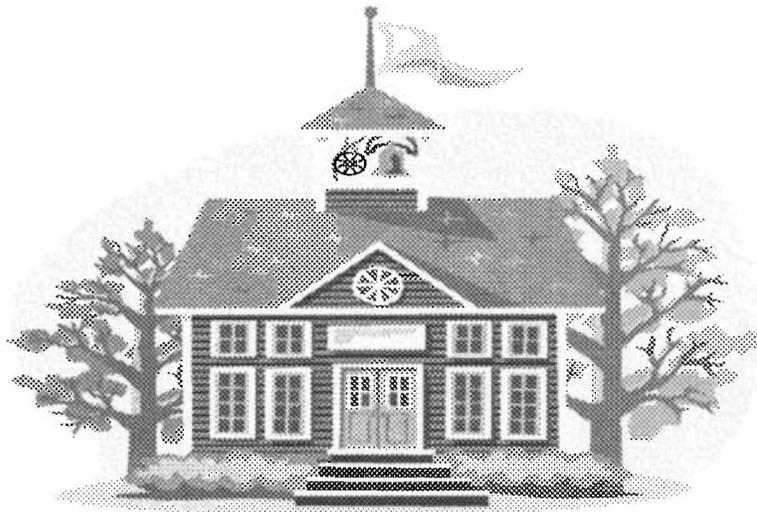


SCHOOL DISTRICT

OF

KENILWORTH



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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

OF THE

KENILWORTH BOARD OF EDUCATION

KENILWORTH, NEW JERSEY

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

PREPARED BY

**KENILWORTH BOARD OF EDUCATION
FINANCE DEPARTMENT**

KENILWORTH SCHOOL DISTRICT

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INTRODUCTORY SECTION

Edward J. Bolcar
Interim
Superintendent



Vincent A. Gonnella
School Business Administrator/
Board Secretary
Ext. 1550

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426 Boulevard
Kenilworth, New Jersey 07033
908-276-1644

December 3, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Kenilworth School District (District) for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments," and the state Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

*Bolcar/Gonnella to Board of Education
December 3, 2015*

1) REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels Pre-K through 12. These include regular as well as special education for handicapped youngsters. The District's enrollment as of October 15, 2015 was 1,412 students. The following details the changes in the student enrollment of the District over the last ten years using an October 15th count:

FISCAL YEAR	October 15th Enrollment	Enrollment % Change
2014 – 2015	1412	1.66%
2013 – 2014	1389	(0.79%)
2012 - 2013	1400	5.8%
2011 – 2012	1323	0.53%
2010 – 2011	1316	(3.73%)
2009 – 2010	1367	4.03%
2008 – 2009	1314	(2.38%)
2007 – 2008	1346	2.28%
2006 – 2007	1316	(3.16%)
2005 - 2006	1359	6.09%
2004 – 2005	1281	1.18%
2003 – 2004	1266	2.51%
2002 – 2003	1235	7.48%
2001 - 2002	1149	6.09%
2000 - 2001	1083	3.54%
1999 - 2000	1046	6.30%
1998 - 1999	984	5.80%
1997 - 1998	930	37.98%
1996 - 1997	674	(3.44%)
1995 - 1996	698	6.24%
1994 - 1995	657	2.01%
1993 - 1994	644	6.62%
1992 - 1993	604	(3.20%)
1991 - 1992	624	5.40%
1990 - 1991	592	(3.26%)
1989 - 1990	612	----

You may note that the Board is directly responsible for overseeing high school-aged students attending the Brearley School; the data shows a dramatic change from the K-8 data. The 1997-1998 data was the new base for enrollment, you will note a more "normal" change since the 1997-1998 school year. The major shift in responsibility was a common theme throughout the annual audit and financial reports, making any comparison between past school years and those school years very difficult without a detailed breakdown.

*Bolcar/Gonnella to Board of Education
December 3, 2015*

The 1997-1998 school year's figures would not be a true picture for future analysis due to the large cost of establishing the high school for the first school year. However, the 2014-2015 figures are more in line with what should be a normal statistical year.

2) ECONOMIC CONDITION AND OUTLOOK:

The Kenilworth area has seen the effects of the downturn in the global economy.

Currently, the increases to state aid reductions have assisted to stabilize the overall tax rate, while staying within the State mandated restrictive cap on expenditures. The increase in state aid is a combination of increased Equalization Aid, and an increase in Interdistrict School Choice Aid. In addition, the Board continues to look to other revenue sources while actively containing expenditures. Funding beyond the current school year does not look favorable for the district due to the overall economic conditions which prevail in the State and are expected to remain flat.

The community remains a vital part of the Board's success; it provides financial support to the Board in addition to the numerous volunteer activities conducted by parents and community members. In December 2008, the community passed a \$13.9 million facility referendum which greatly enabled the district to maintain its facilities in a safe and economic manner.

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

STATUS OF FACILITIES:

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

COMPREHENSIVE MAINTENANCE SUMMARY:

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

Consistent with maintaining buildings at a level of excellence and Kenilworth standards, a total of \$243,727 was spent on Renovations/Repairs to the Harding and Brearley facilities during the 2014-2015 school year:

*Bolcar/Gonnella to Board of Education
December 3, 2015*

<u>Harding School:</u>			
	Repair of Building & Equipment	\$	50,935
	Instructional Equipment Repairs	\$	<u>-</u>
			\$ 50,935
<u>Brearley School:</u>			
	Repair of Building & Equipment*	\$	104,459
	Instructional Equipment Repairs	\$	<u>-</u>
			\$ 104,459
<u>District Level:</u>			
	Contracted Upkeep of Grounds (No Salaries)	\$	16,220
	Asbestos Management	\$	1,090
	Contracted Services Maintenance	\$	33,485
	Maintenance Supplies & Other Objects	\$	20,703
	Maintenance Agreements	\$	<u>16,835</u>
			\$ 88,333
Total			<u>\$ 243,727</u>

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

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

The district held a facility referendum in December 2008. The \$13.9 million question was approved by the community. Planning for the implementation of the project began immediately. The Harding and Brearley Schools are aging and some of the major systems are beginning to show their age. Increased concerns from external security threats need to be seriously considered and modifications to facilities need to be made accordingly. The Board has developed a facility plan to address these deficiencies and restore the facilities to the pristine and safe level expected of the community. The projects being targeted are not glamorous in nature or clearly evident with the naked eye. Targeted projects for the referendum include windows, roofs, doors, and upgrades to electrical systems and ventilation systems.

These projects emphasized safety, security and upgrading the aging systems. Students spend more than 7 hours a day, 180 days a year, for 14 years in our facilities; it is imperative that they continue to be in a safe and secure environment for learning.

*Bolcar/Gonnella to Board of Education
December 3, 2015*

The projects were implemented over the summers of 2009-2013, with expected completion by the end of the 2014-2015 school year.

Summer 2009 completed projects included window replacement at Brearley, new interior classroom doors with special safety locks in both buildings, replacement & upgrades to the ventilation systems in both buildings to improve indoor air quality, fire department connections and sprinkler systems in both buildings, upgrades to the buildings fire alarm systems and a new roof for Brearley's auditorium.

Summer 2010 completed projects included roof replacements on the Harding and Brearley Schools, extensive site work including an expansion of the Harding School faculty parking lot and construction of a drop-off loop with additional parking in the front of Harding School, new signage for Brearley, expansion and complete renovation of the locker room facilities at Brearley and the building of an addition to house the athletic training facilities.

Summer 2011 completed projects included renovations to the Brearley Library and extensive site work on the Brearley campus including a redesign and expansion of the parking lot and replacement of sidewalks.

Summer 2012 completed projects included renovations to the Harding Library.

Summer 2013 completed projects included renovations to the Brearley Science Labs and Art rooms.

STATUS OF REQUIRED ANNUAL HEALTH AND SAFETY REVIEW:

The Head of Maintenance conducted annual and monthly inspections of the building. The School Business Administrator conducted an annual inspection of the buildings. The two building principals have conducted "Checklist Report: Evaluation of School Buildings Indicator 7.6" which are included in this submission. All health and safety matters of an immediate nature were taken care of. All required health and safety certificates are on file in the boiler room and the school cafeterias. The three-year reinspection and update of the Asbestos Management Plan for Harding School was conducted in 1992, and updated in 1995. In 2012 a three-year re-inspection was conducted on both the Harding and Brearley facilities, along with major updates to the plan.

3) MAJOR INITIATIVES INSTRUCTIONAL PROGRAM:

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

The school district was deemed a high performing school district in 2013 by the New Jersey Department of Education as evidenced by an 80% score via the New Jersey Quality Single Accountability Continuum (QSAC) monitoring process. This is the second time Kenilworth has been considered a high performing district upon completion of QSAC monitoring.

District goals in 2014-2015 were purposed to fostering a high level of performance at both Harding and Brearley Middle-High Schools. The goals focused on aligning curricula to the national standards (Common Core State Standards) as one way to promote students' academic achievement, providing high-quality

*Bolcar/Gonnella to Board of Education
December 3, 2015*

professional development for faculty with the intent that such training will promote student achievement, and promotion of individualized learning experiences for all of Kenilworth's students.

Harding Elementary School teachers continued to implement a relatively new math program in Grades K-5 called Go Math that is aligned to the Common Core Standards. A school-wide emphasis on providing individualized instruction in small group settings allowed for the differentiation of instruction on a much greater scale. To support this endeavor, the upper elementary grades implemented a balanced literacy framework to coincide with implementation of a language arts program called Reading Street. New high school math and language arts curricula continued to be updated and further aligned to the national standards. Students served in both subject areas used new textbooks that include a more diverse collection of high-interest novels.

To provide more individualized learning experiences for Kenilworth's children, the middle-high school expanded its two specialized learning programs to target young adults' specific learning requirements and career interests. The Alternative Classroom Experience (ACE), one of the new programs, helps adolescents recover high school credit they may not have acquired during the regular school day and assumed responsibility for more students in 2014-2015. The other implemented program, the Kenilworth Scholars' Academy, enrolled Grades 7-11 students as of 2014-2015. These students are provided a "university-level" experience that allows them to focus on a specialization by their senior year of high school. Both learning experiences address the needs of two student populations who often go underserved in school districts around the country. The by-product of the implementation of the ACE and Scholars' Academy programs is the creation of smaller and more intimate learning environments that provide Kenilworth's children and adolescents with the highly individualized academic, social, and emotional attention they deserve.

4) INTERNAL ACCOUNTING CONTROLS:

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

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

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

*Bolcar/Gonnella to Board of Education
December 3, 2015*

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) DEBT ADMINISTRATION:

1999 Bond Issue:

A \$3,890,000 Bond Referendum was passed on May 18, 1999. Bonds were issued during the 1999-2000 school year. Proceeds were used for facility upgrades, specifically HVAC upgrades to both school buildings. Total Debt Service in the amount of \$138,375 was paid during the fiscal year 2015. A \$135,000 principal payment was made. Outstanding debt as of June 30, 2015 was \$0, the commitment has been paid in full.

2003 ERIP Refinance:

The District refunded Bonds associated with the NJ Pension Early Retirement Incentive Plan in the amount of \$410,000 on September 29, 2003. Total Debt Service in the amount of \$36,412.50 was paid during the fiscal year 2015. A \$25,000 principal payment was made. Outstanding debt as of June 30, 2015 was \$195,000.

2008 Bond Issue:

A \$13,900,000 Bond Referendum was passed on December 9, 2008. Bonds were issued during the 2008-2009 school year. Proceeds are being used for a variety of facility upgrades including site development, health and safety matters, roofs, doors, windows, and classroom alterations. Total Debt Service in the amount of \$986,318.76 was paid during the fiscal year 2015. A \$425,000 principal payment was made. Outstanding debt as of June 30, 2015 was \$13,365,000.

Total outstanding debt for the District as of June 30, 2015 was \$13,560,000.

*Bolcar/Gonnella to Board of Education
December 3, 2015*

8) CASH MANAGEMENT:

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

9) RISK MANAGEMENT:

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

10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Robert S. Hulsart and Company was selected by the Board to conduct the annual independent audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related OMB Circular A - 133 and state Treasury Circular Letter 04 -04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's report related specifically to the single audit is included in the single audit section of this report.

11) ACKNOWLEDGMENTS:

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

Respectfully submitted,



Edward J. Bolcar
Interim Superintendent



Vincent A. Gonnella
Board Secretary/Business Administrator

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

**ROSTER OF OFFICIALS
June 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Gregg F. David, President	12/31/2017
Gerard Laudati, Vice President	12/31/2015
Genean Braun	12/31/2016
David Curtin	12/31/2017
Paulette Drogon	12/31/2015
Annmarie Duda	12/31/2016
Mark Jankiewicz	12/31/2015
Anthony Laudati	12/31/2016
Nancy Zimmerman	12/31/2017

Other Officials:

Dr. Scott Taylor, Superintendent of Schools
 Vincent A. Gonnella, Board Secretary/Business Administrator
 Jeanne Decker, Treasurer
 Vito A. Gagliardi, Jr., Esq., Solicitor

Administration:

Tiffany Moutis, Assistant Superintendent of Schools
 Brian Luciani, Principal David Brearley Middle/High School
 Kathleen Murphy, Principal, Warren Harding Elementary School
 Susie Budine, Director of Pupil Personnel Services
 Ronald Bubnowski, Assistant Principal
 Andrew White, Assistant Principal
 Anthony Lepore, Supervisor of Buildings & Grounds
 Scott Miller, Supervisor of Athletics & Health Education
 Joant Rodriguez, Manager of Information Technology

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

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Insurance Agent/Risk Manager

CBIZ Agency
219 South Street
New Providence, NJ 07974

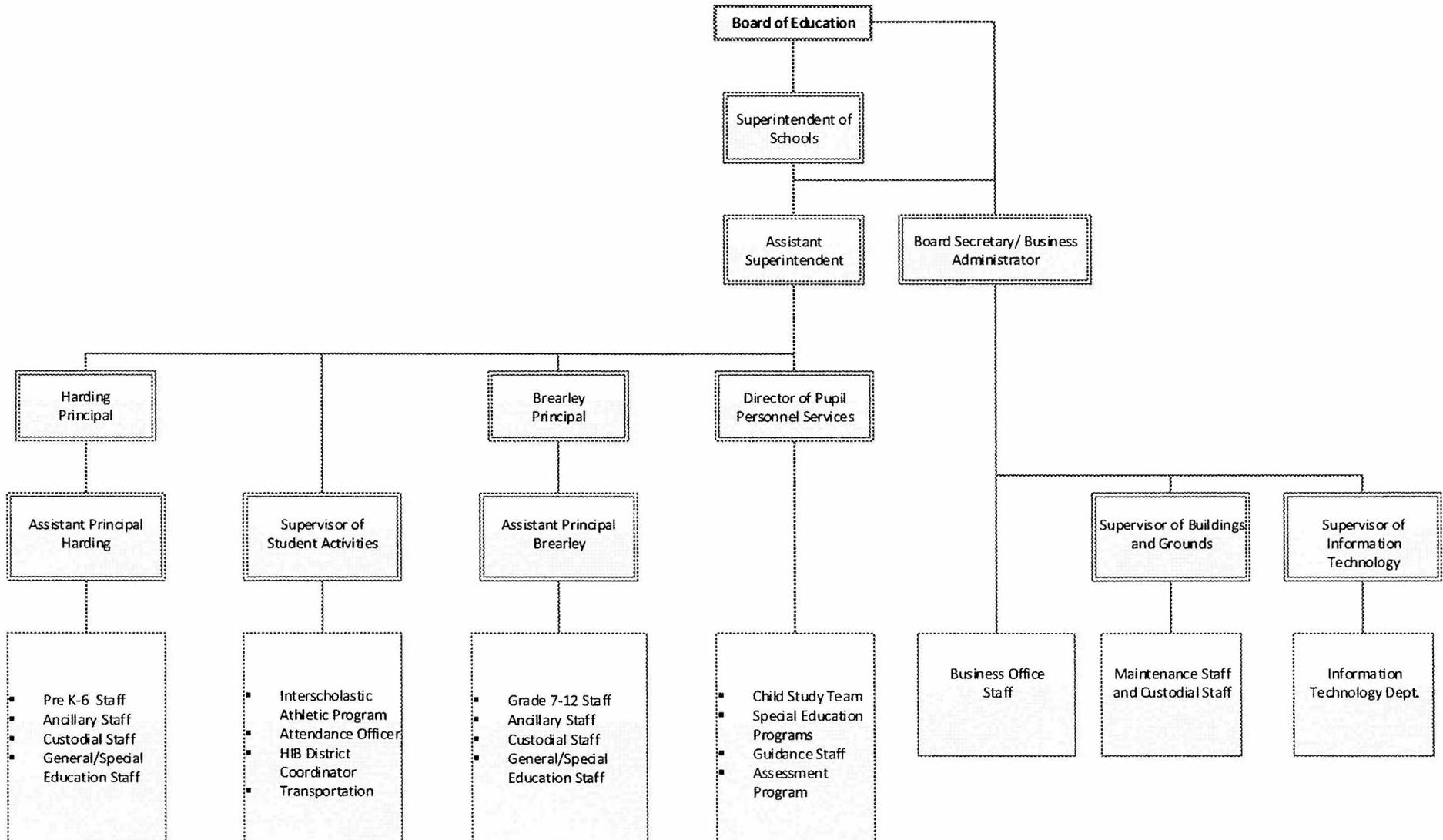
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Brown & Brown Benefit Advisors
5 Regent Street, Suite 523
Livingston, NJ 07039



Kenilworth Public Schools

2014-2015 School Year



Revised: 05/07/2014

FINANCIAL SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

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 ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
 ROBERT A. HULSART, JR., C.P.A., P.S.A.

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RICHARD J. HELLENBRECHT, JR., C.P.A., P.S.A.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Kenilworth School District, in the County of Union, State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Kenilworth School District, in the County of Union, State of New Jersey, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 standard generally accepted in the United States of America. In our opinion, the accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying introductory section and other supplementary information such as the combining and individual fund financial statements, long-term debt schedules, and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid respectively, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015 on our consideration of the Kenilworth's Board of Education internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Kenilworth Board of Education's internal control over financial reporting and compliance.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

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

December 3, 2015

**REQUIRED SUPPLEMENTARY INFORMATION
PART I**

KENILWORTH PUBLIC SCHOOL DISTRICT
BOROUGH OF KENILWORTH
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The discussion and analysis of Kenilworth Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; it should be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) Letter of Transmittal which is found in the Introductory Section, and the School Board's financial statements found in the Financial Section and the notes thereto.

Financial Highlights

Key Financial highlights for the 2014-2015 fiscal year are as follows:

- General revenues accounted for \$25,067,565 in revenue or 94% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,709,591 or 6% percent to total revenues of \$26,777,084.
- The School District had \$26,612,768 in expenses; only \$1,709,591 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$25,067,565 were adequate to provide for these programs.
- The General Fund had \$24,419,533 in revenues, \$24,114,134 in expenditures. The General Fund's balance increased \$305,399 from 2014. This decrease was anticipated by the Board of Education.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Using this Comprehensive Annual Financial Report (CAFR)

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2014-2015 fiscal year?" The Statement of Net Position and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Enterprise Fund

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

The School District as a Whole

Table 1 provides a summary of the School District's net position comparisons of fiscal year 2015 with 2014.

Table 1
Net Position

	<u>2015</u>	<u>2014</u>
<u>Assets</u>		
Current and Other Assets	\$ 2,307,728	1,959,681
Capital Assets, Net	<u>11,252,103</u>	<u>12,631,333</u>
Total Assets	<u>\$ 13,559,831</u>	<u>14,591,014</u>
<u>Deferred Outflow of Resources</u>		
Contribution to Pension Plan	<u>\$ 269,527</u>	<u> </u>
<u>Deferred Inflow of Resources</u>		
Pension Deferrals	<u>\$ 294,484</u>	<u> </u>
<u>Liabilities</u>		
Long-Term Liabilities	\$ 17,366,541	14,461,272
Other Liabilities	<u>755,446</u>	<u>597,879</u>
Total Liabilities	<u>\$ 18,121,987</u>	<u>15,059,151</u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	\$ (2,307,897)	(1,513,667)
Restricted	2,009,372	1,810,366
Unrestricted	<u>(4,288,588)</u>	<u>(764,836)</u>
Total Net Position	<u>\$ (4,587,113)</u>	<u>(468,137)</u>

Table 2 shows the changes in net position for fiscal year 2015. Revenue and expense comparisons to fiscal year 2014.

Table 2
Changes in Net Position

	<u>2015</u>	<u>2014</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 917,817	813,348
Operating Grants and Contributions	791,702	749,343
General Revenues		
Property Taxes	17,870,624	17,214,954
Grants and Entitlements	7,061,340	6,550,917
Other	<u>135,601</u>	<u>195,885</u>
Total Revenues	<u>26,777,084</u>	<u>25,524,447</u>
<u>Program Expenses</u>		
Instruction	10,826,127	10,658,316
Support Services		
Pupils and Instructional Staff	4,300,392	3,979,932
General Administration, School Administration, Business	7,477,485	7,097,196
Operations and Maintenance of Facilities	1,496,737	1,774,694
Pupil Transportation	643,591	665,699
Interest on Debt	567,312	581,305
Unallocated Depreciation	672,942	465,633
Capital Outlay Not Capitalized		5,336
Special Schools	64,423	60,934
Enterprise	<u>563,759</u>	<u>581,639</u>
Total Expenses	<u>26,612,768</u>	<u>25,870,684</u>
Increase/Decrease in Net Position	<u>\$ 164,316</u>	<u>(346,237)</u>

Governmental Activities

Property taxes made up 67% percent of revenues for governmental activities for the Kenilworth Public School District for fiscal year 2015. The District's total revenues were \$26,777,084 for the fiscal year ended June 30, 2015. Federal, state and local grants and miscellaneous revenues accounted for another 33%.

Business-Type Activities

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

- Food service expenses exceeded revenues by \$12,896.
- Aftercare revenues exceeded expenditures by \$14,099.
- Charges for services represent \$404,845 of revenue. This represents amount paid by patrons for daily services.
- Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities were \$160,117.

Governmental Activities

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

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

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

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

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

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

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

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

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

Other includes unallocated depreciation and amortization.

The School Board's Funds

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

As the School Board completed the fiscal year ended June 30, 2015, it reported a combined net position balance of \$(4,587,113). The Reconciliation of the Statement of Revenue Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities presents the reader with a detailed explanation of the differences between the net change in fund balances and changes in net assets.

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

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

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

Capital Assets

At June 30, 2015, the School Board had approximately \$20,799,757 million invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, instructional equipment and other equipment. This amount is net of accumulated depreciation to date. Table II below shows the net book value of capital assets at the end of the 2015 fiscal year.

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Table II		
Capital Assets at June 30, 2015		
Land	\$ 2	
Sites	1,345,684	
Buildings	9,605,781	
Machinery and Equipment	<u>276,096</u>	<u>24,540</u>
Total	<u>\$ 11,227,563</u>	<u>24,540</u>

Debt Administration

At June 30, 2015, the School District had \$18,071,541 as outstanding debt. Of this amount \$939,351 is for compensated absences, \$3,572,190 is for pension liability and the balance \$13,560,000 for bonds for school construction.

Economic Factors and Next Year's Budget

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

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

The \$(4,404,932) in unrestricted net position for all governmental activities represents the accumulated results of all past years' operations. It means that if the School Board had to pay off all bills today, including all of the School Board's noncurrent liabilities such as compensated absences, the School Board would have a balance of \$(4,404,932).

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS – A

KENILWORTH SCHOOL DISTRICT**STATEMENT OF NET POSITION**

Exhibit A-1

JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 795,273	110,764	906,037
Receivables, Net	266,882	7,347	274,229
Inventory		2,361	2,361
Restricted Assets:			
Cash and Cash Equivalents	1,000,000		1,000,000
Capital Reserve Account - Cash	125,101		125,101
Capital Assets not Depreciated	2		2
Capital Assets, Net	11,227,561	24,540	11,252,101
Total Assets	<u>13,414,819</u>	<u>145,012</u>	<u>13,559,831</u>
<u>Deferred Outflow of Resources</u>			
Contribution to Pension Plan	<u>269,527</u>		<u>269,527</u>
<u>Deferred Inflow of Resources</u>			
Pension Deferrals	<u>294,484</u>		<u>294,484</u>
<u>Liabilities</u>			
Deferred Revenue		4,128	4,128
Accounts Payable	46,318		46,318
Noncurrent Liabilities:			
Due Within One Year	705,000		705,000
Due Beyond One Year	17,366,541		17,366,541
Total Liabilities	<u>18,117,859</u>	<u>4,128</u>	<u>18,121,987</u>
<u>Net Position</u>			
Invested in Capital Assets, Net of Related Debt	(2,332,437)	24,540	(2,307,897)
Restricted For:			
Debt Service	9		9
Other Purposes	2,009,363		2,009,363
Unrestricted	<u>(4,404,932)</u>	<u>116,344</u>	<u>(4,288,588)</u>
Total Net Position	<u>\$ (4,727,997)</u>	<u>140,884</u>	<u>(4,587,113)</u>

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

KENILWORTH SCHOOL DISTRICT

Exhibit A-2

Sheet 1 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2015

	Program Revenues		Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<u>Functions/Programs</u>						
Governmental Activities:						
Instruction:						
Regular	\$7,169,752			(7,169,752)		(7,169,752)
Special Education	2,065,576			(2,065,576)		(2,065,576)
Other Special Instruction	1,044,459			(1,044,459)		(1,044,459)
Other Instruction	546,340		515,603	(30,737)		(30,737)
Support Services:						
Tuition	2,142,778	512,972		(1,629,806)		(1,629,806)
Student & Instruction Related Services	2,157,614		115,982	(2,041,632)		(2,041,632)
School Administrative Services	655,129			(655,129)		(655,129)
General and Business Administrative Services	860,121			(860,121)		(860,121)
Technology Information Services	199,118			(199,118)		(199,118)
Plant Operations and Maintenance	1,496,737			(1,496,737)		(1,496,737)
Pupil Transportation	643,591			(643,591)		(643,591)
Unallocated Benefits	5,763,117			(5,763,117)		(5,763,117)
Special Schools	64,423			(64,423)		(64,423)
Interest on Long-Term Debt	567,312			(567,312)		(567,312)
Unallocated Depreciation	672,942			(672,942)		(672,942)
Total Government Activities	<u>26,049,009</u>	<u>512,972</u>	<u>631,585</u>	<u>(24,904,452)</u>	<u>-</u>	<u>(24,904,452)</u>
Business-Type Activities:						
Aftercare Program	154,901	169,000			14,099	14,099
Food Service	408,858	235,845	160,117		(12,896)	(12,896)
Total Business-Type Activities	<u>563,759</u>	<u>404,845</u>	<u>160,117</u>	<u>-</u>	<u>1,203</u>	<u>1,203</u>
Total Primary Government	<u>26,612,768</u>	<u>917,817</u>	<u>791,702</u>	<u>(24,904,452)</u>	<u>1,203</u>	<u>(24,903,249)</u>

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

KENILWORTH SCHOOL DISTRICT

Exhibit A-2

Sheet 2 of 2

STATEMENT OF ACTIVITIES

JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-Type Activities	Total
General Revenues:			
Taxes:			
Property Taxes, Levied for General Purpose, Net	\$ 17,083,017		17,083,017
Taxes Levied for Debt Service	787,607		787,607
Federal and State Aid Not Restricted	7,061,340		7,061,340
Miscellaneous Income	135,601		135,601
Total General Revenues	<u>25,067,565</u>	<u>-</u>	<u>25,067,565</u>
Change in Net Position	163,113	1,203	164,316
Restatement for Pension	(3,572,190)		(3,572,190)
Net Position - Beginning	<u>(1,318,920)</u>	<u>139,681</u>	<u>(1,179,239)</u>
Net Position - Ending	<u>\$ (4,727,997)</u>	<u>140,884</u>	<u>(4,587,113)</u>

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

FUND FINANCIAL STATEMENTS – B

BALANCE SHEETGOVERNMENTAL FUNDSJUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 1,918,625	1,740	9	1,920,374
Receivables from Other Governments	<u>222,304</u>	<u>44,578</u>		<u>266,882</u>
Total Assets	<u>\$ 2,140,929</u>	<u>46,318</u>	<u>9</u>	<u>2,187,256</u>
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts Payable	\$ -	46,318		46,318
Total Liabilities	<u>-</u>	<u>46,318</u>	<u>-</u>	<u>46,318</u>
Fund Balance:				
Restricted for:				
Emergency Reserve	250,000			250,000
Maintenance Reserve	400,000			400,000
Capital Reserve Account	125,101			125,101
Committed To:				
Other Purposes	884,262			884,262
Assigned To:				
Designated by the BOE for Subsequent Year's Expenditures	250,000			250,000
Designated by the BOE for Subsequent Year's Expenditures-Maintenance Reserve	100,000			100,000
Unassigned:				
General Fund	131,566			131,566
Debt Service			9	9
Total Fund Balances	<u>2,140,929</u>	<u>-</u>	<u>9</u>	<u>2,140,938</u>
Total Liabilities and Fund Balance	<u>\$ 2,140,929</u>	<u>46,318</u>	<u>9</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$21,176,701 and the accumulated depreciation is \$9,949,108.

11,227,563

Deferred outflow of resources - contributions to the pension plan

269,527

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

(294,484)

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

(18,071,541)

Net position of governmental activities

\$ (4,727,997)

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

KENILWORTH SCHOOL DISTRICT

Exhibit B-2

Sheet 1 of 2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Local Sources:				
Local Tax Levy	\$ 17,083,017		787,607	17,870,624
Tuition Charges	512,972			512,972
Miscellaneous	95,033	14,800		109,833
Erate	40,568			40,568
Total Local Sources	<u>17,731,590</u>	<u>14,800</u>	<u>787,607</u>	<u>18,533,997</u>
State Sources	6,687,943	101,603	373,397	7,162,943
Federal Sources		515,182		515,182
Total Revenues	<u>24,419,533</u>	<u>631,585</u>	<u>1,161,004</u>	<u>26,212,122</u>
<u>Expenditures</u>				
Current:				
Regular Instruction	7,169,752			7,169,752
Special Education Instruction	2,065,576			2,065,576
Other Special Instruction	528,856	515,603		1,044,459
Other Instruction	546,340			546,340
Support Services and Undistributed Costs:				
Tuition	2,142,778			2,142,778
Student and Instruction Related Services	2,041,632	115,982		2,157,614
School Administrative Services	655,129			655,129
Other Administrative Services	860,121			860,121
Technology Information Services	199,118			199,118
Plant Operations and Maintenance	1,496,737			1,496,737
Pupil Transportation	643,591			643,591
Unallocated Benefits	5,700,081			5,700,081
Special Schools	64,423			64,423
Debt Service:				
Principal			585,000	585,000
Interest and Other Charges			576,106	576,106
Total Expenditures	<u>24,114,134</u>	<u>631,585</u>	<u>1,161,106</u>	<u>25,906,825</u>

KENILWORTH SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

Exhibit B-2
Sheet 2 of 2

FOR THE YEAR ENDED JUNE 30, 2015

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	<u>305,399</u>	<u>-</u>	<u>(102)</u>	<u>305,297</u>
Net Change in Fund Balances	305,399	-	(102)	305,297
Fund Balance - July 1	<u>1,835,530</u>	<u>-</u>	<u>111</u>	<u>1,835,641</u>
Fund Balance - June 30	<u>\$ 2,140,929</u>	<u>-</u>	<u>9</u>	<u>2,140,938</u>

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES

AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS Exhibit B-3

TO THE STATEMENT OF ACTIVITIES

JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (From B-2)	\$ 305,297
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	(672,942)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.	
	585,000
In the statement of activities certain operating activities are measured by the amount earned while in the government funds. Expenses are reported in the amount of financial resources used.	
Compensated Absences	(38,079)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position	
	269,527
Pension related deferrals	(294,484)
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental fund, interest is reported when due.	
	<u>8,794</u>
Change in Net Position of Governmental Activities	<u><u>\$ 163,113</u></u>

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

KENILWORTH SCHOOL DISTRICT**STATEMENT OF NET POSITION****PROPRIETARY FUNDS**

Exhibit B-4

JUNE 30, 2015

	Enterprise Funds
<u>Assets:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 110,764
Accounts Receivable:	
State	209
Federal	7,138
Inventory	2,361
Total Current Assets	<u>120,472</u>
Noncurrent Assets:	
Equipment	181,750
Accumulated Depreciation	(157,210)
Total Fixed Assets	<u>24,540</u>
Total Assets	<u>\$ 145,012</u>
<u>Liabilities:</u>	
Deferred Revenue	<u>\$ 4,128</u>
Total Liabilities	<u>\$ 4,128</u>
<u>Net Position:</u>	
Investment in Capital Assets	\$ 24,540
Unrestricted	<u>116,344</u>
Total Net Position	<u>\$ 140,884</u>

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

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

Exhibit B-5

PROPRIETARY FUNDSJUNE 30, 2015

	<u>Enterprise Fund</u>
Operating Revenues:	
Daily Sales	\$ 235,845
Fees	169,000
Total Operating Revenues	<u>404,845</u>
Operating Expenses:	
Salaries	314,561
Other Employee Benefits	35,294
Cost of Sales	183,263
Supplies and Materials	14,996
Management Fee	8,052
Commodities	1,458
Depreciation	3,980
Miscellaneous	2,155
Operating Expenses	<u>563,759</u>
Operating Gain/(Loss)	(158,914)
Non-Operating Revenues:	
State Sources:	
State School Lunch Program	3,884
Federal Sources:	
National School Lunch Program	116,783
Federal HHFKA Lunch Program	5,018
Federal Breakfast Program	5,943
Food Distribution Program	28,489
Total Non-Operating Revenues	<u>160,117</u>
Change in Net Position	1,203
Adjustment for Fixed Assets	(1,950)
Net Position, July 1	<u>141,631</u>
Net Position, June 30	<u>\$ 140,884</u>

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

KENILWORTH SCHOOL DISTRICT**STATEMENT OF CASH FLOWS**

Exhibit B-6

PROPRIETARY FUNDS**JUNE 30, 2015**

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 404,845
Payments to Employees	(314,561)
Payments to Suppliers	(210,088)
Net Cash Provided (Used) by Operating Activities	<u>(119,804)</u>
Cash Flows from Noncapital Financing Activities:	
State Sources	3,884
Federal Sources	127,744
Net Cash Provided by Noncapital Financing Activities	<u>131,628</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,824
Cash and Cash Equivalents, July 1	<u>98,940</u>
Cash and Cash Equivalents, June 30	<u>\$ 110,764</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (158,914)
Depreciation	3,980
Federal Commodities Consumed	28,489
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities	
Decrease/(Increase) in Accounts Receivables	552
(Decrease)/Increase in Deferred Revenue	4,128
Decrease/(Increase) in Inventory	1,961
Net Cash Provided (Used) by Operating Activities	<u>\$ (119,804)</u>

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

KENILWORTH SCHOOL DISTRICTSTATEMENT OF FIDUCIARY NET POSITION

Exhibit B-7

JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Scholarship Fund</u>
Assets:		
Cash and Cash Equivalents	\$ 435,292	176,695
Total Assets	<u>\$ 435,292</u>	<u>176,695</u>
Net Position:		
Reserved - Scholarships	\$ -	176,695
Reserved - Unemployment Benefits	435,292	
Total Net Position	<u>\$ 435,292</u>	<u>176,695</u>

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

KENILWORTH SCHOOL DISTRICTSTATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Exhibit B-8

FIDUCIARY FUNDSFOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
<u>Additions</u>		
Contributions:		
Other	\$ 35,423	-
Total Contributions	<u>35,423</u>	<u>-</u>
Investment Earnings:		
Interest		90
Net Investment Earnings	<u>-</u>	<u>90</u>
Total Additions	<u>35,423</u>	<u>90</u>
<u>Deductions</u>		
Unemployment Claims	36,549	
Fees	741	
Scholarships Awarded		3,000
Total Deductions	<u>37,290</u>	<u>3,000</u>
Change in Net Position	<u>(1,867)</u>	<u>(2,910)</u>
Net Position - Beginning of Year	<u>437,159</u>	<u>179,605</u>
Net Position - End of the Year	<u>\$ 435,292</u>	<u>176,695</u>

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

NOTES TO FINANCIAL STATEMENTS

BOARD OF EDUCATION
KENILWORTH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: Summary of Significant Accounting Policies

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

A. Reporting Entity:

The Kenilworth School District is a Type II district located in the County of Union, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades PreK-12. The Kenilworth School District had an approximate enrollment at June 30, 2015 of 1,307 students.

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

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

B. Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole excluding fiduciary activities such as student activities. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by state and federal aid, tuition and county tax levies, from business-type activities generally financed in whole or in part with fees charged to external parties.

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Government-Wide Financial Statements (Continued)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services which report fees and other charges to users of the District's services and (2) operating grants and contributions. These revenues are subject to externally imposed restrictions to these program uses. Tax levies and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental, proprietary and fiduciary funds. The New Jersey Department of Education (the "Department") 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 Department believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

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

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

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

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

D. Fund Accounting:

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

Governmental Fund Types

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

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

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued):

Proprietary Fund Type

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

Fiduciary Fund Types

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

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

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

E. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. Budgets are prepared using the modified accrual basis of accounting; the legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2.2(g)1. All budget amendments must be approved by School Board resolution. Budget amendments during the year ended June 30, 2015 were insignificant.

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

E. Budgets/Budgetary Control (Continued):

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

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

F. Encumbrances:

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

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

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

G. Short-Term Interfund Receivables/Payables:

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

H. Inventories and Prepaid Expenses

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

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

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

The District contracted with an outside service company during the 2015 fiscal year to provide a report with a comprehensive detail of capital assets and depreciation. The report was updated to include capital assets purchased during the 2014-2015 fiscal year and prior with a historical cost of \$2,000 or more. Accumulated depreciation prior to fiscal year 2015, fiscal year 2015 depreciation expense, total accumulated depreciation and book values were also provided. The costs of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts. Estimated useful lives, in years, for depreciable assets are as follows:

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

The District is currently in the process of obtaining and installing software that will maintain proper capital asset and depreciation records.

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance			Balance
	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>
Governmental Activities:				
Land	\$ <u>2</u>	<u> </u>	<u> </u>	<u>2</u>
Total	<u>2</u>	<u> </u>	<u> </u>	<u>2</u>
Depreciable Assets:				
Site Improvements	2,528,023	307,654		2,835,677
Buildings & Sites	17,419,318		(316,216)	17,103,102
Equipment	<u>852,414</u>	<u> </u>	<u>385,476</u>	<u>1,237,890</u>
Total	<u>20,799,755</u>	<u>307,654</u>	<u>69,260</u>	<u>21,176,669</u>

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

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2015</u>
Less: Accumulated Depreciation:				
Sites	(1,081,649)	(114,842)	(293,502)	(1,489,993)
Buildings	(6,483,973)	(471,705)	(541,643)	(7,497,321)
Equipment	<u>(633,272)</u>	<u>(86,395)</u>	<u>(242,127)</u>	<u>(961,794)</u>
Total Accumulated Depreciation	<u>(8,198,894)</u>	<u>(672,942)</u>	<u>(1,077,272)</u>	<u>(9,949,108)</u>
Net Depreciable Assets	<u>12,600,861</u>	<u>(365,288)</u>	<u>(1,008,012)</u>	<u>11,227,561</u>
Governmental Activities Capital Assets (Net)	<u>\$ 12,600,863</u>	<u>(365,288)</u>	<u>(1,008,012)</u>	<u>11,227,563</u>
Business-Type Activities:				
Equipment	\$ 192,550		(10,800)	181,750
Less: Accumulated Depreciation:				
Equipment	<u>(162,080)</u>	<u>(3,980)</u>	<u>8,850</u>	<u>(157,210)</u>
Business-Type Capital Assets (Net)	<u>\$ 30,470</u>	<u>(3,980)</u>	<u>(1,950)</u>	<u>24,540</u>

Depreciation expense was charged to governmental functions as follow:

Unallocated	\$ 598,750
Instructional	46,327
Support/Administration	12,960
Maintenance/Custodial	<u>14,905</u>
	<u>\$ 672,942</u>

NOTE 1: Summary of Significant Accounting Policies (Continued)**J. Compensated Absences**

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

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

K. Deferred Revenue

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

L. Fund Equity

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

NOTE 2: Cash and Cash Equivalents and Investments

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

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

Deposits

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

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

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

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

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

Deposits

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

Investments

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

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

As of June 30, 2015, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash
	<u>Equivalents</u>
Checking and Money Market Accounts	<u>\$ 2,724,781</u>

The carrying amount of the District’s cash and cash equivalents at June 30, 2015 was \$2,724,781 and the bank balance was \$4,122,672. Of the bank balance, \$250,000 was covered by federal depository insurance, \$3,872,672 was covered by a collateral pool maintained by the banks as required by New Jersey statutes.

Credit Risk Categories

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

	<u>Bank Balance</u>	
<u>Depository Account</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Insured:		
FDIC	\$ 250,000	250,000
GUDPA	3,872,672	3,763,797

As of June 30, 2015, the District did not hold any long-term investments.

NOTE 2: Cash and Cash Equivalents and Investments (Continued)**Custodial Credit Risk – Deposits**

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

NOTE 3: General Long-Term Debt

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance			Balance	Long-Term	2015-16
	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2015</u>	<u>Portion</u>	<u>Payment</u>
Compensated Absences Payable	\$ 901,272	38,079		939,351	939,351	
Bonds Payable	14,145,000		585,000	13,560,000	12,855,000	705,000
Pension Liability	<u> </u>	<u>3,572,190</u>	<u> </u>	<u>3,572,190</u>	<u>3,572,190</u>	<u> </u>
	<u>\$ 15,046,272</u>	<u>3,610,269</u>	<u>585,000</u>	<u>18,071,541</u>	<u>17,366,541</u>	<u>705,000</u>

A. Bonds Payable

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

Refunding Bonds issued September 29, 2003 for \$410,000 for ERIP funding maturing October 1, 2020 with a balance of \$195,000 at June 30, 2015 with a 5.50% interest rate.

Bonds issued February 25, 2009 for \$13,900,000 for renovations maturing January 15, 2029 with a balance of \$13,365,000 at June 30, 2015 with interest rates from 2.50% to 4.625%

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

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 705,000	559,531	1,264,531
2017	730,000	537,631	1,267,631
2018	770,000	514,961	1,284,961
2019	800,000	483,594	1,283,594
2020	845,000	451,068	1,296,068
2021-2025	4,900,000	1,711,843	6,611,843
2026-2029	<u>4,810,000</u>	<u>558,349</u>	<u>5,368,349</u>
	<u>\$ 13,560,000</u>	<u>4,816,977</u>	<u>18,376,977</u>

NOTE 4: Pension Plans

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

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

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.

NOTE 4: Pension Plans (Continued)

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

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

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

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

NOTE 4: Pension Plans (Continued)

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

During the year ended June 30, 2015, the State of New Jersey contributed \$1,390,464 to the TPAF for post-retirement medical benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$761,744 during the year ended June 30, 2015 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. These amounts have been included in the general-purpose financial statements, and the combining and individual fund and account group statements and schedules as revenues and expenditure in accordance with GASB 24.

Three-Year Trend Information for PERS

Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Funding</u>			
6/30/15	\$ 157,288	100%	\$ 0
6/30/14	147,567	100%	0
6/30/13	148,462	100%	0

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

Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Funding</u>			
6/30/15	\$ 1,390,464	100%	0
6/30/14	1,101,955	100%	0
6/30/13	1,351,267	100%	0

NOTE 4: Pension Plans (Continued)**Pension Expense Deferred Outflows/Inflows – PERS**

For the year ended June 30, 2015, the District recognized pension expense of \$157,288. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$	
Changes of Assumptions	112,239	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments		212,883
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions		81,601
District Contributions Subsequent to the Measurement Date	<u>157,288</u>	<u> </u>
Total	<u>\$ 269,527</u>	<u>294,484</u>

\$269,527 reported as deferred outflows of resources related to pensions resulting from school district, charter school, or renaissance school project contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Additional Information

Collective balances at December 31, 2013 and 2014 are as follows:

	<u>Dec. 31, 2014</u>	<u>Dec. 31, 2013</u>
Collective Deferred Outflows of Resources	\$ 269,527	
Collective Deferred Inflows of Resources	294,484	
Collective Net Pension Liability	3,572,190	3,743,058
District's Proportion	.01908%	.01958%

NOTE 4: Pension Plans (Continued)**Components of Net Pension Liability**

The components of the net pension liability of the participating employers for PERS as of June 30, 2014 and 2013 are as follows:

	2014		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 28,777,950,141	39,071,470,586	67,849,420,727
Plan Fiduciary Net Position	<u>8,650,846,191</u>	<u>20,348,735,583</u>	<u>28,999,581,774</u>
Net Pension Liability	<u>\$ 20,127,103,950</u>	<u>18,722,735,003</u>	<u>38,849,838,953</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	30.06%	52.08%	42.74%

	2013		
	<u>State</u>	<u>Local</u>	<u>Total</u>
Total Pension Liability	\$ 27,515,277,069	37,272,295,162	64,787,572,231
Plan Fiduciary Net Position	<u>8,216,653,950</u>	<u>18,160,308,251</u>	<u>26,376,962,201</u>
Net Pension Liability	<u>\$ 19,298,623,119</u>	<u>19,111,986,911</u>	<u>38,410,610,030</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	29.86%	48.72%	40.71%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2103, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15% - 4.40% Based on Age
Thereafter	3.15% – 5.40% Based on Age
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

NOTE 4: Pension Plans (Continued)**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, 2014 and 2013, respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>2014</u>		
	<u>At 1%</u>	<u>At Current</u>	<u>At 1%</u>
	<u>Decrease (4.39%)</u>	<u>Discount</u>	<u>Increase (6.39%)</u>
<u>Rate (5.39%)</u>		<u>Rate (6.39%)</u>	
State	\$ 23,772,450,916	20,127,103,950	17,069,920,644
Local	<u>23,553,838,159</u>	<u>18,722,735,003</u>	<u>14,665,837,859</u>
Total	<u>\$ 47,326,289,075</u>	<u>38,849,838,953</u>	<u>31,735,758,503</u>
	<u>2013</u>		
	<u>At 1%</u>	<u>At Current</u>	<u>At 1%</u>
	<u>Decrease (4.55%)</u>	<u>Discount</u>	<u>Increase (6.55%)</u>
	<u>Rate (5.55%)</u>		<u>Rate (6.55%)</u>
State	\$ 22,822,255,839	19,298,623,119	16,351,193,705
Local	<u>23,791,905,551</u>	<u>19,111,986,911</u>	<u>15,190,834,283</u>
Total	<u>\$ 46,614,161,390</u>	<u>38,410,610,030</u>	<u>31,542,027,988</u>

Teachers Pensions and Annuity Fund (TPAF)**Components of Net Pension Liability**

The components of the net pension liability of the State as of June 30, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
Total Pension Liability	\$ 81,095,320,000	76,678,639,671
Plan Fiduciary Net Position	<u>27,282,252,461</u>	<u>25,888,126,040</u>
Net Pension Liability	<u>\$ 53,813,067,539</u>	<u>50,790,513,631</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

NOTE 4: Pension Plans (Continued)

State Proportionate Share of Net Pension Liability Attributable to District

	<u>2014</u>	<u>2013</u>
District's Liability	<u>\$ 52,744,337</u>	<u>49,602,149</u>
District's Proportion	.09801%	.09766%

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies Based on Experience
Thereafter	Varies Based on Experience
Investment Rate of Return	7.90%

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvements. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

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

In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

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

The discount rate used to measure the total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above as well as what the State's net pension liability would be if it was calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>At 1% Decrease</u>	<u>At Current Discount Rate</u>	<u>At 1% Increase</u>
2014 (3.68%, 4.68%, 5.68%)	\$ 64,722,984,539	53,813,067,539	44,738,870,539
2013 (3.95%, 4.95%, 5.95%)	61,017,578,926	50,790,513,631	42,351,665,847

NOTE 5: Post-Retirement Benefits

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c. 103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a prefunding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

NOTE 6: Compensated Absences

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

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

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

The liability for vested compensated absences as of June 30, 2015, was \$939,351.

NOTE 7: Capital Reserve Account

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

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

The activity of the capital reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 85,000
Year End Deposit by Board Resolution	<u>40,101</u>
Ending Balance, June 30, 2015	<u>\$ 125,101</u>

NOTE 8: Inventory

Inventory in the Food Service Fund at June 30, 2015 consisted of the following:

Food	\$ 1,543
Supplies	<u>818</u>
	<u>\$ 2,361</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1984) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 9: Fund Balance Appropriated

General Fund – Of the \$2,569,598 General Fund fund balance at June 30, 2015, \$884,262 is reserved for encumbrances; \$125,101 has been placed in the capital reserve; \$250,000 is in emergency reserve; \$400,000 is in maintenance reserve; \$100,000 is maintenance reserve designed for subsequent years expenditures; \$250,000 is designated for subsequent years expenditures; and \$560,235 is unreserved and undesignated.

NOTE 10: Calculation of Excess Surplus

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

NOTE 11: Equity Balance

2% Calculation of Excess Surplus

2014-15 Total General Fund Expenditures Per the CAFR	\$ 24,114,134
Decreased by:	
On Behalf TPAF Pension and Social Security	<u>(2,152,208)</u>
Adjusted 2014-15 General Fund Expenditures	<u>\$ 21,961,926</u>
2% of Adjusted 2014-15 General Fund Expenditures	\$ 439,239
Increased by Allowable Adjustments	<u>120,996</u>
Maximum Unassigned Fund Balance	<u>\$ 560,235</u>

NOTE 11: Equity Balance (Continued)**Section 2**

Total General Fund – Fund Balance @ 6-30-15	\$ 2,569,598
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Decreased by:

Reserved for Encumbrances	(884,262)
Other Reserves	(775,101)
Designated for Subsequent Years Expenditures	(250,000)
Designated for Subsequent Years Expenditures – Maintenance Reserve	<u>(100,000)</u>

Total Unassigned Fund Balance	<u>\$ 560,235</u>
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Section 3**Detail of Allowable Adjustments**

Extraordinary Aid	<u>\$ 120,996</u>
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Detail of Other Reserved Fund Balance

Capital Reserve	\$ 125,101
Maintenance Reserve	400,000
Emergency Reserve	<u>250,000</u>
	<u>\$ 775,101</u>

Reserved excess surplus represents a calculation under N.J.S.A. 18A:7F-7 which identifies an amount of surplus under the statute which must be restricted for use in the next succeeding budget. Designated for subsequent year's represents the amount appropriated in the 2015-2016 budget.

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

NOTE 12: Contingent Liabilities

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

NOTE 13: Tuition Adjustments

Regulations specify that tuition adjustments for any given school year shall be remitted/received in the two following years after the tuition rate is certified. These adjustments have not been reflected on the June 30, 2015 financial statements.

NOTE 14: Economic Dependency

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

NOTE 15: 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 Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>	<u>Reimbursed</u>	<u>Balance</u>
2014-2015	\$ 0	35,423	37,290	435,292
2013-2014	105,000	34,996	31,763	437,159
2012-2013	150,000	32,192	44,437	328,926

NOTE 16: General Fund Emergency Reserve Account

The reserve account is to be used to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonable unforeseeable. The emergency reserve balance may not exceed \$250,000 or 1% of the District's general fund budget up to a maximum of \$100,000 whichever is greater. Withdrawals require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health costs greater than four percent. Kenilworth maintained an emergency reserve on June 30, 2015 of \$250,000.

NOTE 17: Significant Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, Generally Accepted Accounting Principles, which establishes the FASB Accounting Standards Codification as the sole source of authoritative generally accepted accounting principles. Pursuant to the provisions of FASB ASC 105, the District has updated references to GAAP in its financial statements issued for the period ended June 30, 2015. The adoption of FASB ASC 105 did not impact the District's financial position or results of operations.

In May 2009, the FASB updated ASC 855, Subsequent Events, which is effective for reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued, or are available to be issued. The District adopted the amended sections of ASC 855 and it did not have an impact on the District's financial statements. The District evaluated all events or transactions that occurred after June 30, 2015 through December 3, 2015.

**REQUIRED SUPPLEMENTARY INFORMATION
PART II**

BUDGETARY COMPARISON SCHEDULES – C

KENILWORTH SCHOOL DISTRICT

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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 17,083,017		17,083,017	17,083,017	-
Tuition	453,367		453,367	512,972	59,605
Miscellaneous	155,000		155,000	95,033	(59,967)
Erate				40,568	40,568
Total Local Sources	<u>17,691,384</u>	<u>-</u>	<u>17,691,384</u>	<u>17,731,590</u>	<u>40,206</u>
State Sources:					
School Choice Aid	2,159,493		2,159,493	2,159,493	-
Special Education Aid	808,290		808,290	808,290	-
Extraordinary Aid	64,000		64,000	183,975	119,975
Equalization Aid	1,246,171		1,246,171	1,246,171	-
Security Aid	37,446		37,446	37,446	-
Transportation Aid	29,770		29,770	29,770	-
Under Adequacy Aid	46,156		46,156	46,156	-
Extraordinary Aid-2013-14				1,021	1,021
PARCC Readiness Aid	14,180		14,180	14,180	-
Per pupil Growth Aid	14,180		14,180	14,180	-
TPAF Pension Contribution (On-Behalf)			-	1,390,464	1,390,464
TPAF Social Security Contribution (Reimbursed)			-	761,744	761,744
Total State Sources	<u>4,419,686</u>	<u>-</u>	<u>4,419,686</u>	<u>6,692,890</u>	<u>2,273,204</u>
Total Revenues	<u>22,111,070</u>	<u>-</u>	<u>22,111,070</u>	<u>24,424,480</u>	<u>2,313,410</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 2 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Distributed Expenditures:					
Regular Programs - Instruction:					
Pre-Kindergarten - Salaries of Teachers	58,140	1,566	59,706	55,904	3,802
Kindergarten - Salaries of Teachers	350,557	(4,591)	345,966	323,953	22,013
Grades 1-5 - Salaries of Teachers	2,109,636	(18,844)	2,090,792	1,969,324	121,468
Grades 6-8 - Salaries of Teachers	1,761,260	27,979	1,789,239	1,692,579	96,660
Grades 9-12 - Salaries of Teachers	2,330,331	91,706	2,422,037	2,190,245	231,792
Subtotal	<u>6,609,924</u>	<u>97,816</u>	<u>6,707,740</u>	<u>6,232,005</u>	<u>475,735</u>
Regular Programs - Other:					
Salaries of Teachers	7,500	5,169	12,669	12,669	-
Subtotal	<u>6,617,424</u>	<u>102,985</u>	<u>6,720,409</u>	<u>6,244,674</u>	<u>475,735</u>
Regular Programs - Undistributed Instruction:					
Other Instructional Salaries	271,060	130,030	401,090	393,353	7,737
Purchased Professional Educational Services	88,718	24,415	113,133	113,133	-
Purchased Technical Services	30,468	(4,212)	26,256	25,831	425
General Supplies	278,454	21,272	299,726	299,583	143
Textbooks	91,465	(113)	91,352	91,347	5
Other Objects	1,512	319	1,831	1,831	-
Subtotal	<u>761,677</u>	<u>171,711</u>	<u>933,388</u>	<u>925,078</u>	<u>8,310</u>
Total Regular Programs - Instruction	<u>7,379,101</u>	<u>274,696</u>	<u>7,653,797</u>	<u>7,169,752</u>	<u>484,045</u>

KENILWORTH SCHOOL DISTRICT

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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Special Education Instruction:					
Learning & Language Disabilities:					
Salaries of Teachers	151,181	4,069	155,250	145,366	9,884
Other Salaries for Instruction	116,446	4,402	120,848	112,014	8,834
General Supplies	2,544	(294)	2,250	2,250	-
Total Learning and Language Disabilities	<u>270,171</u>	<u>8,177</u>	<u>278,348</u>	<u>259,630</u>	<u>18,718</u>
Multiple Disabilities					
Salaries of Teachers	66,982	(6,823)	60,159	51,057	9,102
Other Salaries for Instruction	82,677	(23,021)	59,656	52,180	7,476
General Supplies	680	(188)	492	491	1
Total Multiple Disabilities	<u>150,339</u>	<u>(30,032)</u>	<u>120,307</u>	<u>103,728</u>	<u>16,579</u>
Resource Room/Center:					
Salaries of Teachers	1,343,611	55,297	1,398,908	1,323,493	75,415
Other Salaries for Instruction	206,692	2,614	209,306	196,438	12,868
General Supplies	6,709	(542)	6,167	6,167	-
Textbooks	3,104	(3,104)	3,104		3,104
Total Resource Room/Center	<u>1,560,116</u>	<u>54,265</u>	<u>1,614,381</u>	<u>1,526,098</u>	<u>88,283</u>
Autism:					
Other Salaries for Instruction		457	457		457
Total Autism	<u>-</u>	<u>457</u>	<u>457</u>	<u>-</u>	<u>457</u>
Pre-School Disabilities - Part-Time					
Salaries of Teachers	68,351	1,829	70,180	65,722	4,458
Other Salaries for Instruction	82,677	33,251	115,928	109,395	6,533
General Supplies	1,004		1,004	1,003	1
Total Pre-School Handicapped	<u>152,032</u>	<u>35,080</u>	<u>187,112</u>	<u>176,120</u>	<u>10,992</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 4 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Special Education - Instruction	<u>2,132,658</u>	<u>67,947</u>	<u>2,200,605</u>	<u>2,065,576</u>	<u>135,029</u>
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	442,411	(22,467)	419,944	356,240	63,704
General Supplies	<u>2,108</u>	<u>445</u>	<u>2,553</u>	<u>2,553</u>	<u>-</u>
Total Basic Skills/Remedial - Instruction	<u>444,519</u>	<u>(22,022)</u>	<u>422,497</u>	<u>358,793</u>	<u>63,704</u>
Bilingual Education - Instruction:					
Salaries of Teachers	175,569	4,042	179,611	168,816	10,795
General Supplies	<u>1,527</u>	<u>(279)</u>	<u>1,248</u>	<u>1,247</u>	<u>1</u>
Total Bilingual Education - Instruction	<u>177,096</u>	<u>3,763</u>	<u>180,859</u>	<u>170,063</u>	<u>10,796</u>
School Sponsored Co-Curricular Activities - Instruction					
Salaries	155,902	76,541	232,443	218,988	13,455
Supplies	25,450	(12,726)	12,724	12,670	54
Other Objects	<u>2,500</u>	<u>(660)</u>	<u>1,840</u>	<u>1,840</u>	<u>-</u>
Total School Sponsored Co-Curricular Activities	<u>183,852</u>	<u>63,155</u>	<u>247,007</u>	<u>233,498</u>	<u>13,509</u>
School Sponsored Athletics - Instruction					
Salaries	246,906	8,198	255,104	239,333	15,771
Purchased Services	57,805	(15,741)	42,064	42,062	2
Supplies and Materials	24,339	(3,133)	21,206	19,651	1,555
Other Objects	<u>13,230</u>	<u>(1,435)</u>	<u>11,795</u>	<u>11,796</u>	<u>(1)</u>
Total School Sponsored Athletics - Instruction	<u>342,280</u>	<u>(12,111)</u>	<u>330,169</u>	<u>312,842</u>	<u>17,327</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 5 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Total Distributed Expenditures	<u>10,659,506</u>	<u>375,428</u>	<u>11,034,934</u>	<u>10,310,524</u>	<u>724,410</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs in State - Special	287,628	(227,602)	60,026	60,026	-
Tuition to County Vocational School:					
Regular	464,500	19,000	483,500	483,500	-
Special	52,000	(20,000)	32,000	32,000	-
Tuition - County Special Services & Reg Day Schools	606,391	(7,998)	598,393	580,995	17,398
Tuition to Private School for Handicapped - Within State	552,665	437,694	990,359	986,257	4,102
Tuition-Other	100,000	(100,000)	-		-
Total Instruction	<u>2,063,184</u>	<u>101,094</u>	<u>2,164,278</u>	<u>2,142,778</u>	<u>21,500</u>
Attendance & Social Work:					
Purchased Technical Services	17,600	(2,372)	15,228	15,228	-
Supplies and Materials	250	(250)	-		-
Total Attendance & Social Work	<u>17,850</u>	<u>(2,622)</u>	<u>15,228</u>	<u>15,228</u>	<u>-</u>
Health Services:					
Salaries	116,592	3,139	119,731	112,108	7,623
Purchased Professional/Technical Services	18,750	(6,750)	12,000	12,000	-
Supplies and Materials	3,856	(383)	3,473	3,470	3
Total Health Services	<u>139,198</u>	<u>(3,994)</u>	<u>135,204</u>	<u>127,578</u>	<u>7,626</u>
Other Student Support Services - Related Services:					
Salaries	209,358	5,637	214,995	201,306	13,689
Purchased Professional/Technical Services	59,770	9,852	69,622	67,096	2,526
Supplies and Materials	3,448	(525)	2,923	2,923	-
Total Other Student Support Services - Related Services	<u>272,576</u>	<u>14,964</u>	<u>287,540</u>	<u>271,325</u>	<u>16,215</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 6 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Other Support Student - Regular:					
Salaries of Other Professional Staff	360,960	19,858	380,818	356,225	24,593
Salaries of Secretarial & Clerical	29,543	5,128	34,671	32,552	2,119
Purchased Professional/Educational Services	4,254	6,855	11,109	11,109	-
Other Purchased Professional/Technical Services	22,103	(5,744)	16,359	13,438	2,921
Other Purchased Services	2,513	(1,792)	721	721	-
Supplies and Materials	8,414	(4,918)	3,496	3,496	-
Other Objects	625	(250)	375	375	-
Total Other Support Student - Regular	<u>428,412</u>	<u>19,137</u>	<u>447,549</u>	<u>417,916</u>	<u>29,633</u>
Other Support Student Services- Special:					
Salaries of Other Professional Staff	484,289	23,765	508,054	475,864	32,190
Salaries of Secretarial & Clerical	43,745	1,156	44,901	42,042	2,859
Purchased Professional Educational Services	9,308	176	9,484	9,484	-
Other Purchased Services	391	1,993	2,384	2,384	-
Miscellaneous Purchased Services	3,400	3,528	6,928	6,928	-
Supplies and Materials	4,555	9,343	13,898	13,898	-
Total Other Support Student Services- Special	<u>545,688</u>	<u>39,961</u>	<u>585,649</u>	<u>550,600</u>	<u>35,049</u>
Improvement Instructional Services:					
Salaries of Supervisors of Instruction	293,367	(2,999)	290,368	290,367	1
Salaries of Other Professional Staff	8,460	(3,742)	4,718	4,718	-
Salaries of Secretarial & Clerical	76,960	3,344	80,304	75,336	4,968
Other Purchased Services	150	(150)	-	-	-
Supplies & Materials	500	2,106	2,606	456	2,150
Other Objects	2,980	1,040	4,020	4,020	-
Total Improvement Instructional Services	<u>382,417</u>	<u>(401)</u>	<u>382,016</u>	<u>374,897</u>	<u>7,119</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 7 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Educational Media/Library:					
Salaries	138,544	3,064	141,608	132,073	9,535
Salaries of Technology Coordinators	46,291		46,291	46,291	-
Other Purchased Services	952	(691)	261	260	1
Supplies & Materials	35,164	(7,447)	27,717	27,708	9
Total Educational Media/Library	<u>220,951</u>	<u>(5,074)</u>	<u>215,877</u>	<u>206,332</u>	<u>9,545</u>
Staff Training:					
Salaries of Supervisors of Instruction	53,040	1	53,041	53,040	1
Other Salaries for Instruction	9,210	(4,696)	4,514	4,514	-
Purchased Professional/Educational Serv.	8,960	8,677	17,637	17,637	-
Supplies & Materials	500	459	959	875	84
Other Objects	2,444	(753)	1,691	1,690	1
Total Staff Training	<u>74,154</u>	<u>3,688</u>	<u>77,842</u>	<u>77,756</u>	<u>86</u>
Support Services - General Administration:					
Salaries	169,610		169,610	161,011	8,599
Salaries-Secretarial	45,900		45,900	45,900	-
Other Salaries	7,900		7,900	7,900	-
Legal Services	55,000	46,806	101,806	96,901	4,905
Audit Fee	16,000	(500)	15,500	15,500	-
Other Purchased Professional Services	4,840	2,495	7,335	7,335	-
Purchased Technical Services	5,600	(219)	5,381	5,381	-
Communications/Telephone	76,652	1,419	78,071	72,468	5,603
BOE Other Purchased Services	9,000	(114)	8,886	8,885	1
Other Purchased Services	1,296	(79)	1,217	1,217	-
Insurance	111,760	(435)	111,325	111,325	-
Supplies & Materials	2,350	(776)	1,574	1,502	72
BOE In House Training Supplies	1,450	500	1,950	1,891	59
Miscellaneous Expenditures	4,136	(367)	3,769	3,768	1
BOE Membership Dues and Fees	20,062	(101)	19,961	19,960	1
Total Support Services - General Administration	<u>531,556</u>	<u>48,629</u>	<u>580,185</u>	<u>560,944</u>	<u>19,241</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 8 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Support Services - School Administration:					
Salaries of Principals/Vice Principals	295,545	364	295,909	295,908	1
Salaries of Other Professional Staff	186,443	4,165	190,608	187,792	2,816
Salaries of Secretarial & Clerical	171,481	3,724	175,205	163,151	12,054
Other Purchased Services	2,219	(1,938)	281	281	-
Supplies & Materials	6,472	(1,953)	4,519	4,517	2
Other Objects	4,118	(638)	3,480	3,480	-
Total Support Services - School Administration	<u>666,278</u>	<u>3,724</u>	<u>670,002</u>	<u>655,129</u>	<u>14,873</u>
Technology Information Service:					
Salaries	81,991		81,991	81,991	-
Purchased Professional Services	37,344		37,344	37,344	-
Purchased Technical Services	28,205	9,079	37,284	37,283	1
Other Purchased Services	9,324	1,116	10,440	10,440	-
Supplies and Materials	57,100	(6,068)	51,032	32,060	18,972
Total Technology Information Service	<u>213,964</u>	<u>4,127</u>	<u>218,091</u>	<u>199,118</u>	<u>18,973</u>
Required Maintenance - Facilities:					
Cleaning, Repair & Maintenance Services	182,909	66,791	249,700	205,715	43,985
General Supplies	35,555	(14,852)	20,703	20,703	-
Other Objects	1,420	200	1,620	1,620	-
Total Allowable Maintenance Facilities	<u>219,884</u>	<u>52,139</u>	<u>272,023</u>	<u>228,038</u>	<u>43,985</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 9 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other Operations & Maintenance:					
Salaries	445,442	14,391	459,833	399,325	60,508
Purchased Professional/Technical Serv.	6,500	(820)	5,680	1,090	4,590
Cleaning, Repair & Maintenance Services	279,763	2,500	282,263	281,888	375
Other Purchased Property Services	36,300	3,008	39,308	31,135	8,173
Insurance	56,045	(1,861)	54,184	53,939	245
General Supplies	18,250	20,303	38,553	38,553	-
Natural Gas	134,529	12,687	147,216	103,039	44,177
Energy (Heat & Electricity)	334,229	(11,786)	322,443	299,015	23,428
Other Objects		820	820	820	-
Total Other Operations & Maintenance	<u>1,311,058</u>	<u>39,242</u>	<u>1,350,300</u>	<u>1,208,804</u>	<u>141,496</u>
Upkeep of Grounds:					
Salaries	45,444	1,202	46,646	43,675	2,971
Purchased Professional/Technical Serv.	11,650	(4,500)	7,150	3,648	3,502
Repair and Maintenance	6,000	(1,000)	5,000	3,522	1,478
Supplies	23,500	(12,100)	11,400	9,050	2,350
Total Upkeep of Grounds	<u>86,594</u>	<u>(16,398)</u>	<u>70,196</u>	<u>59,895</u>	<u>10,301</u>
Security:					
Purchased Professional/Technical Serv.	3,000	(3,000)	-	-	-
Repairs and Maintenance	1,500	(1,500)	-	-	-
Total Security	<u>4,500</u>	<u>(4,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operations & Maintenance	<u>1,622,036</u>	<u>70,483</u>	<u>1,692,519</u>	<u>1,496,737</u>	<u>195,782</u>

KENILWORTH SCHOOL DISTRICT

**Exhibit C-1
Sheet 10 of 12**

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Student Transportation:					
Contracted Services Other - Vendors	63,498	439	63,937	54,665	9,272
Contracted Services Special Ed. Joint Agreement	593,500	(924)	592,576	588,926	3,650
Total Student Transportation	<u>656,998</u>	<u>(485)</u>	<u>656,513</u>	<u>643,591</u>	<u>12,922</u>
Central Services:					
Salaries	270,637	78	270,715	270,714	1
Purchased Technical Services	27,196	3,710	30,906	22,392	8,514
Supplies & Materials	5,200	(290)	4,910	3,208	1,702
Miscellaneous Expenditures	2,864		2,864	2,863	1
Total Central Services	<u>305,897</u>	<u>3,498</u>	<u>309,395</u>	<u>299,177</u>	<u>10,218</u>
Undistributed Expenditures-Employee Benefits:					
Other Retirement Contrib. - Social Security	197,061	46,499	243,560	243,560	-
Other Retirement Contrib. - PERS	172,500	(15,212)	157,288	157,288	-
Other Retirement Contrib. - ERIP	11,250	3,844	15,094	15,093	1
Workman's Compensation	89,196	(13,770)	75,426	75,425	1
Health Benefits	3,159,720	(187,026)	2,972,694	2,971,543	1,151
Tuition Reimbursements	68,500	(3,499)	65,001	65,000	1
Other Employee Benefits	24,370	(4,405)	19,965	19,964	1
Total Unallocated Benefits	<u>3,722,597</u>	<u>(173,569)</u>	<u>3,549,028</u>	<u>3,547,873</u>	<u>1,155</u>
TPAF Pension Contribution (On-Behalf)			-	1,390,464	(1,390,464)
TPAF Social Security Contribution (Reimbursed)			-	761,744	(761,744)
Total Undistributed Expenditures	<u>11,863,756</u>	<u>123,160</u>	<u>11,986,916</u>	<u>13,739,187</u>	<u>(1,752,271)</u>
Total General Current Expense	<u>22,523,262</u>	<u>498,588</u>	<u>23,021,850</u>	<u>24,049,711</u>	<u>(1,027,861)</u>

KENILWORTH SCHOOL DISTRICT

Exhibit C-1
Sheet 11 of 12

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Summer School					
Instruction:					
Salaries of Teachers	57,008	(1,874)	55,134	55,133	1
General Supplies	3,150	2,347	5,497	5,497	-
Total Instruction	<u>60,158</u>	<u>473</u>	<u>60,631</u>	<u>60,630</u>	<u>1</u>
Support Services:					
Salaries of Teachers	3,946	(152)	3,794	3,793	1
Total Support Services	<u>3,946</u>	<u>(152)</u>	<u>3,794</u>	<u>3,793</u>	<u>1</u>
Total Summer School	<u>64,104</u>	<u>321</u>	<u>64,425</u>	<u>64,423</u>	<u>2</u>
Total Current Expense & Summer School	<u>22,587,366</u>	<u>498,909</u>	<u>23,086,275</u>	<u>24,114,134</u>	<u>(1,027,859)</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	(476,296)	(498,909)	(975,205)	310,346	1,285,551
Fund Balance July 1	<u>2,259,252</u>		<u>2,259,252</u>	<u>2,259,252</u>	
Fund Balance June 30	<u>\$ 1,782,956</u>	<u>(498,909)</u>	<u>1,284,047</u>	<u>2,569,598</u>	<u>1,285,551</u>

KENILWORTH SCHOOL DISTRICT

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

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Recapitulation:					
Restricted Fund Balance:					
Maintenance Reserve-Designated for Subsequent Year's Expenditures				\$ 100,000	
Emergency Reserve				250,000	
Capital Reserve				125,101	
Maintenance Reserve				400,000	
Committed Fund Balance:					
Year End Encumbrances				884,262	
Assigned Fund Balances:					
Designated for Subsequent Year's Expenditures				250,000	
Unassigned Fund Balance				<u>560,235</u>	
				2,569,598	
Reconciliation to Governmental Funds Statement (GAAP):					
Final State Aid Payments not Recognized on GAAP Basis				<u>(428,669)</u>	
Fund Balance Per Governmental Funds (GAAP)				<u>\$ 2,140,929</u>	

KENILWORTH SCHOOL DISTRICT

Exhibit C-2

BUDGETARY COMPARISON SCHEDULE

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
State Sources	\$ 152,400	17,534	169,934	123,616	46,318
Local Sources		14,800	14,800	14,800	
Federal Sources	<u>432,000</u>	<u>94,013</u>	<u>526,013</u>	<u>515,182</u>	<u>10,831</u>
Total Revenues	<u>\$ 584,400</u>	<u>126,347</u>	<u>710,747</u>	<u>653,598</u>	<u>57,149</u>
Expenditures:					
Instruction:					
Salaries of Teachers	\$ 34,000	6,671	40,671	40,671	
Other Salaries for Instruction	55,000	(37,094)	17,906	17,906	
Purchased Professional and Technical Services	150,400	8,154	158,554	112,298	46,256
Tuition	287,000	(1,064)	285,936	285,936	
General Supplies	15,000	61,395	76,395	67,708	8,687
Textbooks	11,000	2,159	13,159	13,097	62
Total Instruction	<u>552,400</u>	<u>40,221</u>	<u>592,621</u>	<u>537,616</u>	<u>55,005</u>
Support Services:					
Salaries	15,000	(10,000)	5,000	5,000	
Personal Services - Employee Benefits	7,000	3,340	10,340	10,340	
Purchased Professional - Educational Services	10,000	80,562	90,562	88,873	1,689
Other Purchased Services		300	300		300
Tuition		3,110	3,110	3,110	
General Supplies		8,659	8,659	8,659	
Other Objects		155	155		155
Total Support Services	<u>32,000</u>	<u>86,126</u>	<u>118,126</u>	<u>115,982</u>	<u>2,144</u>
Total Expenditures	<u>\$ 584,400</u>	<u>126,347</u>	<u>710,747</u>	<u>653,598</u>	<u>57,149</u>

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

KENILWORTH SCHOOL DISTRICT**REQUIRED SUPPLEMENTARY INFORMATION**

Exhibit C-3

BUDGETARY COMPARISON SCHEDULE**NOTE TO RSI****FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>General Fund</u>	<u>Special Revenue Fund</u>
<u>Sources/Inflows of Resources</u>		
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 24,424,480	665,024
Difference - budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures, and the Related Revenue is Recognized		(33,439)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	423,722	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.	<u>(428,669)</u>	
Total revenue as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u>\$ 24,419,533</u>	<u>631,585</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 24,114,134	665,024
Differences - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		<u>(33,439)</u>
Total Expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 24,114,134</u>	<u>631,585</u>

REQUIRED SUPPLEMENTARY INFORMATION – PART III

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

KENILWORTH SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - PERS****Exhibit L-1****LAST TWO FISCAL YEARS**

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	100.000%	100.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 3,572,190	3,743,058
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>-</u>	<u>-</u>
Total	<u>\$ 3,572,190</u>	<u>3,743,058</u>
District's Covered-Employee Payroll	1,359,347	1,374,199
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	38.05%	36.71%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	42.74%	40.71%

KENILWORTH SCHOOL DISTRICTSCHEDULE OF DISTRICT CONTRIBUTIONS - PERS

Exhibit L-2

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 147,567	148,462
Contributions in Relation to the Contractually Required Contribution	<u>147,567</u>	<u>148,462</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>
District's Covered-Employee Payroll	\$ 1,359,347	1,374,199
Contributions as a Percentage of Covered-Employee Payroll	10.86%	10.80%

KENILWORTH SCHOOL DISTRICT**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE****NET PENSION LIABILITY - TPAF****Exhibit L-3****LAST TWO FISCAL YEARS**

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability (Asset)	0.000%	0.000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ -	-
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	<u>52,744,337</u>	<u>49,602,149</u>
Total	<u>\$ 52,744,337</u>	<u>49,602,149</u>
District's Covered-Employee Payroll	9,966,336	9,779,748
District's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered-Employee Payroll	18.90%	19.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	33.64%	33.76%

OTHER SUPPLEMENTARY INFORMATION

SCHOOL LEVEL SCHEDULES – D

N/A

SPECIAL REVENUE FUND – E

KENILWORTH SCHOOL DISTRICT

Exhibit E-1
Sheet 1 of 3

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Title I</u>	<u>I.D.E.A. Basic Flow-Thru</u>	<u>I.D.E.A. Pre-School</u>	<u>Title IIA</u>	<u>Title III</u>	<u>Safety Grant</u>
Revenues:						
State Sources	\$ -					
Federal Sources	147,007	310,575	10,067	20,824	26,709	
Local Sources						14,800
Total Revenues	<u>\$ 147,007</u>	<u>310,575</u>	<u>10,067</u>	<u>20,824</u>	<u>26,709</u>	<u>14,800</u>
Expenditures:						
Instruction:						
Salaries of Teachers	\$ 34,000				6,671	
Other Salaries for Instruction	17,906					
Purchased Professional and Technical Services						
Tuition		275,869	10,067			
General Supplies	45,891			11,717	10,100	
Textbooks						
Other Objects					1,779	
Total Instruction	<u>97,797</u>	<u>275,869</u>	<u>10,067</u>	<u>11,717</u>	<u>18,550</u>	<u>-</u>
Support Services:						
Salaries	5,000					
Employee Benefits	10,340					
Purchased Professional Educational Services	33,870	34,706		9,107	2,800	8,390
Other Purchased Services					3,110	
General Supplies					2,249	6,410
Total Support Services	<u>49,210</u>	<u>34,706</u>	<u>-</u>	<u>9,107</u>	<u>8,159</u>	<u>14,800</u>
Total Expenditures	<u>\$ 147,007</u>	<u>310,575</u>	<u>10,067</u>	<u>20,824</u>	<u>26,709</u>	<u>14,800</u>

KENILWORTH SCHOOL DISTRICT

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Compensatory Education</u>	<u>Transportation</u>	<u>Supplementary Instruction</u>	<u>Examination and Classification Initial</u>	<u>Examination and Classification Annual</u>	<u>Corrective Speech</u>
Revenues:						
State Sources	51,330	5,931	16,790	16,378	5,054	6,096
Federal Sources						
Local Sources						
Total Revenues	<u>51,330</u>	<u>5,931</u>	<u>16,790</u>	<u>16,378</u>	<u>5,054</u>	<u>6,096</u>
Expenditures:						
Instruction:						
Salaries of Teachers						
Other Salaries for Instruction						
Purchased Professional and Technical Services	51,330	5,931	16,790	16,378	5,054	6,096
Tuition						
General Supplies						
Textbooks						
Other Objects						
Total Instruction	<u>51,330</u>	<u>5,931</u>	<u>16,790</u>	<u>16,378</u>	<u>5,054</u>	<u>6,096</u>
Support Services:						
Salaries						
Employee Benefits						
Purchased Professional Educational Services						
Other Purchased Services						
General Supplies						
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>51,330</u>	<u>5,931</u>	<u>16,790</u>	<u>16,378</u>	<u>5,054</u>	<u>6,096</u>

KENILWORTH SCHOOL DISTRICT

Exhibit E-1
Sheet 3 of 3

SPECIAL REVENUE FUND

COMBINING SCHEDULE OF REVENUES AND EXPENDITURES - BUDGETARY BASIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Home Instruction</u>	<u>Non-Public Technology</u>	<u>Non-Public Nursing Services</u>	<u>Non-Public Textbooks</u>	<u>Total 2015</u>
Revenues:					
State Sources	257	6,086	15,802	11,318	135,042
Federal Sources					515,182
Local Sources					14,800
Total Revenues	<u>257</u>	<u>6,086</u>	<u>15,802</u>	<u>11,318</u>	<u>665,024</u>
Expenditures:					
Instruction:					
Salaries of Teachers					40,671
Other Salaries for Instruction					17,906
Purchased Professional and Technical Services	257	6,086	15,802		123,724
Tuition					285,936
General Supplies					67,708
Textbooks				11,318	11,318
Other Objects					1,779
Total Instruction	<u>257</u>	<u>6,086</u>	<u>15,802</u>	<u>11,318</u>	<u>549,042</u>
Support Services:					
Salaries					5,000
Employee Benefits					10,340
Purchased Professional Educational Services					88,873
Other Purchased Services					3,110
General Supplies					8,659
Total Support Services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,982</u>
Total Expenditures	<u>257</u>	<u>6,086</u>	<u>15,802</u>	<u>11,318</u>	<u>665,024</u>

CAPITAL PROJECTS FUND – F

N/A

PROPRIETARY FUNDS – G

KENILWORTH SCHOOL DISTRICT**STATEMENT OF NET POSITION**

Exhibit G-1

ENTERPRISE FUNDS**JUNE 30, 2015**

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
<u>Assets:</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 76,035	34,729	110,764
Accounts Receivable:			
State	209		209
Federal	7,138		7,138
Inventory	2,361		2,361
Total Current Assets	<u>85,743</u>	<u>34,729</u>	<u>120,472</u>
Noncurrent Assets			
Equipment	181,750		181,750
Accumulated Depreciation	(157,210)		(157,210)
Total Fixed Assets	<u>24,540</u>	<u>-</u>	<u>24,540</u>
Total Assets	<u>\$ 110,283</u>	<u>34,729</u>	<u>145,012</u>
<u>Liabilities:</u>			
Deferred Revenue	\$ 4,128		4,128
Total Liabilities	<u>\$ 4,128</u>	<u>-</u>	<u>4,128</u>
<u>Net Position:</u>			
Investment in Capital Assets	\$ 24,540		24,540
Unrestricted	81,615	34,729	116,344
Total Net Position	<u>\$ 106,155</u>	<u>34,729</u>	<u>140,884</u>

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

Exhibit G-2

ENTERPRISE FUNDS**JUNE 30, 2015**

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
Operating Revenues:			
Daily Sales	\$ 235,845		235,845
Fees		169,000	169,000
Total Operating Revenues	<u>235,845</u>	<u>169,000</u>	<u>404,845</u>
Operating Expenses:			
Salaries	159,660	154,901	314,561
Other Employee Benefits	35,294		35,294
Cost of Sales	183,263		183,263
Supplies and Materials	14,996		14,996
Management Fee	8,052		8,052
Commodities	1,458		1,458
Depreciation	3,980		3,980
Miscellaneous	2,155		2,155
Operating Expenses	<u>408,858</u>	<u>154,901</u>	<u>563,759</u>
Operating Gain/(Loss)	(173,013)	14,099	(158,914)
Non-Operating Revenues:			
State Sources:			
State School Lunch Program	3,884		3,884
Federal Sources:			
National School Lunch Program	116,783		116,783
Federal HHFKA Program	5,018		5,018
Federal Breakfast Program	5,943		5,943
Food Distribution Program	28,489		28,489
Total Non-Operating Revenues	<u>160,117</u>	<u>-</u>	<u>160,117</u>
Change in Net Position	(12,896)	14,099	1,203
Adjustment for Fixed Assets	(1,950)		(1,950)
Net Position, July 1	<u>121,001</u>	<u>20,630.00</u>	<u>141,631</u>
Net Position, June 30	<u>\$ 106,155</u>	<u>34,729</u>	<u>140,884</u>

KENILWORTH SCHOOL DISTRICT**SCHEDULE OF CASH FLOWS**

Exhibit G-3

ENTERPRISE FUNDS**JUNE 30, 2015**

	<u>Food Service Program</u>	<u>Aftercare Program</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 235,845	169,000	404,845
Payments to Employees	(159,660)	(154,901)	(314,561)
Payments to Suppliers	(210,088)		(210,088)
Net Cash Provided (Used) by Operating Activities	<u>(133,903)</u>	<u>14,099</u>	<u>(119,804)</u>
Cash Flows from Noncapital Financing Activities:			
State Sources	3,884		3,884
Federal Sources	127,744		127,744
Net Cash Provided by Noncapital Financing Activities	<u>131,628</u>	<u>-</u>	<u>131,628</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,275)	14,099	11,824
Cash and Cash Equivalents, July 1	<u>78,310</u>	<u>20,630</u>	<u>98,940</u>
Cash and Cash Equivalents, June 30	<u>\$ 76,035</u>	<u>34,729</u>	<u>110,764</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ (173,013)	14,099	(158,914)
Depreciation	3,980		3,980
Federal Commodities Consumed	28,489		28,489
Adjustments to Reconcile Operating Income (Loss) to Cash Provided (Used) by Operating Activities			
Decrease/(Increase) in Inventory	552		552
(Decrease)/Increase in Deferred Revenue	4,128		4,128
Decrease/(Increase) in Accounts Receivable	1,961		1,961
Net Cash Provided (Used) by Operating Activities	<u>\$ (133,903)</u>	<u>14,099</u>	<u>(119,804)</u>

FIDUCIARY FUND – H

KENILWORTH SCHOOL DISTRICT

TRUST AND AGENCY FUND

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	<u>Agency Student Activity</u>	<u>Scholarship Fund Non-Expendable Trust Fund</u>	<u>Unemployment Compensation Expendable Trust Fund</u>	<u>Total</u>
Assets:				
Cash and Cash Equivalents	<u>\$ 81,656</u>	<u>176,695</u>	<u>435,292</u>	<u>693,643</u>
Total Assets	<u>\$ 81,656</u>	<u>176,695</u>	<u>435,292</u>	<u>693,643</u>
Liabilities:				
Due to Student Groups	<u>\$ 81,656</u>			<u>81,656</u>
Total Liabilities	<u>\$ 81,656</u>			<u>81,656</u>
Net Position:				
Reserved - Scholarships		176,695		176,695
Reserved - Unemployment Benefits			435,292	435,292
Total Net Position		<u>\$ 176,695</u>	<u>435,292</u>	<u>611,987</u>

KENILWORTH SCHOOL DISTRICT

Exhibit H-2

SCHOLARSHIP NONEXPENDABLE TRUST FUNDSTATEMENT OF CHANGES IN FIDUCIARY NET POSITIONFOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>2014</u>
Operating Revenue:	
Local Source:	
Interest on Investments	\$ 90
Total Operating Revenue	<u>90</u>
Operating Expenses:	
Scholarship Payments	<u>3,000</u>
Total Operating Expenses	<u>3,000</u>
Operating Income (Loss)	<u>(2,910)</u>
Net Position July 1	<u>179,605</u>
Net Position June 30	<u>\$ 176,695</u>

KENILWORTH SCHOOL DISTRICT**STUDENT ACTIVITY AGENCY FUND**

Exhibit H-3

SCHEDULE OF RECEIPTS AND DISBURSEMENTS**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Balance</u> <u>July 1, 2014</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Elementary School</u>				
Harding	\$ 29,435	214,337	215,090	28,682
<u>High School</u>				
David Brearley	56,016	144,885	147,927	52,974
Facility Use Account	2,000	5,000	7,000	-
Athletic Account	90	26,000	26,090	-
Total High School	<u>58,106</u>	<u>175,885</u>	<u>181,017</u>	<u>52,974</u>
Total All Schools	<u>\$ 87,541</u>	<u>390,222</u>	<u>396,107</u>	<u>81,656</u>

KENILWORTH SCHOOL DISTRICT

PAYROLL AGENCY

Exhibit H-4

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Assets</u>				
Cash and Cash Equivalents	<u>\$ -</u>	<u>7,026,998</u>	<u>7,026,998</u>	<u>-</u>
<u>Liabilities</u>				
Payroll Deductions, Withholdings and Amount Due Employees	<u>\$ -</u>	<u>7,026,998</u>	<u>7,026,998</u>	<u>-</u>

LONG-TERM DEBT - I

KENILWORTH SCHOOL DISTRICT

LONG-TERM LIABILITIES

Exhibit I-1

SCHEDULE OF SERIAL BONDS

JUNE 30, 2015

	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Annual Maturities</u>		<u>Interest Rate</u>	<u>Balance July 1, 2014</u>	<u>Retired</u>	<u>Balance June 30, 2015</u>
			<u>Date</u>	<u>Amount</u>				
Renovations	7/13/1999	\$ 3,890,000			5.00%	\$ 135,000	135,000	-
ERIP Refunding	9/29/2003	410,000	10/1/2015-17 10/1/2018-20	\$ 30,000 35,000	5.50%	220,000	25,000	195,000
2008 Renovations	2/25/2009	13,900,000	1/15/2016 1/15/2017 1/15/2018 1/15/2019 1/15/2020 1/15/2021 1/15/2022 1/15/2023 1/15/2024 1/15/2025 1/15/2026 1/15/2027 1/15/2028 1/15/2029	675,000 700,000 740,000 765,000 810,000 840,000 940,000 985,000 1,025,000 1,075,000 1,125,000 1,175,000 1,225,000 1,285,000	3.00% 4.00% 4.10% 4.30% 4.40% 4.50% 4.625%	13,790,000	425,000	13,365,000
						<u>\$ 14,145,000</u>	<u>585,000</u>	<u>13,560,000</u>

KENILWORTH SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE

Exhibit 1-3

DEBT SERVICE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Revenues:					
Local Sources:					
Local Tax Levy	\$ 787,607		787,607	787,607	
State Sources:					
Debt Service Aid Type II	373,397		373,397	373,397	
Total Revenues	<u>1,161,004</u>	<u>-</u>	<u>1,161,004</u>	<u>1,161,004</u>	<u>-</u>
Expenditures:					
Regular Debt Service:					
Interest	576,107		576,107	576,106	1
Redemption of Principal	585,000		585,000	585,000	
Total Regular Debt Service	<u>1,161,107</u>	<u>-</u>	<u>1,161,107</u>	<u>1,161,106</u>	<u>1</u>
Total Expenditures	<u>1,161,107</u>	<u>-</u>	<u>1,161,107</u>	<u>1,161,106</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(103)	-	(103)	(102)	1
Fund Balance July 1	<u>111</u>	<u>-</u>	<u>111</u>	<u>111</u>	<u>-</u>
Fund Balance June 30	<u>\$ 8</u>	<u>-</u>	<u>8</u>	<u>9</u>	<u>1</u>

STATISTICAL SECTION

(Unaudited)

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

Exhibit J-1

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Invested in capital assets, net of related debt	\$ (229,632)	\$ (110,288)	\$ 33,949	\$ (13,429,054)	\$ (5,699,765)	\$ (2,216,805)	\$ (1,753,862)	\$ (1,429,497)	\$ (1,544,137)	\$ (2,332,437)
Restricted (Debt Service)	\$ 222,178	\$ 395,294	\$ 312,470	\$ 20,905	\$ 46,967	\$ 51,346	\$ 3	\$ 313	\$ 111	\$ 9
Restricted (Capital Projects)	\$ -	\$ -	\$ -	\$ 13,699,782	\$ 8,246,987	\$ 1,717,992	\$ 433,507	\$ 325,878	\$ -	\$ -
Restricted (Other Purposes)	\$ -	\$ -	\$ -	\$ -	\$ 405,015	\$ 754,507	\$ 1,495,703	\$ 2,073,891	\$ 1,810,255	\$ 2,009,363
Unrestricted	\$ (804,115)	\$ (537,700)	\$ (966,216)	\$ (1,166,298)	\$ (1,208,665)	\$ 284,261	\$ (598,399)	\$ (1,206,178)	\$ (875,997)	\$ (4,404,932)
Total governmental activities net position	\$ (811,569)	\$ (252,694)	\$ (619,797)	\$ (874,665)	\$ 1,790,539	\$ 591,301	\$ (423,048)	\$ (235,593)	\$ (609,768)	\$ (4,727,997)
Business-type activities										
Invested in capital assets, net of related debt	\$ 6,079	\$ 3,086	\$ 3,086	\$ 24,200	\$ 21,517	\$ 41,060	\$ 37,530	\$ 34,000	\$ 30,470	\$ 25,540
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 101,602	\$ 60,957	\$ 78,834	\$ 68,526	\$ 85,148	\$ 121,800	\$ 94,903	\$ 88,745	\$ 116,344	\$ -
Total business-type activities net position	\$ 107,681	\$ 64,043	\$ 81,920	\$ 92,726	\$ 106,665	\$ 162,860	\$ 132,433	\$ 122,745	\$ 146,814	\$ 25,540
District-wide										
Invested in capital assets, net of related debt	\$ (223,553)	\$ (107,202)	\$ 37,035	\$ (13,404,854)	\$ (5,678,248)	\$ (2,175,745)	\$ (1,716,332)	\$ (1,395,497)	\$ (1,513,667)	\$ (2,307,897)
Restricted	\$ 222,178	\$ 395,294	\$ 312,470	\$ 20,905	\$ 46,967	\$ 1,769,338	\$ 433,510	\$ 326,191	\$ 111	\$ 9
Other Purposes	\$ -	\$ -	\$ -	\$ 13,699,782	\$ 8,652,002	\$ 754,507	\$ 1,495,703	\$ 2,073,891	\$ 1,810,255	\$ 2,009,363
Unrestricted	\$ (702,513)	\$ (476,743)	\$ (887,382)	\$ (1,097,772)	\$ (1,123,517)	\$ 406,061	\$ (503,496)	\$ (1,117,433)	\$ (764,836)	\$ (4,288,588)
Total district net position	\$ (703,888)	\$ (188,651)	\$ (537,877)	\$ (781,939)	\$ 1,897,204	\$ 754,161	\$ (290,615)	\$ (112,848)	\$ (468,137)	\$ (4,587,113)

Source: CAFR Schedule A-1 (Net position)

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

Exhibit J-2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses											
Governmental activities											
Instruction											
Regular	\$ 6,064,971	\$ 5,647,858	\$ 5,504,115	\$ 6,364,107	\$ 6,584,495	\$ 6,324,634	\$ 6,112,698	\$ 6,660,169	\$ 7,176,047	\$ 7,371,644	\$ 7,169,752
Special education	943,266	1,791,616	1,583,879	2,092,304	2,085,007	2,427,121	2,154,051	2,180,521	2,320,339	2,210,861	2,065,576
Other special education	230,406	215,019	178,577	205,018	338,602	483,754	495,497	317,117	373,782	576,846	1,044,459
Vocational	-	-	-	-	-	-	-	-	-	-	-
Other instruction	476,347	522,319	544,693	578,260	595,501	560,607	423,406	455,915	506,685	498,965	546,340
Nonpublic school programs	-	-	-	-	-	-	-	-	-	-	-
Adult/continuing education programs	-	-	-	-	-	-	-	-	-	-	-
Support Services:											
Tuition	947,803	1,026,854	1,186,212	1,057,646	1,276,859	1,405,506	1,508,674	1,792,435	1,670,299	1,759,129	2,142,778
Student & instruction related services	1,676,547	1,695,100	2,137,314	1,941,029	2,231,134	2,124,053	2,033,536	2,101,647	2,127,791	2,220,803	2,157,614
School administrative services	685,342	1,169,643	1,183,574	1,239,364	546,894	565,642	528,848	524,145	580,411	557,611	655,129
General administrative services	676,551	541,482	548,182	548,861	1,286,405	874,963	1,061,329	1,058,488	1,099,370	1,140,220	1,059,239
Plant operations and maintenance	1,349,386	1,417,873	1,448,881	1,457,264	1,555,870	1,541,424	1,432,142	1,389,821	1,378,877	1,774,694	1,496,737
Pupil transportation	446,357	418,803	508,048	492,173	502,005	547,152	568,453	649,657	616,852	665,699	643,591
Unallocated Benefits	3,302,478	3,586,566	4,033,932	4,443,119	4,220,661	4,808,714	4,641,951	4,798,339	5,544,882	5,399,365	5,763,117
Special Schools	15,194	42,618	49,064	52,887	61,855	43,018	34,938	46,429	45,116	60,934	64,423
Education Jobs	-	-	-	-	-	-	-	127,692	-	-	-
Interest on Long Term Debt	157,839	354,099	136,092	121,040	276,130	656,218	626,763	632,993	601,752	581,305	567,312
Capital Outlay	-	-	-	-	-	-	1,924,688	1,267,372	135,511	5,336	-
Unallocated depreciation	529,279	-	188,266	191,259	231,416	231,417	472,752	465,633	465,633	465,633	672,942
ARRA	-	-	-	-	-	273,016	-	-	-	-	-
Total governmental activities expenses	<u>17,501,766</u>	<u>18,429,850</u>	<u>19,230,829</u>	<u>20,784,331</u>	<u>21,792,834</u>	<u>22,867,239</u>	<u>24,019,726</u>	<u>24,468,373</u>	<u>24,643,347</u>	<u>25,289,045</u>	<u>26,049,009</u>
Business-type activities:											
Food service	384,442	433,960	478,653	447,278	465,972	470,366	445,839	519,303	468,255	465,651	408,858
Aftercare Program	-	-	-	-	-	-	-	-	115,988	115,988	154,901
Total business-type activities expense	<u>384,442</u>	<u>433,960</u>	<u>478,653</u>	<u>447,278</u>	<u>465,972</u>	<u>470,366</u>	<u>445,839</u>	<u>519,303</u>	<u>584,243</u>	<u>581,639</u>	<u>563,759</u>
Total district expenses	<u>\$ 17,886,208</u>	<u>\$ 18,863,810</u>	<u>\$ 19,709,482</u>	<u>\$ 21,231,609</u>	<u>\$ 22,258,806</u>	<u>\$ 23,337,605</u>	<u>\$ 24,465,565</u>	<u>\$ 24,987,676</u>	<u>\$ 25,227,590</u>	<u>\$ 25,870,684</u>	<u>\$ 26,612,768</u>
Program Revenues											
Governmental activities:											
Charges for services:											
Instruction (tuition)	\$ -	\$ -	-	\$ -	-	-	291,289	329,051	320,929	384,828	512,972
Pupil transportation	-	-	-	-	-	-	-	-	-	-	-
Business and other support services	-	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	549,040	735,524	758,830	804,434	896,603	1,100,146	675,834	765,300	682,155	577,338	631,585
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	<u>549,040</u>	<u>735,524</u>	<u>758,830</u>	<u>804,434</u>	<u>896,603</u>	<u>1,100,146</u>	<u>967,123</u>	<u>1,094,351</u>	<u>1,003,084</u>	<u>962,166</u>	<u>1,144,557</u>
Business-type activities:											
Charges for services									296,778	291,902	235,845
Aftercare Program	-	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	79,327	87,240	97,120	108,606	113,227	134,293	147,381	161,887	161,789	136,618	169,000
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>79,327</u>	<u>87,240</u>	<u>97,120</u>	<u>108,606</u>	<u>113,227</u>	<u>134,293</u>	<u>147,381</u>	<u>161,887</u>	<u>458,567</u>	<u>428,520</u>	<u>404,845</u>
Total district program revenues	<u>\$ 628,367</u>	<u>\$ 822,764</u>	<u>\$ 855,950</u>	<u>\$ 913,040</u>	<u>\$ 1,009,830</u>	<u>\$ 1,234,439</u>	<u>\$ 1,114,504</u>	<u>\$ 1,256,238</u>	<u>\$ 1,461,651</u>	<u>\$ 1,390,686</u>	<u>\$ 1,549,402</u>
Net (Expense)/Revenue											
Governmental activities	\$ (16,952,726)	\$ (17,694,326)	\$ (18,471,999)	\$ (19,979,897)	(20,896,231)	(21,767,093)	(23,052,603)	(23,374,022)	(23,640,263)	(24,326,879)	(24,904,452)
Business-type activities	(305,115)	(346,720)	(43,638)	17,877	(12,991)	(336,073)	(298,458)	(357,416)	(125,676)	(153,119)	(158,914)
Total district-wide net expense	<u>\$ (17,257,841)</u>	<u>\$ (18,041,046)</u>	<u>\$ (18,515,637)</u>	<u>\$ (19,962,020)</u>	<u>(20,909,222)</u>	<u>(22,103,166)</u>	<u>(23,351,061)</u>	<u>(23,731,438)</u>	<u>(23,765,939)</u>	<u>(24,479,998)</u>	<u>(25,063,366)</u>
General Revenues and Other Changes in Net position											

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

Exhibit J-2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:											
Property taxes levied for general purposes, net	\$ 12,598,662	\$ 13,449,560	\$ 14,133,275	\$ 14,791,143	14,791,143	15,208,753	16,197,614	16,244,515	16,244,515	16,519,624	17,083,017
Taxes levied for debt service	289,598	253,363	294,667	303,376	309,592	594,933	700,725	653,823	690,794	695,330	787,607
Unrestricted grants and contributions	3,006,596	3,269,521	3,703,759	3,861,700	4,974,665	5,538,380	4,730,353	5,691,293	6,690,044	6,550,917	7,061,340
Investment Income	20,339	46,242	83,746	51,540	10,077	1,775	-	-	-	-	-
Tuition Received	329,990	326,572	383,712	388,332	445,679	275,781	305,839	-	-	-	-
Miscellaneous income	413,689	312,905	452,857	300,926	277,712	219,829	63,186	253,922	177,111	216,515	135,601
Other (Bond Proceeds)	-	-	-	-	13,921,859	50,450	408,880	-	-	(20,630)	-
Transfers	-	-	(15,000)	-	-	-	-	-	-	-	-
Total governmental activities	16,658,874	17,658,163	19,037,016	19,697,017	34,730,727	21,889,901	22,406,597	22,843,553	23,802,464	23,961,756	25,067,565
Business-type activities:											
Investment earnings	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-
Total business-type activities	-	-	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 16,658,874	\$ 17,658,163	\$ 19,037,016	\$ 19,697,017	34,730,727	21,889,901	22,406,597	22,843,553	23,802,464	23,961,756	25,067,565
Change in Net position											
Governmental activities	\$ (293,852)	\$ (36,163)	\$ 565,017	\$ (282,880)	13,834,496	122,808	(646,006)	(530,469)	162,201	(365,123)	163,113
Business-type activities	(305,115)	(346,720)	(43,638)	17,877	(12,991)	13,939	(298,458)	(357,416)	(125,676)	(153,119)	(158,914)
Total district	\$ (598,967)	\$ (382,883)	\$ 521,379	\$ (265,003)	13,821,505	136,747	(944,464)	(887,885)	36,525	(518,242)	4,199

Source: CAFR Schedule A-2

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

Exhibit J-3

	Fiscal Year Ending June 30,										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund											
Reserved	\$ 333,944	\$ 299,688	\$ 912,670	313,558	297,941	405,015	854,507	1,460,181	1,921,935	1,715,888	1,918,625
Interfund Receivable	\$ -	\$ -	\$ -	-	-	-	-	-	58,188	42,547	222,304
Unreserved	361,005	305,515	167,011	242,614	296,815	236,122	184,261	306,434	154,927	97,725	-
Total general fund	<u>\$ 694,949</u>	<u>\$ 605,203</u>	<u>\$ 1,079,681</u>	<u>\$ 556,172</u>	<u>\$ 594,756</u>	<u>\$ 641,137</u>	<u>\$ 1,038,768</u>	<u>\$ 1,766,615</u>	<u>\$ 2,135,050</u>	<u>\$ 1,856,160</u>	<u>\$ 2,140,929</u>
All Other Governmental Funds											
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 3,481,465	\$ 533,531	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:											
Special revenue fund	(950)	(468)	-	(1,088)	-	-	180,195	51,437	89,999	55,426	46,318
Capital projects fund	-	-	-	-	9,920,376	7,713,456	1,717,992	448,392	325,878	-	-
Debt service fund	36,804	2	1	-	20,905	20,905	51,346	3	313	111	9
Permanent fund	-	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 35,854</u>	<u>\$ (466)</u>	<u>\$ 1</u>	<u>\$ (1,088)</u>	<u>\$ 13,422,746</u>	<u>\$ 8,267,892</u>	<u>\$ 1,949,533</u>	<u>\$ 499,832</u>	<u>\$ 416,190</u>	<u>\$ 55,537</u>	<u>\$ 46,327</u>
Total all Governmental Funds:	<u>\$ 730,803</u>	<u>\$ 604,737</u>	<u>\$ 1,079,682</u>	<u>\$ 555,084</u>	<u>\$ 14,017,502</u>	<u>\$ 8,909,029</u>	<u>\$ 2,988,301</u>	<u>\$ 2,266,447</u>	<u>\$ 2,551,240</u>	<u>\$ 1,911,697</u>	<u>\$ 2,187,256</u>

Source: CAFR Schedule B-1

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

Exhibit J-4

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues												
Tax levy	\$ 11,796,753	\$ 12,888,260	\$ 13,702,923	\$14,427,942	15,094,519	15,100,735	15,803,686	16,898,339	16,898,338	16,935,309	17,214,954	17,870,624
Tuition charges	401,831	329,990	326,572	383,712	388,332	445,679	275,781	291,289	329,051	320,292	384,828	512,972
Interest earnings	4,399	20,339	46,242	83,746	51,540	10,077	1,775	359	-	-	-	-
Miscellaneous	342,411	413,689	458,364	512,186	336,242	361,866	264,856	437,973	267,122	190,511	216,515	109,833
Erate											38,185	40,568
State sources	2,903,078	3,207,889	3,509,098	3,944,266	4,225,687	5,225,324	5,461,999	4,922,294	5,835,640	6,871,595	6,648,776	7,162,943
Federal sources	335,814	347,747	350,970	458,994	405,131	561,790	1,131,500	414,286	609,467	487,204	441,294	515,182
Total revenue	15,784,286	17,207,914	18,394,169	19,810,846	20,501,451	21,705,471	22,939,597	22,964,540	23,939,618	24,804,911	24,944,552	26,212,122
Expenditures												
Instruction												
Regular Instruction	4,974,326	5,981,295	5,647,858	5,473,702	6,372,365	6,330,212	6,342,960	6,566,437	6,781,906	7,176,047	7,324,796	7,169,752
Special education instruction	916,794	943,266	1,791,616	1,583,879	2,092,304	2,085,007	2,427,121	2,154,051	2,182,235	2,320,339	2,210,861	2,065,575
Other special instruction	179,050	230,406	215,019	178,577	205,018	338,602	483,754	495,497	317,117	373,782	576,846	1,044,459
Vocational education												
Other instruction	439,621	476,347	522,319	544,693	578,260	595,501	560,607	423,406	455,915	506,685	498,965	546,340
Nonpublic school programs	185,320											
Adult/continuing education programs												
Support Services:												
Tuition	937,344	947,803	1,026,854	1,186,212	1,057,646	1,276,859	1,405,506	1,508,674	1,792,435	1,670,299	1,759,129	2,142,778
Student & instruction related services	1,621,185	1,676,547	1,695,100	2,137,314	1,941,029	2,231,134	2,124,053	2,033,536	2,101,647	2,127,791	2,220,803	2,157,614
General administrative services	530,563	676,551	740,765	712,169	705,949	704,257	565,642	528,848	536,303	615,750	557,611	560,944
School Administrative services	494,853	401,091	541,482	548,182	548,861	564,984	540,018	538,473	524,145	580,411	645,822	655,129
Information Technology			132,719	174,256	226,471	238,268	259,645	226,310	189,323	194,879	198,449	199,118
Business administrative services	286,349	284,251	296,159	297,149	306,944	325,790	334,945	296,546	332,862	288,741	295,949	299,178
Plant operations and maintenance	1,464,031	1,349,386	1,417,873	1,448,881	1,457,264	1,555,870	1,541,424	1,432,142	1,389,821	1,378,877	1,774,694	1,496,737
Pupil transportation	459,864	446,357	418,803	508,048	492,173	502,005	547,152	568,453	649,657	616,852	665,699	643,591
Unallocated employee benefits	2,675,230	3,302,478	3,586,566	4,033,932	4,443,119	4,220,661	4,549,069	4,641,951	4,798,339	5,529,995	5,399,365	5,700,081
Special Schools	40,401	15,194	42,618	49,064	52,887	61,855	43,018	34,938	46,429	45,116	60,934	64,423
Charter Schools												
Capital outlay	120,440	57,365	33,191	32,646	110,329	4,176,373	2,206,920	6,511,448	1,313,315	135,511	356,327	-
Debt service:												
Principal	210,000	230,000	255,000	275,000	300,000	325,000	345,000	360,000	375,000	385,000	405,000	585,000
Interest and other charges	156,255	179,519	156,292	143,343	129,285	113,999	574,673	646,165	628,862	610,231	590,357	576,106
ARRA/Education Jobs							273,016		127,692			
Total expenditures	15,691,626	17,197,856	18,520,234	19,327,047	21,019,904	25,646,377	25,124,523	28,966,875	24,543,003	24,556,306	25,541,607	25,906,825
Excess (Deficiency) of revenues over (under) expenditures	92,660	10,058	(126,065)	483,799	(518,453)	(3,940,906)	(2,184,926)	(6,002,335)	(603,385)	248,605	(597,055)	305,297
Other Financing sources (uses)												
Capital leases (non-budgeted)												
Sale of Bonds						13,900,000	-	-	-	-	-	-
State of NJ Grant						39,100	-	-	-	-	-	-
2009-2010 budget appropriation						58,650	-	-	-	-	-	-
Cancel Accounts Receivable						(3,800)	-	-	-	-	-	-
Adjustment prior year refund						(72,091)	50,450	(26,901)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	13,921,859	50,450	(26,901)	-	-	-	-
Net change in fund balances	\$ 92,660	\$ 10,058	\$ (126,065)	\$ 483,799	(518,453)	9,980,953	(2,134,476)	(6,029,236)	(603,385)	248,605	(597,055)	305,297
Debt service as a percentage of noncapital expenditures	2.4%	2.4%	2.2%	2.2%	2.1%	2.0%	4.0%	4.5%	4.3%	4.1%	4.0%	4.5%

Source: CAFR Schedule B-2

24,546,250 24,745,719

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u> <u>Revenue</u>	<u>Rentals</u>	<u>Misc.</u>	<u>UCRHS #1</u>	<u>Contribution</u> <u>EE Benefits</u>	<u>E-Rate</u>	<u>Choice Trans</u>	<u>Total</u>
2006	\$ 46,242	\$ 326,572	\$ 207,774	\$ 114,323	\$ -	\$ -	\$ -	\$ -	\$ 694,911
2007	\$ 83,746	\$ 383,712	\$ 208,432	\$ 173,028	\$ 105,002	\$ -	\$ -	\$ -	\$ 953,920
2008	\$ 51,540	\$ 388,332	\$ 147,060	\$ 154,105	\$ -	\$ -	\$ -	\$ -	\$ 741,036
2009	\$ 10,078	\$ 436,370	\$ 100,603	\$ 171,405	\$ -	\$ -	\$ -	\$ -	\$ 718,456
2010	\$ 1,775	\$ 273,386	\$ 84,420	\$ 70,082	\$ -	\$ 23,514	\$ 18,145	\$ -	\$ 471,322
2011	\$ 359	\$ 305,839	\$ 89,367	\$ 22,692	\$ -	\$ 212,178	\$ 25,501	\$ 30,046	\$ 685,983
2012	\$ 26	\$ 342,451	\$ 82,990	\$ 22,294	\$ -	\$ -	\$ 21,946	\$ 85,359	\$ 555,066
2013	\$ -	\$ 320,292	\$ 99,434	\$ 41,398	\$ -	\$ -	\$ 9,268	\$ -	\$ 470,392
2014	\$ -	\$ 446,828	\$ 83,647	\$ 71,174	\$ -	\$ -	\$ 38,185	\$ -	\$ 639,834
2015	\$ -	\$ 525,407	\$ 43,955	\$ 33,955	\$ -	\$ -	\$ 40,568	\$ -	\$ 643,885

Source: District Records

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Personal Tangible Property	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2006								\$ 878,209,626	\$ -	\$ -	\$ 878,209,626	1.573	
2007	\$ 7,721,600	\$ 437,504,000	\$ -	\$ -	\$ 84,092,700	\$ 350,484,400	\$ -	\$ 879,802,700	\$ -	\$ 421,023	\$ 880,223,723	1.715	
2008	\$ 7,644,800	\$ 440,025,800	\$ -	\$ -	\$ 83,304,600	\$ 350,045,300	\$ -	\$ 881,020,500	\$ -	\$ 530,873	\$ 881,551,373	1.714	
2009*	\$ 7,644,800	\$ 440,025,800	\$ -	\$ -	\$ 83,304,600	\$ 350,045,300	\$ -	\$ 881,020,500	\$ -	\$ 530,873	\$ 881,551,373	1.714	
2010	\$ 7,315,200	\$ 441,568,500	\$ -	\$ -	\$ 88,612,800	\$ 344,834,100	\$ -	\$ 882,330,600	\$ -	\$ 570,873	\$ 882,901,473	1.790	
2011	\$ 8,661,300	\$ 443,985,500	\$ -	\$ -	\$ 87,613,500	\$ 341,525,500	\$ -	\$ 881,785,800	\$ -	\$ 653,117	\$ 882,438,917	1.914	
2012	\$ 8,489,400	\$ 445,497,400	\$ -	\$ -	\$ 86,755,600	\$ 304,366,400	\$ -	\$ 845,108,800	\$ -	\$ 669,606	\$ 845,778,406	2.003	
2013	\$ 7,816,300	\$ 448,142,500	\$ -	\$ -	\$ 85,952,000	\$ 269,868,100	\$ -	\$ 811,778,900	\$ -	\$ 654,527	\$ 812,433,427	2.119	
2014	\$ 7,826,100	\$ 449,556,100	\$ -	\$ -	\$ 88,522,400	\$ 269,859,600	\$ -	\$ 815,764,200	\$ -	\$ 622,822	\$ 816,387,022	2.189	
2015	\$ 7,820,300	\$ 451,270,500	\$ -	\$ -	\$ 89,904,100	\$ 269,142,200	\$ -	\$ 818,137,100	\$ -	\$ 629,922	\$ 818,767,022	2.316	

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Kenilworth Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	General Obligation		Total Direct	Kenilworth Borough	County Open Space	Union County	
	Basic Rate ^a	Debt Service ^b					
2006	1.573		1.573	0.806		0.650	3.029
2007	1.644		1.644	0.875		0.712	3.231
2008	1.715		1.715	0.979		0.724	3.418
2009	1.714		1.714	1.0730		0.719	3.506
2010	1.790		1.790	1.1420	0.033	0.759	3.724
2011	1.914		1.914	1.198	0.031	0.769	3.912
2012	2.003		2.003	1.28	0.028	0.83	4.141
2013	2.119		2.119	1.337	0.027	0.899	4.382
2014	2.189		2.189	1.387	0.025	0.874	4.475
2015	2.316		2.316	1.405	0.026	0.921	4.668

Source: District Records and Municipal Tax Collector

Note:

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

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

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

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

Exhibit J-8

Taxpayer	2015			2005		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Merck (Schering 2002)	\$ 177,667,000	1	21.70%	\$ 233,026,700	1	27.59%
Castle & Cooke, NJ, LLC	\$ 7,867,100	2	0.96%	\$ 7,867,100	5	0.93%
Kenilworth-Grocery/Berenson	\$ 7,643,700	3	0.93%	\$ 9,031,800	2	1.07%
Cristie Properties	\$ 6,903,600	4	0.84%	N/A		
Boright Realty	\$ 5,501,800	5	0.67%	\$ 9,029,900	3	1.07%
ADHP Real Estate	\$ 4,500,000	6	0.84%	N/A		
FDV Realty	\$ 4,479,200	7	0.55%	N/A		
Lakhani Associates	\$ 4,352,000	8	0.55%	N/A		
141 Market Street Realty, LLC.	\$ 3,850,000	9	0.47%	N/A		
K' Worth Storage, LLC	\$ 3,400,000	10	0.42%	4,800,000	7	0.57%
Total	\$ 226,164,400		27.93%	\$ 263,755,500		31.23%

Total Assessed Value: \$ 818,767,022

Source: Municipal Tax Assessor -

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

Exhibit J-9

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2005	\$ 26,495,651	\$ 26,333,998	99.39%	-
2006	\$ 28,454,280	\$ 28,299,449	99.21%	-
2007	\$ 30,142,041	\$ 29,870,456	99.10%	-
2008	\$ 31,211,235	\$ 30,964,141	99.21%	-
2009	\$ 32,926,959	\$ 32,599,772	99.01%	-
2010	\$ 34,596,919	\$ 34,292,005	99.11%	-
2011	\$ 35,096,203	\$ 34,691,680	98.84%	-
2012	\$ 35,083,414	\$ 34,773,275	99.11%	-
2013	\$ 35,711,990	\$ 35,395,437	99.09%	-
2014	\$ 36,638,155	\$ 36,316,828	99.12%	-

Source: Borough Tax Office

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

Exhibit J-10

Fiscal Year Ended June 30,	# Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2006	\$ 3,015,000	-	-	-	106,637	3,121,637	1.29%	\$ 40,181
2007	2,740,000	-	-	-	37,600	2,777,600	1.45%	\$ 40,181
2008	2,440,000	-	-	-	38,531	2,478,531	1.62%	\$ 40,181
2009	16,015,000	-	-	-	40,000	16,055,000	0.25%	\$ 40,181
2010	15,670,000	-	-	-	-	15,670,000	0.19%	\$ 29,831
2011	15,310,000	-	-	-	-	15,310,000	0.19%	\$ 29,831
2012	14,935,000	-	-	-	-	14,935,000	0.20%	\$ 29,831
2013	14,550,000	-	-	-	-	14,550,000	0.24%	\$ 34,519
2014	14,145,000	-	-	-	-	14,145,000	0.23%	\$ 32,523
2015	13,560,000	-	-	-	-	13,560,000	0.25%	\$ 33,914

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Additions	Deductions			
2006	3,270,000		255,000	3,015,000	0.10%	\$ 392.83
2007	3,015,000		275,000	2,740,000	0.09%	\$ 357.00
2008	2,740,000		300,000	2,440,000	0.08%	\$ 317.92
2009	2,440,000	13,900,000	325,000	16,015,000	0.52%	\$ 2,086.64
2010	16,015,000	-	345,000	15,670,000	0.51%	\$ 1,980.04
2011	15,670,000		360,000	15,310,000	0.50%	\$ 1,934.55
2012	15,310,000		375,000	14,935,000	0.48%	\$ 1,887.16
2013	14,935,000		385,000	14,550,000	0.47%	\$ 1,809.70
2014	14,550,000		405,000	14,145,000	0.46%	\$ 1,748.45
2015	14,145,000		585,000	13,560,000	0.44%	\$ 1,663.19

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

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

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

**Borough of Kenilworth Board of Education
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2015**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Kenilworth (12-31-14)	9,644,267	100.000%	9,644,267
Other debt			
County of Union - Borough's Share	570,015,152	2.165%	12,338,548
Rahway Valley Sewerage Authority	169,324,711	2.391%	4,048,554
Subtotal, overlapping debt			26,031,369
Kenilworth Borough School District Direct Debt			<u>14,935,000</u>
Total direct and overlapping debt			<u><u>\$ 40,966,369</u></u>

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

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

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

**Borough of Kenilworth Board of Education
Legal Debt Margin Information,
Last Ten Fiscal Years**

Exhibit J-13

Legal Debt Margin Calculation

Equalized valuation basis	
2014	\$ 1,270,158,942
2013	\$ 1,366,631,145
2012	\$ 1,546,119,283
[A]	<u>\$ 4,182,909,370</u>
[A/3]	\$ 1,394,303,123
	55,772,125 ^a
[C]	<u>14,935,000</u>
[B-C]	<u>\$ 40,837,125</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 51,634,561	\$ 61,210,184	\$ 68,825,146	\$ 73,506,128	\$ 74,712,830	73,471,721	\$ 65,251,540	\$ 64,170,313	\$ 38,836,672	\$ 55,772,125
Loss of Business Income										
Total net debt applicable to limit	<u>3,015,000</u>	<u>2,740,000</u>	<u>2,440,000</u>	<u>\$ 16,015,000</u>	<u>\$ 15,670,000</u>	<u>\$ 15,310,000</u>	<u>\$ 14,935,000</u>	<u>\$ 14,550,000</u>	<u>\$ 14,145,000</u>	<u>\$ 13,560,000</u>
Legal debt margin	<u>\$ 48,619,561</u>	<u>\$ 58,470,184</u>	<u>\$ 66,385,146</u>	<u>\$ 57,491,128</u>	<u>\$ 90,382,830</u>	<u>\$ 58,161,721</u>	<u>\$ 50,316,540</u>	<u>\$ 49,620,313</u>	<u>\$ 24,691,672</u>	<u>\$ 42,212,125</u>
Total net debt applicable to the limit as a percentage of debt limit	5.84%	4.48%	3.55%	21.79%	20.97%	20.84%	22.89%	22.67%	36.42%	24.31%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Kenilworth Population**</u>	<u>Personal Income (thousands of dollars)*</u>	<u>Per Capita Personal Income*</u>	<u>Unemployment Rate</u>
2006	7,675	-	-	5.00%
2007	7,675	-	-	4.50%
2008	7,675	-	-	5.50%
2009	7,675	-	-	9.80%
2010	7,914	23,608,253	29,831	9.60%
2011	7,914	23,608,253	29,831	10.10%
2012	7,914	23,608,253	29,831	10.20%
2013	8,040	23,608,253	34,519	9.20%
2014	8,090	23,608,253	32,523	6.60%
2015	8,153	23,608,253	33,914	5.80%

Source: NJ Dept of Labor and Workforce Development: http://lwd.dol.state.nj.us/labor/lpa/employ/emp_index.html
<http://www.economagic.com/em-cgi/data.exe/blsla/laucn34039003>
<http://quickfacts.census.gov/qfd/states/34/3436690.html>
<http://www.homefacts.com/unemployment/New-Jersey/Union-County/Kenilworth.html>

**2000 Census Figures through 2009; 2010 Census figures forward

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

Exhibit J-15

Employer	2014			2005		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
-	-			-		
-	-	1	0.00%	-	1	0.00%
-	-	2	0.00%	-	2	0.00%
-	-	3	0.00%	-	3	0.00%
-	-	4	0.00%	-	4	0.00%
-	-	5	0.00%	-	5	0.00%
-	-	6	0.00%	-	6	0.00%
-	-	7	0.00%	-	7	0.00%
-	-	8	0.00%	-	8	0.00%
-	-	9	0.00%	-	9	0.00%
-	-	10	0.00%	-	10	0.00%
-	-		0.00%	-		0.00%

Source: Borough of Kenilworth

Not Available

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

Exhibit J-16

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Instruction										
Regular	83	85	85	86	88.0	89.6	90.6	91.2	94.55	95.7
Special education	25	27	28	28	32.0	33.6	33.6	35.5	34.22	39.57
Other special education (CST)	5	6	6	6	6.5	7	7	7	7	7
Other instruction					8.0	8	8	9	11.27	11.64
Support Services:										
Student & instruction related services	17	17	17	17	10.0	11	11	11	10	11
General administrative services	2	2	2	2	7.0	7	7	7	8	7
School administrative services	11	11	11	11	8.5	8.5	8.5	8.9	9.5	9.5
Business administrative services	4	4	4	4	4.0	4	4	4	3.75	3.75
Plant operations and maintenance	14	14	14	14	8.5	8.5	8.5	8.5	8.75	8.75
Pupil transportation	-	-	0	0	0.0	0	0	0	0	0
Total	161.0	166.0	167.0	168.0	172.5	177.2	178.2	182.1	187.0	193.9

Source: District Position Control Roster

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

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle/High School				
2006	1,359	17,631,879	\$ 12,974	1.07%	104	14.5	11.50	1,309.10	1,245.50	2.38%	95.14%
2007	1,316	18,876,058	\$ 14,344	10.55%	113	12.5	10.90	1,335.90	1,275.00	2.05%	95.44%
2008	1,346	20,480,290	\$ 15,216	6.08%	113.5	12.9	11.00	1,351.60	1,289.00	1.18%	95.37%
2009	1,314	21,031,005	\$ 16,005	5.19%	124	12.0	11.00	1,387.60	1,326.00	2.66%	95.56%
2010	1,367	21,997,930	\$ 16,092	0.54%	127	12.0	10.00	1,372.20	1,297.80	-1.11%	94.58%
2011	1,316	21,449,262	\$ 16,299	1.28%	127	11.9	10.7	1,339.90	1,276.10	-2.35%	95.24%
2012	1,332	22,098,134	\$ 16,590	1.79%	128	11.56	10.6	1,360.72	1,299.96	1.55%	95.53%
2013	1,400	23,425,564	\$ 16,733	0.86%	129.7	11.24	10.30	1,395.70	1,322.30	2.57%	94.74%
2014	1,389	24,189,923	\$ 17,415	4.08%	136.91	10.69	10.73	1,442.90	1,386.30	3.38%	96.08%
2015	1,412	24,745,719	\$ 17,532	0.67%	141.2	10.63	10.01	1,414.14	1,338.75	-1.99%	94.67%

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

Note: Enrollment based on annual October district count.

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

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

Exhibit J-18

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>District Building</u>										
<u>Elementary</u>										
Warren Harding (1923)										
Square Feet	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500	90,500
Capacity (students)	650	650	650	650	650	650	650	650	650	650
Enrollment	635	656	631	640	703	638	652	680	714	730
<u>Middle/High School</u>										
David Brearley (1966)										
Square Feet	147,910	147,910	147,910	147,910	147,910	147,910	150,267	150,267	150,267	150,267
Capacity (students)	804	804	804	804	804	804	804	804	804	804
Enrollment	708	752	694	701	664	678	680	716	729	721
DISTRICT TOTALS	1,343	1,408	1,325	1,341	1,367	1,316	1,332	1,396	1,443	1,451

Number of Schools at June 30, 2015

Elementary = 1

Middle/High School = 1

Source: District records- School Register ADE

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

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

Exhibit J-19

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

School Facilities	Project # (s)	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Warren Harding Elementary School	N/A	50,935	28,700	62,398	13,840	36,894	30,870	54,644	53,731	57,232	\$ 49,237
David Brearley Middle/High School	N/A	104,459	69,033	54,125	96,369	38,492	40,867	99,639	71,485	118,874	112,018
District Level	N/A	88,333	136,512	103,436	152,319	101,560	122,289	119,746	110,326	84,578	112,698
Total School Facilities		<u>243,727</u>	<u>234,245</u>	<u>219,959</u>	<u>262,528</u>	<u>176,946</u>	<u>194,026</u>	<u>274,029</u>	<u>235,542</u>	<u>260,684</u>	<u>273,953</u>

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

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

Exhibit J-20

**NJ SCHOOLS INSURANCE FUND (NJSIG) JOINT INSURANCE FUND
2014-2015**

	Limits	Deductible	
PROPERTY:			
Building & Personal Property - Pool	\$350,000,000	\$5,000	
Equipment Breakdown - Pool	\$100,000,000	\$5,000	
EDP - Electronic Data Processing Equip	\$500,000	\$1,000	
Valuable Papers - Pool	\$10,000,000	\$5,000	
Newly Acquired Property up to 120 days after acquisition - Pool	\$10,000,000	\$5,000	
Auto Physical Damage	Per Schedule	\$1,000	
Flood for properties in SFHA Zone - Pool	\$15,000,000	\$500,000	Building
		\$500,000	Contents
Flood for properties all other zones - Pool	\$75,000,000	\$10,000	
Earthquake - Pool	\$50,000,000	\$5,000	
Accounts Receivable - Pool	\$250,000		
Fine Arts (if scheduled) - Pool	\$1,000,000	\$5,000	None scheduled
Loss of Rents	\$150,000	\$5,000	
Loss of Business Income	\$300,000	\$5,000	
CRIME & FIDELITY:			
Money & Securiteis	\$100,000	\$500	
Public Employee Dishonesty	\$250,000	\$1,000	
COMMERCIAL GENERAL & AUTO LIABILITY :			
Limit of Liability; Per Occurrence	\$16,000,000		
SCHOOL LEADERS PROFESSIONAL LIABILITY			
Limit of Liability; Per Occurrence/Aggregate	\$16,000,000	\$5,000	
EMPLOYEE DISHONESTY BONDS:			
Treasurer off School Monies	\$250,000		
Board Secretary/Business Administrator	\$80,000		

Source: District Records

SINGLE AUDIT SECTION

Robert A. Hulsart and Company

CERTIFIED PUBLIC ACCOUNTANTS

109.

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND 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
Kenilworth School District
County of Union
Kenilworth, New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kenilworth Board of Education, County of Union, State of New Jersey as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Kenilworth Board of Education, County of Union, State of New Jersey's basic financial statements, and have issued our report thereon dated December 3, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

December 3, 2015

ARMOUR S. HULSART, C.P.A., R.M.A., P.S.A. (1959-1992)
ROBERT A. HULSART, C.P.A., R.M.A., P.S.A.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's major federal and state programs for the year ended June 30, 2015. The Board of Education of the Kenilworth School District, County of Union, State of New Jersey'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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board of Education of the Kenilworth School District, County of Union, State of New Jersey's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 a 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 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 was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or, significant deficiencies. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

ROBERT A. HULSART AND COMPANY

Robert A. Hulsart

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

December 3, 2015

KENILWORTH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

K-3

Federal Grantor/ Pass-Through Grantor/ Project Title	Federal CFDA Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2015		
			From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor
U.S. Department of Agriculture													
Passed Through State Department of Education:													
National School Lunch Program	10.555	\$ 116,783	7/1/2014	6/30/2015	\$ -			110,429	(116,783)		(6,354)		
National School Lunch Program	10.555	129,663	7/1/2013	6/30/2014	(8,212)			8,212					
School Breakfast Program	10.553	4,231	7/1/2013	6/30/2014	(206)			206					
School Breakfast Program	10.553	5,943	7/1/2014	6/30/2015				5,429	(5,943)		(514)		
HHFKA	10.555	5,018	7/1/2014	6/30/2015				4,748	(5,018)		(270)		
HHFKA	10.555	5,566	7/1/2013	6/30/2014	(355)			355					
Food Distribution Program	10.550	28,489	7/1/2014	6/30/2015				28,489	(28,489)				
Total U.S. Department of Agriculture					(8,773)	-	-	157,868	(156,233)	-	(7,138)	-	
U.S. Department of Education													
Passed Through State Department of Education:													
Title I	84.010	123,041	9/1/2013	8/31/2014	(28,218)			28,218					
Title I	84.010	147,239	9/1/2014	8/31/2015				137,684	(147,007)		(9,323)		
Title IIA	84.367	22,308	9/1/2014	8/31/2015				16,657	(20,824)		(4,167)		
Title IIA	84.367	21,874	9/1/2013	8/31/2014	(3,113)			3,113					
Title III	84.365	35,824	9/1/2014	8/31/2015				15,264	(26,709)		(11,445)		
Title III	84.365	797	9/1/2013	8/31/2014	(797)			797					
IDEA Preschool	84.173	9,212	9/1/2014	8/31/2015				9,212	(9,212)				
IDEA Preschool	84.173	9,136	9/1/2013	8/31/2014	(6,031)			6,886	(855)				
IDEA Part B Basic	84.027	310,513	9/1/2014	8/31/2015				291,127	(310,513)		(19,386)		
IDEA Part B Basic	84.027	287,363	9/1/2013	8/31/2014	(17,267)			17,329	(62)				
Total U.S. Department of Education					(55,426)	-	-	526,287	(515,182)	-	(44,321)	-	
Total Federal Financial Assistance					\$ (64,199)	-	-	684,155	(671,415)	-	(51,459)	-	

See Accompanying Notes to Schedules of Financial Assistance.

KENILWORTH SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program State Department of Education:	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2014	Adjustments	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Year Balances	Balance at June 30, 2015			MEMO		
			From	To							(Accounts Receivable)	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures	
Special Education Aid	15-495-034-5120-089	\$ 808,290	7/1/2014	6/30/2015	\$ -			808,290	(808,290)					(79,560)	808,290	
School Choice	15-495-034-5120-068	2,159,493	7/1/2014	6/30/2015				2,159,493	(2,159,493)					(212,534)	2,159,493	
Equalization Aid	15-495-034-5120-078	1,246,171	7/1/2014	6/30/2015				1,246,171	(1,246,171)					(122,642)	1,246,171	
Security Aid	15-495-034-5120-084	37,446	7/1/2014	6/30/2015				37,446	(37,446)					(3,644)	37,446	
Transportation Aid	15-495-034-5120-014	29,770	7/1/2014	6/30/2015				29,770	(29,770)					(2,915)	29,770	
Under Adequacy Aid	15-495-034-5120-083	46,156	7/1/2014	6/30/2015				46,156	(46,156)					(4,544)	46,156	
PARCC Readiness Aid	15-495-034-5120-098	14,180	7/1/2014	6/30/2015				14,180	(14,180)					(1,415)	14,180	
Per Pupil Growth Aid	15-495-034-5120-097	14,180	7/1/2014	6/30/2015				14,180	(14,180)					(1,415)	14,180	
Extraordinary Aid	15-495-034-5120-044	183,975	7/1/2014	6/30/2015					(183,975)		(183,975)				183,975	
Extraordinary Aid	14-495-034-5120-044	97,725	7/1/2013	6/30/2014	(97,725)			98,746	(1,021)						1,021	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	15-100-034-5095-002	761,744	7/1/2014	6/30/2015				723,415	(761,744)		(38,329)				761,744	
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	14-100-034-5095-002	748,869	7/1/2013	6/30/2014	(37,536)			37,536								
					(135,261)			5,215,383	(5,302,426)			(222,304)			(428,669)	5,302,426
State Department of Agriculture: National School Lunch Program (State Share)	14-100-010-3350-023	4,582	7/1/2013	6/30/2014	(535)			535								
National School Lunch Program (State Share)	15-100-010-3350-023	3,884	7/1/2014	6/30/2015				3,675	(3,884)		(209)				3,884	
					(535)			4,210	(3,884)		(209)				3,884	
Debt Service Aid Type II	15-495-034-5120-125	373,397	7/1/2014	6/30/2015				373,397	(373,397)						373,397	
Special Revenue: Nonpublic Aid:																
Textbook Aid	14-495-034-5120-064	10,915	7/1/2013	6/30/2014	18					(18)						
Textbook Aid	15-495-034-5120-064	11,380	7/1/2014	6/30/2015				11,380	(11,318)					62	11,318	
Nursing Services	14-100-034-5120-070	15,363	7/1/2013	6/30/2014	1,935					(1,935)						
Nursing Services	15-100-034-5120-070	18,116	7/1/2014	6/30/2015				18,116	(15,802)					2,314	15,802	
Technology Aid	15-100-034-5120-373	6,112	7/1/2014	6/30/2015				6,112	(6,086)					26	6,086	
Technology Aid	14-100-034-5120-373	3,980	7/1/2013	6/30/2014	23					(23)						
Home Instruction	15-100-034-5120-067	257	7/1/2014	6/30/2015					(257)		(257)				257	
Compensatory Education	14-100-034-5120-067	61,631	7/1/2013	6/30/2014	8,560					(8,560)						
Compensatory Education	15-100-034-5120-067	71,664	7/1/2014	6/30/2015				71,664	(51,330)					20,334	51,330	
English as a Second Language	15-100-034-5120-067	914	7/1/2014	6/30/2015				914						914		
Transportation	15-100-034-5120-067	6,590	7/1/2014	6/30/2015				6,590	(5,931)					659	5,931	
Examination and Classification Initial	15-100-034-5120-066	25,197	7/1/2014	6/30/2015				25,197	(16,378)					8,819	16,378	
Examination and Classification Annual	15-100-034-5120-066	6,498	7/1/2014	6/30/2015				6,498	(5,054)					1,444	5,054	
Corrective Speech	14-100-034-5120-066	9,374	7/1/2013	6/30/2014	2,343					(2,343)						
Corrective Speech	15-100-034-5120-066	7,952	7/1/2014	6/30/2015				7,952	(6,096)					1,856	6,096	
Supplemental Instruction	15-100-034-5120-066	26,680	7/1/2014	6/30/2015				26,680	(16,790)					9,890	16,790	
					12,879			181,103	(135,042)		(12,879)		(257)		46,318	135,042
Total State Financial Assistance					\$ (122,917)	1	-	5,774,093	(5,814,749)	(12,879)	(222,770)	-	46,318	(428,669)	5,814,749	

See Accompanying Notes to Schedules of Financial Assistance.

BOARD OF EDUCATION

K-5

KENILWORTH SCHOOL DISTRICT**NOTES TO SCHEDULES OF FINANCIAL ASSISTANCE****JUNE 30, 2015****NOTE 1: General**

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

NOTE 2: Basis of Accounting

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

NOTE 3: Relationship to General Purpose Financial Statements

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

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

NOTE 3: Relationship to General Purpose Financial Statements

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>State Assistance</u>					
Actual Amounts (Budgetary) “Revenues” from the Schedule of Expenditures of State Financial Assistance	\$ 5,302,426	135,042	373,397	3,884	5,814,749
Difference – Budget to “GAAP” Grant Accounting Budgetary Basis Differs from GAAP in that Encumbrances are Recognized as Expenditures and the Related Revenue is Recognized		(33,439)			(33,439)
On Behalf Payments Recognized for GAAP Statements but Not Included in the Schedule of Expenditures of State Financial Assistance	1,390,464				1,390,464
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)	<u>(4,947)</u>	_____	_____	_____	<u>(4,947)</u>
Total State Revenue as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 6,687,943</u>	<u>101,603</u>	<u>373,397</u>	<u>3,884</u>	<u>7,166,827</u>

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Food Service</u>	<u>Total</u>
<u>Federal Assistance</u>					
Actual Amounts (Budgetary)					
“Revenues” from the Schedule					
of Expenditures of Federal					
Awards	\$ -0-	515,182		156,233	671,415
Difference – Budget to “GAAP”					
Grant Accounting Budgetary					
Basis Differs from GAAP in that					
Encumbrances are Recognized as					
Expenditures, and the Related					
Revenue is Recognized					
	_____	_____	_____	_____	_____
Total Federal Revenue as					
Reported on the Statement					
of Revenue, Expenditures,					
and Changes in Fund					
Balances	<u>\$ -0-</u>	<u>515,182</u>	_____	<u>156,233</u>	<u>671,415</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, 2015. 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, 2015.

BOROUGH OF KENILWORTH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part 1 - Summary of Auditor's Results

Financial Statement Section

Unmodified

(A) Type of auditor's report issued:

(B) Internal control over financial reporting:

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

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

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

Federal Awards Section

(D) Dollar threshold used to determine Typed A programs: \$300,000

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

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

(G) Internal control over compliance:

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

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

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

(I) Identification of major programs:

CFDA Number(s)

84.027

84.173

Name of Federal Program or Cluster

I.D.E.A. Part B Basic (Special Education Cluster)

I.D.E.A. Preschool (Special Education Cluster)

BOROUGH OF KENILWORTH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part 2 - Schedule of Financial Statement Findings

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

Finding: None

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

BOROUGH OF KENILWORTH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04.

FEDERAL AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

BOROUGH OF KENILWORTH SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

K-6

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

STATE AWARDS

Finding: None

State program information: N/A

Criteria or specific requirement: N/A

Condition: N/A

Questioned Costs: N/A

Context: N/A

Effect: N/A

Recommendation: N/A

Management's response: N/A

BOROUGH OF KENILWORTH SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

K-7

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Prior Audit Findings:

Corrective action has been taken on last years finding regarding the application for state school aid report.