,347
School Administrative services	645,822	655,129	530,194	504,056	889,916	1,006,865	916,515	946,636	976,225	739,773
Information Technology	198,449	199,118	179,575	191,046	172,608	150,356	209,113	197,201	244,744	222,100
Business administrative services	295,949	299,178	322,113	323,505	-	-	-	-	-	-
Plant operations and maintenance	1,774,694	1,496,737	1,604,097	1,605,136	1,615,633	1,891,810	1,888,832	2,086,763	2,157,207	2,219,983
Pupil transportation	665,699	643,591	635,830	816,755	847,979	842,707	577,407	805,516	985,763	1,365,546
Unallocated employee benefits	5,399,365	5,700,081	6,146,609	6,542,372	7,430,553	8,310,331	8,550,887	9,512,653	11,612,756	11,649,592
Special Schools	60,934	64,423	67,053	76,978	44,927	38,845	47,017	13,598	31,055	85,889
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	356,327	-	28,614	6,800	164,624	481,776	853,359	225,170	1,904,206	2,175,471
Debt service:										
Principal	405,000	585,000	705,000	855,000	770,000	800,000	845,000	840,000	905,000	950,000
Interest and other charges	590,357	576,106	559,531	368,429	470,000	438,612	406,088	371,763	338,600	302,400
ARRA/Education Jobs	-	-	-	-	-	-	-	-	-	-
Total expenditures	25,541,607	25,906,825	28,145,353	27,757,207	29,701,398	32,206,677	32,828,288	34,538,581	40,701,339	43,109,840
Excess (Deficiency) of revenues over (under) expenditures	(597,055)	305,297	(397,051)	(240,117)	887,164	803,786	495,099	1,160,659	(1,457,476)	(1,827,595)
Other Financing sources (uses)										
Adjustment to Fund Balance	-	-	-	-	-	255,605	(255,605)	-	-	-
State of NJ Grant	-	-	-	-	-	-	-	-	-	-
Lease Proceeds	-	-	-	-	-	-	-	1,822,440	-	-
Bond Proceeds	-	-	-	-	-	-	-	-	-	31,449,000
Adjustment prior year refund	-	-	-	-	-	-	-	22,941	-	-
Total other financing sources (uses)	-	-	-	-	-	255,605	(255,605)	1,845,381	-	31,449,000
Net change in fund balances	(597,055)	305,297	(397,051)	(240,117)	887,164	1,059,391	239,494	3,006,040	(1,457,476)	29,621,405
Debt service as a percentage of noncapital expenditures	4.0%	4.5%	4.5%	4.4%	4.2%	3.9%	3.9%	3.5%	3.3%	3.1%

Source: ACFR Schedule B-2

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

<u>Fiscal Year Ended June 30,</u>	<u>Interest on Investments</u>	<u>Tuition Revenue</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Ticket Sales</u>	<u>E-Rate</u>	<u>Choice Trans</u>	<u>Total</u>
2014	\$ -	\$ 446,828	\$ 83,647	\$ 71,174	\$ -	\$ 38,185	\$ -	\$ 639,834
2015	\$ -	\$ 525,407	\$ 43,955	\$ 33,955	\$ -	\$ 40,568	\$ -	\$ 643,885
2016	\$ 9,646	\$ 435,634	\$ 51,485	\$ 21,710	\$ -	\$ 17,309	\$ -	\$ 535,784
2017	\$ 25,250	\$ 510,173	\$ 47,058	\$ 16,870	\$ -	\$ 28,504	\$ -	\$ 627,855
2018	65,803	\$ 483,473	56,628	\$ 21,930	12,248	\$ 19,537		\$ 659,619
2019	99,772	\$ 485,075	59,443	\$ 12,250	12,250	\$ 17,400		\$ 686,190
2020	79,526	\$ 303,133	18,570	\$ 10,403	10,403	\$ 12,295		\$ 434,330
2021	12,909	\$ 15,846	4,220	\$ 89,874		\$ 72,376		\$ 195,225
2022	9,608	\$ 6,417	21,420	\$ 254,836	12,624	\$ 15,707		\$ 320,612
2023	80,275	\$ 290,625	37,736	\$ 121,601	15,999	\$ 26,050		\$ 572,286

Source: District Records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Personal Tangible Property	Net Valuation Taxable	Total Direct School Tax Rate ^a	Estimated Actual (County Equalized Value)
2014	\$ 7,826,100	\$ 449,556,100	\$ -	\$ -	\$ 88,522,400	\$ 269,859,600	\$ -	\$ 815,764,200	\$ -	\$ 622,822	\$ 816,387,022	2.189	
2015	\$ 7,820,300	\$ 451,270,500	\$ -	\$ -	\$ 89,904,100	\$ 269,142,200	\$ -	\$ 818,137,100	\$ -	\$ 629,922	\$ 818,767,022	2.316	
2016	\$ 7,977,900	\$ 452,547,700	\$ -	\$ -	\$ 89,797,200	\$ 269,079,300	\$ -	\$ 819,402,100	\$ -	\$ 658,808	\$ 820,060,908	2.467	
2017	\$ 8,059,300	\$ 455,339,700	\$ -	\$ -	\$ 87,565,800	\$ 266,955,100	\$ -	\$ 817,918,900	\$ -	\$ 658,767	\$ 818,577,667	2.514	
2018	\$ 7,899,200	\$ 456,530,900	\$ -	\$ -	\$ 86,825,700	\$ 269,920,500	\$ -	\$ 816,174,300	\$ -	\$ 650,570	\$ 816,824,870	2.512	
2019	\$ 7,859,600	\$ 457,857,700	\$ -	\$ -	\$ 87,240,700	\$ 264,284,900	\$ -	\$ 817,648,500	\$ -	\$ 599,570	\$ 818,248,070	2.561	
2020	\$ 7,905,400	\$ 461,658,300	\$ -	\$ -	\$ 90,794,200	\$ 265,614,000	\$ -	\$ 826,410,800	\$ -	\$ 586,587	\$ 826,999,387	2.585	
2021	\$ 8,299,600	\$ 462,874,300	\$ -	\$ -	\$ 89,133,700	\$ 256,614,000	\$ -	\$ 826,460,500	\$ -	\$ 584,606	\$ 827,045,106	2.647	
2022	\$ 8,328,400	\$ 464,201,300	\$ -	\$ -	\$ 91,382,000	\$ 263,571,200	\$ 538,900	\$ 828,021,800	\$ -	\$ 538,068	\$ 828,559,868	2.715	
2023	\$ 7,830,300	\$ 765,215,600	\$ -	\$ -	\$ 91,191,200	\$ 238,931,600	\$ 538,900	\$ 803,708,600	\$ -	\$ 458,924	\$ 804,167,524	2.846	

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Kenilworth Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General		Total Direct	Kenilworth Borough	County Open Space	Union County	
	Basic Rate ^a	Obligation Debt Service ^b					
2014	2.189		2.189	1.387	0.025	0.874	4.475
2015	2.316		2.316	1.405	0.026	0.921	4.668
2016	2.467		2.467	1.402	0.025	0.900	4.794
2017	2.514		2.514	1.433	0.025	0.902	4.874
2018	2.512		2.512	1.472	0.026	0.899	4.909
2019	2.559		2.559	1.507	0.028	0.952	5.046
2020	2.561		2.561	1.552	0.029	0.958	5.100
2021	2.612		2.612	1.592	0.029	0.943	5.176
2022	2.715		2.715	1.650	0.032	0.951	5.348
2023	2.846		2.846	1.864	0.039	0.996	5.745

Source: District Records and Municipal Tax Collector

Note:

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

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

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

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

Exhibit J-8

Taxpayer	2023			2013		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Merck	\$ 162,606,900	1	19.64%	\$ 177,667,000	1	26.39%
251 Monroe Owner LLC	\$ 7,867,100	1	0.95%	\$ -		0.00%
Kenilworth-Grocery/Berenson	\$ 7,643,700	3	0.92%	\$ 9,031,800	3	1.07%
Cristie Properties	\$ 6,903,600	4	0.83%	\$ 6,903,600	5	0.78%
251 S. 31st Street, LLC	\$ 5,974,000	5	0.72%	\$ -		0.00%
FDV Realty	\$ 5,046,400	6	0.61%	\$ 4,605,100	6	0.52%
Lakhani Associates	\$ 3,605,900	7	0.44%	\$ -		0.00%
141 Market Street Realty, LLC.	\$ 4,494,700	8	0.83%	\$ -		0.00%
Boright Realty	\$ 5,071,600	9	0.61%	\$ 7,426,800	4	0.84%
K'worth Storage, LLC	\$ 5,595,000	10	0.68%	\$ 3,400,000	9	0.39%
Total	\$ 214,808,900		26.23%	\$ 209,034,300		30.00%
 Total Assessed Value:	 \$ 828,021,800			 \$ 881,785,800		

Source: Municipal Tax Assessor

**Borough of Kenilworth Board of Education
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2014	\$ 36,638,155	\$ 36,316,828	99.12%	
2015	\$ 38,283,875	\$ 38,021,915	99.31%	
2016	\$ 39,427,384	\$ 39,109,601	99.19%	
2017	\$ 40,074,496	\$ 39,662,278	98.94%	
2018	\$ 40,175,885	\$ 39,797,014	98.99%	
2019	\$ 41,427,539	\$ 41,064,006	99.12%	
2020	\$ 42,423,754	\$ 42,013,140	99.03%	
2021	\$ 43,170,747	\$ 42,741,891	99.01%	
2022	\$ 44,353,477	\$ 43,598,706	98.30%	

Source: Borough Tax Office

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

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2014	14,145,000	-	-	-	-	14,145,000	0.21%	\$ 29,182
2015	13,560,000	-	-	-	-	13,560,000	0.25%	\$ 33,914
2016	12,575,000	-	-	-	-	12,575,000	0.33%	\$ 41,792
2017	11,720,000	-	-	-	-	11,720,000	0.36%	\$ 42,123
2018	10,950,000	-	-	-	-	10,950,000	0.38%	\$ 42,123
2019	10,015,000	-	-	-	-	10,015,000	0.35%	\$ 35,161
2020	9,305,000	-	-	-	-	9,305,000	0.38%	\$ 35,161
2021	8,465,000	-	-	-	-	8,465,000	0.42%	\$ 35,161
2022	7,560,000	-	-	-	-	7,560,000	0.46%	\$ 35,015
2023	38,058,000	-	-	-	-	38,058,000	0.10%	\$ 38,503

Source: Schedules I-1, I-2

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

Note: \$31,448,000 of new bonds were issued in Decemeber 2022 which will not be on the books until July 1, 2023

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

Exhibit J-11

General Bonded Debt Outstanding							
Fiscal Year Ended June 30,	General Obligation Bonds	Additions	Refinanced	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2014	14,550,000			405,000	14,145,000	0.46%	\$ 1,748.45
2015	14,145,000			585,000	13,560,000	0.44%	\$ 1,663.19
2016	13,560,000	9,395,000	10,375,000	5,000	12,575,000	0.41%	\$ 1,542.38
2017	12,575,000			855,000	11,720,000	0.38%	\$ 1,426.66
2018	11,720,000			770,000	10,950,000	0.36%	\$ 1,347.03
2019	10,950,000			800,000	10,150,000	0.33%	\$ 1,234.79
2020	10,150,000			845,000	9,305,000	0.30%	\$ 1,104.19
2021	9,305,000			840,000	8,465,000	0.27%	\$ 1,004.51
2022	8,465,000			905,000	7,560,000	0.25%	\$ 886.39
2023	7,560,000	31,448,000		950,000	38,058,000	1.24%	\$ 4,598.04

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

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

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

**Borough of Kenilworth Board of Education
 Ratios of Overlapping Governmental Activities Debt
 As of June 30, 2023**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Kenilworth (12-31-22)	12,418,670	100.000%	12,418,670
Other debt			
County of Union - Borough's Share	535,791,918	2.15%	11,519,526
Rahway Valley Sewerage Authority	111,798,302	4.44%	4,963,845
Subtotal, overlapping debt			28,902,041
Kenilworth Borough School District Direct Debt			<u>38,058,000</u>
Total direct and overlapping debt			<u><u>\$ 66,960,041</u></u>

Sources: Borough of Kenilworth Tax Office
 School District Records
 County of Union (908-527-4099/4050)

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Kenilworth. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

Equalized valuation basis

2022 \$ 2,135,177,411
 2021 \$ 1,775,425,349
 2020 \$ 1,629,358,833
 [A] \$ 5,539,981,593

[A/3] \$ 1,846,653,864

73,866,155 a
 [C] 38,058,000 (District Debt 6/30)
 [B-C] \$ 35,808,155

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Debt limit	\$ 38,836,672	\$ 52,092,654	\$ 52,092,654	\$ 50,806,358	\$ 50,806,358	\$ 50,808,358	\$ 61,258,152	\$ 63,191,151	\$ 42,873,145	\$ 73,866,155
Loss of Business Income										
Total net debt applicable to limit	<u>\$ 14,145,000</u>	<u>\$ 13,560,000</u>	<u>\$ 12,575,000</u>	<u>\$ 11,720,000</u>	<u>\$ 10,950,000</u>	<u>\$ 10,150,000</u>	<u>\$ 9,305,000</u>	<u>\$ 8,465,000</u>	<u>\$ 7,560,000</u>	<u>\$ 38,058,000</u>
Legal debt margin	<u>\$ 24,691,672</u>	<u>\$ 38,532,654</u>	<u>\$ 39,517,654</u>	<u>\$ 39,086,358</u>	<u>\$ 39,856,358</u>	<u>\$ 40,658,358</u>	<u>\$ 51,953,152</u>	<u>\$ 54,726,151</u>	<u>\$ 35,313,145</u>	<u>\$ 35,808,155</u>
Total net debt applicable to the limit as a percentage of debt limit	36.42%	26.03%	24.14%	23.07%	21.55%	19.98%	15.19%	13.40%	17.63%	51.52%

Source: Abstract of Ratables and District Records

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

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

Exhibit J-14

<u>Year</u>	<u>Kenilworth Population**</u>	<u>Personal Income (thousands of dollars)*</u>	<u>Per Capita Personal Income*</u>	<u>Unemployment Rate</u>
2013	8,040	23,607,852	29,363	9.20%
2014	8,090	23,608,238	29,182	6.60%
2015	8,153	23,608,642	28,957	5.80%
2016	8,215	23,608,267	28,738	5.20%
2017	8,194	23,608,553	28,812	4.50%
2018	8,129	23,608,242	29,042	4.60%
2019	8,220	28,902,342	35,161	3.10%
2020	8,427	29,630,175	35,161	16.40%
2021	8,427	29,630,175	35,161	8.10%
2022	8,529	29,864,294	35,015	3.80%
2023	8,277	31,868,933	38,503	3.90%

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

**April 1, 2020 is the latest census data

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

Exhibit J-15

Employer	2023			2014		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
-	-			-		
-	-	1	0.00%	-	1	0.00%
-	-	2	0.00%	-	2	0.00%
-	-	3	0.00%	-	3	0.00%
-	-	4	0.00%	-	4	0.00%
-	-	5	0.00%	-	5	0.00%
-	-	6	0.00%	-	6	0.00%
-	-	7	0.00%	-	7	0.00%
-	-	8	0.00%	-	8	0.00%
-	-	9	0.00%	-	9	0.00%
-	-	10	0.00%	-	10	0.00%
-	-		0.00%	-		0.00%

Source: Borough of Kenilworth

Not Available

**Borough of Kenilworth Board of Education
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>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	94.55	95.70	97.29	101.23	99.10	101.83	107.18	108.03	107.22	106.82
Special education	34.22	39.57	44.61	47.34	42.06	42.10	42.57	44.17	47.39	49.36
Other special education (CST)	7.00	7.00	7.00	7.00	7.00	8.00	8.00	6.80	7.60	6.80
Other instruction	11.27	11.64	11.50	10.50	10.50	10.50	10.00	10.00	10.00	15.00
Support Services:										
Student & instruction related services	10.00	11.00	12.00	13.94	14.50	14.50	15.50	15.50	16.00	16.40
General administrative services	8.00	7.00	7.00	7.50	8.50	8.50	9.50	9.50	10.00	9.30
School administrative services	9.50	9.50	9.50	10.50	10.50	11.50	11.50	11.50	10.50	10.00
Business administrative services	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Plant operations and maintenance	8.75	8.75	8.75	8.75	8.75	8.75	8.75	8.75	9.35	8.75
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Total	<u>187.04</u>	<u>193.91</u>	<u>201.40</u>	<u>210.51</u>	<u>204.66</u>	<u>209.43</u>	<u>216.75</u>	<u>218.00</u>	<u>221.81</u>	<u>226.18</u>

Source: District Position Control Roster - Budget Submission

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

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle/High School				
2014	1,389	24,189,923	\$ 17,415	4.08%	136.91	10.69	10.73	1,442.90	1,386.30	3.38%	96.08%
2015	1,412	24,745,719	\$ 17,532	0.67%	141.20	10.63	10.01	1,414.14	1,338.75	-1.99%	94.67%
2016	1,353	26,852,208	\$ 19,846	13.20%	146.73	12.00	11.00	1,411.57	1,341.37	-0.18%	95.03%
2017	1,355	26,526,978	\$ 19,577	-1.36%	99.10	12.00	11.00	1,433.97	1,357.47	1.59%	94.67%
2018	1,465	28,296,774	\$ 19,315	-1.34%	141.16	12.00	11.00	1,438.53	1,359.75	0.32%	94.52%
2019	1,445	30,486,289	\$ 21,098	9.23%	143.93	11.00	11.00	1,422.29	1,351.37	-1.13%	95.01%
2020	1,424	30,723,841	\$ 21,576	2.27%	149.75	11.00	11.00	1,424.02	1,292.97	0.12%	90.80%
2021	1,437	28,536,188	\$ 19,858	-7.96%	152.20	11.00	11.00	1,422.18	1,375.11	-0.13%	96.69%
2022	1,405	31,247,166	\$ 22,240	11.99%	155.03	11.00	11.00	1,422.14	1,349.67	0.00%	94.90%
2023	1,394	30,171,454	\$ 21,644	-2.68%	163.69	11.00	11.00	1,446.84	1,353.75	1.74%	93.57%

Sources: District records, ASSA and Schedules J-4, J-6, J-12; NJ School Report Card

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service, capital outlay and State Share of TPAF Pension; Schedule J-4
- b Teaching staff includes only full-time equivalents of certificated staff - Position Control Roster-Certified Staff Total
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Pupil Teacher Ratio - NJDOE School Performance Report

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

Exhibit J-18

District Building	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Elementary										
Warren Harding (1923)										
Square Feet	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500
Capacity (students)	650	650	650	650	650	650	650	650	650	650
Enrollment	714	730	679	682	706	691	700	666	693	677
Middle/High School										
David Brearley (1966)										
Square Feet	150,267	150,267	150,267	150,267	150,267	150,267	150,267	150,267	150,267	150,267
Capacity (students)	804	804	804	804	804	804	804	804	804	804
Enrollment	729	721	744	752	759	754	724	771	769	774
DISTRICT TOTALS	1,443	1,451	1,423	1,434	1,465	1,445	1,424	1,437	1,462	1,451

Number of Schools at June 30, 2023

Elementary = 1

Middle/High School = 1

Source: District records- School Register ADE

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

BOROUGH OF KENILWORTH BOARD OF EDUCATION
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 LAST FIVE FISCAL YEARS
 UNAUDITED

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

School Facilities	Project # (s)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Warren Harding Elementary School	N/A	16,116	17,572	89,786	52,110	77,115	76,941	109,920	57,341	50,935	28,700
David Brearley Middle/High School	N/A	93,550	259,262	78,328	53,592	110,695	49,087	56,353	108,322	104,459	69,033
District Level	N/A	167,998	146,219	217,505	224,519	155,454	193,145	267,626	158,295	88,333	136,512
Total School Facilities		<u>277,664</u>	<u>423,053</u>	<u>385,619</u>	<u>330,221</u>	<u>343,264</u>	<u>319,173</u>	<u>433,899</u>	<u>323,958</u>	<u>243,727</u>	<u>234,245</u>

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

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

Exhibit J-20

**NJ SCHOOLS INSURANCE FUND (NJSIG) JOINT INSURANCE FUND
2022-2023**

	Limits	Deductible
PROPERTY:		
Building & Personal Property - Pool	\$ 500,000,000	\$ 5,000
Equipment Breakdown - Pool	\$ 100,000,000	\$ 25,000
EDP - Electronic Data Processing Equip	\$ 500,000,000	\$ 1,000
Valuable Papers - Pool	\$ 10,000,000	\$ 5,000
Newly Aquired Property up to 120 days after acquisition - Pool	\$ 10,000,000	\$ 5,000
Auto Physical Damage	Per Schedule	\$ 1,000
Flood for properties all zones - Pool	\$ 75,000,000	
Special Flood Hazard Zone Deductible - Building		\$ 500,000
Special Flood Hazard Zone Deductible - Contents		\$ 500,000
All Other Flood Zones Deductible		\$ 10,000
Earthquake - Pool	\$ 50,000,000	\$ 5,000
Accounts Receivable - Pool	\$ 250,000	\$ 5,000
Loss of Rents	\$ 150,000	\$ 5,000
Loss of Business Income	\$ 300,000	\$ 5,000
CRIME & FIDELITY:		
Money & Securiteis	\$ 100,000	\$ 500
Public Employee Dishonesty	\$ 250,000	\$ 1,000
COMMERCIAL GENERAL & AUTO LIABILITY :		
Limit of Liability; Per Occurrence	\$ 16,000,000	
SCHOOL LEADERS PROFESSIONAL LIABILITY		
Limit of Liability; Per Occurrence/Aggregate	\$ 16,000,000	\$ 5,000
WORKERS COMPENSATION		
Per accident per employee	\$ 3,000,000	
Per disease per employee	\$ 3,000,000	
Disease Policy Limit	\$ 3,000,000	
EMPLOYEE DISHONESTY BONDS:		
Treasurer off School Monies	\$ 250,000	\$ 1,000
Board Secretary/Business Administrator	\$ 80,000	\$ 500
CYBER LIABILITY:		
Each Claim	\$ 2,000,000	Note 1
Annual Aggregate	\$ 2,000,000	Note 1

Note 1: \$250,000 or \$25,000 contingent upon controls in place

Source: District Records

SINGLE AUDIT SECTION

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
ROBERT A. HULSART, JR., C.P.A., P.S.A.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND REPORTING ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

K-1

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenilworth Board of Education, County of Union, State of New Jersey as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Kenilworth Board of Education, County of Union, State of New Jersey's basic financial statements, and have issued our report thereon dated January 15, 2024.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

Licensed Public School Accountant

No. 322

Robert A. Hulsart and Company

Wall Township, New Jersey

January 15, 2024

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
REQUIRED BY UNIFORM ADMINISTRATIVE AWARDS (UNIFORM GUIDANCE), AND
NEW JERSEY OMB'S CIRCULAR 15-08

K-2

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

Report on Compliance for Each Major Federal & State Program

Opinion on Each Major Federal & State Program

We have audited the Borough of Kenilworth School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Borough of Kenilworth School District's major federal and state programs for the year ended June 30, 2023. The Borough of Kenilworth School District'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 Borough of Kenilworth School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and NJ OMB 15-08. Our responsibilities under those standards and the Uniform Guidance 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 Borough of Kenilworth School District 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 opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Kenilworth School District's compliance with the 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, regulations, rules and provisions of contracts or grant agreements applicable to its 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 have occurred, whether due to fraud or error, and express an opinion on the Borough of Kenilworth School District'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*, the Uniform Guidance and NJ OMB 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 omissions, misrepresentations, 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 Borough of Kenilworth School District's compliance with the requirements of each major federal or state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment 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 Borough of Kenilworth School District'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 Borough of Kenilworth School District'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 Uniform Guidance and NJ OMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Kenilworth School District'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.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance or NJ OMB 15-08.

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 a 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 purposes described in the Auditor's Responsibilities for the Audit of Compliance paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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 have not been 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 the Uniform Guidance and NJ OMB 15-08. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

January 15, 2024

KENILWORTH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Schedule A
K-3

Federal Grantor/ Pass-Through Grantor/ Project Title	Federal CFDA Number	Federal Fain Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2023				
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor		
General Fund:																
Medical Assistance Program SEMI	93.778	2205NJ5MAP	N/A	\$ 24,058	07/01/2022	06/30/2023	\$ -		24,058	(24,058)						
U.S. Department of Agriculture Passed Through State Department of Education:																
National School Lunch Program	10.555	231NJ304N1099	N/A	163,958	07/01/2022	06/30/2023			151,443	(163,958)			(12,515)			
National School Lunch Program	10.555	221NJ304N1099	N/A	544,215	07/01/2021	06/30/2022	(33,457)		33,457							
School Breakfast Program	10.553	221NJ304N1099	N/A	43,318	07/01/2021	06/30/2022	(3,204)		3,204							
School Breakfast Program	10.553	231NJ304N1099	N/A	9,817	07/01/2022	06/30/2023			8,803	(9,817)			(1,014)			
HIFKA	10.555	23NJ304N1099	N/A	5,953	07/01/2022	06/30/2023			5,498	(5,953)			(455)			
PEBT	10.555	221NJ304N1099	N/A	1,242	07/01/2021	06/30/2022	(628)		628							
Food Distribution Program	10.550	231NJ304N1099	N/A	58,533	07/01/2022	06/30/2023			58,533	(58,533)						
Total U.S. Department of Agriculture							(37,289)	-	261,566	(238,261)	-		(13,984)	-	-	-
U.S. Department of Education Passed Through State Department of Education:																
Title I	84.010	S101A210030	N/A	220,628	07/01/2021	09/30/2022	(19,387)		19,387							
Title I	84.010	S101A220030	N/A	233,622	07/01/2022	09/30/2023			84,204	(233,622)			(149,418)			
Title IIA	84.367	S367A220029	N/A	33,507	07/01/2022	09/30/2023			19,349	(33,507)			(14,158)			
Title IIA	84.367	S367A210029	N/A	40,768	07/01/2021	09/30/2022	(1,201)		1,201							
Title III - Immigrant	84.365	S365A210030	N/A	8,988	07/01/2021	09/30/2022	(2,550)		2,550							
Title IV	84.424	S424A210031	N/A	13,793	07/01/2021	09/30/2022	(1,577)		1,577							
Title IV	84.424	S424A220031	N/A	18,264	07/01/2022	09/30/2023			16,066	(17,295)			(1,229)			
IDEA Part B Basic	84.027	H027A210100	N/A	339,017	07/01/2021	09/30/2022	(3,420)		3,420							
IDEA Part B Basic	84.027	H027A220100	N/A	350,958	07/01/2022	09/30/2023			344,639	(344,639)						
IDEA Preschool	84.173	H027A220100	N/A	22,774	07/01/2022	09/30/2023			22,774	(22,774)						
CARES Act	84.425D	S425D200027	N/A	174,067	03/13/2020	09/30/2022	(22,652)		22,652							
CRRSA CRF	84.425D	S425D200027	N/A	619,372	03/13/2020	09/30/2023	(44,428)		44,428							
CRRSA Learning Acceleration	84.425D	S425D200027	N/A	39,748	03/13/2020	09/30/2023	(9,937)		9,937							
CRRSA Mental Health	84.425D	S425D200027	N/A	45,000	03/13/2020	09/30/2023	(4,500)		4,500							
ARP ESSER II	84.425U	S425U210027	N/A	1,391,997	03/11/2021	09/30/2024	(29,162)		485,776	(605,506)			(148,892)			
ARP Accelerated Learning	84.425U	S425U210027	N/A	120,180	03/11/2021	09/30/2024			120,180	(120,180)						
ARP Summer	84.425U	S425U210027	N/A	40,000	03/11/2021	09/30/2024			27,464	(28,324)			(860)			
ARP Mental Health	84.425U	S425U210027	N/A	88,501	03/11/2021	09/30/2024				(88,501)			(88,501)			
Total U.S. Department of Education							(138,814)	-	1,230,104	(1,494,348)	-		(403,058)	-	-	-
Total Federal Financial Assistance							\$ (176,103)	-	1,515,728	(1,756,667)	-		(417,042)	-	-	-

See Accompanying Notes to Schedules of Financial Assistance.

KENILWORTH SCHOOL DISTRICT

Schedule B
K-4

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

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2022			Budgetary Expenditures Pass Through Funds	Adjustments	Repayment of Prior Year Balances	Balance at June 30, 2023			MEMO		
			From	To	Deferred Income (Accts Receivable)	Due To Grantor	Carryover (Walkover) Amount				Cash Received	Intergovernmental (Accounts Receivable)	Deferred Revenue Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
Special Education Aid	23-495-034-5120-089	\$ 1,218,446	7/1/2022	6/30/2023	\$ -			1,098,025			(1,218,446)			(120,421)	1,218,446	
School Choice	23-495-034-5120-068	2,018,080	7/1/2022	6/30/2023				1,818,619			(2,018,080)			(199,461)	2,018,080	
Equalization Aid	23-495-034-5120-078	4,057,996	7/1/2022	6/30/2023				3,656,948			(4,057,996)			(401,048)	4,057,996	
Security Aid	23-495-034-5120-084	214,451	7/1/2022	6/30/2023				193,267			(214,451)			(21,184)	214,451	
Transportation Aid	23-495-034-5120-014	173,781	7/1/2022	6/30/2023				156,622			(173,781)			(17,159)	173,781	
Extraordinary Aid	23-495-034-5120-044	260,385	7/1/2022	6/30/2023							(260,385)				260,385	
Extraordinary Aid	22-495-034-5120-044	297,583	7/1/2021	6/30/2022	(297,583)			297,583								
Maintenance of Equity Aid	23-495-034-5120-128	235,956	7/1/2022	6/30/2023				235,956			(235,956)					
Stabilization Aid	23-495-034-5120-494	66,628	7/1/2022	6/30/2023				66,628			(66,628)					
School Security Grant	NA	82,165	7/1/2022	6/30/2023				82,165			(82,165)					
Lead Testing Reimbursement	23-495-034-5120-104	2,689	7/1/2022	6/30/2023				2,689			(2,689)					
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)	23-495-034-5094-001	1,317,902	7/1/2022	6/30/2023				1,317,902			(1,317,902)				1,317,902	
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	23-495-034-5094-002	5,016,802	7/1/2022	6/30/2023				5,016,802			(5,016,802)				5,016,802	
On-Behalf T.P.A.F. Pension Contributions - Long Term Disability	23-495-034-5094-004	2,362	7/1/2022	6/30/2023				2,362			(2,362)				2,362	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	23-100-034-5095-003	1,108,505	7/1/2022	6/30/2023				1,052,649			(1,108,505)		(55,856)		1,108,505	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	22-100-034-5095-002	1,056,042	7/1/2021	6/30/2022	(52,737)			52,737								
					(350,320)	-	-	15,050,954	(15,776,148)	-	-	(316,241)	-	(759,273)	15,388,710	
State Department of Agriculture:																
National School Lunch Program (State Share)	22-100-010-3350-023	12,774	7/1/2021	6/30/2022	(770)			770								
National School Breakfast Program (State Share)	23-100-010-3350-023	282	7/1/2022	6/30/2023				250			(282)		(32)		282	
National School Lunch Program (State Share)	23-100-010-3350-023	8,287	7/1/2022	6/30/2023				7,659			(8,287)		(628)		8,287	
					(770)	-	-	8,679	(8,569)	-	-	(660)	-	-	8,569	
Debt Service Aid Type II	23-495-034-5120-125	425,816	7/1/2022	6/30/2023				425,816			(425,816)				425,816	
Special Revenue:																
Nonpublic Aid:																
Textbook Aid	22-495-034-5120-064	10,203	7/1/2021	6/30/2022	11						(11)					
Textbook Aid	23-495-034-5120-064	12,078	7/1/2022	6/30/2023				12,078			(11,755)			323	11,755	
Nursing Services	22-100-034-5120-070	19,040	7/1/2021	6/30/2022	1,762						(1,762)					
Nursing Services	23-100-034-5120-070	20,496	7/1/2022	6/30/2023				20,496			(14,213)			6,283	14,213	
Technology Aid	22-100-034-5120-373	7,140	7/1/2021	6/30/2022	166						(166)					
Technology Aid	23-100-034-5120-373	7,686	7/1/2022	6/30/2023				7,686			(7,686)					
Security Aid	22-100-034-5120-084	29,750	7/1/2021	6/30/2022	15,225						(15,225)					
Security Aid	23-100-034-5120-084	37,515	7/1/2022	6/30/2023				37,515			(36,750)			765	36,750	
Home Instruction	22-100-034-5120-067	319	7/1/2021	6/30/2022	(319)			319								
Compensatory Education	22-100-034-5120-067	80,353	7/1/2021	6/30/2022	1,612						(1,612)					
Compensatory Education	23-100-034-5120-067	94,186	7/1/2022	6/30/2023				94,186			(94,185)			1	94,185	
English as a Second Language	23-100-034-5120-067	1,002	7/1/2022	6/30/2023				1,002						1,002		
Examination and Classification	23-100-034-5120-066	24,647	7/1/2022	6/30/2023				24,647			(14,223)			10,424	14,223	
Examination and Classification	22-100-034-5120-066	18,582	7/1/2021	6/30/2022	4,173						(4,173)					
Corrective Speech	22-100-034-5120-066	11,625	7/1/2021	6/30/2022												
Corrective Speech	23-100-034-5120-066	13,950	7/1/2022	6/30/2023				13,950			(10,230)			3,720	10,230	
Supplemental Instruction	22-100-034-5120-066	18,172	7/1/2021	6/30/2022	6,442						(6,442)					
Supplemental Instruction	23-100-034-5120-066	16,520	7/1/2022	6/30/2023				16,520			(12,308)			4,212	12,308	
Climate Awareness	NA	6,660	7/1/2022	6/30/2023							(6,453)				6,453	
					29,072	-	-	228,399	(200,117)	-	(29,391)	(6,453)	-	34,416	200,117	
Total State Financial Assistance					\$ (322,018)	-	-	15,713,848	(16,410,650)	-	(29,391)	(323,354)	-	34,416	(759,273)	16,023,212

Less: State Financial Assistance Not Subject to Major Program Determination:

On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)	1,317,902
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	5,016,802
On-Behalf T.P.A.F. Pension Contributions - Long Term Disability	2,362

Total State Financial Assistance Subject to Major Program Determination

\$ (10,073,584)

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

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KENILWORTH SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2023****NOTE 1: General**

The accompanying schedules of financial assistance present the activity of all federal and state financial assistance programs of the Board of Education, Kenilworth School District. The Board of Education is defined in Note 1(A) to the Board's general-purpose financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

NOTE 2: Basis of Accounting

The accompanying schedules of expenditures of awards and financial assistance are presented using the modified accrual basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting and than recorded in the special revenue fund which are presented using the budgetary basis of accounting. These bases of accounting are described in the Note 1(C) to the Board's general-purpose financial statements.

NOTE 3: Relationship to General Purpose Financial Statements

The general-purpose financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-4.2.

NOTE 3: Relationship to General Purpose Financial Statements

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>					
Actual Amounts (Budgetary)					
“Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 15,776,148	200,117	425,816	8,569	16,410,650
Difference – Budget to “GAAP”					
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized		2,602			2,602
The Last State Aid Payment Is Recognized as Revenue for Budgetary Purposes, and Differs from GAAP Which does not Recognize This Revenue Until the Subsequent Year When the State Recognizes the Related Expense (GASB 33)	(77,450)				(77,450)
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 15,698,698</u>	<u>202,719</u>	<u>425,816</u>	<u>8,569</u>	<u>16,335,802</u>

NOTE 3: Relationship to General Purpose Financial Statements (Continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>				
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of Federal Awards	\$ 24,058	1,494,348	238,261	1,756,667
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized	_____	<u>120,508</u>	_____	<u>120,508</u>
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances	<u>\$ 24,058</u>	<u>1,614,856</u>	<u>238,261</u>	<u>1,877,175</u>

NOTE 4: Relationship to Federal and State Financial Reports

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5: Other

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state of behalf of the District for the year ended June 30, 2023. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2023.

BOROUGH OF KENILWORTH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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Part 1 - Summary of Auditor's Results

Financial Statement Section

Unmodified

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

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

2) Were reportable conditions(s) identified that were not considered to be material weaknesses? _____ Yes x No

(C) Noncompliance material to general purpose financial statements noted? _____ Yes x No

Federal Awards Section

Internal control over compliance

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

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

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

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

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

84.027	IDEA Part B (Special Education Cluster)
84.173	IDEA Preschool (Special Education Cluster)
84.425U	ARP ESSER II (American Rescue Plan - Elementary and Secondary Schools)
84.425U	ARP Learning Acceleration (American Rescue Plan - Elementary and Secondary Schools)
84.425U	ARP Summer Learning (American Rescue Plan - Elementary and Secondary Schools)
84.425U	ARP Mental Health (American Rescue Plan - Elementary and Secondary Schools)

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

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

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

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2023***Part 2 - Schedule of Financial Statement Findings***

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

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2023*Part 3 - Schedule of Federal and State Award Findings and Questioned Costs*

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

FEDERAL AWARDS

Finding: None

Federal program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

BOROUGH OF KENILWORTH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

BOROUGH OF KENILWORTH SCHOOL DISTRICT**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

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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, Title 2 U.S. Code of Federal Regulations Part 200 and New Jersey OMB's Circular 15-08.

Prior Audit Findings:

No prior year audit findings.