

SCHOOL DISTRICT

OF

KENILWORTH



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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

OF THE

KENILWORTH BOARD OF EDUCATION

KENILWORTH, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

PREPARED BY

**KENILWORTH BOARD OF EDUCATION
FINANCE DEPARTMENT**

KENILWORTH SCHOOL DISTRICT

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INTRODUCTORY SECTION

KENILWORTH PUBLIC SCHOOL DISTRICT

Jeremy Davies
Superintendent
Vincent A. Gonnella
School Business Administrator
Board Secretary



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January 10, 2025

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, 2024 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, 2023 was 1,416 students. The following details the changes in the student enrollment of the District over the last ten years using an October 15th count:

*Davies/Gonnella to Board of Education
January 10, 2025*

Fiscal Year	October 15th Enrollment	Student Change	% Change
2023 - 2024	1,416	(35)	-2.41%
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:

From a budgetary perspective, an increasingly pressing reality is that a growing share of our budget is consumed by fixed costs, many of which are mandated or tied to contractual obligations. Current trends reveal that spending in these mandated and contractual categories is steadily increasing, while expenditures on discretionary and non-contractual items are correspondingly shrinking. Notably, mandated programs, such as Special Education, and escalating health benefit costs are experiencing annual increases well above the 2% cap, creating additional strain on the budget.

Compounding these challenges, the depletion of reserves and free balance significantly impacts the district’s financial flexibility. As reserves dwindle, the ability to absorb unexpected costs or fund new initiatives becomes limited, forcing future budgets to prioritize mandatory expenditures at the expense of educational programs and services. Without careful fiscal management and strategic planning, these trends could result in the reduction or elimination of discretionary

*Davies/Gonnella to Board of Education
January 10, 2025*

programs, potentially diminishing the quality of the educational programs the district offers.

STATE AID:

Due to changes in Kenilworth's Equalized Property Values, the district experienced a loss of Equalization Aid in FY '24. However, there were increases in Choice Aid, leading to a small overall increase in State Aid. Anticipating a similar situation in FY '25, the district prepared the budget with the expectation of flat State Aid funding.

Throughout January and February, the Board's Finance and Facility Committee, along with district administrators, worked diligently to develop a budget that addressed the educational needs of the students while acknowledging the financial challenges in the community.

The release of State Aid figures revealed a devastating blow, with a 42.74% loss in Equalization Aid, equating to a loss of \$1,691,262. Months of work were undone in seconds, prompting immediate efforts to rework the budget to meet the March 20th statutory deadline.

Compounding the issue, the district did not receive any increase in key categorical aids. The amount spent in these categories does not come close to the amount of aid received.

The Current State of School Funding in NJ

Our current school funding system, established by the School Funding Reform Act (SFRA), has been in place for 15 years. It was created to address the inequality in spending between wealthier suburban and poorer urban school districts. SFRA set a fixed amount per student, regardless of location, aiming to ensure a fair level of spending for everyone.

District budgets were created by figuring out how much it costs to educate each student based on certain factors. Then, they calculated the total amount needed to give all students in the district an adequate education, or the Adequacy Budget.

Originally, the plan was for the state and local districts to fund this adequacy budget based on their property and income wealth, with wealthier districts contributing more. The largest aid category, Equalization Aid, was meant to equalize funding in a fair way. Other aid for specific programs, like transportation and special needs, was also provided without considering district wealth.

However, SFRA was never fully implemented as intended. A "hold harmless" clause was added to ensure no district lost funding from the previous year, regardless of changes in enrollment or local wealth. This led to the introduction of Adjustment Aid to guarantee continued funding to all districts.

Although SFRA was deemed constitutional by the NJ Supreme Court, the "hold harmless" provision redirected some funds from educational adequacy aid to districts under this provision. Originally, Adjustment Aid was supposed to phase out in three years, and Equalization Aid was to be fully funded. Unfortunately, due to a financial crisis caused by the 2008 banking collapse, this plan was derailed.

Over time, legislative actions, such as the Levy Cap law in 2010, further complicated the situation. This law limited annual tax levy increases to 2%, affecting districts below the SFRA fair share requirement. Districts receiving Adjustment Aid faced no pressure to raise their levies, leading to a substantial cumulative effect.

*Davies/Gonnella to Board of Education
January 10, 2025*

In 2018, S-2 legislation aimed to reallocate funds from overfunded districts to those that had never been fully funded according to the SFRA. This forced districts with prolonged Adjustment Aid to increase local spending, causing financial crises for many due to the 2% levy cap.

Impact of the 2% Tax Levy Cap

Now that we have explored the historical narrative of the School Funding Reform Act and outlined the reasons behind the loss of Equalization Aid, it's crucial to highlight the discord and inconsistencies between the SFRA and the 2% Tax Levy Cap.

The SFRA, implemented during the 2008-2009 school year, established the Adequacy budget, which theoretically defined the sufficient amount to be spent on education. Initially, there wasn't much contention regarding the formula itself, but rather how it would be funded, or rather, the lack thereof.

The introduction of the 2% Tax Levy Cap in 2010 threw a wrench into the workings of the SFRA. While the SFRA set forth the notion of an Adequacy Budget, indicating that all schools should spend a reasonable amount on education based on this model, it also stipulated that schools should contribute their fair share based on local demographics, including Personal Income, Equalized Property Valuations and population of low-income students. Districts with lower property and income levels would receive Equalization Aid to bridge the gap.

However, the 2% Tax Levy Cap restricted districts from being able to fulfill their fair share obligations. In Kenilworth's case, while the State asserts that Kenilworth's property and income levels are rising, implying that our community's ability to pay or contribute fairly should increase accordingly, the imposition of the 2% cap limits our capacity to do so.

With Kenilworth's shifting demographics, increased personal income, elevated equalized property valuations, and a decrease in our low-income population, we witnessed a significant reduction in our Equalization Aid with little ability to raise taxes to offset the loss.

Fiscal Yr.	Equalized Valuation (1)			District Income (2)		
	Amount	\$ Change	% Change	Amount	\$ Change	% Change
FY '20	1,524,501,018			277,923,241		
FY '21	1,586,726,631	62,225,613	4.08%	282,472,571	4,549,330	1.64%
FY '22	1,629,947,420	43,220,789	2.72%	282,406,732	(65,839)	-0.02%
FY '23	1,776,009,955	146,062,535	8.96%	335,581,213	53,174,481	18.83%
FY '24	2,135,715,479	359,705,524	20.25%	321,120,379	(14,460,834)	-4.31%
FY '25	2,459,787,565	324,072,086	15.17%	354,301,561	33,181,182	10.33%

(1) EV has a reporting delay, FY '25 aid is based off the 10/1/2023 valuation

(2) District Income has a reporting delay, FY '25 aid is based off of 2021 income

Consequently, Kenilworth's budget falls well below the adequacy level envisioned by the SFRA.

*Davies/Gonnella to Board of Education
January 10, 2025*

This issue is not unique to Kenilworth; the State has acknowledged the need for a reform of the formula. Four years ago, in fiscal year 2021, twenty-one districts experienced an increase in Equalized Property Values of 10% or more. Last year, in fiscal year 2024, three hundred and twenty-two districts saw a 10% or more increase in Equalized Property Values. It's important to note that many of these districts never received equalization aid in the first place, so they did not incur losses.

The combination of not following the original SFRA plan, the prolonged Adjustment Aid, and the 2% levy cap have created a challenging situation that now requires a thorough review of SFRA's definitions and formulas. The individual actions taken without considering SFRA's impact have brought us to a critical point in New Jersey school funding.

In May 2024 the Legislature passed two bills to assist school districts that lost State Aid in FY '25. One bill provided a restoration of aid, amounting to 45% of the lost equalization aid. The other allowed districts, under certain circumstances, to increase taxes beyond the 2% tax levy limit.

Kenilworth was eligible for both options: an increase in the tax levy and a restoration of equalization aid. Kenilworth was eligible for a tax levy increase of only \$14,529. The Finance & Facility Committee felt that given the small increase, going through the lengthy process wasn't warranted. However, the district was eligible for an additional \$633,961 in State Aid. The Committee discussed options to restore various positions and programs using this additional funding

COMMUNITY OUTLOOK:

The community remains a vital part of the Board's success; it provides financial support to the Board in addition to the numerous volunteer activities conducted by parents and community members. In 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.

The economic outlook for Kenilworth has been positively influenced by significant recent property acquisitions, particularly the redevelopment of the former Merck headquarters. Onyx Equities and Machine Investment Group purchased the 108-acre site, transforming it into the Northeast Science and Technology (NEST) campus. This development aims to create a hub for biotechnology, pharmaceutical research, and data innovation. It includes state-of-the-art laboratories, biomanufacturing spaces, and support facilities designed to attract life sciences and technology companies.

CoreWeave, an AI cloud computing company, announced plans to invest over \$1 billion in a next-generation data center at the NEST campus. This project is expected to enhance Kenilworth's reputation as a center for AI and innovation while boosting the local economy. The development will also bring infrastructure upgrades, including expanded energy capabilities, to support future growth.

These initiatives not only promise to create jobs and attract high-tech industries but also position Kenilworth as a competitive player in the broader regional and state-level economic landscape.

*Davies/Gonnella to Board of Education
January 10, 2025*

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 district held a groundbreaking ceremony in November 2023.

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

The Ward Field Athletic Complex received a new synthetic field, providing all weather playing capabilities. The track was resurfaced. This work was completed in time for the Class of 2024 to hold commencement ceremonies on the field in June 2024.

The HVAC systems in both buildings was upgraded with new classroom unit ventilators as well as other air handling units being replaced. Most of this work was completed between January and June 2024.

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.

*Davies/Gonnella to Board of Education
January 10, 2025*

Consistent with maintaining buildings at a level of excellence and Kenilworth standards, a total of \$282,726 was spent on Renovations/Repairs to the Harding and Brearley facilities during the 2023-2024 school year:

Harding School:

Repair of Building & Equipment	\$ 23,808	
Instructional Equipment Repairs	<u>\$ -</u>	
		\$ 23,808

Brearley School:

Repair of Building & Equipment*	\$ 90,332	
Instructional Equipment Repairs		
		\$ 90,332

District Level:

Contracted Upkeep of Grounds (No Salaries)	\$ 28,718	
Asbestos Management & Environmental	\$ 7,735	
Contracted Services Maintenance	\$ 67,290	
Maintenance Supplies & Other Objects	\$ 43,033	
Maintenance Agreements	<u>\$ 21,810</u>	
		<u>\$ 168,586</u>

Total

\$ 282,726

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

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

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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.

New District goals were approved in October 2024 that focus on continued advancement in academic achievement, seeing construction/referendum projects to completion, working to develop student motivation for learning through engaging classroom instruction, and fostering student voice and vision so they have great agency over their learning and their futures. Our school buildings have their own set of goals that coalesce within the district's larger goals. In the 2024-2025 school year, in addition to academic achievement, Harding Elementary School is focused on its MTSS process and its engagement with families. Brearley Middle High School is strengthening the transition between Middle School and High School, building the foundation to incorporate the Harding 6th Grade team into a true 6th through 8th Grade Middle School, and again, continuing to strengthen instruction to yield stronger academic achievement results.

Our grades K-6 classrooms have transitioned to SAEBRS Universal Screener to help identify students in need of interventions. Elementary teachers also continue to receive embedded coaching around the workshop model, while secondary teachers receive embedded coaching related to small group instruction and implementing book clubs to increase comprehension. Additionally, a technology facilitator coaches all staff in technology integration as well as assisted with professional development around innovative teaching and learning tools using technology. We also rely 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.

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. We have begun the work to apply for the State's early childhood education grant in hopes of being awarded that grant for the 2025-2026 school year.

*Davies/Gonnella to Board of Education
January 10, 2025*

The district is also committed to the continued refinement of a balanced literacy approach. All K-6 teachers implement readers and writers workshop. All teachers K-3 are trained in Orton Gillingham practices to support our word study program, and all 4-6th grade teachers are 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.

At both Harding and David Brearley, we're piloting new Math programs for a 2025-2026 transition. Math teachers at all levels engage with Conquer Math training which enhances teachers' abilities to align the curriculum and their teaching practice to the NJSLA.

To provide more individualized learning experiences for Kenilworth's children, the middle-high school continues to offer alternative pathways for students to earn credits. Brearley students can enter our Alternative Program, take online courses via Educere, or enroll in dual credit classes via Fairleigh Dickinson University. The Kenilworth Scholars' Academy enrolls 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. 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. Additionally, the district has created the position of Transition Coordinator. Not only does this position allow our students with special needs to find career opportunities within the high school setting, but the position is working towards alternative learning opportunities for all students in the form of internships, research collaborations, and work-study programs. These opportunities exist via the Option II program, providing students with credit-bearing experiences that best prepare them for their futures.

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.

*Davies/Gonnella to Board of Education
January 10, 2025*

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:

2016 Refunding:

In the Spring of 2016 the 2009 Bond issue was refinanced due to potential savings. Total Debt Service in the amount of \$1,254,400 was paid during the fiscal year 2024. A \$990,000 principal payment was made. The principal balance as of June 30, 2024 was \$5,620,000.

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. Total Debt Service in the amount of \$1,525,196.56, was paid during the fiscal year 2024. No principal payments were made in fiscal year 2024. The principal balance as of June 30, 2024 was \$31,448,000.

Total debt retired in fiscal year 2024 was \$990,000. Total outstanding debt for the District as of June 30, 2024, was \$37,068,000.

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

*Davies/Gonnella to Board of Education
January 10, 2025*

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

Respectfully submitted,



Jeremy Davies
Superintendent



Vincent A. Gonnella
Board Secretary/Business Administrator

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

**ROSTER OF OFFICIALS
June 30, 2024**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michelle Panichi, President	12/31/2024
Gregg F. David, Vice President	12/31/2026
Robert Beiner	12/31/2025
Paulette Drogon	12/31/2024
John Ferreira	12/31/2025
Ryan Haberthur	12/31/2026
Anthony Laudati	12/31/2025
Alison Tears	12/31/2024
Nancy Zimmerman	12/31/2026

Other Officials:

Kyle C. Arlington, Superintendent of Schools/Treasurer through 6/30/24

Jeremy Davies, Superintendent of Schools/Treasurer effective 7/1/2024

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 Student Personnel Services
 Jeremy Davies, Principal David Brearley Middle/High School
 Kathleen Derillo, Supervisor of Special Services & Projects
 Samantha Heimple, Director of Curriculum, Instruction & Innovation
 Greg Jablonski, Director of Academic Operations and Engagement
 Scott Miller, Supervisor of Athletics, Health & Physical Education
 Madelyn Pavelchak, Assistant Principal, Brearley
 Joant Rodriguez, Supervisor of Information Technology

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

CONSULTANTS & ADVISORS

Architect of Record

SSP Architectural Group
50 Division Street
Suite 503
Somerville, NJ 08876-0758

Audit Firm

Robert A. Hulsart & Co.
2807 Hurley Pond Road
P.O. Box 1409
Wall, New Jersey 07719

Attorney

Vito A. Gagliardi, Jr., Esq.
Porzio, Bromberg & Newman, P.C.
100 Southgate Parkway, PO Box 1997
Morristown, NJ 07962-1997

Labor Counsel

Jaclyn Morgese, Esq.
Chasen Lamparello Mallon & Cappuzzo, PC
300 Lightening Way, Suite 200
Secaucus, NJ 07094

Official Depository

Citizens Bank
Cranford, NJ 07033

Insurance Agent/Risk Manager

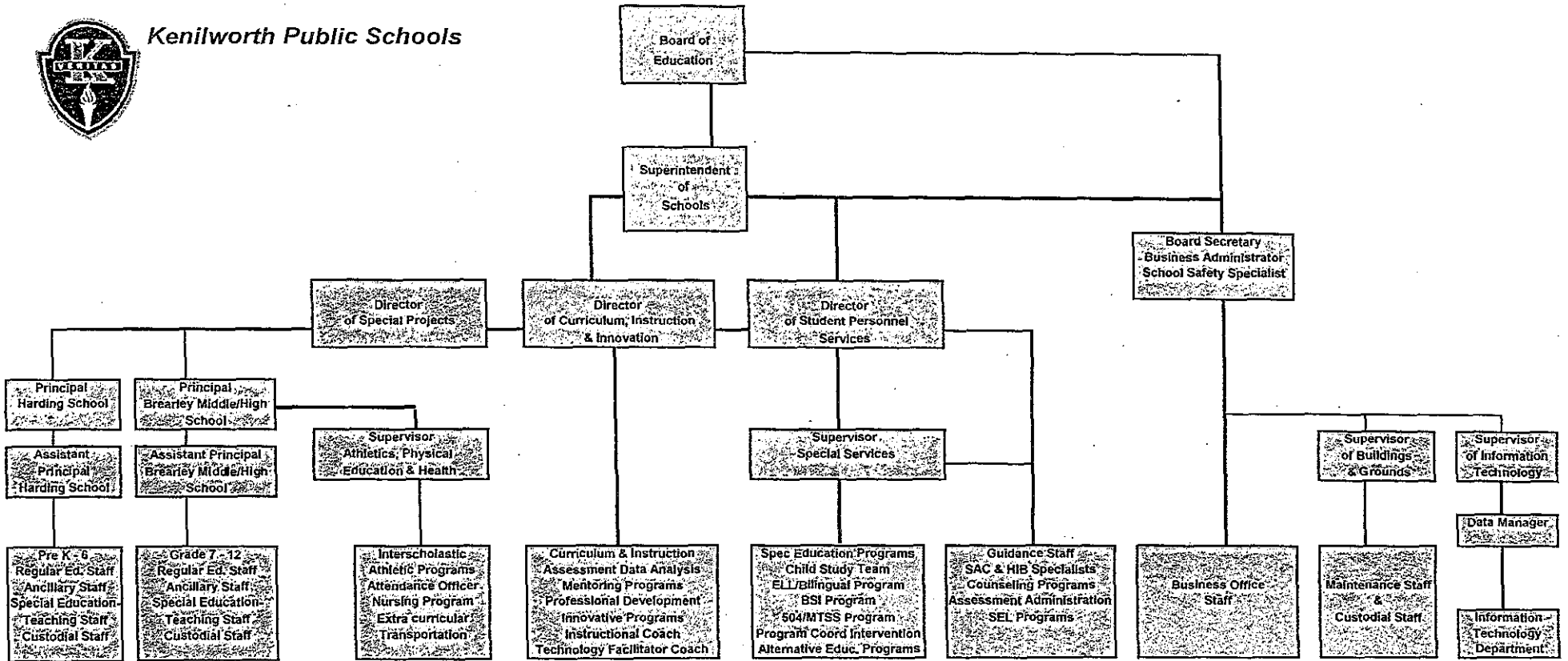
CBIZ Agency
219 South Street
New Providence, NJ 07974

Health Benefits Advisor

Brown & Brown Benefit Advisors
56 Livingston Avenue
Suite 220
Roseland, NJ 07068



Kenilworth Public Schools



FINANCIAL SECTION

Robert A. Hulsart and Company
CERTIFIED PUBLIC ACCOUNTANTS

14.

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

Telecopier:
(732) 280-8888
e-mail:
rah@monmouth.com

2807 Hurley Pond Road · Suite 100
P.O. Box 1409
Wall, New Jersey 07719-1409
(732) 681-4990

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, 2024, 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, 2024, 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 known 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.

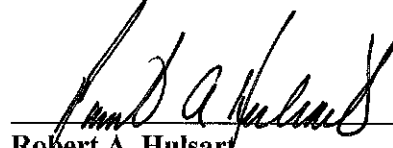
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 10, 2025, 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 10, 2025

REQUIRED SUPPLEMENTARY INFORMATION
PART I

KENILWORTH PUBLIC SCHOOL DISTRICT
BOROUGH OF KENILWORTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024. 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 2023-2024 fiscal year are as follows:

- General revenues accounted for \$45,059,991 in revenue or 94% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,095,974 or 6% percent to total revenues of \$48,155,965.
- The School District had \$56,540,024 in expenses; only \$3,095,974 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$45,059,991 were adequate to provide for these programs.
- The General Fund had \$39,803,512 in revenues, \$38,993,353 in expenditures. The General Fund's balance increased \$1,442,933 from 2023. 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 2023-2024 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 2024 with 2023.

Table 1
Net Position

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Current and Other Assets	\$ 31,502,410	37,814,510
Capital Assets, Net	<u>5,742,198</u>	<u>6,358,569</u>
Total Assets	<u>\$ 37,244,608</u>	<u>44,173,079</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 442,073</u>	<u>626,770</u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 341,479</u>	<u>709,276</u>
<u>Liabilities</u>		
Current Liabilities	\$ 41,319,256	1,315,109
Long Term Liabilities	<u>5,997,189</u>	<u>44,362,648</u>
Total Liabilities	<u>\$ 47,316,445</u>	<u>45,677,757</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ (31,325,802)	(33,326,431)
Restricted	24,997,803	36,686,294
Unrestricted	<u>(3,643,244)</u>	<u>(4,947,047)</u>
Total Net Position	<u>\$ (9,971,243)</u>	<u>(1,587,184)</u>

Table 2 shows the changes in net position for fiscal year 2024 and 2023.

Table 2
Changes in Net Position

	<u>2024</u>	<u>2023</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 1,246,634	762,164
Operating Grants and Contributions	1,849,340	2,390,045
General Revenues		
Property Taxes	22,882,003	22,492,367
Grants and Entitlements	16,968,266	15,903,917
Other	<u>5,209,722</u>	<u>534,106</u>
Total Revenues	<u>48,155,965</u>	<u>42,082,599</u>
<u>Program Expenses</u>		
Instruction	16,341,011	16,221,045
Support Services		
Pupils and Instructional Staff	5,831,045	6,126,694
General Administration, School Administration, Business, Benefits	14,546,527	13,317,076
Operations and Maintenance of Facilities	2,252,616	2,219,983
Pupil Transportation	1,040,501	1,365,546
Interest on Debt	1,575,385	952,460
Unallocated Depreciation	616,371	616,371
Capital Outlay Not Capitalized	13,538,236	1,980,031
Special Schools	75,943	85,889
Enterprise	<u>722,389</u>	<u>718,434</u>
Total Expenses	<u>56,540,024</u>	<u>43,603,529</u>
Increase/Decrease in Net Position	<u>\$ (8,384,059)</u>	<u>(1,520,930)</u>

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 \$80,494.
- Aftercare revenues exceeded expenses by \$42,494.
- Charges for services represent \$535,853 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 \$309,524.

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, 2024, it reported a combined net position balance of \$(9,971,243). 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, 2024, the School Board had approximately \$5,742,198 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 2024 fiscal year.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Table II		
Capital Assets at June 30, 2024		
Land	\$ 2	
Sites	329,194	
Buildings	<u>5,413,002</u>	_____
Total	<u>\$ 5,742,198</u>	=====

Debt Administration

At June 30, 2024, the School District had \$43,185,256 as outstanding debt. Of this amount \$1,663,919 is for compensated absences, \$2,926,337 is for pension liability, the balance of \$37,068,000 is for bonds for school construction; and \$1,527,000 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 \$(4,164,137) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a balance of \$(4,164,137).

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, 2024

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 3,214,881	507,644	3,722,525
Receivables, Net	2,768,833	9,177	2,778,010
Inventory		4,072	4,072
Restricted Assets:			
Cash and Cash Equivalents	24,997,803		24,997,803
Capital Assets Not Depreciated	2		2
Capital Assets, Net	5,742,196		5,742,196
Total Assets	<u>36,723,715</u>	<u>520,893</u>	<u>37,244,608</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>442,073</u>		<u>442,073</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>341,479</u>		<u>341,479</u>
<u>Liabilities</u>			
Deferred Revenue	60,303		60,303
Accounts Payable	3,477,853		3,477,853
Accrued Interest	593,033		593,033
Noncurrent Liabilities:			
Due Within One Year	1,869,000		1,869,000
Due Beyond One Year	41,316,256		41,316,256
Total Liabilities	<u>47,316,445</u>	<u>-</u>	<u>47,316,445</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	(31,325,802)		(31,325,802)
Restricted For:			
Other Purposes	24,997,803		24,997,803
Unrestricted	<u>(4,164,137)</u>	<u>520,893</u>	<u>(3,643,244)</u>
Total Net Position	<u>\$ (10,492,136)</u>	<u>520,893</u>	<u>(9,971,243)</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, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$10,284,493			(10,284,493)		(10,284,493)
Special Education	4,398,840		979,575	(3,419,265)		(3,419,265)
Other Instruction	1,657,678			(1,657,678)		(1,657,678)
Support Services:						
Tuition	1,599,110	710,781		(888,329)		(888,329)
Student & Instruction Related Services	4,231,935		278,739	(3,953,196)		(3,953,196)
School Administrative Services	759,085			(759,085)		(759,085)
General and Business Administrative Services	999,720			(999,720)		(999,720)
Technology Information Services	250,416			(250,416)		(250,416)
Plant Operations and Maintenance	2,252,616			(2,252,616)		(2,252,616)
Pupil Transportation	1,040,501			(1,040,501)		(1,040,501)
Unallocated Benefits	12,537,306			(12,537,306)		(12,537,306)
Special Schools	75,943			(75,943)		(75,943)
Capital Outlay	13,538,236		287,300	(13,250,936)		(13,250,936)
Interest on Long-Term Debt	1,575,385			(1,575,385)		(1,575,385)
Unallocated Depreciation	616,371			(616,371)		(616,371)
Total Government Activities	<u>55,817,635</u>	<u>710,781</u>	<u>1,545,614</u>	<u>(53,561,240)</u>	<u>-</u>	<u>(53,561,240)</u>
Business-Type Activities:						
Aftercare Program	167,746	207,961			40,215	40,215
Food Service	554,643	327,892	303,726		76,975	76,975
Total Business-Type Activities	<u>722,389</u>	<u>535,853</u>	<u>303,726</u>	<u>-</u>	<u>117,190</u>	<u>117,190</u>
Total Primary Government	<u>56,540,024</u>	<u>1,246,634</u>	<u>1,849,340</u>	<u>(53,561,240)</u>	<u>117,190</u>	<u>(53,444,050)</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, 2024

	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	22,295,781		22,295,781
Taxes Levied for Debt Service	586,222		586,222
Federal and State Aid Not Restricted	16,968,266		16,968,266
Miscellaneous Income	5,203,924	5,798	5,209,722
Total General Revenues	<u>45,054,193</u>	<u>5,798</u>	<u>45,059,991</u>
 Change in Net Position	(8,507,047)	122,988	(8,384,059)
 Net Position - Beginning	<u>(1,985,089)</u>	<u>397,905</u>	<u>(1,587,184)</u>
 Net Position - Ending	<u>\$ (10,492,136)</u>	<u>520,893</u>	<u>(9,971,243)</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Assets					
Cash and Cash Equivalents	\$ 4,968,467	280,643	22,963,574		28,212,684
Interfund Receivable	1,143,648				1,143,648
Receivables from Other Governments	1,516,969	104,700	1,452	2,064	1,625,185
Total Assets	<u>\$ 7,629,084</u>	<u>385,343</u>	<u>22,965,026</u>	<u>2,064</u>	<u>30,981,517</u>
Liabilities and Fund Balance					
Liabilities:					
Accounts Payable	\$ 17,206	27,737	2,289,262		2,334,205
Interfund Payable		16,660	1,126,988		1,143,648
Deferred Revenue		60,303			60,303
Total Liabilities	<u>17,206</u>	<u>104,700</u>	<u>3,416,250</u>	<u>-</u>	<u>3,538,156</u>
Fund Balance:					
Restricted for:					
Maintenance Reserve	350,003				350,003
Emergency Reserve	250,000				250,000
Capital Reserve Account	234,711				234,711
Designated for Subsequent Year's Expenditures - Excess Surplus	1,133,140				1,133,140
Designated for Subsequent Year's Expenditures - Capital Reserve	1,684,803				1,684,803
Excess Surplus	826,312				826,312
Unemployment	552,776				552,776
Scholarship Fund		150,730			150,730
Student Activity Funds		129,913			129,913
Committed To:					
Other Purposes	1,897,157		17,160,132		19,057,289
Assigned To:					
Designated by the BOE for Subsequent Year's Expenditures	628,126				628,126
Unassigned:					
Debt Service Fund				2,064	2,064
Capital Projects Fund			2,388,644		2,388,644
General Fund	54,850				54,850
Total Fund Balances	<u>7,611,878</u>	<u>280,643</u>	<u>19,548,776</u>	<u>2,064</u>	<u>27,443,361</u>
Total Liabilities and Fund Balance	<u>\$ 7,629,084</u>	<u>385,343</u>	<u>22,965,026</u>	<u>2,064</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$21,222,371 and the accumulated depreciation is \$15,480,173.	5,742,198
Deferred outflow of resources - contributions to the pension plan	442,073
Deferred inflow of resources - acquisition of assets applicable to future reporting periods	(341,479)
Accrued Interest	(593,033)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds	<u>(43,185,256)</u>
Net position of governmental activities	<u>\$ (10,492,136)</u>

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, 2024

	<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	\$ 22,295,781			586,222	22,882,003
Tuition Charges	710,781				710,781
Miscellaneous	496,287	263,740	2,285,926		3,045,953
Total Local Sources	<u>23,502,849</u>	<u>263,740</u>	<u>2,285,926</u>	<u>586,222</u>	<u>26,638,737</u>
State Sources	16,296,895	225,107		667,603	17,189,605
Federal Sources	3,768	1,320,507			1,324,275
Total Revenues	<u>39,803,512</u>	<u>1,809,354</u>	<u>2,285,926</u>	<u>1,253,825</u>	<u>45,152,617</u>
<u>Expenditures</u>					
Current:					
Regular Instruction	10,284,493				10,284,493
Special Education Instruction	3,419,265	979,575			4,398,840
Other Instruction	1,657,678				1,657,678
Support Services and Undistributed Costs:					
Tuition	1,599,110				1,599,110
Student and Instruction Related Services	3,706,853	525,082			4,231,935
School Administrative Services	759,085				759,085
Other Administrative Services	999,720				999,720
Technology Information Services	250,416				250,416
Plant Operations and Maintenance	2,252,616				2,252,616
Pupil Transportation	1,040,501				1,040,501
Unallocated Benefits	12,807,798				12,807,798
Special Schools	75,943				75,943
Capital Outlay	139,875	287,300	13,211,061		13,638,236
Debt Service:					
Principal				990,000	990,000
Interest and Other Charges				1,789,597	1,789,597
Total Expenditures	<u>38,993,353</u>	<u>1,791,957</u>	<u>13,211,061</u>	<u>2,779,597</u>	<u>56,775,968</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, 2024

	<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>810,159</u>	<u>17,397</u>	<u>(10,925,135)</u>	<u>(1,525,772)</u>	<u>(11,623,351)</u>
Other Financing Sources (Uses):					
Due from Capital Projects	947,971				947,971
Due from Capital Projects to General - Interest	1,210,000				1,210,000
Transfer Capital Reserve to Debt Service	<u>(1,525,197)</u>			<u>1,525,197</u>	<u>-</u>
	<u>632,774</u>	<u>-</u>	<u>-</u>	<u>1,525,197</u>	<u>2,157,971</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	<u>1,442,933</u>	<u>17,397</u>	<u>(10,925,135)</u>	<u>(575)</u>	<u>(9,465,380)</u>
Net Change in Fund Balances	1,442,933	17,397	(10,925,135)	(575)	(9,465,380)
Fund Balance - July 1	<u>6,168,945</u>	<u>263,246</u>	<u>30,473,911</u>	<u>2,639</u>	<u>36,908,741</u>
Fund Balance - June 30	<u>\$ 7,611,878</u>	<u>280,643</u>	<u>19,548,776</u>	<u>2,064</u>	<u>27,443,361</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, 2024

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ (9,465,380)
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.	990,000
Lease Repayment	100,000
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	(73,579)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	(184,697)
Pension related deferrals	367,797
Change in net pension liability	160,971
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.	214,212
Change in Net Position of Governmental Activities	<u>\$ (8,507,047)</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, 2024

	<u>Enterprise Funds</u>
<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 507,644
Accounts Receivable:	
State	599
Federal	8,578
Inventory	4,072
Total Current Assets	<u>520,893</u>
Noncurrent Assets:	
Equipment	177,050
Accumulated Depreciation	<u>(177,050)</u>
Total Fixed Assets	<u>-</u>
Total Assets	<u>\$ 520,893</u>
 <u>Net Position:</u>	
Unrestricted	<u>\$ 520,893</u>
Total Net Position	<u>\$ 520,893</u>

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

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

Exhibit B-5

PROPRIETARY FUNDSJUNE 30, 2024

	<u>Enterprise Fund</u>
Operating Revenues:	
Daily Sales - Non-Reimbursable Programs	\$ 130,576
Daily Sales - Reimbursable Programs	195,864
Fees/Miscellaneous	209,413
Total Operating Revenues	<u>535,853</u>
Operating Expenses:	
Salaries	355,433
Other Employee Benefits	57,829
Cost of Sales - Reimbursable Programs	151,370
Cost of Sales - Non-Reimbursable Programs	100,913
Supplies and Materials	23,668
Management Fee	13,920
Miscellaneous	19,256
Operating Expenses	<u>722,389</u>
Operating Gain/(Loss)	(186,536)
Non-Operating Revenues:	
Interest Revenue	5,798
State Sources:	
State School Lunch Program	11,688
State Breakfast Program	494
Federal Sources:	
National School Lunch Program	175,844
HHFKA Lunch Program	6,919
Federal Breakfast Program	10,378
PEBT	653
Supply Chain	37,688
Food Distribution Program	60,062
Total Non-Operating Revenues	<u>309,524</u>
Change in Net Position	122,988
Net Position, July 1	<u>397,905</u>
Net Position, June 30	<u>\$ 520,893</u>

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

KENILWORTH SCHOOL DISTRICTSTATEMENT OF CASH FLOWS

Exhibit B-6

PROPRIETARY FUNDSJUNE 30, 2024

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 535,853
Payments to Employees	(355,433)
Payments to Suppliers	(243,367)
Net Cash Provided (Used) by Operating Activities	<u>(62,947)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	12,182
Federal Sources	231,482
Net Cash Provided by Noncapital Financing Activities	<u>243,664</u>
Cash Flows from Investing Activities:	
Interest Revenue	5,798
Net Cash Provided by Investing Activities	<u>5,798</u>
Net Increase (Decrease) in Cash and Cash Equivalents	186,515
Cash and Cash Equivalents, July 1	<u>321,129</u>
Cash and Cash Equivalents, June 30	<u>\$ 507,644</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (186,536)
Federal Commodities Consumed	60,062
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities	
Decrease/(Increase) in Accounts Receivables	1,378
(Decrease)/Increase in Deferred Revenue	(1,018)
Decrease/(Increase) in Inventory	63,167
Net Cash Provided (Used) by Operating Activities	<u>\$ (62,947)</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, 2024

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, 2024 of 1,416 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, 2024 are shown on Exhibit C-1.

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, 2024.

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, 2024 was as follows:

	Balance <u>July 1, 2023</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2024</u>
Governmental Activities:				
Land	\$ 2	_____	_____	2
Total	<u>2</u>	_____	_____	<u>2</u>
Depreciable Assets:				
Site Improvements	2,835,677			2,835,677
Buildings	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	(2,393,661)	(112,822)		(2,506,483)
Buildings	(11,216,472)	(473,628)		(11,690,100)
Equipment	<u>(1,253,669)</u>	<u>(29,921)</u>	_____	<u>(1,283,590)</u>
Total Accumulated Depreciation	<u>(14,863,802)</u>	<u>(616,371)</u>	_____	<u>(15,480,173)</u>
Net Depreciable Assets	<u>6,358,567</u>	<u>(616,371)</u>	_____	<u>5,742,196</u>
Governmental Activities				
Capital Assets (Net)	<u>\$ 6,358,569</u>	<u>(616,371)</u>	_____	<u>5,742,198</u>

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2024</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>	<u>—</u>	<u>—</u>

Depreciation expense was charged to governmental functions as follow:

Unallocated	<u>\$ 616,371</u>
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J. Compensated Absences

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

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

K. Deferred Revenue

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

L. Fund Equity

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

M. Net Position

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

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

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

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

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

Fund Balance

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

M. Net Position (Continued)

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

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

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

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

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

Investments

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

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

As of June 30, 2024, 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>\$ 27,549,045</u>

The carrying amount of the District's cash and cash equivalents at June 30, 2024 was \$27,549,045 and the bank balance was \$30,452,452. Of the bank balance, \$585,765 was covered by federal depository insurance; \$3,749,805 was covered by a collateral pool maintained by the banks as required by New Jersey statutes; and \$26,116,882 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, 2024</u>	<u>June 30, 2023</u>
Insured:		
FDIC	\$ 585,765	364,199
GUDPA	3,749,805	7,149,419
Uninsured	26,116,882	31,941,836

As of June 30, 2024, 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, 2024, 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, 2023</u>	<u>Additions</u>	<u>June 30, 2024</u>	<u>Portion</u>	<u>Due</u>
				<u>In one Year</u>	
Pension Liability	\$ 3,087,308		(160,971)	2,926,337	
Compensated Absences Payable	1,590,340	73,579	1,663,919	1,663,919	
Capital Lease Payable	1,627,000		(100,000)	1,527,000	106,000
Bonds Payable	<u>38,058,000</u>	<u> </u>	<u>(990,000)</u>	<u>37,068,000</u>	<u>1,763,000</u>
	<u>\$ 44,362,648</u>	<u>73,579</u>	<u>(1,250,971)</u>	<u>43,185,256</u>	<u>1,869,000</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 \$5,620,000 at June 30, 2024 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,			
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>\$ 5,620,000</u>	<u>692,200</u>	<u>6,312,200</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, 2024 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,			
2024-2025	\$ 728,000	1,254,220	1,982,220
2025-2026	750,000	1,228,300	1,978,300
2026-2027	770,000	1,197,900	1,967,900
2027-2028	825,000	1,166,000	1,991,000
2028-2029	825,000	1,133,000	1,958,000
2029-2033	7,250,000	4,632,385	11,882,385
2033-2038	7,250,000	3,632,615	10,882,615
2038-2044	7,250,000	1,956,594	9,206,594
2044-2047	<u>5,800,000</u>	<u>492,094</u>	<u>6,292,094</u>
	<u>\$ 31,448,000</u>	<u>16,693,108</u>	<u>48,141,108</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, 2024:

2021 Energy Savings Improvement Program lease @ 2.225% interest for 15 years maturing on 1/15/2037 with a balance of \$1,527,000 at June 30, 2024.

Future Minimum Lease Payments

2024-2025	\$ 139,420
2025-2026	143,005
2026-2027	145,458
2027-2028	113,077
2028-2037	<u>1,232,303</u>
	1,773,263
Less: Interest	<u>(246,263)</u>
Lease Payments	<u>\$ 1,527,000</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, 2024, the State of New Jersey contributed \$7,136,019 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 \$1,142,723 during the year ended June 30, 2024 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/24	\$ 272,212	100%	0
6/30/23	257,978	100%	0
6/30/22	249,778	100%	0

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/24	\$ 7,136,019	100%	0
6/30/23	6,337,066	100%	0
6/30/22	6,306,367	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, 2022 through June 30, 2023. 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, 2023 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2023.

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, 2023 State special funding situation net pension liability amount of \$122.1 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, 2023, 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 \$55.7 million, for the fiscal year ending June 30, 2023, is the actuarially determined contribution amount that the State owes for the fiscal year ending June 30, 2023. 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 2023, 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, 2024, the District recognized pension expense of \$272,212. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 27,980	11,962
Changes of Assumptions	6,429	177,349
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	13,476	
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	121,976	152,168
District Contributions Subsequent to the Measurement Date	<u>272,212</u>	<u> </u>
Total	<u>\$ 442,073</u>	<u>341,479</u>

\$272,212 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, 2024, the plan measurement date is June 30, 2023) will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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 <u>June 30,</u>	
2024	\$ (153,208)
2025	(85,515)
2026	119,501
2027	(21,386)
2028	<u>364</u>
	<u>\$ (140,244)</u>

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

Collective balances at June 30, 2023 and 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective Deferred Outflows of Resources	\$ 442,073	626,770
Collective Deferred Inflows of Resources	341,479	709,276
Collective Net Pension Liability	2,926,337	3,087,308
District's Proportion	.02003%	.02029%

Components of Net Pension Liability

The components of the collective net pension liability of the participating employers as of June 30, 2023 were as follows:

	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 29,889,262,049	42,006,927,506	71,896,189,555
Plan Fiduciary Net Position	<u>7,431,214,496</u>	<u>27,400,438,440</u>	<u>34,831,652,936</u>
Net Pension Liability	<u>\$ 22,458,047,553</u>	<u>14,606,489,066</u>	<u>37,064,536,619</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	24.86%	65.23%	48.45%

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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, 2022 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, 2023) 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, 2023 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	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

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

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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, 2023, 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>2023</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>\$ 3,809,468</u>	<u>2,926,337</u>	<u>2,174,676</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, 2023. 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 2023, 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, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Total Pension Liability	\$ 78,240,143,092	76,317,117,835
Plan Fiduciary Net Position	<u>27,130,181,268</u>	<u>24,640,530,532</u>
Net Pension Liability	<u>\$ 51,109,961,824</u>	<u>51,676,587,303</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	34.68%	32.29%

State Proportionate Share of Net Pension Liability Attributable to District

	<u>2023</u>	<u>2022</u>
District's Liability	\$ 61,769,481	<u>63,154,297</u>
District's Proportion	.12086%	.12221%

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:	
2024	\$ (4,735,958)
2025	(4,164,719)
2026	(1,938,881)
2027	(2,106,088)
2028	(2,021,688)
Thereafter	<u>68,412</u>
Total	<u>\$ (14,898,922)</u>

The total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which was rolled forward to June 30, 2023. 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% - 4.25%
	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, 2022 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, 2023) 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, 2023 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	28.00%	8.98%
Non-U.S. Developed Market Equity	12.75%	9.22%
International Small Cap Equity	1.25%	9.22%
Emerging Market Equity	5.50%	11.13%
Private Equity	13.00%	12.50%
Real Estate	8.00%	8.58%
Real Assets	3.00%	8.40%
High Yield	4.50%	6.97%
Private Credit	8.00%	9.20%
Investment Grade Credit	7.00%	5.19%
Cash Equivalents	2.00%	3.31%
U.S. Treasuries	4.00%	3.31%
Risk Mitigation Strategies	3.00%	6.21%

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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, 2023 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>2023</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	\$ 0	0	0
State of New Jersey’s Proportionate Share Of the District’s Net Pension Liability	<u>72,837,427</u>	<u>61,769,481</u>	<u>52,447,640</u>
	<u>\$ 72,837,427</u>	<u>61,769,481</u>	<u>52,447,640</u>

NOTE 5: Post-Retirement Benefits

General Information about the OPEB Plan

Plan description and benefits provided

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

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

NOTE 5: Post-Retirement Benefits (Continued)

The 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, 2023 was determined by an actuarial valuation as of June 20, 2022, with was rolled forward to June 30, 2023. 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 \$52,361,668,239

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

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 disables 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.

NOTE 5: Post-Retirement Benefits (Continued)

Actuarial assumptions used in the July 1, 2022 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 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreased to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.50% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

(b) Discount Rate

The discount rate for June 30, 2023 was 3.65%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

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

	Total OPEB Liability
Balances at June 30, 2022	\$ 50,646,462,966
Changes for the Year:	
Service Cost	2,136,235,476
Interest	1,844,113,951
Change of Benefit Terms	
Difference Between Expected and Actual Experience	(980,424,863)
Changes in Assumptions or Other Inputs	105,539,463
Member Contributions	47,258,104
Benefit Payments	<u>(1,437,516,858)</u>
Balance at June 30, 2023	<u>\$ 52,361,668,239</u>

There were no changes in benefit terms between the June 30, 2022 measurement date and the June 30, 2023 measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% percent in 2022 to 3.65% percent in 2023.

NOTE 5: Post-Retirement Benefits (Continued)

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

	1% Decrease <u>(2.65%)</u>	Discount Rate <u>(3.65%)</u>	1% Increase <u>(4.65%)</u>
State of New Jersey's Proportionate Share Of the Total Non-Employer OPEB Liability Associated with the School District	<u>\$ 61,385,066,712</u>	<u>52,361,668,239</u>	<u>45,116,926,835</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>\$ 43,468,257,358</u>	<u>52,361,668,239</u>	<u>63,998,719,320</u>

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

For the year ended June 30, 2023, the Board of Education recognized OPEB expense of \$2,163,493 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, 2023, 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	\$ 7,639,717,639	13,791,541,217
Assumption Changes	7,445,895,322	14,449,948,556
Changes in Proportion	<u>2,262,198,933</u>	<u>2,262,198,933</u>
Total	<u>\$ 17,347,811,894</u>	<u>30,503,688,706</u>

NOTE 5: Post-Retirement Benefits (Continued)

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:	
2024	\$ (2,611,225,301)
2025	(2,611,225,301)
2026	(2,269,523,460)
2027	(1,338,024,839)
2028	(273,877,609)
Thereafter	<u>(4,052,000,302)</u>
	<u>\$ (13,155,876,812)</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, 2024, was \$1,663,919.

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.

NOTE 7: Capital Reserve Account (Continued)

The activity of the capital reserve for the July 1, 2023 to June 30, 2024 fiscal year is as follows:

Beginning Balance, July 1, 2023	\$ 2,434,710
Increased by:	
Interest	1
2023-2024 Budgeted Increase	1,210,000
Decreased by:	
Budgeted Withdrawal	<u>(1,725,197)</u>
Ending Balance, June 30, 2024	<u>\$ 1,919,514</u>

*\$1,684,803 is budgeted for withdrawal in 2024-2025.

NOTE 8: Fund Balance Appropriated

General Fund – Of the \$8,389,311 General Fund fund balance at June 30, 2024, \$1,897,157 is reserved for encumbrances; \$234,711 has been placed in the capital reserve; \$250,000 is in emergency reserve; \$350,003 is in maintenance reserve; \$1,210,000 is designated for subsequent years expenditures – capital reserve; \$474,803 is designated for capital reserve (debt service); \$552,776 is unemployment; \$628,126 is designated for subsequent years; \$826,312 excess surplus – current year; \$1,133,140 is designated for subsequent year's expenditures – excess surplus; and \$832,283 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**

2023-24 Total General Fund Expenditures Per the ACFR	\$ 38,993,353
Decreased by:	
On Behalf TPAF Pension and Social Security	<u>(8,278,742)</u>
Adjusted 2023-24 General Fund Expenditures	<u>\$ 30,714,611</u>
2% of Adjusted 2023-24 General Fund Expenditures	\$ 614,292
Increased by Allowable Adjustments	<u>217,991</u>
Maximum Unassigned Fund Balance	<u>\$ 832,283</u>

NOTE 10: Equity Balance (Continued)**Section 2**

Total General Fund – Fund Balance @ 6-30-24	\$ 8,389,311
Decreased by:	
Reserved for Encumbrances	(1,897,157)
Other Reserves	(834,714)
Unemployment	(552,776)
Designated for Subsequent Years Expenditures – Excess Surplus	(1,133,140)
Designated for Subsequent Years Expenditures – Capital Reserve	(1,210,000)
Designated for Subsequent Years Expenditures – Capital Reserve (Debt Service)	(474,803)
Designated for Subsequent Years Expenditures - BOE	<u>(628,126)</u>
Total Unassigned Fund Balance	<u>\$ 1,658,595</u>
Designated for Subsequent Years Expenditures – Excess Surplus	\$ 1,133,140
Reserved Fund Balance – Excess Surplus	<u>826,312</u>
	<u>\$ 1,959,452</u>

Section 3**Detail of Allowable Adjustments**

Extraordinary Aid	<u>\$ 217,991</u>
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Detail of Other Reserved Fund Balance

Capital Reserve	\$ 234,711
Maintenance Reserve	350,003
Emergency Reserve	<u>250,000</u>
	<u>\$ 834,714</u>

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 2024-2025 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, 2024 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>
2023-2024	\$ 0	84,173	101,722	552,776
2022-2023	0	58,936	47,326	570,325
2021-2022	0	77,429	55,355	558,715

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, 2024 of \$250,000.

NOTE 16: Subsequent Events

Subsequent events have been evaluated through January 10, 2025, 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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<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	\$ 22,295,781		22,295,781	22,295,781	-
Tuition	423,665		423,665	710,781	287,116
Miscellaneous	87,375		87,375	412,113	324,738
Other Restricted Miscellaneous Revenues			-	84,174	84,174
Total Local Sources	<u>22,806,821</u>	<u>-</u>	<u>22,806,821</u>	<u>23,502,849</u>	<u>696,028</u>
State Sources:					
School Choice Aid	2,221,600		2,221,600	2,221,600	-
Special Education Aid	1,218,446		1,218,446	1,218,446	-
Extraordinary Aid	33,000		33,000	250,991	217,991
Equalization Aid	3,957,044		3,957,044	3,957,044	-
Security Aid	214,451		214,451	214,451	-
Transportation Aid	173,781		173,781	173,781	-
On-Behalf T.P.A.F Pension Contributions - Post Retirement Medical (Non-Budgeted)			-	1,526,061	1,526,061
On-Behalf T.P.A.F Pension Contributions - Normal Cost (Non-Budgeted)			-	5,607,150	5,607,150
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability			-	2,808	2,808
TPAF Social Security Contribution (Reimbursed)			-	1,142,723	1,142,723
Total State Sources	<u>7,818,322</u>	<u>-</u>	<u>7,818,322</u>	<u>16,315,055</u>	<u>8,496,733</u>
Federal Sources:					
Medical Assistance Program (Semi)	25,741		25,741	3,768	(21,973)
Total Revenues	<u>30,650,884</u>	<u>-</u>	<u>30,650,884</u>	<u>39,821,672</u>	<u>9,170,788</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<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	86,162	(290)	85,872	85,872	-
Kindergarten - Salaries of Teachers	373,751	148,396	522,147	522,147	-
Grades 1-5 - Salaries of Teachers	3,078,477	(215,173)	2,863,304	2,863,303	1
Grades 6-8 - Salaries of Teachers	2,402,555	(135,809)	2,266,746	2,266,746	-
Grades 9-12 - Salaries of Teachers	<u>3,492,814</u>	<u>(425,432)</u>	<u>3,067,382</u>	<u>3,067,381</u>	<u>1</u>
Subtotal	<u>9,433,759</u>	<u>(628,308)</u>	<u>8,805,451</u>	<u>8,805,449</u>	<u>2</u>
Regular Programs - Other:					
Other Salaries for Instruction	<u>142,730</u>	<u>4,772</u>	<u>147,502</u>	<u>147,501</u>	<u>1</u>
Subtotal	<u>9,576,489</u>	<u>(623,536)</u>	<u>8,952,953</u>	<u>8,952,950</u>	<u>3</u>
Regular Programs - Undistributed Instruction:					
Other Instructional Salaries	37,000	501,762	538,762	521,143	17,619
Purchased Professional Educational Services	93,787	(8,104)	85,683	85,682	1
Other Purchased Services	111,542	(2,517)	109,025	109,024	1
General Supplies	465,742	(10,896)	454,846	401,088	53,758
Textbooks	270,157	(65,075)	205,082	204,414	668
Other Objects	<u>12,953</u>	<u>(2,760)</u>	<u>10,193</u>	<u>10,192</u>	<u>1</u>
Subtotal	<u>991,181</u>	<u>412,410</u>	<u>1,403,591</u>	<u>1,331,543</u>	<u>72,048</u>
Total Regular Programs - Instruction	<u>10,567,670</u>	<u>(211,126)</u>	<u>10,356,544</u>	<u>10,284,493</u>	<u>72,051</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1

Sheet 3 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<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	243,162	(16,416)	226,746	226,746	-
Other Salaries for Instruction	195,448	70,109	265,557	265,556	1
General Supplies	9,502	(5,335)	4,167	4,167	-
Total Learning and Language Disabilities	<u>448,112</u>	<u>48,358</u>	<u>496,470</u>	<u>496,469</u>	<u>1</u>
Resource Room/Center:					
Salaries of Teachers	2,046,099	116,991	2,163,090	2,163,090	-
Other Salaries for Instruction	521,631	(126,275)	395,356	395,356	-
Purchased Professional Educational Services		53,584	53,584	53,577	7
General Supplies	15,723	(6,237)	9,486	9,485	1
Total Resource Room/Center	<u>2,583,453</u>	<u>38,063</u>	<u>2,621,516</u>	<u>2,621,508</u>	<u>8</u>
Pre-School Disabilities - Part-Time					
Salaries of Teachers	185,605	(68,457)	117,148	117,148	-
Other Salaries for Instruction	101,531	81,584	183,115	183,115	-
General Supplies	900	126	1,026	1,025	1
Total Pre-School Handicapped	<u>288,036</u>	<u>13,253</u>	<u>301,289</u>	<u>301,288</u>	<u>1</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<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>3,319,601</u>	<u>99,674</u>	<u>3,419,275</u>	<u>3,419,265</u>	<u>10</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	766,166	84,822	850,988	850,988	-
Purchased Professional Services	6,000	(3,042)	2,958	2,958	-
General Supplies	<u>6,600</u>	<u>(744)</u>	<u>5,856</u>	<u>5,855</u>	<u>1</u>
Total Basic Skills/Remedial - Instruction	<u>778,766</u>	<u>81,036</u>	<u>859,802</u>	<u>859,801</u>	<u>1</u>
Bilingual Education - Instruction:					
Salaries of Teachers	185,755	(8,377)	177,378	177,377	1
General Supplies	<u>1,520</u>	<u>873</u>	<u>2,393</u>	<u>2,392</u>	<u>1</u>
Total Bilingual Education - Instruction	<u>187,275</u>	<u>(7,504)</u>	<u>179,771</u>	<u>179,769</u>	<u>2</u>
School Sponsored Co-Curricular Activities - Instruction					
Salaries	189,842	(5,838)	184,004	184,003	1
Supplies	46,675	(12,378)	34,297	26,766	7,531
Other Objects	<u>880</u>	<u>357</u>	<u>1,237</u>	<u>1,237</u>	<u>-</u>
Total School Sponsored Co-Curricular Activities	<u>237,397</u>	<u>(17,859)</u>	<u>219,538</u>	<u>212,006</u>	<u>7,532</u>
School Sponsored Athletics - Instruction					
Salaries	282,440	5,193	287,633	287,632	1
Purchased Services	79,489	(20,477)	59,012	48,847	10,165
Supplies and Materials	44,053	17,278	61,331	49,989	11,342
Other Objects	<u>23,262</u>	<u>(4,961)</u>	<u>18,301</u>	<u>18,301</u>	<u>-</u>
Total School Sponsored Athletics - Instruction	<u>429,244</u>	<u>(2,967)</u>	<u>426,277</u>	<u>404,769</u>	<u>21,508</u>
Afterschool Tutoring Program	<u>47,202</u>	<u>(21,766)</u>	<u>25,436</u>	<u>1,333</u>	<u>24,103</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<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>15,567,155</u>	<u>(80,512)</u>	<u>15,486,643</u>	<u>15,361,436</u>	<u>125,207</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEA's - Within State - Regular	30,673	(30,673)	-		-
Tuition to Other LEA's - Within State Special	299,993	4,097	304,090	262,078	42,012
Tuition to County Vocational School:					
Regular	529,000	(59,000)	470,000	467,300	2,700
Special	20,000	23,000	43,000	41,000	2,000
Tuition - County Special Services & Reg Day Schools	85,750	(79,525)	6,225	6,225	-
Tuition to Private School for Handicapped - Within State	<u>655,027</u>	<u>288,809</u>	<u>943,836</u>	<u>822,507</u>	<u>121,329</u>
Total Instruction	<u>1,620,443</u>	<u>146,708</u>	<u>1,767,151</u>	<u>1,599,110</u>	<u>168,041</u>
Attendance & Social Work:					
Salaries	51,600	7,630	59,230	59,229	1
Purchased Technical Services	<u>32,080</u>		<u>32,080</u>	<u>27,244</u>	<u>4,836</u>
Total Attendance & Social Work	<u>83,680</u>	<u>7,630</u>	<u>91,310</u>	<u>86,473</u>	<u>4,837</u>
Health Services:					
Salaries	235,074	1,440	236,514	236,514	-
Purchased Professional/Technical Services	52,361		52,361	28,469	23,892
Supplies and Materials	<u>5,825</u>		<u>5,825</u>	<u>4,893</u>	<u>932</u>
Total Health Services	<u>293,260</u>	<u>1,440</u>	<u>294,700</u>	<u>269,876</u>	<u>24,824</u>
Other Student Support Services - Related Services:					
Salaries	496,751	77,964	574,715	574,713	2
Purchased Professional/Technical Services	122,642		122,642	74,959	47,683
Supplies and Materials	7,322	(3,713)	3,609	3,598	11
Other Objects	<u>640</u>	<u>(640)</u>	-		-
Total Other Student Support Services - Related Services	<u>627,355</u>	<u>73,611</u>	<u>700,966</u>	<u>653,270</u>	<u>47,696</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<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	648,186	(32,802)	615,384	615,382	2
Salaries of Secretarial & Clerical	40,750	1	40,751	40,750	1
Purchased Professional/Educational Services	18,067		18,067	8,865	9,202
Other Purchased Professional/Technical Services	78,460		78,460	69,107	9,353
Other Purchased Services	1,627		1,627	1,627	-
Supplies and Materials	24,977	(11,925)	13,052	12,985	67
Miscellaneous Expenditures	2,375	(986)	1,389	1,389	-
Total Other Support Student - Regular	<u>814,442</u>	<u>(45,712)</u>	<u>768,730</u>	<u>750,105</u>	<u>18,625</u>
Other Support Student Services- Special:					
Salaries of Other Professional Staff	597,503	(119,104)	478,399	478,399	-
Salaries of Secretarial & Clerical	57,066		57,066	57,066	-
Purchased Professional Educational Services	16,165		16,165	13,171	2,994
Miscellaneous Purchased Services	23,011		23,011	4,120	18,891
Supplies and Materials	10,552	(6,054)	4,498	3,498	1,000
Total Other Support Student Services- Special	<u>704,297</u>	<u>(125,158)</u>	<u>579,139</u>	<u>556,254</u>	<u>22,885</u>
Improvement Instructional Services:					
Salaries of Supervisors of Instruction	663,467	(7,301)	656,166	656,166	-
Salaries of Other Professional Staff	36,000	(3,277)	32,723	32,723	-
Salaries of Secretarial & Clerical	84,109	1,393	85,502	85,502	-
Salaries of Instructional Coach	275,777	5,760	281,537	281,537	-
Other Purchased Services	2,111		2,111	1,811	300
Supplies & Materials	500		500	424	76
Other Objects	6,304		6,304	5,210	1,094
Total Improvement Instructional Services	<u>1,068,268</u>	<u>(3,425)</u>	<u>1,064,843</u>	<u>1,063,373</u>	<u>1,470</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<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	163,839	(50,893)	112,946	112,946	-
Salaries of Technology Coordinators	119,037	1	119,038	119,037	1
Supplies & Materials	30,130	(3,205)	26,925	26,922	3
Total Educational Media/Library	313,006	(54,097)	258,909	258,905	4
Staff Training:					
Salaries of Supervisors of Instruction	43,515	(32,115)	11,400	11,400	-
Other Salaries for Instruction	41,250	(21,999)	19,251	19,250	1
Purchased Professional/Educational Serv.	77,495	66,736	144,231	33,396	110,835
Supplies & Materials	2,850	2,000	4,850	4,551	299
Other Objects	224		224		224
Total Staff Training	165,334	14,622	179,956	68,597	111,359
Support Services - General Administration:					
Salaries	296,695	22,877	319,572	319,569	3
Legal Services	88,000	33,139	121,139	121,139	-
Audit Fee	16,500	(1,000)	15,500	15,500	-
Architect and Engineer Services	5,000	(5,000)	-	-	-
Other Purchased Professional Services	4,490	25,876	30,366	22,866	7,500
Purchased Technical Services	4,610	(915)	3,695	3,695	-
Communications/Telephone	38,663	(3,051)	35,612	35,611	1
BOE Other Purchased Services	21,395	657	22,052	16,514	5,538
Other Purchased Services	24,950	(14,767)	10,183	10,182	1
Liability Insurance	45,035	(6,686)	38,349	38,348	1
Supplies & Materials	1,500	1,587	3,087	3,087	-
BOE In House Training Supplies	3,850	735	4,585	4,584	1
Judgments Against the District		5,000	5,000	5,000	-
Miscellaneous Expenditures	6,346	(161)	6,185	6,185	-
BOE Membership Dues and Fees	10,212	2,905	13,117	13,117	-
Total Support Services - General Administration	567,246	61,196	628,442	615,397	13,045

KENILWORTH SCHOOL DISTRICT

Exhibit C-1

Sheet 8 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<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	550,450	18,479	568,929	568,928	1
Salaries of Secretarial & Clerical	186,686	(10,681)	176,005	176,004	1
Other Purchased Services	1,988	1	1,989	1,688	301
Supplies & Materials	11,176	(1,377)	9,799	9,025	774
Other Objects	4,080	(640)	3,440	3,440	-
Total Support Services - School Administration	<u>754,380</u>	<u>5,782</u>	<u>760,162</u>	<u>759,085</u>	<u>1,077</u>
Technology Information Service:					
Salaries	152,927	(8,271)	144,656	144,656	-
Purchased Professional Services	32,808	(2,000)	30,808	30,745	63
Purchased Technical Services	50,940	3,785	54,725	54,643	82
Other Purchased Services	9,200	115	9,315	9,315	-
Supplies and Materials	18,735	(7,600)	11,135	11,057	78
Total Technology Information Service	<u>264,610</u>	<u>(13,971)</u>	<u>250,639</u>	<u>250,416</u>	<u>223</u>
Required Maintenance - Facilities:					
Cleaning, Repair & Maintenance Services	237,495	37,369	274,864	203,240	71,624
General Supplies	34,200	8,833	43,033	43,033	-
Other Objects	2,105	816	2,921	2,921	-
Total Allowable Maintenance Facilities	<u>273,800</u>	<u>47,018</u>	<u>320,818</u>	<u>249,194</u>	<u>71,624</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<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	459,648	(22,493)	437,155	416,817	20,338
Purchased Professional/Technical Serv.	8,500	21,250	29,750	7,735	22,015
Cleaning, Repair & Maintenance Services	629,750	(21,032)	608,718	603,604	5,114
Insurance	215,490	38,101	253,591	253,590	1
General Supplies	37,650	24,627	62,277	59,756	2,521
Natural Gas	148,438	288	148,726	116,125	32,601
Energy (Electricity)	264,291	2,201	266,492	166,432	100,060
Other Objects	135,645		135,645	135,645	-
Total Other Operations & Maintenance	<u>1,899,412</u>	<u>42,942</u>	<u>1,942,354</u>	<u>1,759,704</u>	<u>182,650</u>
Upkeep of Grounds:					
Salaries	62,644	1	62,645	62,644	1
Purchased Professional/Technical Serv.	24,500	(6,856)	17,644	15,780	1,864
Repair and Maintenance	8,500	(4,339)	4,161	4,161	-
Supplies	21,000	(9,578)	11,422	8,777	2,645
Total Upkeep of Grounds	<u>116,644</u>	<u>(20,772)</u>	<u>95,872</u>	<u>91,362</u>	<u>4,510</u>
Security:					
Purchased Professional Technical Services	103,251	47,451	150,702	149,023	1,679
Repair and Maintenance		2,020	2,020	2,020	-
Supplies and Materials		2,479	2,479	1,313	1,166
Total Security	<u>103,251</u>	<u>51,950</u>	<u>155,201</u>	<u>152,356</u>	<u>2,845</u>
Total Operations & Maintenance	<u>2,393,107</u>	<u>121,138</u>	<u>2,514,245</u>	<u>2,252,616</u>	<u>261,629</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 10 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<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	74,750	14,311	89,061	87,090	1,971
Contracted Services Special Ed. Joint Agreement	1,164,914	(437)	1,164,477	810,946	353,531
Contracted Services(Reg.Students) ESCs & CTSA's	202,100	(59,634)	142,466	142,465	1
Total Student Transportation	<u>1,441,764</u>	<u>(45,760)</u>	<u>1,396,004</u>	<u>1,040,501</u>	<u>355,503</u>
Central Services:					
Salaries	360,956	3,188	364,144	364,143	1
Purchased Technical Services	13,880	1,221	15,101	15,101	-
Supplies & Materials	4,650	(2,241)	2,409	2,409	-
Miscellaneous Expenditures	2,502	168	2,670	2,670	-
Total Central Services	<u>381,988</u>	<u>2,336</u>	<u>384,324</u>	<u>384,323</u>	<u>1</u>
Undistributed Expenditures-Employee Benefits:					
Other Retirement Contrib. - Social Security	317,005	12,912	329,917	329,916	1
Other Retirement Contrib. - PERS	259,583	12,629	272,212	272,212	-
Other Retirement Contrib. - DCRP	36,292	2,709	39,001	38,990	11
Other Retirement Contrib.	3,936	5,551	9,487	3,936	5,551
Workman's Compensation	118,561	(4,550)	114,011	114,010	1
Unemployment			101,723	101,723	-
Health Benefits	3,733,971	(11,160)	3,722,811	3,452,917	269,894
Tuition Reimbursements	78,500	(15,440)	63,060	63,060	-
Other Employee Benefits	154,500	2,900	157,400	152,292	5,108
Total Unallocated Benefits	<u>4,702,348</u>	<u>5,551</u>	<u>4,809,622</u>	<u>4,529,056</u>	<u>280,566</u>
On-Behalf T.P.A.F Pension Contributions -					
Post Retirement Medical (Non-Budgeted)			-	1,526,061	(1,526,061)
On-Behalf T.P.A.F Pension Contr. - Normal Cost (Non-Budgeted)			-	5,607,150	(5,607,150)
On-Behalf T.P.A.F Pension Contributions - Long-Term Disability			-	2,808	(2,808)
TPAF Social Security Contribution (Reimbursed)			-	1,142,723	(1,142,723)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,278,742</u>	<u>(8,278,742)</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<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>16,195,528</u>	<u>151,891</u>	<u>16,449,142</u>	<u>23,416,099</u>	<u>(6,966,957)</u>
Total General Current Expense	<u>31,762,683</u>	<u>71,379</u>	<u>31,935,785</u>	<u>38,777,535</u>	<u>(6,841,750)</u>
Capital Outlay					
Equipment -Regular Instruction		31,154	31,154	31,153	1
Equipment- Operation of Plant		53,449	53,449	53,448	1
Equipment- Athletic Programs		24,000	24,000		24,000
Professional Services-Architectural/Engineering Services		25,495	25,495	19,975	5,520
Professional Services-Facility Construction	<u>200,000</u>	<u>(5,000)</u>	<u>195,000</u>	<u>35,299</u>	<u>159,701</u>
Total Capital Outlay	<u>200,000</u>	<u>129,098</u>	<u>329,098</u>	<u>139,875</u>	<u>189,223</u>
Summer School					
Instruction:					
Salaries of Teachers	61,168	(25,731)	35,437	35,437	-
Support Services	<u>10,656</u>	<u>(9,244)</u>	<u>1,412</u>	<u>1,412</u>	-
Total Instruction	<u>71,824</u>	<u>(34,975)</u>	<u>36,849</u>	<u>36,849</u>	-
Total Summer School	<u>71,824</u>	<u>(34,975)</u>	<u>36,849</u>	<u>36,849</u>	-
Transfer to Charter Schools	<u>25,699</u>	<u>13,403</u>	<u>39,102</u>	<u>39,094</u>	<u>8</u>
Total Current Expense & Summer School	<u>32,060,206</u>	<u>178,905</u>	<u>32,340,834</u>	<u>38,993,353</u>	<u>(6,652,519)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(1,409,322)	(178,905)	(1,689,950)	828,319	2,518,269
Other Financing Sources (Uses):					
Reimbursement Due From Capital Projects			-	947,971	947,971
Transfer from Capital Projects - Interest			-	1,210,000	1,210,000
Capital Reserve Transfer to Debt Service	<u>(1,525,197)</u>		<u>(1,525,197)</u>	<u>(1,525,197)</u>	-
Total Other Financing Sources (Uses)	<u>(1,525,197)</u>	<u>-</u>	<u>(1,525,197)</u>	<u>632,774</u>	<u>2,157,971</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 12 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures and Other Financing Sources (Uses)	(2,934,519)	(178,905)	(3,215,147)	1,461,093	4,676,240
Fund Balance, July 1	<u>6,928,218</u>		<u>6,928,218</u>	<u>6,928,218</u>	
Fund Balance, June 30	<u>\$ 3,993,699</u>	<u>(178,905)</u>	<u>3,713,071</u>	<u>8,389,311</u>	<u>4,676,240</u>
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				\$ 234,711	
Maintenance Reserve				350,003	
Emergency Reserve				250,000	
Designated for Subsequent Year's Expenditures - Capital Reserve				1,684,803	
Designated for Subsequent Year's Expenditures - Excess Surplus				1,133,140	
Excess Surplus - Current Year				826,312	
Committed Fund Balance:					
Year End Encumbrances				1,897,157	
Unemployment Compensation				552,776	
Assigned Fund Balances:					
Designated for Subsequent Year's Expenditures				628,126	
Unassigned Fund Balance				<u>832,283</u>	
				8,389,311	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(777,433)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 7,611,878</u>	

KENILWORTH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-2
 Sheet 1 of 2

SPECIAL REVENUE FUND

JUNE 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources	\$ 224,960		224,960	224,960	-
State Sources	190,691		190,691	190,691	-
Federal Sources:					
Title I, Part A	123,304		123,304	123,304	-
Title IIA, Part A	17,505		17,505	17,505	-
Title III	8,079		8,079	8,079	-
Title III - Immigrant	2,884		2,884	2,884	-
Title IV, Part A	14,066		14,066	14,066	-
IDEA Part B, Basic	376,874		376,874	376,874	-
IDEA Preschool	12,256		12,256	12,256	-
ARP ESSER II	733,253		733,253	733,253	-
ARP Beyond the School Day	40,000		40,000	40,000	-
ARP Summer Learning	11,676		11,676	11,676	-
Total Federal Sources	<u>1,339,897</u>	<u>-</u>	<u>1,339,897</u>	<u>1,339,897</u>	<u>-</u>
Total Revenues	<u>1,755,548</u>	<u>-</u>	<u>1,755,548</u>	<u>1,755,548</u>	<u>-</u>
Expenditures:					
Instruction:					
Salaries of Teachers	67,963		67,963	67,963	-
Purchased Professional Educational Services	202,947		202,947	202,947	-
Tuition	376,632		376,632	376,632	-
Instructional Supplies	278,227		278,227	278,227	-
Total Instruction	<u>925,769</u>	<u>-</u>	<u>925,769</u>	<u>925,769</u>	<u>-</u>

KENILWORTH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit C-2
Sheet 2 of 2

SPECIAL REVENUE FUND

JUNE 30, 2024

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services:					
Salaries	8,000		8,000	8,000	-
Purchased Professional Services	309,519		309,519	309,519	-
Scholarships Awarded	7,000		7,000	7,000	-
Student Activities	200,563		200,563	200,563	-
Total Support Services	<u>525,082</u>	<u>-</u>	<u>525,082</u>	<u>525,082</u>	<u>-</u>
Facilities Acquisition and Construction Services:					
Construction Services	<u>287,300</u>		<u>287,300</u>	<u>287,300</u>	<u>-</u>
Total Expenditures	<u>1,738,151</u>	<u>-</u>	<u>1,738,151</u>	<u>1,738,151</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,397</u>	<u>-</u>	<u>17,397</u>	<u>17,397</u>	<u>-</u>
Fund Balance, July 1	<u>263,246</u>		<u>263,246</u>	<u>263,246</u>	
Fund Balance, June 30	<u>\$ 280,643</u>	<u>-</u>	<u>280,643</u>	<u>280,643</u>	<u>-</u>
Recapitulation:					
Restricted:					
Scholarships				\$ 150,730	
Student Activities				<u>129,913</u>	
Total Fund Balance				<u>\$ 280,643</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

KENILWORTH SCHOOL DISTRICTREQUIRED SUPPLEMENTARY INFORMATION

Exhibit C-3

BUDGETARY COMPARISON SCHEDULENOTE TO RSIFOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 39,821,672	1,755,548
Difference - budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized		53,806
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	759,273	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(777,433)</u>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 39,803,512</u>	<u>1,809,354</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 38,993,353	1,738,151
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>53,806</u>
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 38,993,353</u>	<u>1,791,957</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>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability	0.02003%	0.02029%	0.02112%	0.01995%	0.01978%	0.02062%	0.01991%	0.01991%	0.01985%	0.01908%
District's Proportionate Share of the Net Pension Liability	<u>\$ 2,926,337</u>	<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>
District's Covered-Employee Payroll	\$ 1,466,938	\$ 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
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	50.13%	47.95%	59.75%	46.92%	39.84%	33.15%	30.86%	23.51%	29.99%	38.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.45%	46.41%	42.90%	42.90%	42.04%	40.45%	36.78%	31.20%	38.21%	42.74%

KENILWORTH SCHOOL DISTRICT

Exhibit L-2

SCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 257,978	249,778	219,961	194,510	238,859	193,023	177,657	157,288	157,288	147,567
Contributions in Relation to the Contractually Required Contribution	257,978	249,778	219,961	194,510	238,859	193,023	177,657	157,288	157,288	147,567
Contribution Deficiency (Excess)	\$ -	-	-	-	-	-	-	-	-	-
District's Covered-Employee Payroll	\$1,466,938	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
Contributions as a Percentage of Covered-Employee Payroll	17.59%	16.87%	14.56%	12.64%	16.70%	13.66%	11.99%	11.34%	11.77%	10.86%

KENILWORTH SCHOOL DISTRICT

Exhibit L-3

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE

NET PENSION LIABILITY - TPAF

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net 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>61,769,481</u>	<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>
Total	<u>\$ 61,769,481</u>	<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>
District's Covered-Employee Payroll	\$ 15,347,389	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
District's Proportionate Share of the Net Pension Liability as a percentage of its Covered-Employee Payroll	24.85%	23.04%	24.15%	18.54%	17.88%	17.11%	17.31%	13.94%	16.45%	18.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	34.68%	32.29%	32.52%	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%

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, 2024**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, 2022, and as of June 30, 2023, 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, 2022, and as of June 30, 2023, 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 EIGHT FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
District's Proportionate Share of OPEB Liability	0.00%	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	\$ 2,154,901	2,885,752	3,219,741	1,774,925	1,630,364	1,836,965	2,223,210	*
Interest	1,591,701	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	(1,240,757)	(1,107,780)	(1,056,024)	(981,727)	(1,052,000)	(955,547)	(947,192)	*
Member Contributions	40,790	35,538	34,273	29,756	31,184	33,025	34,878	*
Difference between Expected and Actual Experience	355,994	(1,089,191)	(8,246,910)	9,752,162	(4,011,822)	(3,485,797)		*
Change of Assumptions	91,094	(11,320,783)	50,985	10,300,766	510,975	(4,100,797)	(5,726,145)	*
Net Change in Total OPEB Liability	<u>2,993,723</u>	<u>(9,478,092)</u>	<u>(4,712,332)</u>	<u>22,120,953</u>	<u>(1,464,816)</u>	<u>(5,158,751)</u>	<u>(3,110,664)</u>	*
Total Attributable OPEB Liability - Beginning	<u>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>	*
Total Attributable OPEB Liability - Ending	<u>\$ 45,194,672</u>	<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	\$ 16,814,327	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	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%	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%	0.00%
State's Proportionate Share of OPEB Liability as a Percentage of the District's Covered-Employee Payroll	268.79%	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 eight 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, 2024****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, 2022 to June 30, 2023 is due to changes in the census, claims and premiums experience.

Changes of Assumptions

The Discount Rate changed from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

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, 2024

	<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	\$ -					90,709	12,390	15,356	11,346
Federal Sources	123,304	17,505	14,066	376,874	12,256				
Local Sources									
Total Revenues	<u>123,304</u>	<u>17,505</u>	<u>14,066</u>	<u>376,874</u>	<u>12,256</u>	<u>90,709</u>	<u>12,390</u>	<u>15,356</u>	<u>11,346</u>
Expenditures:									
Instruction:									
Salaries of Teachers	14,223								
Purchased Professional and Technical Services					12,256	90,709	12,390	15,356	11,346
Tuition				376,632					
General Supplies	90,185		11,865						
Total Instruction	<u>104,408</u>	<u>-</u>	<u>11,865</u>	<u>376,632</u>	<u>12,256</u>	<u>90,709</u>	<u>12,390</u>	<u>15,356</u>	<u>11,346</u>
Support Services:									
Salaries	8,000								
Purchased Professional Educational Services	10,896	17,505	2,201	242					
Scholarships Awarded									
Student Activities									
Total Support Services	<u>18,896</u>	<u>17,505</u>	<u>2,201</u>	<u>242</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Facilities Acquisition and Construction Services:									
Construction Services									
Facilities Acquisition and Construction Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>123,304</u>	<u>17,505</u>	<u>14,066</u>	<u>376,874</u>	<u>12,256</u>	<u>90,709</u>	<u>12,390</u>	<u>15,356</u>	<u>11,346</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

Exhibit E-1
Sheet 2 of 2

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Non-Public Security</u>	<u>Non-Public Nursing Services</u>	<u>Non-Public Textbooks</u>	<u>ARP ESSER II</u>	<u>Non-Public Technology</u>	<u>ARP Summer</u>	<u>ARP After School</u>	<u>Title III</u>	<u>Title III Immigrant</u>	<u>Scholarship</u>	<u>Student Activities</u>	<u>Total 2024</u>
Revenues:												
State Sources	19,520	22,157	10,499		8,714							190,691
Federal Sources				733,253		11,676	40,000	8,079	2,884			1,339,897
Local Sources										7,078	217,882	224,960
Total Revenues	19,520	22,157	10,499	733,253	8,714	11,676	40,000	8,079	2,884	7,078	217,882	1,755,548
Expenditures:												
Instruction:												
Salaries of Teachers						11,676	40,000	2,064				67,963
Purchased Professional and Technical Services	19,520	22,157	10,499		8,714							202,947
Tuition												376,632
General Supplies				167,278				6,015	2,884			278,227
Total Instruction	19,520	22,157	10,499	167,278	8,714	11,676	40,000	8,079	2,884	-	-	925,769
Support Services:												
Salaries												8,000
Purchased Professional Educational Services				278,675								309,519
Scholarships Awarded										7,000		7,000
Student Activities											200,563	200,563
Total Support Services	-	-	-	278,675	-	-	-	-	-	7,000	200,563	525,082
Facilities Acquisition and Construction Services:												
Construction Services				287,300								287,300
Facilities Acquisition and Construction Services	-	-	-	287,300	-	-	-	-	-	-	-	287,300
Total Expenditures	19,520	22,157	10,499	733,253	8,714	11,676	40,000	8,079	2,884	7,000	200,563	1,738,151
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-	-	-	-	-	78	17,319	17,397
Fund Balance, July 1										150,652	112,594	263,246
Fund Balance, June 30	-	-	-	-	-	-	-	-	-	150,730	129,913	280,643

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, 2024

Revenues and Other Financing Sources:	
Interest on Investments	\$ 2,285,926
Total Revenues and Other Financing Sources	<u>2,285,926</u>
Expenditures and Other Financing Uses:	
Equipment	28,681
Purchased Professional and Technical Services	279,640
Legal Services	4,326
Engineering and Architect Services	753,566
Constriction Services	9,855,327
Other Objects	3,595
Transfer - Interest	2,285,926
Total Expenditures and Other Financing Uses	<u>13,211,061</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,925,135)
Fund Balance - Beginning	<u>30,473,911</u>
Fund Balance - Ending	<u>\$ 19,548,776</u>

KENILWORTH SCHOOL DISTRICT

Exhibit F-1a

CAPITAL PROJECTS FUND

SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,

AND PROJECT STATUS - BUDGETARY BASIS

ENERGY SAVINGS IMPROVEMENT PROGRAM

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024

	<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	1,551,995	28,681	1,580,676	1,664,555
Other Purchased Prof. and Tech. Services	157,885		157,885	157,885
Total Expenditures	<u>1,709,880</u>	<u>28,681</u>	<u>1,738,561</u>	<u>1,822,440</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 112,560</u>	<u>(28,681)</u>	<u>83,879</u>	<u>-</u>
<u>Additional Project Information</u>				
Original Authorized Cost		\$1,822,440		
Percentage Increase Over Original Authorized Cost		0%		
Percentage Completion		95%		
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, 2024

	<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>31,448,000</u>	<u>-</u>	<u>31,448,000</u>	<u>31,448,000</u>
<u>Expenditures and Other Financing Uses</u>				
Construction Services	1,086,649	10,896,454	11,983,103	31,448,000
Total Expenditures	<u>1,086,649</u>	<u>10,896,454</u>	<u>11,983,103</u>	<u>31,448,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$30,361,351</u>	<u>(10,896,454)</u>	<u>19,464,897</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	61%
Original Target Completion Date	6/30/2024
Revised Target Completion Date	6/30/2025

PROPRIETARY FUNDS – G

KENILWORTH SCHOOL DISTRICT

STATEMENT OF NET POSITION

Exhibit G-1

ENTERPRISE FUNDS

JUNE 30, 2024

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
<u>Assets:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 313,150	194,494	507,644
Accounts Receivable:			
State	599		599
Federal	8,578		8,578
Inventory	4,072		4,072
Total Current Assets	<u>326,399</u>	<u>194,494</u>	<u>520,893</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>\$ 326,399</u>	<u>194,494</u>	<u>520,893</u>
<u>Net Position:</u>			
Unrestricted	<u>\$ 326,399</u>	<u>194,494</u>	<u>520,893</u>
Total Net Position	<u>\$ 326,399</u>	<u>194,494</u>	<u>520,893</u>

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

Exhibit G-2

ENTERPRISE FUNDS**JUNE 30, 2024**

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
Operating Revenues:			
Daily Sales - Non-Reimbursable Programs	\$ 130,576		130,576
Daily Sales - Reimbursable Programs	195,864		195,864
Fees/Miscellaneous	1,452	207,961	209,413
Total Operating Revenues	<u>327,892</u>	<u>207,961</u>	<u>535,853</u>
Operating Expenses:			
Salaries	189,533	165,900	355,433
Other Employee Benefits	57,829		57,829
Cost of Sales - Reimbursable Programs	151,370		151,370
Cost of Sales - Non-Reimbursable Programs	100,913		100,913
Supplies and Materials	23,668		23,668
Management Fee	13,920		13,920
Miscellaneous	17,410	1,846	19,256
Operating Expenses	<u>554,643</u>	<u>167,746</u>	<u>722,389</u>
Operating Gain/(Loss)	(226,751)	40,215	(186,536)
Non-Operating Revenues:			
Interest Revenue	3,519	2,279	5,798
State Sources:			
State School Lunch Program	11,688		11,688
State Breakfast Program	494		494
Federal Sources:			
National School Lunch Program	175,844		175,844
HHFKA Lunch Program	6,919		6,919
Federal Breakfast Program	10,378		10,378
Supply Chain	37,688		37,688
PEBT	653		653
Food Distribution Program	60,062		60,062
Total Non-Operating Revenues	<u>307,245</u>	<u>2,279</u>	<u>309,524</u>
Change in Net Position	80,494	42,494	122,988
Net Position, July 1	<u>245,905</u>	<u>152,000</u>	<u>397,905</u>
Net Position, June 30	<u>\$ 326,399</u>	<u>194,494</u>	<u>520,893</u>

KENILWORTH SCHOOL DISTRICT**SCHEDULE OF CASH FLOWS**

Exhibit G-3

ENTERPRISE FUNDS**JUNE 30, 2024**

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 327,892	207,961	535,853
Payments to Employees	(189,533)	(165,900)	(355,433)
Payments to Suppliers	(241,521)	(1,846)	(243,367)
Net Cash Provided (Used) by Operating Activities	(103,162)	40,215	(62,947)
Cash Flows from Noncapital Financing Activities:			
State Sources	12,182		12,182
Federal Sources	231,482		231,482
Net Cash Provided by Noncapital Financing Activities	243,664	-	243,664
Cash Flows from Investing Activities:			
Interest Revenue	3,519	2,279	5,798
Net Cash Provided by Investing Activities	3,519	2,279	5,798
Net Increase (Decrease) in Cash and Cash Equivalents	144,021	42,494	186,515
Cash and Cash Equivalents, July 1	169,129	152,000	321,129
Cash and Cash Equivalents, June 30	\$ 313,150	194,494	507,644
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (226,751)	40,215	(186,536)
Federal Commodities Consumed	60,062		60,062
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Decrease/(Increase) in Inventory	1,378		1,378
(Decrease)/Increase in Deferred Revenue	(1,018)		(1,018)
Decrease/(Increase) in Accounts Receivable	63,167		63,167
Net Cash Provided (Used) by Operating Activities	\$ (103,162)	40,215	(62,947)

FIDUCIARY FUND – H

N/A

LONG-TERM DEBT – I

KENILWORTH SCHOOL DISTRICT

Exhibit I-1

LONG-TERM LIABILITIES

SCHEDULE OF SERIAL BONDS

JUNE 30, 2024

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2023</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2024</u>
			<u>Date</u>	<u>Amount</u>					
2016 Refunding Bonds	5/18/2016	9,395,000	1/15/2025	1,035,000	4.00%	\$ 6,610,000		990,000	5,620,000
			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>\$ 38,058,000</u>	<u>-</u>	<u>990,000</u>	<u>37,068,000</u>

KENILWORTH SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-2

SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

JUNE 30, 2024

<u>Purpose</u>	<u>Date of Issue</u>	<u>Amount of Original Issue</u>	<u>Interest Rate</u>	<u>Balance July 1, 2023</u>	<u>Issued Current Year</u>	<u>Paid Current Year</u>	<u>Amount Outstanding June 30, 2024</u>
ESIP Equipment Lease	5/5/2021	\$ 1,822,440	2.225%	<u>\$ 1,627,000</u>	<u> </u>	<u>100,000</u>	<u>1,527,000</u>

KENILWORTH SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE

Exhibit I-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Revenues:					
Local Sources:					
Local Tax Levy	\$ 586,222		586,222	586,222	
State Sources:					
Debt Service Aid Type II	667,603		667,603	667,603	
Total Revenues	1,253,825	-	1,253,825	1,253,825	-
Expenditures:					
Regular Debt Service:					
Interest	1,789,597		1,789,597	1,789,597	-
Redemption of Principal	990,000		990,000	990,000	-
Total Regular Debt Service	2,779,597	-	2,779,597	2,779,597	-
Total Expenditures	2,779,597	-	2,779,597	2,779,597	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,525,772)	-	(1,525,772)	(1,525,772)	-
Other Financing Sources:					
Transfer from Capital Reserve	1,525,197		1,525,197	1,525,197	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources	(575)	-	(575)	(575)	-
Fund Balance July 1	2,639	-	2,639	2,639	-
Fund Balance June 30	\$ 2,064	-	2,064	2,064	-

STATISTICAL SECTION

(Unaudited)

Borough of Kenilworth Board of Education
 Net position by Component,
 Last Ten Fiscal Years
 (accrual basis of accounting)

Exhibit J-1

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Invested in capital assets, net of related debt	\$ (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)	\$ (31,325,802)
Restricted (Debt Service)	\$ 9	\$ 5,506	\$ 49,708							
Restricted (Capital Projects)	\$ -									
Restricted (Other Purposes)	\$ 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	\$ 24,997,803
Unrestricted	\$ (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)	\$ (4,164,137)
Total governmental activities net position	<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>	<u>\$ (10,492,136)</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 25,540	\$ 20,560	\$ 16,580	\$ 12,600	\$ 8,620	\$ 4,640	\$ 660			
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Unrestricted	\$ -	\$ 137,092	\$ 161,033	\$ 197,427	\$ 216,679	\$ 214,827	\$ 218,078	\$ 316,985	\$ 397,905	\$ 520,893
Total business-type activities net position	<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>	<u>\$ 520,893</u>
District-wide										
Invested in capital assets, net of related debt	\$ (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)	\$ (31,325,802)
Restricted	\$ 9	\$ 5,506	\$ 49,708							
Other Purposes	\$ 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	\$ 24,997,803
Unrestricted	\$ (4,288,588)	\$ (4,639,822)	\$ (5,078,037)	\$ (5,307,747)	\$ (14,595,801)	\$ (4,264,461)	\$ (3,171,977)	\$ (2,151,078)	\$ (4,947,047)	\$ (3,643,244)
Total district net position	<u>\$ (4,587,113)</u>	<u>\$ (4,984,206)</u>	<u>\$ (4,198,934)</u>	<u>\$ (3,213,341)</u>	<u>\$ (1,998,562)</u>	<u>\$ (1,766,235)</u>	<u>\$ 512,575</u>	<u>\$ (66,254)</u>	<u>\$ (1,587,164)</u>	<u>\$ (9,971,243)</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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities										
Total governmental activities expenses	<u>26,049,009</u>	<u>28,162,163</u>	<u>28,609,557</u>	<u>29,635,383</u>	<u>32,066,561</u>	<u>33,085,228</u>	<u>34,223,964</u>	<u>39,920,939</u>	<u>42,885,095</u>	<u>55,817,635</u>
Business-type activities:										
Total business-type activities expense	<u>563,759</u>	<u>595,893</u>	<u>603,534</u>	<u>637,476</u>	<u>683,904</u>	<u>530,894</u>	<u>505,710</u>	<u>778,395</u>	<u>718,434</u>	<u>722,389</u>
Total district expenses	<u>\$26,612,768</u>	<u>28,758,056</u>	<u>29,213,091</u>	<u>30,272,859</u>	<u>32,750,465</u>	<u>33,616,122</u>	<u>34,729,674</u>	<u>40,699,334</u>	<u>43,603,529</u>	<u>56,540,024</u>
Program Revenues										
Governmental activities:										
Total governmental activities program revenues	<u>1,304,674</u>	<u>1,103,437</u>	<u>1,140,807</u>	<u>1,097,670</u>	<u>1,154,962</u>	<u>942,151</u>	<u>1,422,320</u>	<u>1,983,435</u>	<u>2,352,855</u>	<u>2,256,395</u>
Business-type activities:										
Total business-type activities program revenues	<u>564,962</u>	<u>612,661</u>	<u>623,495</u>	<u>669,231</u>	<u>697,857</u>	<u>525,062</u>	<u>504,799</u>	<u>876,507</u>	<u>799,354</u>	<u>839,579</u>
Total district program revenues	<u>1,869,636</u>	<u>1,716,098</u>	<u>1,764,302</u>	<u>1,766,901</u>	<u>1,852,819</u>	<u>1,467,213</u>	<u>1,927,119</u>	<u>2,859,942</u>	<u>3,152,209</u>	<u>3,095,974</u>
Net (Expense)/Revenue										
Governmental activities	<u>(24,744,335)</u>	<u>(27,058,726)</u>	<u>(27,468,750)</u>	<u>(28,537,713)</u>	<u>(30,911,599)</u>	<u>(32,143,077)</u>	<u>(32,801,644)</u>	<u>(37,937,504)</u>	<u>(40,532,240)</u>	<u>(53,561,240)</u>
Business-type activities	<u>1,203</u>	<u>16,768</u>	<u>19,961</u>	<u>31,755</u>	<u>13,953</u>	<u>(5,832)</u>	<u>(911)</u>	<u>98,112</u>	<u>(40,532,240)</u>	<u>117,190</u>
Total district-wide net expense	<u>(24,743,132)</u>	<u>(27,041,958)</u>	<u>(27,448,789)</u>	<u>(28,505,958)</u>	<u>(30,897,646)</u>	<u>(32,148,909)</u>	<u>(32,802,555)</u>	<u>(37,839,392)</u>	<u>(40,532,240)</u>	<u>(53,444,050)</u>
Governmental activities:										
Total governmental activities	<u>25,067,565</u>	<u>26,644,865</u>	<u>28,234,061</u>	<u>29,490,892</u>	<u>32,111,106</u>	<u>32,381,236</u>	<u>34,299,861</u>	<u>37,260,428</u>	<u>38,930,390</u>	<u>45,054,193</u>
Business-type activities:										
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>659</u>	<u>1,319</u>	<u>-</u>	<u>182</u>	<u>135</u>	<u>-</u>	<u>5,798</u>
Total district-wide	<u>25,067,565</u>	<u>26,644,865</u>	<u>28,234,061</u>	<u>29,491,551</u>	<u>32,112,425</u>	<u>32,381,236</u>	<u>34,300,043</u>	<u>37,260,563</u>	<u>38,930,390</u>	<u>45,059,991</u>
Change in Net position										
Governmental activities	<u>323,230</u>	<u>(413,861)</u>	<u>765,311</u>	<u>953,179</u>	<u>1,199,507</u>	<u>238,159</u>	<u>1,498,217</u>	<u>(677,076)</u>	<u>(1,601,850)</u>	<u>(8,507,047)</u>
Business-type activities	<u>1,203</u>	<u>16,768</u>	<u>19,961</u>	<u>32,414</u>	<u>15,272</u>	<u>(5,832)</u>	<u>(729)</u>	<u>98,247</u>	<u>80,920</u>	<u>122,988</u>
Total district	<u>324,433</u>	<u>(397,093)</u>	<u>785,272</u>	<u>985,593</u>	<u>1,214,779</u>	<u>232,327</u>	<u>1,497,488</u>	<u>(578,829)</u>	<u>(1,520,930)</u>	<u>(8,384,059)</u>

Source: ACFR Schedule A-2

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

Exhibit J-3

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Reserved	1,918,625	1,589,859	2,575,143	3,547,179	4,779,566	5,019,566	6,138,124	5,128,913	6,128,494	7,557,028
Unreserved	222,304	148,522	166,214	67,183	(61,611)	(62,117)	579,794	743,558	40,451	54,850
Total general fund	<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>	<u>\$ 7,611,878</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue fund	46,318	73,356	64,972				241,897	257,520	263,246	280,643
Capital projects fund	-						1,784,940	1,156,770	30,473,911	19,548,776
Debt service fund	9	5,506	49,708	44,203	1	1	57	575	2,639	2,064
Permanent fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$19,831,483</u>
Total all Governmental Funds:	<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>	<u>\$27,443,361</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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Tax levy	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	22,882,003
Tuition charges	512,972	426,985	550,660	468,448	486,093	303,133	288,484	311,237	290,625	710,781
Interest earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	109,833	130,935	85,313	173,339	336,425	165,859	513,578	582,262	533,106	3,045,953
Erate	40,568	17,309	28,503	19,537	-	-	-	-	-	-
State sources	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	17,189,605
Federal sources	515,182	510,254	9,813	511,908	563,772	559,064	842,827	1,358,941	1,638,914	1,324,275
Total revenue	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	45,152,617
Expenditures										
Instruction										
Regular Instruction	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	10,284,493
Special education instruction	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	4,398,840
Other special instruction	1,044,459	469,834	603,002	-	-	-	-	-	-	-
Vocational education	-	-	-	-	-	-	-	-	-	-
Other instruction	546,340	739,128	552,346	1,171,465	1,153,566	1,116,066	1,136,579	1,344,759	1,518,528	1,657,678
Support Services:										
Tuition	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	1,599,110
Student & instruction related services	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	4,231,935
General administrative services	560,944	681,306	669,683	644,210	704,742	712,004	643,301	740,622	1,051,347	759,085
School Administrative services	655,129	530,194	504,056	889,916	1,006,865	916,515	946,636	976,225	739,773	999,720
Information Technology	199,118	179,575	191,046	172,608	150,356	209,113	197,201	244,744	222,100	250,416
Business administrative services	299,178	322,113	323,505	-	-	-	-	-	-	-
Plant operations and maintenance	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	2,252,616
Pupil transportation	643,591	635,830	816,755	847,979	842,707	577,407	805,516	985,763	1,365,546	1,040,501
Unallocated employee benefits	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	12,807,798
Special Schools	64,423	67,053	76,978	44,927	38,845	47,017	13,598	31,055	85,889	75,943
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	28,614	6,800	164,624	481,776	853,359	225,170	1,904,206	2,175,471	13,638,236
Debt service:										
Principal	585,000	705,000	855,000	770,000	800,000	845,000	840,000	905,000	950,000	990,000
Interest and other charges	576,106	559,531	368,429	470,000	438,612	406,088	371,763	338,600	302,400	1,789,597
ARRA/Education Jobs	-	-	-	-	-	-	-	-	-	-
Total expenditures	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	56,775,968
Excess (Deficiency) of revenues over (under) expenditures	305,297	(397,051)	(240,117)	887,164	803,786	495,099	1,160,659	(1,457,476)	(1,827,595)	(11,623,351)
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	2,157,971
Adjustment prior year refund	-	-	-	-	-	-	22,941	-	-	-
Total other financing sources (uses)	-	-	-	-	255,605	(255,605)	1,845,381	-	31,449,000	2,157,971
Net change in fund balances	305,297	(397,051)	(240,117)	887,164	1,059,391	239,494	3,006,040	(1,457,476)	29,621,405	(9,465,380)
Debt service as a percentage of noncapital expenditures	4.5%	4.5%	4.4%	4.2%	3.9%	3.9%	3.5%	3.3%	3.1%	0.0%

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</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Rentals</u>	<u>Misc.</u>	<u>Ticket Sales</u>	<u>Contribution</u> <u>EE Benefits</u>	<u>E-Rate</u>	<u>Total</u>
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	\$ 254,837	\$ 12,624	\$ -	\$ 15,707	\$ 320,612
2023	\$ 80,275	\$ 9,600	\$ 37,736	\$ 60,131	\$ 15,599	\$ -	\$ 26,050	\$ 229,391
2024	\$ 199,776	\$ 5,700	\$ 36,590	\$ 23,040	\$ 10,582	\$ -	\$ 16,403	\$ 292,091

Source: District Records

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Req.	Cfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Personal Tangible Property	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
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	\$ 8,058,300	\$ 455,339,700	\$ -	\$ -	\$ 87,565,800	\$ 266,955,100	\$ -	\$ 817,918,900	\$ -	\$ 658,767	\$ 818,577,667	2.514	
2018	\$ 7,898,200	\$ 456,530,900	\$ -	\$ -	\$ 86,825,700	\$ 269,920,500	\$ -	\$ 816,174,300	\$ -	\$ 650,570	\$ 816,824,870	2.512	
2019	\$ 7,859,600	\$ 457,857,700	\$ -	\$ -	\$ 87,240,700	\$ 264,284,900	\$ -	\$ 817,648,500	\$ -	\$ 599,570	\$ 818,248,070	2.561	
2020	\$ 7,805,400	\$ 461,658,300	\$ -	\$ -	\$ 90,794,200	\$ 265,614,000	\$ -	\$ 826,410,800	\$ -	\$ 588,587	\$ 826,999,387	2.585	
2021	\$ 8,299,600	\$ 462,874,300	\$ -	\$ -	\$ 89,133,700	\$ 256,614,000	\$ -	\$ 826,460,500	\$ -	\$ 584,606	\$ 827,045,106	2.647	
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	\$ 465,215,600	\$ -	\$ -	\$ 91,191,200	\$ 238,931,600	\$ 538,900	\$ 803,708,600	\$ -	\$ 458,924	\$ 804,167,524	2.846	
2024	\$ 7,978,900	\$ 466,119,900	\$ -	\$ -	\$ 91,191,200	\$ 213,931,600	\$ 538,900	\$ 779,760,500	\$ -	\$ 388,363	\$ 780,148,863	3.175	

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 Obligation		Total Direct	Kenilworth Borough	County Open Space	Union County	
	Basic Rate ^a	Debt Service ^b					
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
2024	3.175		3.175	2.028	0.046	1.134	6.383

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	2024			2014		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Kenilworth Corporate Property LLC	\$ 106,889,500	1	13.70%	\$ -		0.00%
251 Monroe Owner LLC	\$ 7,867,100	2	1.01%	\$ -		0.00%
Kenilworth-Grocery/Berenson	\$ 7,643,700	3	0.98%	\$ 7,643,700	3	0.94%
Cristie Properties	\$ 6,903,600	4	0.88%	\$ 6,903,600	5	0.85%
251 S. 31st Street, LLC	\$ 5,974,000	5	0.77%	\$ -		0.00%
Merck Sharp & Dohme, LLC	\$ 5,717,300	6	0.73%	\$ -		0.00%
K'worth Storage, LLC	\$ 5,595,000	7	0.72%	\$ 3,400,000	9	0.42%
FDV Realty	\$ 5,208,600	8	0.88%	\$ 4,519,200	6	0.85%
Boright Realty	\$ 5,071,600	9	0.65%	\$ 7,426,800	4	0.91%
141 Market Street Realty, LLC.	\$ 4,494,700	10	0.58%	\$ -		0.00%
Total	\$ 161,365,100		20.90%	\$ 29,893,300		3.96%
 Total Assessed Value:	 \$ 780,148,963			 \$ 815,764,200		

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	
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%	
2023	\$ 46,259,810	\$ 45,892,488	99.21%	

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				
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	
2024	37,068,000	-	-	-	-	37,068,000	0.00%	\$ 49,611	

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

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

<u>Fiscal Year Ended June 30,</u>	<u>General Obligation Bonds</u>	<u>Additions</u>	<u>Refinanced</u>	<u>Deductions</u>	<u>Net General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value ^a of Property</u>	<u>Per Capita ^b</u>
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
2024	38,058,000			990,000	37,068,000	1.20%	\$ 4,488.19

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, 2024**

<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 (12-31-23)	\$ 12,562,700	100.00%	\$ 12,562,700
Other debt			
County of Union - Borough's Share		2.18%	\$ 11,488,084.00
Rahway Valley Sewerage Authority		4.03%	<u>\$ 4,380,306.00</u>
Subtotal, overlapping debt			\$ 28,431,090.00
Kenilworth Borough School District Direct Debt			<u>37,068,000</u>
Total direct and overlapping debt			<u><u>\$ 65,499,090</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	
2023	\$ 2,459,328,641
2022	\$ 2,135,177,411
2021	\$ 1,775,425,349
[A]	\$ <u>6,369,931,401</u>
[A/3]	\$ 2,123,310,467
	84,932,419 a
[C]	<u>37,068,000</u> (District Debt 6/30)
[B-C]	\$ <u>47,864,419</u>

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 52,092,654	\$ 52,092,654	\$ 50,806,358	\$ 50,806,358	\$ 50,806,358	\$ 61,258,152	\$ 63,191,151	\$ 42,873,145	\$ 73,866,155	\$ 84,932,419
Loss of Business Income										
Total net debt applicable to limit	\$ <u>13,580,000</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>	\$ <u>37,068,000</u>
Legal debt margin	\$ <u>38,532,654</u>	\$ <u>39,517,654</u>	\$ <u>39,086,358</u>	\$ <u>39,856,358</u>	\$ <u>40,656,358</u>	\$ <u>51,953,152</u>	\$ <u>54,726,151</u>	\$ <u>35,313,145</u>	\$ <u>35,808,155</u>	\$ <u>47,864,419</u>
Total net debt applicable to the limit as a percentage of debt limit	26.03%	24.14%	23.07%	21.55%	19.98%	15.19%	13.40%	17.63%	51.52%	43.64%

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

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

**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>
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%
2024	8,259	40,973,725	49,611	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	2024			2015		
	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>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>	<u>2024</u>
Instruction										
Regular	95.70	97.29	101.23	99.10	101.83	107.18	108.03	107.22	106.82	106.82
Special education	39.57	44.61	47.34	42.06	42.10	42.57	44.17	47.39	49.36	49.36
Other special education (CST)	7.00	7.00	7.00	7.00	8.00	8.00	6.80	7.60	6.80	6.80
Other instruction	11.64	11.50	10.50	10.50	10.50	10.00	10.00	10.00	15.00	15.00
Support Services:										
Student & instruction related services	11.00	12.00	13.94	14.50	14.50	15.50	15.50	16.00	16.40	16.40
General administrative services	7.00	7.00	7.50	8.50	8.50	9.50	9.50	10.00	9.30	9.30
School administrative services	9.50	9.50	10.50	10.50	11.50	11.50	11.50	10.50	10.00	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	9.35	8.75	9.25
Pupil transportation	-	-	-	-	-	-	-	-	-	-
Total	<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>	<u>226.68</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				
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%	148.57	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%
2024	1,416	30,714,611	\$ 21,691	0.22%	161.06	11.00	10.00	1,421.35	1,332.17	-1.76%	93.73%

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

	<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>	<u>2024</u>
<u>District Building</u>										
<u>Elementary</u>										
Warren Harding (1923)										
Square Feet	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500
Capacity (students)	650	650	650	650	650	650	650	650	650	650
Enrollment	730	679	682	706	691	700	666	693	677	653
<u>Middle/High School</u>										
David Brearley (1966)										
Square Feet	150,267	150,267	150,267	150,267	150,267	150,267	150,267	150,267	150,267	150,267
Capacity (students)	804	804	804	804	804	804	804	804	804	804
Enrollment	<u>721</u>	<u>744</u>	<u>752</u>	<u>759</u>	<u>754</u>	<u>724</u>	<u>771</u>	<u>769</u>	<u>774</u>	<u>774</u>
DISTRICT TOTALS	1,451	1,423	1,434	1,465	1,445	1,424	1,437	1,462	1,451	1,427

Number of Schools at June 30, 2024

 Elementary = 1

 Middle/High School = 1

Source: District records- School Register ADE

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

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

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

School Facilities	Project # (s)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Warren Harding Elementary School	N/A	23,808	16,116	17,572	89,786	52,110	77,115	76,941	109,920	57,341	50,935
David Brearley Middle/High School	N/A	90,332	93,550	259,262	78,328	53,592	110,695	49,087	56,353	108,322	104,459
District Level	N/A	168,586	167,998	146,219	217,505	224,519	155,454	193,145	267,626	158,295	88,333
Total School Facilities		<u>282,726</u>	<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>

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
2023-2024

	<u>Coverage</u>	<u>Deductible</u>
Property - NJSIG		
Real and Personal Property	\$ 350,000,000.00	\$ 5,000.00
Electronic Data Processing	\$ 350,000,000.00	\$ 5,000.00
Equipment Breakdown	\$ 100,000,000.00	\$ 25,000.00
Valuable Papers	\$ 10,000,000.00	\$ 5,000.00
Auto Physical Damage	Per schedule	
Flood for properties all zones - Pool	\$ 75,000,000.00	
Special Flood Hazard Zone Deductible - Building		\$ 500,000.00
Special Flood Hazard Zone Deductible - Contents		\$ 500,000.00
All Other Flood Zone Deductible		\$ 10,000.00
Crime & Fidelity - NJSIG		
Public Employee Dishonesty	\$ 250,000.00	\$ 1,000.00
Money Orders & Counterfeit Paper Currency	\$ 100,000.00	\$ 500.00
Cyber Liability - NJSIG		
Each Claim	\$ 2,000,000.00	Note #1
Annual Aggregate	\$ 2,000,000.00	
Commercial General & Auto Liability - NJSIG		
Limit of Liability, Per Occurrence	\$ 16,000,000.00	
School District Legal Liability - NJSIG		
Coverage A	\$ 16,000,000.00	\$ 5,000.00
Coverage B (each claim)	\$ 100,000.00	\$ 5,000.00
Coverage B (each policy period)	\$ 300,000.00	
Surety Bonds		
Business Administrator - Hanover	\$ 80,000.00	
Treasurer - Selective	\$ 250,000.00	
Worker's Compensation - NJSIG		
Bodily Injury by Accident- Each Accident	\$ 3,000,000.00	
Bodily Injury by Disease- Each Employee	\$ 3,000,000.00	
Bodily Injury by Disease- Aggregate	\$ 3,000,000.00	
Builder's Risk - Selective		
426 Boulevard - Turf Field	\$ 3,976,705.00	
Brearley & Harding - Additions and Alterations	\$ 16,108,074.00	
Brearley & Harding - HVAC Upgrades	\$ 5,517,500.00	

Note #1: \$250,000 or \$25,000 contingent upon controls in place at time of loss

Source: District Records

SINGLE AUDIT SECTION

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND 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, 2024, 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 10, 2025.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

January 10, 2025

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, 2024. 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, 2024.

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 10, 2025

KENILWORTH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2023	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Balance at June 30, 2024					
					From	To						(Accounts Receivable)	Deferred Revenue	Due to Grantor			
General Fund:																	
Medical Assistance Program SEMI	93.778	2305NJ5MAP	N/A	\$ 3,768	07/01/2023	06/30/2024	\$ -		3,768	3,768							
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	(12,515)		12,515								
National School Lunch Program	10.555	241NJ304N1099	N/A	175,844	07/01/2023	06/30/2024			168,138	(175,844)		(7,706)					
School Breakfast Program	10.553	241NJ304N1099	N/A	10,378	07/01/2023	06/30/2024			9,832	(10,378)		(546)					
School Breakfast Program	10.553	231NJ304N1099	N/A	9,817	07/01/2022	06/30/2023	(1,014)		1,014								
HHFKA	10.555	23NJ304N1099	N/A	5,953	07/01/2022	06/30/2023	(455)		455								
HHFKA	10.555	24NJ304N1099	N/A	6,919	07/01/2023	06/30/2024			6,593	(6,919)		(326)					
PEBT	10.555	24NJ304N1099	N/A	653	07/01/2023	06/30/2024			653	(653)							
Supply Chain	10.555	24NJ304N1099	N/A	37,688	07/01/2023	06/30/2024			37,688	(37,688)							
Food Distribution Program	10.550	241NJ304N1099	N/A	60,062	07/01/2023	06/30/2024			60,062	(60,062)							
Total U.S. Department of Agriculture							(13,984)	-	296,950	(291,544)	-	(8,578)	-	-	-	-	-
U.S. Department of Education Passed Through State Department of Education:																	
Title I	84.010	S101A230030	N/A	191,722	07/01/2023	09/30/2024			141,702	(123,504)			18,398				
Title I	84.010	S101A220030	N/A	233,622	07/01/2022	09/30/2023	(149,418)		149,418								
Title IIA	84.367	S367A220029	N/A	33,507	07/01/2022	09/30/2023	(14,158)		14,158								
Title IIA	84.367	S367A230029	N/A	24,666	07/01/2021	09/30/2022			17,505	(17,505)							
Title III	84.365	S365A230030	N/A	12,132	07/01/2023	09/30/2024			8,079	(8,079)							
Title III - Immigrant	84.365	S365A230030	N/A	3,489	07/01/2023	09/30/2024			2,884	(2,884)							
Title IV	84.424	S424A230031	N/A	17,463	07/01/2023	09/30/2024			13,097	(14,066)		(969)					
Title IV	84.424	S424A220031	N/A	18,264	07/01/2022	09/30/2023	(1,229)		1,229								
IDEA Part B Basic	84.027	H027A230100	N/A	380,232	07/01/2023	09/30/2024			376,832	(376,874)		(42)					
IDEA Preschool	84.173	H027A220100	N/A	12,256	07/01/2023	09/30/2024			12,256	(12,256)							
ARP ESSER II	84.425U	S425U210027	N/A	1,391,997	03/11/2021	09/30/2024	(148,892)		806,193	(733,253)		(75,952)					
ARP Beyond the School Day	84.425U	S425U210027	N/A	40,000	03/11/2021	09/30/2024			40,000	(40,000)							
ARP Summer	84.425U	S425U210027	N/A	40,000	03/11/2021	09/30/2024	(860)		12,536	(11,676)							
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							(403,058)	-	1,684,390	(1,339,897)	-	(76,963)	18,398	-	-	-	-
Total Federal Financial Assistance							\$ (417,042)	-	1,985,108	(1,635,209)	-	(85,541)	18,398	-	-	-	-

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, 2024

State Grantor/Program State Department of Education	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2023			Budgetary Expenditures Pass Through Funds	Repayment of Prior Year Balances	Balance at June 30, 2024			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	24-495-034-5120-089	\$ 1,218,446	7/1/2023	6/30/2024	\$ -			1,096,389	(1,218,446)					(122,057)	1,218,446	
School Choice	24-495-034-5120-068	2,221,600	7/1/2023	6/30/2024				2,000,032	(2,221,600)					(221,568)	2,221,600	
Equalization Aid	24-495-034-5120-078	3,957,044	7/1/2023	6/30/2024				3,562,108	(3,957,044)					(394,936)	3,957,044	
Security Aid	24-495-034-5120-084	214,451	7/1/2023	6/30/2024				192,683	(214,451)					(21,768)	214,451	
Transportation Aid	24-495-034-5120-014	173,781	7/1/2023	6/30/2024				156,677	(173,781)					(17,104)	173,781	
Extraordinary Aid	23-495-034-5120-044	260,385	7/1/2022	6/30/2023	(260,385)			260,385								
Extraordinary Aid	24-495-034-5120-044	250,991	7/1/2023	6/30/2024					(250,991)		(250,991)				250,991	
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)	24-495-034-5094-001	1,526,061	7/1/2023	6/30/2024				1,526,061	(1,526,061)						1,526,061	
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	24-495-034-5094-002	5,607,150	7/1/2023	6/30/2024				5,607,150	(5,607,150)						5,607,150	
On-Behalf T.P.A.F. Pension Contributions - Long Term Disability	24-495-034-5094-004	2,808	7/1/2023	6/30/2024				2,808	(2,808)						2,808	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	23-100-034-5095-003	1,108,505	7/1/2022	6/30/2023	(55,856)			55,856								
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	24-100-034-5095-002	1,142,723	7/1/2023	6/30/2024				1,086,745	(1,142,723)		(55,978)				1,142,723	
					(316,241)	-	-	15,546,894	(16,315,055)	-	-	(306,969)	-	(777,433)	16,315,055	
State Department of Agriculture:																
National School Lunch Program (State Share)	24-100-010-3350-023	11,688	7/1/2023	6/30/2024				11,126	(11,688)		(562)				11,688	
National School Breakfast Program (State Share)	23-100-010-3350-023	282	7/1/2022	6/30/2023	(32)			32								
National School Breakfast Program (State Share)	24-100-010-3350-023	494	7/1/2023	6/30/2024	-			457	(494)		(37)				494	
National School Lunch Program (State Share)	23-100-010-3350-023	8,287	7/1/2022	6/30/2023	(628)			628								
					(660)	-	-	12,243	(12,182)	-	-	(599)	-	-	12,182	
Debt Service Aid Type II	24-495-034-5120-125	667,603	7/1/2023	6/30/2024				667,603	(667,603)						667,603	
Special Revenue:																
Nonpublic Aid:																
Textbook Aid	24-495-034-5120-064	10,695	7/1/2023	6/30/2024				10,695	(10,499)						10,499	
Textbook Aid	23-495-034-5120-064	12,078	7/1/2022	6/30/2023	323					(323)						
Nursing Services	24-100-034-5120-070	22,200	7/1/2023	6/30/2024				22,200	(22,157)						22,157	
Nursing Services	23-100-034-5120-070	20,496	7/1/2022	6/30/2023	6,283					(6,283)						
Technology Aid	24-100-034-5120-373	9,065	7/1/2023	6/30/2024				9,065	(8,714)						8,714	
Technology Aid	23-100-034-5120-373	7,686	7/1/2022	6/30/2023	7,686					(7,686)						
Security Aid	24-100-034-5120-084	37,925	7/1/2023	6/30/2024				37,925	(19,520)						18,405	
Security Aid	23-100-034-5120-084	37,515	7/1/2022	6/30/2023	765					(765)						
Compensatory Education	24-100-034-5120-067	92,605	7/1/2023	6/30/2024				92,605	(90,709)						1,896	
Compensatory Education	23-100-034-5120-067	94,186	7/1/2022	6/30/2023	1					(1)						
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	10,424					(10,424)						
Examination and Classification	24-100-034-5120-066	16,398	7/1/2023	6/30/2024				16,398	(15,356)						1,042	
Corrective Speech	24-100-034-5120-066	13,020	7/1/2023	6/30/2024				13,020	(11,346)						1,674	
Corrective Speech	23-100-034-5120-066	13,950	7/1/2022	6/30/2023	3,720					(3,720)						
Supplemental Instruction	24-100-034-5120-066	16,520	7/1/2023	6/30/2024				16,520	(12,390)						4,130	
Supplemental Instruction	23-100-034-5120-066	16,520	7/1/2022	6/30/2023	4,212					(4,212)						
Climate Awareness	NA	6,660	7/1/2022	6/30/2023	(6,453)			6,453								
					27,963	-	-	224,881	(190,691)	-	(34,416)	-	-	27,737	190,691	
Total State Financial Assistance					\$ (288,938)	-	-	16,451,621	(17,185,531)	-	(34,416)	(307,568)	-	27,737	(777,433)	17,185,551
Less: State Financial Assistance Not Subject to Major Program Determination:																
On-Behalf T.P.A.F. Pension Contributions - Post Retirement Medical (non-budgeted)	24-495-034-5094-001	1,526,061	7/1/2023	6/30/2024					1,526,061							
On-Behalf T.P.A.F. Pension Contributions - Normal Cost (non-budgeted)	24-495-034-5094-002	5,607,150	7/1/2023	6/30/2024					5,607,150							
On-Behalf T.P.A.F. Pension Contributions - Long Term Disability	24-495-034-5094-004	2,808	7/1/2023	6/30/2024					2,808							
Total State Financial Assistance Subject to Major Program Determination									\$ (10,049,512)							

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

KENILWORTH SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2024****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					
\$ 16,315,055	190,691	667,603	12,182	17,185,531	
Difference – Budget to "GAAP"					
Grant Accounting Budgetary					
Basis Differs from GAAP					
in that Encumbrances are					
Recognized as Expenditures					
and the Related Revenue					
is Recognized					
		34,416			34,416
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)					
(18,160)	_____	_____	_____	_____	(18,160)
Total State Revenue as Reported					
on the Statement of Revenues,					
Expenditures and Changes in					
Fund Balances					
<u>\$ 16,296,895</u>	<u>225,107</u>	<u>667,603</u>	<u>12,182</u>	<u>17,201,787</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				
	\$ 3,768	1,339,897	291,544	1,635,209
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>19,390</u>	_____	<u>19,390</u>
Total Federal Revenue as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances				
	<u>\$ 3,768</u>	<u>1,320,507</u>	<u>291,544</u>	<u>1,615,819</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, 2024. 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, 2024.

BOROUGH OF KENILWORTH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

K-6

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

84.425U

ARP ESSER II (American Rescue Plan - Elementary and Secondary Schools)

84.425U

ARP Summer Learning (American Rescue Plan - Elementary and Secondary Schools)

84.425U

ARP Beyond the School Day (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
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

K-6

Part 1 - Summary of Auditor's Results (Continued)

State Awards Section

(J) Dollar threshold used to determine Type A programs: \$750,000

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

(L) Type of auditor's report on compliance for major programs: Unmodified

(M) Internal control over compliance:

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

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

(N) Any audit findings disclosed that are required to be reported in accordance with N.J. OMB's Circular 04-04? _____ Yes _____ x _____ No

(O) Identification of major programs:

GMIS Number(s)

24-100-034-5095-002

24-495-034-5120-030

24-495-034-5120-068

24-495-034-5120-084

24-495-034-5120-089

Name of State Program

Reimbursed TPAF Social Security Contributions

Equalization Aid (Public Cluster)

School Choice (Public Cluster)

Security Aid (Public Cluster)

Special Education Aid (Public Cluster)

BOROUGH OF KENILWORTH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

K-6

Part 2 - Schedule of Financial Statement Findings

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

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

BOROUGH OF KENILWORTH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

K-6

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

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

FEDERAL AWARDS

Finding: None

Federal program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Cause: N/A

Recommendation: N/A

Management's response: N/A

BOROUGH OF KENILWORTH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

K-6

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

STATE AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

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

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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.