

KEARNY BOARD OF EDUCATION
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Kearny, New Jersey

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
of the
Kearny Board of Education
Kearny, New Jersey
For The Fiscal Year Ended June 30, 2024**

**Prepared by
Business Office**

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INTRODUCTORY SECTION



KEARNY SCHOOL DISTRICT

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Elizabeth A. Burke
John Carey
Cecilia Lindenfelser, Vice President
John McKenna
Samantha Paris, President
Laura Pettigrew
Jose Soares
Sebastian J. Viscuso

October 7, 2024

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

Dear Board Members:

The Annual Comprehensive Financial Report (ACFR) of the Kearny Board of Education (the "Board" or "District") for the fiscal year ended June 30, 2024, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Kearny Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical, and single audit. The introductory section includes this transmittal letter, the District's organizational chart, and a list of principal officials. The financial section includes the Independent Auditors' Report, Management's Discussion and Analysis and basic financial statements including the District-Wide financial statements presented in accordance with the provisions of the Governmental Accounting Standards Board (GASB) Statements. The basic financial statements also include individual fund financial statements, Notes to Financial Statements and Required Supplementary Information (RSL). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the requirements of 2 CFR 200-Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (US. Uniform Guidance), and the State OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and questioned costs, are included in the single audit section of this report.

REPORTING ENTITY AND ITS SERVICES

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

The District provides a full range of educational services appropriate to grade levels K through 12. These include regular, advanced placement courses, bilingual instruction in Spanish, English as a second language, vocational as well as special education for handicapped youngsters. The District completed the 2023/2024 fiscal year with an enrollment of 5,716 which is 29 students more than the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|------------------------|-------------------------------|---------------------------|
| 2023/2024 | 5716 | .51% |
| 2022/2023 | 5687 | 4.31% |
| 2021/2022 | 5452 | -2.49% |
| 2020/2021 | 5591 | -2.49% |
| 2019/2020 | 5734 | -.15% |
| 2018/2019 | 5743 | -1.32% |
| 2017/2018 | 5820 | -.29% |
| 2016/2017 | 5837 | .33% |
| 2015/2016 | 5818 | .45% |
| 2014/2015 | 5792 | .63% |

ECONOMIC CONDITION AND OUTLOOK

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

The District continues to find itself in a strong economic position as indicated by its A1 long-term credit rating from Standard & Poor's, Inc. Global ("S&P"), Ratings Services. The S&P report dated February 14, 2024, noted that the Kearny Board of Education is characterized by stable and positive operating financial profile, which has allowed the district to significantly build up its fund balance over the last several years. The District's debt burden is low and expects it to remain at the level in the foreseeable future.

RELEVANT FINANCIAL POLICES

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

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

INTERNAL ACCOUNTING CONTROLS

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

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

BUDGETARY CONTROLS

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

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, 2024.

OTHER INFORMATION

Independent Audit — State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci and Bliss, LLP, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the U.S. Uniform Guidance and the State OMB Circular 15-08. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's report related specifically to the single audit and Government Auditing Services is included in the single audit section of this report.

ACKNOWLEDGEMENTS

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

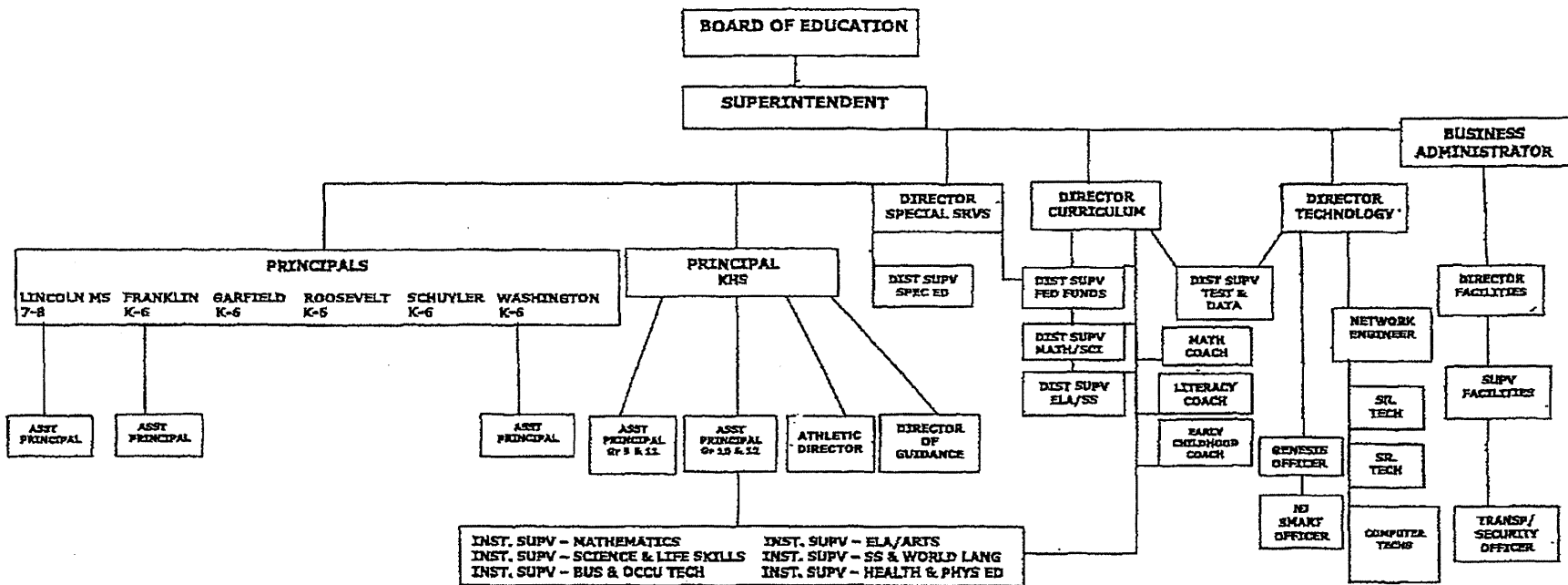
Respectfully submitted



Superintendent of Schools



Business Administrator/ Board Secretary



KEARNY BOARD OF EDUCATION

KEARNY, NEW JERSEY

ROSTER OF OFFICIALS

JUNE 30, 2024

MEMBERS OF THE BOARD OF EDUCATION

TERM EXPIRES

| | |
|----------------------------|------------|
| Dr. Adeline Boyd | 12/31/2024 |
| Elizabeth A. Burke | 12/31/2025 |
| John Carey | 12/31/2024 |
| Cecilia Lindenfelser, V.P. | 12/31/2024 |
| John McKenna | 12/31/2025 |
| Samantha Paris, President | 12/31/2026 |
| Laura Pettigrew | 12/31/2026 |
| Jose Soares | 12/31/2025 |
| Sebastian J. Viscuso | 12/31/2026 |

ADMINISTRATION

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

KEARNY BOARD OF EDUCATION - CONSULTANTS AND ADVISORS

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BROWN & BROWN BENEFIT ADVISORS
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ROSELAND, NEW JERSEY 07068

KEARNY BOARD OF EDUCATION - CONSULTANTS AND ADVISORS

(Continued)

FINANCIAL ADVISOR OF RECORD

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KEARNY, NEW JERSEY 07032

FINANCIAL SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Kearny Board of Education, as of and for the fiscal year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Kearny Board of Education as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Kearny Board of Education and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Kearny Board of Education's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Kearny Board of Education's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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


Other Information


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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2024 on our consideration of the Kearny Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Kearny Board of Education's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Kearny Board of Education's internal control over financial reporting and compliance.


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


Gary J. Vinci
Public School Accountant
PSA Number CS00829

Fair Lawn, New Jersey
October 7, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

KEARNY BOARD OF EDUCATION

Management's Discussion and Analysis

This section of Kearny Board of Education's annual comprehensive financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. The intent of this section is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of the Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement. Certain comparative information between the current year (2023-2024) and the prior year (2022-2023) is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

Key financial highlights for the 2023-2024 fiscal year include the following:

- The assets and deferred outflows of resources of the Kearny Board of Education exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$57,568,370 (net position).
- Overall District revenues were \$161,525,932. General revenues accounted for \$119,942,952 or 74% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$41,582,980 or 26% of total revenue.
- The School District had \$140,186,816 in expenses for governmental activities; only \$38,487,762 of these expenses were offset by program specific charges, grants or contributions. General revenues (predominantly property taxes and unrestricted State aid) of \$119,942,952 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$41,321,383 an increase of \$7,098,556 when compared to the ending fund balance at June 30, 2023 of \$34,222,827.
- The General Fund unassigned fund balance at June 30, 2024 was in a deficit position of \$4,824,400, an increase of \$1,045,438 when compared with the ending fund balance deficit of \$3,778,962 at June 30, 2023.
- The General Fund unassigned budgetary fund balance at June 30, 2024 was \$2,866,976 which represents an increase of \$143,063 when compared to the ending unassigned fund balance at June 30, 2023 of \$2,723,913.

KEARNY BOARD OF EDUCATION

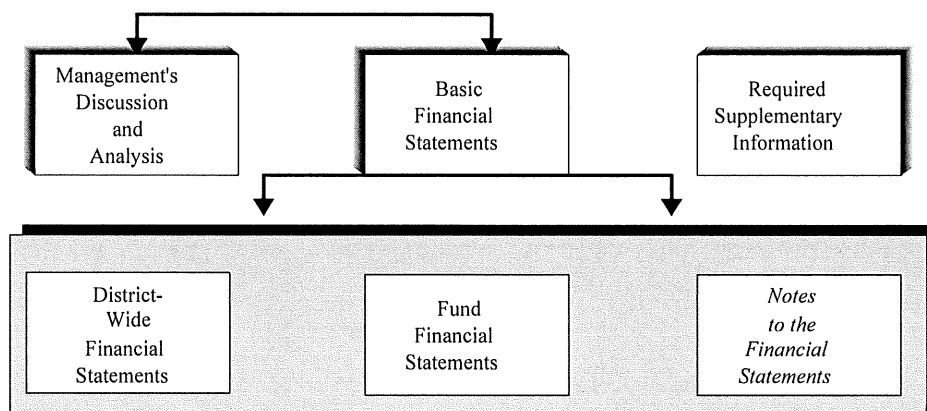
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



KEARNY BOARD OF EDUCATION

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

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

Major Features of the District-Wide and Fund Financial Statements

| | District-Wide Statements | Fund Financial Statements | |
|--|--|--|--|
| | | Governmental Funds | Proprietary Funds |
| Scope | Entire district | The activities of the district that are not proprietary or fiduciary, such as instruction, special education building maintenance, and community education | Activities the district operates similar to private businesses: Enterprise funds |
| Required financial statements | Statements of Net Position Statement of Activities | Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances | Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows |
| Accounting Basis and Measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, short-term and long-term | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets, deferred outflows, liabilities, deferred inflows, both financial and capital, and short-term and long-term |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or Paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable. | All revenues and expenses during the year, regardless of when cash is received or paid. |

KEARNY BOARD OF EDUCATION

Management's Discussion and Analysis

District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets/deferred outflows and liabilities/deferred inflows – is one way to measure the District's financial health or position

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular instruction and special education, transportation, administration, and plant operation and maintenance. State and Federal Aids and tuition charged to other school districts finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

KEARNY BOARD OF EDUCATION

Management's Discussion and Analysis

Fund Financial Statements (Continued)

The District has two kinds of funds:

- *Governmental funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's Enterprise Fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

Notes to the Financial Statements

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

Other Information

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

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

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

KEARNY BOARD OF EDUCATION

Management's Discussion and Analysis

DISTRICT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. The District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$57,568,370 and \$39,703,671 as of June 30, 2024 and 2023, respectively, as shown below.

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

Net Position as of June 30, 2024 and 2023

| | <u>Governmental</u> <u>Activities</u> | | <u>Business-Type</u> <u>Activities</u> | | <u>Total</u> | |
|---|--|----------------------|---|---------------------|----------------------|----------------------|
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Assets | | | | | | |
| Current and Other Assets | \$ 48,332,625 | \$ 39,816,422 | \$ 780,792 | \$ 1,006,902 | \$ 49,113,417 | \$ 40,823,324 |
| Capital Assets | 52,746,474 | 45,183,266 | 195,479 | 238,447 | 52,941,953 | 45,421,713 |
| Total Assets | <u>101,079,099</u> | <u>84,999,688</u> | <u>976,271</u> | <u>1,245,349</u> | <u>102,055,370</u> | <u>86,245,037</u> |
| Deferred Outflows of Resources | | | | | | |
| Deferred Amounts on Net Pension Liability | 1,740,107 | 1,032,108 | | | 1,740,107 | 1,032,108 |
| Deferred Amounts on Refunding of Debt | 10,356 | 18,829 | - | - | 10,356 | 18,829 |
| Total Deferred Outflows | <u>1,750,463</u> | <u>1,050,937</u> | <u>-</u> | <u>-</u> | <u>1,750,463</u> | <u>1,050,937</u> |
| Total Assets and Deferred Outflows | <u>102,829,562</u> | <u>86,050,625</u> | <u>976,271</u> | <u>1,245,349</u> | <u>103,805,833</u> | <u>87,295,974</u> |
| Liabilities | | | | | | |
| Long-Term Liabilities | 37,743,971 | 38,966,348 | | | 37,743,971 | 38,966,348 |
| Other Liabilities | 7,135,883 | 5,758,588 | 107,534 | 29,788 | 7,243,417 | 5,788,376 |
| Total Liabilities | <u>44,879,854</u> | <u>44,724,936</u> | <u>107,534</u> | <u>29,788</u> | <u>44,987,388</u> | <u>44,754,724</u> |
| Deferred Inflows of Resources | | | | | | |
| Deferred Amounts on Net Pension Liability | 1,250,075 | 2,837,579 | - | - | 1,250,075 | 2,837,579 |
| Total Deferred Inflows | <u>1,250,075</u> | <u>2,837,579</u> | <u>-</u> | <u>-</u> | <u>1,250,075</u> | <u>2,837,579</u> |
| Total Liabilities and Deferred Inflows | <u>46,129,929</u> | <u>47,562,515</u> | <u>107,534</u> | <u>29,788</u> | <u>46,237,463</u> | <u>47,592,303</u> |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 47,835,766 | 42,869,851 | 195,479 | 238,447 | 48,031,245 | 43,108,298 |
| Restricted | 41,644,634 | 28,811,453 | | | 41,644,634 | 28,811,453 |
| Unrestricted | (32,780,767) | (33,193,194) | 673,258 | 977,114 | (32,107,509) | (32,216,080) |
| Total Net Position | <u>\$ 56,699,633</u> | <u>\$ 38,488,110</u> | <u>\$ 868,737</u> | <u>\$ 1,215,561</u> | <u>\$ 57,568,370</u> | <u>\$ 39,703,671</u> |

KEARNY BOARD OF EDUCATION

Management's Discussion and Analysis

The changes in net position for fiscal years ended 2024 and 2023 are as follows:

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---|------------------------------------|----------------------|-------------------------------------|---------------------|----------------------|----------------------|
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for Services | \$ 781,674 | \$ 550,779 | \$ 539,794 | \$ 615,847 | \$ 1,321,468 | \$ 1,166,626 |
| Operating Grants and Contributions | 32,289,863 | 31,178,249 | 2,555,424 | 2,410,461 | 34,845,287 | 33,588,710 |
| Capital Grants and Contributions | 5,416,225 | 2,190,887 | | | 5,416,225 | 2,190,887 |
| General Revenues | | | | | | |
| Property Taxes | 58,448,267 | 57,944,298 | | | 58,448,267 | 57,944,298 |
| Federal and State Aid | 59,573,987 | 48,295,401 | | | 59,573,987 | 48,295,401 |
| Other | 1,920,698 | 925,051 | - | - | 1,920,698 | 925,051 |
| Total Revenues | <u>158,430,714</u> | <u>141,084,665</u> | <u>3,095,218</u> | <u>3,026,308</u> | <u>161,525,932</u> | <u>144,110,973</u> |
| Expenses | | | | | | |
| Instruction | | | | | | |
| Regular | 68,434,052 | 65,021,840 | | | 68,434,052 | 65,021,840 |
| Special Education | 16,675,842 | 15,525,421 | | | 16,675,842 | 15,525,421 |
| Other Instruction | 8,053,350 | 7,358,202 | | | 8,053,350 | 7,358,202 |
| School Sponsored Activities and Athletics | 2,299,006 | 2,052,093 | | | 2,299,006 | 2,052,093 |
| Support Services | | | | | | |
| Student and Instruction Related Services | 12,268,750 | 11,294,361 | | | 12,268,750 | 11,294,361 |
| General Administration Services | 2,436,511 | 2,076,318 | | | 2,436,511 | 2,076,318 |
| School Administration Services | 9,277,472 | 8,755,008 | | | 9,277,472 | 8,755,008 |
| Central Administrative Services | 2,452,788 | 2,342,753 | | | 2,452,788 | 2,342,753 |
| Plant Operation and Maintenance | 14,721,057 | 11,207,193 | | | 14,721,057 | 11,207,193 |
| Pupil Transportation | 3,195,322 | 2,659,497 | | | 3,195,322 | 2,659,497 |
| Interest and Other Chgs on Long-Term Debt | 372,666 | 400,274 | | | 372,666 | 400,274 |
| Food Service | - | - | 3,474,417 | 3,308,365 | 3,474,417 | 3,308,365 |
| Total Expenses | <u>140,186,816</u> | <u>128,692,960</u> | <u>3,474,417</u> | <u>3,308,365</u> | <u>143,661,233</u> | <u>132,001,325</u> |
| Change in Net Position | 18,243,898 | 12,391,705 | (379,199) | (282,057) | 17,864,699 | 12,109,648 |
| Transfers | (32,375) | | 32,375 | | - | |
| Net Position, Beginning of Year | <u>38,488,110</u> | <u>26,096,405</u> | <u>1,215,561</u> | <u>1,497,618</u> | <u>39,703,671</u> | <u>27,594,023</u> |
| Net Position, End of Year | <u>\$ 56,699,633</u> | <u>\$ 38,488,110</u> | <u>\$ 868,737</u> | <u>\$ 1,215,561</u> | <u>\$ 57,568,370</u> | <u>\$ 39,703,671</u> |

KEARNY BOARD OF EDUCATION

Management's Discussion and Analysis

Governmental Activities

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

Total and Net Cost of Governmental Activities. The following schedule presents the District's total costs of services provided by major activity. After applying program revenues, derived from charges for services, operating grants and contributions and capital grants and contributions, the net cost of these services is presented. The following is a comparative analysis of the total and the net cost of governmental activities for the fiscal years ended June 30, 2024 and 2023.

| | <u>Total Cost of Services</u> | | <u>Net Cost of Services</u> | |
|--|-----------------------------------|-----------------------|---------------------------------|----------------------|
| | <u>2024</u> | <u>2023</u> | <u>2023</u> | <u>2022</u> |
| Instruction | | | | |
| Regular | \$ 68,434,052 | \$ 65,021,840 | \$ 56,295,418 | \$ 54,194,865 |
| Special Education | 16,675,842 | 15,525,421 | 6,798,431 | 5,550,665 |
| Other Instruction | 8,053,350 | 7,358,202 | 4,983,681 | 4,321,627 |
| School Sponsored Activities and Athletics | 2,299,006 | 2,052,093 | 1,623,177 | 1,422,720 |
| Support Services | | | | |
| Student and Instruction Related Services | 12,268,750 | 11,294,361 | 8,611,558 | 8,519,913 |
| General Administration Services | 2,436,511 | 2,076,318 | 2,342,981 | 2,015,893 |
| School Administration Services | 9,277,472 | 8,755,008 | 8,154,529 | 7,548,228 |
| Central Administrative Services | 2,452,788 | 2,342,753 | 2,219,638 | 2,094,162 |
| Plant Operation and Maintenance | 14,721,057 | 11,207,193 | 7,333,212 | 6,289,886 |
| Pupil Transportation | 3,195,322 | 2,659,497 | 2,963,763 | 2,414,812 |
| Interest and Other Charges on Long-Term Debt | <u>372,666</u> | <u>400,274</u> | <u>372,666</u> | <u>400,274</u> |
| Total | <u>\$ 140,186,816</u> | <u>\$ 128,692,960</u> | <u>\$ 101,699,054</u> | <u>\$ 94,773,045</u> |

KEARNY BOARD OF EDUCATION

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

Governmental Funds

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

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$41,321,383, an increase of \$7,098,556 from last year's fund balance of \$34,222,827.

Revenues and transfers in for the District's governmental funds were \$172,396,341 and total expenditures and transfers out were \$165,591,285. In addition, the District had other financing sources of \$293,500 due to IT subscription arrangements entered into during 2023/24.

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

Revenues of the General Fund were \$154,469,950 for the fiscal year ended June 30, 2024. State sources amounted to \$93,901,610, local sources totaled \$60,283,229 and federal sources totaled \$285,111.

Expenditures of the General Fund were \$141,907,548. Instructional expenditures were \$93,440,877, expenditures for support services were \$45,570,562 and capital and debt service expenditures totaled \$2,896,109 for the fiscal year ended June 30, 2024.

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

Revenues of the Special Revenue Fund were \$16,633,987 for the fiscal year ended June 30, 2024. State sources amounted to \$4,242,125, federal sources totaled \$11,798,975, and local sources amounted to \$592,887.

Expenditures of the Special Revenue Fund were \$17,653,062. Instructional expenditures were \$9,521,597, expenditures for support services were \$2,715,240 and capital expenditures totaled \$5,416,225 for the fiscal year ended June 30, 2024.

Capital Projects - The capital projects expenditures and other financing uses exceeded revenues by \$4,706,930 decreasing the fund balance from \$5,027,285 at June 30, 2023 to \$320,355 at June 30, 2024.

Proprietary Funds

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

KEARNY BOARD OF EDUCATION

Management's Discussion and Analysis

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The District revised its annual operating budget to reflect the reappropriation of June 30, 2023 encumbrances.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business type activities as of June 30, 2024 and 2023 amounts to \$52,941,953 and \$45,421,713 (net of accumulated depreciation), respectively. The capital assets consist of land, site improvements, buildings, building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for the fiscal year 2023-2024 amounted to \$2,786,592 for governmental activities and \$40,743 for the Business-Type activities.

The following is a comparative analysis of capital assets at June 30, 2024 and 2023.

| | Governmental | | Business- Type | | Total | |
|----------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|
| | <u>Activities</u> | | <u>Activities</u> | | <u>Total</u> | |
| | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> | <u>2024</u> | <u>2023</u> |
| Land | \$ 245,000 | \$ 245,000 | | | \$ 245,000 | \$ 245,000 |
| Construction in Progress | 15,223,067 | 4,842,673 | | | 15,223,067 | 4,842,673 |
| Site Improvements | 1,668,492 | 1,855,287 | | | 1,668,492 | 1,855,287 |
| Buildings and Improvements | 33,591,030 | 35,377,810 | | | 33,591,030 | 35,377,810 |
| Machinery and Equipment | 1,400,658 | 2,154,340 | \$ 195,479 | \$ 238,447 | 1,596,137 | 2,392,787 |
| Right-to-Use IT Software | 618,227 | 708,156 | - | - | 618,227 | 708,156 |
| Total | <u>\$ 52,746,474</u> | <u>\$ 45,183,266</u> | <u>\$ 195,479</u> | <u>\$ 238,447</u> | <u>\$ 52,941,953</u> | <u>\$ 45,421,713</u> |

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

KEARNY BOARD OF EDUCATION

Management's Discussion and Analysis

LONG TERM LIABILITIES

At June 30, 2024, the District's long-term liabilities consisted of compensated absences payable of \$16,233,088, bonds payable of \$440,309, (including unamortized premium), capital financing agreements of \$4,220,383, IT subscription arrangements of \$555,727 and net pension liability of \$16,294,464 totaling \$37,743,971. This is in comparison to long-term liabilities at June 30, 2023 of \$38,966,348 or a decrease of \$1,222,377.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2024-2025 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing labor and related employee benefit costs. Other budgetary increases are anticipated with special education, and utilizes the required investment to repair the District's aging facilities.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator, Kearny Board of Education, 172 Midland Avenue, Kearny, NJ 07032.

REQUIRED SUPPLEMENTARY INFORMATION – PART I

BASIC FINANCIAL STATEMENTS

**KEARNY BOARD OF EDUCATION
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024**

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 46,266,861 | \$ 585,596 | \$ 46,852,457 |
| Receivables, net | | | |
| Receivables from Other Governments | 2,033,367 | 161,045 | 2,194,412 |
| Other Receivables | 32,397 | | 32,397 |
| Inventory | | 34,151 | 34,151 |
| Capital Assets | | | |
| Not Being Depreciated | 15,468,067 | | 15,468,067 |
| Being Depreciated, Net | <u>37,278,407</u> | <u>195,479</u> | <u>37,473,886</u> |
| Total Assets | <u>101,079,099</u> | <u>976,271</u> | <u>102,055,370</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Amounts on Net Pension Liability | 1,740,107 | | 1,740,107 |
| Deferred Amount on Refunding on Debt | <u>10,356</u> | <u>-</u> | <u>10,356</u> |
| Total Deferred Outflows of Resources | <u>1,750,463</u> | <u>-</u> | <u>1,750,463</u> |
| Total Assets and Deferred Outflows of Resources | <u>102,829,562</u> | <u>976,271</u> | <u>103,805,833</u> |
| LIABILITIES | | | |
| Accounts Payable and Other Current Liabilities | 1,563,402 | 107,534 | 1,670,936 |
| Payable to Federal/State Governments | 110,425 | | 110,425 |
| Unearned Revenue | 5,337,415 | | 5,337,415 |
| Accrued Interest Payable | 124,641 | | 124,641 |
| Noncurrent Liabilities | | | |
| Due Within One Year | 2,797,615 | | 2,797,615 |
| Due Beyond One Year | <u>34,946,356</u> | <u>-</u> | <u>34,946,356</u> |
| Total Liabilities | <u>44,879,854</u> | <u>107,534</u> | <u>44,987,388</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Amounts on Net Pension Liability | <u>1,250,075</u> | <u>-</u> | <u>1,250,075</u> |
| Total Deferred Inflows of Resources | <u>1,250,075</u> | <u>-</u> | <u>1,250,075</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>46,129,929</u> | <u>107,534</u> | <u>46,237,463</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 47,835,766 | 195,479 | 48,031,245 |
| Restricted for: | | | |
| Capital Projects | 35,432,625 | | 35,432,625 |
| Other Purposes | 6,212,009 | | 6,212,009 |
| Unrestricted | <u>(32,780,767)</u> | <u>673,258</u> | <u>(32,107,509)</u> |
| Total Net Position | <u>\$ 56,699,633</u> | <u>\$ 868,737</u> | <u>\$ 57,568,370</u> |

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

**KEARNY BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| Functions/Programs: | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--|------------------|-------------------------|--|--|--|-----------------------------|-----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Governmental Activities | | | | | | | |
| Instruction | | | | | | | |
| Regular | \$ 68,434,052 | | \$ 12,138,634 | | \$ (56,295,418) | | \$ (56,295,418) |
| Special Education | 16,675,842 | \$ 126,129 | 9,751,282 | | (6,798,431) | | (6,798,431) |
| Other Instruction | 8,053,350 | 95,425 | 2,974,244 | | (4,983,681) | | (4,983,681) |
| School Sponsored Activities and Athletics | 2,299,006 | 474,988 | 200,841 | | (1,623,177) | | (1,623,177) |
| Support Services | | | | | | | |
| Student and Instruction Related Svcs. | 12,268,750 | 85,132 | 3,572,060 | | (8,611,558) | | (8,611,558) |
| General Administration Services | 2,436,511 | | 93,530 | | (2,342,981) | | (2,342,981) |
| School Administration Services | 9,277,472 | | 1,122,943 | | (8,154,529) | | (8,154,529) |
| Central Administrative Services | 2,452,788 | | 233,150 | | (2,219,638) | | (2,219,638) |
| Plant Operations and Maintenance | 14,721,057 | | 1,971,620 | \$ 5,416,225 | (7,333,212) | | (7,333,212) |
| Pupil Transportation | 3,195,322 | | 231,559 | | (2,963,763) | | (2,963,763) |
| Interest and Other Charges on Long-Term Debt | 372,666 | - | - | - | (372,666) | - | (372,666) |
| Total Governmental Activities | 140,186,816 | 781,674 | 32,289,863 | 5,416,225 | (101,699,054) | - | (101,699,054) |
| Business-Type Activities | | | | | | | |
| Food Service | 3,463,882 | 539,794 | 2,555,424 | - | - | \$ (368,664) | (368,664) |
| Total Business-Type Activities | 3,463,882 | 539,794 | 2,555,424 | - | - | (368,664) | (368,664) |
| Total Primary Government | \$ 143,650,698 | \$ 1,321,468 | \$ 34,845,287 | \$ 5,416,225 | (101,699,054) | (368,664) | (102,067,718) |
| General Revenues: | | | | | | | |
| Property Taxes, General | | | | | 58,222,167 | | 58,222,167 |
| Property Taxes, Debt Service | | | | | 226,100 | | 226,100 |
| Federal and State Aid - Unrestricted | | | | | 59,573,987 | | 59,573,987 |
| Investment Income | | | | | 705,484 | | 705,484 |
| Miscellaneous Income | | | | | 1,215,214 | - | 1,215,214 |
| Transfers | | | | | (32,375) | 32,375 | |
| Other Items | | | | | - | (10,535) | (10,535) |
| Total General Revenues and Transfers | | | | | 119,910,577 | 21,840 | 119,932,417 |
| Change in Net Position | | | | | 18,211,523 | (346,824) | 17,864,699 |
| Net Position, Beginning of Year | | | | | 38,488,110 | 1,215,561 | 39,703,671 |
| Net Position, End of Year | | | | | \$ 56,699,633 | \$ 868,737 | \$ 57,568,370 |

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

FUND FINANCIAL STATEMENTS

**KEARNY BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2024**

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|---|----------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 37,571,633 | \$ 5,831,262 | \$ 2,863,966 | | \$ 46,266,861 |
| Due from Other Funds | 2,539,556 | | | | 2,539,556 |
| Receivables, Net | | | | | |
| Receivables From Other Governments | 377,115 | 1,656,252 | | | 2,033,367 |
| Other Receivables | 32,397 | - | - | - | 32,397 |
| Total Assets | <u>\$ 40,520,701</u> | <u>\$ 7,487,514</u> | <u>\$ 2,863,966</u> | <u>\$ -</u> | <u>\$ 50,872,181</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ 323,001 | \$ 990,009 | \$ 4,055 | | \$ 1,317,065 |
| Payroll and Payroll Deductions Payable | 50,780 | | | | 50,780 |
| Unemployment Deductions Payable | 195,557 | | | | 195,557 |
| Due to Other Funds | | | 2,539,556 | | 2,539,556 |
| Payable to Federal/State Governments | 59,360 | 51,065 | | | 110,425 |
| Unearned Revenue | - | 5,337,415 | - | - | 5,337,415 |
| Total Liabilities | <u>628,698</u> | <u>6,378,489</u> | <u>2,543,611</u> | <u>-</u> | <u>9,550,798</u> |
| Fund Balances | | | | | |
| Restricted | | | | | |
| Capital Reserve | 27,761,983 | | | | 27,761,983 |
| Capital Reserve Designated for Subsequent Year's Budget | 7,645,642 | | | | 7,645,642 |
| Maintenance Reserve | 4,160,408 | | | | 4,160,408 |
| Adult Education Program | 73,277 | | | | 73,277 |
| Unemployment Compensation Reserve | 942,576 | | | | 942,576 |
| Student Activities | | 434,745 | | | 434,745 |
| Scholarship Awards | | 674,280 | | | 674,280 |
| Capital Projects | | | 25,000 | | 25,000 |
| Debt Service | | | 295,355 | | 295,355 |
| Committed | | | | | |
| Encumbrances | 2,929,801 | | | | 2,929,801 |
| Assigned | | | | | |
| Designated for Subsequent Year's Budget | 74,752 | | | | 74,752 |
| Encumbrances | 1,127,964 | | | | 1,127,964 |
| Unassigned | (4,824,400) | - | - | - | (4,824,400) |
| Total Fund Balances | <u>39,892,003</u> | <u>1,109,025</u> | <u>320,355</u> | <u>-</u> | <u>41,321,383</u> |
| Total Liabilities and Fund Balances | <u>\$ 40,520,701</u> | <u>\$ 7,487,514</u> | <u>\$ 2,863,966</u> | <u>\$ -</u> | |

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$76,032,881 and the accumulated depreciation is \$23,286,407.

52,746,474

The District has financed capital assets through the issuance of general obligation bonds and capital financing agreements.

The accrued interest at year end is

(124,641)

Long-term liabilities, including bonds payable, deferred outflows/inflows of resources are not due and payable in the current period and therefore are not reported as liabilities in the funds. (See Note 2)

(37,743,971)

Deferred Inflows and Outflows related to the debt refundings and net pension liability are not reported in the funds. (See Note 2)

500,388

Net Position of Governmental Activities

\$ 56,699,633

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

KEARNY BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Capital Projects Fund</u> | <u>Debt Service Fund</u> | <u>Total Governmental Funds</u> |
|---|-------------------------|-------------------------------------|--------------------------------------|----------------------------------|---|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Taxes | \$ 58,222,167 | | | \$ 226,100 | \$ 58,448,267 |
| Miscellaneous | <u>2,061,062</u> | <u>\$ 592,887</u> | <u>\$ 81,190</u> | <u>-</u> | <u>2,735,139</u> |
| Total - Local Sources | 60,283,229 | 592,887 | 81,190 | 226,100 | 61,183,406 |
| State Sources | 93,901,610 | 4,242,125 | | | 98,143,735 |
| Federal Sources | <u>285,111</u> | <u>11,798,975</u> | <u>-</u> | <u>-</u> | <u>12,084,086</u> |
| Total Revenues | <u>154,469,950</u> | <u>16,633,987</u> | <u>81,190</u> | <u>226,100</u> | <u>171,411,227</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| Instruction | | | | | |
| Regular Instruction | 67,616,150 | 5,396,204 | | | 73,012,354 |
| Special Education Instruction | 16,905,654 | 1,547,720 | | | 18,453,374 |
| Other Instruction | 6,980,224 | 2,018,750 | | | 8,998,974 |
| School Sponsored Activities and Athletics | 1,938,849 | 558,923 | | | 2,497,772 |
| Support Services | | | | | |
| Student and Instruction Related Services | 10,719,150 | 2,714,940 | | | 13,434,090 |
| General Administrative Services | 2,607,865 | | | | 2,607,865 |
| School Administrative Services | 10,608,118 | | | | 10,608,118 |
| Plant Operations and Maintenance | 15,606,308 | | | | 15,606,308 |
| Pupil Transportation | 3,282,854 | 300 | | | 3,283,154 |
| Business and Central Services | 2,746,267 | | | | 2,746,267 |
| Debt Service | | | | | |
| Principal | 1,795,515 | | | 205,000 | 2,000,515 |
| Interest and Other Charges | 395,969 | | | 21,100 | 417,069 |
| Capital Outlay | <u>704,625</u> | <u>5,416,225</u> | <u>4,787,086</u> | <u>-</u> | <u>10,907,936</u> |
| Total Expenditures | <u>141,907,548</u> | <u>17,653,062</u> | <u>4,787,086</u> | <u>226,100</u> | <u>164,573,796</u> |
| Excess (Deficiency) of Revenues | | | | | |
| Over (Under) Expenditures | <u>12,562,402</u> | <u>(1,019,075)</u> | <u>(4,705,896)</u> | <u>-</u> | <u>6,837,431</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| IT Subscription Arrangements | 293,500 | | | | 293,500 |
| Transfers In | 1,034 | 984,080 | | - | 985,114 |
| Transfers Out | <u>(1,016,455)</u> | <u>-</u> | <u>(1,034)</u> | <u>-</u> | <u>(1,017,489)</u> |
| Total Other Financing Sources and Uses | <u>(721,921)</u> | <u>984,080</u> | <u>(1,034)</u> | <u>-</u> | <u>261,125</u> |
| Net Change in Fund Balances | 11,840,481 | (34,995) | (4,706,930) | - | 7,098,556 |
| Fund Balance, Beginning of Year | <u>28,051,522</u> | <u>1,144,020</u> | <u>5,027,285</u> | <u>-</u> | <u>34,222,827</u> |
| Fund Balance, End of Year | <u>\$ 39,892,003</u> | <u>\$ 1,109,025</u> | <u>\$ 320,355</u> | <u>\$ -</u> | <u>\$ 41,321,383</u> |

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

**KEARNY BOARD OF EDUCATION
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE DISTRICT-WIDE STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Governmental Funds (Exhibit B-2) **\$ 7,098,556**

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

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

| | | |
|----------------------|--------------------|-----------|
| Capital Outlays | \$ 10,907,936 | |
| Depreciation Expense | <u>(2,786,592)</u> | |
| | | 8,121,344 |

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

| | | |
|--|------------------|-----------|
| Loss on Disposal of Capital Assets | (139,037) | |
| Adjustment - Capital Assets Acquired under Capital Financing Agreement | (303,882) | |
| Other Adjustments | <u>(115,217)</u> | |
| | | (558,136) |

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

| | | |
|---|----------------|-----------|
| IT Subscription Arrangements | (293,500) | |
| Cancelled Capital Financing Agreement | 303,882 | |
| Repayment of Bond Principal | 205,000 | |
| Repayment of Financing Agreements | 1,384,127 | |
| Repayment of IT Subscription Arrangements | <u>411,388</u> | |
| | | 2,010,897 |

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

| | | |
|--|---------------|------------------|
| (Increase) Decrease in Pension Expense - Public Employees' Retirement System | 1,466,131 | |
| (Increase) Decrease in Compensated Absences | 28,328 | |
| Amortization of Premium | 12,524 | |
| Amortization of Deferred Amount on Refunding | (8,473) | |
| (Increase) Decrease in Accrued Interest | <u>40,352</u> | |
| | | <u>1,538,862</u> |

Change in Net Position of Governmental Activities (Exhibit A-2) **\$ 18,211,523**

**KEARNY BOARD OF EDUCATION
PROPRIETARY FUNDS
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024**

ASSETS

Current Assets

| | |
|---------------------------------------|---------------|
| Cash and Cash Equivalents | \$ 585,596 |
| Intergovernmental Accounts Receivable | 161,045 |
| Inventories | <u>34,151</u> |

| | |
|----------------------|----------------|
| Total Current Assets | <u>780,792</u> |
|----------------------|----------------|

Capital Assets

| | |
|------------------------------------|------------------|
| Furniture, Machinery and Equipment | 481,731 |
| Less Accumulated Depreciation | <u>(286,252)</u> |

| | |
|----------------------|----------------|
| Total Capital Assets | <u>195,479</u> |
|----------------------|----------------|

| | |
|--------------|----------------|
| Total Assets | <u>976,271</u> |
|--------------|----------------|

LIABILITIES

Current Liabilities

| | |
|------------------|----------------|
| Accounts Payable | <u>107,534</u> |
|------------------|----------------|

| | |
|-------------------|----------------|
| Total Liabilities | <u>107,534</u> |
|-------------------|----------------|

NET POSITION

| | |
|------------------------------|----------------|
| Investment in Capital Assets | 195,479 |
| Unrestricted | <u>673,258</u> |

| | |
|--------------------|--------------------------|
| Total Net Position | <u><u>\$ 868,737</u></u> |
|--------------------|--------------------------|

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

**KEARNY BOARD OF EDUCATION
PROPRIETARY FUNDS
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

OPERATING REVENUES

| | |
|---------------------------|----------------|
| Charges for Services | |
| Daily Sales | |
| Reimbursable Programs | \$ 295,640 |
| Non-Reimbursable Programs | 227,226 |
| Other Miscellaneous | <u>16,928</u> |
| Total Operating Revenues | <u>539,794</u> |

OPERATING EXPENSES

| | |
|---------------------------|------------------|
| Cost of Sales | |
| Reimbursable Programs | 1,160,076 |
| Non-Reimbursable Programs | 354,129 |
| Personnel Costs | 1,545,363 |
| Management Fee | 114,809 |
| Other Expenses | 142,082 |
| Supplies and Materials | 106,680 |
| Depreciation | <u>40,743</u> |
| Total Operating Expenses | <u>3,463,882</u> |

| | |
|-------------------------|--------------------|
| Operating Income (Loss) | <u>(2,924,088)</u> |
|-------------------------|--------------------|

NONOPERATING REVENUES

| | |
|------------------------------------|------------------|
| State Sources | |
| State School Lunch Program | 61,132 |
| State Breakfast | 5,957 |
| After the Bell | 4,396 |
| NJEIE Breakfast | 4,103 |
| NJEIE Lunch | 21,187 |
| Summer Food Program | 1,711 |
| Federal Sources | |
| National School Lunch Program | 1,688,478 |
| National School Breakfast Program | 309,595 |
| Food Distribution Program | 244,728 |
| Summer Food Service Program | 69,976 |
| Supply Chain Assistance | 125,757 |
| Local Food for Schools | 15,148 |
| PEBT | 3,256 |
| Loss on Disposal of Capital Assets | <u>(10,535)</u> |
| Total Nonoperating Revenues | <u>2,544,889</u> |

| | |
|--------------------------------|-----------|
| Income (Loss) Before Transfers | (379,199) |
|--------------------------------|-----------|

| | |
|--------------|---------------|
| Transfers In | <u>32,375</u> |
|--------------|---------------|

| | |
|------------------------|-----------|
| Change in Net Position | (346,824) |
|------------------------|-----------|

| | |
|---------------------------------|------------------|
| Net Position, Beginning of Year | <u>1,215,561</u> |
|---------------------------------|------------------|

| | |
|---------------------------|-------------------|
| Net Position, End of Year | <u>\$ 868,737</u> |
|---------------------------|-------------------|

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

**KEARNY BOARD OF EDUCATION
PROPRIETARY FUNDS
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|--------------------|
| Cash Received from Customers | \$ 539,794 |
| Cash Payments for Employees Salaries and Benefits | (1,545,363) |
| Cash Payments to Suppliers | <u>(1,548,771)</u> |
| Net Cash (Used for) Operating Activities | <u>(2,554,340)</u> |

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

| | |
|---|------------------|
| Cash Received from Interfund Transfers | 32,375 |
| Cash Received from State and Federal Sources | <u>2,298,640</u> |
| Net Cash Provided By Non-Capital Financing Activities | <u>2,331,015</u> |

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

| | |
|--|----------------|
| Cash Payments for Capital Assets | <u>(8,310)</u> |
| Net Cash (Used For) Capital Financing Activities | <u>(8,310)</u> |

| | |
|--|-------------------|
| Net Change in Cash and Cash Equivalents | (231,635) |
| Cash and Cash Equivalents, Beginning of Year | <u>817,231</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 585,596</u> |

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

| | |
|--|----------------|
| Operating Income (Loss) | \$ (2,924,088) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash | |
| (Used for) Operating Activities | |
| Depreciation | 40,743 |
| Non Cash Federal Assistance-Food Distribution Program | 244,728 |
| (Increase) Decrease in Inventories | 6,531 |
| Increase (Decrease) in Accounts Payable | <u>77,746</u> |

| | |
|-------------------|----------------|
| Total Adjustments | <u>369,748</u> |
|-------------------|----------------|

| | |
|--|-----------------------|
| Net Cash (Used for) Operating Activities | <u>\$ (2,554,340)</u> |
|--|-----------------------|

Non-Cash Financing Activities:

| | |
|---|------------|
| Fair Value Received - Food Distribution Program | \$ 244,728 |
|---|------------|

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

NOTES TO THE FINANCIAL STATEMENTS

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

B. New Accounting Standards

During fiscal year 2024, the District adopted the following GASB statements:

- GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, will be effective beginning with the fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

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

- GASB Statement No. 101, *Compensated Absences*, will be effective beginning with the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. New Accounting Standards (Continued)

- GASB Statement No. 102, *Certain Risk Disclosures*, will be effective beginning with the fiscal year ending June 30, 2025. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a school district vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a school district's financial condition.
- GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective beginning with the fiscal year ending June 30, 2026. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from school district to school district, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position. The requirement for presentation of major component unit information will improve comparability. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

C. Basis of Presentation - Financial Statements

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

District-Wide Financial Statements

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

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation - Financial Statements (Continued)

Fund Financial Statements (Continued)

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

The District reports the following major governmental funds:

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

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

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

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

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

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

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

Reclassifications

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

D. Measurement Focus and Basis of Accounting

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

1. Cash, Cash Equivalents and Investments

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

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

2. Receivables

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

3. Inventories

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

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

KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

4. *Capital Assets*

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost, except for intangible right-to-use leased assets and intangible right-to-use IT subscription assets, the measurement of which is discussed in Note 1. E.8, respectively. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

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

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

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

5. *Deferred Outflows/Inflows of Resources*

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

5. Deferred Outflows/Inflows of Resources (Continued)

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

6. Compensated Absences

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

7. Pensions

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

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

8. Subscription Bases Information Technology Arrangements (SBITAs)

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

9. Financing Agreements

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

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

10. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Net Position/Fund Balance

District-Wide Statements

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

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

KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balance (Continued)

Governmental Fund Statements

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

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

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

Capital Reserve - Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of capital reserve fund balance appropriated in the 2024/2025 original budget certified for taxes.

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

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

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

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

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

Capital Projects – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

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

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

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

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

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

Designated for Subsequent Year's Budget – This designation was created to dedicate the portion of fund balance appropriated in the 2024/2025 original budget certified for taxes.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

11. Net Position/Fund Balance (Continued)

Governmental Fund Statements (Continued)

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

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

12. Fund Balance Policies

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

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

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Revenues and Expenditures/Expenses (Continued)

2. *Property Taxes*

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

3. *Tuition Revenues and Expenditures*

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

Tuition Expenditures - Tuition charges for the fiscal years 2022-2023 and 2023-2024 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

4. *On-Behalf Payments*

Revenues and expenditures of the general fund include payments made by the State of New Jersey on-behalf of the District for social security, pension, long-term disability insurance and post-retirement medical benefit contributions for District employees enrolled in the Teacher Pension and Annuity Fund (TPAF) retirement system.

Revenues and expenses of governmental activities fund, include the State’s proportionate share of the on-behalf actuarial determined pension and post-retirement medical benefit amounts attributable to the District for District employees enrolled in the TPAF retirement system.

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

| | |
|----------------------------------|----------------------|
| General Obligation Bonds Payable | \$ 425,000 |
| Premium on Bonds | 15,309 |
| Capital Financing Agreements | 4,220,383 |
| IT Subscription Arrangements | 555,727 |
| Compensated Absences | 16,233,088 |
| Net Pension Liability | <u>16,294,464</u> |
| | <u>\$ 37,743,971</u> |

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

| | |
|---|---------------------|
| Deferred Inflows of Resources | |
| Deferred Amount on Net Pension Liability | \$ 1,250,075 |
| Deferred Outflows of Resources | |
| Deferred Amount on Net Pension Liability | (1,740,107) |
| Deferred Amount on Refunding (to be amortized as interest expense) | <u>(10,356)</u> |
| | <u>\$ (500,388)</u> |

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2023/2024. Also, during 2023/2024 the Board increased the original budget of its General Fund by \$2,083,008 and its Special Revenue Fund by \$9,865,797, respectively. The increases were funded by grant awards, student activity revenues, scholarship donations and the reappropriation of prior year general fund encumbrances.

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

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

B. Deficit Fund Equity

The District has an unassigned fund deficit of \$4,824,400 in the General Fund as of June 30, 2024 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2023/2024 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund deficits in the future.

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficit in the GAAP (fund) financial statements of \$4,824,400 in the General Fund is less than the delayed state aid payments at June 30, 2024.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

C. Capital Reserve

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

Funds placed in the capital reserve are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2024 is as follows:

| | | |
|---|----------------|----------------------|
| Balance, July 1, 2023 | | \$ 22,364,603 |
| Increased by: | | |
| Deposit Approved by Board Resolution | \$ 14,203,937 | |
| Interest Earnings | <u>210,610</u> | |
| | | <u>14,414,547</u> |
| | | 36,779,150 |
| Decreased by: | | |
| Withdrawals Approved in District Budget | | <u>1,371,525</u> |
| Balance, June 30, 2024 | | <u>\$ 35,407,625</u> |

The June 30, 2024 LRFP balance of local support costs of uncompleted capital projects is estimated by management to be \$49,913,000. The withdrawals from the capital reserve were for use in a department approved facilities project, consistent with the District's Long Range Facilities Plan. \$7,645,642 of the capital reserve balance at June 30, 2024 was designated and appropriated for use in the 2024/2025 original budget certified for taxes.

D. Maintenance Reserve

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

Funds placed in the maintenance reserve are restricted to required maintenance activities for a school facility as reported in the comprehensive maintenance plan. A District may appropriate funds into the maintenance reserve in the annual General Fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amounts or both. Pursuant to N.J.A.C. 6A:23A-14.2(g), the balance in the reserve cannot at any time exceed four percent of the replacement cost of the school district's school facilities for the current year.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

D. Maintenance Reserve (Continued)

The activity of the maintenance reserve for the fiscal year ended June 30, 2024 is as follows:

| | |
|------------------------|---------------------|
| Balance, July 1, 2023 | \$ 4,160,408 |
| Increased by: | |
| Interest Earnings | <u>59,332</u> |
| | 4,219,740 |
| Decreased by: | |
| Transfer Out | <u>59,332</u> |
| Balance, June 30, 2024 | <u>\$ 4,160,408</u> |

The June 30, 2024 comprehensive maintenance plan indicated a maximum maintenance reserve amount of \$4,160,408.

E. Transfers to Capital Outlay

During the 2023/2024 school year, the district transferred \$1,300,000 to the non-equipment capital outlay account. The transfer was approved by the County Superintendent.

NOTE 4 DETAILED NOTES ON ALL FUNDS

A. Cash Deposits and Investments

Cash Deposits

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

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. NCUSIF insures credit union accounts up to \$250,000 in the aggregate for each financial institution. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2023, the book value of the Board's deposits was \$46,852,457 and bank and brokerage firm balances of the Board's deposits amounted to \$47,712,766. The Board's deposits which are displayed on the statement of net position and the various fund balance sheets as "cash and cash equivalents" and "cash with fiscal agents" are categorized as:

Depository Account

| | |
|------------------------------|----------------------|
| Insured | \$ 47,438,872 |
| Uninsured and Collateralized | <u>273,894</u> |
| | <u>\$ 47,712,766</u> |

KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

A. Cash Deposits and Investments (Continued)

Cash Deposits (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 Board does not have a policy for custodial credit risk. As of June 30, 2024 the Board’s bank balance of \$273,894 was exposed to custodial credit risk as follows:

Depository Account

| | |
|--|-------------------|
| Uninsured and Collateralized | |
| Collateral held by pledging financial institution's trust department not in the Board's name | \$ <u>273,894</u> |

Investments

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America; Government Money Market Mutual Funds; any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligations bear a fixed rate of interest not dependent on any index or other external factor; bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located; Bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the “Local Authorities Fiscal Control Law,” (C.40A:5A-1 et seq.); Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by school districts; Local Government investment pools; deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); and agreements for the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2024, the Board had no outstanding investments.

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

B. Receivables

Receivables as of June 30, 2024 for the district's individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>General</u> | <u>Special Revenue</u> | <u>Food Service</u> | <u>Total</u> |
|---------------------------------------|-------------------|----------------------------|-------------------------|---------------------|
| Receivables: | | | | |
| Accounts | \$ 32,397 | | | \$ 32,397 |
| Intergovernmental | | | | |
| Federal | | \$ 1,656,252 | \$ 153,965 | 1,810,217 |
| State | 377,115 | | 7,080 | 384,195 |
| Other | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>409,512</u> | <u>1,656,252</u> | <u>161,045</u> | <u>2,226,809</u> |
| Gross Receivables | 409,512 | 1,656,252 | 161,045 | 2,226,809 |
| Less: Allowance for Uncollectibles | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Total Receivables | <u>\$ 409,512</u> | <u>\$ 1,656,252</u> | <u>\$ 161,045</u> | <u>\$ 2,226,809</u> |

C. Unearned Revenue

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

| | <u>Total</u> |
|---|---------------------|
| Special Revenue Fund | |
| Unencumbered Grant Drawdowns | \$ 5,122,363 |
| Grant Draw Downs Year-End Encumbrances | <u>215,052</u> |
| Total Unearned Revenue for Governmental Funds | <u>\$ 5,337,415</u> |

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

| | Balance, July 1, 2023 (Restated) | Increases | Decreases | Adjustments | Balance, June 30, 2024 |
|--|--|---------------|--------------|---------------------------|---------------------------|
| Governmental Activities: | | | | | |
| Capital Assets, Not Being Depreciated: | | | | | |
| Land | \$ 245,000 | | | | \$ 245,000 |
| Construction In Progress | 4,842,673 | \$ 10,380,394 | - | - | 15,223,067 |
| Total Capital Assets, Not Being Depreciated | 5,087,673 | 10,380,394 | - | - | 15,468,067 |
| Capital Assets, Being Depreciated: | | | | | |
| Site Improvements | 3,737,100 | | | | 3,737,100 |
| Buildings and Improvements | 51,556,137 | | | | 51,556,137 |
| Machinery and Equipment | 5,016,239 | 234,042 | \$ (876,240) | \$ (419,099) | 3,954,942 |
| Right-to-Use IT Software | 1,023,135 | 293,500 | - | - | 1,316,635 |
| Total Capital Assets Being Depreciated | 61,332,611 | 527,542 | (876,240) | (419,099) | 60,564,814 |
| Less Accumulated Depreciation for: | | | | | |
| Site Improvements | (1,881,813) | (186,795) | | | (2,068,608) |
| Buildings and Improvements | (16,178,327) | (1,786,780) | | | (17,965,107) |
| Machinery and Equipment | (2,861,899) | (429,588) | 737,203 | - | (2,554,284) |
| Right-to-Use IT Software | (314,979) | (383,429) | - | - | (698,408) |
| Total Accumulated Depreciation | (21,237,018) | (2,786,592) | 737,203 | - | (23,286,407) |
| Total Capital Assets, Being Depreciated, Net | 40,095,593 | (2,259,050) | (139,037) | (419,099) | 37,278,407 |
| Governmental Activities Capital Assets, Net | \$ 45,183,266 | \$ 8,121,344 | \$ (139,037) | \$ (419,099) | \$ 52,746,474 |
| | Balance, July 1, 2023 | Increases | Decreases | Balance, June 30, 2024 | |
| Business-Type Activities: | | | | | |
| Capital Assets, Being Depreciated: | | | | | |
| Machinery and Equipment | \$ 536,532 | \$ 8,310 | \$ (63,111) | \$ 481,731 | |
| Total Capital Assets Being Depreciated | 536,532 | 8,310 | (63,111) | 481,731 | |
| Less Accumulated Depreciation for: | | | | | |
| Machinery and Equipment | (298,085) | (40,743) | 52,576 | (286,252) | |
| Total Accumulated Depreciation | (298,085) | (40,743) | 52,576 | (286,252) | |
| Business-Type Activities Capital Assets, Net | \$ 238,447 | \$ (32,433) | \$ (10,535) | \$ 195,479 | |

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

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

Governmental Activities:

Instruction

| | |
|-------------------|------------------|
| Regular | \$ 2,728,074 |
| Special | <u>1,393</u> |
| Total Instruction | <u>2,729,467</u> |

Support Services

| | |
|-------------------------------------|---------------|
| Support Services - Students | 15,326 |
| General Administration | 13,654 |
| School Administration | 1,951 |
| Operations and Maintenance of Plant | 8,081 |
| Student Transportation | <u>18,113</u> |

| | |
|------------------------|---------------|
| Total Support Services | <u>57,125</u> |
|------------------------|---------------|

| | |
|--|---------------------|
| Total Depreciation Expense - Governmental Activities | <u>\$ 2,786,592</u> |
|--|---------------------|

Business-Type Activities:

Food Service Fund

| | |
|---|------------------|
| Total Depreciation Expense-Business-Type Activities | <u>\$ 40,743</u> |
|---|------------------|

Construction and Other Significant Commitments

The District has the following active construction projects as of June 30, 2024:

| <u>Project</u> | <u>Spent to Date</u> | <u>Remaining Commitment</u> |
|--|----------------------|---------------------------------|
| HVAC | \$ 9,780,131 | \$ 2,877,020 |
| High School Culinary Lab and Toilet Renovations | | 1,294,000 |
| Roof Replacement - Kearny High School and Lincoln Middle School | | 1,449,900 |

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2024, is as follows:

Due To/From Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|-----------------------|---------------------|
| General Fund | Capital Projects Fund | <u>\$ 2,539,556</u> |

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

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

Interfund Transfers

| <u>Transfer In:</u> | | | |
|-----------------------|-----------------------------|--------------------------|---------------------|
| <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Food Service Fund</u> | <u>Total</u> |
| <u>Transfer Out:</u> | | | |
| General Fund | \$ 984,080 | \$ 32,375 | \$ 1,016,455 |
| Capital Projects Fund | \$ 1,034 | - | 1,034 |
| Total Transfers | <u>\$ 1,034</u> | <u>\$ 984,080</u> | <u>\$ 32,375</u> |
| | | | <u>\$ 1,017,489</u> |

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

F. Financing Agreements

Capital Financing Agreements

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

Capital financing agreements at June 30, 2024 are comprised of the following:

| | | |
|--|----|-------------------------|
| \$429,395, Fiscal Year 2023 agreement for the acquisition of digital copiers for a term of five years due in monthly principal installments of \$6,616 to \$8,107 through June 2028 | \$ | 352,189 |
| \$6,450,000, Fiscal Year 2023 agreement for HVAC improvements to Roosevelt and Franklin Schools of four years due in annual principal installments of \$1,249,596 to \$1,329,614 through July 2026 interest at 3.1521% | | <u>3,868,194</u> |
| Total | \$ | <u><u>4,220,383</u></u> |

Other Financing Agreements

The District entered into the following agreements to finance the purchase of certain equipment that does not meet the threshold of a capital asset and therefore are classified as expendable supplies. The repayments under these financing agreements are subject to the annual appropriation of funds in the District’s approved budget. Final payments under these agreements were made during the 2023/2024 fiscal year.

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

Governmental Activities:

| Fiscal Year Ending <u>June 30,</u> | <u>Capital Agreements</u> | | <u>Total</u> |
|--|---------------------------|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | |
| 2025 | \$ 1,330,914 | \$ 138,323 | \$ 1,469,237 |
| 2026 | 1,374,632 | 94,604 | 1,469,236 |
| 2027 | 1,419,824 | 49,413 | 1,469,237 |
| 2028 | <u>95,013</u> | <u>2,697</u> | <u>97,710</u> |
| Total | <u>\$ 4,220,383</u> | <u>\$ 285,037</u> | <u>\$ 4,505,420</u> |

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

G. Subscription – Based Information Technology Arrangements (SBITAs)

On July 1, 2022, the District entered into a 24 month subscription for the use of Thrillshare Platform. An initial subscription liability was recorded in the amount of \$43,726. As of June 30, 2024, the value of the subscription liability is \$0. The value of the right to use asset as of June 30, 2024 is \$53,226 with accumulated depreciation of \$53,226.

On July 14, 2022, the District entered into a 36 month subscription for the use of Kuta-Infinite Algebra. An initial subscription liability was recorded in the amount of \$2,996. As of June 30, 2024, the value of the subscription liability is \$998. The District is required to make annual fixed payments of \$1,022. The subscription has an interest rate of 2.3543%. The value of the right to use asset as of June 30, 2024 is \$2,996 with accumulated depreciation of \$1,925.

On July 1, 2022, the District entered into a 24 month subscription for the use of Securly-Software. An initial subscription liability was recorded in the amount of \$40,985. As of June 30, 2024, the value of the subscription liability is \$0. The value of the right to use asset as of June 30, 2024 is \$40,985 with accumulated depreciation of \$40,985.

On July 1, 2022, the District entered into a 24 month subscription for the use of Systems 3000. An initial subscription liability was recorded in the amount of \$62,654. As of June 30, 2024, the value of the subscription liability is \$0. The value of the right to use asset as of June 30, 2024 is \$62,654 with accumulated depreciation of \$62,654.

On July 1, 2022, the District entered into a 27 month subscription for the use of Descubre Supersite Plus. An initial subscription liability was recorded in the amount of \$99,017. As of June 30, 2024, the value of the subscription liability is \$0. The value of the right to use asset as of June 30, 2024 is \$99,017 with accumulated depreciation of \$86,206.

On July 1, 2022, the District entered into a 27 month subscription for the use of Descubre Supersite Plus. An initial subscription liability was recorded in the amount of \$91,454. As of June 30, 2024, the value of the subscription liability is \$0. The value of the right to use asset as of June 30, 2024 is \$91,454 with accumulated depreciation of \$79,621.

On July 1, 2022, the District entered into a 58 month subscription for the use of Listos Levels. An initial subscription liability was recorded in the amount of \$333,786. As of June 30, 2024, the value of the subscription liability is \$170,507. The District is required to make annual fixed payments of \$88,510. The subscription has an interest rate of 2.5357%. The value of the right to use asset as of June 30, 2024 is \$333,786 with accumulated depreciation of \$137,172.

On July 1, 2022, the District entered into a 24 month subscription for the use of CodeHS-Pro Section License. An initial subscription liability was recorded in the amount of \$4,155. As of June 30, 2024, the value of the subscription liability is \$0. The value of the right to use asset as of June 30, 2024 is \$4,155 with accumulated depreciation of \$4,155.

On July 1, 2022, the District entered into a 49 month subscription for the use of Newsela-Social Studies G 6-8. An initial subscription liability was recorded in the amount of \$334,862. As of June 30, 2024, the value of the subscription liability is \$167,723. The District is required to make annual fixed payments of \$86,950. The subscription has an interest rate of 2.4453%. The value of the right to use asset as of June 30, 2024 is \$334,862 with accumulated depreciation of \$164,014.

On July 1, 2023, the District entered into a 48 month subscription for the use of Learning Ally's Audiobook Solution. An initial subscription liability was recorded in the amount of \$35,897. As of June 30, 2024, the value of the subscription liability is \$26,557. The District is required to make annual fixed payments of \$9,375. The subscription has an interest rate of 2.9257%. The value of the right to use asset as of June 30, 2024 is \$35,897 with accumulated depreciation of \$8,550.

On July 1, 2023, the District entered into a 60 month subscription for the use of Savvas – myPerspectives. An initial subscription liability was recorded in the amount of \$123,617. As of June 30, 2024 the value of the subscription liability is \$97,472. The District is required to make annual fixed payments of \$26,145. The subscription has an interest rate of 2.8760%. The value of the right to use asset as of June 30, 2024 is \$123,617 with accumulated depreciation of \$23,625.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

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

On August 1, 2023, the District entered into a 36 month subscription for the use of Dell-Edu Plus. An initial subscription liability was recorded in the amount of \$69,547. As of June 30, 2024, the value of the subscription liability is \$45,667. The District is required to make annual fixed payments of \$23,880. The subscription has an interest rate of 3.0410%. The value of the right to use asset as of June 30, 2024 is \$69,547 with accumulated depreciation of \$20,864.

On August 1, 2023, the District entered into a 36 month subscription for the use of Literably Software. An initial subscription liability was recorded in the amount of \$37,174. As of June 30, 2024 the value of the subscription liability is \$24,410. The District is required to make annual fixed payments of \$12,764. The subscription has an interest rate of 3.0410%. The value of the right to use asset as of June 30, 2024 is \$37,174 with accumulated depreciation of \$11,359.

On August 1, 2023, the District entered into a 48 month subscription for the use of Teras 3e TRB. An initial subscription liability was recorded in the amount of \$27,265. As of June 30, 2024, the value of the subscription liability is \$22,393. The District is required to make annual fixed payments of 4,872. The subscription has an interest rate of 2.8715%. The value of the right to use asset as of June 30, 2024 is \$27,265 with accumulated depreciation of \$4,052.

The future principal and interest SBITA payments as of June 30, 2024 are as follows:

Governmental Activities:

Fiscal Year Ending

| <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------|-------------------|------------------|-------------------|
| 2025 | \$ 238,715 | \$ 14,802 | \$ 253,517 |
| 2026 | 243,971 | 8,525 | 252,496 |
| 2027 | 38,287 | 2,104 | 40,391 |
| 2028 | 30,018 | 999 | 31,017 |
| 2029 | <u>4,736</u> | <u>136</u> | <u>4,872</u> |
| Total | <u>\$ 555,727</u> | <u>\$ 26,566</u> | <u>\$ 582,293</u> |

H. Long-Term Debt

General Obligation Bonds

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

Bonds payable at June 30, 2024 are comprised of the following issues:

| | |
|---|------------------|
| \$6,740,000, 2015 Bonds, due in annual installments of \$210,000 to \$215,000 through July 15, 2025, interest at 4.0% | <u>\$425,000</u> |
|---|------------------|

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)

H. Long-Term Debt (Continued)

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

Governmental Activities:

| Fiscal Year Ending June 30, | Serial Bonds | | Total |
|-----------------------------------|-------------------|------------------|-------------------|
| | Principal | Interest | |
| 2025 | \$ 210,000 | \$ 12,800 | \$ 222,800 |
| 2026 | <u>215,000</u> | <u>4,300</u> | <u>219,300</u> |
| | <u>\$ 425,000</u> | <u>\$ 17,100</u> | <u>\$ 442,100</u> |

Statutory Borrowing Power

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2024 was as follows:

| | |
|---|-----------------------|
| 4% of Equalized Valuation Basis (Municipal) | \$ 218,786,495 |
| Less: Net Debt Issued and Authorized But Not Issued | <u>425,000</u> |
| Remaining Borrowing Power | <u>\$ 218,361,495</u> |

Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2024, was as follows:

| | Balance, July 1, 2023 | Additions | Reductions | Balance, June 30, 2024 | Due Within One Year |
|--|--------------------------|---------------------|---------------------|---------------------------|---------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable | \$ 630,000 | | \$ 205,000 | \$ 425,000 | \$ 210,000 |
| Add: Premium on Bonds | <u>27,833</u> | - | <u>12,524</u> | <u>15,309</u> | - |
| Total Bonds Payable | 657,833 | - | 217,524 | 440,309 | 210,000 |
| Capital Financing Agreements | 5,812,882 | | 1,592,499 | 4,220,383 | 1,330,914 |
| Other Financing Agreements | 95,510 | | 95,510 | - | - |
| IT Subscription Arrangements | 673,615 | \$ 293,500 | 411,388 | 555,727 | 238,715 |
| Compensated Absences | 16,261,416 | 833,927 | 862,255 | 16,233,088 | 1,017,986 |
| Net Pension Liability | <u>15,465,092</u> | <u>829,372</u> | - | <u>16,294,464</u> | - |
| Governmental Activity Long-Term Liabilities | <u>\$ 38,966,348</u> | <u>\$ 1,956,799</u> | <u>\$ 3,179,176</u> | <u>\$ 37,743,971</u> | <u>\$ 2,797,615</u> |

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION

A. Risk Management

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

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

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

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

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

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

| <u>Fiscal Year</u> <u>Ended June 30,</u> | <u>Employee</u> <u>Contributions</u> | <u>Amount</u> <u>Reimbursed</u> | <u>Ending</u> <u>Balance</u> |
|---|---|------------------------------------|---------------------------------|
| 2024 | \$ 105,752 | \$ 82,986 | \$ 942,576 |
| 2023 | 99,934 | 57,142 | 927,233 |
| 2022 | 93,510 | 11,005 | 915,565 |

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

B. Contingent Liabilities

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

Federal and State Awards – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2024, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

C. Federal Arbitrage Regulations

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2024, the District has not estimated its arbitrage earnings due to the IRS, if any.

D. Employee Retirement Systems and Pension Plans

Plan Descriptions and Benefits Provided

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

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Public Employees' Retirement System (PERS) (Continued)

The following represents the membership tiers for PERS:

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

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

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

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

The following represent the membership tiers for TPAF:

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

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

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

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

Other Pension Funds

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

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

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Plan Amendments

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

Measurement Focus and Basis of Accounting

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

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

Investment Valuation

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

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Collective Net Pension Liability

The collective net pension liability of the participating employers for local PERS at June 30, 2023 is \$14.6 billion and the plan fiduciary net position as a percentage of the total pension liability is 65.23%. The collective net pension liability of the State funded TPAF at June 30, 2023 is \$51.1 billion and the plan fiduciary net position as a percentage of total pension liability is 34.68%.

The total pension liabilities for the June 30, 2023 measurement date were determined based on actuarial valuations as of July 1, 2022 which were rolled forward to June 30, 2023.

Actuarial Methods and Assumptions

In the July 1, 2022 PERS and TPAF actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary’s report and are included here in this note to the financial statements. The pension systems selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 68. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan members and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 7.50% for PERS, 7.50% for TPAF and 5.50% for DCRP of the employee’s annual compensation for fiscal year 2024.

PERS employers’ and TPAF State’s nonemployer contributions are based on actuarially determined amounts, which include the normal cost and unfunded accrued liability. For the fiscal year ended June 30, 2024 for TPAF, which is a cost sharing multiple employer defined benefit pension plan with a special funding situation, the State’s annual pension contribution was more than the actuarial determined amount. For local PERS, which is a cost sharing multiple employer defined benefit pension plan, the annual pension contributions were equal to the actuarial determined amounts. TPAF nonemployer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution. All PERS and DCRP contributions made by the Board for fiscal years 2024, 2023 and 2022 were equal to the required contributions.

During the fiscal years ended June 30, 2024, 2023 and 2022 the Board was required to contribute for PERS and DCRP and the State of New Jersey, as a nonemployer contributing entity, contributed for TPAF, respectively for normal cost pension and unfunded accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

| Fiscal Year Ended <u>June 30,</u> | <u>PERS</u> | On-Behalf <u>TPAF</u> | <u>DCRP</u> |
|---|--------------|--------------------------|-------------|
| 2024 | \$ 1,503,552 | \$ 17,348,865 | \$ 69,646 |
| 2023 | 1,292,276 | 16,686,069 | 67,723 |
| 2022 | 1,218,501 | 16,570,182 | 66,530 |

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

Employer and Employee Pension Contributions (Continued)

In addition for fiscal years 2024, 2023 and 2022 the State contributed \$5,547, \$4,917 and \$4,977, respectively for TPAF for Long Term Disability Insurance Premium (LTDI).

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

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,797,371 during the fiscal year ended June 30, 2024 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount has been recognized in the district-wide financial statements (accrual basis) and the governmental fund financial statements (modified accrual basis) as both a revenue and expense/expenditure in accordance with GASB No. 85.

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

Public Employees Retirement System (PERS)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB No. 68) requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The employer allocation percentages presented are based on the ratio of the contributions as an individual employer to total contributions to the PERS during the measurement period July 1, 2022 through June 30, 2023. Employer allocation percentages have been rounded for presentation purposes. Contributions from employers are recognized when due based on statutory requirements.

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages are presented for each group. The allocation percentages for each group as of June 30, 2023 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2023.

At June 30, 2024, the District reported in the statement of net position (accrual basis) a liability of \$16,294,464 for its proportionate share of the PERS net pension liability. The net pension liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022. The District's proportionate share of the net pension liability was based on the ratio of the District's share of contributions to the pension plan relative to the total contributions of all participating governmental entities, for the year ended June 30, 2023. At June 30, 2023, the District's proportionate share was .11260 percent, which was an increase of .01012 percent from its proportionate share measured as of June 30, 2022 of .10248 percent.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

For the fiscal year ended June 30, 2024, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$37,421 for PERS. The pension contribution made by the District during the current 2023/2024 fiscal year is the contribution that is applied to the net pension liability reported at the end of the current fiscal year of June 30, 2024 with a measurement date of the prior fiscal year end of June 30, 2023. Since the State of New Jersey applies the current year pension contribution towards the calculation of the net pension liability reported at the end of the current fiscal year, which has a measurement date of the preceding fiscal year end, there is no deferred outflows of resources reported as of June 30, 2024 for contributions made subsequent to the measurement date. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to PERS pension from the following sources:

| | 2023 | |
|---|--|---|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Difference Between Expected and Actual Experience | \$ 155,796 | \$ 66,607 |
| Changes of Assumptions | 35,796 | 987,514 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 75,038 | |
| Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions | <u>1,473,477</u> | <u>195,954</u> |
| Total | <u>\$ 1,740,107</u> | <u>\$ 1,250,075</u> |

At June 30, 2024, the amounts reported as deferred outflows of resources and deferred inflows of resources related to PERS pension will be recognized in pension expense/(benefit) as follows:

| <u>Year Ending June 30,</u> | <u>Total</u> |
|-------------------------------------|-------------------|
| 2024 | \$ (441,169) |
| 2025 | (164,351) |
| 2026 | 874,276 |
| 2027 | 194,607 |
| 2028 | 26,669 |
| Thereafter | <u>-</u> |
| | <u>\$ 490,032</u> |

KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

| | |
|---------------------------|------------------------------|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | 2.75-6.55% |
| | Based on Years of Service |
| Investment Rate of Return | 7.00% |

Mortality Rates

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the PERS's target asset allocation as of June 30, 2023 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|-------------------------------------|--|
| Risk Mitigation Strategies | 3.00% | 6.21% |
| Cash Equivalents | 2.00% | 3.31% |
| U.S. Treasuries | 4.00% | 3.31% |
| Investment Grade Credit | 7.00% | 5.19% |
| US Equity | 28.00% | 8.98% |
| Non-US Developed Markets Equity | 12.75% | 9.22% |
| Emerging Markets Equity | 5.50% | 11.13% |
| High Yield | 4.50% | 6.97% |
| Real Assets | 3.00% | 8.40% |
| Private Credit | 8.00% | 9.20% |
| Real Estate | 8.00% | 8.58% |
| Private Equity | 13.00% | 12.50% |
| International Small Cap Equity | 1.25% | 9.22% |

KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Public Employees Retirement System (PERS) (Continued)

Discount Rate

The discount rate used to measure the total pension liability for PERS was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of Net Pension Liability

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

| | 1% Decrease <u>6.00%</u> | Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
|---|--------------------------------|--|--------------------------------|
| District's Proportionate Share of the PERS Net Pension Liability | \$ <u>21,211,925</u> | \$ <u>16,294,464</u> | \$ <u>12,109,054</u> |

The sensitivity analysis was based on the proportionate share of the District’s net pension liability as of the measurement date of June 30, 2023. A sensitivity analysis specific to the District’s net pension liability at June 30, 2023 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF)

GASB No. 68, requires participating employers in TPAF to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources and collective pension expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The non-employer allocation percentages presented are based on the ratio of the State's actual contributions made as an employer and non-employer adjusted for unpaid early retirement incentives to total contributions to TPAF during the measurement period July 1, 2022 through June 30, 2023. Non-employer allocation percentages have been rounded for presentation purposes.

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and non-employer contributions by the State. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. For the fiscal year ended June 30, 2023, the State's pension contribution was more than the actuarial determined amount.

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

For the fiscal year ended June 30, 2024, the District recognized in the district-wide statement of activities (accrual basis) pension expense of \$5,047,250 for TPAF. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2024 the State's proportionate share of the net pension liability attributable to the District is \$205,447,614. The net pension liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022. The nonemployer allocation percentages are based on the ratio of the State's contributions made as a nonemployer attributable to the District adjusted for unpaid early retirement incentives relative to total contributions to TPAF during the year ended June 30, 2023. At June 30, 2023, the State's share of the net pension liability attributable to the District was .40258 percent, which was an increase of .00566 percent from its proportionate share measured as of June 30, 2022 of .39692 percent.

KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

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

| | |
|---------------------------|------------------------------|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | 2.75-4.25% |
| | Based on Years of Service |
| Investment Rate of Return | 7.00% |

Mortality Rates

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

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and actuaries. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plans investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TPAF's target asset allocation as of June 30, 2023 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---------------------------------|------------------------------|---|
| Risk Mitigation Strategies | 3.00% | 6.21% |
| Cash Equivalents | 2.00% | 3.31% |
| U.S. Treasuries | 4.00% | 3.31% |
| Investment Grade Credit | 7.00% | 5.19% |
| US Equity | 28.00% | 8.98% |
| Non-US Developed Markets Equity | 12.75% | 9.22% |
| Emerging Markets Equity | 5.50% | 11.13% |
| High Yield | 4.50% | 6.97% |
| Real Assets | 3.00% | 8.40% |
| Private Credit | 8.00% | 9.20% |
| Real Estate | 8.00% | 8.58% |
| Private Equity | 13.00% | 12.50% |
| International Small Cap Equity | 1.25% | 9.22% |

Discount Rate

The discount rate used to measure the total pension liability for TPAF was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 5 OTHER INFORMATION (Continued)

D. Employee Retirement Systems and Pension Plans (Continued)

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

Teachers Pension and Annuity Fund (TPAF) (Continued)

Sensitivity of Net Pension Liability

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

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|---------------------------|-------------------------------------|---------------------------|
| State's Proportionate Share of the TPAF Net Pension Liability Attributable to the District | \$ 242,260,018 | \$ 205,447,614 | \$ 174,442,820 |

The sensitivity analysis was based on the State’s proportionate share of the net pension liability attributable to the District as of the measurement date of June 30, 2023. A sensitivity analysis specific to the State’s proportionate share of the net pension liability attributable to the District at June 30, 2023 was not provided by the pension system.

Pension Plan Fiduciary Net Position

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

E. Post-Retirement Medical Benefits

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

As a result of implementing GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, the post-retirement health benefit program plan is reported in a Custodial Fund in the New Jersey Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. In addition, the plan is administered on a pay-as-you-go basis. Therefore, the plan has no assets accumulated in a qualified trust. In accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension* (GASB No. 75), the plan is classified as a multiple-employer defined benefit OPEB plan with a special funding situation that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75.

Plan Description and Benefits Provided

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

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

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at www.state.nj.us/treasury/pensions.

Plan Membership

Membership of the defined benefit OPEB plan consisted of the following at June 30, 2022:

| | |
|---|----------------|
| Active Plan Members | 217,212 |
| Inactive Plan Members or Beneficiaries Currently Receiving Benefits | <u>152,383</u> |
| Total | <u>369,595</u> |

Measurement Focus and Basis of Accounting

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

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

Collective Net OPEB Liability

The collective net OPEB liability of the State, as the non-employer contributing entity, of the plan at June 30, 2023 is \$52.4 billion, and the plan fiduciary net position as a percentage of the total OPEB liability is zero percent.

The total OPEB liabilities at June 30, 2023 were determined based on actuarial valuations as of June 30, 2022 which were rolled forward to June 30, 2023.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

Actuarial Methods and Assumptions

In the June 30, 2022 OPEB actuarial valuation, the actuarial assumptions and methods used in these valuations were described in the Actuarial Assumptions and Methods section of the Actuary's report and are included here in this note to the financial statements. The Plan selected economic and demographic assumptions and prescribed them for use for purposes of compliance with GASB Statement No. 75. The Actuary provided guidance with respect to these assumptions, and it is their belief that the assumptions represent reasonable expectations of anticipated plan experience.

Post-Retirement Medical Benefits Contributions

The funding policy of the OPEB plan is pay as you go basis; therefore, there is no prefunding of the liability. Contributions to pay for the health benefit premiums of participating employees in the OPEB plan are made by the State, as a non-employer contributing entity, under a special funding situation in accordance with State statutes as previously disclosed. The State as a non-employer contributing entity made contributions of \$1.44 billion to the OPEB plan in fiscal year 2023.

The State sets the contribution rate based on a pay as you go basis rather than the actuarial determined contribution an amount actuarially determined in accordance with the parameters of GASB Statement 75. The actuarial determined contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and any unfunded actuarial liabilities (or funding excess) of the plan using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the Plan. The State's contributions, as a nonemployer contributing entity, to the State Health Benefits Program Fund – Local Education Retired Employees Plan for retirees' post-retirement benefits on behalf of the School District for the fiscal years ended June 30, 2024, 2023 and 2022 were \$4,721,726, \$4,383,390 and \$3,871,464, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund – Local Education Retired Employees Plan for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey. The on-behalf OPEB contributions are recognized in the governmental fund financial statements (modified accrual basis) as both a revenue and expenditure in accordance with GASB No. 85.

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

GASB Statement No. 75 requires participating employers in the State Health Benefit Program Fund – Local Education Retired Employees Plan to recognize their proportionate share of the collective OPEB liability, collective deferred outflows of resources, collective deferred inflows of resources and collective OPEB expense based on a measurement date no earlier than the end of the employer's prior fiscal year. The nonemployer allocation percentages presented are based on the ratio of the State's contributions made as a nonemployer toward the actuarially determined contribution amount to total contributions to the plan during the measurement period July 1, 2022 through June 30, 2023. Nonemployer allocation percentages have been rounded for presentation purposes.

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

For the fiscal year ended June 30, 2024, the District recognized in the district-wide statement of activities (accrual basis) OPEB expense of \$4,042,828. This amount has been included in the district-wide statement of activities (accrual basis) as both a revenue and expense in accordance with GASB No. 85.

At June 30, 2024 the State's proportionate share of the OPEB liability attributable to the District is \$181,708,206. The nonemployer allocation percentages are based on the ratio of the State's proportionate share of the OPEB liability attributable to the District at June 30, 2023 to the total OPEB liability of the State Health Benefit Program Fund – Local Education Retired Employees Plan at June 30, 2023. At June 30, 2023, the state's share of the OPEB liability attributable to the District was .34703 percent, which was an increase of .00184 percent from its proportionate share measured as of June 30, 2022 of .34519 percent.

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Actuarial Assumptions

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

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

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

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

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

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.50% and decreases to a 4.50% long-term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 14.8% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is increasing to 17.4% in fiscal year 2026 and decreases to 4.5% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 9.5% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount Rate

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Changes in the Total OPEB Liability

The change in the State's proportionate share of the OPEB liability attributable to the District for the fiscal year ended June 30, 2024 (measurement date June 30, 2023) is as follows:

| | Total OPEB Liability (State Share 100%) |
|--|---|
| Balance, June 30, 2022 Measurement Date | \$ 174,828,429 |
| Changes Recognized for the Fiscal Year: | |
| Service Cost | 7,228,847 |
| Interest on the Total OPEB Liability | 6,399,541 |
| Differences Between Expected and Actual Experience | (2,290,312) |
| Changes of Assumptions | 366,249 |
| Gross Benefit Payments | (4,988,546) |
| Contributions from the Member | 163,998 |
| Net Changes | <u>6,879,777</u> |
| Balance, June 30, 2023 Measurement Date | <u>\$ 181,708,206</u> |

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

The change in the total OPEB liability was based on the State's proportionate share of the OPEB liability attributable to the District at June 30, 2023.

Sensitivity of OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the State's proportionate share of the OPEB liability attributable to the District calculated using the discount rate of 3.65%, as well as what the State's proportionate share of the OPEB liability attributable to the District that would be if it were calculated using a discount rate that is 1-percentage-point lower (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

| | 1% Decrease (2.65%) | Current Discount Rate (3.65%) | 1% Increase (4.65%) |
|--|---------------------------|-------------------------------------|---------------------------|
| State's Proportionate Share of the OPEB Liability Attributable to the District | <u>\$ 213,021,676</u> | <u>\$ 181,708,206</u> | <u>\$ 156,567,125</u> |

KEARNY BOARD OF EDUCATION
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 5 OTHER INFORMATION (Continued)

E. Post-Retirement Medical Benefits (Continued)

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

Sensitivity of OPEB Liability (Continued)

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

| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|--|------------------------|--|------------------------|
| State's Proportionate Share of the OPEB Liability Attributable to the District | \$ 150,845,825 | \$ 181,708,206 | \$ 222,091,711 |

The sensitivity analyses were based on the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2023. Sensitivity analyses specific to the State’s proportionate share of the OPEB liability attributable to the District at June 30, 2023 were not provided by the pension system.

F. Tax Abatements

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential school tax revenue must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district’s local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district. The District’s share of abated taxes resulting from the municipality having entered into a tax abatement agreement is indeterminate. During fiscal year 2024, the District received \$170,118 from the Town for the District’s share of abated taxes.

NOTE 6 RECENT HEALTHCARE DEVELOPMENTS

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

**KEARNY BOARD OF EDUCATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 6 RECENT HEALTHCARE DEVELOPMENTS (Continued)

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

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

The Board has been awarded a total of \$18,859,657 in federal aid to address the effects of the COVID-19 pandemic.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

**KEARNY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

EXHIBIT C-1

| | <u>Original Budget</u> | <u>Budget Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|---|----------------------------|-------------------------------|-------------------------|---------------|---|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Property Taxes | \$ 58,222,167 | | \$ 58,222,167 | \$ 58,222,167 | |
| Tuition from Other LEAs Within the State | 23,966 | | 23,966 | 126,129 | \$ 102,163 |
| Tuition from Summer School | | | | | - |
| Rents and Royalties | 10,000 | | 10,000 | 60,531 | 50,531 |
| Interest on Capital Reserve | 10,000 | | 10,000 | 210,610 | 200,610 |
| Interest on Maintenance Reserve | 10,000 | | 10,000 | 59,332 | 49,332 |
| Interest on Unemployment | | | | 15,353 | 15,353 |
| Interest | | | | 338,999 | 338,999 |
| Restricted Miscellaneous Revenue - Adult School | | | | 95,425 | 95,425 |
| Unrestricted Miscellaneous Revenues | 700,000 | - | 700,000 | 1,154,683 | 454,683 |
| Total Local Sources | 58,976,133 | - | 58,976,133 | 60,283,229 | 1,307,096 |
| State Sources | | | | | |
| Equalization Aid | 60,803,699 | | 60,803,699 | 60,803,699 | |
| Special Education Aid | 5,200,975 | | 5,200,975 | 5,200,975 | |
| Security Aid | 2,040,647 | | 2,040,647 | 2,040,647 | |
| Transportation Aid | 239,445 | | 239,445 | 239,445 | |
| Extraordinary Aid | 400,000 | | 400,000 | 931,836 | 531,836 |
| On Behalf TPAF (Non Budgeted) | | | | | |
| NCGI Premium | | | | 195,623 | 195,623 |
| Pension Contribution | | | | 17,153,242 | 17,153,242 |
| Long Term Disability Insurance | | | | 5,547 | 5,547 |
| Post Retirement Medical Contributions | | | | 4,721,726 | 4,721,726 |
| Reimbursed Social Security Contribution | - | - | - | 3,797,371 | 3,797,371 |
| Total State Sources | 68,684,766 | - | 68,684,766 | 95,090,111 | 26,405,345 |
| Federal Sources | | | | | |
| Medicaid Assistance Program | 184,913 | - | 184,913 | 285,111 | 100,198 |
| Total Federal Sources | 184,913 | - | 184,913 | 285,111 | 100,198 |
| Total Revenues | 127,845,812 | - | 127,845,812 | 155,658,451 | 27,812,639 |
| EXPENDITURES | | | | | |
| CURRENT | | | | | |
| Instruction - Regular Programs | | | | | |
| Salaries of Teachers | | | | | |
| Kindergarten | 1,461,830 | \$ 106,219 | 1,568,049 | 1,554,462 | 13,587 |
| Grades 1-5 | 9,799,791 | 33,867 | 9,833,658 | 9,637,756 | 195,902 |
| Grades 6-8 | 7,151,362 | (97,940) | 7,053,422 | 6,877,095 | 176,327 |
| Grades 9-12 | 10,000,579 | (221,371) | 9,779,208 | 9,739,655 | 39,553 |
| Regular Programs - Home Instruction | | | | | |
| Salaries of Teachers | 2,506,917 | 2,256 | 2,509,173 | 1,762,990 | 746,183 |
| Other Salaries for Instruction | 2,218,979 | - | 2,218,979 | 1,816,964 | 402,015 |
| Purchased Professional Educational Services | 265,000 | (13,470) | 251,530 | 166,633 | 84,897 |
| Regular Programs - Undistributed Instruction | | | | | |
| Other Salaries for Instruction | 591 | 14,933 | 15,524 | 14,817 | 707 |
| Purchased Professional Educational Services | 949,500 | (245,634) | 703,866 | 635,468 | 68,398 |
| Other Purchased Services | 949,674 | (346,251) | 603,423 | 353,177 | 250,246 |
| General Supplies | 1,290,396 | 558,077 | 1,848,473 | 974,817 | 873,656 |
| Instructional Supplies Acquired Under Lease Purchase (Non-Budgeted) | | - | | | - |
| Textbooks | 1,388,394 | (638,347) | 750,047 | 344,308 | 405,739 |
| Other Objects | 84,650 | 14,155 | 98,805 | 75,039 | 23,766 |
| Total Regular Programs | 38,067,663 | (833,506) | 37,234,157 | 33,953,181 | 3,280,976 |
| Learning /Language Disabilities | | | | | |
| Salaries of Teachers | 1,621,665 | 50,960 | 1,672,625 | 1,543,182 | 129,443 |
| General Supplies | 49,101 | (49,101) | - | - | - |
| Total Learning /Language Disabilities | 1,670,766 | 1,859 | 1,672,625 | 1,543,182 | 129,443 |

**KEARNY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

EXHIBIT C-1

| | <u>Original Budget</u> | <u>Budget Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|---|----------------------------|-------------------------------|-------------------------|---------------|---|
| EXPENDITURES | | | | | |
| CURRENT (Continued) | | | | | |
| Resource Room/Resource Center | | | | | |
| Salaries of Teachers | \$ 4,804,430 | \$ 41,954 | \$ 4,846,384 | \$ 4,800,047 | \$ 46,337 |
| Total Resource Room/Resource Center | 4,804,430 | 41,954 | 4,846,384 | 4,800,047 | 46,337 |
| Autism | | | | | |
| Salaries of Teachers | 336,205 | (2,400) | 333,805 | 329,703 | 4,102 |
| Total Autism | 336,205 | (2,400) | 333,805 | 329,703 | 4,102 |
| Preschool Disabilities - Full - Time | | | | | |
| Salaries of Teachers | 446,294 | 125,400 | 571,694 | 522,137 | 49,557 |
| Other Salaries for Instruction | 304,920 | 58,985 | 363,905 | 363,905 | - |
| Total Preschool Disabilities - Full - Time | 751,214 | 184,385 | 935,599 | 886,042 | 49,557 |
| Total Special Education | 7,562,615 | 225,798 | 7,788,413 | 7,558,974 | 229,439 |
| Basic Skills/Remedial | | | | | |
| Salaries of Teachers | 765,642 | 87,000 | 852,642 | 778,083 | 74,559 |
| Textbooks | 22,352 | (22,352) | - | - | - |
| Total Basic Skills/Remedial | 787,994 | 64,648 | 852,642 | 778,083 | 74,559 |
| Bilingual Education | | | | | |
| Salaries of Teachers | 3,125,050 | (75,000) | 3,050,050 | 2,786,148 | 263,902 |
| General Supplies | 1,000 | 11,006 | 12,006 | 10,124 | 1,882 |
| Textbooks | 22,887 | (11,479) | 11,408 | 11,408 | - |
| Total Bilingual Education | 3,148,937 | (75,473) | 3,073,464 | 2,807,680 | 265,784 |
| Vocational Programs- Local - Instruction | | | | | |
| Salaries of Teachers | 309,758 | 473 | 310,231 | 310,231 | - |
| General Supplies | 55,276 | - | 55,276 | 34,582 | 20,694 |
| Total Vocational Programs- Local - Instruction | 365,034 | 473 | 365,507 | 344,813 | 20,694 |
| School Sponsored Co/Extra Curricular Activities | | | | | |
| Salaries | 180,000 | 11,382 | 191,382 | 191,382 | - |
| Purchased Services | 46,199 | 2,735 | 48,934 | 28,356 | 20,578 |
| Total School Sponsored Co/Extra Curricular Activities | 226,199 | 14,117 | 240,316 | 219,738 | 20,578 |
| School Sponsored Athletics | | | | | |
| Salaries | 692,557 | 1,350 | 693,907 | 635,384 | 58,523 |
| Purchased Services | 356,500 | (5,506) | 350,994 | 292,560 | 58,434 |
| Supplies and Materials | 70,131 | 34,387 | 104,518 | 102,531 | 1,987 |
| Other Objects | 76,888 | 17,222 | 94,110 | 78,120 | 15,990 |
| Total School Sponsored Athletics | 1,196,076 | 47,453 | 1,243,529 | 1,108,595 | 134,934 |
| Summer School - Instruction | | | | | |
| Salaries of Teachers | 58,857 | 536 | 59,393 | 59,393 | - |
| Total Summer School - Instruction | 58,857 | 536 | 59,393 | 59,393 | - |
| Total - Instruction | 51,413,375 | (555,954) | 50,857,421 | 46,830,457 | 4,026,964 |

**KEARNY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

EXHIBIT C-1

| | <u>Original Budget</u> | <u>Budget Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|---|----------------------------|-------------------------------|-------------------------|---------------|---|
| EXPENDITURES | | | | | |
| CURRENT (Continued) | | | | | |
| Undistributed Expenditures | | | | | |
| Instruction | | | | | |
| Tuition to Other LEAs Within State-Special | \$ 50,000 | \$ 53,857 | \$ 103,857 | \$ 59,831 | \$ 44,026 |
| Tuition to CSSD & Reg. Day Schools | 153,460 | 157,580 | 311,040 | 311,040 | - |
| Tuition to Private School for Disabled W/I State | 4,991,930 | (212,580) | 4,779,350 | 3,405,754 | 1,373,596 |
| Tuition-State Facilities | 66,444 | - | 66,444 | 66,444 | - |
| Total Undistributed Expenditures - Instruction | 5,261,834 | (1,143) | 5,260,691 | 3,843,069 | 1,417,622 |
| Attendance and Social Work | | | | | |
| Salaries | 49,000 | 1,940 | 50,940 | 50,940 | - |
| Total Attendance and Social Work | 49,000 | 1,940 | 50,940 | 50,940 | - |
| Health Services | | | | | |
| Salaries | 895,388 | (12,050) | 883,338 | 784,664 | 98,674 |
| Other Purchased Services | 326,913 | (4,863) | 322,050 | 320,390 | 1,660 |
| Supplies and Materials | 54,500 | 17,670 | 72,170 | 55,419 | 16,751 |
| Total Health Services | 1,276,801 | 757 | 1,277,558 | 1,160,473 | 117,085 |
| Speech, OT, PT & Related Services | | | | | |
| Purchased Professional - Educational Services | 690,000 | (5,000) | 685,000 | 649,395 | 35,605 |
| Total Speech, OT, PT & Related Services | 690,000 | (5,000) | 685,000 | 649,395 | 35,605 |
| Guidance | | | | | |
| Salaries of Other Professional Staff | 1,689,322 | - | 1,689,322 | 1,499,267 | 190,055 |
| Salaries of Secretarial and Clerical Assistants | 176,607 | - | 176,607 | 171,424 | 5,183 |
| Purchased Professional-Educational Services | | 3,160 | 3,160 | 3,160 | - |
| Supplies and Materials | 1,600 | - | 1,600 | 997 | 603 |
| Other Objects | 1,200 | - | 1,200 | - | 1,200 |
| Total Guidance | 1,868,729 | 3,160 | 1,871,889 | 1,674,848 | 197,041 |
| Child Study Teams | | | | | |
| Salaries of Other Professional Staff | 2,086,646 | 41,282 | 2,127,928 | 2,058,341 | 69,587 |
| Salaries of Secretarial and Clerical Assistants | 66,634 | 40,000 | 106,634 | 103,782 | 2,852 |
| Purchased Professional-Educational Services | 250,000 | 9,825 | 259,825 | 259,174 | 651 |
| Other Purchased Services | 90,294 | (63,194) | 27,100 | 8,880 | 18,220 |
| Supplies and Materials | 34,684 | 3,382 | 38,066 | 20,799 | 17,267 |
| Total Child Study Teams | 2,528,258 | 31,295 | 2,559,553 | 2,450,976 | 108,577 |
| Improvement of Instructional Service | | | | | |
| Salaries of Secretarial and Clerical Assistants | 33,603 | - | 33,603 | 29,288 | 4,315 |
| Salaries of Facilitators, Math & Literacy Coaches | 815,686 | (14,500) | 801,186 | 308,979 | 492,207 |
| Total Improvement of Instructional Service | 849,289 | (14,500) | 834,789 | 338,267 | 496,522 |
| Educational Media Services/School Library | | | | | |
| Salaries | 532,060 | 14,500 | 546,560 | 539,671 | 6,889 |
| Supplies and Materials | 12,542 | (982) | 11,560 | 3,920 | 7,640 |
| Total Educational Media Services/School Library | 544,602 | 13,518 | 558,120 | 543,591 | 14,529 |
| Instructional Staff Training Services | | | | | |
| Purchased Professional-Educational Services | 24,000 | 12,500 | 36,500 | 34,046 | 2,454 |
| Supplies and Materials | 25,000 | (1,730) | 23,270 | 14,614 | 8,656 |
| Other Objects | 20,000 | - | 20,000 | 17,860 | 2,140 |
| Total Instructional Staff Training Services | 69,000 | 10,770 | 79,770 | 66,520 | 13,250 |

**KEARNY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

EXHIBIT C-1

| | <u>Original Budget</u> | <u>Budget Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|---|----------------------------|-------------------------------|-------------------------|---------------|---|
| EXPENDITURES | | | | | |
| CURRENT (Continued) | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Support Services General Administration | | | | | |
| Salaries | \$ 1,026,080 | \$ 72,000 | \$ 1,098,080 | \$ 1,048,570 | \$ 49,510 |
| Legal Services | 125,000 | (54,000) | 71,000 | 54,081 | 16,919 |
| Audit Fees | 73,796 | (8,770) | 65,026 | 65,026 | - |
| Architectural/Engineering Services | 130,000 | 345,302 | 475,302 | 198,029 | 277,273 |
| Other Purchased Professional Services | 94,000 | 5,059 | 99,059 | 90,368 | 8,691 |
| Purchased Technical Services | 39,000 | (974) | 38,026 | 31,042 | 6,984 |
| Communications/Telephone | 110,000 | (40,000) | 70,000 | 50,979 | 19,021 |
| Miscellaneous Purchased Services | 212,201 | 33,256 | 245,457 | 245,457 | - |
| General Supplies | 33,599 | (7,500) | 26,099 | 18,583 | 7,516 |
| BOE In-House Training/Meeting Supplies | 2,000 | 700 | 2,700 | 2,611 | 89 |
| Judgments Against the School District | 100,000 | (88,000) | 12,000 | 12,000 | - |
| Miscellaneous Expenditures | 111,600 | 34,414 | 146,014 | 126,024 | 19,990 |
| BOE Membership Dues and Fees | 30,000 | - | 30,000 | 27,585 | 2,415 |
| Total Support Services General Administration | 2,087,276 | 291,487 | 2,378,763 | 1,970,355 | 408,408 |
| Support Services School Administration | | | | | |
| Salaries of Principals/Asst. Principals | 4,461,307 | 330,716 | 4,792,023 | 4,687,712 | 104,311 |
| Salaries of Other Professional Staff | 333,108 | (9,000) | 324,108 | 323,336 | 772 |
| Salaries of Secretarial and Clerical Assistants | 1,288,683 | (37,368) | 1,251,315 | 1,199,685 | 51,630 |
| Other Purchased Services | 28,980 | 105 | 29,085 | 22,815 | 6,270 |
| Supplies and Materials | 95,402 | 18,224 | 113,626 | 84,042 | 29,584 |
| Other Objects | 144,751 | 60,833 | 205,584 | 31,681 | 173,903 |
| Total Support Services School Administration | 6,352,231 | 363,510 | 6,715,741 | 6,349,271 | 366,470 |
| Central Services | | | | | |
| Salaries | 641,150 | - | 641,150 | 619,859 | 21,291 |
| Purchased Professional Services | 150,000 | (2,990) | 147,010 | 138,108 | 8,902 |
| Purchased Technical Services | 5,000 | - | 5,000 | 1,075 | 3,925 |
| Supplies and Materials | 10,000 | (353) | 9,647 | 7,122 | 2,525 |
| Interest on Lease Purchase Agreements | | 160,114 | 160,114 | 160,114 | - |
| Miscellaneous Expenditures | 15,000 | (5,000) | 10,000 | 9,045 | 955 |
| Total Central Services | 821,150 | 151,771 | 972,921 | 935,323 | 37,598 |
| Admin. Info. Technology | | | | | |
| Salaries | 846,786 | - | 846,786 | 790,224 | 56,562 |
| Purchased Professional Services | 25,500 | 6,796 | 32,296 | 29,346 | 2,950 |
| Purchased Technical Services | 149,000 | 11,725 | 160,725 | 155,781 | 4,944 |
| Other Purchased Services | 150,880 | 25,082 | 175,962 | 145,335 | 30,627 |
| Other Objects | 1,250 | (245) | 1,005 | 1,005 | - |
| Total Admin. Info. Technology | 1,173,416 | 43,358 | 1,216,774 | 1,121,691 | 95,083 |
| Required Maintenance for School Facilities | | | | | |
| Salaries | 1,764,590 | - | 1,764,590 | 1,694,521 | 70,069 |
| Cleaning, Repair and Maintenance Services | 2,381,204 | 643,781 | 3,024,985 | 1,807,263 | 1,217,722 |
| General Supplies | 750,000 | 439,624 | 1,189,624 | 1,071,530 | 118,094 |
| Total Required Maint. for School Facilities | 4,895,794 | 1,083,405 | 5,979,199 | 4,573,314 | 1,405,885 |
| Custodial Services | | | | | |
| Salaries | 3,908,931 | (500) | 3,908,431 | 3,591,929 | 316,502 |
| Other Purchased Property Services | 80,000 | 200 | 80,200 | 80,167 | 33 |
| Insurance | 712,454 | 17,879 | 730,333 | 730,333 | - |
| General Supplies | 450,000 | (85,027) | 364,973 | 301,437 | 63,536 |
| Energy (Electricity) | 1,400,000 | - | 1,400,000 | 959,934 | 440,066 |
| Energy (Natural Gas) | 650,000 | - | 650,000 | 487,037 | 162,963 |
| Other Objects | 36,500 | 800 | 37,300 | 25,519 | 11,781 |
| Total Custodial Services | 7,237,885 | (66,648) | 7,171,237 | 6,176,356 | 994,881 |
| Care and Upkeep of Grounds | | | | | |
| Salaries | 263,482 | - | 263,482 | 232,005 | 31,477 |
| Total Care and Upkeep of Grounds | 263,482 | - | 263,482 | 232,005 | 31,477 |
| Security | | | | | |
| Salaries | 927,800 | 261,453 | 1,189,253 | 1,098,978 | 90,275 |
| Purchased Technical Services | 106,000 | (45,000) | 61,000 | 54,249 | 6,751 |
| General Supplies | - | 23,000 | 23,000 | 7,363 | 15,637 |
| Total Security | 1,033,800 | 239,453 | 1,273,253 | 1,160,590 | 112,663 |

**KEARNY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

EXHIBIT C-1

| | <u>Original Budget</u> | <u>Budget Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|--|----------------------------|-------------------------------|-------------------------|--------------------|---|
| EXPENDITURES | | | | | |
| CURRENT (Continued) | | | | | |
| Undistributed Expenditures (Continued) | | | | | |
| Student Transportation Services | | | | | |
| Salaries for Pupil Transportation (Between Home and School) - Special Ed. | \$ 854,512 | \$ (830) | \$ 853,682 | \$ 713,960 | \$ 139,722 |
| Salaries for Pupil Transportation (Other Than Between and School) | 70,000 | 830 | 70,830 | 70,830 | - |
| Other Purchased Professional and Technical Services | | 11,750 | 11,750 | 11,750 | - |
| Cleaning, Repair & Maint. Services | 70,000 | 20,000 | 90,000 | 81,009 | 8,991 |
| Lease Purchase Payments - School Buses | 160,000 | (56,750) | 103,250 | 91,838 | 11,412 |
| Contracted Services Aid in Lieu of Payments - Non - Public | 15,000 | (15,000) | | | - |
| Contracted Services Aid in Lieu of Payments - Charter School | 5,000 | - | 5,000 | 4,189 | 811 |
| Contracted Services (Between Home and School) Vendors | 1,925,000 | (23,747) | 1,901,253 | 1,792,585 | 108,668 |
| Contracted Services (Other than Between Home and School) - Vendors | 50,000 | 48,747 | 98,747 | 96,214 | 2,533 |
| Transportation Supplies | 16,000 | - | 16,000 | 9,663 | 6,337 |
| Total Student Transportation Services | 3,165,512 | (15,000) | 3,150,512 | 2,872,038 | 278,474 |
| Unallocated Benefits | | | | | |
| Group Insurance | 40,000 | - | 40,000 | 22,708 | 17,292 |
| Social Security Contribution | 1,500,000 | 50,000 | 1,550,000 | 1,476,778 | 73,222 |
| Other Retirement Contributions - PERS | 1,501,568 | 219,000 | 1,720,568 | 1,705,417 | 15,151 |
| Worker's Compensation | 666,058 | (58,135) | 607,923 | 604,517 | 3,406 |
| Health Benefits | 17,128,414 | (1,425,500) | 15,702,914 | 15,198,570 | 504,344 |
| Tuition Reimbursement | 80,000 | (16,660) | 63,340 | 37,481 | 25,859 |
| Other Employee Benefits | 120,000 | - | 120,000 | 25,100 | 94,900 |
| Unused Sick Payment to Terminated/Retired Staff | 915,393 | - | 915,393 | 800,980 | 114,413 |
| Total Unallocated Benefits | 21,951,433 | (1,231,295) | 20,720,138 | 19,871,551 | 848,587 |
| On Behalf TPAF (Non Budgeted) | | | | | |
| NCGI Premium | - | - | - | 195,623 | (195,623) |
| Pension Contribution | - | - | - | 17,153,242 | (17,153,242) |
| Long Term Disability Contribution | - | - | - | 5,547 | (5,547) |
| Post Retirement Medical Contributions | - | - | - | 4,721,726 | (4,721,726) |
| Social Security Contribution | - | - | - | 3,797,371 | (3,797,371) |
| Total TPAF Contributions | - | - | - | 25,873,509 | (25,873,509) |
| Total Undistributed Expenditures | 62,119,492 | 900,838 | 63,020,330 | 81,914,082 | (18,893,752) |
| Interest Earned on Maintenance Reserve | 10,000 | - | 10,000 | - | 10,000 |
| Total Current Expenditures | 113,542,867 | 344,884 | 113,887,751 | 128,744,539 | (14,856,788) |
| CAPITAL OUTLAY | | | | | |
| Equipment | | | | | |
| Undistributed Expenditures | | | | | |
| Instruction | - | 31,028 | 31,028 | 31,028 | - |
| School Buses - Special | - | 203,014 | 203,014 | 203,014 | - |
| Total Equipment | - | 234,042 | 234,042 | 234,042 | - |
| Facilities Acquisition and Construction Services | | | | | |
| Architectural/Engineering Services | 300,000 | 271,144 | 571,144 | 177,083 | 394,061 |
| Construction Services | | 1,500,000 | 1,500,000 | - | 1,500,000 |
| Lease Purchase Agreements | 1,371,525 | - | 1,371,525 | 1,211,411 | 160,114 |
| Infrastructure | 2,000,000 | (300,000) | 1,700,000 | - | 1,700,000 |
| Assessment for Debt Service on SDA Funding | 194,876 | - | 194,876 | 194,876 | - |
| Total Facilities Acquis. and Const. Services | 3,866,401 | 1,471,144 | 5,337,545 | 1,583,370 | 3,754,175 |
| Assets Acquired Under IT Subscription Arrangements | | | | | |
| Instruction | - | - | - | 223,953 | (223,953) |
| Admin. Info. Technology | - | - | - | 69,547 | (69,547) |
| Total Assets Acquired Under IT Subscription Arrangements | - | - | - | 293,500 | (293,500) |
| Assets Acquired Under Capital Financing Agreement (Non-Budget) | - | - | - | - | - |
| Interest Deposit to Capital Reserve | 10,000 | - | 10,000 | - | 10,000 |
| Total Capital Outlay | 3,876,401 | 1,705,186 | 5,581,587 | 2,110,912 | 3,470,675 |

**KEARNY BOARD OF EDUCATION
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

EXHIBIT C-1

| | <u>Original Budget</u> | <u>Budget Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final To Actual</u> |
|---|----------------------------|-------------------------------|-------------------------|---------------|---|
| EXPENDITURES | | | | | |
| SPECIAL SCHOOLS | | | | | |
| Adult Education - Local - Instruction | | | | | |
| Salaries of Teachers | \$ 20,000 | \$ 38,845 | \$ 58,845 | \$ 58,845 | |
| Purchased Professional and Technical Services | 20,000 | 2,430 | 22,430 | 19,570 | \$ 2,860 |
| General Supplies | 20,000 | (11,275) | 8,725 | 7,335 | 1,390 |
| Total Adult Education - Local - Instruction | 60,000 | 30,000 | 90,000 | 85,750 | 4,250 |
| Total Special Schools | 60,000 | 30,000 | 90,000 | 85,750 | 4,250 |
| Transfer of Funds to Charter Schools | \$ 11,505,833 | - | 11,505,833 | 10,966,347 | 539,486 |
| Total Expenditures | 128,985,101 | 2,080,070 | 131,065,171 | 141,907,548 | (10,842,377) |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,139,289) | (2,080,070) | (3,219,359) | 13,750,903 | 16,970,262 |
| Other Financing Sources (Uses) | | | | | |
| IT Subscription Arrangements | | | | 293,500 | 293,500 |
| Operating Transfers Out-Food Service | (75,000) | 840 | (74,160) | (32,375) | 41,785 |
| Operating Transfers Out - Special Revenue Fund | (980,302) | (3,778) | (984,080) | (984,080) | - |
| Operating Transfers In - Capital Projects Fund | - | - | - | 1,034 | 1,034 |
| Total Other Financing Sources (Uses) | (1,055,302) | (2,938) | (1,058,240) | (721,921) | 336,319 |
| Excess (Deficiency) of Revenues and Other Financing Sources Over/ (Under) Expenditures and Other Financing (Uses) | (2,194,591) | (2,083,008) | (4,277,599) | 13,028,982 | 17,306,581 |
| Fund Balances, Beginning of Year | 34,554,397 | - | 34,554,397 | 34,554,397 | - |
| Fund Balances, End of Year | \$ 32,359,806 | \$ (2,083,008) | \$ 30,276,798 | \$ 47,583,379 | \$ 17,306,581 |
| Recapitulation of Fund Balance | | | | | |
| Restricted | | | | | |
| Capital Reserve | | | | \$ 27,761,983 | |
| Capital Reserve Designated for Subsequent Years' Budget | | | | 7,645,642 | |
| Maintenance Reserve | | | | 4,160,408 | |
| Adult Education Program | | | | 73,277 | |
| Unemployment Compensation Reserve | | | | 942,576 | |
| Committed | | | | | |
| Encumbrances | | | | 2,929,801 | |
| Assigned | | | | | |
| Designated for Subsequent Year's Budget | | | | 74,752 | |
| Encumbrances | | | | 1,127,964 | |
| Unassigned | | | | 2,866,976 | |
| Fund Balance Per Governmental Funds (Budgetary) | | | | 47,583,379 | |
| Reconciliation to Governmental Funds Statements (GAAP): | | | | | |
| Less: State Aid Not Recognized on GAAP Basis | | | | (7,691,376) | |
| Fund Balance Per Governmental Funds (GAAP) | | | | \$ 39,892,003 | |

**KEARNY BOARD OF EDUCATION
SPECIAL REVENUE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

EXHIBIT C-2

| | Original Budget | Budget Adjustments | Final Budget | Actual | Variance Final to Actual |
|--|----------------------------|-------------------------------|-------------------------|---------------------|-------------------------------------|
| REVENUES | | | | | |
| State Sources | \$ 5,254,697 | \$ 1,544,041 | \$ 6,798,738 | \$ 4,073,442 | \$ (2,725,296) |
| Private Sources | 500,000 | 274,550 | 774,550 | 579,003 | (195,547) |
| Federal Sources | 3,041,990 | 8,043,428 | 11,085,418 | 8,918,572 | (2,166,846) |
| Total Revenues | 8,796,687 | 9,862,019 | 18,658,706 | 13,571,017 | (5,087,689) |
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | 3,335,546 | 258,824 | 3,594,370 | 3,274,169 | 320,201 |
| Other Salaries for Instruction | 737,100 | (42,699) | 694,401 | 662,737 | 31,664 |
| Purchased Services - Instruction | | 324,950 | 324,950 | 149,687 | 175,263 |
| Purchased Professional-Educational Services | 85,000 | 76,531 | 161,531 | 5,258 | 156,273 |
| Tuition | 1,164,540 | 376,839 | 1,541,379 | 1,541,379 | - |
| Other Purchased Services | 35,000 | 45,000 | 80,000 | 4,321 | 75,679 |
| General Supplies | 300,000 | 2,466,171 | 2,766,171 | 2,152,047 | 614,124 |
| Textbooks | | 14,828 | 14,828 | 12,488 | 2,340 |
| Other Objects | | 106,595 | 106,595 | 53,614 | 52,981 |
| Co-Curricular - Student Activities | 400,000 | (40,000) | 360,000 | 345,015 | 14,985 |
| Co-Curricular - Athletics | - | 215,000 | 215,000 | 213,908 | 1,092 |
| Total Instruction | 6,057,186 | 3,802,039 | 9,859,225 | 8,414,623 | 1,444,602 |
| Support Services | | | | | |
| Salaries of Supervisors/Program Directors | 549,758 | 134,781 | 684,539 | 559,180 | 125,359 |
| Salaries of Other Professional Staff | 28,256 | - | 28,256 | 28,256 | - |
| Salaries of Secretarial and Clerical Asst. | | 100,085 | 100,085 | 72,068 | 28,017 |
| Other Salaries | 78,848 | (29,185) | 49,663 | 49,663 | - |
| Salaries of Community Parent Involvement | 266,873 | - | 266,873 | 262,092 | 4,781 |
| Salaries of Master Teachers | 144,986 | - | 144,986 | 144,644 | 342 |
| Personal Services - Employee Benefits | 1,296,017 | 1,353,803 | 2,649,820 | 1,868,815 | 781,005 |
| Purchased Education Services - Contracted Pre-K | 481,012 | - | 481,012 | 480,712 | 300 |
| Purchased Education Services - Head Start | 123,803 | 9,086 | 132,889 | 132,889 | - |
| Purchased Prof./Educ. Svcs. | 135,000 | 371,614 | 506,614 | 217,427 | 289,187 |
| Cleaning, Repairs and Maintenance | | 85,000 | 85,000 | | 85,000 |
| Contracted Services - Trans. (Field Trips) | 70,000 | 12,000 | 82,000 | 300 | 81,700 |
| Travel | 30,000 | 57,045 | 87,045 | 446 | 86,599 |
| Other Purchased Services | 25,000 | 164,473 | 189,473 | 98,815 | 90,658 |
| Supplies and Materials | 55,282 | 651,084 | 706,366 | 237,559 | 468,807 |
| Indirect Costs | | 9,500 | 9,500 | 6,849 | 2,651 |
| Other Objects | 32,000 | 253,607 | 285,607 | 83,213 | 202,394 |
| Other Expenditures - Scholarships | 100,000 | 25,000 | 125,000 | 123,160 | 1,840 |
| Total Support Services | 3,416,835 | 3,197,893 | 6,614,728 | 4,366,088 | 2,248,640 |
| Facilities Acquisition and Const. Serv. | | | | | |
| Instructional Equipment | 180,000 | 228,330 | 408,330 | 25,879 | 382,451 |
| Non Instructional Equipment | 36,000 | 171,050 | 207,050 | 132,858 | 74,192 |
| Building Improvements | - | 2,466,485 | 2,466,485 | 1,650,644 | 815,841 |
| Total Facilities Acq. and Const. Serv. | 216,000 | 2,865,865 | 3,081,865 | 1,809,381 | 1,272,484 |
| Total Expenditures | 9,690,021 | 9,865,797 | 19,555,818 | 14,590,092 | 4,965,726 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (893,334) | (3,778) | (897,112) | (1,019,075) | (121,963) |
| Transfers In | 893,334 | 3,778 | 897,112 | 984,080 | 86,968 |
| | - | - | - | (34,995) | (34,995) |
| Fund Balances, Beginning of Year | 1,144,020 | - | 1,144,020 | 1,144,020 | - |
| Fund Balances, End of Year | \$ 1,144,020 | \$ - | \$ 1,144,020 | \$ 1,109,025 | \$ (34,995) |

KEARNY BOARD OF EDUCATION
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

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

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|---|--------------------------------|--|
| Sources/Inflows of Resources | | |
| Actual Revenues (budgetary basis) | (C-1) \$ 155,658,451 | (C-2) \$ 13,571,017 |
| Difference - Budget to GAAP | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | |
| State Aid payments recognized for GAAP statements not recognized for budgetary purposes. | 6,502,875 | |
| State Aid payments recognized for budgetary purposes not recognized for GAAP statements. | (7,691,376) | |
| Encumbrances are reported in the year the order is placed for budgetary purposes, but in the year the goods are received or the services are rendered for GAAP financial reporting purposes | | |
| Add: Encumbrances, June 30, 2023 (net of cancellations) | | 6,801,501 |
| Less: Encumbrances, June 30, 2024 | <u>-</u> | <u>(3,738,531)</u> |
| Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | (B-2) \$ <u>154,469,950</u> | \$ <u>16,633,987</u> |
| Uses/Outflows of Resources | | |
| Actual Expenditures (budgetary basis) | (C-1) \$ 141,907,548 | (C-2) \$ 14,590,092 |
| Encumbrances are reported in the year the order is placed for budgetary purposes, but in the year the goods are received or the services are rendered for GAAP financial reporting purposes | | |
| Add: Encumbrances, June 30, 2023 (net of cancellations) | | 6,801,501 |
| Less: Encumbrances, June 30, 2024 | <u>-</u> | <u>(3,738,531)</u> |
| Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | (B-2) \$ <u>141,907,548</u> | (B-2) \$ <u>17,653,062</u> |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

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

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years *

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| District's Proportion of the Net Position Liability (Asset) | 0.11260% | 0.10248% | 0.10405% | 0.10366% | 0.10174% | 0.10347% | 0.10715% | 0.10943% | 0.01085% | 0.10900% |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ 16,294,464 | \$ 15,465,092 | \$ 12,325,823 | \$ 16,905,023 | \$ 18,331,347 | \$ 20,373,317 | \$ 24,941,945 | \$ 32,410,578 | \$ 24,354,535 | \$ 20,406,935 |
| District's Covered-Employee Payroll | \$ 8,826,635 | \$ 8,007,067 | \$ 7,458,608 | \$ 7,526,659 | \$ 7,218,763 | \$ 6,980,043 | \$ 7,231,880 | \$ 7,285,913 | \$ 7,287,542 | \$ 7,411,246 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 184.61% | 193.14% | 165.26% | 224.60% | 253.94% | 291.88% | 344.89% | 444.84% | 334.19% | 275.35% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 65.23% | 62.91% | 70.33% | 58.32% | 56.27% | 53.60% | 48.10% | 40.14% | 47.93% | 52.08% |

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

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

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
Last Ten Fiscal Years

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Contractually Required Contribution | \$ 1,503,552 | \$ 1,292,276 | \$ 1,218,501 | \$ 1,134,042 | \$ 989,599 | \$ 1,029,222 | \$ 992,596 | \$ 972,177 | \$ 932,750 | \$ 898,543 |
| Contributions in Relation to the Contractually Required Contributions | <u>1,503,552</u> | <u>1,292,276</u> | <u>1,218,501</u> | <u>1,134,042</u> | <u>989,599</u> | <u>1,029,222</u> | <u>992,596</u> | <u>972,177</u> | <u>932,750</u> | <u>898,543</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's Covered- Employee Payroll | <u>\$ 9,845,901</u> | <u>\$ 8,826,635</u> | <u>\$ 8,007,067</u> | <u>\$ 7,458,608</u> | <u>\$ 7,526,659</u> | <u>\$ 7,218,763</u> | <u>\$ 6,980,043</u> | <u>\$ 7,231,880</u> | <u>\$ 7,285,912</u> | <u>\$ 7,287,542</u> |
| Contributions as a Percentage of Covered-Employee Payroll | 15.27% | 14.64% | 15.22% | 15.20% | 13.15% | 14.26% | 14.22% | 13.44% | 12.80% | 12.33% |

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

TEACHERS' PENSION AND ANNUITY FUND
Last Ten Fiscal Years *

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| District's Proportion of the Net Position Liability (Asset) | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| District's Proportionate Share of the Net Pension Liability (Asset) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| State's Proportionate Share of the Net Pension Liability (Asset) Associated With the District | <u>205,447,614</u> | <u>204,786,311</u> | <u>188,621,720</u> | <u>244,246,488</u> | <u>234,730,476</u> | <u>239,689,170</u> | <u>261,292,128</u> | <u>313,542,609</u> | <u>245,563,648</u> | <u>202,685,459</u> |
| Total | <u>\$ 205,447,614</u> | <u>\$ 204,786,311</u> | <u>\$ 188,621,720</u> | <u>\$ 244,246,488</u> | <u>\$ 234,730,476</u> | <u>\$ 239,689,170</u> | <u>\$ 261,292,128</u> | <u>\$ 313,542,609</u> | <u>\$ 245,563,648</u> | <u>\$ 202,685,459</u> |
| District's Covered-Employee Payroll | \$ 49,257,532 | \$ 47,208,539 | \$ 45,885,885 | \$ 44,073,798 | \$ 40,751,171 | \$ 39,552,080 | \$ 40,435,519 | \$ 39,310,251 | \$ 39,284,711 | \$ 39,625,977 |
| District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 34.68% | 32.29% | 35.52% | 24.60% | 26.95% | 26.49% | 25.41% | 22.33% | 28.71% | 33.64% |

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

**KEARNY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
AND SCHEDULE OF DISTRICT CONTRIBUTIONS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Change of Benefit Terms: None.

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

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

Postemployment Health Benefit Plan

Last Eight Fiscal Years

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Service Cost | \$ 7,228,847 | \$ 9,377,042 | \$ 10,615,042 | \$ 5,835,328 | \$ 5,613,119 | \$ 6,798,969 | \$ 8,218,679 | \$ 6,129,703 |
| Interest on Total OPEB Liability | 6,399,541 | 4,633,146 | 5,377,158 | 5,196,538 | 6,377,386 | 6,966,619 | 6,034,516 | 6,483,990 |
| Changes of Benefit Terms | | | (220,628) | | | | | |
| Differences Between Expected and Actual Experience | (2,290,312) | 4,875,852 | (39,381,369) | 40,229,464 | (26,547,755) | (19,642,865) | | |
| Changes of Assumptions | 366,249 | (46,899,295) | 204,501 | 42,887,562 | 2,156,026 | (18,511,177) | (25,776,003) | 30,618,351 |
| Gross Benefit Payments | (4,988,546) | (4,589,268) | (4,235,695) | (4,087,453) | (4,438,848) | (4,313,383) | (4,397,634) | (4,349,452) |
| Member Contributions | <u>163,998</u> | <u>147,226</u> | <u>137,468</u> | <u>123,891</u> | <u>131,580</u> | <u>149,077</u> | <u>161,932</u> | <u>164,527</u> |
| Net Change in Total OPEB Liability | 6,879,777 | (32,455,297) | (27,503,523) | 90,185,330 | (16,708,492) | (28,552,760) | (15,758,510) | 39,047,119 |
| Total OPEB Liability - Beginning of Year | <u>174,828,429</u> | <u>207,283,726</u> | <u>234,787,249</u> | <u>144,601,919</u> | <u>161,310,411</u> | <u>189,863,171</u> | <u>205,621,681</u> | <u>166,574,563</u> |
| Total OPEB Liability - End of Year | <u>\$ 181,708,206</u> | <u>\$ 174,828,429</u> | <u>\$ 207,283,726</u> | <u>\$ 234,787,249</u> | <u>\$ 144,601,919</u> | <u>\$ 161,310,411</u> | <u>\$ 189,863,171</u> | <u>\$ 205,621,682</u> |
| District's Proportionate Share of OPEB Liability | - | - | - | - | - | - | - | - |
| State's Proportionate Share of OPEB Liability | <u>\$ 181,708,206</u> | <u>\$ 174,828,429</u> | <u>\$ 207,283,726</u> | <u>\$ 234,787,249</u> | <u>\$ 144,601,919</u> | <u>\$ 161,310,411</u> | <u>\$ 189,863,171</u> | <u>\$ 205,621,682</u> |
| Total OPEB Liability - Ending | <u>\$ 181,708,206</u> | <u>\$ 174,828,429</u> | <u>\$ 207,283,726</u> | <u>\$ 234,787,249</u> | <u>\$ 144,601,919</u> | <u>\$ 161,310,411</u> | <u>\$ 189,863,171</u> | <u>\$ 205,621,682</u> |
| District's Covered-Employee Payroll | <u>\$ 58,084,167</u> | <u>\$ 55,215,606</u> | <u>\$ 53,344,493</u> | <u>\$ 53,344,493</u> | <u>\$ 47,969,934</u> | <u>\$ 46,532,123</u> | <u>\$ 42,211,970</u> | <u>\$ 46,596,164</u> |
| District's Proportionate Share of the Total OPEB Liability as a Percentage of its Covered-Employee Payroll | <u>0%</u> | <u>0%</u> | <u>0%</u> | <u>0%</u> | <u>0%</u> | <u>0%</u> | <u>0%</u> | <u>0%</u> |

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

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

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

**KEARNY BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY
AND SCHEDULE OF DISTRICT PROPORTIONATE SHARE OF THE OPEB LIABILITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Changes in Benefit Terms:

None.

Changes of Assumptions

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

SPECIAL REVENUE FUND

**KEARNY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | ESEA | | | | | | IDEA | | Sub-Total Page 3 | Sub-Total Page 2 | Grand Total |
|--|------------------|---------------|----------------|---------------|-----------------|----------------|------------------|---------------|---------------------|---------------------|-------------------|
| | Title I | Title I SIA | Title II-A | Title III | Title III Immig | Title IV | Basic | Preschool | | | |
| REVENUES | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | \$ - | \$ 4,073,442 | \$ 4,073,442 |
| State | | | | | | | | | 560,120 | 18,883 | 579,003 |
| Local | | | | | | | | | 4,814,977 | 138,493 | 8,918,572 |
| Federal | \$ 2,021,870 | \$ 23,900 | \$ 129,964 | \$ 81,429 | \$ 26,908 | \$ 135,281 | \$ 1,508,723 | \$ 37,027 | | | |
| Total Revenues | 2,021,870 | 23,900 | 129,964 | 81,429 | 26,908 | 135,281 | 1,508,723 | 37,027 | 5,375,097 | 4,230,818 | 13,571,017 |
| EXPENDITURES | | | | | | | | | | | |
| Instruction | | | | | | | | | | | |
| Salaries of Teachers | 1,143,443 | 5,656 | | 28,896 | 1,491 | 72,857 | | | 339,466 | 1,682,360 | 3,274,169 |
| Other Salaries for Instruction | | | | | | | | | 1,292 | 661,445 | 662,737 |
| Purchased Services - Instruction | | | | | | 1,974 | | | 17,310 | 130,403 | 149,687 |
| Purchased Prof. and Educational Services | | | | | | | | | - | 5,258 | 5,258 |
| Tuition | | | | | | | 1,504,352 | 37,027 | - | | 1,541,379 |
| Other Purchased Services | | | | | | | | | | 4,321 | 4,321 |
| General Supplies | 23,966 | 17,535 | | 22,527 | 1,387 | 18,290 | 4,371 | | 1,848,568 | 215,403 | 2,152,047 |
| Textbooks | | | | | | 2,663 | | | - | 9,825 | 12,488 |
| Other Objects | | | | | | 32,947 | | | 20,667 | - | 53,614 |
| Co-Curricular - Student Activities | | | | | | | | | 345,015 | | 345,015 |
| Co-Curricular - Athletics | - | - | - | - | - | - | - | - | 213,908 | - | 213,908 |
| Total Instruction | 1,167,409 | 23,191 | - | 51,423 | 2,878 | 128,731 | 1,508,723 | 37,027 | 2,786,226 | 2,709,015 | 8,414,623 |
| Support Services | | | | | | | | | | | |
| Salaries of Supervisors/Program Directors | 15,930 | | | 19,463 | 2,520 | 3,150 | | | 387,972 | 130,145 | 559,180 |
| Salaries of Other Professional Staff | | | | | | | | | - | 28,256 | 28,256 |
| Salaries of Secretarial & Clerical Asst. | | | | | | | | | | 72,068 | 72,068 |
| Other Salaries | | | | | | | | | 10,239 | 39,424 | 49,663 |
| Salaries of Parent Involvement | | | | | | | | | | 262,092 | 262,092 |
| Salaries of Master Teacher | | | | | | | | | | 144,644 | 144,644 |
| Personal Svcs-Employee Benefits | 828,924 | | | | | | | | 339,296 | 700,595 | 1,868,815 |
| Purchased Education Services - Contracted Pre-K | | | | | | | | | | 480,712 | 480,712 |
| Purchased Education Services - Head Start | | | | | | | | | | 132,889 | 132,889 |
| Purchased Prof./Educ. Svcs. | | | 39,669 | 2,816 | | 2,900 | | | 38,400 | 133,642 | 217,427 |
| Contracted Services - Trans. (Field Trips) | | | | | | | | | | 300 | 300 |
| Travel | | | | | | | | | | 446 | 446 |
| Other Purchased Services | | 150 | 30,678 | | | | | | 26,900 | 41,087 | 98,815 |
| Supplies and Materials | 2,429 | 559 | | 7,727 | | 500 | | | 134,223 | 92,121 | 237,559 |
| Indirect Costs | 6,849 | | | | | | | | | | 6,849 |
| Other Objects | 329 | | 59,617 | | 21,510 | | | | | 1,757 | 83,213 |
| Other Expenditures - Scholarships | - | - | - | - | - | - | - | - | 123,160 | - | 123,160 |
| Total Support Services | 854,461 | 709 | 129,964 | 30,006 | 24,030 | 6,550 | - | - | 1,060,190 | 2,260,178 | 4,366,088 |
| Facilities Acq. and Construction | | | | | | | | | | | |
| Instructional Equip. | | | | | | | | | | 25,879 | 25,879 |
| Non Instructional Equip. | - | - | - | - | - | - | - | - | - | 132,858 | 132,858 |
| Facilities Improvements | - | - | - | - | - | - | - | - | 1,650,644 | - | 1,650,644 |
| Total Facilities Acq. & Constr. | - | - | - | - | - | - | - | - | 1,650,644 | 158,737 | 1,809,381 |
| Total Expenditures | 2,021,870 | 23,900 | 129,964 | 81,429 | 26,908 | 135,281 | 1,508,723 | 37,027 | 5,497,060 | 5,127,930 | 14,590,092 |
| Excess (Deficiency) of Revenues Over (Under) Expenditure | - | - | - | - | - | - | - | - | (121,963) | (897,112) | (1,019,075) |
| Transfers In | - | - | - | - | - | - | - | - | 86,968 | 897,112 | 984,080 |
| Net Changes in Fund Balance | | | | | | | | | (34,995) | | (34,995) |
| Fund Balance, Beginning of Year | - | - | - | - | - | - | - | - | 1,144,020 | - | 1,144,020 |
| Fund Balance, End of Year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,109,025 | \$ - | \$ 1,109,025 |

**KEARNY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | <u>Private Donations</u> | <u>High Impact Tutoring</u> | <u>SYBSPG</u> | <u>Nonpublic Nursing Services</u> | <u>Nonpublic Textbooks</u> | <u>Nonpublic Technology</u> | <u>Nonpublic Security</u> | <u>Chapter 192 Services Comp Ed</u> | <u>SDA Capital Grant</u> | <u>Preschool Education Aid</u> | <u>Sub-Total to Page 1</u> |
|---|------------------------------|-------------------------------------|----------------|---|--------------------------------|---------------------------------|-------------------------------|---|------------------------------|--|--------------------------------|
| REVENUES | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | |
| State | | | \$ 316,842 | \$ 20,640 | \$ 9,825 | \$ 8,330 | \$ 35,260 | \$ 6,653 | \$ 130,844 | \$ 3,545,048 | \$ 4,073,442 |
| Local | \$ 18,883 | | | | | | | | | | 18,883 |
| Federal | - | 138,493 | - | - | - | - | - | - | - | - | 138,493 |
| Total Revenues | 18,883 | 138,493 | 316,842 | 20,640 | 9,825 | 8,330 | 35,260 | 6,653 | 130,844 | 3,545,048 | 4,230,818 |
| EXPENDITURES | | | | | | | | | | | |
| Instruction | | | | | | | | | | | |
| Salaries of Teachers | | | | | | | | | | 1,682,360 | 1,682,360 |
| Other Salaries for Instruction | | | | | | | | | | 661,445 | 661,445 |
| Purchased Services - Instruction | | 123,750 | | | | | | 6,653 | | | 130,403 |
| Purchased Prof. and Educational Services | | | | | | | | | | 5,258 | 5,258 |
| Other Purchased Services | | | | | | | | | | 4,321 | 4,321 |
| General Supplies | 9,126 | 8,127 | | | | | | | | 198,150 | 215,403 |
| Textbooks | - | - | - | - | 9,825 | - | - | - | - | - | 9,825 |
| Total Instruction | 9,126 | 131,877 | - | - | 9,825 | - | - | 6,653 | - | 2,551,534 | 2,709,015 |
| Support Services | | | | | | | | | | | |
| Salaries of Supervisors/Program Directors | | 6,616 | 50,731 | | | | | | | 72,798 | 130,145 |
| Salaries of Other Professional Staff | | | | | | | | | | 28,256 | 28,256 |
| Salaries of Secretarial & Clerical Asst. | | | 72,068 | | | | | | | | 72,068 |
| Other Salaries | | | | | | | | | | 39,424 | 39,424 |
| Salaries of Community Parent Involvement | | | | | | | | | | 262,092 | 262,092 |
| Salaries of Master Teachers | | | | | | | | | | 144,644 | 144,644 |
| Personal Svcs-Employee Benefits | | | 18,805 | | | | | | | 681,790 | 700,595 |
| Purchased Ed Services - Contracted Pre K | | | | | | | | | | 480,712 | 480,712 |
| Purchased Education Services - Head Start | | | | | | | | | | 132,889 | 132,889 |
| Purchased Prof./Educ. Svcs. | | | 127,225 | | | | | | | 6,417 | 133,642 |
| Contracted Services - Trans. (Field Trips) | | | | | | | | | | 300 | 300 |
| Travel | | | 45 | | | | | | | 401 | 446 |
| Other Purchased Services | | | 41,087 | | | | | | | | 41,087 |
| Supplies and Materials | 8,550 | | 5,323 | 20,640 | | | 35,260 | | | 22,348 | 92,121 |
| Other Objects | - | - | 1,558 | - | - | - | - | - | - | 199 | 1,757 |
| Total Support Services | 8,550 | 6,616 | 316,842 | 20,640 | - | - | 35,260 | - | - | 1,872,270 | 2,260,178 |
| Facilities Acq. and Construction | | | | | | | | | | | |
| Instructional Equip. | | | | | | 8,330 | | | | 17,549 | 25,879 |
| Non Instructional Equip | 1,207 | - | - | - | - | - | - | - | 130,844 | 807 | 132,858 |
| Total Facilities Acq. & Constr. | 1,207 | - | - | - | - | 8,330 | - | - | 130,844 | 18,356 | 158,737 |
| Total Expenditures | 18,883 | 138,493 | 316,842 | 20,640 | 9,825 | 8,330 | 35,260 | 6,653 | 130,844 | 4,442,160 | 5,127,930 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | - | - | - | - | - | - | - | - | - | (897,112) | (897,112) |
| Transfers In | - | - | - | - | - | - | - | - | - | 897,112 | 897,112 |
| Net Changes in Fund Balance | - | - | - | - | - | - | - | - | - | - | - |
| Fund Balance, Beginning of Year | - | - | - | - | - | - | - | - | - | - | - |
| Fund Balance, End of Year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

KEARNY BOARD OF EDUCATION
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF REVENUES AND EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| | ESSER II CRRSA | CRRSA Learning Acceleration | CRRSA Mental Health | ARP ESSER | ARP Accelerated Learning Coach | ARP Evidence Based Summer Learning | ARP Evidence Based Beyond The School Day | ARP Mental Health Support | ARP Homeless | Student Activities | Scholarship | Sub-Total to Page 1 |
|--|-------------------|-----------------------------------|---------------------------|------------------|---|---|---|------------------------------------|-----------------|-----------------------|----------------|------------------------|
| REVENUES | | | | | | | | | | | | |
| Intergovernmental | | | | | | | | | | | | \$ - |
| State | | | | | | | | | | | | |
| Local | | | | | | | | | | \$ 474,988 | \$ 85,132 | 560,120 |
| Federal | \$ 244,978 | \$ 104,003 | \$ 10,239 | \$ 3,836,897 | \$ 529,712 | \$ 1,596 | \$ 40,000 | \$ 17,633 | \$ 29,919 | - | - | 4,814,977 |
| Total Revenues | 244,978 | 104,003 | 10,239 | 3,836,897 | 529,712 | 1,596 | 40,000 | 17,633 | 29,919 | 474,988 | 85,132 | 5,375,097 |
| EXPENDITURES | | | | | | | | | | | | |
| Instruction | | | | | | | | | | | | |
| Salaries of Teachers | 104,018 | 95,913 | | 114,555 | | 1,596 | 23,384 | | | | | 339,466 |
| Other Salaries for Instruction | 1,292 | | | | | | | | | | | 1,292 |
| Purchased Services - Instruction | 1,495 | | | 15,815 | | | | | | | | 17,310 |
| Purchased Prof. and Educational Services | | | | | | | | | | | | - |
| Tuition | | | | | | | | | | | | - |
| General Supplies | 13,593 | | | 1,824,975 | | | 10,000 | | | | | 1,848,568 |
| Textbooks | | | | | | | | | | | | - |
| Other Objects | | | | 20,667 | | | | | | | - | 20,667 |
| Co-Curricular - Student Activities | | | | | | | | | | 345,015 | | 345,015 |
| Co-Curricular - Athletics | - | - | - | - | - | - | - | - | - | 213,908 | - | 213,908 |
| Total Instruction | 120,398 | 95,913 | - | 1,976,012 | - | 1,596 | 33,384 | - | - | 558,923 | - | 2,786,226 |
| Support Services | | | | | | | | | | | | |
| Salaries of Supervisors/Program Directors | 6,826 | 8,090 | | 68,125 | 298,315 | | 6,616 | | | | | 387,972 |
| Salaries of Other Professional Staff | | | | | | | | | | | | - |
| Salaries of Secretarial & Clerical Asst. | | | | | | | | | | | | - |
| Other Salaries | | | 10,239 | | | | | | | | | 10,239 |
| Personal Svcs-Employee Benefits | | | | 97,766 | 223,897 | | | 17,633 | | | | 339,296 |
| Purchased Prof./Educ. Svcs. | | | | 30,900 | 7,500 | | | | | | | 38,400 |
| Travel | | | | | | | | | | | | - |
| Other Purchased Services | | | | | | | | | 26,900 | | | 26,900 |
| Supplies and Materials | 117,754 | | | 13,450 | | | | | 3,019 | | | 134,223 |
| Other Expenditures - Scholarships | - | - | - | - | - | - | - | - | - | - | 123,160 | 123,160 |
| Total Support Services | 124,580 | 8,090 | 10,239 | 210,241 | 529,712 | - | 6,616 | 17,633 | 29,919 | - | 123,160 | 1,060,190 |
| Facilities Acq. and Construction | | | | | | | | | | | | |
| Non Instructional Equip. | - | - | - | - | - | - | - | - | - | - | - | - |
| Facilities Improvements | - | - | - | 1,650,644 | - | - | - | - | - | - | - | 1,650,644 |
| Total Facilities Acq. & Constr. | - | - | - | 1,650,644 | - | - | - | - | - | - | - | 1,650,644 |
| Total Expenditures | 244,978 | 104,003 | 10,239 | 3,836,897 | 529,712 | 1,596 | 40,000 | 17,633 | 29,919 | 558,923 | 123,160 | 5,497,060 |
| Excess (Deficiency) of Revenues Over (Under) E | - | - | - | - | - | - | - | - | - | (83,935) | (38,028) | (121,963) |
| Transfers In | - | - | - | - | - | - | - | - | - | 86,968 | - | 86,968 |
| Net Changes in Fund Balance | - | - | - | - | - | - | - | - | - | 3,033 | (38,028) | (34,995) |
| Fund Balance, Beginning of Year | - | - | - | - | - | - | - | - | - | 431,712 | 712,308 | 1,144,020 |
| Fund Balance, End of Year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 434,745 | \$ 674,280 | \$ 1,109,025 |

**KEARNY BOARD OF EDUCATION
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
PRESCHOOL - ALL PROGRAMS
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | <u>Budget</u> | <u>Budget Adjustments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|---|---------------|-------------------------------|-------------------------|---------------|-------------------------------------|
| EXPENDITURES | | | | | |
| Instruction | | | | | |
| Salaries of Teachers | \$ 1,657,469 | \$ 70,569 | \$ 1,728,038 | \$ 1,682,360 | \$ 45,678 |
| Other Salaries for Instruction | 737,100 | (43,991) | 693,109 | 661,445 | 31,664 |
| Purchased Professional-Educational Services | 85,000 | 74,531 | 159,531 | 5,258 | 154,273 |
| Other Purchased Services | 35,000 | 45,000 | 80,000 | 4,321 | 75,679 |
| General Supplies | 300,000 | 300,000 | 600,000 | 198,150 | 401,850 |
| Total Instruction | 2,814,569 | 446,109 | 3,260,678 | 2,551,534 | 709,144 |
| Support Services | | | | | |
| Salaries of Supervisors of Instruction | 72,798 | - | 72,798 | 72,798 | - |
| Salaries of Other Professional Staff | 28,256 | - | 28,256 | 28,256 | - |
| Salaries of Secretaries and Clerical Assistants | | 28,018 | 28,018 | | 28,018 |
| Other Salaries | 78,848 | (39,424) | 39,424 | 39,424 | - |
| Salaries of Community Parent Involvement | 266,873 | - | 266,873 | 262,092 | 4,781 |
| Salaries of Master Teachers | 144,986 | - | 144,986 | 144,644 | 342 |
| Personnel Services - Employee Benefits | 1,296,017 | (48,855) | 1,247,162 | 681,790 | 565,372 |
| Purchased Education Services - Contracted Pre-K | 481,012 | - | 481,012 | 480,712 | 300 |
| Purchased Education Services - Head Start | 123,803 | 9,086 | 132,889 | 132,889 | - |
| Other Purchased Professional -Ed. Services | 95,000 | 55,443 | 150,443 | 6,417 | 144,026 |
| Other Purchased Professional Services | 40,000 | 50,914 | 90,914 | | 90,914 |
| Cleaning, Repair and Maintenance | | 85,000 | 85,000 | | 85,000 |
| Contracted Services - Trans. (Field Trips) | 70,000 | 12,000 | 82,000 | 300 | 81,700 |
| Travel | 30,000 | 55,000 | 85,000 | 401 | 84,599 |
| Miscellaneous Purchased Services | 25,000 | 30,994 | 55,994 | | 55,994 |
| Supplies and Materials | 55,282 | 294,718 | 350,000 | 22,348 | 327,652 |
| Other Objects | 32,000 | 55,000 | 87,000 | 199 | 86,801 |
| Total Support Services | 2,839,875 | 587,894 | 3,427,769 | 1,872,270 | 1,555,499 |
| Facilities Acquisition and Construction | | | | | |
| Instructional Equipment | 180,000 | 220,000 | 400,000 | 17,549 | 382,451 |
| Non-Instructional Equipment | 36,000 | 39,000 | 75,000 | 807 | 74,193 |
| Total Facilities Acquisition and Construction | 216,000 | 259,000 | 475,000 | 18,356 | 456,644 |
| Total Expenditures | \$ 5,870,444 | \$ 1,293,003 | \$ 7,163,447 | \$ 4,442,160 | \$ 2,721,287 |

Calculation of Budget Carryover

| | |
|--|--------------|
| Total 2023-2024 Preschool Education Aid Allocation | \$ 4,977,110 |
| Add Actual Preschool Education Carryover (June 30, 2023) | 4,131,773 |
| Add: Prior Year Encumbrances/Payables Cancelled | 38 |
| Add: Budgeted Transfer from General Fund | 897,112 |
| Total Preschool Education Aid Funds Available for 2023-2024 Budget | 10,006,033 |
| Less: 2023-2024 Budgeted Preschool Education Aid (Including prior year budgeted carryover) | 7,163,447 |
| Available and Unbudgeted Preschool Education Aid Funds as of June 30, 2024 | 2,842,586 |
| Add: June 30, 2024 Unexpended Preschool Education Aid | 2,721,287 |
| 2023-2024 Carryover - Preschool Education Aid /Preschool Programs | \$ 5,563,873 |
| 2023-2024 Preschool Education Aid Carryover Budgeted in 2024-2025 | \$ 2,842,505 |

CAPITAL PROJECTS FUND

**KEARNY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| <u>Capital Project</u> | <u>Original Amount Authorized</u> | <u>Adjustments</u> | <u>Modified Authorization</u> | <u>Expenditures to Date</u> | | <u>Cancellations Prior Years</u> | <u>Balance June 30, 2024</u> |
|--|---|----------------------|-----------------------------------|-----------------------------|---------------------|--------------------------------------|----------------------------------|
| | | | | <u>Prior Years</u> | <u>Current Year</u> | | |
| Aircraft Noise Abatement - Kearny High School | \$ 44,039,788 | \$ 15,184,866 | \$ 59,224,654 | \$ 58,837,028 | | \$ 387,626 | |
| HVAC System Improvements - Franklin and Roosevelt Schools | <u>6,450,000</u> | <u>-</u> | <u>6,450,000</u> | <u>1,637,914</u> | <u>\$ 4,787,086</u> | <u>-</u> | <u>\$ 25,000</u> |
| | <u>\$ 50,489,788</u> | <u>\$ 15,184,866</u> | <u>\$ 65,674,654</u> | <u>\$ 60,474,942</u> | <u>\$ 4,787,086</u> | <u>\$ 387,626</u> | <u>\$ 25,000</u> |

| | |
|--|-------------------|
| Project Balances | \$ 25,000 |
| Reserve for Payment of Debt Service - Lease Purchase | 248,321 |
| Reserve for Payment of Debt Service | <u>47,034</u> |
| Fund Balance (Budgetary Basis) | <u>\$ 320,355</u> |

Analysis of Restricted Fund Balance:

| | |
|--|-------------------|
| Year-End Encumbrances | \$ 25,000 |
| Restricted for Debt Service - Lease Purchase | 248,321 |
| Restricted for Debt Service | <u>47,034</u> |
| Fund Balance, GAAP Basis | <u>\$ 320,355</u> |

**KEARNY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF PROJECT EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Revenues and Other Financing Sources

| | |
|----------------------------|--------------|
| Interest on Lease Purchase | \$ 80,156 |
| Interest on Deposits | <u>1,034</u> |

| | |
|----------------|---------------|
| Total Revenues | <u>81,190</u> |
|----------------|---------------|

Expenditures and Other Financing Uses

| | |
|--|--------------|
| Facilities Acquisition and Construction Services | 4,787,086 |
| Transfer to General Fund | <u>1,034</u> |

| | |
|---|------------------|
| Total Expenditures and Other Financing Uses | <u>4,788,120</u> |
|---|------------------|

Excess (Deficiency) of Revenue Over (Under) Expenditures

| | |
|--------------------------------|-------------|
| Other Financing Sources (Uses) | (4,706,930) |
|--------------------------------|-------------|

| | |
|----------------------------|------------------|
| Fund Balance, July 1, 2023 | <u>5,027,285</u> |
|----------------------------|------------------|

| | |
|-----------------------------|--------------------------|
| Fund Balance, June 30, 2024 | <u><u>\$ 320,355</u></u> |
|-----------------------------|--------------------------|

**KEARNY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
KEARNY HIGH SCHOOL - AIRCRAFT NOISE ABATEMENT
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Additional Project Information:

| | |
|----------------------------|-------------------|
| Project Number | N/A |
| FAA/Port Authority | EWB 84-02 & 99-04 |
| SDA | 2410-050-04-3000 |
| Grant Date | May 4, 2005 |
| Bond Authorization Date | N/A |
| Bonds Authorized | N/A |
| Bonds Issued | N/A |
| Original Authorized Cost | \$ 44,039,788 |
| Additional Authorized Cost | \$ 15,184,866 |
| Revised Authorized Cost | \$ 59,224,654 |

Percentage Increase Over Original

| | |
|---------------------------------|-------------------|
| Authorized Cost | 34.48% |
| Percentage Completion | 100.00% |
| Original Target Completion Date | October 31, 2013 |
| Revised Target Completion Date | December 31, 2018 |

**KEARNY BOARD OF EDUCATION
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE
AND PROJECT STATUS - BUDGETARY BASIS
HVAC SYSTEM IMPROVEMENTS - FRANKLIN AND ROOSEVELT SCHOOLS
FROM INCEPTION THROUGH THE FISCAL YEAR ENDED JUNE 30, 2024**

| | <u>Prior Periods</u> | <u>Current Year</u> | <u>Totals</u> | <u>Revised Authorized Cost</u> |
|--|----------------------|---------------------|---------------|--|
| Revenues and Other Financing Sources | | | | |
| Lease Purchase Proceeds | \$ 6,450,000 | \$ - | \$ 6,450,000 | \$ 6,450,000 |
| Total Revenues | 6,450,000 | - | 6,450,000 | 6,450,000 |
| Expenditures and Other Financing Uses | | | | |
| Facilities Acquisition and Construction Services | 1,637,914 | 4,787,086 | 6,425,000 | 6,450,000 |
| Total Expenditures | 1,637,914 | 4,787,086 | 6,425,000 | 6,450,000 |
| Excess of Revenues Over Expenditures | \$ 4,812,086 | \$ (4,787,086) | \$ 25,000 | \$ - |

Additional Project Information:

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

ENTERPRISE FUND

EXHIBIT G-1

**KEARNY BOARD OF EDUCATION
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2024**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-4

EXHIBIT G-2

**COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-5

EXHIBIT G-3

**COMBINING STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

THIS STATEMENT IS NOT APPLICABLE

FINANCIAL STATEMENTS ARE PRESENTED ON EXHIBIT B-6

FIDUCIARY FUNDS

NOT APPLICABLE

LONG-TERM DEBT

**KEARNY BOARD OF EDUCATION
LONG-TERM DEBT GROUP
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| <u>Issue</u> | <u>Date of Issue</u> | <u>Amount of Issue</u> | <u>Annual Maturities</u> | | <u>Interest Rate</u> | <u>Balance, July 1, 2023</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance, June 30, 2024</u> |
|-----------------|----------------------|------------------------|--------------------------|---------|----------------------|------------------------------|---------------|-------------------|-------------------------------|
| Refunding Bonds | 4/23/15 | \$ 6,740,000 | 7/15/2024 | 210,000 | 4.00% | | | | |
| | | | 7/15/2025 | 215,000 | 4.00% | \$ 630,000 | - | \$ 205,000 | \$ 425,000 |
| | | | | | | <u>\$ 630,000</u> | <u>\$ -</u> | <u>\$ 205,000</u> | <u>\$ 425,000</u> |

**LONG-TERM DEBT GROUP
SCHEDULE OF SERIAL BONDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| <u>Year</u> | <u>Description</u> | <u>Amount of Original Issue</u> | <u>Balance, July 1, 2023</u> | <u>Additions</u> | <u>Retirements</u> | <u>Adjustments/Cancelled</u> | <u>Balance, June 30, 2024</u> |
|--------------------------|-----------------------------|---------------------------------|------------------------------|------------------|---------------------|------------------------------|-------------------------------|
| Capital Financing | | | | | | | |
| 2022 | HVAC Systems | \$ 6,450,000 | \$ 5,079,605 | | \$ 1,211,411 | | \$ 3,868,194 |
| 2019 | Acquisition of School Buses | 113,090 | | | | | - |
| 2022 | Acquisition of Equipment | 733,277 | 733,277 | - | 77,206 | \$ 303,882 | 352,189 |
| | | | <u>5,812,882</u> | <u>-</u> | <u>1,288,617</u> | <u>303,882</u> | <u>4,220,383</u> |
| Other Financing | | | | | | | |
| 2021 | Acquisition of Computers | 362,217 | 92,404 | | 92,404 | | - |
| 2021 | Acquisition of Computers | 12,177 | 3,106 | - | 3,106 | - | - |
| | | | <u>95,510</u> | <u>-</u> | <u>95,510</u> | <u>-</u> | <u>-</u> |
| | | | <u>\$ 5,908,392</u> | <u>\$ -</u> | <u>\$ 1,384,127</u> | <u>\$ 303,882</u> | <u>\$ 4,220,383</u> |

**KEARNY BOARD OF EDUCATION
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| | Original Budget | Budget Adjustments | Final Budget | Actual | Variance Final to Actual |
|--------------------------------------|--------------------|-----------------------|-----------------|------------|--------------------------------|
| REVENUES | | | | | |
| Local Sources: | | | | | |
| Property Taxes | \$ 226,100 | - | \$ 226,100 | \$ 226,100 | \$ - |
| Total Revenues | 226,100 | - | 226,100 | 226,100 | - |
| EXPENDITURES | | | | | |
| Debt Service: | | | | | |
| Redemption of Principal | 205,000 | | 205,000 | 205,000 | |
| Interest | 21,100 | - | 21,100 | 21,100 | - |
| Total Expenditures | 226,100 | - | 226,100 | 226,100 | - |
| Excess of Revenues Over Expenditures | - | - | - | - | - |
| Fund Balance, July 1, 2023 | - | - | - | - | - |
| Fund Balance, June 30, 2024 | \$ - | \$ - | \$ - | \$ - | \$ - |

**KEARNY BOARD OF EDUCATION
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER SUBSCRIPTION-BASED
INFORMATION TECHNOLOGY ARRANGEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| <u>Year</u> | <u>Description</u> | <u>Balance, July 1, 2023</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance, June 30, 2024</u> |
|-------------|---------------------------|----------------------------------|-------------------|--------------------|-----------------------------------|
| 2022 | Thrillshare | \$ 21,626 | | \$ 21,626 | |
| 2022 | Kuta | 1,974 | | 976 | \$ 998 |
| 2022 | Securly | 20,641 | | 20,641 | |
| 2022 | Systems 3000 | 31,297 | | 31,297 | |
| 2022 | Descubre Supersite Plus | 49,291 | | 49,291 | |
| 2022 | Descubre Supersite Plus | 45,526 | | 45,526 | |
| 2022 | Listos Levels | 252,611 | | 82,104 | 170,507 |
| 2022 | CodeHS | 2,055 | | 2,055 | |
| 2022 | Newsela | 248,594 | | 80,871 | 167,723 |
| 2024 | Dell - Edu Plus | | \$ 69,547 | 23,880 | 45,667 |
| 2024 | Learning Ally's Audiobook | | 35,897 | 9,340 | 26,557 |
| 2024 | Literably | | 37,174 | 12,764 | 24,410 |
| 2024 | Savvas - myPerspectives | | 123,617 | 26,145 | 97,472 |
| 2024 | Temas 3e TRB | - | 27,265 | 4,872 | 22,393 |
| | | <u>\$ 673,615</u> | <u>\$ 293,500</u> | <u>\$ 411,388</u> | <u>\$ 555,727</u> |

STATISTICAL SECTION

This part of the Kearny Board of Education's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the district's overall financial health.

Contents

Exhibits

Financial Trends

These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.

J-1 to J-5

Revenue Capacity

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

J-6 to J-9

Debt Capacity

These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.

J-10 to J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.

J-14 and J-15

Operating Information

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

J-16 to J-20

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

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

| | As of June 30, | | | | | | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Governmental Activities | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 55,491,651 | \$ 57,535,963 | \$ 72,979,220 | \$ 51,445,043 | \$ 52,998,917 | \$ 53,408,622 | \$ 37,492,506 | \$ 39,525,971 | \$ 42,869,851 | \$ 47,835,766 |
| Restricted | 8,845,240 | 11,257,150 | 2,394,838 | 2,977,180 | 1,138,318 | 5,608,206 | 12,125,772 | 19,482,285 | 28,811,453 | 41,644,634 |
| Unrestricted | <u>(31,918,631)</u> | <u>(36,900,137)</u> | <u>(26,682,224)</u> | <u>(39,168,319)</u> | <u>(39,356,196)</u> | <u>(41,496,336)</u> | <u>(35,861,382)</u> | <u>(32,911,851)</u> | <u>(33,193,194)</u> | <u>(32,780,767)</u> |
| Total Governmental Activities Net Position | <u>\$ 32,418,260</u> | <u>\$ 31,892,976</u> | <u>\$ 48,691,834</u> | <u>\$ 15,253,904</u> | <u>\$ 14,781,039</u> | <u>\$ 17,520,492</u> | <u>\$ 13,756,896</u> | <u>\$ 26,096,405</u> | <u>\$ 38,488,110</u> | <u>\$ 56,699,633</u> |
| Business-Type Activities | | | | | | | | | | |
| Investment in Capital Assets | \$ 122,355 | \$ 107,215 | \$ 98,898 | \$ 308,196 | \$ 304,965 | \$ 316,552 | \$ 280,173 | \$ 344,396 | \$ 238,447 | \$ 195,479 |
| Unrestricted | <u>422,604</u> | <u>504,341</u> | <u>512,185</u> | <u>514,643</u> | <u>610,829</u> | <u>715,600</u> | <u>977,108</u> | <u>1,153,222</u> | <u>977,114</u> | <u>673,258</u> |
| Total Business-Type Activities Net Position | <u>\$ 544,959</u> | <u>\$ 611,556</u> | <u>\$ 611,083</u> | <u>\$ 822,839</u> | <u>\$ 915,794</u> | <u>\$ 1,032,152</u> | <u>\$ 1,257,281</u> | <u>\$ 1,497,618</u> | <u>\$ 1,215,561</u> | <u>\$ 868,737</u> |
| District-Wide | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 55,614,006 | \$ 57,643,178 | \$ 73,078,118 | \$ 51,753,239 | \$ 53,303,882 | \$ 53,725,174 | \$ 37,772,679 | \$ 39,870,367 | \$ 43,108,298 | \$ 48,031,245 |
| Restricted | 8,845,240 | 11,257,150 | 2,394,838 | 2,977,180 | 1,138,318 | 5,608,206 | 12,125,772 | 19,482,285 | 28,811,453 | 41,644,634 |
| Unrestricted | <u>(31,496,027)</u> | <u>(36,395,796)</u> | <u>(26,170,039)</u> | <u>(38,653,676)</u> | <u>(38,745,367)</u> | <u>(40,780,736)</u> | <u>(34,884,274)</u> | <u>(31,758,629)</u> | <u>(32,216,080)</u> | <u>(32,107,509)</u> |
| Total District Net Position | <u>\$ 32,963,219</u> | <u>\$ 32,504,532</u> | <u>\$ 49,302,917</u> | <u>\$ 16,076,743</u> | <u>\$ 15,696,833</u> | <u>\$ 18,552,644</u> | <u>\$ 15,014,177</u> | <u>\$ 27,594,023</u> | <u>\$ 39,703,671</u> | <u>\$ 57,568,370</u> |

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

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

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Expenses | | | | | | | | | | |
| Governmental Activities | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular | \$ 50,637,282 | \$ 55,352,833 | \$ 60,448,695 | \$ 56,053,842 | \$ 62,398,755 | \$ 60,504,352 | \$ 68,430,611 | \$ 64,504,805 | \$ 65,021,840 | \$ 68,434,052 |
| Special Education | 13,900,553 | 15,560,078 | 16,652,103 | 9,920,717 | 14,940,133 | 15,028,176 | 13,085,523 | 16,081,453 | 15,525,421 | 16,675,842 |
| Other Instruction | 2,920,309 | 3,357,362 | 3,890,809 | 2,778,454 | 6,116,270 | 6,140,146 | 6,826,306 | 7,013,056 | 7,358,202 | 8,053,350 |
| School Sponsored Activities and Athletics | 1,376,895 | 1,509,284 | 1,586,879 | 3,066,029 | 1,501,429 | 1,609,135 | 1,602,006 | 2,150,599 | 2,052,093 | 2,299,006 |
| Support Services: | | | | | | | | | | |
| Tuition | | | | 4,170,786 | | | | | | |
| Student and Instruction Related Services | 8,764,376 | 8,959,592 | 9,191,340 | 8,991,837 | 9,697,687 | 10,345,485 | 10,688,811 | 10,535,804 | 11,294,361 | 12,268,750 |
| General Administration | 2,832,130 | 2,697,713 | 3,644,098 | 2,224,329 | 1,755,319 | 1,899,637 | 1,883,727 | 2,018,850 | 2,076,318 | 2,436,511 |
| School Administrative Services | 7,530,457 | 8,526,918 | 9,453,530 | 9,016,478 | 8,986,658 | 9,895,806 | 9,998,673 | 8,860,480 | 8,755,008 | 9,277,472 |
| Central Administrative Services | 2,021,459 | 2,189,236 | 2,424,248 | 1,285,789 | 2,454,507 | 2,521,097 | 2,489,975 | 2,332,282 | 2,342,753 | 2,452,788 |
| Administration of Information Technology | | | | 953,769 | | | | | | |
| Plant Operations and Maintenance | 9,643,413 | 10,038,580 | 10,068,434 | 10,327,879 | 10,252,309 | 10,301,337 | 10,584,655 | 11,589,450 | 11,207,193 | 14,721,057 |
| Security | | | | 408,378 | | | | | | |
| Pupil Transportation | 1,698,164 | 1,790,536 | 1,738,152 | 1,740,244 | 1,993,370 | 1,711,662 | 1,977,710 | 2,121,374 | 2,659,497 | 3,195,322 |
| Special Schools | | | | 75,827 | | | | | | |
| Charter School | | | | 4,414,390 | | | | | | |
| Interest on Long-Term Debt | 681,281 | 545,646 | 503,873 | 275,688 | 463,721 | 417,832 | 364,679 | 296,629 | 400,274 | 372,666 |
| Total Governmental Activities Expenses | 102,006,319 | 110,527,778 | 119,602,161 | 115,704,436 | 120,560,158 | 120,374,665 | 127,932,676 | 127,504,782 | 128,692,960 | 140,186,816 |
| Business-Type Activities: | | | | | | | | | | |
| Food Service | 2,144,004 | 2,239,874 | 2,052,524 | 2,025,965 | 2,324,402 | 1,872,524 | 945,888 | 2,919,847 | 3,308,365 | 3,463,882 |
| Total Business-Type Activities Expense | 2,144,004 | 2,239,874 | 2,052,524 | 2,025,965 | 2,324,402 | 1,872,524 | 945,888 | 2,919,847 | 3,308,365 | 3,463,882 |
| Total District Expenses | \$ 104,150,323 | \$ 112,767,652 | \$ 121,654,685 | \$ 117,730,401 | \$ 122,884,560 | \$ 122,247,189 | \$ 128,878,564 | \$ 130,424,629 | \$ 132,001,325 | \$ 143,650,698 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Tuition | | \$ 10,305 | \$ 5,884 | | \$ 136,399 | \$ 119,689 | \$ 148,069 | \$ 79,005 | \$ 16,447 | \$ 126,129 |
| Other Instruction/Special Schools | \$ 50,462 | 65,058 | 48,770 | | 59,855 | 67,736 | | | 35,208 | 95,425 |
| School Sponsored Activities and Athletics | | | | | | | 154,869 | 533,994 | 429,919 | 474,988 |
| Student and Instruction Related Services | | | | | | | 40,662 | 50,106 | 69,205 | 85,132 |
| Operating Grants and Contributions | 25,265,538 | 30,490,718 | 38,809,517 | \$ 27,589,426 | 35,350,515 | 33,413,190 | 45,488,926 | 35,852,348 | 31,178,249 | 32,289,863 |
| Capital Grants and Contributions | 2,034,553 | 2,695,140 | 18,130,074 | | | | 79,761 | 110,219 | 2,190,887 | 5,416,225 |
| Total Governmental Activities Program Revenues | 27,350,553 | 33,250,916 | 56,988,361 | 27,589,426 | 35,546,769 | 33,600,615 | 45,912,287 | 36,625,672 | 33,919,915 | 38,487,762 |
| Business-Type Activities: | | | | | | | | | | |
| Charges for Services | | | | | | | | | | |
| Food Service | 448,935 | 485,056 | 462,487 | 469,939 | 584,292 | 438,222 | 702 | 147,054 | 615,847 | 539,794 |
| Operating Grants and Contributions | 1,262,487 | 1,311,989 | 1,266,350 | 1,223,529 | 1,455,269 | 1,354,310 | 1,170,315 | 2,929,053 | 2,410,461 | 2,555,424 |
| Total Business Type Activities Program Revenues | 1,711,422 | 1,797,045 | 1,728,837 | 1,693,468 | 2,039,561 | 1,792,532 | 1,171,017 | 3,076,107 | 3,026,308 | 3,095,218 |
| Total District Program Revenues | \$ 29,061,975 | \$ 35,047,961 | \$ 58,717,198 | \$ 29,282,894 | \$ 37,586,330 | \$ 35,393,147 | \$ 47,083,304 | \$ 39,701,779 | \$ 36,946,223 | \$ 41,582,980 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental Activities | \$ (74,655,766) | \$ (77,276,862) | \$ (62,613,800) | \$ (88,115,010) | \$ (85,013,389) | \$ (86,774,050) | \$ (82,020,389) | \$ (90,879,110) | \$ (94,773,045) | \$ (101,699,054) |
| Business-Type Activities | (432,582) | (442,829) | (323,687) | (332,497) | (284,841) | (79,992) | 225,129 | 156,260 | (282,057) | (368,664) |
| Total District-Wide Net Expense | \$ (75,088,348) | \$ (77,719,691) | \$ (62,937,487) | \$ (88,447,507) | \$ (85,298,230) | \$ (86,854,042) | \$ (81,795,260) | \$ (90,722,850) | \$ (95,055,102) | \$ (102,067,718) |

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Property Taxes General | \$ 46,217,348 | \$ 47,944,682 | \$ 50,681,091 | \$ 51,694,717 | \$ 52,728,607 | \$ 53,788,283 | \$ 54,864,048 | \$ 55,961,329 | \$ 57,080,556 | \$ 58,222,167 |
| Property Taxes, Debt Service | 1,119,817 | 1,070,232 | 1,048,757 | 1,011,767 | 984,504 | 999,090 | 927,708 | 849,491 | 863,742 | 226,100 |
| Federal and State Aid - Unrestricted | 26,699,788 | 26,701,899 | 26,862,187 | 34,141,871 | 30,254,045 | 33,831,340 | 35,474,799 | 42,659,468 | 47,971,143 | 59,573,987 |
| State Aid- Restricted for Debt Service | 439,684 | 425,956 | 402,706 | 393,921 | 380,596 | 366,010 | 351,491 | 338,709 | 324,258 | |
| Donation of Capital Assets | 21,500 | | | | 5,000 | | | | | |
| Lease Obligations Paid And/Or Assumed by Vendor | | | | | 575,525 | | | | | |
| Investment Earnings | 25,289 | 26,871 | 36,314 | | 255,407 | 97,017 | 28,058 | 36,925 | 538,721 | 705,484 |
| Miscellaneous Income | 558,597 | 1,081,059 | 698,933 | 1,094,867 | 877,041 | 628,113 | 548,743 | 609,708 | 386,330 | 1,215,214 |
| Transfers | (508,262) | (509,426) | (323,214) | 369,584 | (377,796) | (196,350) | | | | (32,375) |
| Adjustment to Capital Assets | | | | (34,029,645) | - | - | | | | |
| Total Governmental Activities | 74,573,761 | 76,741,273 | 79,406,774 | 54,677,082 | 85,682,929 | 89,513,503 | 92,194,847 | 100,455,630 | 107,164,750 | 119,910,577 |
| Business-Type Activities: | | | | | | | | | | |
| Transfers | 508,262 | 509,426 | 323,214 | 337,534 | 377,796 | 196,350 | | | | 32,375 |
| Adjustment to Capital Assets | | | | 206,720 | - | - | | | | (10,535) |
| Total Business-Type Activities | 508,262 | 509,426 | 323,214 | 544,254 | 377,796 | 196,350 | - | - | - | 21,840 |
| Total District-Wide | \$ 75,082,023 | \$ 77,250,699 | \$ 79,729,988 | \$ 55,221,336 | \$ 86,060,725 | \$ 89,709,853 | \$ 92,194,847 | \$ 100,455,630 | \$ 107,164,750 | \$ 119,932,417 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ (82,005) | \$ (535,589) | \$ 16,792,974 | \$ (33,437,928) | \$ 669,540 | \$ 2,739,453 | \$ 10,174,458 | \$ 9,576,520 | \$ 12,391,705 | \$ 18,211,523 |
| Business-Type Activities | 75,680 | 66,597 | (473) | 211,757 | 92,955 | 116,358 | 225,129 | 156,260 | (282,057) | (346,824) |
| Total District | \$ (6,325) | \$ (468,992) | \$ 16,792,501 | \$ (33,226,171) | \$ 762,495 | \$ 2,855,811 | \$ 10,399,587 | \$ 9,732,780 | \$ 12,109,648 | \$ 17,864,699 |

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

| | As of June 30, | | | | | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 111,116 | | | | | | | | \$ 1,408,574 | |
| Restricted | 9,467,872 | \$ 9,202,878 | \$ 2,924,017 | \$ 738,840 | \$ 1,679,737 | \$ 5,801,615 | \$ 11,500,514 | \$ 18,325,791 | 27,515,836 | 40,583,886 |
| Committed | 423,991 | 309,878 | 764,842 | 1,441,048 | 393,301 | | 1,029,440 | 1,237,120 | 1,359,048 | 2,929,801 |
| Assigned | 815,291 | 1,667,784 | 656,950 | 398,080 | 293,515 | 737,398 | 352,426 | 1,850,697 | 1,547,026 | 1,202,716 |
| Unassigned | (1,652,334) | (1,647,226) | (1,476,171) | (1,056,520) | (2,246,394) | (2,605,179) | (934,202) | (1,428,764) | (3,778,962) | (4,824,400) |
| Total General Fund | <u>\$ 9,165,936</u> | <u>\$ 9,533,314</u> | <u>\$ 2,869,638</u> | <u>\$ 1,521,448</u> | <u>\$ 120,159</u> | <u>\$ 3,933,834</u> | <u>\$ 11,948,178</u> | <u>\$ 19,984,844</u> | <u>\$ 28,051,522</u> | <u>\$ 39,892,003</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Unassigned | | | | \$ (34,744) | | \$ (33,948) | | | | |
| Restricted | \$ 499,958 | \$ 2,648,799 | \$ 8,314,841 | 479,204 | \$ 545,759 | 470,495 | \$ 1,262,601 | \$ 1,211,837 | \$ 6,171,305 | \$ 1,429,380 |
| Total All Other Governmental Funds | <u>\$ 499,958</u> | <u>\$ 2,648,799</u> | <u>\$ 8,314,841</u> | <u>\$ 444,460</u> | <u>\$ 545,759</u> | <u>\$ 436,547</u> | <u>\$ 1,262,601</u> | <u>\$ 1,211,837</u> | <u>\$ 6,171,305</u> | <u>\$ 1,429,380</u> |

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

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|--|----------------------------|---------------------|---------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|----------------------|---------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Revenues | | | | | | | | | | |
| Property Taxes | \$ 47,337,165 | \$ 49,014,914 | \$ 51,729,848 | \$ 52,706,484 | \$ 53,713,111 | \$ 54,787,373 | \$ 55,791,756 | \$ 56,810,820 | \$ 57,944,298 | \$ 58,448,267 |
| Miscellaneous | 884,872 | 1,533,890 | 2,977,437 | 1,488,788 | 1,298,569 | 926,516 | 932,326 | 1,340,282 | 1,498,519 | 2,735,139 |
| State Sources | 41,184,480 | 43,404,790 | 50,709,284 | 47,152,938 | 52,689,923 | 59,344,927 | 65,269,320 | 79,124,848 | 85,484,289 | 98,143,735 |
| Federal Sources | 4,198,681 | 4,755,582 | 12,108,340 | 3,058,858 | 3,555,027 | 3,200,286 | 5,579,532 | 5,177,346 | 7,047,525 | 12,084,086 |
| Total Revenues | 93,605,198 | 98,709,176 | 117,524,909 | 104,407,068 | 111,256,630 | 118,259,102 | 127,572,934 | 142,453,296 | 151,974,631 | 171,411,227 |
| Expenditures | | | | | | | | | | |
| Instruction | | | | | | | | | | |
| Regular Instruction | 42,565,681 | 43,909,681 | 45,962,757 | 31,321,085 | 55,678,256 | 54,587,712 | 61,757,228 | 65,074,855 | 67,850,364 | 73,012,354 |
| Special Education Instruction | 13,089,595 | 14,103,142 | 14,194,658 | 5,056,982 | 14,004,889 | 14,193,916 | 12,021,862 | 16,853,932 | 16,791,968 | 18,453,374 |
| Other Instruction | 2,618,113 | 2,843,504 | 3,028,862 | 3,066,029 | 5,697,044 | 5,729,261 | 6,333,228 | 7,393,239 | 8,036,001 | 8,998,974 |
| School Sponsored Activities and Athletics | 1,276,764 | 1,339,932 | 1,318,343 | 280,611 | 1,399,426 | 1,509,261 | 1,503,186 | 2,235,760 | 2,188,479 | 2,497,772 |
| Support Services: | | | | | | | | | | |
| Tuition | | | | 4,170,786 | | | | | | |
| Student and Inst. Related Services | 8,107,689 | 7,904,892 | 7,507,417 | 6,084,367 | 9,060,959 | 9,828,895 | 10,025,371 | 11,204,467 | 12,384,961 | 13,434,090 |
| General Administration | 2,609,139 | 2,542,639 | 3,341,535 | 1,532,410 | 1,694,724 | 1,863,625 | 1,841,615 | 2,170,961 | 2,261,035 | 2,607,865 |
| School Administrative Services | 6,875,942 | 7,378,796 | 7,477,505 | 4,813,094 | 8,304,361 | 9,263,678 | 9,274,761 | 9,588,696 | 9,870,050 | 10,608,118 |
| Business/Central Services | 1,914,327 | 1,963,755 | 2,016,857 | 1,464,046 | 2,321,463 | 2,407,473 | 2,343,602 | 2,498,622 | 2,518,200 | 2,746,267 |
| Plant Operations and Maintenance | 9,556,186 | 9,576,584 | 8,949,747 | 7,337,920 | 10,035,591 | 10,281,801 | 10,556,047 | 12,485,066 | 12,362,311 | 15,606,308 |
| Pupil Transportation | 1,668,320 | 1,719,521 | 1,605,457 | 1,435,221 | 1,962,349 | 1,696,930 | 1,962,890 | 2,186,910 | 2,763,844 | 3,283,154 |
| Employee Benefits | | | | 27,434,260 | | | | | | |
| Transfer to Charter School | | | | 4,414,390 | | | | | | |
| Special Schools | | | | 54,176 | | | | | | |
| Capital Outlay | 2,936,632 | 4,725,970 | 20,380,694 | 14,124,157 | 454,799 | 721,720 | 517,547 | 822,862 | 6,512,662 | 10,907,936 |
| Debt Service: | | | | | | | | | | |
| Principal | 1,189,608 | 1,271,068 | 2,143,725 | 1,130,000 | 2,654,670 | 2,694,304 | 2,718,896 | 1,615,040 | 3,324,234 | 2,000,515 |
| Interest and Other Charges | 668,820 | 524,047 | 560,631 | 275,688 | 521,609 | 469,847 | 410,933 | 336,984 | 281,288 | 417,069 |
| Cost of Issuance | 108,484 | | | | | | | | | |
| Total Expenditures | 95,185,300 | 99,803,531 | 118,488,188 | 113,995,222 | 113,790,140 | 115,248,423 | 121,267,166 | 134,467,394 | 147,145,397 | 164,573,796 |
| Excess (Deficiency) of Revenues over (under) Expenditures | (1,580,102) | (1,094,355) | (963,279) | (9,588,154) | (2,533,510) | 3,010,679 | 6,305,768 | 7,985,902 | 4,829,234 | 6,837,431 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Premiums on Bonds/Notes | 706,406 | | | | | | | | | |
| Leases/Capital/Other Financing Proceeds | | 4,120,000 | 288,859 | 707,117 | 1,611,317 | 890,134 | 374,394 | | 7,183,277 | |
| IT Subscription Arrangements | | | | | | | | | 1,013,635 | 293,500 |
| Bond/Refunding Bond Proceeds | 6,740,000 | | | | | | | | | |
| Payments to Escrow Agents | (7,337,922) | | | | | | | | | |
| Transfers In | 504,834 | 67 | 8,706,717 | | 90,767 | 3,946 | 415,358 | 63,533 | 946,341 | 985,114 |
| Transfers Out | (1,013,096) | (509,493) | (9,029,931) | (337,534) | (468,563) | (200,296) | (415,358) | (63,533) | (946,341) | (1,017,489) |
| Total Other Financing Sources (Uses) | (399,778) | 3,610,574 | (34,355) | 369,583 | 1,233,521 | 693,784 | 374,394 | - | 8,196,912 | 261,125 |
| Net Change in Fund Balances | \$ (1,979,880) | \$ 2,516,219 | \$ (997,634) | \$ (9,218,571) | \$ (1,299,989) | \$ 3,704,463 | \$ 6,680,162 | \$ 7,985,902 | \$ 13,026,146 | \$ 7,098,556 |
| Debt Service as a Percentage of Noncapital Expenditures | 2.01% | 1.89% | 2.76% | 1.41% | 2.80% | 2.76% | 2.59% | 1.46% | 2.56% | 1.57% |

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

| Fiscal Year Ended June 30, | Interest Earned | Rentals | Adult School | Payments In Lieu of Taxes | Solar Energy Sales | Miscellaneous | Total |
|---|----------------------------|----------------|---------------------|--------------------------------------|-------------------------------|----------------------|--------------|
| 2015 | \$ 23,470 | \$ 52,596 | \$ 50,462 | | \$ 210,956 | \$ 295,045 | \$ 632,529 |
| 2016 | 26,871 | 36,462 | 65,058 | | 310,678 | 744,224 | 1,183,293 |
| 2017 | 24,456 | 33,453 | 48,770 | | 254,659 | 416,704 | 778,042 |
| 2018 | 166,436 | 173,772 | 54,176 | | 177,491 | 491,033 | 1,062,908 |
| 2019 | 164,640 | 41,144 | 59,855 | | 216,196 | 689,546 | 1,171,381 |
| 2020 | 93,071 | 44,381 | 67,736 | | 269,709 | 427,514 | 902,411 |
| 2021 | 27,760 | 2,200 | - | | 246,513 | 448,099 | 724,572 |
| 2022 | 36,692 | | | \$ 294,503 | 42,768 | 351,442 | 725,405 |
| 2023 | 368,929 | 40,646 | 35,208 | 198,715 | 10,489 | 152,927 | 806,914 |
| 2024 | 624,294 | 60,631 | 95,425 | 170,118 | 13,174 | 1,097,420 | 2,061,062 |

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

| Fiscal Year Ended June 30, | Vacant Land | Residential | Commercial | Industrial | Apartment | Total Assessed Valuation | Public Utilities | Net Valuation Taxable | Estimated Actual (County Equalized) Valuation | Total Direct School Tax Rate ^a |
|-------------------------------------|---------------|----------------|----------------|----------------|---------------|-----------------------------|------------------|--------------------------|---|---|
| 2015 | \$ 14,492,500 | \$ 677,591,940 | \$ 111,905,700 | \$ 215,841,800 | \$ 33,348,100 | \$ 1,053,180,040 | \$ 2,554,395 | \$ 1,055,734,435 | \$ 3,467,639,014 | \$ 4.563 |
| 2016 | 13,551,600 | 678,291,340 | 114,196,600 | 212,596,300 | 33,738,200 | 1,052,374,040 | 2,597,073 | 1,054,971,113 | 3,621,562,461 | 4.775 |
| 2017 | 12,200,100 | 679,359,040 | 123,510,700 | 209,665,350 | 33,898,200 | 1,058,633,390 | 2,623,295 | 1,061,256,685 | 3,662,894,119 | 4.920 |
| 2018 | 13,073,000 | 690,271,140 | 125,225,800 | 215,971,050 | 34,006,900 | 1,078,547,890 | 2,519,308 | 1,081,067,198 | 3,866,711,268 | 4.922 |
| 2019 | 17,851,100 | 684,051,740 | 129,105,400 | 222,093,650 | 33,689,700 | 1,086,791,590 | 2,431,449 | 1,089,223,039 | 4,086,775,819 | 4.982 |
| 2020 | 17,915,000 | 686,544,940 | 129,896,500 | 224,216,250 | 33,795,400 | 1,092,368,090 | 2,328,057 | 1,094,696,147 | 4,378,976,602 | 5.050 |
| 2021 | 17,358,300 | 689,170,600 | 126,759,900 | 237,432,250 | 34,266,600 | 1,104,987,650 | 2,335,362 | 1,107,323,012 | 4,625,339,176 | 5.085 |
| 2022 | 30,209,300 | 693,244,900 | 122,930,900 | 243,351,850 | 36,590,300 | 1,126,327,250 | 2,185,160 | 1,128,512,410 | 3,948,475,072 | 5.085 |
| 2023 | 32,722,000 | 700,184,500 | 123,131,200 | 248,813,850 | 37,462,900 | 1,142,314,450 | 1,988,230 | 1,144,302,680 | 5,800,257,529 | 5.086 |
| 2024 | 34,826,700 | 704,483,250 | 131,291,800 | 253,349,650 | 37,497,000 | 1,161,448,400 | 1,934,196 | 1,163,382,596 | 6,102,131,359 | 5.074 |

Source: County Abstract of Ratables

a - Tax rates are per \$100

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

| Calendar Year | School | | Overlapping Rates | | Total Direct and Overlapping Tax Rate |
|------------------|--------|-------|-------------------|----------|---|
| | | | Municipality | County | |
| 2015 | \$ | 4.563 | \$ 3.992 | \$ 1.771 | \$ 10.326 |
| 2016 | | 4.775 | 4.058 | 1.836 | 10.669 |
| 2017 | | 4.920 | 4.084 | 1.701 | 10.705 |
| 2018 | | 4.922 | 4.013 | 1.626 | 10.561 |
| 2019 | | 4.982 | 3.945 | 1.615 | 10.542 |
| 2020 | | 5.050 | 3.877 | 1.563 | 10.490 |
| 2021 | | 5.085 | 3.792 | 1.608 | 10.485 |
| 2022 | | 5.085 | 3.732 | 1.725 | 10.542 |
| 2023 | | 5.086 | 3.659 | 1.822 | 10.567 |
| 2024 | | 5.074 | 3.692 | 1.939 | 10.705 |

Source: County Abstract of Ratables

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

| Taxpayer | 2024 | | 2015 | |
|----------------------------------|----------------------------------|---|----------------------------------|---|
| | Taxable Assessed Valuation | % of Total District Net Assessed Valuation | Taxable Assessed Valuation | % of Total District Net Assessed Valuation |
| RTC Properties, Inc. | \$ 40,872,600 | 3.51% | \$ 30,993,200 | 2.94% |
| PSE&G | 22,083,000 | 1.90% | 21,851,300 | 2.07% |
| Hugo NEU Kearny Development, LLC | 16,108,300 | 1.38% | | |
| SPG Central Ave LLC | 13,036,500 | 1.12% | | |
| RTL Services | | | 12,774,400 | 1.21% |
| AMB Alliance Fund III | 11,000,000 | 0.95% | 11,000,000 | 1.04% |
| Delbrook Holding LLC | 10,458,000 | 0.90% | | |
| BP Kearny LP CA. LTD PTR | 10,142,700 | 0.87% | | |
| BCORE Passaic Ave, LLC | 10,000,000 | 0.86% | | |
| DVL Holdings | | | 8,868,100 | 0.84% |
| Sunset Cahuenga | | | 9,000,000 | 0.85% |
| Wal-Mart | 7,204,600 | 0.62% | 9,264,200 | 0.88% |
| Terrior Associates, LLC | 7,617,400 | 0.65% | | |
| Hurricane Associates, LLC | | | 6,617,400 | 0.63% |
| Kearny Holding VF LLC | | | 5,359,000 | 0.51% |
| Orangewood Prop. Ltd | - | - | 5,633,500 | 0.53% |
| | <u>\$ 148,523,100</u> | <u>12.77%</u> | <u>\$ 121,361,100</u> | <u>11.50%</u> |

Source: Municipal Tax Assessor

**KEARNY BOARD OF EDUCATION
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)**

| Fiscal Year Ended June 30, | Taxes Levied for the Fiscal Year | Collected within the Fiscal Year of the Levy | | Collections in Subsequent Years |
|-------------------------------------|-------------------------------------|---|-----------------------|---------------------------------------|
| | | Amount | Percentage of Levy | |
| 2015 | \$ 47,337,165 | \$ 47,234,598 | 99.78% | \$ 102,567 |
| 2016 | 49,014,914 | 49,005,110 | 99.98% | - |
| 2017 | 51,729,848 | 51,729,848 | 100.00% | N/A |
| 2018 | 52,706,484 | 52,706,484 | 100.00% | N/A |
| 2019 | 53,713,111 | 53,713,111 | 100.00% | N/A |
| 2020 | 54,787,373 | 54,787,373 | 100.00% | N/A |
| 2021 | 55,791,756 | 55,791,756 | 100.00% | N/A |
| 2022 | 56,810,820 | 56,810,820 | 100.00% | N/A |
| 2023 | 57,944,298 | 57,944,298 | 100.00% | N/A |
| 2024 | 58,448,267 | 58,448,267 | 100.00% | N/A |

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

| Fiscal Year Ended June 30, | Governmental Activities | | | | Total | Population | Per Capita |
|-------------------------------------|--------------------------------|-------------------------|------------------------------------|-------------------------------------|---------------|------------|------------|
| | General Obligation Bonds | Financing Agreements | IT Subscription Arrangements | Bond/Grant Anticipation Notes | | | |
| 2015 | \$ 9,780,000 | \$ 329,829 | | \$ 15,000,000 | \$ 25,109,829 | 41,669 | \$ 603 |
| 2016 | 8,580,000 | 4,378,761 | | 15,000,000 | 27,958,761 | 41,573 | 673 |
| 2017 | 7,450,000 | 3,653,895 | | 15,000,000 | 26,103,895 | 41,589 | 628 |
| 2018 | 6,320,000 | 3,517,261 | | 15,000,000 | 24,837,261 | 41,585 | 597 |
| 2019 | 5,185,000 | 2,962,824 | | 6,727,117 | 14,874,941 | 41,217 | 361 |
| 2020 | 4,050,000 | 2,364,213 | | 2,000,000 | 8,414,213 | 41,128 | 205 |
| 2021 | 2,910,000 | 1,159,711 | | | 4,069,711 | 40,507 | 100 |
| 2022 | 1,770,000 | 684,690 | | | 2,454,690 | 40,370 | 61 |
| 2023 | 630,000 | 5,908,392 | \$ 673,615 | | 7,212,007 | 39,862 | 181 |
| 2024 | 425,000 | 4,220,383 | 555,727 | | 5,201,110 | 39,370 | 132 |

Source: District records

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

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | | | Percentage of Actual Taxable Value of Property | Per Capita |
|-------------------------------------|---------------------------------|---------------------------------|------------|---|---|------------|
| | General Obligation Bonds | Inter- governmental Loans | Deductions | Net General Bonded Debt Outstanding | | |
| 2015 | \$ 9,780,000 | | | \$ 9,780,000 | 0.93% | \$ 235 |
| 2016 | 8,580,000 | | | 8,580,000 | 0.81% | 206 |
| 2017 | 7,450,000 | | | 7,450,000 | 0.70% | 179 |
| 2018 | 6,320,000 | | | 6,320,000 | 0.58% | 152 |
| 2019 | 5,185,000 | | | 5,185,000 | 0.48% | 126 |
| 2020 | 4,050,000 | | | 4,050,000 | 0.37% | 98 |
| 2021 | 2,910,000 | | | 2,910,000 | 0.26% | 72 |
| 2022 | 1,770,000 | | | 1,770,000 | 0.16% | 44 |
| 2023 | 630,000 | | | 630,000 | 0.06% | 16 |
| 2024 | 425,000 | | | 425,000 | 0.04% | 11 |

Source: District records

**KEARNY BOARD OF EDUCATION
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2023
(Unaudited)**

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|---|----------------------|-------------------|-----------------------|
| Municipal Debt: (1) | | | |
| Kearny Board of Education (as of June 30, 2024) | \$ 425,000 | | \$ 425,000 |
| Town of Kearny (as of December 31, 2023) | <u>90,043,879</u> | <u>\$ -</u> | <u>90,043,879</u> |
| | <u>\$ 90,468,879</u> | <u>\$ -</u> | <u>90,468,879</u> |
| Overlapping Debt Apportioned to the Municipality: | | | |
| County of Hudson | | | 30,793,564 |
| Passaic Valley Sewerage Commission | | | 15,854,243 |
| North Jersey District Water Supply Commission | | | <u>4,586,180</u> |
| | | | <u>51,233,987</u> |
| Total Direct and Overlapping Debt | | | <u>\$ 141,702,866</u> |

Source:

Municipal and County Annual Debt Statements

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

| | Fiscal Year Ended June 30, | | | | | | | | | |
|---|----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Debt Limit | \$ 130,838,539 | \$ 135,481,070 | \$ 140,094,135 | \$ 150,241,636 | \$ 150,241,636 | \$ 159,681,250 | \$ 169,864,871 | \$ 182,039,229 | \$ 200,010,706 | \$ 218,786,495 |
| Total Net Debt Applicable to Limit | 9,780,000 | 8,580,000 | 7,450,000 | 6,320,000 | 5,185,000 | 4,050,000 | 2,910,000 | 1,770,000 | 630,000 | 425,000 |
| Legal Debt Margin | <u>\$ 121,058,539</u> | <u>\$ 126,901,070</u> | <u>\$ 132,644,135</u> | <u>\$ 143,921,636</u> | <u>\$ 145,056,636</u> | <u>\$ 155,631,250</u> | <u>\$ 166,954,871</u> | <u>\$ 180,269,229</u> | <u>\$ 199,380,706</u> | <u>\$ 218,361,495</u> |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | 7.47% | 6.33% | 5.32% | 4.21% | 3.45% | 2.54% | 1.71% | 0.97% | 0.31% | 0.19% |

Legal Debt Margin Calculation for Fiscal Year 2023

Equalized Valuation Basis

| | |
|------|--------------------------|
| 2023 | \$ 5,894,295,408 |
| 2022 | 5,623,201,448 |
| 2021 | <u>4,891,490,261</u> |
| | <u>\$ 16,408,987,117</u> |

Average Equalized Valuation of Taxable Property \$ 5,469,662,372

Debt Limit (4% of Average Equalization Value) \$ 218,786,495
Total Net Debt Applicable to Limit 425,000

Legal Debt Margin \$ 218,361,495

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

| <u>Year</u> | <u>Population</u> | <u>County Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|-------------|-------------------|--|------------------------------|
| 2015 | 41,669 | \$ 51,066 | 6.40% |
| 2016 | 41,573 | 54,675 | 5.50% |
| 2017 | 41,589 | 56,597 | 4.80% |
| 2018 | 41,585 | 60,558 | 4.70% |
| 2019 | 41,217 | 65,090 | 3.80% |
| 2020 | 41,128 | 67,570 | 12.6% |
| 2021 | 40,507 | 71,682 | 8.0% |
| 2022 | 40,370 | 72,046 | 4.5% |
| 2023 | 39,862 | 72,730 | 5.0% |
| 2024 | 39,370 | N/A | N/A |

Source: New Jersey State Department of Education

N/A - Not available

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

INFORMATION NOT AVAILABLE

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

| <u>Function/Program</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Instruction | | | | | | | | | | |
| Regular | 384 | 370 | 365 | 368 | 370 | 389 | 380 | 408 | 408 | 424 |
| Special Education | 34 | 40 | 40 | 41 | 42 | 65 | 80 | 44 | 41 | 46 |
| Other Special Education | 48 | 52 | 51 | 51 | 50 | - | - | | | |
| Vocational | 3 | 3 | 3 | 3 | 3 | 9 | 7 | 9 | 4 | 4 |
| Support Services: | | | | | | | | | | |
| Student and Instruction Related Services | 53 | 56 | 55 | 55 | 55 | 55 | 63 | 64 | 78 | 81 |
| General Administration | 13 | 14 | 14 | 13 | 13 | 13 | 11 | 16 | 17 | 18 |
| School Administrative Services | 23 | 23 | 23 | 21 | 20 | 21 | 19 | 21 | 17 | 20 |
| Central Services | 8 | 7 | 8 | 8 | 8 | 41 | 37 | 41 | 62 | 71 |
| Administrative Information Technology | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 9 |
| Plant Operations and Maintenance | 69 | 66 | 67 | 68 | 68 | 63 | 68 | 67 | 68 | 66 |
| Pupil Transportation | 13 | 13 | 13 | 12 | 11 | 11 | 12 | 11 | 11 | 11 |
| Special Schools | 37 | 37 | 37 | 37 | 37 | - | - | - | - | - |
| Total | <u>693</u> | <u>688</u> | <u>684</u> | <u>685</u> | <u>685</u> | <u>675</u> | <u>685</u> | <u>689</u> | <u>713</u> | <u>750</u> |

Source: District Personnel Records

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

| Fiscal Year | Enrollment ^a | Operating Expenditures ^b | Cost Per Pupil ^c | Percentage Change | Teaching Staff | Pupil/Teacher Ratio | | | Average Daily Enrollment | Average Daily Attendance | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|-------------------------|--|--------------------------------|----------------------|-------------------|---------------------|---------------|-----------------------|-----------------------------|-----------------------------|--|-------------------------------------|
| | | | | | | Elementary | Middle School | Senior High School | | | | |
| 2015 | 5,915 | \$ 90,281,756 | \$ 15,263 | 6.09% | N/A | 1:15 | 1:22 | 1:13 | 5,909 | 5,608 | -1.81% | 94.91% |
| 2016 | 5,909 | 93,282,446 | 15,787 | 3.43% | N/A | 1:15 | 1:22 | 1:13 | 5,912 | 5,617 | 0.05% | 95.01% |
| 2017 | 5,999 | 95,403,138 | 15,903 | 0.74% | N/A | 1:15 | 1:22 | 1:13 | 5,563 | 5,341 | -5.90% | 96.01% |
| 2018 | 5,628 | 98,465,377 | 17,496 | 10.01% | N/A | 1:15 | 1:22 | 1:13 | 5,578 | 5,280 | 0.27% | 94.66% |
| 2019 | 5,363 | 110,159,062 | 20,541 | 17.40% | N/A | 1:15 | 1:22 | 1:13 | 5,295 | 5,011 | -5.07% | 94.64% |
| 2020 | 5,734 | 111,362,552 | 19,421 | -5.45% | N/A | 1:15 | 1:22 | 1:13 | 5,229 | 5,034 | -1.25% | 96.27% |
| 2021 | 5,591 | 117,619,790 | 21,037 | 8.32% | N/A | 1:15 | 1:22 | 1:13 | 5,179 | 4,903 | -0.96% | 94.67% |
| 2022 | 5,710 | * 131,692,508 | 23,063 | 9.63% | N/A | 1:15 | 1:22 | 1:13 | 5,105 | 4,753 | -1.43% | 93.10% |
| 2023 | 6,022 | * 137,027,213 | 22,754 | -1.34% | N/A | 1:15 | 1:22 | 1:13 | 5,320 | 4,930 | 4.21% | 92.67% |
| 2024 | 5,716 | * 151,248,276 | 26,461 | 16.29% | N/A | 1:15 | 1:22 | 1:13 | 5,367 | 4,987 | 0.88% | 92.92% |

Sources: District records

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

N/A Not Available

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>District Building</u> | | | | | | | | | | |
| <u>Elementary</u> | | | | | | | | | | |
| <u>Franklin</u> | | | | | | | | | | |
| Square Feet | 114,854 | 114,854 | 114,854 | 114,854 | 114,854 | 114,854 | 114,854 | 114,854 | 114,854 | 114,854 |
| Capacity (students) | 1,099 | 1,099 | 1,099 | 1,099 | 1,099 | 1,099 | 1,099 | 1,099 | 1,099 | 1,099 |
| Enrollment | 1,103 | 1,146 | 938 | 935 | 889 | 891 | 885 | 871 | 939 | 966 |
| <u>Garfield</u> | | | | | | | | | | |
| Square Feet | 63,095 | 63,095 | 63,095 | 63,095 | 63,095 | 63,095 | 63,095 | 63,095 | 63,095 | 63,095 |
| Capacity (students) | 578 | 578 | 578 | 578 | 578 | 578 | 578 | 578 | 578 | 578 |
| Enrollment | 562 | 526 | 530 | 524 | 498 | 486 | 453 | 447 | 440 | 440 |
| <u>Lincoln Middle School</u> | | | | | | | | | | |
| Square Feet | 88,510 | 88,510 | 88,510 | 88,510 | 88,510 | 88,510 | 88,510 | 88,510 | 88,510 | 88,510 |
| Capacity (students) | 794 | 794 | 794 | 794 | 794 | 794 | 794 | 794 | 794 | 794 |
| Enrollment | 865 | 882 | 911 | 909 | 856 | 816 | 813 | 775 | 751 | 723 |
| <u>Roosevelt</u> | | | | | | | | | | |
| Square Feet | 43,385 | 43,385 | 43,385 | 43,385 | 43,385 | 43,385 | 43,385 | 43,385 | 43,385 | 43,385 |
| Capacity (students) | 463 | 463 | 463 | 463 | 463 | 463 | 463 | 463 | 463 | 463 |
| Enrollment | 483 | 466 | 435 | 438 | 405 | 379 | 374 | 387 | 464 | 424 |
| <u>Schuyler</u> | | | | | | | | | | |
| Square Feet | 54,880 | 54,880 | 54,880 | 54,880 | 54,880 | 54,880 | 54,880 | 54,880 | 54,880 | 54,880 |
| Capacity (students) | 514 | 514 | 514 | 514 | 514 | 514 | 514 | 514 | 514 | 514 |
| Enrollment | 553 | 530 | 453 | 454 | 451 | 469 | 426 | 415 | 446 | 439 |
| <u>Washington</u> | | | | | | | | | | |
| Square Feet | 86,220 | 86,220 | 86,220 | 86,220 | 86,220 | 86,220 | 86,220 | 86,220 | 86,220 | 86,220 |
| Capacity (students) | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 | 671 |
| Enrollment | 625 | 621 | 566 | 560 | 540 | 496 | 502 | 488 | 507 | 532 |
| <u>High School</u> | | | | | | | | | | |
| Square Feet | 276,400 | 276,400 | 276,400 | 276,400 | 276,400 | 276,400 | 276,400 | 276,400 | 276,400 | 276,400 |
| Capacity (students) | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 | 1,569 |
| Enrollment | 1,710 | 1,747 | 1,730 | 1,730 | 1,709 | 1,695 | 1,726 | 1,722 | 1,809 | 1,812 |

Number of Schools at June 30, 2024

Elementary = 5

Middle = 1

High School = 1

Source: District Records

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

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| School Facilities | | | | | | | | | | |
| Kearny High School | \$ 805,694 | \$ 766,505 | \$ 712,077 | \$ 756,037 | \$ 689,995 | \$ 719,484 | \$ 835,524 | \$ 1,120,385 | \$ 1,014,752 | \$ 1,554,927 |
| Franklin School | 404,213 | 384,551 | 357,342 | 379,300 | 346,166 | 382,226 | 444,339 | 595,205 | 492,001 | 823,197 |
| Garfield School | 234,361 | 222,962 | 207,128 | 219,917 | 200,706 | 202,355 | 235,457 | 315,108 | 276,751 | 365,865 |
| Lincoln School | 329,006 | 313,003 | 290,870 | 308,728 | 281,759 | 292,290 | 339,431 | 455,157 | 399,751 | 640,264 |
| Roosevelt School | 160,595 | 152,783 | 141,938 | 150,697 | 137,533 | 157,387 | 183,238 | 245,084 | 215,250 | 365,865 |
| Schuyler School | 203,807 | 193,893 | 180,126 | 191,245 | 174,539 | 202,355 | 235,457 | 315,108 | 276,751 | 365,865 |
| Washington School | <u>320,294</u> | <u>304,715</u> | <u>282,811</u> | <u>300,554</u> | <u>274,299</u> | <u>292,290</u> | <u>339,898</u> | <u>455,157</u> | <u>399,751</u> | <u>457,331</u> |
| Total School Facilities | <u>\$ 2,457,970</u> | <u>\$ 2,338,412</u> | <u>\$ 2,172,292</u> | <u>\$ 2,306,478</u> | <u>\$ 2,104,997</u> | <u>\$ 2,248,387</u> | <u>\$ 2,613,344</u> | <u>\$ 3,501,204</u> | <u>\$ 3,075,007</u> | <u>\$ 4,573,314</u> |

Source: District Records

**KEARNY BOARD OF EDUCATION
INSURANCE SCHEDULE
JUNE 30, 2024
(Unaudited)**

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-----------------|-------------------|
| School Package Policy (School Alliance Insurance Fund) | | |
| Property | \$ 500,000,000 | \$ 2,500 |
| Commercial General Liability | 5,000,000 | |
| Crime | 500,000 | 5,000 |
| School Board Legal Liability | 5,000,000 | 10,000 |
| Excess Liability | 5,000,000 | |
| Workers' Compensation | 5,000,000 | |
| School Leader Professional Liability | 5,000,000 | 10,000 |
| Excess Liability Coverage | 5,000,000 | |
| Surety Bonds (Selective Insurance) | | |
| Treasurer | 550,000 | |
| Board Secretary/Business Administrator | 550,000 | |

Source: District records

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

SINGLE AUDIT SECTION



LERCH, VINCI & BLISS, LLP

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities and each major fund of the Kearny Board of Education as of and for the fiscal year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the Kearny Board of Education's basic financial statements and have issued our report thereon dated October 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Kearny Board of Education's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Kearny Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kearny Board of Education's internal control.

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

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

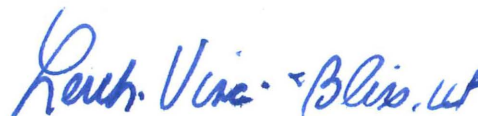
Report on Compliance and Other Matters

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

However, we noted certain matters that are not required to be reported under Government Auditing Standards that we reported to management of the Kearny Board of Education in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated October 7, 2024.

Purpose of this Report

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



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



Gary J. Vinci
Public School Accountant
PSA Number CS000829

Fair Lawn, New Jersey
October 7, 2024



LERCH, VINCI & BLISS, LLP

EXHIBIT K-2

CERTIFIED PUBLIC ACCOUNTANTS
REGISTERED MUNICIPAL ACCOUNTANTS

DIETER P. LERCH, CPA, RMA, PSA
GARY J. VINCI, CPA, RMA, PSA
JEFFREY C. BLISS, CPA, RMA, PSA
PAUL J. LERCH, CPA, RMA, PSA
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DEBRA GOLLE, CPA
MARK SACO, CPA
ROBERT LERCH, CPA, PSA
CHRISTOPHER M. VINCI, CPA, PSA
CHRISTINA CUIFFO, CPA, PSA
JOHN CUIFFO, CPA, PSA

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Kearny Board of Education's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the New Jersey OMB Circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Kearny Board of Education's major federal and state programs for the fiscal year ended June 30, 2024. The Kearny Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Kearny Board of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey; audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and audit requirements of New Jersey OMB Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Our responsibilities under those standards, U.S. Uniform Guidance and New Jersey OMB Circular are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.


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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of U.S. Uniform Guidance and New Jersey OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Kearny Board of Education, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board of Education's basic financial statements. We have issued our report thereon dated October 7, 2024, which contained unmodified on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards as required by the U.S. Uniform Guidance and schedule of expenditures of state financial assistance as required by New Jersey OMB Circular 15-08 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.



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



Gary J. Vinci
Public School Accountant
PSA Number CS000829

Fair Lawn, New Jersey
October 7, 2024

KEARNY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| Federal/Grantor/Pass-Through Grantor/ Program Title | Federal AL Number | Federal FAIN Number | Grant Period | Award Amount | Balance July 1, 2023 | | | Cash Received | Budgetary Expenditures | Adjustment | Prior Year Adjustment/ Cancellations | Refund of Prior Year Balances | June 30, 2024 | | | GAAP Account Receivable |
|--|-------------------------|---------------------------|-----------------|-----------------|--------------------------------------|-------------------|---------------------|------------------|---------------------------|--------------|--|-------------------------------------|-------------------------|---------------------|-------------------|-------------------------------|
| | | | | | Unearned Revenue/ (Accts Rec.) | Due To Grantor | Carryover Amount | | | | | | (Account Receivable) | Unearned Revenue | Due to Grantor | |
| U.S. Department of Health and Human Services | | | | | | | | | | | | | | | | |
| Passed-through State Department of Human Services | | | | | | | | | | | | | | | | |
| Medicaid Assistance Program | 93.778 | 2005NJ5MAP | 7/1/23-6/30/24 | \$ 285,111 | - | - | - | \$ 285,111 | \$ 285,111 | - | - | - | - | - | - | - |
| Total Medicaid Assistance Programs - General Fund | | | | | - | - | - | 285,111 | 285,111 | - | - | - | - | - | - | - |
| U.S. Department of Agriculture | | | | | | | | | | | | | | | | |
| Passed-through State Department of Agriculture | | | | | | | | | | | | | | | | |
| Local Food For Schools Cooperative | 10.185 | 241NJ304N1099 | 7/1/23-6/30/24 | 15,148 | | | | 13,111 | 15,148 | | | | \$ (2,037) | | | \$ (2,037) |
| P-EBT Administrative | 10.649 | 202225900941 | 7/1/23-6/30/24 | 3,256 | | | | 3,256 | 3,256 | | | | | | | |
| Covid Supply Chain Assistance | 10.555 | 241NJ304N1099 | 7/1/23-6/30/24 | 125,757 | | | | 125,757 | 125,757 | | | | | | | |
| Food Distribution Program | 10.555 | 241NJ304N1099 | 7/1/23-6/30/24 | 244,728 | | | | 244,728 | 244,728 | | | | | | | |
| National School Lunch Program | 10.555 | 231NJ304N1099 | 7/1/22-6/30/23 | 1,529,409 | \$ (113,893) | | | 113,893 | | | | | | | | - |
| National School Lunch Program | 10.555 | 241NJ304N1099 | 7/1/23-6/30/24 | 1,688,478 | | | | 1,572,552 | 1,688,478 | | | | (115,926) | | | (115,926) |
| Summer Food Service Program | 10.559 | 241NJ304N1099 | 7/1/23-6/30/24 | 69,976 | | | | 58,886 | 69,976 | | | | (11,090) | | | (11,090) |
| National School Breakfast Program | 10.553 | 231NJ304N1099 | 7/1/22-6/30/23 | 311,158 | (29,896) | | | 29,896 | | | | | | | | - |
| National School Breakfast Program | 10.553 | 221NJ304N1099 | 7/1/21-6/30/22 | 309,595 | - | - | - | 284,683 | 309,595 | - | - | - | (24,912) | - | - | (24,912) |
| Total U.S. Department of Agriculture - Enterprise Fund | | | | | (143,789) | - | - | 2,446,762 | 2,456,938 | - | - | - | (153,965) | - | - | (153,965) |
| U.S. Department of Education | | | | | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | | | | | |
| Title I, Part A | 84.010A | S010A240030 | 7/1/23-9/30/24 | 2,149,423 | | | \$ 229,552 | 1,348,362 | 2,021,870 | \$ (229,552) | | | (1,030,613) | \$ 357,105 | | (673,508) |
| Title I, Part A | 84.010A | S010A230030 | 7/1/22-9/30/23 | 1,938,442 | (790,521) | | (229,552) | 790,522 | | | \$ (1) | | | | | - |
| Title I, Part SIA | 84.010A | S010A240030 | 7/1/23-9/30/24 | 25,000 | | | 15,076 | 11,121 | 23,900 | (15,076) | | | (28,955) | 16,176 | | (3,725) |
| Title I, Part SIA | 84.010A | S010A230030 | 7/1/22-9/30/23 | 37,700 | (12,344) | - | (15,076) | 12,344 | - | 15,076 | | | - | - | - | - |
| Total Title I | | | | | (802,865) | - | - | 2,162,349 | 2,045,770 | - | (1) | - | (1,059,568) | 373,281 | - | (677,233) |
| I.D.E.A Part B, Basic Regular | 84.027A | H027A230100 | 7/1/22-9/30/23 | 1,334,275 | (69,960) | | (667) | 69,960 | | 667 | | | | | | - |
| I.D.E.A Part B, Basic Regular | 84.027 | H027A240100 | 7/1/23-9/30/24 | 1,508,056 | | | 667 | 1,504,352 | 1,508,723 | (667) | | | (4,371) | - | | - |
| I.D.E.A. Part B, Preschool | 84.173A | H173A240114 | 7/1/23-9/30/24 | 37,027 | | | | 37,027 | 37,027 | | | | | | | - |
| ARP - IDEA Basic | 84.027X | H027X200100 | 7/1/21-9/30/22 | 288,572 | (860) | - | - | 860 | - | - | - | - | - | - | - | - |
| Total I.D.E.A | | | | | (70,820) | - | - | 1,612,199 | 1,545,750 | - | - | - | (4,371) | - | - | - |
| Title II, Part A | 84.367A | S367A210029 | 7/1/21-9/30/22 | 232,994 | | \$ 30 | | | | | | 30 | | | | - |
| Title II, Part A | 84.367A | S367A240029 | 7/1/23-6/30/24 | 241,520 | | | 94,137 | 111,371 | 129,964 | (94,137) | | | (224,286) | 205,693 | | (6,901) |
| Title II, Part A | 84.367A | S367A220029 | 7/1/22-9/30/23 | 234,557 | (76,211) | - | (94,137) | 76,211 | - | 94,137 | | | - | - | - | - |
| Total Title II | | | | | (76,211) | 30 | - | 187,582 | 129,964 | - | - | 30 | (224,286) | 205,693 | - | (6,901) |
| Title III | 84.365A | S365A200030 | 7/1/20-9/30/21 | 99,907 | | 21 | | | | | | 21 | | | | - |
| Title III | 84.365A | S365A220030 | 7/1/22-9/30/23 | 115,868 | (20,185) | | (50,506) | 20,185 | | 50,506 | 1,613 | | | | \$ 1,613 | - |
| Title III | 84.365A | S365A240030 | 7/1/23-6/30/24 | 146,795 | | | 50,506 | 74,254 | 81,429 | (50,506) | | | (123,047) | 115,872 | | (3,502) |
| Title III Immigrant | 84.365A | S365A240030 | 7/1/23-9/30/24 | 54,693 | - | - | - | 25,781 | 26,908 | - | - | - | (28,912) | 27,785 | - | - |
| Total Title III | | | | | (20,185) | 21 | - | 120,220 | 108,337 | - | 1,613 | 21 | (151,959) | 143,657 | 1,613 | (3,502) |
| Title IV | 84.424A | S424A240031 | 7/1/23-9/30/24 | 128,523 | | | 88,809 | 124,437 | 135,281 | (88,809) | | | (92,895) | 82,051 | - | (3,456) |
| Title IV | 84.424A | S424A220031 | 7/1/22-9/30/23 | 132,895 | (10,795) | - | (88,809) | 10,795 | - | 88,809 | | | - | - | - | - |
| Total Title IV | | | | | (10,795) | - | - | 135,232 | 135,281 | - | - | - | (92,895) | 82,051 | - | (3,456) |

KEARNY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| Federal/Grantor/Pass-Through Grantor/ Program Title | Federal AL Number | Federal FAIN Number | Grant Period | Award Amount | Balance July 1, 2023 | | | Cash Received | Budgetary Expenditures | Adjustment | Prior Year Adjustment/ Cancellations | Refund of Prior Year Balances | June 30, 2024 | | | GAAP Account Receivable |
|---|-------------------------|---------------------------|------------------|-----------------|--------------------------------------|-------------------|---------------------|------------------|---------------------------|------------|--|-------------------------------------|-------------------------|---------------------|-------------------|-------------------------------|
| | | | | | Unearned Revenue/ (Accts Rec.) | Due To Grantor | Carryover Amount | | | | | | (Account Receivable) | Unearned Revenue | Due to Grantor | |
| CRRSA - ESSER II | 84.425D | S425D210027 | 3/13/20-9/30/23 | \$ 4,685,385 | \$ (1,829,192) | | | \$ 2,054,115 | \$ 244,978 | | \$ 20,055 | | | | | |
| CRRSA - Learning Acceleration | 84.425D | S425D210027 | 3/13/20-9/30/23 | 300,684 | 71,807 | | | 32,225 | 104,003 | | | | | 29 | | - |
| CRRSA - Mental Health | 84.425D | S425D210027 | 3/13/20-9/30/23 | 45,000 | - | | | 10,239 | 10,239 | | | | | | | - |
| ARP - ESSER | 84.425U | S425U210027 | 3/13/20-9/30/24 | 10,530,099 | (4,684,717) | | | 4,259,158 | 3,836,897 | | | | (5,409,884) | 1,147,428 | | (776,283) |
| ARP - Accelerated Learning | 84.425U | S425U210027 | 3/13/20-9/30/24 | 542,004 | - | | | 352,462 | 529,712 | | | | (182,042) | 4,792 | | (177,250) |
| ARP - Summer Learning | 84.425U | S425U210027 | 3/13/20-9/30/24 | 40,000 | - | | | 1,596 | 1,596 | | | | (38,404) | 38,404 | | - |
| ARP - Beyond the School Day | 84.425U | S425U210027 | 3/13/20-9/30/24 | 40,000 | - | | | 40,000 | 40,000 | | | | | | | - |
| ARP - Mental Health | 84.425U | S425U210027 | 3/13/20-9/30/24 | 45,000 | - | | | 17,634 | 17,633 | | (1) | | | | | - |
| ARP - Homeless | 84.425W | S425W210031 | 4/31/21-9/30/23 | 36,876 | (477) | - | - | 28,220 | 29,919 | - | - | - | (6,217) | 4,041 | - | (2,176) |
| Total CRRSA, ESSER and ARP-ESSER | | | | | (6,442,579) | - | - | 6,795,649 | 4,814,977 | - | 20,054 | - | (5,636,547) | 1,194,694 | - | (955,709) |
| Covid ARP SLFRF - Learning Acceleration - High Impact Tutoring | 21.027 | | 10/11/23-8/31/24 | 305,992 | - | - | - | 129,042 | 138,493 | - | - | - | (176,950) | 167,499 | - | (9,451) |
| Total U.S. Department of Education - Special Revenue Fund | | | | | (7,423,455) | 51 | - | 11,142,273 | 8,918,572 | - | 21,666 | 51 | (7,346,576) | 2,166,875 | 1,613 | (1,656,252) |
| U.S. Department of Transportation Airport Improvement Program Aircraft Noise Abatement - K.H.S. | 20.106 | N/A | Not Available | 21,145,025 | (1,481,712) | - | - | 1,481,712 | - | - | - | - | - | - | - | - |
| Total U.S. Department of Transportation - Capital Projects Fund | | | | | (1,481,712) | - | - | 1,481,712 | - | - | - | - | - | - | - | - |
| Total Federal Awards | | | | | \$ (9,048,956) | \$ 51 | \$ - | \$ 15,355,858 | \$ 11,660,621 | \$ - | \$ 21,666 | \$ 51 | \$ (7,500,541) | \$ 2,166,875 | \$ 1,613 | \$ (1,810,217) |

**KEARNY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

| Balance, July 1, 2023 | | | | | | | | | | | | June 30, 2024 | | | | MEMO | |
|--|-------------------------------|----------------|--------------|--------------------------------|----------------|------------------|---------------|------------------------|-------------------------------|------------|---------------------------------|-----------------------|-------------------|----------------|-----------------|-------------------------------|--|
| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Unearned Revenue/ (Accts Rec.) | Due to Grantor | Carryover Amount | Cash Received | Budgetary Expenditures | Transfer In from General Fund | Adjustment | Refund of Prior Years' Balances | (Accounts Receivable) | Unearned Revenue/ | Due to Grantor | GAAP Receivable | Cumulative Total Expenditures | |
| State Department of Education | | | | | | | | | | | | | | | | | |
| Special Education Aid | 24-495-034-5120-089 | 7/1/23-6/30/24 | \$ 5,200,975 | | | | \$ 4,686,128 | \$ 5,200,975 | | | | \$ (514,847) | | | | \$ 5,200,975 | |
| Special Education Aid | 23-495-034-5120-089 | 7/1/22-6/30/23 | 5,200,975 | \$ (514,035) | | | 514,035 | | | | | | | | | | |
| Equalization Aid | 24-495-034-5120-078 | 7/1/23-6/30/24 | 60,803,699 | | | | 54,784,713 | 60,803,699 | | | | (6,018,986) | | | | 60,803,699 | |
| Equalization Aid | 23-495-034-5120-078 | 7/1/22-6/30/23 | 48,457,587 | (4,789,274) | | | 4,789,274 | | | | | | | | | | |
| Security Aid | 24-495-034-5120-084 | 7/1/23-6/30/24 | 2,040,647 | | | | 1,838,643 | 2,040,647 | | | | (202,004) | | | | 2,040,647 | |
| Security Aid | 23-495-034-5120-084 | 7/1/22-6/30/23 | 2,040,647 | (201,686) | - | - | 201,686 | - | - | - | - | - | - | - | - | - | |
| Total State Aid Public | | | | (5,504,995) | - | - | 66,814,479 | 68,045,321 | - | - | - | (6,735,837) | - | - | - | 68,045,321 | |
| | | | | | | | | | | | | | | | | | |
| Extraordinary Aid | 24-100-034-5120-473 | 7/1/23-6/30/24 | 931,836 | | | | | 931,836 | | | | (931,836) | | | | 931,836 | |
| Extraordinary Aid | 23-100-034-5120-044 | 7/1/22-6/30/23 | 974,214 | (974,214) | | | 974,214 | | | | | | | | | - | |
| Transportation Aid | 24-495-034-5120-014 | 7/1/23-6/30/24 | 239,445 | | | | 215,742 | 239,445 | | | | (23,703) | | | | 239,445 | |
| Transportation Aid | 23-495-034-5120-014 | 7/1/22-6/30/23 | 239,445 | (23,666) | | | 23,666 | | | | | | | | | | |
| TPAF Social Security Aid | 24-495-034-5094-003 | 7/1/23-6/30/24 | 3,797,371 | | | | 3,420,256 | 3,797,371 | | | | (377,115) | | | \$ (377,115) | 3,797,371 | |
| TPAF Social Security Aid | 23-495-034-5094-003 | 7/1/22-6/30/23 | 3,548,790 | (350,407) | | | 350,407 | | | | | | | | | - | |
| On Behalf TPAF | | | | | | | | | | | | | | | | - | |
| NCGI Premium | 24-495-034-5094-004 | 7/1/23-6/30/24 | 195,623 | | | | 195,623 | 195,623 | | | | | | | | 195,623 | |
| TPAF Pension Contribution | 24-495-034-5094-002 | 7/1/23-6/30/24 | 17,153,242 | | | | 17,153,242 | 17,153,242 | | | | | | | | 17,153,242 | |
| TPAF Long Term Disability Insurance | 24-495-034-5094-004 | 7/1/23-6/30/24 | 5,547 | | | | 5,547 | 5,547 | | | | | | | | 5,547 | |
| TPAF Post Retirement | 24-495-034-5094-001 | 7/1/23-6/30/24 | 4,721,726 | - | - | - | 4,721,726 | 4,721,726 | - | - | - | - | - | - | - | 4,721,726 | |
| Total General Fund | | | | (6,853,282) | - | - | 93,874,902 | 95,090,111 | - | - | - | (8,068,491) | - | - | (377,115) | 95,090,111 | |
| | | | | | | | | | | | | | | | | | |
| Preschool Education Aid | 23-495-034-5120-086 | 7/1/22-6/30/23 | 4,604,394 | 3,671,334 | | \$ (1,289,225) | 460,439 | | | | | | \$ 2,842,586 | | | - | |
| Preschool Education Aid | 24-495-034-5120-086 | 7/1/23-6/30/24 | 4,977,110 | | | 1,289,225 | 4,479,399 | 4,442,160 | \$ 897,112 | \$ 38 | | (497,711) | 2,721,287 | | | 4,442,160 | |
| New Jersey Nonpublic Aid | | | | | | | | | | | | | | | | - | |
| Textbook Aid | 23-100-034-5120-064 | 7/1/22-6/30/23 | 10,098 | | \$ 73 | | | | | | 73 | | | | | - | |
| Textbook Aid | 24-100-034-5120-064 | 7/1/23-6/30/24 | 9,828 | | | | 9,828 | 9,825 | | | | | | \$ 3 | | 9,825 | |
| Auxiliary Services | | | | | | | | | | | | | | | | - | |
| Compensatory Education | 23-100-034-5120-067 | 7/1/22-6/30/23 | 3,459 | | 396 | | | | | | 396 | | | | - | - | |
| Compensatory Education | 24-100-034-5120-067 | 7/1/23-6/30/24 | 6,653 | | | | 6,653 | 6,653 | | | | | | | - | - | |
| Transportation | 23-100-034-5120-067 | 7/1/22-6/30/23 | 925 | | 925 | | | | | | 925 | | | | - | 6,653 | |
| Transportation | 24-100-034-5120-067 | 7/1/23-6/30/24 | 202 | | | | 202 | | | | | | | 202 | | - | |
| Handicapped Services | | | | | | | | | | | | | | | | - | |
| Examination and Classification | 24-100-034-5120-066 | 7/1/23-6/30/24 | 1,326 | | | | 1,326 | | | | | | | 1,326 | | - | |
| Examination and Classification | 23-100-034-5120-066 | 7/1/22-6/30/23 | 4,738 | | 4,738 | | | | | | 4,738 | | | | | - | |
| Supplementary | 24-100-034-5120-066 | 7/1/23-6/30/24 | 2,478 | | | | 2,478 | | | | | | | 2,478 | | - | |
| Supplementary | 23-100-034-5120-066 | 7/1/22-6/30/23 | 3,304 | | 826 | | | | | | 826 | | | | | - | |
| Nursing | 23-100-034-5120-070 | 7/1/22-6/30/23 | 17,360 | | 112 | | | | | | 112 | | | | | - | |
| Nursing | 24-100-034-5120-070 | 7/1/23-6/30/24 | 20,640 | | | | 20,640 | 20,640 | | | | | | | | 20,640 | |
| Technology | 23-100-034-5120-373 | 7/1/22-6/30/23 | 6,426 | | 42 | | | | | | 42 | | | | | - | |
| Technology | 24-100-034-5120-373 | 7/1/23-6/30/24 | 8,330 | | | | 8,330 | 8,330 | | | | | | | | 8,330 | |
| Security | 23-100-034-5120-509 | 7/1/22-6/30/23 | 31,775 | | 205 | | | | | | 205 | | | | - | - | |
| Security | 24-100-034-5120-509 | 7/1/23-6/30/24 | 35,260 | | | | 35,260 | 35,260 | | | | | | | | 35,260 | |
| Schools Development Authority | | | | | | | | | | | | | | | | - | |
| SDA Emergent Needs Grant | NA | 7/1/23-6/30/24 | 130,844 | | | | 130,844 | 130,844 | | | | | | | | 130,844 | |
| Department of Environmental Protection | | | | | | | | | | | | | | | | - | |
| Equipment Modernization Program | 22-71H-042-4801-006 | 5/4/22-5/3/24 | 699,324 | (635,464) | | | | | | 635,464 | | (699,324) | 699,324 | | | - | |
| Department of Children and Families | | | | | | | | | | | | | | | | - | |
| School Based Youth Services | #24ARJP | 7/1/22-6/30/23 | 316,842 | | | | 316,842 | 316,842 | | | | | | | - | 316,842 | |
| School Based Youth Services | #23ARJP | 7/1/22-6/30/23 | 287,802 | | 2 | | | | | | | | | | 2 | - | |
| School Based Youth Services | #21ARJP | 7/1/20-6/30/21 | 277,587 | | 537 | | | | | | | | | | 537 | - | |
| School Based Youth Services | #20ARJP | 7/1/19-6/30/20 | 277,587 | | 55 | | | | | | | | | | 55 | - | |
| School Based Youth Services | SB08020 | 7/1/16-6/30/17 | 277,587 | | 14,554 | | | | | | | | | | 14,554 | - | |
| School Based Youth Services | SB08020 | 7/1/14-6/30/15 | 277,587 | | 2,219 | | | | | | | | | | 2,219 | - | |
| School Based Youth Services | SB08020 | 7/1/13-6/30/14 | 277,587 | | 34 | | | | | | | | | | 34 | - | |
| School Based Youth Services | SB08020 | 7/1/12-6/30/13 | 282,387 | | 203 | | | | | | | | | | 203 | - | |
| School Based Youth Services | SB08020 | 7/1/09-6/30/10 | 277,587 | - | 27,839 | - | - | - | - | - | - | - | - | 27,839 | - | - | |
| Total Special Revenue Fund | | | | 3,035,870 | 52,760 | - | 5,472,241 | 4,970,554 | 897,112 | 635,502 | 7,317 | (1,197,035) | 6,263,197 | 49,452 | - | 4,970,554 | |

See Accompanying Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance

Continued

KEARNY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

| State Grantor/Program Title | Grant or State Project Number | Grant Period | Award Amount | Balance, July 1, 2023 | | Carryover Amount | Cash Received | Budgetary Expenditures | Transfer In from General Fund | Adjustment | Refund of Prior Years' Balances | June 30, 2024 | | | MEMO | |
|--|-------------------------------|----------------|--------------|--------------------------------|----------------|------------------|---------------|------------------------|-------------------------------|------------|---------------------------------|-----------------------|-------------------|----------------|-----------------|-------------------------------|
| | | | | Unearned Revenue/ (Accts Rec.) | Due to Grantor | | | | | | | (Accounts Receivable) | Unearned Revenue/ | Due to Grantor | GAAP Receivable | Cumulative Total Expenditures |
| State Department of Agriculture | | | | | | | | | | | | | | | | |
| Lunch NJEIE | 24-100-010-3350-023 | 7/1/23-6/30/24 | \$ 21,187 | | | | \$ 19,616 | \$ 21,187 | | | | \$ (1,571) | | | \$ (1,571) | \$ 21,187 |
| Breakfast NJEIE | 24-100-010-3350-023 | 7/1/23-6/30/24 | 4,103 | | | | 3,746 | 4,103 | | | | (357) | | | (357) | 4,103 |
| State Breakfast | 23-100-010-3350-023 | 7/1/22-6/30/23 | 5,643 | \$ (632) | | | 632 | | | | | | | | - | - |
| State Breakfast | 24-100-010-3350-023 | 7/1/23-6/30/24 | 5,957 | | | | 5,492 | 5,957 | | | | (465) | | | (465) | 5,957 |
| State After the Bell Breakfast | 23-100-010-3350-023 | 7/1/22-6/30/23 | 3,377 | (293) | | | 293 | | | | | | | | - | - |
| State After the Bell Breakfast | 24-100-010-3350-023 | 7/1/23-6/30/24 | 4,396 | | | | 4,100 | 4,396 | | | | (296) | | | (296) | 4,396 |
| Summer Food Service | 24-100-010-3350-023 | 7/1/23-6/30/24 | 1,711 | | | | 1,449 | 1,711 | | | | (262) | | | (262) | 1,711 |
| State School Lunch Program | 23-100-010-3350-023 | 7/1/22-6/30/23 | 56,796 | (4,275) | | | 4,275 | | | | | | | | - | - |
| State School Lunch Program | 24-100-010-3350-023 | 7/1/21-6/30/22 | 61,132 | - | - | - | 57,003 | 61,132 | - | - | - | (4,129) | - | - | (4,129) | 61,132 |
| Total Enterprise Fund | | | | (5,200) | - | - | 96,606 | 98,486 | - | - | - | (7,080) | - | - | (7,080) | 98,486 |
| Total State Awards | | | | \$ (3,822,612) | \$ 52,760 | \$ - | \$ 99,443,749 | \$ 100,159,151 | \$ 897,112 | \$ 635,502 | \$ 7,317 | \$ (9,272,606) | \$ 6,263,197 | \$ 49,452 | \$ (384,195) | \$ 100,159,151 |
| Less: State Aid Not Subject to Single Audit: | | | | | | | | | | | | | | | | |
| On-Behalf TPAF | | | | | | | | | | | | | | | | |
| NCGI Premium | 24-495-034-5094-004 | | | | | | | (195,623) | | | | | | | | |
| Pension Contribution | 24-495-034-5094-002 | | | | | | | (17,153,242) | | | | | | | | |
| Long-Term Disability Insurance | 24-495-034-5094-004 | | | | | | | (5,547) | | | | | | | | |
| Post-Retirement Medical | 24-495-034-5094-001 | | | | | | | (4,721,726) | | | | | | | | |
| Total State Financial Assistance Subject to Single Audit | | | | | | | | \$ 78,083,013 | | | | | | | | |

**KEARNY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 REPORTING ENTITY

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

NOTE 2 BASIS OF PRESENTATION

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

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 4 RELATIONSHIP TO FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is a decrease of \$1,188,501 for the general fund and an increase of \$3,062,970 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s financial statements on a GAAP basis as presented as follows:

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|----------------------------|----------------------|----------------------|-----------------------|
| General Fund | \$ 285,111 | \$ 93,901,610 | \$ 94,186,721 |
| Special Revenue Fund | 11,798,975 | 4,242,125 | 16,041,100 |
| Food Service Fund | <u>2,456,938</u> | <u>98,486</u> | <u>2,555,424</u> |
| Total Financial Assistance | <u>\$ 14,541,024</u> | <u>\$ 98,242,221</u> | <u>\$ 112,783,245</u> |

**KEARNY BOARD OF EDUCATION
NOTES TO THE SCHEDULES OF EXPENDITURES OF
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6 OTHER INFORMATION

Revenues and expenditures reported under the Food Distribution Program as non-cash assistance represent current year value received and current year distributions, respectively. TPAF Social Security contributions in the amount of \$3,797,371 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the fiscal year ended June 30, 2024. The amount reported as TPAF Pension System Contributions in the amount of \$17,348,865, TPAF Post-Retirement Medical Benefits Contributions in the amount of \$4,721,726 and TPAF Long-Term Disability Insurance in the amount of \$5,547 represents the amount paid by the State on behalf of the District for the fiscal year ended June 30, 2024.

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

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

NOTE 8 DE MINIMIS INDIRECT COST RATE

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

**KEARNY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Part I – Summary of Auditor's Results

Financial Statement Section

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

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

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

Federal Awards Section

Internal Control over major programs:

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

2) Significant deficiencies identified? yes X none reported

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

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

Identification of major programs:

| <u>AL Number(s)</u> | <u>FAIN Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|---------------------|-----------------------|--|
| <u>84.425D</u> | <u>S425D220027</u> | <u>Coronavirus Response and Relief Supplemental Act (CRRSA ESSER II)</u> |
| <u>84.425D</u> | <u>S425D220027</u> | <u>Coronavirus Response and Relief Supplemental Act (Learning Acceleration)</u> |
| <u>84.425D</u> | <u>S425D220027</u> | <u>Coronavirus Response and Relief Supplemental Act (Mental Health)</u> |
| <u>84.425U</u> | <u>S425U210027</u> | <u>American Rescue Plan - Elementary and Secondary Schools (ARP - ESSER)</u> |
| <u>84.425U</u> | <u>S425U210027</u> | <u>American Rescue Plan - Elementary and Secondary Schools (Acclerated Learning)</u> |
| <u>84.425U</u> | <u>S425U210027</u> | <u>American Rescue Plan - Elementary and Secondary Schools (Summer Learning)</u> |
| <u>84.425U</u> | <u>S425U210027</u> | <u>American Rescue Plan - Elementary and Secondary Schools (Beyond the School Day)</u> |
| <u>84.425U</u> | <u>S425U210027</u> | <u>American Rescue Plan - Elementary and Secondary Schools (Mental Health)</u> |
| <u>84.425W</u> | <u>S425W210031</u> | <u>American Rescue Plan - Emergency Relief Fund - Homeless Children and Youth</u> |

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

Auditee qualified as low-risk auditee? X yes no

State Awards Section

\$ 2,342,490

| | | |
|---|-----|----|
| X | yes | no |
|---|-----|----|

yes X no

yes X none reported

Unmodified

yes X none

Name of State Program

Equalization Aid

Special Education Aid

Security Aid

Extraordinary Aid

**KEARNY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Part 2 – Schedule of Financial Statement Findings

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

There are none.

**KEARNY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

CURRENT YEAR FEDERAL AWARDS

There are none.

CURRENT YEAR STATE AWARDS

There are none.