

**KINNELON SCHOOL DISTRICT
COUNTY OF MORRIS, NEW JERSEY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

**School District
of**

KINNELON

**KINNELON SCHOOL DISTRICT
Kinnelon, New Jersey**

**Annual Comprehensive Financial Report
Year Ended June 30, 2024**

Annual Comprehensive Financial Report

of the

**KINNELON SCHOOL DISTRICT
BOARD OF EDUCATION
Kinnelon, New Jersey**

Year Ended June 30, 2024

Prepared by

**Barbara Francisco
Business Administrator/Board Secretary**

KINNELON PUBLIC SCHOOL DISTRICT
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INTRODUCTORY SECTION



KINNELON PUBLIC SCHOOLS

109 KIEL AVENUE ♦ KINNELON, NEW JERSEY 07405

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Website: www.kinnelonpublicschools.org

Email: franciscob@kinnelon.org

Barbara Francisco
Interim Business Administrator/
Board Secretary

October 24, 2024

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

Dear Board Members:

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

The 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 basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (“Uniform Guidance”) and New Jersey’s OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and questioned costs, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels Pre-K through Grade 12. These include regular, vocational as well as special education for handicapped youngsters. The District

Honorable President and
Members of the Board of Education
October 24, 2024

completed the 2023/2024 fiscal year with an enrollment of 1,654 students which was an increase of 11 students from the prior year.

2) ECONOMIC CONDITION AND OUTLOOK: While recent job growth in Kinnelon has been slow, and indicative of the economy as a whole, the most recent unemployment rate in the community is 6.1%. This is approximately 2% higher than the national average. Future home development is limited due to the implementation of the Highlands Act.

3) MAJOR INITIATIVES: Over the past five years, student enrollment in the Kinnelon Public Schools decreased approximately 11.7%. This decrease was anticipated and the administration began to focus on repurposing existing instructional space to meet the academic and emotional needs of our student population. An updated demographic study was completed in March 2024 and that information will assist in projecting student scheduling through the next few years. The district supported the implementation of a new ELA program to strengthen the skills of K-5 students in the area of phonics, writing and reading comprehension, along with a new Math initiative. Staff development has also been a major focus to provide the teachers with resources to implement the new ELA and Math curriculums. Facilities needs are being identified and prioritized. ROD grants were awarded for replacement roofs at two schools. The district has continued to focus on identifying infrastructure upgrades needed to support the 1:1 Chromebook initiative for students and building security. Installation of internal and external cameras, card swipes for building entry, along with a replacement telephone system were dependent upon these needed upgrades.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2024.

Honorable President and
Members of the Board of Education
October 24, 2024

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


7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

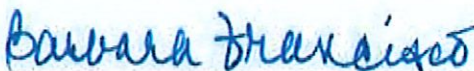
9) OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Wielkotz & Company, LLC, was selected by the Board. In addition to meeting the requirements set forth in state statutes,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

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

Respectfully submitted,

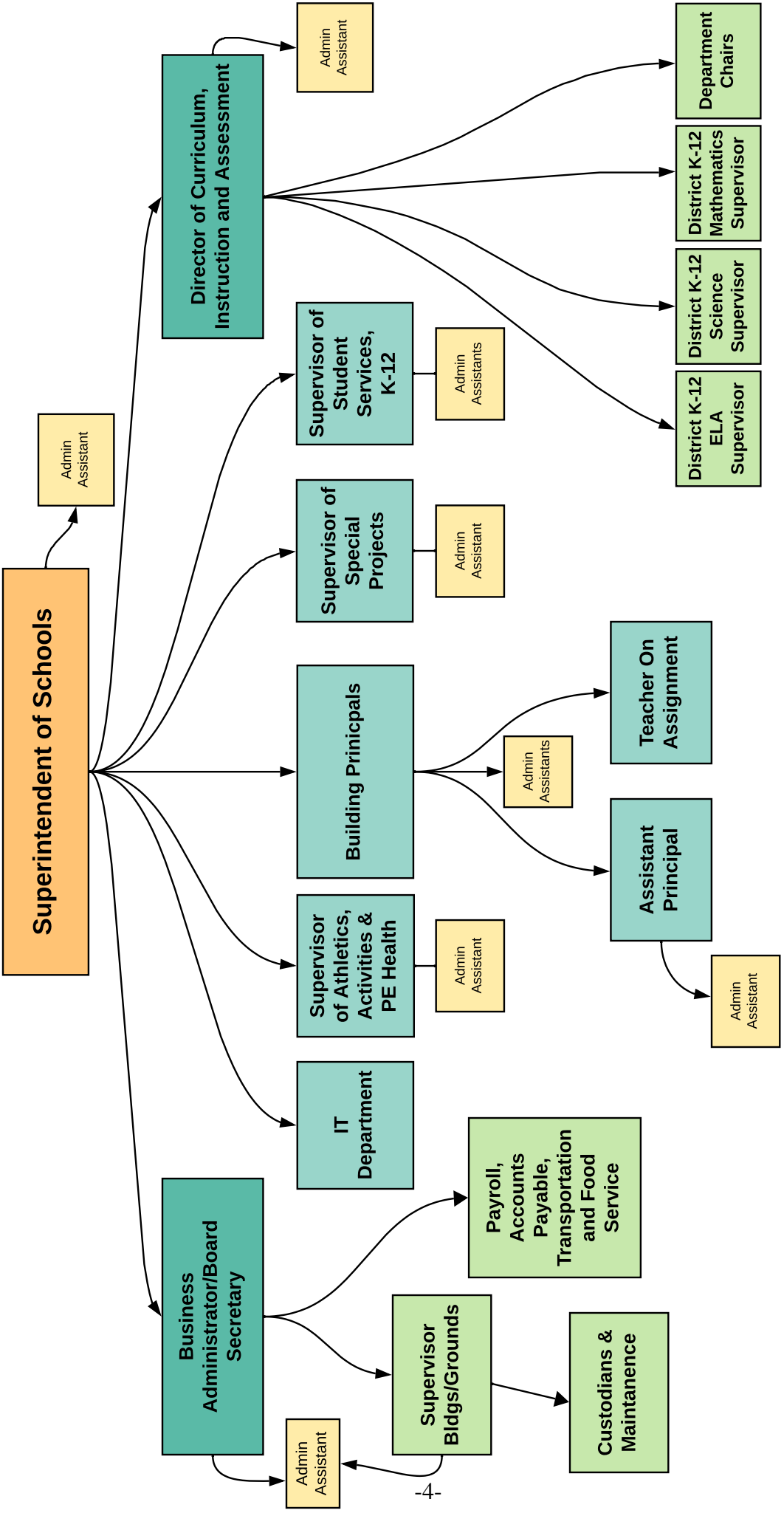


David C. Mango
Superintendent



Barbara Francisco
Interim Board Secretary/Business Administrator

Kinnelon Public Schools 2023-2024



KINNELON BOARD OF EDUCATION

ROSTER OF OFFICIALS

JUNE 30, 2024

Members of the Board of Education

Term Expires

Jean Donaldson	President	2026
Michael Petruccelli	Vice President	2024
Jonathan Eisenmenger	Member	2025
Dana Leonard	Member	2026
Carl Myers	Member	2025
Kelly Parrella	Member	2024
Jennifer Portman	Member	2025

Other Officials

David C. Mango, Superintendent of Schools

Kerry A. Keane, Business Administrator/Board Secretary (7/1/23-1/1/24)

Barbara Francisco, Interim Business Administrator/Board Secretary (1/2/24-6/30/24)

Jennifer Stillman, Treasurer of School Monies

Jeff Merlino of Methfessel & Werbel, P.C., Board Attorney

KINNELON BOARD OF EDUCATION

CONSULTANTS AND ADVISORS

JUNE 30, 2024

Architect/Engineer

DiCara Rubino Architects
35 Waterview Blvd
Suite 303
Parsippany, NJ 07054

Audit Firm

Wielkotz & Company, LLC
401 Wanaque Avenue
Pompton Lakes, NJ 07442

Attorney

Jeff Merlino, Esq.
Methfessel & Werbel, Esqs.
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Edison, NJ 08817

Official Depositories

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Oak Ridge, NJ 07438

FINANCIAL SECTION



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

STEVEN D. WIELKOTZ, CPA, RMA, PSA
MATTHEW B. WIELKOTZ, CPA, PSA
DAVID BOTTGE, CPA, RMA, PSA
PAUL J. CUVA, CPA, RMA, PSA
KARI FERGUSON, CPA, RMA, CMFO, PSA
ROBERT C. MCNINCH, CPA, CFE, PSA
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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Kinnelon School District
Kinnelon, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of Kinnelon School District, in the County of Morris, 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 District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and each major fund of Kinnelon School District, in the County of Morris, State of New Jersey, 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 Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey 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 of our report. We are required to be independent of Kinnelon School District and to meet our other ethical responsibilities, in accordance



with the relevant ethical requirements relating to our audits. 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, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of 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, audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey 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, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.



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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kinnelon School 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kinnelon School 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, Schedules Related to Accounting and Reporting for Pensions, and Other Post Employment Benefits identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have



applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



Honorable President and
Members of the Board of Education
Page 5.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2024 on our consideration of Kinnelon School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kinnelon School District's internal control over financial reporting and compliance.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

October 24, 2024



**REQUIRED SUPPLEMENTARY
INFORMATION - PART I**

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The discussion and analysis of the Kinnelon 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 Districts' financial performance as a whole and should not be interpreted as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the District's revenues and expenditures by the program for the General Fund, Special Revenue Fund, Debt Service Fund and Enterprise Fund.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Kinnelon Board of Education exceeded its liabilities, and deferred inflows of resources at the close of the fiscal year by \$20,492,694. (Net Position)
- In total, net position increased \$1,990,224. Net position of the governmental activities increased by \$1,901,096 and net position of business-type activities decreased by \$872.
- General revenues accounted for \$41,882,668 in revenue or 76 percent of all governmental and business-type activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$12,572,096 or 24 percent of total revenues of \$54,454,764.
- The School District had \$51,878,847 in expenses related to governmental activities; only \$11,837,233 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$41,942,710 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$8,872,300.
- The General Fund fund balance at June 30, 2024 was \$5,442,561, a decrease of \$1,702,231 compared to the ending fund balance at June 30, 2023 of \$7,144,792.
- The General Fund unassigned budgetary fund balance at June 30, 2024 was \$1,075,089 which represents an increase of \$210,593 compared to the ending unassigned budgetary fund balance at June 30, 2023 of \$864,496. The increase is primarily due to an increase in expenses and allowable adjustments to the excess surplus calculation.

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

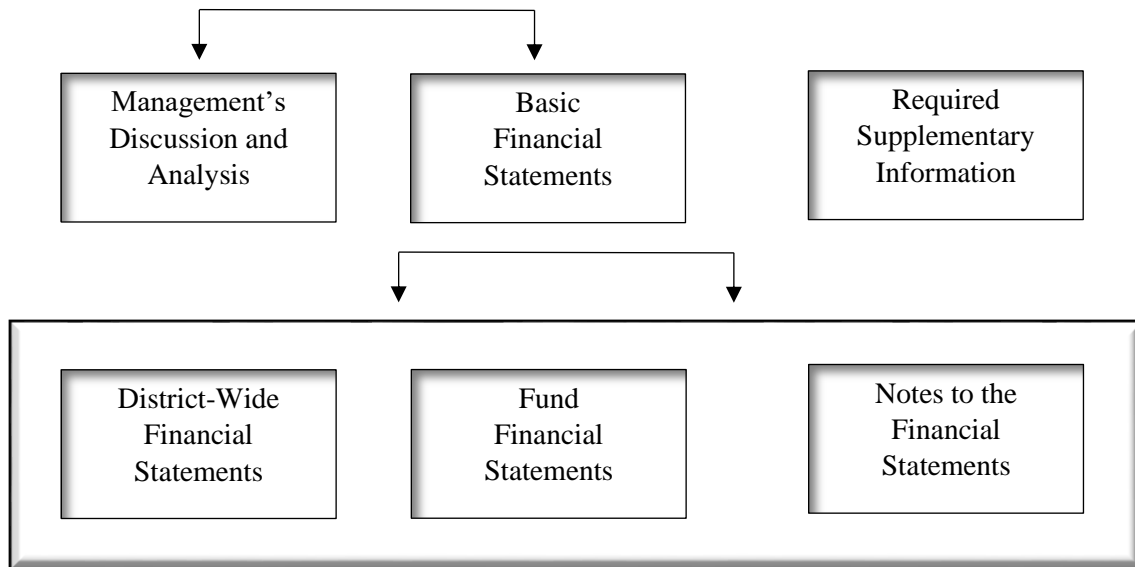
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of the annual report consists of four parts – Independent Auditor’s Report, required supplementary information which includes the management’s discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the district-wide statements.
- The district governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.

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



**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

OVERVIEW OF THE FINANCIAL STATEMENTS, (continued)

The major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain are detailed below. The remainder of this overview section of management’s discussion and analysis highlights the structure and contents of each of the statements.

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education and building maintenance	Activities the district operates similar to private businesses: Enterprise fund	Instances in which the district administers resources on behalf of someone else, such as custodial accounts
Required Financial Statements	Statements of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statements of Fiduciary Net Position Statement of Changes In Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/ Deferred Outflows/ Inflows of Resources/ Liability Information	All assets, deferred outflows/inflows of resources and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be utilized and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets
Type of Inflow/ Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and dedications during the year, regardless of when cash is received or paid

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a whole (district-wide statements), and then proceed to provide an increasingly detailed look at specified financial activities.

District-Wide Financial Statements

The *statement of net position and statement of activities* reports information about the District as a whole and about its' activities in a manner that helps answer the question, "Is the District better or worse off as a result of the year's activities?" These statements include all assets and liabilities of the District using the accrual basis of accounting, similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

Both of the district-wide financial statements distinguish functions of Kinnelon School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

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

- Governmental Activities – All of the school district's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity – This service is provided on a charge for goods and services basis to recover all the expenses of the goods or services provided. The Food Service Program and the After School Program are reported as business activities.

The two statements report the District's net position and changes in them. The change in net position can be utilized by a reader to assist in determining whether the District's financial health is improving or deteriorating. However, the reader should also consider non-financial factors such as property tax base, current New Jersey laws restricting revenue growth, student enrollment growth, facility conditions, required educational programs and other factors in determining the District's overall financial health.

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Kinnelon School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the district's funds can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of *spendable resources* available at the end of the fiscal year. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities* (reported in the Statement of Net Position and the Statement of Activities).

The Kinnelon School District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the general, special revenue, capital projects and debt service funds, which are considered to be major funds.

The Kinnelon School District adopts annual appropriated budgets for its governmental funds except for the capital projects fund. A budgetary comparison schedule has been provided for the general fund, special revenue fund and debt service fund to demonstrate compliance with their budgets.

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

USING THIS ANNUAL REPORT, (continued)

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements, therefore the statements will essentially match the business-type activities portion of the district-wide statements. The Kinnelon School District uses proprietary funds to account for its' food service program and enrichment program.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning budgetary information for the District's major funds.

Our 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. Varying degrees of assurance are being provided by the auditor regarding the Required Supplemental Information and the Supplemental Information identified above. 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 in the Financial Section.

DISTRICT-WIDE FINANCIAL ANALYSIS

The Statement of Net Positions provides the perspective of the District as a whole. Net position may, over time, serve as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

The School District's net position was \$20,492,694 at June 30, 2024 and \$18,592,470 at June 30, 2023. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis below focuses on the net position for 2024 compared to 2023 (Table 1) and change in net position (Table 2) of the School District.

Table 1

**Net Position
June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Assets						
Current and Other Assets	\$9,253,647	\$7,870,036	\$424,057	\$440,673	\$9,677,704	\$8,310,709
Capital Assets	<u>32,088,413</u>	<u>32,823,088</u>	<u>28,638</u>	<u>72,337</u>	<u>32,117,051</u>	<u>32,895,425</u>
Total Assets	<u>\$41,342,060</u>	<u>\$40,693,124</u>	<u>\$452,695</u>	<u>\$513,010</u>	<u>\$41,794,755</u>	<u>\$41,206,134</u>
Deferred Outflows						
Deferred Amount on Refunding	\$	\$264,873	\$	\$	\$	\$264,873
Deferred Outflows of Resources						
Related to PERS	<u>1,150,308</u>	<u>1,601,694</u>	<u>_____</u>	<u>_____</u>	<u>1,150,308</u>	<u>1,601,694</u>
Total Deferred Outflows	<u>\$1,150,308</u>	<u>\$1,866,567</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,150,308</u>	<u>\$1,866,567</u>
Liabilities						
Current Liabilities	\$1,372,641	\$1,285,987	\$38,743	\$98,186	\$1,411,384	\$1,384,173
Noncurrent Liabilities	<u>20,538,126</u>	<u>21,832,079</u>	<u>_____</u>	<u>_____</u>	<u>20,538,126</u>	<u>21,832,079</u>
Total Liabilities	<u>\$21,910,767</u>	<u>\$23,118,066</u>	<u>\$38,743</u>	<u>\$98,186</u>	<u>\$21,949,510</u>	<u>\$23,216,252</u>
Deferred Inflow of Resources						
Deferred Inflows of Resources						
Related to PERS	<u>502,859</u>	<u>1,263,979</u>	<u>_____</u>	<u>_____</u>	<u>502,859</u>	<u>1,263,979</u>
Total Deferred Inflows	<u>\$502,859</u>	<u>\$1,263,979</u>	<u>_____</u>	<u>_____</u>	<u>\$502,859</u>	<u>\$1,263,979</u>
Net Position						
Net Investment in Capital Assets	\$20,014,575	\$21,062,961	\$28,638	\$72,337	\$20,043,213	\$21,135,298
Restricted	7,797,211	6,661,334			7,797,211	6,661,334
Unrestricted	<u>(7,733,044)</u>	<u>(9,546,649)</u>	<u>385,314</u>	<u>342,487</u>	<u>(7,347,730)</u>	<u>(9,204,162)</u>
Total Net Position	<u>\$20,078,742</u>	<u>\$18,177,646</u>	<u>\$413,952</u>	<u>\$414,824</u>	<u>\$20,492,694</u>	<u>\$18,592,470</u>

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Changes in Net Position:

The District's total net position increased \$1,900,224 over the course of the 2023-2024 fiscal year (See Table 2). Net position invested in capital assets decreased \$1,092,085 primarily due to current fiscal year depreciation, offset by capital asset additions. Restricted net position increased \$1,135,877 as a result of an increase in capital projects offset by decreases in the capital reserve, unemployment and student activities. Unrestricted net position decreased \$1,856,432 primarily due to changes in compensated absences payable, net pension liability, deferred inflows and outflows of resources related to pensions, unexpended budget appropriations and an excess in state revenues.

Table 2 below shows the changes in net position for fiscal year 2024 compared to 2023.

**Table 2
Changes in Net Position
Year Ended June 30,**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenues						
Program Revenues:						
Charges for Services and						
Sales	\$481,579	\$460,252	\$541,413	\$507,444	\$1,022,992	\$967,696
Operating Grants and						
Contributions	11,355,654	10,418,018	193,450	175,050	11,549,104	10,593,068
General Revenues:						
Taxes:						
Property Taxes	41,342,516	40,600,650			41,342,516	40,600,650
Federal and State Aid						
Not Restricted					0	0
Federal and State Aid -		156,360				156,360
Capital Outlay						
Tuition Received	72,300				72,300	0
Miscellaneous Income	391,275	115,240	2,314	124	393,589	115,364
Investment Income	129,656				129,656	0
Other Restricted						
Miscellaneous Revenue	6,963				6,963	0
Other Financing Sources/(Uses)			(62,356)		(62,356)	0
Total Revenues and Transfers	<u>\$53,779,943</u>	<u>\$51,750,520</u>	<u>\$674,821</u>	<u>\$682,618</u>	<u>\$54,454,764</u>	<u>\$52,433,138</u>

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Functions/Program Expenses						
Instruction:						
Regular	\$13,794,430	\$18,937,800	\$	\$	\$13,794,430	\$18,937,800
Special Education	5,364,959	6,394,688			5,364,959	6,394,688
Other Special Education	527,715	723,896			527,715	723,896
Other Instruction	1,248,031	997,069			1,248,031	997,069
Support Services:						
Instruction	1,418,442	1,807,908			1,418,442	1,807,908
Student & Instruction Related Services	6,797,961	9,084,238			6,797,961	9,084,238
General Administrative Services	693,866	942,384			693,866	942,384
School Administrative Services	1,964,920	2,678,267			1,964,920	2,678,267
Central Services	608,983	496,441				
Admin Info. Tech.	102,503	98,156			102,503	98,156
Plant Operations and Maintenance	3,870,584	3,682,318			3,870,584	3,682,318
Pupil Transportation	3,247,758	3,203,145			3,247,758	3,203,145
Unallocated Benefits	9,686,106				9,686,106	0
Transfer of Funds to					0	0
Charter Schools	26,182	17,999			26,182	17,999
Capital Outlay - Nondepreciable	703,769				0	0
Interest on Long-Term Debt	535,163	515,978			535,163	515,978
Unallocated Depreciation	1,120,344	1,127,301			1,120,344	1,127,301
Capital lease obligation and Amortization	167,131					
Food Service			<u>675,693</u>	<u>652,896</u>	<u>675,693</u>	<u>652,896</u>
Total Expenses	<u>51,878,847</u>	<u>50,707,588</u>	<u>675,693</u>	<u>652,896</u>	<u>52,554,540</u>	<u>51,360,484</u>
Increase or (Decrease) in						
Net Position	<u>\$1,901,096</u>	<u>\$1,042,932</u>	<u>(\$872)</u>	<u>\$29,722</u>	<u>\$1,900,224</u>	<u>\$1,072,654</u>

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental Activities

Net position from the District’s governmental activities increased by \$1,901,096 during the fiscal year. However, maintaining existing programs, the provision of multitude of special programs/services for student with special needs and the cost of employee benefits has placed great demand on the District’s financial resources. As a result, careful management of expenses remains essential for the District to sustain its financial health. Increasing parental and student demands for new activities and programs must be evaluated thoroughly.

Table 3 presents the cost of six major District activities: instruction, pupil and instructional services, administrative and business, maintenance and operations, transportation and other. The table also shows each activity’s net cost (total cost less fees generated by the activities and other governmental aid provided for specific programs). The net cost shows the financial burden placed on the District’s taxpayers by each of these functions.

Table 3
Net Cost of Governmental Activities
Year Ended June 30,

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Instruction	\$20,935,135	\$27,053,453	\$18,449,786	\$19,596,788
Pupil and Instruction Services	8,216,403	10,892,146	6,503,650	8,592,229
Administrative and Business	3,370,272	4,215,248	3,370,272	3,689,212
Maintenance and Operations	3,870,584	3,682,318	3,706,373	3,559,656
Transportation	3,247,758	3,203,145	2,422,743	2,573,795
Other	12,238,695	1,661,278	5,588,790	1,661,278
	<u>\$51,878,847</u>	<u>\$50,707,588</u>	<u>\$40,041,614</u>	<u>\$39,672,958</u>

Business-Type Activities

The net position of the District’s business-type activities decreased by \$872. The net position of the Food Service program decreased by \$3,186 primarily due to the disposal of assets prior to full depreciation and an increase in operating expenses. The net position of the Enrichment Program increased by \$2,314 due to interest earnings.

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

DISTRICT-WIDE FINANCIAL ANALYSIS, (continued)

Governmental and Business -Type Activities

As reported in the Statement of Activities the cost of all of our governmental and business-type activities this year was \$52,554,540. However, the amount that our taxpayers ultimately financed for these activities through School District taxes was only \$41,342,516 because some of the cost was paid by those who benefitted from the programs \$1,022,992, by other governments and organizations who subsidized certain programs with grants and contributions \$11,549,104, tuition received \$72,300, and by miscellaneous sources \$467,852.

The following schedules present a summary of governmental fund revenues and expenditures for the fiscal year ended June 30, 2024, and the amount and percentage of increases/(decreases) relative to the prior year.

Schedule of Change in Governmental Fund Revenue and Expenditures

<u>Revenue</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2023</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Local Source	\$42,470,242	72.3%	\$1,206,748	2.92%	\$41,263,494
State Source	15,537,330	26.4%	2,112,212	15.73%	13,425,118
Federal Source	<u>748,799</u>	<u>1.3%</u>	<u>(68,611)</u>	-8.39%	<u>817,410</u>
Total	<u>\$58,756,371</u>	<u>100.0%</u>	<u>\$3,250,349</u>	5.86%	<u>\$55,506,022</u>
<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>	<u>Increase/ (Decrease) from 2023</u>	<u>Percent of Increase/ (Decrease)</u>	<u>Prior Year</u>
Current Expenditures:					
Instruction	\$18,850,023	32.6%	\$463,486	2.52%	\$18,386,537
Undistributed	35,974,390	62.3%	1,292,968	3.73%	34,681,422
Debt Service	1,580,838	2.7%	8,322	0.53%	1,572,516
Capital Outlay	<u>1,338,274</u>	<u>2.3%</u>	<u>442,913</u>	49.47%	<u>895,361</u>
Total	<u>\$57,743,525</u>	<u>100.0%</u>	<u>\$2,207,689</u>	3.98%	<u>\$55,535,836</u>

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law, and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the general fund and the special revenue fund.

During the fiscal year ended June 30, 2024, the School District amended the budgets of these major governmental funds several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- TPAF, which is the state's contribution to the pension fund, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.
- During the fiscal year ended June 30, 2024, the School District amended the special revenue fund by \$457,618 for increases in local and federal, and decreases in state grants.

General Fund

The general fund actual revenue was \$55,027,182. That amount is \$11,481,670 above the final amended budget of \$43,545,512. The variance between the actual revenues and final budget was the result of non-budgeted on-behalf payments of \$10,306,710 for TPAF pension and social security reimbursements, an excess in other state and federal aid of \$427,706, \$333,624 for non budgeted capital leases and an excess of \$413,630 in miscellaneous anticipated revenues.

The actual expenditures of the general fund were \$56,695,057 including transfers which is \$7,470,582 above the final amended budget of \$49,224,475. The variance between the actual expenditures and final budget was due to non-budget on-behalf payments of \$10,306,710 for TPAF pension and social security reimbursements, and \$3,168,626 of unexpended budgeted funds.

General fund had total revenues and other financing sources of \$54,693,558 and total expenditures of \$56,695,057 and an ending fund balance of \$5,716,272 on the budgetary basis of accounting.

Special Revenue Fund

The special revenue fund actual revenue was \$1,297,233. That amount is \$138,710 above the final amended budget of \$1,158,523. The variance between the actual revenues and the final budget was state and federal grant revenue that was anticipated to be spent by fiscal year end and the inclusion of student activity funds. The state and federal grant revenue will be received/realized in the next fiscal year.

The actual expenditures of the special revenue fund were \$1,297,718, which is \$139,195 above the final amended budget of \$1,158,523. The variance between the actual expenditures and the final budget was due to the anticipation of fully expending state and federal grant programs and the inclusion of student activity accounts. Expenditures will be incurred in the next fiscal year.

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024 the School District had \$67,847,285 invested in land, land improvements, buildings and building improvements, machinery and equipment. Of this amount \$35,730,234 in depreciation has been taken over the years. We currently have a net book value of \$32,117,051. Total depreciable additions for the year were \$588,715 which consisted mainly of building and building improvements, and machinery and equipment purchases. Table 4 shows fiscal year 2024 balances compared to 2023.

Additional information about the District’s capital assets can be found in the notes to the basic financial statements.

**Table 4
Capital Assets at June 30,
(Net of Depreciation/Amortization)**

	<u>Governmental Activities</u>		<u>BusinessType Activities</u>		<u>Total</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Site Improvements	\$45,810	\$45,810	\$	\$	\$45,810	\$45,810
Buildings and Improvements	31,111,784	32,212,491			31,111,784	32,212,491
Machinery and Equipment	<u>930,819</u>	<u>564,787</u>	<u>28,638</u>	<u>72,337</u>	<u>959,457</u>	<u>637,124</u>
	<u>\$32,088,413</u>	<u>\$32,823,088</u>	<u>\$28,638</u>	<u>\$72,337</u>	<u>\$32,117,051</u>	<u>\$32,895,425</u>

Debt Administration

At June 30, 2024, the District had \$20,538,126 in long term debt. Of this amount, \$691,166 is for compensated absences, \$10,980,000 is for school improvement serial bonds, \$879,678 is for unamortized bond premiums, \$7,773,122 is for the District’s net pension liability, and \$214,160 represents the lease liability. For more detailed information, please refer to the Notes to the Financial Statements.

**Table 5
General Serial Bonds at June 30,**

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
School Refunding Bond - 2015	\$10,980,000	\$11,095,000
School Improvement Bond - 2016		<u>930,000</u>
	<u>\$10,980,000</u>	<u>\$12,025,000</u>

**KINNELON SCHOOL DISTRICT
KINNELON, NJ**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The district continues to rely predominately upon local property taxes as its main source of funding. Therefore, in consideration of current economic conditions and the anticipation of continued flat state aid support, the Board of Education has sought to control budget expenses to minimize the impact on the local tax levy.

The following factors were considered in preparing the 2024-2025 fiscal year budget:

- Estimated Student Enrollment
- Sources of revenue
- Cost of negotiated salaries and benefits
- Cost of fixed charges
- Mandated Programs
- Requirements for health and safety issues

Prior to the end of fiscal year 2004, S1701 was enacted. This law is meant to control public school district budgets by revising the calculation of budget caps and reducing surplus. Starting in 2005-06 the CAP will be set at 2.5% or cost of living, whichever is greater. A number of other changes will affect the calculation of SGLA's and per pupil administrative costs. Any undesignated general fund fund balance in excess of 2% or \$250,000, which is greater, must be appropriated for tax relief.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Kinnelon School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Barbara Francisco
Interim School Business Administrator
Kinnelon School District
109 Kiel Ave
Kinnelon, NJ 07405

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	3,148,430	388,410	3,536,840
Receivables, net	2,740,347	2,815	2,743,162
Internal balances	(18,268)	18,268	-
Inventory		14,564	14,564
Restricted assets:			
Capital reserve account - cash	2,442,711		2,442,711
Net payroll account - cash	2,231		2,231
Payroll deductions and withholdings account - cash	273,171		273,171
Flexible spending account - cash	15,850		15,850
Unemployment compensation account - cash	268,622		268,622
Student activity accounts - cash	186,433		186,433
Scholarship accounts - cash	194,120		194,120
Capital assets, net:			
Land	45,810		45,810
Other capital assets, net	32,042,603	28,638	32,071,241
Total Assets	<u>41,342,060</u>	<u>452,695</u>	<u>41,794,755</u>
Deferred Outflow of Resources:			
Deferred outflows of resources related to PERS	1,150,308		1,150,308
Total Deferred Outflows	<u>1,150,308</u>		<u>1,150,308</u>
LIABILITIES			
Accounts payable and accrued liabilities	991,294	-	991,294
Payable to federal government	3,180		3,180
Payable to state government	4,750		4,750
Unearned revenue	57,004	38,743	95,747
Payroll deductions and withholdings payable	291,252		291,252
Unemployment compensation claims payable	25,161		25,161
Noncurrent liabilities:			
Due within one year	1,117,647		1,117,647
Due beyond one year	19,420,479		19,420,479
Total liabilities	<u>21,910,767</u>	<u>38,743</u>	<u>21,949,510</u>
Deferred Inflow of Resources:			
Deferred inflows of resources related to PERS	502,859		502,859
Total Deferred Inflows	<u>502,859</u>		<u>502,859</u>
NET POSITION			
Net investment in capital assets	20,014,575	28,638	20,043,213
Restricted for:			
Capital projects	3,049,186		3,049,186
Other purposes	4,748,025		4,748,025
Unrestricted (Deficit)	(7,733,044)	385,314	(7,347,730)
Total net position	<u>20,078,742</u>	<u>413,952</u>	<u>20,492,694</u>

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

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Activities
Fiscal Year Ended June 30, 2024

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	12,397,382	1,397,048			(13,794,430)		(13,794,430)
Special education	4,868,746	496,213		2,485,349	(2,879,610)		(2,879,610)
Other special instruction	471,421	56,294			(527,715)		(527,715)
Other instruction	1,145,725	102,306			(1,248,031)		(1,248,031)
Support services:							
Instruction	1,418,442	594,292	481,579	1,139,031	(279,411)		(279,411)
Student & instruction related services	6,203,669	36,345		92,143	(6,224,239)		(6,224,239)
General administrative services	657,521	184,337			(693,866)		(693,866)
School administrative services	1,780,583	56,560			(1,964,920)		(1,964,920)
Central Services	552,423	10,869			(608,983)		(608,983)
Administrative information tech.	91,634	204,616			(102,503)		(102,503)
Plant operations and maintenance	3,665,968	64,885		164,211	(3,706,373)		(3,706,373)
Pupil transportation	3,182,873			825,015	(2,422,743)		(2,422,743)
Unallocated benefits	9,686,106			5,330,282	(4,355,824)		(4,355,824)
Charter schools	26,182				(26,182)		(26,182)
Capital outlay - non-depreciable	703,769			1,240,000	536,231		536,231
Interest on long-term debt	535,163			79,623	(455,540)		(455,540)
Unallocated depreciation	1,120,344	(D)			(1,120,344)		(1,120,344)
Amortization	167,131				(167,131)		(167,131)
Total governmental activities	48,675,082	3,203,765	481,579	11,353,654	(40,041,614)	-	(40,041,614)
Business-type activities:							
Food Service	675,693		541,413	193,450		59,170	59,170
Total business-type activities	675,693		541,413	193,450		59,170	59,170
Total primary government	49,350,775		1,022,992	11,549,104	(40,041,614)	59,170	(39,982,444)
General revenues:							
Taxes:							
Levied for general purposes					39,841,301		39,841,301
Taxes levied for debt service					1,501,215		1,501,215
Tuition received					72,300		72,300
Investment Earnings					129,656		129,656
Miscellaneous Income					391,275	2,314	393,589
Other Restricted Miscellaneous Revenue					6,963		6,963
Other Financing Sources/(Uses)					(62,356)		(62,356)
Total general revenues, special items, extraordinary items and transfers					41,942,710	(60,042)	41,882,668
Change in Net Position					1,901,096	(872)	1,900,224
Net Position—beginning					18,177,646	414,824	18,592,470
Net Position—ending					20,078,742	413,952	20,492,694

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

* Student Activity revenue is reported as "charges for services"; scholarship revenue is reported as "operating grants and contributions"
 ** Includes the interest earnings on the unemployment compensation bank account
 (D) - Unallocated depreciation excludes direct depreciation expenses of the various programs

FUND FINANCIAL STATEMENTS

KINNELON BOROUGH BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents				
Checking	1,339,244		1,809,186	3,148,430
Accounts Receivable -				
Intergovernmental - State	1,245,665		1,240,000	2,485,665
Intergovernmental - Federal		250,017		250,017
Interfund receivables	241,738			241,738
Other receivables		4,665		4,665
Restricted cash and cash equivalents:				
Capital reserve	2,442,711			2,442,711
Net payroll	2,231 *			2,231
Payroll deductions and withholdings	273,171 *			273,171
Flexible spending	15,850 *			15,850
Unemployment compensation	268,622 *			268,622
Student activity accounts		186,433 *		186,433
Scholarship accounts		194,120 *		194,120
Total assets	5,829,232	635,235	3,049,186	9,513,653
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable				-
Intergovernmental payable:				
State		4,750 **		4,750
Federal		3,180		3,180
Temporary Notes Payable				-
Interfund Payable	18,268	241,738		260,006
Unearned revenue	51,990	5,014		57,004
Payroll deductions and withholdings payable	291,252 ***			291,252
Unemployment compensation claims payable	25,161 ****			25,161
Total liabilities	386,671	254,682	-	641,353
Fund Balances:				
Restricted for:				
Excess Surplus - current year	515,904			515,904
Capital reserve account	2,442,711			2,442,711
Committed to:				
Student Groups		186,433		186,433
Scholarships		194,120		194,120
Unemployment compensation	243,461			243,461
Assigned to:				
Year-end Encumbrances	946,170			946,170
Designated by the BOE for subsequent year's expenditures	219,226			219,226
Capital projects fund			3,049,186	3,049,186
Unassigned:				
General Fund	1,075,089			1,075,089
Total Fund balances	5,442,561	380,553	3,049,186	8,872,300
Total liabilities and fund balances	5,829,232	635,235	3,049,186	

KINNELON BOROUGH BOARD OF EDUCATION
Balance Sheet
Governmental Funds
June 30, 2024

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$66,885,234 and the accumulated depreciation, is \$34,062,146	32,088,413
Accounts payable for subsequent Pension payment is not a payable in the funds	(767,444)
Deferred outflows and inflows of resources are applicable to future periods and therefore are not reported in the funds.	
Deferred outflows of resources related to PERS Pension Liability	1,150,308
Deferred inflows of resources related to PERS Pension Liability	(502,859)
Accrued interest liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(223,850)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	<u>(20,538,126)</u>
Net position of governmental activities	<u><u>20,078,742</u></u>

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

- * Include former fiduciary fund cash and cash equivalents
- ** Include payable due to the State for unreimbursed unemployment invoices
- *** Include payroll deductions payable and flexible benefits liabilities (flex spending has no net position, only liabilities)
- **** Include unspent employee payroll unemployment contributions

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal 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>
REVENUES					
Local sources:					
Local tax levy	39,841,301			1,501,215	41,342,516
Tuition charges	72,300				72,300
Miscellaneous	520,931	45,953			566,884
Other Restricted Miscellaneous Revenues	6,963 *				6,963
Scholarship Donations		54,419 **			54,419
Student Group Receipts		427,160 **			427,160
Total - Local Sources	40,441,495	527,532	-	1,501,215	42,470,242
State sources	14,217,707		1,240,000	79,623	15,537,330
Federal sources		748,799			748,799
Total revenues	54,659,202	1,276,331	1,240,000	1,580,838	58,756,371
EXPENDITURES					
Current:					
Regular instruction	12,364,131				12,364,131
Special education instruction	4,166,137	702,609			4,868,746
Other special instruction	471,421				471,421
School sponsored/other instructional	1,145,725				1,145,725
Support services and undistributed costs:					
Tuition	1,418,442				1,418,442
Attendance and social work services	32,903				32,903
Health services	515,168				515,168
Student & instruction related services	5,124,478	574,207 ***			5,698,685
General administrative services	657,521				657,521
School administrative services	1,722,600				1,722,600
Central services	552,423				552,423
Administrative information tech.	91,634				91,634
Plant operations and maintenance	3,652,253				3,652,253
Pupil transportation	3,115,363				3,115,363
Unallocated benefits	8,184,506				8,184,506
On-behalf contributions	10,306,710				10,306,710
Transfer to charter school	26,182				26,182
Debt Service:					
Principal				1,045,000	1,045,000
Interest and charges				535,838	535,838
Capital outlay	1,287,460		50,814		1,338,274
Total expenditures	54,835,057	1,276,816	50,814	1,580,838	57,743,525
Excess (Deficiency) of revenues over expenditures	(175,855)	(485)	1,189,186	-	1,012,846

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Fiscal Year Ended June 30, 2024

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
OTHER FINANCING SOURCES (USES)					
Transfers out - Capital Projects	(1,860,000)				(1,860,000)
Transfers in - General Fund			1,860,000		1,860,000
Assets acquired under capital leases	333,624				333,624
Total other financing sources and uses	(1,526,376)	-	1,860,000	-	333,624
Net change in fund balances	(1,702,231)	(485)	3,049,186	-	1,346,470
Fund balance—July 1	7,144,792	381,038		-	7,525,830
Fund balance—June 30	5,442,561	380,553	3,049,186	-	8,872,300

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

- * Include interest earnings on the unemployment compensation bank account
- ** Special revenue fund now includes revenues from scholarships and student activities
- *** Special revenue fund now includes expenditures from scholarships and student activities

KINNELON BOROUGH BOARD OF EDUCATION
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Fiscal Year Ended June 30, 2024

Total net change in fund balances - governmental funds (from B-2)		1,346,470
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	(1,300,741)
	Depreciable outlays	<u>566,066</u>
		(734,675)
Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. In the current year, these amounts consist of:		
	Serial bond obligations	1,045,000
	Capital lease obligations	<u>119,464</u>
		1,164,464
Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net position. Capital lease proceeds		
		<u>(333,624)</u>
		(333,624)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in interest is an adjustment in the reconciliation.		
	Prior Year	224,525
	Current Year	<u>(223,850)</u>
		675
In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
	Decrease in compensated absences payable	41,482
District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changed in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
	District Pension Contributions	717,255
	Less: Pension Expense	<u>(133,820)</u>
	(Increase)/Decrease in Pension Expense	583,435
Per GASB No. 68, Non-employer contributing entities are required to record any increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements		
	Decrease in On-behalf State Aid TPAF Pension	(4,980,741)
	Decrease in On-behalf TPAF Pension Expense	4,980,741
The governmental funds report the effect of bond premiums when debt is first issued. Whereas these amounts are deferred and amortized in the Statement of Activities (+)		
		97,742
The governmental funds report the effect of issuance costs when debt is first issued. Whereas these amounts are deferred and amortized in the Statement of Activities (-)		
		(264,873)
Per GASB No. 75 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF post employment medical payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements		
	Increase in On-behalf State Aid TPAF Post Employment Medical Revenue	4,313
	Increase in On-behalf State Aid TPAF Post Employment Medical Expense	<u>(4,313)</u>
		<u>1,901,096</u>
Change in net position of governmental activities		1,901,096

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

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Net Position
Proprietary Funds
June 30, 2024

	<u>Food Service Program</u>	<u>Enrichment Program</u>	<u>Totals</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	303,700	84,710	388,410
Accounts receivable:			
State	248	-	248
Federal	2,567	-	2,567
Interfund - General Fund	18,268	-	18,268
Inventories	14,564	-	14,564
Total current assets	<u>339,347</u>	<u>84,710</u>	<u>424,057</u>
Noncurrent assets:			
Capital assets:			
Equipment	395,985	-	395,985
Less accumulated depreciation	<u>(367,347)</u>	<u>-</u>	<u>(367,347)</u>
Total capital assets (net of accumulated depreciation)	<u>28,638</u>	<u>-</u>	<u>28,638</u>
Total assets	<u>367,985</u>	<u>84,710</u>	<u>452,695</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	-	-	-
Unearned revenue	38,743	-	38,743
Total current liabilities	<u>38,743</u>	<u>-</u>	<u>38,743</u>
<u>NET POSITION</u>			
Net investment in capital assets	28,638	-	28,638
Unrestricted	300,604	84,710	385,314
Total net position	<u>329,242</u>	<u>84,710</u>	<u>413,952</u>

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

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Fiscal Year Ended June 30, 2024

	<u>Food Service Program</u>	<u>Enrichment Program</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	326,754	-	326,754
Daily sales - non-reimbursable programs	211,871	-	211,871
Special functions	2,788	-	2,788
Total operating revenues	<u>541,413</u>	<u>-</u>	<u>541,413</u>
Operating expenses:			
Cost of sales - reimbursable	198,691	-	198,691
Cost of sales - non-reimbursable	93,517	-	93,517
Salaries	221,268	-	221,268
Benefits	73,121	-	73,121
Supplies and materials	39,486	-	39,486
Purchased property services	20,010	-	20,010
Other expenses	25,608	-	25,608
Depreciation	3,992	-	3,992
Total operating expenses	<u>675,693</u>	<u>-</u>	<u>675,693</u>
Operating income (loss)	<u>(134,280)</u>	<u>-</u>	<u>(134,280)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	5,599	-	5,599
Federal sources:			
National school lunch program	59,838	-	59,838
Supply Chain Assistance	72,605	-	72,605
P-EBT Administrative Cost	653	-	653
Food distribution program	54,755	-	54,755
Interest income	-	2,314	2,314
Total nonoperating revenues (expenses)	<u>193,450</u>	<u>2,314</u>	<u>195,764</u>
Income (loss) before contributions & transfers	<u>59,170</u>	<u>2,314</u>	<u>61,484</u>
Other financing sources/(uses)			
Assets retired prior to full depreciation	<u>(62,356)</u>		<u>(62,356)</u>
Change in net position	<u>(3,186)</u>	<u>2,314</u>	<u>(872)</u>
Total net position—beginning	<u>332,428</u>	<u>82,396</u>	<u>414,824</u>
Total net position—ending	<u>329,242</u>	<u>84,710</u>	<u>413,952</u>

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

KINNELON BOROUGH BOARD OF EDUCATION
Statement of Cash Flows
Proprietary Funds
Fiscal Year Ended June 30, 2024

	Business-type Activities- Enterprise Funds		
	Food Service Program	Enrichment Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	524,098	-	524,098
Payments to suppliers	(634,596)	-	(634,596)
Net cash provided by (used for) operating activities	<u>(110,498)</u>	<u>-</u>	<u>(110,498)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	5,677	-	5,677
Federal Sources	102,629	-	102,629
Net cash provided by (used for) non-capital financing activities	<u>108,306</u>	<u>-</u>	<u>108,306</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	-	2,314	2,314
Net cash provided by (used for) investing activities	<u>-</u>	<u>2,314</u>	<u>2,314</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(22,649)	-	(22,649)
Net cash provided by (used for) capital and related financing activities	<u>(22,649)</u>	<u>-</u>	<u>(22,649)</u>
Net increase (decrease) in cash and cash equivalents	(24,841)	2,314	(22,527)
Balances—beginning of year	328,541	82,396	410,937
Balances—end of year	<u>303,700</u>	<u>84,710</u>	<u>388,410</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(134,280)	-	(134,280)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
(Increase) decrease in interfund receivable	(7,662)	-	(7,662)
Depreciation and net amortization	3,992	-	3,992
Food Distribution Program	54,020	-	54,020
(Increase) decrease in inventories	(1,382)	-	(1,382)
Increase (decrease) in accounts payable	(33,191)	-	(33,191)
Increase (decrease) in prepaid revenue	8,005	-	8,005
Total adjustments	<u>23,782</u>	<u>-</u>	<u>23,782</u>
Net cash provided by (used for) operating activities	<u>(110,498)</u>	<u>-</u>	<u>(110,498)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Kinnelon School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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. Description of the School District and Reporting Entity

The Kinnelon School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Kinnelon School District is a Type II district located in the County of Morris, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of seven members, all elected to three-year terms. The purpose of the District is to educate students in grades Pre-K–12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. A School Business Administrator/Board Secretary is also appointed by the Board and oversees the business functions of the District. Under existing statutes, the District's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significance) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the District exercises operating control. The operations of the District include elementary schools, a middle school and a high school, located in the Kinnelon School District. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

B. Basis of Presentation

The financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements (based on specific District activities or objectives). Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities. While separate district-wide and fund financial statements are presented, they are interrelated. In the district-wide financial statements, the governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the District's enterprise funds. Currently the District does not have any fiduciary funds.

District-wide Financial Statements

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

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

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

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Fund Financial Statements

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by district resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

GOVERNMENTAL FUNDS, (continued)

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds. The financial resources are derived from grants, temporary notes, serial bonds which are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, or from the general fund by way of transfers from capital outlay or the capital reserve account.

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 FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the District has no internal service funds. The following is a description of the Proprietary Funds of the District:

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the District is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's Enterprise Fund is comprised of the Food Service Fund and the After School Program.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position. The Fiduciary Funds are used to account for assets held by the District on behalf of individuals, private organizations, other governments and/or other funds. The District does not have any activities that are required to be included in the Fiduciary Fund.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

C. Measurement Focus

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the District are included on the statement of net position, except for fiduciary funds.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

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

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

E. Budgets/Budgetary Control

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue, and debt service funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. 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(g)1. Transfers of appropriations may be made by School District resolution at any time during the fiscal year.

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

Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

E. Budgets/Budgetary Control (continued)

accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

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

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 unearned 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. Cash, Cash Equivalents and Investments

Cash and cash equivalents 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. 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.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

G. Cash, Cash Equivalents and Investments (continued)

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

H. Tuition Revenues/Receivable

Tuition charges were established by the School District based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

I. Inventories

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

K. Short-Term Interfund Receivables/Payables

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

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated capital assets are valued at their acquisition value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. The District maintains a capitalization threshold of \$2,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value to the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

M. Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

N. Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 1(F) regarding the special revenue fund.

O. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful

Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

Q. Accounting and Financial Reporting for Pensions (continued)

information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

R. Bond Discounts/Premiums

Bond discounts/premiums arising from the issuance of long-term debt (bonds) are amortized over the life of the bonds, in systematic and rational method, as a component of interest expense. Bond discounts/premiums are presented as an adjustment of the face amount of the bonds on the government-wide statement of net position and on the proprietary fund statement of net position.

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify in this category, deferred amounts related to pension and unamortized bond premiums.

T. Right to Use Assets

The District has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related issue.

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**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

U. Fund Balances

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the District for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

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

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

V. Net Position

Net position represent the difference between assets and deferred outflows and liabilities and deferred inflows. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

W. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

X. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

Y. Allocation of Indirect Expenses

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were not allocated. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Z. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

AA. Recently Issued Accounting Pronouncements

The GASB has issued the following statements that will become effective for the School District for fiscal years ending June 30, 2025 and 2026:

GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the School District.

In December 2023, the Government Accounting Standards Board issued GASB Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Management is currently evaluating whether or not this Statement will have an impact on the basic financial statements of the District.

In April 2024, the Government Accounting Standards Board issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its' effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter, though, earlier application is encouraged. Management is currently reviewing the provisions of this Statement and plans to implement, as needed, before the effective date.

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS:

Cash

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's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2024, \$-0- of the District's bank balance of \$8,373,367 was exposed to custodial credit risk.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 2. CASH AND CASH EQUIVALENTS AND INVESTMENTS: (continued)

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowance investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

NOTE 3. RECEIVABLES:

Receivables at June 30, 2024, consisted of accounts receivable and intergovernmental receivables. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
State Aid	\$2,485,665	\$248	\$2,485,913
Federal Aid	250,017	2,567	252,584
Other	4,665		4,665
Interfunds	<u>241,738</u>	<u>18,268</u>	<u> </u>
Gross Receivables	2,982,085	21,083	2,743,162
Less: Allowance for Uncollectibles	<u> </u>	<u> </u>	<u> </u>
Total Receivables, Net	<u>\$2,982,085</u>	<u>\$21,083</u>	<u>\$2,743,162</u>

Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024

NOTE 4. INTERFUND BALANCE AND ACTIVITY:

Balances due to/from other funds at June 30, 2024 consist of the following:

\$241,738	Due to the General Fund from the Special Revenue Fund for short term loans.
<u>18,268</u>	Due to the Food Service Fund from the General Fund for receipts not turned over.
<u>\$260,006</u>	

It is anticipated that all interfunds will be liquidated during the fiscal year.

Interfund transfers for the year ended June 30, 2024 consisted of the following:

<u>\$1,860,000</u>	Transfer from the General Fund to the Capital Projects Fund for Capital Reserve portion of capital projects.
<u>\$1,860,000</u>	

NOTE 5. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	<u>Balance</u> <u>6/30/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2024</u>
Governmental activities:				
Capital assets that are not being depreciated:				
Land	\$45,810	\$	\$	\$45,810
Construction in progress				<u>0</u>
Total capital assets not being depreciated	<u>45,810</u>	<u>0</u>	<u>0</u>	<u>45,810</u>
Building and building improvements	60,740,853	11,600		60,752,453
Machinery and equipment	<u>6,098,571</u>	<u>554,466</u>		<u>6,653,037</u>
Totals at historical cost	<u>66,839,424</u>	<u>566,066</u>	<u>0</u>	<u>67,405,490</u>
Less accumulated depreciation for:				
Buildings and improvements	(28,528,362)	(1,112,307)		(29,640,669)
Machinery and Equipment	<u>(5,533,784)</u>	<u>(188,434)</u>		<u>(5,722,218)</u>
Total accumulated depreciation	<u>(34,062,146)</u>	<u>(1,300,741)</u>	<u>0</u>	<u>(35,362,887)</u>
Total capital assets being depreciated, net of accumulated depreciation	<u>32,777,278</u>	<u>(734,675)</u>		<u>32,042,603</u>
Governmental activities capital assets, net	<u>\$32,823,088</u>	<u>(\$734,675)</u>	<u>\$0</u>	<u>\$32,088,413</u>

Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024

NOTE 5. CAPITAL ASSETS: (continued)

	Restated Balance 6/30/2023	Additions	Deletions	Balance 6/30/2024
Business-type activities:				
Equipment	\$457,458	\$22,649	(\$84,122)	\$395,985
Less accumulated depreciation for:				
Equipment	<u>(385,121)</u>	<u>(3,992)</u>	<u>21,766</u>	<u>(367,347)</u>
Business-type activities capital assets, net	<u>\$72,337</u>	<u>\$18,657</u>	<u>(\$62,356)</u>	<u>\$28,638</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$41,189
Support Service:	
School Administration	57,983
Operations and Maintenance	13,715
Student Transportation	67,510
Unallocated Depreciation	<u>1,120,344</u>
Total Depreciation Expense	<u>\$1,300,741</u>

NOTE 6. LONG-TERM OBLIGATION ACTIVITY:

Changes in long-term obligations for the fiscal year ended June 30, 2024 were as follows:

	Balance June 30, 2023	Issued	Retired	Balance June 30, 2024	Amount Due Within One Year	Long-term Portion
Governmental Activities:						
Bonds Payable:						
General Obligation Debt	\$12,025,000	\$	\$(1,045,000)	\$10,980,000	\$910,000	\$10,070,000
Unamortized Bond Premiums	<u>977,420</u>		<u>(97,742)</u>	<u>879,678</u>	<u>97,742</u>	<u>781,936</u>
Total Bonds Payable	<u>13,002,420</u>	<u>0</u>	<u>(1,142,742)</u>	<u>11,859,678</u>	<u>1,007,742</u>	<u>10,851,936</u>
Other Liabilities:						
Financed Purchases Payable		214,160		214,160		214,160
Compensated Absences Payable	732,648	22,252	(63,734)	691,166		691,166
Net Pension Liability PERS	<u>8,097,011</u>		<u>(323,889)</u>	<u>7,773,122</u>		<u>7,773,122</u>
Total Other Liabilities	<u>8,829,659</u>	<u>236,412</u>	<u>(387,623)</u>	<u>8,678,448</u>	<u>0</u>	<u>8,678,448</u>
Total Government Activities	<u>\$21,832,079</u>	<u>\$236,412</u>	<u>(\$1,530,365)</u>	<u>\$20,538,126</u>	<u>\$1,007,742</u>	<u>\$19,530,384</u>

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 6. LONG-TERM OBLIGATION ACTIVITY: (continued)

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 District are general obligations bonds.

Outstanding bonds payable at June 30, 2024 consisted of the following:

<u>Issue</u>	<u>Amount Issued</u>	<u>Issue Date</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>
Refunding Bond of 2006/2007 Issues	\$11,230,000	2/10/2015	3.00% - 5.00%	2/1/2033

Principal and interest due on bonds outstanding is as follows:

<u>Year Ending June 30,</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,427,275	\$ 910,000	\$ 517,275
2026	1,486,775	1,015,000	471,775
2027	1,541,025	1,120,000	421,025
2028	1,588,425	1,215,000	373,425
2029	1,597,675	1,285,000	312,675
2030-2033	6,082,675	5,435,000	647,675
	<u>\$13,723,850</u>	<u>\$10,980,000</u>	<u>\$2,743,850</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2024, the District has no authorized but not issued bonds.

C. Financed Purchases Payable:

The District has entered into lease purchase agreements for security cameras, chromebooks and music equipment totaling \$624,333. The lease for security cameras is for two years at an interest rate of 1.00%. The lease for music equipment is for five years at an interest rate of 15.148%.

Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024

NOTE 6. LONG-TERM OBLIGATION ACTIVITY: (continued)

C. Financed Purchases Payable: (continued)

The following is a schedule of future minimum lease payments for these agreements, and the present value of the net minimum lease payments at June 30, 2024.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$109,905	\$ 9,562	\$ 119,467
2026	48,286	2,740	51,026
2027	49,075	1,952	51,027
2028	6,894	1,044	7,938
	<u>\$214,160</u>	<u>\$15,298</u>	<u>\$229,458</u>

D. Unamortized Bond Premiums:

Unamortized bond premiums are recorded as a long-term liability in the governmental funds. As of June 30, 2024, the current portion of the liability is \$97,742, and the long-term portion is \$781,936.

E. Compensated Absences:

Compensated absences will be paid from the fund which the employees' salaries are paid.

F. Net Pension Liability:

For details on the net pension liability, refer to Note 7. The District's annual required contribution to the Public Employees' Retirement System is budgeted and paid from the general fund on an annual basis.

G. Leases:

As of June 30, 2024 the Board has no leases outstanding.

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**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 7. 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 Teachers' 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 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

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 a cost-sharing multiple-employer defined 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.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death, and disability benefits. All benefits vest after ten years of service, 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 case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 7. PENSION PLANS: (continued)

The following represents the membership tiers for TPAF:

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

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

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.

Benefits Provided

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

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 7. 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 to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Defined Contribution Retirement Program

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

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

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

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 7. PENSION PLANS: (continued)

Contributions Requirements Fund Based Statements

The District’s contribution to PERS and DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

Year <u>Ending</u>	<u>PERS</u>	<u>DCRP</u>
6/30/24	\$717,255	\$17,564
6/30/23	676,593	9,272
6/30/22	627,377	23,524

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year <u>Ending</u>	Pension <u>Contributions</u>	Post-Retirement Medical <u>Contributions</u>	NCGI <u>Premium</u>	Long-Term Disability <u>Liability</u>
6/30/24	\$6,930,657	\$1,907,783	\$79,040	\$1,804
6/30/23	6,615,884	1,762,089	91,788	1,586
6/30/22	6,683,104	1,583,473	94,289	1,658

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$1,387,426 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. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024

NOTE 7. PENSION PLANS: (continued)

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2024, the District had a liability of \$7,773,122 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2023, the District's proportion was 0.0536655721 percent, which was an increase of 0.0000123418 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized pension expense of \$166,754. At June 30, 2024, 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 in actual and expected experience	\$74,321	\$31,774
Changes of assumptions	17,076	471,085
Net difference between projected and actual earnings on pension plan investments	35,796	
Changes in proportion and differences between District's contributions and proportionate share of contributions	255,671	
District contributions subsequent to the measurement date	<u>767,444</u>	<u> </u>
Total	<u>\$1,150,308</u>	<u>\$502,859</u>

Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024

NOTE 7. PENSION PLANS: (continued)

The \$767,444 reported as deferred outflows of resources related to pensions resulting from school district 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$(410,392)
2025	(229,065)
2026	320,103
2027	(57,286)
2028	974

Changes in Proportion

The previous amounts do not include employer specific deferred outflows of resources and deferred inflows of resources and deferred inflows of resources related to changes in proportion. These amounts should be recognized (amortized) by each employer over the average of the expected remaining service lives of all plan members, which is 5.08, 5.04, 5.13, 5.16, 5.21 and 5.63 years for 2023, 2022, 2021, 2020, 2019 and 2018, respectively.

Additional Information

Local Group Collective balances net of nonemployer (State of New Jersey) balances at June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Collective deferred outflows of resources	\$1,080,204,730	\$1,660,772,008
Collective deferred inflows of resources	1,780,216,457	3,236,303,935
Collective net pension liability	14,484,374,047	15,091,376,611
District's Proportion	0.0536655721%	0.0536532303%

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 7. PENSION PLANS: (continued)

Actuarial Assumptions

The collective total pension liability for the June 30, 2023 measurement date was determined by an actuarial valuation as of July 1, 2022, which rolled forward to June 30, 2023. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation Rate:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75%-6.55% based on years of service
Investment Rate of Return	7.00 Percent

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021. It is likely that future experience will not exactly conform to these assumptions.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non- Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement based on Scale MP-2021.

Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024

NOTE 7. PENSION PLANS: (continued)

Long-Term 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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS'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%

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 7. 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 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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:

	June 30, 2023		
	1% Decrease <u>6.00%</u>	At Current Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
District's proportionate share of the pension liability	\$10,138,728	\$7,773,122	\$5,759,678

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The financial report may be accessed at www.state.nj.us/treasury/pensions.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 7. PENSION PLANS: (continued)

Teachers Pensions and Annuity Fund (TPAF)

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.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2024 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>82,588,372</u>
	<u><u>\$82,588,372</u></u>

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2023, the proportion of the TPAF net pension liability associated with the District was 0.1618343164%.

For the year ended June 30, 2024, the District recognized on-behalf pension expense and revenue of \$2,028,956 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

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:

**Kinnelon School District
 Notes to the Basic Financial Statements
 for the fiscal year ended June 30, 2024**

NOTE 7. PENSION PLANS: (continued)

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%

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Health 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 a 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.

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. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024

NOTE 7. PENSION PLANS: (continued)

<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 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 Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 8. POST-RETIREMENT BENEFITS:

General Information about the OPEB Plan

State Health Benefit State Retired Employees Plan

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, Accounting and Financial Reporting for Pensions, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion. The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a "pay-as-you-go" basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for "pay-as-you-go" PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State's contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA’s proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability of the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State’s level and is not specific to the board of education. Note that actual numbers will be published in the NJ State ACFR on the Office of Management and Budget’s Financial Publications webpage: nj.gov/treasury/omb/fr.shtml.

The portion of the OPEB Liability that was associated with the District recognized at June 30, 2024 was as follows:

OPEB Liability:	
District's proportionate share	\$
State's proportionate share associated with the District	<u>74,561,289</u>
	<u>\$74,561,289</u>

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**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

Actual Assumptions and Other Imputes

The total OPEB liability in the June 30, 2023 actuarial valuation reported by the State in the State's Report of Total Nonemployer OPEB Liability for the State Health Benefit Local Education Retired Employee's Plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022, which 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:

	<u>TPAF/ABP</u>	<u>PERS</u>
Salary Increases:	2.75 - 4.25% based on service years	2.75 - 6.55% based on service years

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of the TPAF, PERS and PFRS actuarial experience studies prepared for July 1, 2018 to June 30, 2021.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 8. POST-RETIREMENT BENEFITS: (continued)

(a) Health Care Trend Assumptions

For per-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 decreases 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 Medicare Part B reimbursements, the trend rate is 5.00%.

(b) Discount Rate

The discount rate used to measure the total OPEB Liability 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.

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

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

Sensitivity of the Total Nonemployer OPEB Liability to Changes in the Healthcare Cost Trend Rates:

Because the District's proportionate share of the OPEB liability is zero, consideration of potential changes in the healthcare cost trend rates is not applicable to the District.

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

For the year ended June 30, 2024, the board of education/board of trustees recognized on-behalf OPEB expense of \$1,912,026 in the district-wide financial statements as 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 GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Kinnelon School District's proportionate share of school retirees OPEB is zero; therefore, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 9. DEFERRED COMPENSATION:

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

Equitable	MetLife Investors
Great West	Security Benefit
Lincoln National	VALIC (AIG)
Metropolitan Life	

NOTE 10. 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.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

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

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2023-2024	\$6,963	\$79,957	\$54,796	\$268,622
2022-2023	326	85,622	67,309	236,498
2021-2022	284	126,444	95,332	217,859

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 11. CAPITAL RESERVE ACCOUNT:

A capital reserve account was established by the Borough of Kinnelon Board of Education by inclusion of \$100 on February 9, 1999, 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. There existed a balance of \$2,442,711 in the capital reserve account at June 30, 2024.

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	\$3,879,566
Increased by:	
Interest Earnings	77,876
Deposit Approved by Resolution June 11, 2024	2,000,000
Decreased by:	
Budget Appropriations	<u>3,514,731</u>
Ending balance, June 30, 2024	<u><u>\$2,442,711</u></u>

The balance in the capital reserve account at June 30, 2024 did not exceed the balance of local support costs of uncompleted capital projects in the District’s approved LRFP. The withdrawal from the capital reserve was for use in DOE approved facilities projects, consistent with the District’s LRFP.

NOTE 12. FUND BALANCE APPROPRIATED:

General Fund [Exhibit B-1] - Of the \$5,442,561 General Fund fund balance at June 30, 2024, \$515,904 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; (\$0- of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2025); \$2,442,711 has been reserved in the Capital Reserve Account; \$946,170 is reserved for encumbrances; \$243,461 is reserved for Unemployment compensation; \$219,226 is designated by the BOE for subsequent year’s expenditures; and \$1,075,089 is unreserved and undesignated.

Special Revenue Fund: Of the \$380,553 Special Revenue Fund fund balance at June 30, 2024, \$186,433 is reserved for Student Groups, and \$194,120 is reserved for Scholarships..

**Kinnelon School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2024**

NOTE 13. 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. The excess fund balance at June 30, 2024 is \$515,904 of which \$515,904 is the result of current year operations.

NOTE 14. INVENTORY:

Inventory in the Food Service Fund at June 30, 2024 consisted of the following:

Food	\$7,250
Supplies	<u>7,314</u>
	<u>\$14,564</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 15. CONTINGENT LIABILITIES:

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

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

NOTE 16. SUBSEQUENT EVENTS:

The District has evaluated subsequent events through October 24, 2024, the date which the financial statements were available to be issued and the following items were noted for disclosure:

On October 15, 2024, the Board of Education issued \$10,005,000 Refunding School Bonds, Series 2024 with a delivery date of November 5, 2024. These bonds are payable through February 2033 with interest rates from 2.00% to 4.00%.

**REQUIRED SUPPLEMENTARY
INFORMATION - PART II**

BUDGETARY COMPARISON SCHEDULES

**KINNELON BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2024**

	<u>Original Budget</u>	<u>Budget Transfers/ Adjustments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
General Fund:					
Revenues from Local Sources:					
Local Tax Levy	39,841,301		39,841,301	39,841,301	
Tuition from Individuals	11,564	(11,564)		72,300	72,300
Advertising Fees - School Buses		100,000	100,000		(100,000)
Interest Earned on Capital Reserve Funds				77,876	77,876
Other Restricted Miscellaneous Revenues				6,963	6,963
Unrestricted Miscellaneous Revenues	175,000	(88,436)	86,564	443,055	356,491
Total - Local Sources	<u>40,027,865</u>		<u>40,027,865</u>	<u>40,441,495</u>	<u>413,630</u>
Revenues from State Sources:					
Categorical Special Education Aid	1,795,239		1,795,239	1,795,239	
Categorical Security Aid	164,769		164,769	164,769	
Categorical Transportation Aid	807,639		807,639	807,639	
Extraordinary Aid	750,000		750,000	1,139,031	389,031
Non Public School Transportation				38,675	38,675
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				1,907,783	1,907,783
On-behalf TPAF Pension (non-budgeted)				6,930,657	6,930,657
On-behalf TPAF NCGI Premium (non-budgeted)				79,040	79,040
On-behalf TPAF LTDI				1,804	1,804
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,387,426	1,387,426
Total - State Sources	<u>3,517,647</u>		<u>3,517,647</u>	<u>14,252,063</u>	<u>10,734,416</u>
TOTAL REVENUES	<u>43,545,512</u>		<u>43,545,512</u>	<u>54,693,558</u>	<u>11,148,046</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	346,395	87,773	434,168	429,867	4,301
Grades 1-5 - Salaries of Teachers	3,539,865	117,372	3,657,237	3,613,213	44,024
Grades 6-8 - Salaries of Teachers	3,076,588	(15,274)	3,061,314	3,061,314	
Grades 9-12 - Salaries of Teachers	4,643,596	(86,410)	4,557,186	4,556,072	1,114
Regular Programs - Home Instruction:					
Salaries of Teachers	10,000	(1,000)	9,000	5,287	3,713
Purchased Professional-Educational Services	16,500	7,673	24,173	20,496	3,677
Regular Programs - Undistributed Instruction					
Purchased Professional - Educational Services	147,407	(8,000)	139,407	123,196	16,211
Other Purchased Services (400-500 series)	206,570	(11,200)	195,370	171,963	23,407
General Supplies	364,486	91,116	455,602	339,962	115,640
Textbooks	52,689	(6,575)	46,114	42,761	3,353
TOTAL REGULAR PROGRAMS - INSTRUCTION	<u>12,404,096</u>	<u>175,475</u>	<u>12,579,571</u>	<u>12,364,131</u>	<u>215,440</u>
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities - Mild/Moderate					
Salaries of Teachers	398,927	(43,433)	355,494	320,522	34,972
Other Salaries for Instruction	94,595	(60,000)	34,595	34,124	471
General Supplies	2,804		2,804	1,232	1,572
Total Learning and/or Language Disabilities - Mild/Moderate	<u>496,326</u>	<u>(103,433)</u>	<u>392,893</u>	<u>355,878</u>	<u>37,015</u>
Auditory Impairment					
Salaries of Teachers	36,486	1,500	37,986	37,986	
Total Auditory Impairment	<u>36,486</u>	<u>1,500</u>	<u>37,986</u>	<u>37,986</u>	
Multiple Disabilities					
Salaries of Teachers	213,860	(22,956)	190,904	190,062	842
Other Salaries for Instruction	98,735	17,000	115,735	115,056	679
General Supplies	8,150		8,150	3,224	4,926
Total Multiple Disabilities	<u>320,745</u>	<u>(5,956)</u>	<u>314,789</u>	<u>308,342</u>	<u>6,447</u>
Resource Room/Resource Center:					
Salaries of Teachers	2,415,452	69,105	2,484,557	2,478,697	5,860
Other Salaries for Instruction	430,291	(2,889)	427,402	377,830	49,572
General Supplies	7,845		7,845	6,820	1,025
Total Resource Room/Resource Center	<u>2,853,588</u>	<u>66,216</u>	<u>2,919,804</u>	<u>2,863,347</u>	<u>56,457</u>

KINNELON BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2024

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Autism					
Salaries of Teachers	205,722	(27,713)	178,009	177,097	912
Other Salaries for Instruction	263,666	(84,259)	179,407	115,933	63,474
General Supplies	6,000		6,000	3,407	2,593
Total Autism	475,388	(111,972)	363,416	296,437	66,979
Preschool Disabilities- Part-Time:					
Salaries of Teachers	146,744	1,800	148,544	148,508	36
Other Salaries for Instruction	78,856	17,000	95,856	95,295	561
General Supplies	1,500		1,500	1,373	127
Total Preschool Disabilities - Part-Time	227,100	18,800	245,900	245,176	724
Home Instruction:					
Salaries of Teachers	47,500	6,355	53,855	52,407	1,448
Purchased Professional-Educational Services	22,822	(6,355)	16,467	6,564	9,903
Total Home Instruction	70,322		70,322	58,971	11,351
TOTAL SPECIAL EDUCATION - INSTRUCTION	4,479,955	(134,845)	4,345,110	4,166,137	178,973
Basic Skills/Remedial - Instruction					
Salaries of Teachers	429,164	(21,272)	407,892	407,892	
General Supplies	2,200		2,200	1,269	931
Total Basic Skills/Remedial - Instruction	431,364	(21,272)	410,092	409,161	931
Bilingual Education - Instruction					
Salaries of Teachers	62,176		62,176	62,176	
General Supplies	200		200	84	116
Total Bilingual Education - Instruction	62,376		62,376	62,260	116
School-Sponsored Cocurricular Activities - Instruction					
Salaries	239,895	47,678	287,573	286,073	1,500
Supplies and Materials	9,900	350	10,250	6,562	3,688
Other Objects	7,480	2,515	9,995	9,484	511
Total School-Sponsored Cocurricular Activities - Instruction	257,275	50,543	307,818	302,119	5,699
School-Sponsored Athletics - Instruction					
Salaries	577,734	(9,523)	568,211	568,211	
Purchased Services (300-500 series)	180,696	24,171	204,867	132,534	72,333
Supplies and Materials	106,682	673	107,355	101,877	5,478
Other Objects	61,440	(28,890)	32,550	29,272	3,278
Transfers to Cover Deficit (Custodial Funds)		16,540	16,540	11,712	4,828
Total School-Sponsored Athletics - Instruction	926,552	2,971	929,523	843,606	85,917
TOTAL INSTRUCTION	18,561,618	72,872	18,634,490	18,147,414	487,076
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Special	605	106,760	107,365	71,138	36,227
Tuition to County Voc. School Dist. - Regular	166,600	(14,849)	151,751	108,952	42,799
Tuition to County Voc. School Dist. - Special	27,000	(21,276)	5,724	4,780	944
Tuition to Private Schools for the Disabled - Within State	1,458,039	(62,485)	1,395,554	1,233,572	161,982
Total Undistributed Expenditures - Instruction:	1,652,244	8,150	1,660,394	1,418,442	241,952
Undistributed Expend. - Attend. & Social Work					
Salaries	32,903		32,903	32,903	
Total Undistributed Expend. - Attend. & Social Work	32,903		32,903	32,903	
Undist. Expend. - Health Services					
Salaries	503,020	(731)	502,289	477,733	24,556
Purchased Professional and Technical Services	25,650	12,242	37,892	28,995	8,897
Supplies and Materials	8,925	65	8,990	8,440	550
Total Undistributed Expenditures - Health Services	537,595	11,576	549,171	515,168	34,003
Undist. Expend. - Speech, OT, PT & Related Svcs.					
Salaries	579,269	(19,332)	559,937	559,937	
Purchased Prof. Services-Educational Services	50,000	14,129	64,129	40,172	23,957
Supplies and Materials	11,360		11,360	1,767	9,593
Total Undist. Expend. - Speech, OT, PT, & Related Svcs	640,629	(5,203)	635,426	601,876	33,550
Undist. Expend. - Other Supp. Serv. Students-Extra Serv.					
Salaries	687,463	(23,582)	663,881	634,640	29,241
Purchased Prof. Services-Educational Services	907,596	(208,845)	698,751	469,321	229,430
Total Undist. Expend. - Other Supp. Serv. Students-Extra Svcs.	1,595,059	(232,427)	1,362,632	1,103,961	258,671
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	962,167	(16,602)	945,565	925,211	20,354
Salaries of Secretarial and Clerical Assistants	120,305	(500)	119,805	119,625	180
Supplies and Materials	17,415		17,415	12,398	5,017
Total Undist. Expend. - Guidance	1,099,887	(17,102)	1,082,785	1,057,234	25,551

KINNELON BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2024

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Other Supp. Child Study Teams					
Salaries of Other Professional Staff	1,085,685	(87,370)	998,315	952,175	46,140
Salaries of Secretarial and Clerical Assistants	104,158		104,158	104,158	
Purchased Prof. Services-Educational Services	51,675	(20,000)	31,675	11,004	20,671
Misc. Pur Services (400-500 Series)	16,020	27,000	43,020	33,778	9,242
Supplies and Materials	14,300		14,300	11,120	3,180
Other Objects	4,000		4,000	2,943	1,057
Total Undist. Expend. - Other Supp. Serv. Child Study Teams	1,275,838	(80,370)	1,195,468	1,115,178	80,290
Undist. Expend. - Improvement of Instructional Services					
Salaries of Supervisors of Instruction	552,719	(71,905)	480,814	411,174	69,640
Salaries of Other Professional Staff	71,025	5	71,030	71,030	
Purchased Prof. Services-Educational Services	19,535	6,680	26,215	25,198	1,017
Other Purch Services (400-500)	6,080		6,080	607	5,473
Supplies and Materials	1,624	32,802	34,426	32,585	1,841
Other Objects	6,246	(10)	6,236	4,991	1,245
Total Undist. Expend. - Improvement of Inst. Services	657,229	(32,428)	624,801	545,585	79,216
Undist. Expend. - Educational Media Serv./Sch. Library					
Salaries	378,137	57,276	435,413	434,929	484
Salaries of Technology Coordinators	216,462	(776)	215,686	213,787	1,899
Supplies and Materials	37,360	2,000	39,360	37,729	1,631
Total Undist. Expend. - Educational Media Serv./Sch. Library	631,959	58,500	690,459	686,445	4,014
Undist. Expend. - Instructional Staff Training Serv.					
Salaries of Other Professional Staff	32,436		32,436	2,943	29,493
Purchased Prof. Services-Educational Services	38,250	(27,009)	11,241	10,078	1,163
Other Purchased Services (400-500 series)	12,080	(11,161)	919	558	361
Supplies and Materials	1,000		1,000	620	380
Total Undist. Expend. - Instructional Staff Training Serv.	83,766	(38,170)	45,596	14,199	31,397
Undist. Expend. - Supp. Serv. - General Administration					
Salaries	303,723		303,723	303,489	234
Legal Services	130,812	(53,000)	77,812	46,919	30,893
Audit Fees	41,000	4,000	45,000	41,000	4,000
Other Purchased Professional Services	10,800	59,868	70,668	49,406	21,262
Communications/Telephone	188,607	11,067	199,674	179,270	20,404
BOE Other Purchased Services	2,300	340	2,640	2,638	2
Other Purch Services (400-500 Series)	12,500	(875)	11,625	11,248	377
General Supplies	1,525		1,525	1,006	519
Misc. Expenditures	4,125	967	5,092	5,092	
BOE Membership Dues and Fees	16,000	1,453	17,453	17,453	
Total Undist. Expend. - Supp. Serv. - General Administration	711,392	23,820	735,212	657,521	77,691
Undist. Expend. - Support Serv. - School Administration					
Salaries of Principals/Assistant Principals	1,319,935	(222,279)	1,097,656	1,089,035	8,621
Salaries of Secretarial and Clerical Assistants	406,632	47,403	454,035	450,232	3,803
Purchased Prof. and Tech. Services	72,770		72,770	72,738	32
Other Purchased Services (400-500 series)	133,314	(8,034)	125,280	88,079	37,201
Supplies and Materials	12,862	(1,120)	11,742	9,956	1,786
Other Objects	15,285	8	15,293	12,560	2,733
Total Undist. Expend. - Support Serv. - School Administration	1,960,798	(184,022)	1,776,776	1,722,600	54,176
Undist. Expend. - Support Serv. - Central Services					
Salaries	416,219	59,562	475,781	472,291	3,490
Purchased Professional Services	12,325	(2,230)	10,095	10,085	10
Purchased Technical Services	44,000	5,638	49,638	49,638	
Misc. Pur Services (400-500 Series)	8,300	432	8,732	8,694	38
Supplies and Materials	11,350	2,294	13,644	9,350	4,294
Other Objects	200	2,227	2,427	2,365	62
Miscellaneous Expenditures	3,315	(3,315)			
Total Undist. Expend. - Support Serv. - Central Services	495,709	64,608	560,317	552,423	7,894
Undist. Expend. - Admin Info. Technology					
Information Technology					
Salaries	101,416	(8,436)	92,980	90,759	2,221
Purchased Technical Services	5,500	3,375	8,875	875	8,000
Total Undist. Expend. - Support Serv. - Administrative Information Technology	106,916	(5,061)	101,855	91,634	10,221

KINNELON BOARD OF EDUCATION
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2024

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
Undist. Expend. - Required Maint. for School Facilities (261)					
Salaries	212,401	8,300	220,701	207,213	13,488
Cleaning, Repair and Maintenance Services	224,643	55,176	279,819	218,504	61,315
General Supplies	48,782	(4,592)	44,190	38,732	5,458
Undist. Expend. - Required Maint. for School Facilities	485,826	58,884	544,710	464,449	80,261
Undist. Expend. - Custodial Services (262)					
Salaries	1,186,364	110,236	1,296,600	1,271,863	24,737
Salaries of Non-Instructional Aides	84,926	(84,926)			
Purchased Professional and Technical Services	60,565	(4,412)	56,153	47,693	8,460
Cleaning, Repair and Maintenance Services	152,074	1,631	153,705	134,823	18,882
Other Purchased Property Services	154,463	10,652	165,115	126,489	38,626
Insurance	398,670	30,400	429,070	428,993	77
General Supplies	124,740	9,626	134,366	133,586	780
Energy (Energy and Electricity)	389,477	16,881	406,358	310,149	96,209
Energy (Natural Gas)	227,950	95,136	323,086	199,280	123,806
Other Objects	23,669	(660)	23,009	12,636	10,373
Total Undist. Expend. - Custodial Services	2,802,898	184,564	2,987,462	2,665,512	321,950
Undist. Expend. - Care & Upkeep of Grounds (263)					
Salaries	155,231	85	155,316	155,315	1
Cleaning, Repair and Maintenance Services	176,535	(29,813)	146,722	141,940	4,782
General Supplies	42,975	(12,775)	30,200	16,603	13,597
Total Undist. Expend. - Care & Upkeep of Grounds	374,741	(42,503)	332,238	313,858	18,380
Undist. Expend. - Security					
Salaries		74,401	74,401	74,216	185
Purchased Professional and Technical Services	90,000	14,801	104,801	96,111	8,690
General Supplies	42,891	(1,992)	40,899	38,107	2,792
Total Undist. Expend. - Security	132,891	87,210	220,101	208,434	11,667
Undist. Expend. - Student Transportation Services (270)					
Salaries of Non-Instructional Aides	15,000	(2,000)	13,000	5,172	7,828
Salaries for Pupil Trans (Bet. Home & Sch.) - Reg	496,292	78,910	575,202	536,637	38,565
Other Purchased Prof. and Tech. Services		9,450	9,450	1,940	7,510
Cleaning, Repair and Maintenance Services	52,000	32,332	84,332	73,634	10,698
Contract Services - Aid in Lieu Pymts - NonPub School	98,885	1,225	100,110	100,001	109
Contract Services (Between Home & School)-Vendors	1,171,626	146,988	1,318,614	1,202,512	116,102
Contract Services (Other than Between Home & School)-Vendors	77,270	12,750	90,020	72,242	17,778
Contract Services (Spl. Ed. Students)-ESCs&CTSAs	1,308,896	(144,518)	1,164,378	1,048,493	115,885
Misc. Purchased Services - Transportation	7,275	9,756	17,031	16,533	498
General Supplies	67,944	(10,991)	56,953	57,199	(246)
Other Objects	1,142	61	1,203	1,000	203
Total Undist. Expend. - Student Transportation Services	3,296,330	133,963	3,430,293	3,115,363	314,930
UNALLOCATED BENEFITS					
Social Security Contributions	545,000	3,100	548,100	548,047	53
Other Retirement Contributions-PERS	653,000	82,212	735,212	734,820	392
Workmen's Compensation	182,000	19,290	201,290	201,290	
Health Benefits	6,633,805	(49,726)	6,584,079	6,582,373	1,706
Tuition Reimbursements	156,116	(28,100)	128,016	115,891	12,125
Other Employee Benefits	137,000	(100,857)	36,143	2,085	34,058
Unused Sick Payment to Terminated/Retired Staff	15,000	(15,000)			
TOTAL UNALLOCATED BENEFITS	8,321,921	(89,081)	8,232,840	8,184,506	48,334
On-behalf TPAF Post Retirement Medical Contributions (non-budgeted)				1,907,783	(1,907,783)
On-behalf TPAF Pension (non-budgeted)				6,930,657	(6,930,657)
On-behalf TPAF NCGI Premium (non-budgeted)				79,040	(79,040)
On-behalf TPAD LTDI				1,804	(1,804)
Reimbursed TPAF Social Security Contributions (non-budgeted)				1,387,426	(1,387,426)
TOTAL ON-BEHALF CONTRIBUTIONS				10,306,710	(10,306,710)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	8,321,921	(89,081)	8,232,840	18,491,216	(10,258,376)
TOTAL UNDISTRIBUTED EXPENDITURES	26,896,531	(95,092)	26,801,439	35,374,001	(8,572,562)
TOTAL GENERAL CURRENT EXPENSE	45,458,149	(22,220)	45,435,929	53,521,415	(8,085,486)

KINNELON BOARD OF EDUCATION
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2024

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
CAPITAL OUTLAY					
Regular Programs - Instruction:					
Grades 1-5	30,592		30,592	23,592	7,000
Grades 6-8	150,340	23,800	174,140	151,061	23,079
Grades 9-12	448,621	(90,820)	357,801	243,737	114,064
Undist. Expend. - Required Maint for School Fac.	784,205	(12,707)	771,498	215,547	555,951
Undist. Expend. - Care and Upkeep of Grounds	76,000	13,216	89,216	89,193	23
Undist. Expend. - Security	224,123	72,281	296,404	80,731	215,673
Undist. Expend - Student Trans. - Non-Inst. Equip.	91,892	1	91,893	91,892	1
Total Regular Programs - Instruction	<u>1,805,773</u>	<u>5,771</u>	<u>1,811,544</u>	<u>895,753</u>	<u>915,791</u>
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	58,083		58,083	58,083	
Total Facilities Acquisition and Construction Services	<u>58,083</u>		<u>58,083</u>	<u>58,083</u>	
Assets Acquired Under Capital Leases (non-budgeted)					
Various Equipment				333,624	(333,624)
Total Assets Acquired Under Capital Leases (non-budgeted)				<u>333,624</u>	<u>(333,624)</u>
TOTAL CAPITAL OUTLAY	<u>1,863,856</u>	<u>5,771</u>	<u>1,869,627</u>	<u>1,287,460</u>	<u>582,167</u>
Transfer of Funds to Charter Schools	<u>42,470</u>	<u>16,449</u>	<u>58,919</u>	<u>26,182</u>	<u>32,737</u>
TOTAL EXPENDITURES	<u>47,364,475</u>		<u>47,364,475</u>	<u>54,835,057</u>	<u>(7,470,582)</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	<u>(3,818,963)</u>		<u>(3,818,963)</u>	<u>(141,499)</u>	<u>3,677,464</u>
Other Financing Sources/(Uses):					
Capital Leases (non-budgeted)				333,624	333,624
Operating Transfer Out:					
Capital Reserve to Capital Projects		(1,860,000)	(1,860,000)	(1,860,000)	
Total Other Financing Sources/(Uses):		<u>(1,860,000)</u>	<u>(1,860,000)</u>	<u>(1,526,376)</u>	<u>333,624</u>
Excess (Deficiency) of Revenues and Other Financing Sources					
Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(3,818,963)</u>	<u>(1,860,000)</u>	<u>(5,678,963)</u>	<u>(1,667,875)</u>	<u>4,011,088</u>
Fund Balance, July 1	<u>7,384,147</u>		<u>7,384,147</u>	<u>7,384,147</u>	
Fund Balance, June 30	<u>3,565,184</u>	<u>(1,860,000)</u>	<u>1,705,184</u>	<u>5,716,272</u>	<u>4,011,088</u>
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Adjustment for Prior Year Encumbrances	(1,236,260)		(1,236,260)	(1,236,260)	
Increase in Capital Reserve:					
Principal				2,000,000	2,000,000
Interest Deposit to Capital Reserve				77,876	77,876
Withdrawal from Capital Reserve	(1,654,731)	(1,860,000)	(3,514,731)	(3,514,731)	
Budgeted Fund Balance	<u>(927,972)</u>		<u>(927,972)</u>	<u>1,005,240</u>	<u>1,933,212</u>
	<u>(3,818,963)</u>	<u>(1,860,000)</u>	<u>(5,678,963)</u>	<u>(1,667,875)</u>	<u>4,011,088</u>
Recapitulation:					
Restricted Fund Balance:					
Legally Restricted - Excess Surplus				515,904	
Capital Reserve				2,442,711	
Unemployment Compensation				243,461	
Assigned Fund Balance:					
Year-end Encumbrances				946,170	
Designated for Subsequent Year's Expenditures				219,226	
Unassigned Fund Balance				<u>1,348,800</u>	
Total Fund Balance per Governmental Funds (Budgetary)				<u>5,716,272</u>	
Recapitulation to Governmental Fund Statement (GAAP):					
Less: Last State Aid Payment not Recognized GAAP Basis				273,711	
Total Fund Balance per Governmental Funds (GAAP)				<u>5,442,561</u>	

KINNELON BOROUGH BOARD OF EDUCATION
Budgetary Comparison Schedule
Special Revenue Fund
Fiscal Year Ended June 30, 2024

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	210,000	9,782	219,782	526,361	306,579 note 1
State Sources	3,835	41,212	45,047	40,327	(4,720)
Federal Sources	487,070	406,624	893,694	730,545	(163,149)
Total Revenues	700,905	457,618	1,158,523	1,297,233	138,710
EXPENDITURES:					
Instruction:					
Salaries of Teachers	45,000	118,372	163,372	93,404	69,968
Other Salaries for Instruction		18,070	18,070	17,265	805
Purchased Professional and Technical Services		18,764	18,764	-	18,764
Other Purchased Services (400-500 series)	392,070	129,835	521,905	510,442	11,463
General Supplies	2,000	21,102	23,102	17,290	5,812
Textbooks	600	36	636	-	636
Other Objects	35,000	9,782	44,782	44,782	-
Total instruction	474,670	315,961	790,631	683,183	107,448
Support services:					
Personal Services - Employee Benefits		2,292	2,292	-	2,292
Purchased Professional - Educational Services	28,500	15,302	43,802	15,182	28,620
Other Purchased Services (400-500 series)	11,500	60,734	72,234	67,384	4,850
Purchased Technical Services	1,010	310	1,320	-	1,320
General Supplies	8,000	22,692	30,692	9,578	21,114
Scholarships Awarded	35,000	-	35,000	52,500	(17,500) note 1
Student Activity Disbursements	140,000	-	140,000	429,564	(289,564) note 1
Total support services	224,010	101,330	325,340	574,208	(248,868)
Facilities acquisition and const. serv.:					
Noninstructional Equipment	2,225	40,327	42,552	40,327	2,225
Total facilities acquisition and const. serv.	2,225	40,327	42,552	40,327	2,225
Total Expenditures	700,905	457,618	1,158,523	1,297,718	(139,195)
Excess (Deficiency) of Revenues Over (Under)					
Expenditures and Other Financing Sources (Uses)	-	-	-	(485)	(485)
Fund Balance, July 1				381,038	
Fund Balance, June 30				<u>380,553</u>	
Recapitulation:					
Restricted:					
Scholarships				\$ 194,120	
Student Activities				<u>186,433</u>	
Total Fund Balance				<u>\$ 380,553</u>	

note 1 Not required to budget for student activity or scholarship funds

KINNELON BOROUGH BOARD OF EDUCATION
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information - Part II
Fiscal Year Ended June 30, 2024

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

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	54,693,558	1,297,233
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Prior Year			35,564
Current Year			(56,466)
The last state aid payment is recognized for GAAP Statements in the current year, previously recognized for budgetary purposes		239,355	
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).		(273,711)	
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	54,659,202	1,276,331
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	54,835,057	1,297,718
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Prior Year			35,564
Current Year			(56,466)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	54,835,057	1,276,816

**REQUIRED SUPPLEMENTARY
INFORMATION - PART III**

KINNELON BOROUGH BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - PERS
Last 10 Fiscal Years

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll - PERS Employee's	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0406411768%	\$ 7,609,140	\$ 3,155,047	241.17%	47.92%
2016	0.0437210765%	9,814,506	3,306,119	296.86%	52.07%
2017	0.0460686155%	13,644,203	3,307,672	412.50%	59.86%
2018	0.0486587120%	11,326,970	3,558,963	318.27%	51.90%
2019	0.0488400797%	9,616,369	3,656,473	263.00%	46.40%
2020	0.0505060404%	9,100,422	3,860,962	235.70%	43.43%
2021	0.0517121647%	8,432,902	3,982,027	211.77%	41.35%
2022	0.0535708572%	6,346,271	4,070,338	155.92%	29.35%
2023	0.0536532303%	8,097,011	4,221,233	191.82%	36.78%
2024	0.0536655721%	7,773,122	4,341,892	179.03%	34.48%

KINNELON BOROUGH BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
Last 10 Fiscal Years

Fiscal Year Ending June 30,	Contractually Required Contribution		Contributions in Relations to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's PERS Covered-Employee Payroll		Contributions as a Percentage of PERS Covered-Employee Payroll
	Contractually Required Contribution	Contractually Required Contributions	Contractually Required Contributions	Contractually Required Contributions		District's PERS Covered-Employee Payroll	District's PERS Covered-Employee Payroll	
2015	\$ 327,943	\$ (327,943)	\$ (327,943)	\$ -	\$ -	\$ 3,155,047	10.39%	
2016	\$ 375,884	\$ (375,884)	\$ (375,884)	\$ -	\$ -	\$ 3,306,119	11.37%	
2017	\$ 409,267	\$ (409,267)	\$ (409,267)	\$ -	\$ -	\$ 3,307,672	12.37%	
2018	\$ 469,189	\$ (469,189)	\$ (469,189)	\$ -	\$ -	\$ 3,558,963	13.18%	
2019	\$ 488,289	\$ (488,289)	\$ (488,289)	\$ -	\$ -	\$ 3,656,473	13.35%	
2020	\$ 493,688	\$ (493,688)	\$ (493,688)	\$ -	\$ -	\$ 3,860,962	12.79%	
2021	\$ 583,639	\$ (583,639)	\$ (583,639)	\$ -	\$ -	\$ 3,982,027	14.66%	
2022	\$ 627,377	\$ (627,377)	\$ (627,377)	\$ -	\$ -	\$ 4,070,338	15.41%	
2023	\$ 676,593	\$ (676,593)	\$ (676,593)	\$ -	\$ -	\$ 4,221,233	16.03%	
2024	\$ 717,255	\$ (717,255)	\$ (717,255)	\$ -	\$ -	\$ 4,341,892	16.52%	

KINNELON BOROUGH BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - TPAF
Last 10 Fiscal Years

Fiscal Year Ending June 30,	District's		State's		District's Covered Payroll - TPAF Employee's	District's		State's		Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Share of the Net Pension Liability Associated with the District (Asset)	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll		Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its' Covered Payroll			
2015	0.1627893584%	\$	\$ 84,305,810	0.00%	16,179,613	\$	521.06%	33.64%		
2016	0.1573076996%	-	99,425,184	0.00%	16,525,816		601.64%	28.71%		
2017	0.1598515577%	-	125,749,413	0.00%	16,880,904		744.92%	22.33%		
2018	0.1616932703%	-	109,019,433	0.00%	16,865,034		646.42%	25.41%		
2019	0.1663393125%	-	105,821,498	0.00%	17,815,642		593.98%	26.49%		
2020	0.1621803979%	-	99,531,641	0.00%	18,279,018		544.51%	26.95%		
2021	0.1635896643%	-	107,721,826	0.00%	18,094,806		595.32%	24.60%		
2022	0.1664544814%	-	80,023,306	0.00%	18,702,512		427.87%	35.52%		
2023	0.1623430235%	-	83,759,935	0.00%	18,927,011		442.54%	32.29%		
2024	0.1618343164%	-	82,588,372	0.00%	19,442,153		424.79%	34.68%		

KINNELON BOROUGH BOARD OF EDUCATION
Schedules of Required Supplementary Information
Schedule of the School District's Contribution
Teacher's Pension and Annuity Fund (TPAF)
Last 10 Fiscal Years

This schedule is not applicable.

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

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

KINNELON BOROUGH BOARD OF EDUCATION
Note to Required Schedules of Supplementary Information - Part III
Fiscal Year Ended June 30, 2024

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

None

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

None

Change in assumptions

None

KINNELON BOROUGH BOARD OF EDUCATION
Schedule of Required Supplementary Information
Schedule of Changes in the District's Proportionate Share of the State OPEB Liability
*Last 10 Fiscal Years**

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Costs	\$ 2,905,709	\$ 3,895,281	\$ 4,327,338	\$ 2,388,081	\$ 2,334,677	\$ 2,669,302	\$ 3,213,423
Interest on Total OPEB Liability	2,625,957	1,922,055	2,247,672	2,100,868	2,532,735	2,768,332	2,391,220
Changes of Benefit Terms	(1,668,332)	1,363,525	(13,876,054)	16,880,076	(9,533,529)	(7,949,087)	(9,968,959)
Difference between Expected and Actual Expenditures	150,285	(19,456,113)	85,482	17,474,934	871,304	(7,341,194)	(9,968,959)
Changes in Assumptions	(2,046,977)	(1,903,852)	(1,770,536)	(1,665,470)	(1,793,850)	(1,710,609)	(1,748,205)
Gross Benefit Payments	67,294	61,077	57,462	50,480	53,175	59,121	64,373
Contribution from the Member	2,033,936	(14,118,027)	(9,020,859)	37,228,969	(5,555,488)	(11,504,135)	(6,048,148)
Net Changes in total Share of OPEB Liability	72,527,353	86,645,380	95,666,239	58,437,270	63,972,758	75,476,893	81,525,041
Total OPEB Liability - Beginning	\$ 74,561,289	\$ 72,527,353	\$ 86,645,380	\$ 95,666,239	\$ 58,437,270	\$ 63,972,758	\$ 75,476,893
Total OPEB Liability - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Proportionate Share of OPEB Liability	74,561,289	72,527,353	86,645,380	95,666,239	58,437,270	63,972,758	75,476,893
State's Proportionate Share of OPEB Liability							
Total OPEB Liability - Ending	\$ 74,561,289	\$ 72,527,353	\$ 86,645,380	\$ 95,666,239	\$ 58,437,270	\$ 63,972,758	\$ 75,476,893
District's Covered Employee Payroll	\$ 23,784,045	\$ 23,148,244	\$ 22,772,850	\$ 22,076,833	\$ 22,139,980	\$ 21,472,115	\$ 20,423,997
Districts' Proportionate Share of the Total OPEB Liability as a Percentage of its Covered Payroll	0%	0%	0%	0%	0%	0%	0%

Notes to Schedule:

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

Change in benefit terms Decrease in liability due to employers adopting provisions of Chapter 44.

Change in assumptions Assumptions used in calculating the OPEB liability are presented in Note 8.

* GASB requires that ten years of information be presented. However, since fiscal year 2018 was the first year of GASB 75 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

Other Supplementary Information

SPECIAL REVENUE FUND

KINNELON BOROUGH BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2024

	Total Brought Forward (Ex. E-1a)	I.D.E.A Part B		ESEA Title I, Part A	ESEA Title II, Part A Teacher & Principal Training & Recruiting	Totals 2024
		Basic	Preschool			
REVENUES						
Local Sources	526,361					526,361
State Sources	40,327					40,327
Federal Sources	289,639	385,586	17,265	20,822	17,233	730,545
Total Revenues	856,327	385,586	17,265	20,822	17,233	1,297,233
EXPENDITURES:						
Instruction:						
Salaries of Teachers	78,694			14,406	304	93,404
Other Salaries for Instruction	-		17,265			17,265
Other Purchased Services (400-500 series)	126,356	384,086				510,442
General Supplies	11,948	1,500		3,842		17,290
Other Objects	44,782					44,782
Total instruction	261,780	385,586	17,265	18,248	304	683,183
Support services:						
Purchased Professional - Educational Services	12,608			2,574		15,182
Other Purchased Services (400-500 series)	54,762				12,622	67,384
General Supplies	5,271				4,307	9,578
Scholarships Awarded	52,500					52,500
Student Activities	429,564					429,564
Total support services	554,705	-	-	2,574	16,929	574,208
Facilities acquisition and const. serv.:						
Noninstructional Equipment	40,327					40,327
	40,327					40,327
Total Expenditures	856,812	385,586	17,265	20,822	17,233	1,297,718
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(485)	-	-	-	-	(485)
Fund Balance, July 1	381,038					381,038
Fund Balance, June 30	380,553					380,553

KINNELON BOROUGH BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis

Fiscal Year Ended June 30, 2024

	Total Brought Forward (Ex. E-1b)	ARP- ESSER III	ARP- Accelerated Learning Coach and Educator Support	ARP- Evidence Based Summer Learning and Enrichment	ARP- Evidence Based Comprehensive Beyond the School Day	Total Carried Forward
REVENUES						
Local Sources	526,361					526,361
State Sources	40,327					40,327
Federal Sources	146,387	17,095	55,546	34,472	36,139	289,639
Total Revenues	713,075	17,095	55,546	34,472	36,139	856,327
EXPENDITURES:						
Instruction:						
Salaries of Teachers	8,083			34,472	36,139	78,694
Other Salaries for Instruction	-					-
Other Purchased Services (400-500 series)	126,356					126,356
General Supplies	11,948					11,948
Other Objects	44,782					44,782
Total instruction	191,169	-	-	34,472	36,139	261,780
Support services:						
Purchased Professional - Educational Services	-		12,608			12,608
Other Purchased Services (400-500 series)	-	11,824	42,938			54,762
General Supplies	-	5,271				5,271
Scholarships Awarded	52,500					52,500
Student Activities	429,564					429,564
Total support services	482,064	17,095	55,546	-	-	554,705
Facilities acquisition and const. serv.:						
Noninstructional Equipment	40,327					40,327
Total facilities acquisition and const. serv.	40,327	-	-	-	-	40,327
Total Expenditures	713,560	17,095	55,546	34,472	36,139	856,812
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(485)	-	-	-	-	(485)
Fund Balance, July 1	381,038					381,038
Fund Balance, June 30	380,553	-	-	-	-	380,553

KINNELON BOROUGH BOARD OF EDUCATION
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2024

	Total Brought Forward (Ex. E-1c)	NJ High Impact Tutoring	Additional or Compensatory Special Education and Related Services	SDA Emergent Needs and Capital Maintenance	Local Grants	Total Carried Forward
REVENUES						
Local Sources	481,579			44,782		526,361
State Sources	-	20,031	126,356	40,327		40,327
Federal Sources	-					146,387
Total Revenues	481,579	20,031	126,356	40,327	44,782	713,075
EXPENDITURES:						
Instruction:						
Salaries of Teachers	-	8,083				8,083
Other Salaries for Instruction	-					-
Other Purchased Services (400-500 series)	-		126,356			126,356
General Supplies	-	11,948				11,948
Other Objects	-				44,782	44,782
Total instruction	-	20,031	126,356	-	44,782	191,169
Support services:						
Purchased Professional - Educational Services	-					-
Other Purchased Services (400-500 series)	-					-
General Supplies	52,500					52,500
Scholarships Awarded	429,564					429,564
Student Activities	-					-
Total support services	482,064	-	-	-	-	482,064
Facilities acquisition and const. serv.:						
Noninstructional Equipment	-			40,327		40,327
Total facilities acquisition and const. serv.	-	-	-	40,327	-	40,327
Total Expenditures	482,064	20,031	126,356	40,327	44,782	713,560
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(485)	-	-	-	-	(485)
Fund Balance, July 1	381,038					381,038
Fund Balance, June 30	380,553	-	-	-	-	380,553

KINNELON BOROUGH BOARD OF EDUCATION

Special Revenue Fund

Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
Fiscal Year Ended June 30, 2024

	Student Activity Account	Athletic Account	Sports Camp	Scholarships	Total Carried Forward
REVENUES					
Local Sources	396,424	30,467	269	54,419	481,579
State Sources	-	-	-	-	-
Federal Sources	-	-	-	-	-
Total Revenues	396,424	30,467	269	54,419	85,155
EXPENDITURES:					
Instruction:					
Salaries of Teachers	-	-	-	-	-
Other Salaries for Instruction	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-
General Supplies	-	-	-	-	-
Other Objects	-	-	-	-	-
Total instruction	-	-	-	-	-
Support services:					
Purchased Professional - Educational Services	-	-	-	-	-
Other Purchased Services (400-500 series)	-	-	-	-	-
General Supplies	-	-	-	-	-
Scholarships Awarded	397,675	31,889	-	52,500	52,500
Student Activities	-	-	-	-	429,564
Total support services	397,675	31,889	-	52,500	482,064
Facilities acquisition and const. serv.:					
Noninstructional Equipment	-	-	-	-	-
Total facilities acquisition and const. serv.	-	-	-	-	-
Total Expenditures	397,675	31,889	-	52,500	482,064
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	(1,251)	(1,422)	269	1,919	(485)
Fund Balance, July 1	177,865	1,437	9,535	192,201	381,038
Fund Balance, June 30	176,614	15	9,804	194,120	380,553

CAPITAL PROJECTS FUND

KINNELON BOROUGH BOARD OF EDUCATION
Capital Projects Fund
Summary Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budgetary Basis
Fiscal Year Ended June 30, 2024

Revenues and Other Financing Sources	
State Sources - SCC Grant	1,240,000
Bond proceeds and transfers	-
Transfers from Capital Reserve	1,860,000
Transfers from Capital Outlay	-
Interest on Investments	-
	3,100,000
 Expenditures and Other Financing Uses	
Purchased professional and technical services	50,814
Land and improvements	-
Construction services	-
General supplies	-
Equipment purchases	-
Transfer to General Fund	-
	50,814
Excess (deficiency) of revenues over (under) expenditures	3,049,186
Fund balance - beginning	-
Fund balance - ending	3,049,186

KINNELON BOROUGH BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Kiel Elementary School Roof Replacment
Fiscal Year Ended June 30, 2024

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant		325,000	325,000	325,000
Bond proceeds and transfers			-	
Transfers from Capital Reserve		487,500	487,500	487,500
Transfers from Capital Outlay			-	-
	-	812,500	812,500	812,500
Expenditures and Other Financing Uses				
Purchased professional and technical services		50,814	50,814	162,500
Land and improvements			-	-
Construction services			-	650,000
General supplies			-	
Equipment purchases			-	-
	-	50,814	50,814	812,500
Excess (deficiency) of revenues over (under) expenditures	-	761,686	761,686	-
Additional project information:				
Project number	2460-060-23-R501			
Grant date	12/14/2023			
Bond authorization date	n/a			
Bonds authorized	n/a			
Bonds issued	n/a			
Original authorization cost	812,500			
Additional authorized cost				
Revised authorized cost	812,500			
Percentage increase over original authorized cost	-			
Percentage completion	6%			
Original target completion date	6/30/2025			
Revised target completion date	6/30/2025			

KINNELON BOROUGH BOARD OF EDUCATION
Capital Projects Fund
Schedule of Project Revenues, Expenditures, Project Balances and Project Status-Budgetary Basis
Stonybrook Elementary School Roof Replacement
Fiscal Year Ended June 30, 2024

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources				
State Sources - SCC Grant		915,000	915,000	915,000
Bond proceeds and transfers			-	
Transfers from Capital Reserve		1,372,500	1,372,500	1,372,500
Transfers from Capital Outlay			-	-
	-	2,287,500	2,287,500	2,287,500
Expenditures and Other Financing Uses				
Purchased professional and technical services			-	457,500
Land and improvements			-	-
Construction services			-	1,830,000
General supplies			-	
Equipment purchases			-	-
	-	-	-	2,287,500
Excess (deficiency) of revenues over (under) expenditures	-	2,287,500	2,287,500	-
Additional project information:				
Project number	2460-070-23-R501			
Grant date	12/14/2023			
Bond authorization date	n/a			
Bonds authorized	n/a			
Bonds issued	n/a			
Original authorization cost	2,287,500			
Additional authorized cost				
Revised authorized cost	2,287,500			
Percentage increase over original authorized cost	-			
Percentage completion	0%			
Original target completion date	6/30/2025			
Revised target completion date	6/30/2025			

KINNELON BOROUGH BOARD OF EDUCATION
Capital Projects Fund
Summary Statement of Project Expenditures
Fiscal Year Ended June 30, 2024

Project Title/Issue	Date	Appropriations	Expenditures to Date		Unexpended Balance June 30, 2024
			Prior Years	Current Year	
Kiel Elementary School Roof Replacement	14-Dec-23	812,500	-	50,814	761,686
Stonybrook Elementary School Roof Replacement	14-Dec-23	2,287,500	-	-	2,287,500
		<u>3,100,000</u>	<u>-</u>	<u>50,814</u>	<u>3,049,186</u>

PROPRIETARY FUNDS

KINNELON BOROUGH BOARD OF EDUCATION
Combining Statement of Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2024

	Food Service Program	Enrichment Program	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	303,700	84,710	388,410
Accounts receivable:			
State	248		248
Federal	2,567		2,567
Interfund - General Fund	18,268		18,268
Inventories	14,564		14,564
Total current assets	339,347	84,710	424,057
Noncurrent assets:			
Capital assets:			
Equipment	395,985		395,985
Less accumulated depreciation	(367,347)		(367,347)
Total capital assets (net of accumulated depreciation)	28,638	-	28,638
Total assets	367,985	84,710	452,695
LIABILITIES			
Current liabilities:			
Unearned revenue	38,743		38,743
Total current liabilities	38,743	-	38,743
Total liabilities	38,743	-	38,743
NET POSITION			
Net investment in capital assets	28,638	-	28,638
Unrestricted	300,604	84,710	385,314
Total net position	329,242	84,710	413,952

KINNELON BOROUGH BOARD OF EDUCATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
Fiscal Year Ended June 30, 2024

	<u>Food Service Program</u>	<u>Enrichment Program</u>	<u>Totals</u>
Operating revenues:			
Charges for services:			
Daily sales - reimbursable programs	326,754		326,754
Daily sales - non-reimbursable programs	211,871		211,871
Special functions	2,788		2,788
Total operating revenues	<u>541,413</u>	<u>-</u>	<u>541,413</u>
Operating expenses:			
Cost of sales - reimbursable programs	198,691		198,691
Cost of sales - non-reimbursable programs	93,517		93,517
Salaries	221,268		221,268
Benefits	73,121		73,121
Supplies and materials	39,486		39,486
Purchased property services	20,010		20,010
Other expenses	25,608		25,608
Depreciation	3,992		3,992
Total operating expenses	<u>675,693</u>	<u>-</u>	<u>675,693</u>
Operating income (loss)	<u>(134,280)</u>	<u>-</u>	<u>(134,280)</u>
Nonoperating revenues (expenses):			
State sources:			
State school lunch program	5,599		5,599
Federal sources:			
National school lunch program	59,838		59,838
Supply Chain Assistance	72,605		72,605
P-EBT Administrative Cost	653		653
Food distribution program	54,755		54,755
Interest Income		2,314	2,314
Total nonoperating revenues (expenses)	<u>193,450</u>	<u>2,314</u>	<u>195,764</u>
Income (loss) before contributions & transfers	<u>59,170</u>	<u>2,314</u>	<u>61,484</u>
Other financing sources/(uses)			
Assets retired prior to full depreciation	<u>(62,356)</u>		<u>(62,356)</u>
Change in net position	<u>(3,186)</u>	<u>2,314</u>	<u>(872)</u>
Total net position—beginning	<u>332,428</u>	<u>82,396</u>	<u>414,824</u>
Total net position—ending	<u><u>329,242</u></u>	<u><u>84,710</u></u>	<u><u>413,952</u></u>

KINNELON BOROUGH BOARD OF EDUCATION
Combining Statement of Cash Flows
Enterprise Funds
Fiscal Year Ended June 30, 2024

	Food Service Program	Enrichment Program	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	524,098		524,098
Payments to suppliers	(634,596)		(634,596)
Net cash provided by (used for) operating activities	<u>(110,498)</u>	<u>-</u>	<u>(110,498)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State Sources	5,677		5,677
Federal Sources	102,629		102,629
Net cash provided by (used for) non-capital financing activities	<u>108,306</u>	<u>-</u>	<u>108,306</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends		2,314	2,314
Net cash provided by (used for) investing activities	<u>-</u>	<u>2,314</u>	<u>2,314</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(22,649)		(22,649)
Net cash provided by (used for) capital and related financing activities	<u>(22,649)</u>	<u>-</u>	<u>(22,649)</u>
Net increase (decrease) in cash and cash equivalents	(24,841)	2,314	(22,527)
Balances—beginning of year	328,541	82,396	410,937
Balances—end of year	<u>303,700</u>	<u>84,710</u>	<u>388,410</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	(134,280)	-	(134,280)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
(Increase) decrease in interfund receivable	(7,662)		(7,662)
Depreciation and net amortization	3,992		3,992
Food Distribution Program	54,020		54,020
(Increase) decrease in inventories	(1,382)		(1,382)
Increase (decrease) in accounts payable	(33,191)		(33,191)
Increase (decrease) in unearned revenue	8,005		8,005
Total adjustments	<u>23,782</u>	<u>-</u>	<u>23,782</u>
Net cash provided by (used for) operating activities	<u>(110,498)</u>	<u>-</u>	<u>(110,498)</u>

LONG-TERM DEBT

KINNELON BOROUGH BOARD OF EDUCATION
General Long-Term Debt Account Group
Schedule of Serial Bonds
June 30, 2024

Issue	Date of Loan	Amount of Loan	Principal Payment		Interest Rate	Balance, June 30, 2023	Retired	Balance, June 30, 2024
			Date	Amount				
Refunding Bond of 2002 Issue	September 14, 2010	9,980,000			3.25%	930,000	930,000	-
			01/15/25	910,000	5.00%	11,095,000	115,000	10,980,000
Refunding Bond of 2006/2007 Issues	February 10, 2015	11,230,000	01/15/26	1,015,000	5.00%			
			01/15/27	1,120,000	4.25%			
			01/15/28	1,215,000	5.00%			
			01/15/29	1,285,000	4.50%			
			01/15/30	1,325,000	4.50%			
			01/15/31	1,345,000	4.75%			
			01/15/32	1,370,000	4.75%			
01/15/33	1,395,000	4.75%						
						\$ 12,025,000	1,045,000	10,980,000

KINNELON BOROUGH BOARD OF EDUCATION
Budgetary Comparison Schedule
Debt Service Fund
Fiscal Year Ended June 30, 2024

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	1,501,215		1,501,215	1,501,215	-
Total - Local Sources	1,501,215	-	1,501,215	1,501,215	-
State Sources:					
Debt Service Aide Type II	79,623		79,623	79,623	-
Total - State Sources	79,623	-	79,623	79,623	-
Total Revenues	1,580,838	-	1,580,838	1,580,838	-
EXPENDITURES:					
Regular Debt Service:					
Interest	535,838		535,838	535,838	-
Redemption of Principal	1,045,000		1,045,000	1,045,000	-
Total Regular Debt Service	1,580,838	-	1,580,838	1,580,838	-
Total expenditures	1,580,838	-	1,580,838	1,580,838	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	-		-	-	-
Fund Balance, June 30	-		-	-	-

STATISTICAL SECTION

STATISTICAL SECTION (UNAUDITED)

Introduction to the Statistical Section

Financial Trends

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- J-2 Changes in Net Assets/Position
- J-3 Fund Balances - Governmental Funds
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- J-6 Assessed Value and Estimated Actual Value of Taxable Property
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- J-10 Ratios of Outstanding Debt by Type
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- J-16 Full-time Equivalent District Employees by Function/Program
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STATISTICAL SECTION (UNAUDITED) - INTRODUCTION

J SERIES

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Financial Trends These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changes over time.	J-1 to J-5
Revenue Capacity These schedules contain information to help the reader assess the district's most significant local revenue sources, the property tax.	J-6 to J-9
Debt Capacity These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	J-10 to J-13
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	J-14 to J-15
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports (ACFR) for the relevant year.	

Kinnelon Board of Education
Net Assets/Position* by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities										
Invested in capital assets	\$ 21,151,918	\$ 19,322,431	\$ 19,646,697	\$ 22,277,585	\$ 22,001,528	\$ 21,716,861	\$ 21,458,097	\$ 21,147,367	\$ 21,062,961	\$ 20,014,575
Restricted	677,206	1,119,539	1,295,938	2,153,249	2,263,871	2,895,938	3,723,351	4,152,200	4,497,102	7,797,211
Unrestricted	(8,118,400)	(6,829,262)	(7,736,429)	(11,530,632)	(10,975,011)	(10,916,263)	(10,064,864)	(8,164,853)	(7,382,417)	(7,733,044)
Total governmental activities net position	\$ 13,710,724	\$ 13,612,708	\$ 13,206,206	\$ 12,900,202	\$ 13,290,388	\$ 13,696,536	\$ 15,116,584	\$ 17,134,714	\$ 18,177,646	\$ 20,078,742
Business-type activities										
Invested in capital assets	\$ 65,787	\$ 70,392	\$ 56,397	\$ 43,823	\$ 50,261	\$ 46,847	\$ 39,291	\$ 37,088	\$ 72,337	\$ 28,638
Restricted	244,914	274,845	312,481	355,557	339,721	270,174	142,658	348,014	342,487	385,314
Unrestricted	(310,701)	(345,237)	(368,878)	(399,380)	(389,982)	(317,021)	(181,949)	(385,102)	(414,824)	(413,952)
Total business-type activities net position	\$ 99,999	\$ 95,999	\$ 97,999	\$ 90,999	\$ 99,999	\$ 95,999	\$ 59,999	\$ 99,999	\$ 99,999	\$ 99,999
District-wide										
Invested in capital assets	\$ 21,217,705	\$ 19,392,823	\$ 19,703,094	\$ 22,321,408	\$ 22,051,789	\$ 21,763,708	\$ 21,497,388	\$ 21,184,455	\$ 21,135,298	\$ 20,043,213
Restricted	677,206	1,119,539	1,295,938	2,153,249	2,263,871	2,895,938	3,723,351	4,152,200	4,497,102	7,797,211
Unrestricted	(7,873,486)	(6,554,417)	(7,423,948)	(11,175,075)	(10,635,290)	(10,646,089)	(9,922,206)	(7,816,839)	(7,039,930)	(7,347,730)
Total district net position	\$ 14,021,425	\$ 13,957,945	\$ 13,575,084	\$ 13,299,582	\$ 13,680,370	\$ 14,013,557	\$ 15,298,533	\$ 17,519,816	\$ 18,592,470	\$ 20,492,694

Source: ACFR Exhibit A-1

Kinnelon Board of Educator
Changes in Net Assets/Position*, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities										
Instruction										
Regular	\$ 18,590,309	\$ 19,783,406	\$ 21,089,444	\$ 21,601,378	\$ 19,088,105	\$ 18,550,528	\$ 19,465,268	\$ 18,966,625	\$ 18,937,800	\$ 13,794,430
Special education	4,863,506	5,415,147	6,247,293	6,282,372	6,155,701	6,348,241	6,575,280	6,315,666	6,394,688	5,364,959
Other special education	712,248	659,958	818,422	910,277	809,382	786,492	791,791	767,054	723,896	527,715
Other instruction	1,461,012	1,672,943	1,688,933	1,286,333	1,225,122	1,239,085	1,101,857	894,928	997,069	1,248,031
Support Services:										
Tuition	1,623,287	1,607,359	1,700,591	1,653,250	2,096,440	2,037,471	1,960,980	1,901,665	1,807,908	1,418,442
Student & instruction related services	6,644,710	7,058,106	8,307,308	9,192,350	8,666,561	8,734,204	9,212,829	9,489,055	9,084,238	6,797,961
General administrative services	610,548	676,806	785,407	807,556	774,726	831,224	1,027,734	816,237	942,384	693,866
School administrative services	2,418,495	2,783,629	3,213,866	3,180,534	2,987,848	2,849,379	2,900,795	2,890,028	2,678,267	1,964,920
Central services	569,105	571,136	673,781	561,776	532,865	543,142	383,421	383,421	496,441	608,983
Administrative information tech.	162,512	134,457	81,520	141,260	90,590	122,140	134,255	96,434	98,156	102,503
Plant operations and maintenance	3,997,483	3,744,103	4,078,236	4,554,839	4,554,978	4,219,230	3,735,167	3,695,276	3,682,318	3,870,584
Pupil transportation	2,113,636	2,002,699	2,195,396	2,220,667	2,413,206	2,439,674	2,370,975	2,895,539	3,203,145	3,247,758
Business and other support services				28,505		57,986	32,076	7,688	17,999	9,686,106
Unallocated Benefits										26,182
Charter Schools										703,769
Capital outlay - non-depreciable	58,083	527,518	331,894	701,028	656,078	617,370	583,020	546,370	515,978	535,163
Interest on long-term debt	864,449	769,935	883,193	1,157,907	1,125,868	1,124,519	1,125,943	1,125,653	1,127,301	1,120,344
Unallocated depreciation										167,131
Capital lease obligations and amortization										
Total governmental activities expenses	44,689,383	47,407,202	52,095,284	54,251,527	51,205,975	50,500,685	51,515,910	50,791,639	50,707,588	51,878,847
Governmental activities:										
Student & instruction related services	6,644,710	7,058,106	8,307,308	9,192,350	8,666,561	8,734,204	9,212,829	9,489,055	9,084,238	-
Total governmental activities expenses	6,644,710	7,058,106	8,307,308	9,192,350	8,666,561	8,734,204	9,212,829	9,489,055	9,084,238	-
Business-type activities:										
Food service	549,686	576,502	604,748	615,889	600,531	406,302	315,149	597,302	652,896	675,693
Enrichment Program	227,538	269,553	258,769	243,759	254,929	255,675	184,123	597,302	652,896	675,693
Total business-type activities expense	777,224	846,055	863,517	859,648	855,460	661,977	499,272	597,302	652,896	675,693
Total district expenses	\$ 52,111,317	\$ 55,311,363	\$ 61,266,109	\$ 64,303,525	\$ 60,727,996	\$ 59,896,866	\$ 61,228,011	\$ 60,877,996	\$ 60,444,722	\$ 52,554,540
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (tuition)		\$ 95,199	\$ 92,001	\$ 65,469	\$ 114,297	\$ 5,870	\$ 9,900	\$ 20,700	\$ 15,300	\$ 481,579
Student & instruction related services		11,336,746	14,824,450	16,195,716	13,597,932	11,788,986	13,529,248	11,981,020	10,418,018	11,355,654
Operating grants and contributions	9,539,898							330,467	156,360	
Capital grants and contributions										
Total governmental activities program revenues	\$ 9,539,898	\$ 11,431,945	\$ 14,916,451	\$ 16,261,185	\$ 13,712,229	\$ 11,794,856	\$ 13,684,060	\$ 12,717,067	\$ 11,034,630	\$ 11,837,233

Kinnelon Board of Educator
Changes in Net Assets/Position*, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business-type activities:										
Charges for services										
Food service	439,512	502,430	504,814	504,441	501,694	321,824	52,339	146,603	507,444	541,413
Enrichment Program	288,389	300,105	302,300	301,111	259,342	198,446				
Operating grants and contributions	72,344	77,617	79,498	90,196	84,349	68,977	247,646	653,729	175,050	193,450
Total business type activities program revenues	800,245	880,152	886,612	895,748	845,385	589,247	299,985	800,332	682,494	734,863
Total district program revenues	\$ 10,340,143	\$ 12,312,097	\$ 15,803,063	\$ 17,156,933	\$ 14,557,614	\$ 12,384,103	\$ 13,984,045	\$ 13,517,399	\$ 11,717,124	\$ 12,572,096
Net (Expense)/Revenue										
Governmental activities	\$ (35,149,485)	\$ (35,975,257)	\$ (37,178,833)	\$ (37,990,342)	\$ (37,493,746)	\$ (38,705,829)	\$ (37,831,850)	\$ (28,585,517)	\$ (30,588,720)	\$ (40,041,614)
Business-type activities	23,021	34,097	23,095	36,100	(10,075)	(72,730)	(199,287)	203,030	29,598	59,170
Total district-wide net expense	\$ (35,126,464)	\$ (35,941,160)	\$ (37,155,738)	\$ (37,954,242)	\$ (37,503,821)	\$ (38,778,559)	\$ (38,031,137)	\$ (28,382,487)	\$ (30,559,122)	\$ (39,982,444)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 32,480,021	\$ 33,389,621	\$ 34,386,899	\$ 35,415,067	\$ 36,123,368	\$ 36,845,835	\$ 37,582,751	\$ 38,334,406	\$ 39,101,094	\$ 39,841,301
Taxes levied for debt service	2,193,150	2,123,789	2,127,453	2,100,548	1,596,669	1,588,733	1,557,780	1,513,542	1,499,556	1,501,215
Unrestricted grants and contributions	193,264	69,550	59,428		2,854					
Tuition received										
Investment earnings										
Miscellaneous income	240,951	294,281	198,550	168,724	161,041	143,088	175,387	244,754	115,240	72,300
Other restricted miscellaneous revenue										
Transfers	163						(64,020)			129,656
Total governmental activities	35,107,549	35,877,241	36,772,330	37,684,339	37,883,932	38,577,656	39,251,898	40,092,702	40,715,890	41,942,710
Business-type activities:										
Investment earnings										
Miscellaneous income	526	439	546	666	677	698	195	123	124	2,314
Other financing sources/ (uses)	(163)			(6,264)		(929)	64,020			(62,356)
Total business-type activities	363	439	546	(5,598)	677	(231)	64,215	123	124	(60,042)
Total district-wide	\$ 35,107,912	\$ 35,877,680	\$ 36,772,876	\$ 37,678,741	\$ 37,884,609	\$ 38,577,425	\$ 39,316,113	\$ 40,092,825	\$ 40,716,014	\$ 41,882,668
Change in Net Position										
Governmental activities	\$ (41,936)	\$ (98,016)	\$ (406,503)	\$ (306,003)	\$ 390,186	\$ (128,173)	\$ 1,420,048	\$ 11,507,185	\$ 10,127,170	\$ 1,901,096
Business-type activities	23,384	34,536	23,641	30,502	(9,398)	(72,961)	(135,072)	203,153	29,722	(872)
Total district	\$ (18,552)	\$ (63,480)	\$ (382,862)	\$ (275,501)	\$ 380,788	\$ (201,134)	\$ 1,284,976	\$ 11,710,338	\$ 10,156,892	\$ 1,900,224

Source: ACFR Exhibit A-2

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

	Fiscal Year Ending June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted	838,771	1,119,539	1,295,938	2,153,249	2,263,871	2,509,784	3,361,820	3,795,616	4,116,064	3,202,076
Assigned	381,921	345,991	174,345	825,275	546,989	897,944	467,071	1,353,205	2,164,232	1,165,396
Unassigned	874,892	1,063,156	874,693	830,032	1,247,440	1,057,913	2,224,566	2,050,239	864,496	1,075,089
Total general fund	\$ 2,095,584	\$ 2,528,686	\$ 2,344,976	\$ 3,808,556	\$ 4,058,300	\$ 4,465,641	\$ 6,053,457	\$ 7,199,060	\$ 7,144,792	\$ 5,442,561
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue fund						386,154	361,531	356,584	381,038	380,553
Capital projects fund										3,049,186
Debt service fund										
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 386,154	\$ 361,531	\$ 356,584	\$ 381,038	\$ 3,429,739

Source: ACFR Exhibit B-1

Kinnelon Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Tax levy	\$ 34,673,171	\$ 35,513,410	\$ 36,514,352	\$ 37,515,615	\$ 37,720,037	\$ 38,434,568	\$ 39,140,531	\$ 39,847,948	\$ 40,600,650	\$ 41,342,516
Tuition charges	111,993	95,199	101,563	65,469	114,297	5,870	9,900	20,700	15,300	72,300
Transportation fees										
Other Miscellaneous Revenues	207,760	288,263	197,387	204,229	253,242	177,544	436,844	678,545	637,488	566,884
Interest earned	6,236	6,018	6,736	7,904	7,665	8,098	9,795	9,732	10,056	6,963
Other Restricted Miscellaneous Revenues										
Scholarship Donations										54,419
Student Group Receipts										427,160
State sources	5,507,282	6,140,022	6,705,409	7,659,241	8,798,781	9,127,775	11,225,135	13,360,650	13,425,118	15,537,330
Federal sources	454,861	475,304	470,153	465,236	467,771	415,899	587,744	690,439	817,410	748,799
Total revenue	40,961,303	42,518,216	43,995,600	45,917,694	47,361,793	48,169,754	51,409,949	54,608,014	55,506,022	58,756,371
Expenditures										
Instruction										
Regular Instruction	11,754,488	11,781,223	11,008,684	11,829,750	11,635,859	11,691,532	11,420,149	11,941,302	12,596,858	12,364,131
Special education instruction	3,190,740	3,257,194	3,386,697	3,445,237	3,588,687	3,936,521	3,856,544	3,984,024	4,239,350	4,868,746
Other special instruction	459,367	389,775	433,162	489,767	469,986	485,193	462,358	481,143	481,445	471,421
Other instruction	961,881	952,371	997,571	953,095	970,274	983,602	809,315	1,028,008	1,068,884	1,145,725
Support Services:										
Tuition	1,623,288	1,607,359	1,700,591	1,653,250	2,096,440	2,037,471	1,960,980	1,901,665	1,807,908	1,418,442
Attendance and social work services										32,903
Health services										515,168
Student & instruction related services	4,428,572	4,510,091	4,610,211	5,243,466	5,394,880	5,670,018	6,129,973	6,622,661	6,652,268	5,698,685
General administrative services	448,983	497,199	538,561	573,271	581,108	669,129	829,472	647,138	737,155	657,521
School Administrative services	1,517,683	1,645,247	1,670,744	1,757,041	1,779,306	1,807,153	1,755,074	1,915,917	1,833,027	1,722,600
Central services	410,985	390,213	394,107	397,151	402,750	420,224	407,324	429,804	505,760	552,423
Administrative information tech	118,359	81,520	81,520	97,240	92,154	90,819	96,088	101,879	112,744	91,634
Plant operations and maintenance	3,003,338	2,759,399	2,885,178	3,013,419	3,347,197	3,315,839	3,096,603	3,289,804	3,497,314	3,652,253
Pupil transportation	1,870,297	1,988,640	2,071,907	2,167,212	2,339,582	2,303,036	2,192,326	2,697,391	3,013,126	3,115,363
Unallocated employee benefits	8,689,244	9,611,081	10,674,285	11,044,224	11,991,779	12,398,951	14,472,531	16,125,909	16,504,121	8,184,506
On-Behalf TPAF Pension / Social Security										10,306,710
Transfer to charter schools										26,182
Capital outlay	732,566	694,200	439,211	723,810	729,361	387,525	635,441	710,844	895,361	1,338,274
Debt service:										
Principal	1,355,000	1,380,000	1,375,000	1,410,000	955,000	985,000	995,000	985,000	1,005,000	1,045,000
Interest and other charges	907,853	813,339	811,881	756,181	709,181	670,581	631,482	597,181	567,516	535,838
Total expenditures	41,472,644	42,358,851	43,079,310	45,554,114	47,112,049	47,910,580	49,782,736	53,467,358	55,535,836	57,743,525
Excess (Deficiency) of revenues over (under) expenditures	(511,341)	159,365	916,290	363,580	249,744	259,174	1,627,213	1,140,656	(29,814)	1,012,846

Kinnelon Board of Education
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Other Financing sources (uses)										
Capital leases (non-budgeted)	(12,454,000)									
Serial bonds defeased	11,230,000	273,737								333,624
Serial bonds issued	(129,833)									
Bond issuance costs	(503,256)									
Deferred amount on refunding	1,857,089									
Bond premium	300,263									
Transfers in	(300,100)						(64,020)			
Transfers out	163	273,737					(64,020)			
Total other financing sources (uses)										
	\$ (511,178)	\$ 433,102	\$ 916,290	\$ 363,580	\$ 249,744	\$ 259,174	\$ 1,563,193	\$ 1,140,656	\$ (29,814)	\$ 1,346,470
Net change in fund balances	5.6%	5.3%	5.1%	4.8%	3.6%	3.5%	3.3%	3.0%	2.9%	2.8%
Debt service as a percentage of noncapital expenditures										

Source: ACFR Exhibit B-2

Exhibit J-5

**Kinnelon 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>Sale of</u> <u>Assets</u>	<u>Refund of</u> <u>Prior year</u> <u>Expenses</u>	<u>Misc.</u>	<u>Total</u>
2015	6,236	111,993			122,722	240,951
2016	6,018	95,199			202,829	304,046
2017	6,736	101,563			164,574	272,873
2018	7,904	65,469		20,769	140,051	234,193
2019	7,665	114,297		24,013	129,363	275,338
2020	8,098	5,870		77	134,913	148,958
2021	9,795	9,900		14,461	151,131	185,287
2022	9,732	20,700			235,022	265,454
2023	10,056	15,300			105,184	130,540
2024	207,532	72,300	36,000		323,352	639,184

Source: District Records

Kimmelton Board of Education
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Assessed Value							Less: Tax-Exempt Property	Total Assessed Value	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)	Assessed to Estimated Full Cash Valuations
	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment						
2015	\$ 22,793,300	\$1,496,614,600	\$ 3,025,300	\$ 39,900	\$ 54,096,400	\$ 18,500,700	\$ 18,500,700	\$1,595,070,200	\$1,595,070,200	2.200	\$2,987,769,028	53.39%	
2016	\$ 21,927,600	\$1,497,282,400	\$ 4,701,400	\$ 41,500	\$ 53,914,600	\$ 18,500,700	\$ 18,500,700	\$1,596,368,200	\$1,596,368,200	2.256	\$3,096,731,675	51.55%	
2017	\$ 27,103,200	\$1,989,936,000	\$ 8,345,700	\$ 55,600	\$ 83,384,700	\$ 30,125,000	\$ 30,125,000	\$2,138,950,200	\$2,138,950,200	1.731	\$3,279,821,874	65.22%	
2018	\$ 25,580,000	\$1,983,379,600	\$ 8,712,900	\$ 29,500	\$ 81,819,800	\$ 30,125,000	\$ 30,125,000	\$2,129,646,800	\$2,129,646,800	1.767	\$3,425,459,628	62.17%	
2019	\$ 25,136,300	\$1,977,419,900	\$ 8,765,600	\$ 29,500	\$ 79,989,600	\$ 30,125,000	\$ 30,125,000	\$2,121,465,900	\$2,121,465,900	1.795	\$3,573,230,623	59.37%	
2020	\$ 25,075,500	\$1,962,828,800	\$ 8,765,600	\$ 33,800	\$ 79,926,100	\$ 30,125,000	\$ 30,125,000	\$2,106,754,800	\$2,106,754,800	1.842	\$3,634,341,170	57.97%	
2021	\$ 23,928,000	\$1,959,343,500	\$ 9,750,800	\$ 32,100	\$ 79,926,100	\$ 30,125,000	\$ 30,125,000	\$2,103,105,500	\$2,103,105,500	1.878	\$3,829,622,650	54.92%	
2022	\$ 24,194,400	\$1,962,410,300	\$ 9,777,600	\$ 31,500	\$ 79,926,100	\$ 30,125,000	\$ 30,125,000	\$2,106,464,900	\$2,106,464,900	1.910	\$3,999,791,782	52.66%	
2023	\$ 24,348,500	\$1,968,320,600	\$10,227,200	\$ 32,900	\$ 79,851,200	\$ 30,125,000	\$ 30,125,000	\$2,112,905,400	\$2,112,905,400	1.957	\$2,112,905,400	100.00%	
2024	\$ 23,364,700	\$1,971,522,300	\$17,257,500	\$ 255,100	\$ 76,533,900	\$ 30,125,000	\$ 30,125,000	\$2,119,058,500	\$2,119,058,500	1.989	\$2,473,873,287	85.66%	

Source: 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

**Kinnelon Board of Education
Direct and Overlapping Property Tax Rates
Last Ten Years**

(rate per \$100 of assessed value)

Fiscal Year Ended Dec. 31,	Kinnelon Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General		Borough of Kinnelon	Morris County		
		Obligation Debt Service ^b	Total Direct				
2015	2.065	0.135	2.200	0.588	0.332		3.12
2016	2.123	0.133	2.256	0.669	0.326		3.25
2017	1.632	0.099	1.731	0.500	0.259		2.49
2018	1.680	0.087	1.767	0.506	0.260		2.53
2019	1.720	0.075	1.795	0.526	0.265		2.59
2020	1.767	0.075	1.842	0.541	0.264		2.65
2021	1.807	0.071	1.878	0.558	0.261		2.70
2022	1.839	0.071	1.910	0.572	0.265		2.75
2023	1.886	0.071	1.957	0.607	0.273		2.84
2024	1.930	0.059	1.989	0.594	0.288		2.87

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 calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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.

**Kinnelon Board of Education
Principal Property Taxpayers
Current Year and Nine Years Ago**

Taxpayer	2024			2016		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Kinnelon Ridge Developers, LLC	\$ 29,300,000	1	1.38%	\$ 29,300,000	1	1.84%
UB Kinnelon I, LLC	\$ 15,750,000	2	0.74%	\$ 15,750,000	2	0.99%
Kin-Mall Properties LLC	\$ 11,000,000	3	0.52%			
Inland Western Butler Kinnelon, LLC	\$ 5,950,000	4	0.28%			
829 W Shore Drive LLC	\$ 4,866,900	5	0.23%			
Algonquin Gas % Duff & Phelps LLC	\$ 4,518,100	6	0.21%	\$ 4,518,100	5	0.28%
Kinnelon Route 23 LLC	\$ 3,900,000	7	0.18%			
1167 Rt 23 Automall LLC	\$ 3,175,000	8	0.15%			
Joy Ho Family Trust LLC	\$ 2,735,300	9	0.13%			
WTW Properties LLC	\$ 2,650,000	10	0.13%			
Commercial Property				\$ 13,000,000	3	0.81%
Commercial Property				\$ 6,024,900	4	0.38%
Residential Property				\$ 4,431,700	6	0.28%
Commercial Property				\$ 4,300,000	7	0.27%
Commercial Property				\$ 4,139,200	8	0.26%
Commercial Property				\$ 4,036,400	9	0.25%
Residential Property				\$ 3,676,300	10	0.23%
Total	\$ 83,845,300		3.96%	\$ 89,176,600		5.59%

Net Assessed Valuation: \$ 2,119,058,500 \$ 1,596,368,200

Source: Municipal Tax Assessor.

Exhibit J-9

Kinnelon Board of Education
 Property Tax Levies and Collections
 Last Ten Years

Fiscal Year Ended June 30,	Taxes Levied for the Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
	Amount	Amount	Percentage of Levy	
2015	34,673,171	34,673,171	100.00%	\$ -
2016	35,513,410	35,513,410	100.00%	\$ -
2017	36,514,352	36,514,352	100.00%	\$ -
2018	37,515,615	37,515,615	100.00%	\$ -
2019	37,720,037	37,720,037	100.00%	\$ -
2020	38,434,568	38,434,568	100.00%	\$ -
2021	39,140,531	39,140,531	100.00%	\$ -
2022	39,847,948	39,847,948	100.00%	\$ -
2023	40,600,650	40,600,650	100.00%	\$ -
2024	41,342,516	41,342,516	100.00%	\$ -

Source: Municipal Tax Collector

**Kinnelon 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	Financing Agreements	Capital Leases	Temporary Note Payable			
2015	21,115,000	-	-	-	-	21,115,000	0.02354834	\$ 239
2016	19,735,000	-	273,737	-	-	20,008,737	2.168%	\$ 219
2017	18,360,000	-	217,609	-	-	18,577,609	1.969%	\$ 199
2018	16,950,000	-	164,796	-	-	17,114,796	1.759%	\$ 176
2019	15,995,000	-	56,012	-	-	16,051,012	1.638%	\$ 162
2020	15,010,000	-	-	-	-	15,010,000	1.490%	\$ 147
2021	14,015,000	-	-	-	-	14,015,000	1.305%	\$ 130
2022	13,030,000	-	-	-	-	13,030,000	1.169%	\$ 117
2023	12,025,000	-	-	-	-	12,025,000	Not Available	Not Available
2024	10,980,000	-	214,160	-	-	11,194,160	Not Available	Not Available

Source: District ACFR 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

Exhibit J-11

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2015	21,115,000	-	21,115,000	1.32%	\$ 239
2016	19,735,000	-	19,735,000	1.24%	\$ 216
2017	18,360,000	-	18,360,000	0.86%	\$ 196
2018	16,950,000	-	16,950,000	0.80%	\$ 174
2019	15,995,000	-	15,995,000	0.75%	\$ 161
2020	15,010,000	-	15,010,000	0.71%	\$ 147
2021	14,015,000	-	14,015,000	0.67%	\$ 130
2022	13,030,000	-	13,030,000	0.62%	\$ 117
2023	12,025,000	-	12,025,000	0.57%	Not Available
2024	10,980,000	-	10,980,000	0.52%	Not Available

Note: Details regarding the district's outstanding debt can be found in the notes to the financial staten
a See Exhibit NJ J-6 for property tax data.
b Population data can be found in Exhibit NJ J-14.

**Kinnelon Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2024**

<u>Governmental Unit</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Debt Outstanding</u>	<u>Estimated Share of Overlapping Debt</u>
Direct Debt of School District as of June 30, 2024			\$ 10,980,000
Net overlapping debt of School District:			
Borough of Kinnelon	100.000%	\$ 13,569,998	
County of Morris	2.273%	<u>\$ 3,989,435</u>	
Subtotal, overlapping debt			<u>\$ 17,559,433</u>
Total direct and overlapping debt			<u><u>\$ 28,539,433</u></u>

Sources: Kinnelon Municipal Finance Officer / Morris County Treasurer's Office

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Kinnelon. This process recognizes that, when considering the District's ability to issue and repay long-term 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.

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.

**Kinnelon Board of Education
Legal Debt Margin Information
Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 83,648,814	\$ 83,540,821	\$ 84,732,226	\$ 85,004,512	\$ 85,678,672	\$ 85,982,850	\$ 85,703,352	\$ 85,712,574	\$ 87,037,767	\$ 91,693,623
Total net debt applicable to limit	21,115,000	19,735,000	18,360,000	16,950,000	15,995,000	15,010,000	14,015,000	13,030,000	12,025,000	10,980,000
Legal debt margin	\$ 62,533,814	\$ 63,805,821	\$ 66,372,226	\$ 68,054,512	\$ 69,683,672	\$ 70,972,850	\$ 71,688,352	\$ 72,682,574	\$ 75,012,767	\$ 80,713,623
Total net debt applicable to the limit as a percentage of debt limit	25.24%	23.62%	21.67%	19.94%	18.67%	17.46%	16.35%	15.20%	13.82%	11.97%

	2023	2022	2021
Equalized valuation basis	\$ 2,465,467,211	2,250,977,666	2,160,576,844
[A] \$	6,877,021,721		
Average equalized valuation of taxable property [A/3]	\$ 2,292,340,574		
Debt limit (4 % of average equalization value) [B]	91,693,623	a	
Net bonded school debt [C]	10,980,000		
Legal debt margin [B-C]	\$ 80,713,623		

Source: Abstract of Rates and District Records ACFR Schedule J-7

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

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

Year	Population ^a	Personal Income (thousands of dollars) ^b	Per Capita	
			Personal Income ^c	Unemployment Rate ^d
2015	10,155	\$ 896,666,190	\$ 88,298	4.20%
2016	10,114	\$ 922,922,728	\$ 91,252	4.10%
2017	10,085	\$ 943,391,240	\$ 93,544	3.70%
2018	10,006	\$ 973,023,464	\$ 97,244	3.40%
2019	9,885	\$ 979,998,900	\$ 99,140	3.00%
2020	9,852	\$ 1,007,140,404	\$ 102,227	7.30%
2021	9,965	\$ 1,073,898,155	\$ 107,767	4.80%
2022	9,985	\$ 1,114,296,045	\$ 111,597	3.20%
2023	10,009	Not Available	Not Available	3.80%
2024	Not Available	Not Available	Not Available	Not Available

Source:

- ^a Population information provided by the NJ Dept of Labor and Workforce Development
- ^b Personal income - Morris County - provided by NJ Dept of Labor and Workforce Development
- ^c Per Capita Personal Income - Morris County - provided by NJ Dept of Labor and Workforce Development
- ^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

**Kinnelon Board of Education
Principal Employers
Current Year and Nine Years Ago**

Employer	2024			2016		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
	-	0	0.00%		1	0.00%
	-	0	0.00%		2	0.00%
	-	0	0.00%		3	0.00%
	-	0	0.00%		4	0.00%
	-	0	0.00%		5	0.00%
	-	0	0.00%		6	0.00%
	-	0	0.00%		7	0.00%
	-	0	0.00%		8	0.00%
	-	0	0.00%		9	0.00%
	-	0	0.00%		10	0.00%
	-	0	0.00%	-	0	0.00%
	-	0	0.00%	-	0	0.00%
	-	0	0.00%	-	0	0.00%
	-		0.00%	-		0.00%
	-		0.00%	-		0.00%

THE NEW JERSEY DEPARTMENT OF LABOR AND AREA EMPLOYERS REFUSED TO RELEASE INFORMATION NEEDED TO COMPLETE THIS SCHEDULE DUE TO PRIVACY CONCERNS.

Source: Borough of Kinnelon

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

<u>Function/Program</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Instruction										
Regular	134	126	127	126	128	127	129	130	131	120
Special education	56	75	76	78	84	85	90	96	97	61
Other special education	-	-	-	-	-	-	-	-	-	-
Vocational	-	-	-	-	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-	-	-	-	-
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-
Support Services:										
Tuition	-	-	-	-	-	-	-	-	-	-
Student & instruction related services	46	43	44	45	44	46	46	46	46	76
General and business administrative services	4	6	6	6	4	3	3	3	3	6
School administrative services	15	16	16	16	18	17	17	17	17	17
Business and other support services	2	2	2	2	2	2	2	2	2	3
Plant operations and maintenance	24	25	23	22	28	27	28	28	29	26
Pupil transportation	12	10	10	11	10	11	11	11	10	9
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Total	292	302	303	305	317	318	325	331	333	318

Source: District Personnel Records

Kinnelon Board of Education
Operating Statistics
Last Ten Fiscal Years

Fiscal	Pupil/Teacher Ratio										Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
	Enrollment	Operating ^a Expenditures	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Kiel Elementary	Stony Brook Elementary	Pearl R. Miller Middle School	Kinnelon High School					
2015	2,019	38,477,225	19,058	8.03%	190	1:12	1:14	1:11	1:12	2,009	1,930	-3.460%	96.07%	
2016	1,992	39,471,312	19,815	3.97%	201	1:12	1:14	1:11	1:12	1,953	1,888	-2.787%	96.67%	
2017	1,953	40,453,218	20,713	4.53%	203	1:12	1:14	1:11	1:10	1,914	1,835	-1.997%	95.87%	
2018	1,961	42,664,123	21,756	5.04%	204	1:12	1:14	1:12	1:11	1,889	1,795	-1.306%	95.02%	
2019	1,804	44,718,507	24,789	13.94%	212	1:12	1:14	1:12	1:11	1,839	1,755	-2.647%	95.43%	
2020	1,742	45,867,474	26,330	6.22%	212	1:12	1:14	1:12	1:11	1,734	1,653	-5.710%	95.33%	
2021	1,670	47,520,813	28,456	8.07%	214	1:12	1:14	1:12	1:11	1,662	1,583	-4.152%	95.25%	
2022	1,660	51,174,333	30,828	8.34%	215	1:12	1:14	1:12	1:11	1,556	1,552	-6.378%	99.74%	
2023	1,643	53,067,959	32,299	4.77%	227	1:12	1:14	1:12	1:11	1,618	1,614	3.985%	99.75%	
2024	1,654	54,824,413	33,147	2.62%	196	1:17	1:17	1:11	1:12	1,627	1,530	0.556%	94.04%	

Sources: District records, ASSA and Schedules J-4

Note: Enrollment based on annual October district count for all students attending school facilities.

a Operating expenditures equal total general fund and special revenue fund expenditures less debt service and capital outlay; Schedule J-4

b Teaching staff includes only full-time equivalents of certificated staff

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Kinnelon Board of Education
School Building Information
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<u>District Buildings</u>										
<u>Elementary</u>										
Kiel Elementary School (1995)										
Square Feet	49,563	49,563	49,563	49,563	49,563	49,563	49,563	49,563	49,563	49,563
Capacity (students)	333	333	333	333	333	333	333	333	333	333
Enrollment	315	308	315	305	294	258	269	285	300	383
Stony Brook Elementary (1957)										
Square Feet	70,137	70,137	70,137	70,137	70,137	70,137	70,137	70,137	70,137	70,137
Capacity (students)	557	557	557	557	557	557	557	557	557	557
Enrollment	498	480	472	458	431	396	409	406	410	358
<u>Middle School</u>										
Pearl R. Miller Middle School (1968)										
Square Feet	89,910	89,910	89,910	89,910	89,910	89,910	89,910	89,910	89,910	89,910
Capacity (students)	593	593	593	593	593	593	593	593	593	593
Enrollment	508	493	500	471	454	424	430	409	393	381
<u>High School</u>										
Kinnelon High School (1963)										
Square Feet	136,846	136,846	136,846	136,846	136,846	136,846	136,846	136,846	136,846	136,846
Capacity (students)	646	646	646	646	646	646	646	646	646	646
Enrollment	688	672	685	655	625	569	562	560	540	532

Number of Schools at June 30, 2024
 Elementary = 2
 Middle School = 1
 High School = 1

Source: District records, ASSA

Note: Enrollment is based on students' enrolled within the District -- out of district students have not been included

Kinnelon Board of Education
 General Fund
 Schedule of Required Maintenance for School Facilities
 Last Ten 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
Kiel Elementary School	N/A	60,606	61,147	76,827	66,071	80,614	78,316	44,509	45,977	51,865	58,953
Stony Brook Elementary School	N/A	50,104	61,128	76,132	37,016	45,272	84,752	95,214	70,734	87,220	96,454
Glen L. Sisco Elementary School	N/A	13,278	3,996	8,723	6,447	7,847	2,700	13,485	21,220	11,890	8,973
Pearl R. Miller Middle School	N/A	111,333	71,626	96,934	73,599	89,790	96,396	80,657	84,881	51,730	42,565
Kinnelon High School	N/A	229,128	186,531	173,877	186,847	227,942	206,159	151,354	130,220	83,993	140,173
Maintenance	N/A		8,195	4,448	2,671	3,125	8,102	29,458	14,533	39,770	112,282
Grand Total		\$ 464,449	\$ 392,623	\$ 436,941	\$ 372,651	\$ 454,590	\$ 476,425	\$ 414,677	\$ 367,565	\$ 326,468	\$ 459,400

**Kinnelon Board of Education
Insurance Schedule
For the Fiscal Year Ended June 30, 2024
Unaudited**

Company	Type of Coverage	Coverage	Deductible
National Union Fire Insurance of Pittsburg PA	Property	\$ 118,448,874	\$ 5,000
	Comprehensive General Liability	1,000,000	n/a
	Comprehensive Automotive Liability	1,000,000	n/a
	Employee Theft	500,000	5,000
	Forgery or Alteration, Theft of Money & Securities	250,000	5,000
	Funds Transfer Fraud, Money Orders	250,000	5,000
National Union Fire Insurance of Pittsburg PA	Excess Policy		
	Per Occurance	9,000,000	
	Aggregate	9,000,000	
NJUEP (Hudson Insurance, Allied World, Markel)	Excess Liability		
	Per Occurance	30,000,000	
	Aggregate	30,000,000	
Fireman's Fund Insurance Company	Excess Liability		
	Per Occurance	25,000,000	
	Aggregate	25,000,000	
Safety National	Excess Workers Compensation		
	Employer's Liability	1,000,000	
	Self Insured Retention	600,000	
Chubb/Ace	Environmental Impairment Liability		
	Per Occurance	1,000,000	25,000
	Aggregate	10,000,000	
Greenwich Insurance Company	School Board Legal Liability		
	Errors & Omission	1,000,000	1,000
	Employment Practices	1,000,000	35,000
Indian Harbor Insurance Company	Cyber Liability	1,000,000	10,000
	Privacy & Cyber Security, Privacy		
	Regulatory Defense	1,000,000	
The Hartford Insurance Company	Surety Bonds		
	Treasurer of School Monies	250,000	n/a
	Board Secretary/Business Administrator	250,000	n/a

Source: District Records

SINGLE AUDIT SECTION



WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; 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 and each major fund and the aggregate remaining fund information of Kinnelon School District, in the County of Morris, New Jersey, 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, and have issued our report thereon dated October 24, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered Kinnelon School District'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 on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kinnelon School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Kinnelon School District's internal control.



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

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

Compliance and Other Matters

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

We noted certain matters that were required to be reported to Kinnelon School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated October 24, 2024.

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.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Wielkotz + Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

October 24, 2024





WIELKOTZ & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Kinnelon School District in the County of Morris, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Kinnelon School District’s major federal and state programs for the year ended June 30, 2024. The Kinnelon 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, Kinnelon School District, 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 of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and 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 N.J. OMB Circular 15-08. Our



responsibilities under those standards and the Uniform Guidance and N.J. OMB Circular 15-08 are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Kinnelon 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 N.J. OMB Circular 15-08, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional 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 Kinnelon School District's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, the Uniform Guidance and N.J. OMB Circular 15-08, 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 Kinnelon 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 Kinnelon 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 N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of Kinnelon 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.

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 and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and 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 and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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



Honorable President and
Members of the Board of Education

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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 N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Steven D. Wielkotz

Steven D. Wielkotz, C.P.A.
Licensed Public School Accountant
No. 816

Wielkotz & Company, LLC

WIELKOTZ & COMPANY, LLC
Certified Public Accountants
Pompton Lakes, New Jersey

October 24, 2024



BOROUGH OF KINNELON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2023	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2024	
					From	To							(Accounts Receivable)	Deferred Revenue
US Department of Education														
Passed Through State Dept of Education:														
Special Revenue Fund														
Title I, Part A	84.010	S010A230030	ESEA-2460-24	45,283	7/1/2023	9/30/2024	(19,550)	(19,550)	30,974	20,822	(1,971)		(11,369)	
Title I, Part A	84.010	S010A220030	ESEA-2460-23	66,285	7/1/2022	9/30/2023	20,647	19,550				20,647		
Title I, Part A	84.010	S010A210030	ESEA-2460-22	41,488	7/1/2021	9/30/2022	1,097		30,974	20,822	(1,971)	20,647	(11,369)	
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	S367A230029	ESEA-2460-24	32,170	7/1/2023	9/30/2024	(2,353)	(2,353)	6,261	17,233	(1,891)		(15,216)	
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	S367A220029	ESEA-2460-23	49,018	7/1/2022	9/30/2023	(2,353)	2,353				920		
Title II, Part A, Teacher/Principal Training and Recruiting	84.367A	S367A210029	ESEA-2460-22	32,917	7/1/2021	9/30/2022	920		6,261	17,233	(1,891)	920	(15,216)	
IDEA, Part B-Basic Training and Recruiting	84.027A	H027A230100	IDEA-2460-24	397,049	7/1/2023	9/30/2024	2,800		244,860	385,586		2,800	(140,726)	
IDEA, Part B-Basic Training and Recruiting	84.027A	H027A210100	IDEA-2460-22	366,645	7/1/2021	9/30/2022	2,800		16,250	17,265			(1,015)	
IDEA, Part B-Preschool Training and Recruiting	84.173A	H173A230114	IDEA-2460-24	18,070	7/1/2023	9/30/2024			1		(1)			
ARP - I-DE.A, Part B Training and Recruiting	84.027X	H027X210100	IDEA-2460-22	70,939	7/1/2021	9/30/2022			2		(2)			
ARP - I-DE.A, Part B Preschool Training and Recruiting	84.173X	H173X210114	IDEA-2460-22	6,056	7/1/2021	9/30/2022	2,800		261,113	402,851	(3)	2,800	(141,741)	
Governor's Emergency Education & Relief (GEER): NJ High Impact Tutoring	84.425V	S425V230031		49,468	10/11/2023	8/31/2024			14,750	20,031			(5,281)	
Coronavirus Response and Relief Supplemental Act: Digital Divide Grant (Nonpublic) CR Mental Health American Rescue Plan: ARP - ESSER Accelerated Learning Coach and Educator Support Evidence Based Summer Learning and Enrichment Evidence Based Comprehensive Beyond the School I	84.425D 84.425D 84.425U 84.425U 84.425U 84.425U 84.425U	S425D200027 S425D210027 S425U210027 S425U210027 S425U210027 S425U210027 S425U210027		653 45,000 259,045 131,091 40,000 40,000	3/13/2020 3/13/2020 3/13/2020 3/13/2020 3/13/2020 3/13/2020 3/13/2020	10/15/2022 9/30/2023 9/30/2023 9/30/2023 9/30/2023 9/30/2023 9/30/2023	(612) (22,735) (51,344) (47,850)	22,745 42,434 122,881 34,472 36,139	17,095 55,546 34,472 36,139	612 3,170 19,485 (19,485)			(6,520)	3,180
US Department of the Treasury Passed Through State Dept of Education: Additional or Compensatory Special Education and Related Services (ACSERS)	21.027	C820COVID19		126,356	7/1/2023	6/30/2024	(120,077)		571,769	730,545	(83)	24,367	(306,483)	3,180
Total Special Revenue Fund														

BOROUGH OF KINNELON SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year ended June 30, 2024

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Federal FAIN Number	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2023	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2024		
					From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor at
US Department of Agriculture															
Passed Through State Dept of Agriculture:															
Enterprise Fund															
Food Distribution Program	10.555	241N1309N1099	N/A	54,020	7/1/2023	6/30/2024			54,020	53,049				971	
Food Distribution Program	10.555	231N1309N1099	N/A	42,283	7/1/2022	6/30/2023	1,706			1,706					
National School Lunch Program	10.555	241N1304N1099	N/A	59,838	7/1/2023	6/30/2024			57,271	59,838			(2,567)		
National School Lunch Program	10.555	231N1304N1099	N/A	86,829	7/1/2022	6/30/2023	(5,621)		5,621						
Supply Chain Assistance Funding (4th Round)	10.555	241N1304N1099	N/A	39,084	7/1/2023	6/30/2024			39,084	28,368				10,716	
Supply Chain Assistance Funding (2nd & 3rd Round)	10.555	231N1304N1099	N/A	82,678	7/1/2022	6/30/2023	44,237			44,237					
P-EBT Administrative Cost	10.649	2022225900941	N/A	653	7/1/2022	6/30/2023			653	653					
Total Enterprise Fund							40,322		156,649	187,851			(2,567)	11,687	
Total Federal Financial Assistance							\$ (79,755)		728,418	918,396	(83)	24,367	(309,050)	11,687	3,180

See accompanying notes to the Schedules of Expenditures of Federal and State Awards.

BOROUGH OF KINNELON SCHOOL DISTRICT
Schedule of Expenditures of State and Local Financial Awards
Year ended June 30, 2024

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass through Funds	Budgetary Expenditures Direct	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2024		Memo		
			From	To									(Accounts Receivable)	Due to Grantor et.			
State Department of Education:																	
General Fund																	
Transportation Aid	495-034-5120-014	\$ 807,639	7/1/2023	6/30/2024				807,639									
Special Education Categorical Aid	495-034-5120-089	1,795,239	7/1/2023	6/30/2024			1,619,757	1,795,239									
Security Aid	495-034-5120-084	1,647,769	7/1/2023	6/30/2024			148,125	1,647,769									
Extraordinary Aid	495-034-5120-044	1,139,031	7/1/2023	6/30/2024				1,139,031			(1,139,031)						
Transportation Aid	495-034-5120-044	969,226	7/1/2022	6/30/2023	(969,226)												
Non Public Transportation	495-078-6060-034	38,675	7/1/2023	6/30/2024				38,675			(38,675)						
Non Public Transportation	495-078-6060-034	30,264	7/1/2022	6/30/2023	(30,264)												
Reimbursed TPAP Social Security	495-034-5094-003	1,387,426	7/1/2023	6/30/2024			1,319,467	1,387,426			(67,959)						
On Behalf TPAP - Post Retirement Medical	495-034-5094-001	1,907,783	7/1/2023	6/30/2024			1,907,783	1,907,783									
On Behalf TPAP Pension	495-034-5094-002	6,930,657	7/1/2023	6/30/2024			6,930,657	6,930,657									
On Behalf TPAP NCGI Premium	495-034-5094-004	79,040	7/1/2023	6/30/2024			79,040	79,040									
On Behalf TPAP - LTDI	495-034-5094-004	1,804	7/1/2023	6/30/2024			1,804	1,804									
					(999,490)		13,732,177	14,232,063			(1,245,665)						
Total General Fund																	
Special Revenue Fund																	
NJ NonPublic Aid:																	
Textbook Aid	100-034-5120-064	636	7/1/2023	6/30/2024				636									
Technology Aid	100-034-5120-373	539	7/1/2023	6/30/2024				539									
Nursing Services	100-034-5120-070	1,320	7/1/2023	6/30/2024			1,320	1,320									
Security Aid	100-034-5120-509	2,255	7/1/2023	6/30/2024			2,255	2,255									
SDA Emergent Needs and Capital Maintenance in School Districts		40,327	7/1/2023	6/30/2024			40,327	40,327									
							45,077	40,327									
Total Special Revenue Fund																	
Capital Projects Fund																	
Kiel Elementary School Roof Replacement	2460-060-23-R501	325,000	7/1/2023	6/30/2024				20,326									
Stonybrook Elementary School Roof Replacement	2460-070-23-R501	915,000	7/1/2023	6/30/2024													
								20,326									
Total Capital Projects Fund																	
Debt Service Fund																	
Debt Service Aid Type II	495-034-5121-075	79,623	7/1/2023	6/30/2024				79,623									
								79,623									
Total Debt Service Fund																	

BOROUGH OF KINNELON SCHOOL DISTRICT
Schedule of Expenditures of State and Local Financial Awards

Year ended June 30, 2024

State Grantor/Program Titles	Grant or State Project Number	Award Amount	Grant Period		Balance at June 30, 2023			Balance at June 30, 2024				Memo							
			From	To	Deferred Revenue (Accts Receivable)	Due to Grantor	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures Pass through Funds	Budgetary Expenditures Direct	Adjustments		Repayment of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue/ Interfund Payable	Due to Grantor et.	Budgetary Reserve	Cumulative Total Expenditures	
Enterprise Fund																			
State Department of Agriculture	100-010-3350-023	5,599	7/1/2023	6/30/2024															
National School Lunch Program (State Share)	100-010-3350-023	5,139	7/1/2022	6/30/2023	(326)			5,351	5,599										5,599
National School Lunch Program (State Share)								326			(248)								5,139
Total Enterprise Fund					(326)			5,677	5,599		(248)								10,738
Total State Financial Assistance					(999,816)			13,862,554	14,397,938		(1,245,913)		4,750						15,402,567
Less: On-Behalf TPAF Pension System Contributions																			
On-Behalf TPAF - Post Retirement Medical	495-034-5094-001	1,907,783	7/1/2023	6/30/2024					1,907,783										
On-Behalf TPAF Pension	495-034-5094-002	6,930,657	7/1/2023	6/30/2024					6,930,657										
On-Behalf TPAF NCGI Premium	495-034-5094-004	79,040	7/1/2023	6/30/2024					79,040										
On-Behalf TPAF - LTDI	495-034-5094-004	1,804	7/1/2023	6/30/2024					1,804										
Total State Financial Assistance								8,919,284	8,919,284										
								5,478,654	5,478,654										
Local Sources																			
Special Revenue Fund																			
Keil School Fundraising PTO		17,727	7/1/2023	6/30/2024				30,845	17,727										17,727
Stonybrook School Fundraising PTO		20,223	7/1/2023	6/30/2024				37,943	20,223		(4,005)								20,223
High School Fundraising PTO		6,833	7/1/2023	6/30/2024				17,729	6,833										6,833
Total Local Financial Assistance								17,729	6,833										6,833
Total State and Local Financial Assistance					(1,010,712)			13,880,283	14,404,771		(1,245,913)		4,750						15,409,400

See accompanying notes to the Schedules of Expenditures of Federal and State Awards.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal and state award programs of the Kinnelon School District. The School District is defined in Note 1 to the District's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(D) and 1(E) to the District's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last 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:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(34,356) for the general fund and \$(20,902) for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the District’s basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$14,217,707	\$14,217,707
Special Revenue Fund	748,799		748,799
Capital Projects Fund		1,240,000	1,240,000
Debt Service Fund		79,623	79,623
Food Service Fund	<u>187,851</u>	<u>5,599</u>	<u>193,450</u>
Total Awards and Financial Assistance	<u>\$936,650</u>	<u>\$15,542,929</u>	<u>\$16,479,579</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 on behalf of the District for the year ended June 30, 2024. The amount reported as 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.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, the amount of \$8,919,284 of on-behalf payments is excluded from major program determination.

NOTE 7. INDIRECT COST RATE

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

NOTE 8. SCHOOLWIDE PROGRAM FUNDS

Schoolwide programs are not separate federal programs as defined in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Grant Guidance); amounts used in schoolwide programs are included in the total expenditures of the program contributing the funds in the Schedule of Expenditures of Federal Awards. The following funds by program are included in schoolwide programs in the school district:

<u>Program</u>	<u>Total</u>
Title I, Part A: <i>Grants to Local Educational Agencies</i>	\$20,822
Title II, Part A: <i>Supporting Effective Instruction</i>	<u>17,233</u>
Total	<u>\$38,055</u>

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- | | | | |
|---|-----------|---------------|---------------|
| 1. Significant deficiencies identified that are not considered to be material weaknesses? | _____ yes | _____ X _____ | none reported |
| 2. Material weakness(es) identified? | _____ yes | _____ X _____ | no |

Noncompliance material to basic financial statements noted?	_____ yes	_____ X _____	no
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Federal Awards

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

Auditee qualified as low-risk auditee?	_____ X _____	_____ yes _____	no
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Type of auditor's report issued on compliance for major programs: unmodified

Internal Control over major programs:

- | | | | |
|---|-----------|---------------|---------------|
| 1. Significant deficiencies identified that are not considered to be material weaknesses? | _____ yes | _____ X _____ | none reported |
| 2. Material weakness(es) identified? | _____ yes | _____ X _____ | no |

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of the Uniform Guidance?	_____ yes	_____ X _____	no
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Identification of major programs:

Assistance Listing
Number(s)

FAIN Number

Name of Federal Program or Cluster

10.555	(B) 241NJ309N1099	Child Nutrition Program: Food Distribution Program / National School Lunch Program / Supply Chain Assistance
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Note: (B) - Tested as Major Type B Program.

KINNELON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(CONTINUED)

Section I - Summary of Auditor's Results, (continued)

State Awards

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

Auditee qualified as low-risk auditee? X yes _____ no

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

Internal Control over major programs:

1. Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

2. Material weakness(es) identified? _____ yes X no

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08? _____ yes X no

Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
495-034-5120-014	(A) Transportation Aid
495-034-5094-003	(A) Reimbursed TPAF Social Security

Note: (A) - Tested as Major Type A Program.

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

Section II – Financial Statement Findings

None

Section III – Federal Awards and State Financial Assistance Findings and Questioned Costs

FEDERAL AWARDS

NONE

STATE AWARDS

NONE

**BOROUGH OF KINNELON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Status of Prior Year Findings

None