

Report of Audit
on the
Financial Statements
of the
Borough of Kenilworth
in the
County of Union
New Jersey
for the
Year Ended
December 31, 2023

BOROUGH OF KENILWORTH

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BOROUGH OF KENILWORTH

PART I

INDEPENDENT AUDITOR'S REPORT ON
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AND SUPPLEMENTARY SCHEDULES AND DATA

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YEARS ENDED DECEMBER 31, 2023 AND 2022



SUPLEE, CLOONEY & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the Borough Council
Borough of Kenilworth
County of Union
Kenilworth, New Jersey

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying balance sheets - regulatory basis of the various individual funds and account group of the Borough of Kenilworth (the "Borough"), as of and for the year ended December 31, 2023 and 2022, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various individual funds for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements as listed in the table of contents.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Matter Giving Rise to Adverse Opinion" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the various individual funds and account group of the Borough as of December 31, 2023 and 2022, or the results of its operations and changes in fund balance for the years then ended of the revenues or expenditures for the year ended December 31, 2023.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the regulatory financial statements referred to above present fairly, in all material respects, the regulatory basis balances sheets of the various individual funds and account group as of December 31, 2023 and 2022, the regulatory basis statement of operations and changes in fund balance for the years then ended and the regulatory basis statement of revenues and expenditures and changes in fund balance for the year ended December 31, 2023 in accordance with the basis of financial reporting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division") as described in Note 1.

SUPLEE, CLOONEY & COMPANY LLC

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Borough 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 adverse and unmodified audit opinions.

Matter Giving Rise to Adverse Opinion

As described in Note 1 of the regulatory financial statements, the regulatory financial statements are prepared by the Borough on the basis of the financial reporting provisions prescribed by the Division, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the regulatory financial statements in accordance with the regulatory basis of accounting prescribed by the Division, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of regulatory financial statements that are free from material misstatement, whether due to fraud or error. In preparing the regulatory financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Borough'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 the Financial Statements

Our objectives are to obtain reasonable assurance about whether the regulatory 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 GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division 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.

SUPLEE, CLOONEY & COMPANY LLC

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Division, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Borough'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 Borough'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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough's regulatory financial statements. The supplementary information, and data listed in the table of contents as required by the Division are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information, and data listed in the table of contents, as required by the Division are fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

SUPLEE, CLOONEY & COMPANY LLC

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2024 on our consideration of the Borough'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 Borough'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 Borough's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 25, 2024



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

The Honorable Mayor and Members
of the Borough Council
Borough of Kenilworth
County of Union
Kenilworth, New Jersey 07033

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory financial statements of the various individual funds and the account group of the Borough of Kenilworth, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Borough's regulatory financial statements, and have issued our report thereon dated July 25, 2024. Our report disclosed that, as described in Note 1 to the financial statements, the Borough of Kenilworth prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory financial statements, we considered the Borough's 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 Borough's internal control. Accordingly, we do not express an opinion on the effectiveness of Borough's internal control.

SUPLEE, CLOONEY & COMPANY LLC

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 Borough of Kenilworth's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we noted a matter of noncompliance which is discussed in Part II General Comments and Recommendations section of this report.

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Borough of Kenilworth'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 Borough of Kenilworth's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS



REGISTERED MUNICIPAL ACCOUNTANT NO. 439

July 25, 2024

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CURRENT FUND

BOROUGH OF KENILWORTH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| | <u>REF.</u> | BALANCE DECEMBER 31, 2023 | BALANCE DECEMBER 31, 2022 |
|--|-------------|---------------------------------|---------------------------------|
| <u>ASSETS</u> | | | |
| Current Fund | | | |
| Cash | A-4 | \$ 5,732,184.61 | \$ 5,171,702.46 |
| Cash - Change Fund | A-12 | 250.00 | 250.00 |
| Due State of New Jersey - Senior Citizens and Veterans Deductions | A-6 | 5,036.72 | 6,036.72 |
| | | \$ 5,737,471.33 | \$ 5,177,989.18 |
| Receivables with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-7 | \$ 339,190.46 | \$ 294,598.99 |
| Tax Title Liens Receivable | A-8 | 15,100.49 | 13,403.15 |
| Property Acquired for Taxes - Assessed Value | A-9 | 157,200.00 | 157,200.00 |
| Revenue Accounts Receivable | A-10 | 4,592.74 | 4,709.45 |
| Interfunds Receivable | A-13 | 1,789.16 | |
| | A | \$ 517,872.85 | \$ 469,911.59 |
| Deferred Charges: | | | |
| Special Emergency N.J.S.A. 40A:4-53-Covid | A-25 | \$ 196,867.20 | \$ 262,489.60 |
| | | \$ 196,867.20 | \$ 262,489.60 |
| | | \$ 6,452,211.38 | \$ 5,910,390.37 |
| Grant Fund: | | | |
| Cash | A-4 | \$ 54,112.25 | \$ 129,213.56 |
| Grants Receivable | A-24 | 78,295.97 | 397,705.75 |
| | | \$ 132,408.22 | \$ 526,919.31 |
| | | \$ 6,584,619.60 | \$ 6,437,309.68 |

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

BOROUGH OF KENILWORTH

CURRENT FUND

BALANCE SHEETS - REGULATORY BASIS

| | <u>REF.</u> | BALANCE DECEMBER 31, 2023 | BALANCE DECEMBER 31, 2022 |
|--------------------------------------|-------------|---------------------------------|---------------------------------|
| Liabilities: | | | |
| Appropriation Reserves | A-3:A-11 | \$ 1,044,874.80 | 1,008,884.39 |
| Encumbrances Payable | A-15 | 473,141.67 | 398,469.84 |
| Prepaid Taxes | A-16 | 233,964.88 | 161,369.69 |
| Due State of New Jersey: | | | |
| Marriage Fees | A-22 | 355.00 | 30.00 |
| DCS State Training Fees | A-21 | 4,130.00 | 2,793.00 |
| County Taxes Payable | A-18 | 9,641.31 | 6,317.25 |
| Reserve for State Aid Unappropriated | A-26 | 103,907.97 | |
| Reserve for Tax Appeals | A-5 | 481,637.59 | 452,304.26 |
| Local School Tax Payable | A-19 | 375,536.01 | 236,455.09 |
| Reserve for Receivables | A | \$ 2,727,189.23 | \$ 2,266,623.52 |
| Fund Balance | A-1 | 517,872.85 | 469,911.59 |
| | | 3,207,149.30 | 3,173,855.26 |
| | | \$ 6,452,211.38 | \$ 5,910,390.37 |
| Grant Fund: | | | |
| Reserve for: | | | |
| Grants-Appropriated | A-20 | 84,728.71 | 168,030.18 |
| Grants-Unappropriated | A-23 | 2,163.69 | 1,896.65 |
| Interfunds Payable | A-14 | | 327,878.20 |
| Encumbrances Payable | A-15 | 45,515.82 | 29,114.28 |
| | | 132,408.22 | 526,919.31 |
| | | \$ 6,584,619.60 | \$ 6,437,309.68 |

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENTS OF OPERATIONS AND CHANGE
IN FUND BALANCE - REGULATORY BASIS

| | <u>REF.</u> | YEAR ENDED DECEMBER <u>31, 2023</u> | YEAR ENDED DECEMBER <u>31, 2022</u> |
|--|-------------|---|---|
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | |
| Fund Balance Utilized | A-2 | \$ 2,000,000.00 | \$ 2,000,000.00 |
| Miscellaneous Revenue Anticipated | A-2 | 2,667,080.96 | 2,594,291.34 |
| Receipts From Delinquent Taxes | A-2 | 290,788.60 | 401,167.37 |
| Receipts From Current Taxes | A-2 | 45,892,488.58 | 43,598,706.64 |
| Non-Budget Revenue | A-2 | 221,996.05 | 167,496.52 |
| Other Credits to Income: | | | |
| Unexpended Balance of Appropriation Reserves | A-11 | 419,146.60 | 456,333.91 |
| Statutory Excess Dog License Fund | A-13 | 1,753.40 | |
| Interfunds Returned | | | 38,892.16 |
| <u>Total Income</u> | | \$ 51,493,254.19 | \$ 49,256,887.94 |
| <u>EXPENDITURES</u> | | | |
| Budget Appropriations: | | | |
| Operations Within "CAPS" | A-3 | \$ 12,413,472.00 | \$ 12,073,505.00 |
| Deferred Charges and Statutory Expenditures-Municipal | A-3 | 1,789,182.00 | 1,660,478.00 |
| Operations Excluded From "CAPS" | A-3 | 2,822,015.59 | 2,383,308.50 |
| Capital Improvement Fund | A-3 | 60,000.00 | 60,000.00 |
| Municipal Debt Service | A-3 | 1,288,337.49 | 1,091,637.49 |
| Deferred Charges | A-3 | 65,622.40 | 65,622.40 |
| County Taxes | A-18 | 8,322,441.45 | 8,150,660.68 |
| County Share of Added and Omitted Taxes | A-18 | 9,641.31 | 6,317.25 |
| Local District School Tax | A-19 | 22,687,185.00 | 22,190,853.00 |
| Interfunds Advanced | | 1,789.16 | |
| Refund of Prior Year Revenue | A-4 | 273.75 | 850.00 |
| <u>Total Expenditures</u> | | \$ 49,459,960.15 | \$ 47,683,232.32 |
| Excess in Revenue | | \$ 2,033,294.04 | \$ 1,573,655.62 |
| Fund Balance, January 1 | A | \$ 3,173,855.26 | \$ 3,600,199.64 |
| Decreased by: | | \$ 5,207,149.30 | \$ 5,173,855.26 |
| Utilized as Anticipated Revenue | A-1:A-2 | 2,000,000.00 | 2,000,000.00 |
| Fund Balance, December 31 | A | \$ 3,207,149.30 | \$ 3,173,855.26 |

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | <u>REF.</u> | <u>BUDGET</u> | <u>ANTICIPATED</u> SPECIAL N.J.S. 40A:4-87 | <u>REALIZED</u> | <u>EXCESS/ DEFICIT</u> |
|---|-------------|-------------------------|---|-------------------------|----------------------------|
| Fund Balance Appropriated | A-1 | \$ <u>2,000,000.00</u> | | \$ <u>2,000,000.00</u> | \$ <u>0.00</u> |
| Miscellaneous: | | | | | |
| Licenses: | | | | | |
| Alcoholic Beverage | A-10 | \$ 20,800.00 | \$ 18,900.00 | \$ 18,900.00 | \$ (1,900.00) |
| Other | A-10 | \$ 25,000.00 | | \$ 28,195.00 | \$ 3,195.00 |
| Fees and Permits: | | | | | |
| Other | A-2 | \$ 73,000.00 | | \$ 221,038.85 | \$ 148,038.85 |
| Fines and Costs-Municipal Court | A-10 | \$ 85,000.00 | | \$ 77,578.08 | \$ (7,421.92) |
| Interest and Costs on Taxes | A-10 | \$ 100,000.00 | | \$ 83,037.79 | \$ (16,962.21) |
| Interest on Investments | A-10 | \$ 4,000.00 | | \$ 183,062.74 | \$ 179,062.74 |
| Cable T.V. Franchise Tax | A-10 | \$ 102,328.72 | | \$ 102,328.72 | |
| Uniform Construction Code Fees | A-2 | \$ 200,000.00 | | \$ 251,863.00 | \$ 51,863.00 |
| Trailer Storage Fees | A-10 | \$ 10,000.00 | | \$ 7,800.00 | \$ (2,200.00) |
| Uniform Fire Safety Act - Local Fees | A-10 | \$ 35,000.00 | | \$ 36,487.00 | \$ 1,487.00 |
| Energy Receipts Tax | A-10 | \$ 1,003,074.00 | | \$ 1,003,074.00 | |
| Municipal Alliance | A-24 | \$ 9,445.00 | \$ 1,221.00 | \$ 10,666.00 | |
| Clean Communities Program | A-24 | | \$ 17,462.61 | \$ 17,462.61 | |
| Body Armor Replacement Fund | A-24 | \$ 1,896.65 | | \$ 1,896.65 | |
| CARES Act | A-24 | \$ 250,000.00 | | \$ 250,000.00 | |
| Recycling Tonnage Grant | A-24 | \$ 14,159.33 | | \$ 14,159.33 | |
| Stormwater Assistance Grant | A-24 | | \$ 25,000.00 | \$ 25,000.00 | |
| Lead Grant | A-24 | | \$ 17,600.00 | \$ 17,600.00 | |
| Youth Leadership Grant | A-24 | \$ 3,403.00 | \$ 243.00 | \$ 3,846.00 | |
| Uniform Fire Safety Act | A-10 | \$ 50,000.00 | | \$ 57,608.54 | \$ 7,608.54 |
| Hotel Occupancy Tax | A-10 | \$ 90,000.00 | | \$ 117,916.65 | \$ 27,916.65 |
| Outside Police Duty Administrative Fees | A-10 | \$ 35,000.00 | | \$ 33,157.50 | \$ (1,842.50) |
| Outside Police Duty Use of Vehicles Fees | A-10 | \$ 55,000.00 | | \$ 49,200.00 | \$ (5,800.00) |
| School Resource Officer | A-10 | \$ 55,402.50 | | \$ 55,402.50 | |
| | A-1 | \$ <u>2,222,509.20</u> | \$ <u>61,526.61</u> | \$ <u>2,667,080.96</u> | \$ <u>383,045.15</u> |
| Receipts From Delinquent Taxes | A-1 | \$ <u>268,000.00</u> | | \$ <u>290,788.60</u> | \$ <u>22,788.60</u> |
| Property Tax for Support of Municipal Budget | | | | | |
| Appropriations-Local Tax for Municipal Purposes | A-2:A-7 | \$ <u>14,275,531.68</u> | | \$ <u>14,882,340.82</u> | \$ <u>606,809.14</u> |
| Minimum Library Tax | A-2:A-7 | \$ <u>711,904.00</u> | | \$ <u>711,904.00</u> | |
| | | \$ <u>14,987,435.68</u> | | \$ <u>15,594,244.82</u> | \$ <u>606,809.14</u> |
| <u>Budget Totals</u> | | \$ <u>19,477,944.88</u> | \$ <u>61,526.61</u> | \$ <u>20,552,114.38</u> | \$ <u>1,012,642.89</u> |
| Non-Budget Revenues | A-1:A-2 | | | \$ <u>221,996.05</u> | \$ <u>221,996.05</u> |
| | | \$ <u>19,477,944.88</u> | \$ <u>61,526.61</u> | \$ <u>20,774,110.43</u> | \$ <u>1,234,638.94</u> |
| | <u>REF.</u> | A-3 | A-3 | | |

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

REF.

| | | |
|--|---------|----------------------|
| Allocation of Current Tax Collections: | | |
| Collections on a Cash Basis | A-1:A-7 | \$ 45,892,488.58 |
| Allocated to: | | |
| School and County Taxes | | <u>31,214,085.76</u> |
| Support of Municipal Budget Appropriations | | \$ 14,678,402.82 |
| Add: Appropriation Reserve for Uncollected Taxes | A-3 | <u>915,842.00</u> |
| Amount for Support of Municipal | | |
| Budget Appropriations | A-2 | \$ 15,594,244.82 |
| Fees and Permits Other: | | |
| Police Department | A-10 | \$ 9,171.85 |
| Fire Department | A-10 | 9,325.00 |
| Street Opening | A-10 | 156,885.00 |
| Planning Board | A-10 | 40,900.00 |
| Board of Health | A-10 | 2,962.00 |
| Clerk | A-10 | 1,900.00 |
| Less: Refunds | A-4 | \$ <u>221,143.85</u> |
| | | <u>105.00</u> |
| | A-2 | \$ <u>221,038.85</u> |

ANALYSIS OF NON-BUDGET REVENUE

| | | |
|--|---------|----------------------|
| Miscellaneous Revenue Not Anticipated: | | |
| Auction | | \$ 4,640.00 |
| Settlement | | 17,414.03 |
| Redevelopment Reimbursement | | 77,152.68 |
| Sewer Pavers | | 7,482.50 |
| Reimbursement of Costs | | 80,596.17 |
| Recycling | | 6,850.17 |
| Knox Box | | 1,225.00 |
| Industrial Waste Charges | | 3,402.00 |
| BOE Reimbursement | | 14,290.86 |
| Miscellaneous | | <u>8,942.64</u> |
| | A-2:A-4 | \$ <u>221,996.05</u> |

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | APPROPRIATIONS | | EXPENDED | | UNEXPENDED BALANCE CANCELED | |
|---------------------------------|----------------|------------------------------|--------------------|-------------|-----------------------------------|--|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | | |
| <u>OPERATIONS WITHIN "CAPS"</u> | | | | | | |
| <u>GENERAL GOVERNMENT</u> | | | | | | |
| Mayor and Council: | | | | | | |
| Salaries and Wages | \$ 3,750.00 | \$ 3,750.00 | \$ 3,750.00 | \$ 1,096.62 | \$ | |
| Other Expenses | 11,000.00 | 13,000.00 | 11,903.38 | | | |
| Municipal Clerk: | | | | | | |
| Salaries and Wages | 210,910.00 | 210,910.00 | 199,239.14 | 1,670.86 | 10,000.00 | |
| Other Expenses | 53,900.00 | 53,900.00 | 44,823.37 | 9,076.63 | | |
| Tax and Finance Office: | | | | | | |
| Salaries and Wages | 250,580.00 | 262,580.00 | 262,264.74 | 315.26 | | |
| Other Expenses | 115,200.00 | 115,200.00 | 87,692.75 | 17,507.25 | 10,000.00 | |
| Assessment of Taxes: | | | | | | |
| Salaries and Wages | 29,770.00 | 29,770.00 | 29,756.22 | 13.78 | | |
| Other Expenses | 7,000.00 | 7,000.00 | 277.99 | 6,722.01 | | |
| Payroll and Human Resources: | | | | | | |
| Other Expenses | 47,820.00 | 47,820.00 | 40,104.67 | 7,715.33 | | |
| Audit | 33,500.00 | 33,500.00 | 31,775.00 | 1,725.00 | | |
| Public Defender: | | | | | | |
| Other Expenses | 4,500.00 | 4,500.00 | | 4,500.00 | | |
| Legal Services and Costs: | | | | | | |
| Other Expenses | 230,000.00 | 230,000.00 | 196,250.59 | 33,749.41 | | |
| Engineering Services and Costs: | | | | | | |
| Other Expenses | 125,000.00 | 125,000.00 | 64,727.55 | 60,272.45 | | |
| Municipal Court: | | | | | | |
| Salaries and Wages | 178,350.00 | 178,350.00 | 168,287.96 | 10,062.04 | | |
| Other Expenses | 17,600.00 | 17,600.00 | 8,108.92 | 9,491.08 | | |
| Grounds and Buildings: | | | | | | |
| Other Expenses | 136,000.00 | 136,000.00 | 111,060.82 | 24,939.18 | | |
| Planning Board: | | | | | | |
| Salaries and Wages | 5,400.00 | 5,400.00 | 5,400.00 | | | |
| Other Expenses | 55,000.00 | 55,000.00 | 31,200.57 | 23,799.43 | | |
| Shade Tree Commission: | | | | | | |
| Other Expenses | 35,000.00 | 35,000.00 | 34,819.90 | 180.10 | | |
| Insurance: | | | | | | |
| Other Insurance | 545,000.00 | 545,000.00 | 543,004.40 | 1,995.60 | | |
| Employee Group Health Insurance | 2,742,680.00 | 2,742,680.00 | 2,526,237.88 | 216,442.12 | | |
| Health Benefit Waiver | 20,000.00 | 20,000.00 | 13,827.41 | 6,172.59 | | |
| <u>PUBLIC SAFETY</u> | | | | | | |
| Fire: | | | | | | |
| Salaries and Wages | 10,135.00 | 10,135.00 | 10,129.92 | 5.08 | | |
| Other Expenses | 370,494.00 | 370,494.00 | 367,485.58 | 3,008.42 | | |
| Fire Prevention Bureau: | | | | | | |
| Salaries and Wages | 108,510.00 | 96,510.00 | 90,947.58 | 5,562.42 | | |
| Other Expenses | 14,600.00 | 14,600.00 | | 14,600.00 | | |
| Construction Code Official: | | | | | | |
| Salaries and Wages | 111,275.00 | 111,275.00 | 108,146.61 | 3,128.39 | | |
| Other Expenses | 7,450.00 | 9,450.00 | 9,000.03 | 449.97 | | |

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | APPROPRIATIONS | | EXPENDED | | UNEXPENDED BALANCE <u>CANCELED</u> |
|--|----------------|------------------------------|--------------------|-----------|--|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| <u>OPERATIONS WITHIN "CAPS"</u> | | | | | |
| PUBLIC SAFETY (CONTINUED) | | | | | |
| Building Inspector: | \$ 37,230.00 | \$ 37,230.00 | \$ 37,230.00 | \$ 0 | \$ 0 |
| Other Expenses | | | | | |
| Plumbing Inspector: | | | | | |
| Salaries and Wages | 17,000.00 | 17,000.00 | 14,913.36 | 2,086.64 | |
| Other Expenses | 200.00 | 200.00 | | 200.00 | |
| Electrical Inspector: | | | | | |
| Salaries and Wages | 17,000.00 | 17,000.00 | 8,848.49 | 1,151.51 | 7,000.00 |
| Other Expenses | 200.00 | 200.00 | | 200.00 | |
| Fire Protection Official: | | | | | |
| Salaries and Wages | 17,000.00 | 17,000.00 | 14,816.52 | 2,183.48 | |
| Other Expenses | 200.00 | 200.00 | | 200.00 | |
| Police: | | | | | |
| Salaries and Wages | 3,552,150.00 | 3,552,150.00 | 3,466,749.22 | 85,400.78 | |
| Other Expenses | 235,600.00 | 235,600.00 | 227,976.96 | 7,623.04 | |
| Traffic Control and School Guards: | | | | | |
| Salaries and Wages | 199,200.00 | 199,200.00 | 189,152.63 | 10,047.37 | |
| Other Expenses | 45,500.00 | 45,500.00 | 35,316.80 | 10,183.20 | |
| Emergency Management Services: | | | | | |
| Salaries and Wages | 4,461.00 | 4,461.00 | 4,458.52 | 2.48 | |
| Other Expenses | 18,000.00 | 18,000.00 | 17,784.64 | 215.36 | |
| First Aid Organization Contribution | | | | | |
| Municipal Prosecutor: | | | | | |
| Other Expenses | 25,000.00 | 25,000.00 | 25,000.00 | | |
| STREETS AND ROADS | | | | | |
| Road Repairs and Maintenance: | | | | | |
| Salaries and Wages | 978,600.00 | 978,600.00 | 892,446.91 | 26,153.09 | 60,000.00 |
| Other Expenses | 135,000.00 | 135,000.00 | 129,563.20 | 5,436.80 | |
| SANITATION | | | | | |
| Garbage and Trash: | | | | | |
| Salaries and Wages | 249,480.00 | 249,480.00 | 224,217.52 | 25,262.48 | |
| Other Expenses | 68,800.00 | 68,800.00 | 59,865.64 | 8,934.36 | |
| Recycling: | | | | | |
| Other Expenses | 163,000.00 | 163,000.00 | 84,175.47 | 38,824.53 | 40,000.00 |
| Sewer System: | | | | | |
| Other Expenses | 32,000.00 | 32,000.00 | 28,193.90 | 3,806.10 | |
| HEALTH AND WELFARE | | | | | |
| Board of Health: | | | | | |
| Salaries and Wages | 77,230.00 | 68,230.00 | 46,696.16 | 6,533.84 | 15,000.00 |
| Other Expenses | 29,940.00 | 34,940.00 | 28,080.16 | 6,859.84 | |
| Dog and Cat Regulation: | | | | | |
| Other Expenses | 13,270.00 | 13,270.00 | 8,036.96 | 5,231.04 | |

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | APPROPRIATIONS | | EXPENDED | | UNEXPENDED BALANCE CANCELED |
|--|------------------|------------------------------|--------------------|---------------|-----------------------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | |
| OPERATIONS WITHIN "CAPS" (CONTINUED) | | | | | |
| RECREATION AND EDUCATION | | | | | |
| Parks and Playgrounds: | | | | | |
| Salaries and Wages | \$ 40,802.00 | 40,802.00 | \$ 26,101.18 | \$ 14,700.82 | \$ |
| Other Expenses | 31,100.00 | 31,100.00 | 20,217.28 | 10,882.72 | |
| Senior Citizens Director: | | | | | |
| Salaries and Wages | 17,400.00 | 17,400.00 | 9,558.42 | 7,841.58 | |
| Other Expenses | 8,500.00 | 8,500.00 | 6,511.16 | 1,988.84 | |
| Senior Citizens Transportation: | | | | | |
| Salaries and Wages | 22,085.00 | 22,085.00 | 4,771.97 | 2,313.03 | 15,000.00 |
| Other Expenses | 3,000.00 | 3,000.00 | 270.00 | 2,730.00 | |
| Parks: | | | | | |
| Other Expenses | 8,000.00 | 8,000.00 | 7,044.25 | 955.75 | |
| Celebration of Public Events, Anniversary or Holiday: | | | | | |
| Other Expenses | 30,000.00 | 30,000.00 | 26,105.07 | 3,894.93 | |
| Beautification: | | | | | |
| Other Expenses | 2,000.00 | 2,000.00 | | 2,000.00 | |
| UNCLASSIFIED | | | | | |
| Retirement and Accumulated Leave Compensation | 100.00 | 100.00 | | 100.00 | |
| UTILITIES | | | | | |
| Other Utilities | 340,000.00 | 340,000.00 | 282,526.51 | 57,473.49 | |
| Street Lighting | 139,000.00 | 139,000.00 | 121,510.87 | 17,489.13 | |
| Fire Hydrant Services | 142,000.00 | 142,000.00 | 110,907.60 | 23,092.40 | 8,000.00 |
| Solid Waste Disposal | 400,000.00 | 400,000.00 | 332,987.05 | 47,012.95 | 20,000.00 |
| TOTAL OPERATIONS (INCLUDING CONTINGENT) WITHIN "CAPS" | \$ 12,598,472.00 | \$ 12,598,472.00 | \$ 11,506,009.40 | \$ 907,462.60 | \$ 185,000.00 |
| DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS" | | | | | |
| Statutory Expenditures: | | | | | |
| Contribution to: | | | | | |
| Social Security System (O.A.S.I.) | 295,000.00 | 295,000.00 | 281,033.64 | 13,966.36 | |
| Police and Firemen's Retirement System of NJ | 1,084,753.00 | 1,084,753.00 | 1,084,753.00 | | |
| State Unemployment Insurance | 20,000.00 | 20,000.00 | 20,000.00 | | |
| Public Employees' Retirement System | 379,429.00 | 379,429.00 | 379,429.00 | | |
| DCRP | 10,000.00 | 10,000.00 | 7,236.92 | 2,763.08 | |
| TOTAL DEFERRED CHARGES AND STATUTORY EXPENDITURES-MUNICIPAL WITHIN "CAPS" | \$ 1,789,182.00 | \$ 1,789,182.00 | \$ 1,772,452.56 | \$ 16,729.44 | \$ |
| TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES WITHIN "CAPS" | \$ 14,387,654.00 | \$ 14,387,654.00 | \$ 13,278,461.96 | \$ 924,192.04 | \$ 185,000.00 |
| OTHER OPERATIONS-EXCLUDED FROM "CAPS" | | | | | |
| Rahway Valley Sewerage Authority - Share of Costs | \$ 1,220,000.00 | 1,220,000.00 | \$ 1,217,834.00 | \$ 2,166.00 | \$ |
| Maintenance of Free Public Library | 711,904.00 | 711,904.00 | 658,387.24 | 53,516.76 | |
| Reserve for Tax Appeals | 30,000.00 | 30,000.00 | 30,000.00 | | |
| LOSAP | 65,000.00 | 65,000.00 | | 65,000.00 | |
| Insurance: Group Insurance Plan for Employees | 452,320.00 | 452,320.00 | 452,320.00 | | |
| Municipal Alliance Grant: | | | | | |
| State Share | 9,445.00 | 10,666.00 | 10,666.00 | | |
| Local Share | 2,361.00 | 2,361.00 | 2,361.00 | | |
| Body Armor Grant | 1,896.65 | 1,896.65 | 1,896.65 | | |
| CARES Act | 250,000.00 | 250,000.00 | 250,000.00 | | |
| Recycling Tonnage Grant | 14,159.33 | 14,159.33 | 14,159.33 | | |
| Clean Communities Grant (40A:4-87 \$17,462.61) | | 17,462.61 | 17,462.61 | | |
| Youth Leadership Grant (40A:4-87 \$243.00) | 3,403.00 | 3,646.00 | 3,646.00 | | |
| Lead Assistance (40A:4-87 \$17,600.00) | | 17,600.00 | 17,600.00 | | |
| Stormwater Assistance Grant (40A:4-87 \$25,000.00) | | 25,000.00 | 25,000.00 | | |
| TOTAL OPERATIONS-EXCLUDED FROM "CAPS" | \$ 2,760,488.98 | \$ 2,822,015.59 | \$ 2,701,332.83 | \$ 120,682.76 | \$ |

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

BOROUGH OF KENILWORTH

CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2023

| | APPROPRIATIONS | EXPENDED | UNEXPENDED | | |
|---|-------------------------|------------------------------|-------------------------|------------------------|----------------------|
| | BUDGET | BUDGET AFTER MODIFICATION | PAID OR CHARGED | RESERVED | BALANCE CANCELED |
| <u>CAPITAL IMPROVEMENT FUND</u> | \$ 60,000.00 | \$ 60,000.00 | \$ 60,000.00 | \$ _____ | \$ _____ |
| <u>MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u> | | | | | |
| Payment of Bond Principal | 915,000.00 | 915,000.00 | 915,000.00 | | |
| Payment of Bond Anticipation Notes and Capital Notes | 126,970.00 | 126,970.00 | 126,970.00 | | |
| Interest on Bonds | 116,387.50 | 116,387.50 | 116,387.50 | | |
| Interest on Notes | 129,980.00 | 129,980.00 | 129,979.99 | | 0.01 |
| <u>TOTAL MUNICIPAL DEBT SERVICE EXCLUDED FROM "CAPS"</u> | <u>1,288,337.50</u> | <u>1,288,337.50</u> | <u>1,288,337.49</u> | | <u>0.01</u> |
| <u>DEFERRED CHARGES MUNICIPAL - EXCLUDED FROM "CAPS"</u> | | | | | |
| Deferred Changes: | | | | | |
| Special Emergency Authorizations - 5 Years | 65,622.40 | 65,622.40 | 65,622.40 | | |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL PURPOSES EXCLUDED FROM "CAPS"</u> | <u>4,174,448.88</u> | <u>4,235,975.49</u> | <u>4,115,292.72</u> | <u>120,682.76</u> | <u>0.01</u> |
| <u>SUB-TOTAL GENERAL APPROPRIATIONS RESERVE FOR UNCOLLECTED TAXES</u> | <u>18,562,102.88</u> | <u>18,623,629.49</u> | <u>17,393,754.68</u> | <u>1,044,874.80</u> | <u>185,000.01</u> |
| <u>TOTAL GENERAL APPROPRIATIONS FOR MUNICIPAL</u> | <u>\$ 19,477,944.88</u> | <u>\$ 19,539,471.49</u> | <u>\$ 18,309,596.68</u> | <u>\$ 1,044,874.80</u> | <u>\$ 185,000.01</u> |
| REF. | A-2 | | A-1 | | A:A-1 |
| Appropriation by 40A:4-87 | A-2 | \$ 61,526.61 | | | |
| Budget | A-3 | <u>19,477,944.88</u> | | | |
| | | \$ <u>19,539,471.49</u> | | | |
| Grants Appropriated | A-20 | \$ 342,791.59 | | | |
| Reserve for Uncollected Taxes | A-2 | 915,842.00 | | | |
| Encumbrances Payable | A-15 | 473,141.67 | | | |
| Reserve for Tax Appeals | A-5 | 30,000.00 | | | |
| Deferred Charge | A-25 | 65,622.40 | | | |
| Disbursed | A-4 | <u>17,036,651.33</u> | | | |
| Less: Reimbursed | A-4 | \$ <u>18,864,048.99</u> | | | |
| | | \$ <u>554,452.31</u> | | | |
| | | \$ <u>18,309,596.68</u> | | | |

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

TRUST FUND

BOROUGH OF KENILWORTHTRUST FUNDBALANCE SHEETS - REGULATORY BASIS

| | <u>REF.</u> | BALANCE DECEMBER 31, 2023 | BALANCE DECEMBER 31, 2022 |
|---|-------------|---------------------------------|---------------------------------|
| <u>ASSETS</u> | | | |
| Assessment Fund: | | | |
| Cash | B-2:B-3 | \$ 25,655.84 | \$ 169,032.36 |
| Prospective Assessments Funded | B-15 | 4,600.00 | 4,600.00 |
| Assessment Receivable | B-6 | 8,084.25 | 15,502.66 |
| | | \$ 38,340.09 | \$ 189,135.02 |
| Animal Control Fund: | | | |
| Cash | B-2 | \$ 10,163.00 | \$ 8,348.90 |
| | | \$ 10,163.00 | \$ 8,348.90 |
| Other Funds: | | | |
| Cash | B-2 | \$ 1,204,540.27 | \$ 1,704,850.29 |
| Community Development Block Grant Receivable | B-8 | 39,750.00 | 41,250.00 |
| | | \$ 1,244,290.27 | \$ 1,746,100.29 |
| | | \$ 1,292,793.36 | \$ 1,943,584.21 |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Assessment Fund: | | | |
| Due General Capital Fund | B-9 | \$ 30,000.00 | \$ 180,830.69 |
| Due Current Fund | B-12 | 35.76 | |
| Reserve for Prospective Assessments | B-17 | 4,600.00 | 4,600.00 |
| Fund Balance | B-1 | 3,704.33 | 3,704.33 |
| | | \$ 38,340.09 | \$ 189,135.02 |
| Animal Control Fund: | | | |
| Due Current Fund | B-14 | \$ 1,753.40 | \$ |
| Due State of New Jersey | B-5 | 55.80 | |
| Reserve for Expenditures | B-4 | 8,353.80 | 8,348.90 |
| | | \$ 10,163.00 | \$ 8,348.90 |
| Other Funds: | | | |
| Reserve For: | | | |
| Community Development Block Grant | B-13 | 8,921.68 | 39,504.00 |
| Miscellaneous Deposits | B-7 | 1,182,533.22 | 1,612,917.70 |
| Payroll Deductions Payable | B-10 | 52,835.37 | 93,678.59 |
| | | \$ 1,244,290.27 | \$ 1,746,100.29 |
| | | \$ 1,292,793.36 | \$ 1,943,584.21 |

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

"B-1"

BOROUGH OF KENILWORTH

TRUST FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS
ASSESSMENT TRUST FUND

REF.

| | | |
|--------------------------------|---|--------------------|
| Balance, December 31, 2022 and | | |
| December 31, 2023 | B | \$ <u>3,704.33</u> |

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

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GENERAL CAPITAL FUND

BOROUGH OF KENILWORTHGENERAL CAPITAL FUNDBALANCE SHEETS - REGULATORY BASIS

| | | | BALANCE DECEMBER 31, 2023 | BALANCE DECEMBER 31, 2022 |
|--|---------|------|---------------------------------|---------------------------------|
| | | REF. | | |
| <u>ASSETS</u> | | | | |
| Cash | C-2:C-3 | | \$ 1,794,524.94 | \$ 1,606,685.50 |
| Due Assessment Trust Fund | C-12 | | 30,000.00 | 180,830.69 |
| Grants Receivable | C-15 | | 950,992.37 | 646,689.52 |
| Due Grant Fund | C-11 | | | 327,878.20 |
| Prospective Assessments Raised by Taxation | C-14 | | 4,600.00 | 4,600.00 |
| Deferred Charges to Future Taxation: | | | | |
| Funded | C-5 | | 3,720,000.00 | 4,635,000.00 |
| Unfunded | C-6 | | 8,913,269.06 | 7,854,239.06 |
| | | | \$ <u>15,413,386.37</u> | \$ <u>15,255,922.97</u> |

LIABILITIES, RESERVES AND FUND BALANCE

| | | | |
|--|------|-------------------------|-------------------------|
| General Serial Bonds | C-9 | 3,720,000.00 | 4,635,000.00 |
| Bond Anticipation Notes | C-16 | 7,632,000.00 | 6,499,000.00 |
| Improvement Authorizations: | | | |
| Funded | C-8 | 284,139.67 | 349,709.21 |
| Unfunded | C-8 | 2,417,133.50 | 1,603,132.40 |
| Reserve for Debt Service | C-13 | 70,568.62 | 70,568.62 |
| Reserve for Prospective Assessments Raised by Taxation | C-14 | 4,600.00 | 4,600.00 |
| Capital Improvement Fund | C-7 | 87,008.81 | 127,768.81 |
| Contracts Payable | C-10 | 1,068,540.09 | 1,800,062.35 |
| Fund Balance | C-1 | 129,395.68 | 166,081.58 |
| | | \$ <u>15,413,386.37</u> | \$ <u>15,255,922.97</u> |

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

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

STATEMENT OF FUND BALANCE - REGULATORY BASIS

| | <u>REF.</u> | |
|---|-------------|----------------------|
| Balance, December 31, 2022 | C | \$ 166,081.58 |
| Increased by: | | |
| Premium on Bond Anticipation Notes Issued | C-2 | \$ <u>53,314.10</u> |
| | | <u>53,314.10</u> |
| | | \$ <u>219,395.68</u> |
| Decreased by: | | |
| Improvement Authorizations | C-8 | <u>90,000.00</u> |
| | | <u>90,000.00</u> |
| Balance, December 31, 2023 | C | <u>\$ 129,395.68</u> |

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

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GENERAL FIXED ASSETS ACCOUNT GROUP

BOROUGH OF KENILWORTH
GENERAL FIXED ASSETS ACCOUNT GROUP
BALANCE SHEETS - REGULATORY BASIS

| | BALANCE DECEMBER <u>31, 2023</u> | (AS RESTATED) BALANCE DECEMBER <u>31, 2022</u> |
|-------------------------------------|--|---|
| General Fixed Assets: | | |
| Land and Land Improvements | \$ 4,733,300.00 | \$ 4,733,300.00 |
| Buildings and Building Improvements | 2,205,117.00 | 2,205,117.00 |
| Machinery and Equipment | <u>9,796,832.86</u> | <u>8,798,517.52</u> |
| <u>Total General Fixed Assets</u> | <u>\$ 16,735,249.86</u> | <u>\$ 15,736,934.52</u> |
| Investments in General Fixed Assets | <u>\$ 16,735,249.86</u> | <u>\$ 15,736,934.52</u> |

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

NOTES TO FINANCIAL STATEMENTS

BOROUGH OF KENILWORTH

NOTES TO FINANCIAL STATEMENTS FISCAL YEAR ENDED DECEMBER 31, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Borough (Borough) of Kenilworth is an instrumentality of the State of New Jersey, established to function as a municipality. The Borough Council consists of elected officials and is responsible for the fiscal control of the Borough.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. The Borough is financially accountable for an organization if the Borough appoints a voting majority of the organization's governing board and (1) the Borough is able to significantly influence the programs or services performed or provided by the organizations; or (2) the Borough is legally entitled to or can otherwise access the organization's resources; the Borough is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Borough is obligated for the debt of the organization. Except as noted below, the financial statements of the Borough include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Borough, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Borough do not include the operations of the local school district, first aid organization, volunteer fire organization or library, inasmuch as their activities are administered by a separate board.

B. Description of Funds

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes three fund types and two account groups to be used by general purpose governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Description of Funds (Continued)

The accounting policies of the Borough of Kenilworth conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Borough of Kenilworth are organized on the basis of funds and an account group which is different from the fund structure required by U.S. GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific government activity. As required by the Division of Local Government Services the Borough accounts for its financial transactions through the following individual funds and account group:

Current Fund - resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Fund - receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group - utilized to account for property, land, buildings and equipment that has been acquired by other governmental funds.

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local government units. The more significant accounting policies and differences in the State of New Jersey are as follows:

A modified accrual basis of accounting is followed with minor exceptions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Revenues - are recorded when received in cash except for certain amounts which are due from other governmental units. Federal and State grants are realized as revenue when anticipated in the Borough's budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Borough, which are susceptible to accrual, are also recorded as receivables with offsetting reserves and recorded as revenue when received. GAAP requires revenues to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

Expenditures - are recorded on the "budgetary" basis of accounting. General expenditures are recorded when an amount is encumbered for goods or services through the issuances of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances, at December 31, are reported as a cash liability in the financial statements and constitute part of the Borough's regulatory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Encumbrances - Contractual orders, at December 31, are reported as expenditures through the establishment of encumbrances payable. Under GAAP, encumbrances outstanding at year end are reported as reservations of fund balance because they do not constitute expenditures or liabilities.

Foreclosed Property - is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. GAAP requires such property to be recorded in the General Fixed Assets Account Group at its market value.

Sale of Municipal Assets - The proceeds from the sale of municipal assets can be held in a reserve until anticipated as a revenue in a future budget. GAAP requires such proceeds to be recorded as a revenue in the year of sale.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Interfunds - Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves. GAAP does not require the establishment of an offsetting reserve.

General Fixed Assets - N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Borough as part of its basic financial statements. General fixed assets are defined as non-expendable personal and real property having a physical existence, a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit. Public domain ("Infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. The Borough has developed a fixed assets accounting and reporting system based on an inspection and appraisal prepared by the Borough.

Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Estimated historical cost for land acquired before 1986 is the assessed value determined at the last revaluation prior to December 31, 1985.

General fixed assets that have been acquired and are utilized in a governmental fund operation are accounted for in the General Fixed Asset Account Group rather than in a governmental fund. No depreciation has been provided on general fixed assets or reported in the financial statements.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed Assets acquired through grants in aid or contributed capital have not been accounted for separately.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Pensions - Governmental Accounting Standards Board (GASB) Statement No. 68 Accounting and financial reporting for pensions administered by state and local government employers improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

Under GAAP, municipalities are required to recognize the pension liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 68. The liability required to be displayed by GASB 68 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 68 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 68.

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions.

It also requires the State of New Jersey to calculate and allocate to each participating member, for note disclosure purposes only, the OPEB net liability of New Jersey Health Benefits Local Government Retiree Plan (the Plan). The statement does not alter the amount of funds that must be budgeted for OPEB payment under existing state law.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting (Continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) (Continued)

Under GAAP, municipalities are required to recognize the OPEB liability in Statements of Revenues, Expenses, Changes in Net Position (balance sheets) and Notes to the Financial Statements in accordance with GASB 75. The liability required to be displayed by GASB 75 is displayed as a separate line item in the Unrestricted Net Position area of the balance sheet.

New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the OPEB liability as a liability on their balance sheets. However, N.J.A.C. 5:30 6.1(c) (2) requires municipalities to disclose GASB 75 information in the Notes to the Financial Statements. The disclosure must meet the requirements of GASB 75.

D. Basic Financial Statements

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Borough presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from financial statements required by GAAP.

NOTE 2: CASH AND CASH EQUIVALENTS

The Borough considers change funds, cash in banks, deposits in the New Jersey Cash Management Fund and Certificates of Deposit as cash and cash equivalents.

A. Deposits

New Jersey statutes permit the deposit of public funds in institutions which are located in New Jersey and which meet the requirements of the Governmental Unit Deposit Protection Act (GUDPA) or the State of New Jersey Cash Management Fund. GUDPA requires a bank that accepts public funds to be a public depository. A public depository is defined as a state bank, a national bank, or a savings bank, which is located in the State of New Jersey, the deposits of which are insured by the Federal Deposit Insurance Corporation. The statutes also require public depositories to maintain collateral for deposits of public funds that exceed certain insurance limits. All collateral must be deposited with the Federal Reserve Bank or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.00.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

A. Deposits (Continued)

The Borough of Kenilworth had the following cash and cash equivalents at December 31, 2023:

| <u>Fund Type</u> | <u>Bank Balance</u> | <u>Reconciling Items</u> | <u>Reconciled Balance</u> |
|---------------------------|-----------------------|--------------------------|---------------------------|
| | <u>Additions</u> | <u>Deletions</u> | |
| Current Fund | \$5,903,864.54 | \$20,346.55 | \$5,732,184.61 |
| Federal State Grant Fund | 73,747.66 | 19,635.41 | 54,112.25 |
| Assessment Trust Fund | 25,655.84 | | 25,655.84 |
| Animal Control Trust Fund | 10,163.00 | | 10,163.00 |
| Other Trust Fund | 1,250,699.46 | \$1,500.00 | 1,204,540.27 |
| General Capital Fund | <u>2,198,893.02</u> | | <u>1,794,524.94</u> |
| | <u>\$9,463,023.52</u> | <u>\$21,846.55</u> | <u>\$8,821,180.91</u> |

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, the deposits may not be returned. The Borough does not have a specific deposit policy for custodial credit risk other than those policies that adhere to the requirements of statute. As of December 31, 2023, based upon the coverage provided by FDIC and NJGUDPA, no amount of the bank balance was exposed to custodial credit risk. Of the cash on balance in the bank, \$292,967.52 was covered by Federal Depository Insurance, and \$9,170,056.00 was covered under the provisions of NJGUDPA.

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments

The purchase of investments by the Borough are strictly limited by the express authority of the New Jersey Local Fiscal Affairs Law, N.J.S.A. 40A:5-15.1. Permitted investments include any of the following type of securities:

1. Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
2. Government money market mutual funds which are purchased from an investment company or investment trust which is registered with the Securities and Exchange Commission under the "Investment Company Act of 1940," 15 U.S.C. 80a-1 et seq., and operated in accordance with 17 C.F.R. § 270.2a-7 and which portfolio is limited to U.S. Government securities that meet the definition of an eligible security pursuant to 17 C.F.R. § 270.2a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. These funds are also required to be rated by a nationally recognized statistical rating organization.
3. 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 obligation bears a fixed rate of interest not dependent on any index or other external factor;
4. Bonds or other obligations of the Local Unit or bonds or other obligations of school districts of which the Local Unit is a part or within which the school district is located.
5. Bonds or other obligations, having a maturity date not more than 397 days from date of purchase, approved by the Division of Local Government Services of the Department of Community Affairs for investment by Local Units;

NOTE 2: CASH AND CASH EQUIVALENTS (CONTINUED)

B. Investments (Continued)

6. Local government investment pools that are fully invested in U.S. Government securities that meet the definition of eligible security pursuant to 17 C.F.R. § 270a-7 and repurchase agreements that are collateralized by such U.S. Government securities in which direct investment may be made pursuant to paragraphs (1) and (3) of N.J.S.A. 5-15.1. This type of investment is also required to be rated in the highest category by a nationally recognized statistical rating organization.
7. 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); or
8. Agreements for the repurchase of fully collateralized securities if:
 - a. the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection;
 - b. the custody of collateral is transferred to a third party;
 - c. the maturity of the agreement is not more than 30 days;
 - d. the underlying securities are purchased through a public depository as defined in section 1 P.L. 1970, c.236 c.17:19-41); and
 - e. a master repurchase agreement providing for the custody and security of collateral is executed.

The Borough's investment activities during the year were in accordance with the above New Jersey Statute. As of December 31, 2023, the Borough had no investment in any securities as described above. Based upon the limitation set forth by New Jersey Statute 40A:5-15.1, the Borough is generally not exposed to credit risky custodial risks, concentration of credit risks, and internal note risks for its investments nor is it exposed to foreign currency for its deposits and investments.

NOTE 3: MUNICIPAL DEBT

The Local Bond Law, Chapter 40A:2, governs the issuance of bonds to finance general municipal capital expenditures. All bonds are retired in annual installments within the regulatory period of usefulness. All bonds issued by the Borough are general obligation bonds, backed by the full faith and credit of the Borough. Bond Anticipation Notes, which are issued to temporarily finance capital projects, shall mature and be paid off within ten years or financed by the issuance of bonds.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

SUMMARY OF MUNICIPAL DEBT (EXCLUDING CURRENT
OPERATING DEBT AND TYPE II SCHOOL DEBT)

| | <u>YEAR 2023</u> | <u>YEAR 2022</u> | <u>YEAR 2020</u> |
|---|------------------|------------------|------------------|
| Issued: | | | |
| General: | | | |
| Bonds and Notes | \$ 11,352,000.00 | \$ 11,134,000.00 | \$ 9,320,000.00 |
| Total Issued | 11,352,000.00 | 11,134,000.00 | 9,320,000.00 |
| Less Funds Temporarily Held to Pay Bonds and Notes | | 225,000.00 | 225,000.00 |
| Reserve for Debt Service | 70,568.62 | 70,568.62 | 70,568.62 |
| Net Debt Issued | \$ 11,281,431.38 | \$ 10,838,431.38 | \$ 9,024,431.38 |
| Authorized but not Issued | | | |
| General: | | | |
| Bonds and Notes | \$ 1,188,191.84 | \$ 1,487,161.84 | \$ 2,945,161.84 |
| Assessment: | | | |
| Bonds and Notes | 93,077.22 | 93,077.22 | 93,077.22 |
| Net Bonds and Notes Issued and and Authorized but not issued | \$ 12,562,700.44 | \$ 12,418,670.44 | \$ 12,062,670.44 |

SUMMARY OF REGULATORY DEBT CONDITION
(ANNUAL DEBT STATEMENT AS OF DECEMBER 31, 2023)

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of .592%.

| | <u>GROSS DEBT</u> | <u>DEDUCTIONS</u> | <u>NET DEBT</u> |
|----------------------------|-------------------|-------------------|------------------|
| Local School District Debt | \$ 6,570,000.00 | \$ 6,570,000.00 | \$ -0- |
| General Debt | 12,633,269.06 | 70,568.62 | 12,562,700.44 |
| | \$ 19,203,269.06 | \$ 6,640,568.62 | \$ 12,562,700.44 |

NET DEBT \$12,562,700.44 DIVIDED BY EQUALIZED VALUATION BASIS PER N.J.S.A. 40A:2-2, AS AMENDED, \$2,123,310,467.00 EQUALS .592%.

NOTE 3: MUNICIPAL DEBT (CONTINUED)

BORROWING POWER UNDER N.J.S.40A:2-6 AS AMENDED

| | |
|--|-------------------------------|
| Equalized Valuation Basis* - December 31, 2023 | \$2,123,310,467.00 |
| 3-1/2 of Equalized Valuation Basis | 74,315,866.35 |
| Net Debt | <u>12,562,700.44</u> |
| Remaining Borrowing Power | <u><u>\$61,753,165.91</u></u> |

*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements and the assessed valuation of Class II Railroad Property of the Borough of Kenilworth for the last three (3) preceding years.

LONG TERM DEBT

SCHEDULE OF ANNUAL DEBT SERVICE FOR PRINCIPAL AND INTEREST
FOR BONDED DEBT ISSUED AND OUTSTANDING AS OF DECEMBER 31, 2023

| YEAR | GENERAL CAPITAL | | | TOTAL |
|------|-------------------------------|-----------------------------|--|-------------------------------|
| | PRINCIPAL | INTEREST | | |
| 2024 | \$ 940,000.00 | \$ 93,837.50 | | \$ 1,033,837.50 |
| 2025 | 940,000.00 | 70,231.25 | | 1,010,231.25 |
| 2026 | 940,000.00 | 46,012.50 | | 986,012.50 |
| 2027 | 450,000.00 | 27,000.00 | | 477,000.00 |
| 2028 | <u>450,000.00</u> | <u>13,500.00</u> | | <u>463,500.00</u> |
| | <u><u>\$ 3,720,000.00</u></u> | <u><u>\$ 250,581.25</u></u> | | <u><u>\$ 3,970,581.25</u></u> |

NOTE 3: MUNICIPAL DEBT (CONTINUED)

LONG TERM DEBT

The General Improvement Bonds are comprised of the following issue:

General Serial Bonds:

| <u>ISSUE</u> | <u>OUTSTANDING BALANCE DECEMBER 31, 2023</u> |
|--|--|
| \$5,600,000.00 in 2013 General Improvement Bonds, due in remaining installments of \$490,000.00 through March 2026 at interest rates between 2.00% and 2.25%. | \$1,470,000.00 |
| \$3,850,000.00 in 2018 General Improvement Bonds, due in annual remaining installments of \$450,000.00 through August 15, 2028 at an interest rates between of 3.00%. | 2,250,000.00 |
| | <u>\$3,720,000.00</u> |

SHORT TERM DEBT

BOND ANTICIPATION NOTES

| | Interest <u>Rate</u> | <u>Maturity Date</u> | <u>Amount</u> |
|-----------------|-------------------------|----------------------|----------------|
| General Capital | 4.500% | 3/1/2024 | \$7,632,000.00 |

NOTE 4: FUND BALANCES APPROPRIATED

Fund balance at December 31, 2023 which was appropriated and included as anticipated revenue in its own fund for the year ending December 31, 2024 was as follows:

| | |
|--------------|----------------|
| Current Fund | \$2,000,000.00 |
|--------------|----------------|

NOTE 5: PROPERTY TAXES

Property Taxes attach as an enforceable lien on property as of January 1. Taxes are levied based on the final adoption of the current year municipal budget, and payable in four installments on February 1, May 1, August 1 and November 1. The Borough bills and collects its own property taxes and also the taxes for the county and the local school district. The collections and remittance of county and school taxes are accounted for in the Current Fund. Borough property tax revenues are recognized when collected in cash and any receivables are recorded with offsetting reserves on the balance sheet of the Borough's Current Fund.

Taxes collected in advance and recorded as cash liabilities in the financial statements are as follows:

| | BALANCE <u>DECEMBER 31, 2023</u> | BALANCE <u>DECEMBER 31, 2022</u> |
|---------------|-------------------------------------|-------------------------------------|
| Prepaid Taxes | \$ <u>233,964.88</u> | \$ <u>161,369.69</u> |

NOTE 6: PENSION PLANS

Substantially all eligible employees participate in the Public Employees' Retirement System (PERS), or the Police, Firemen's Retirement System (PFRS) or the Defined Contribution Retirement System (DCRP), which have been established by state statute and are administered by the New Jersey Division of Pensions and Benefits. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System, Police and Firemen's Retirement System and Consolidated Police and Firemen's Pension Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or are available online at www.nj.gov/treasury/pensions/annrprts.shtml.

NOTE 6: PENSION PLANS (CONTINUED)

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

Police and Firemen's Retirement System (PFRS) - The Police and Firemen's Retirement System (PFRS) was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, and disability benefits to its members. The PFRS is a cost-sharing multiple-employer plan. Membership is mandatory for substantially, all full-time county and municipal police or firemen or officer employees with police powers appointed after June 30, 1944.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Vesting and Benefit Provisions

The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:36. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service. Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving ten years of service credit, in which case, benefits would begin the first day of the month after the member attains normal retirement age.

The vesting and benefit provisions for PFRS are set by N.J.S.A. 43:16A and 43:36. All benefits vest after ten years of service, except for disability benefits, which vest after four years of service. Retirement benefits for age and service are available at age 55. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service.

NOTE 6: PENSION PLANS

Vesting and Benefit Provisions (Continued)

Newly elected or appointed officials that have an existing DCRP account, or are a member of another State-administered retirement system are immediately vested in the DCRP. For newly elected or appointed officials that do not qualify for immediate vesting in the DCRP, employee and employer contributions are held during the initial year of membership. Upon commencing the second year of DCRP membership, the member is fully vested. However, if a member is not eligible to continue in the DCRP for a second year of membership, the member may apply for a refund of the employee contributions from the DCRP, while the employer contributions will revert back to the employer. Employees are required to contribute 5.5% of their base salary and employers contribute 3.0%.

Funding Policy

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group life insurance benefits is based on actual claims paid. For fiscal year 2023, the State's pension contribution was less than the actuarial determined amount. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. During 2023, PERS provides for employee contributions of 7.50% of employees' base salary.

The contribution policy for PFRS is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's contribution amount is based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. The local employers' contribution amounts are based on an actuarially determined rate, which includes the normal cost and unfunded accrued liability. For the fiscal year 2023, the State contributed an amount less than the actuarially determined amount. During 2023, PFRS provides for employee contributions of 10.00% of employees' base salary.

The Borough's share of pension, which is based upon the annual billings received from the state, amounted to \$1,464,182.00 for 2023, \$1,347,728.00 for 2022 and \$1,272,084.00 for 2021.

Certain Borough employees are also covered by the Federal Insurance Contribution Act.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions – GASB 68

The Governmental Accounting Standards Board (GASB) Statement No. 68 “Accounting and Financial Reporting for Public Employees Pensions” requires the State of New Jersey to calculate and allocate, for note disclosure purposes only, the unfunded net pension liability of Public Employees Retirement System (PERS) and the Police and Firemen’s Retirement System (PFRS) of the participating municipality as of December 31, 2023. The statement does not alter the amounts of funds that must be budgeted for pension payments under existing state law.

Under accounting principles and practices prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, any unfunded net pension liability of the municipality, allocated by the State of New Jersey, is not required to be reported in the financial statements as presented and any pension contributions required to be paid are raised in that year’s budget and no liability is accrued at December 31, 2023

Public Employees Retirement System (PERS)

At June 30, 2023, the State reported a net pension liability of \$3,789,583.00 for the Borough’s proportionate share of the total net pension liability. 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. The Borough’s proportion of the net pension liability was based on a projection of the Borough’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2023, the Borough’s proportion was 0.0261632524 percent, which was a decrease of 0.0039251339 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the State recognized an actuarially determined pension benefit of \$231,761.00 for the Borough’s proportionate share of the total pension benefit. The pension expense recognized in the Borough’s financial statements based on the April 1, 2023 billing was \$379,429.00.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|--|-------------------------------------|------------------------------------|
| Differences between expected and actual experience | \$ 36,233.00 | \$ 15,491.00 |
| Changes of assumptions | 8,325.00 | 229,665.00 |
| Net difference between projected and actual earnings on pension plan investments | 17,452.00 | |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | <u>36,592.00</u> | <u>696,365.00</u> |
| | <u>\$ 98,602.00</u> | <u>\$ 941,521.00</u> |

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the State's actuarially calculated pension expense as follows:

| Year Ended <u>June 30.</u> | <u>Amount</u> |
|-------------------------------|------------------------------|
| 2024 | (\$332,030.60) |
| 2025 | (243,629.60) |
| 2026 | 24,103.40 |
| 2027 | (159,882.60) |
| 2028 | <u>(131,479.60)</u> |
| | <u><u>(\$842,919.00)</u></u> |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Actuarial Assumptions

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

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

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

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2023) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major assets class included in PERS's target assets allocation as of June 30, 2023 asset are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers 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.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Sensitivity of the Borough's proportionate share of net pension liability to changes in the discount rate

The following presents the Borough's proportionate share of the net pension liability of the participating employers as of June 30, 2023 respectively, calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the collective net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2023 | | |
|---|--------------------------------|---|--------------------------------|
| | 1% Decrease <u>6.00%</u> | At Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
| Borough's proportionate share of the pension liability | \$4,933,231.00 | \$3,789,583.00 | \$2,816,188.00 |

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. For PERS, the legislation which legally obligates the State is found in Chapter 133, P.L. 2001. This special funding situation is due to the State paying the additional normal cost related to benefit improvements from Chapter 133. Previously, this additional normal cost was paid from the Benefit Enhancement Fund (BEF). As of June 30, 2023, there is no net pension liability associated with this special funding situation as there was no accumulated difference between the annual additional normal cost under the special funding situation and the actual State contribution through the valuation date.

The amounts contributed by the State on behalf of the Borough under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Public Employees Retirement System (PERS) (Continued)

Special Funding Situation (Continued)

The non-employer contributing entities' total proportionate share of the non-employer contribution that is associated with the Borough as of December 31, 2023 was 0.0262625865% which was a decrease of 0.0039460076 percent from its proportion measured as of June 30, 2022. The non-employer contributing entities' contribution and employer pension expense and related revenue for the years ended June 30, 2023 and December 31, 2022 was \$11,818.00 and 9,554.00, respectively.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>

Police and Firemen's Retirement System (PFRS)

At June 30, 2023, the State reported a net pension liability of \$8,135,780.00 for the Borough's proportionate share of the total PFRS net pension liability. 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. The Borough's proportion of the net pension liability was based on a projection of the Borough's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

At June 30, 2023, the Borough's proportion was 0.0736350800 percent, which was a decrease of 0.0097719600 percent from its proportion measured as of June 30, 2022.

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

For the year ended June 30, 2023, the State recognized an actuarially determined pension expense of \$289,155.00. The pension expense recognized in the Borough's financial statements based on the April 1, 2023, billing was \$1,084,753.00.

At June 30, 2023, the State reported deferred outflows of resources and deferred inflows of resources related to PFRS from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|--|--|---|
| Differences between expected and actual experience | \$ 348,358.00 | \$ 388,005.00 |
| Changes of assumptions | 17,560.00 | 549,360.00 |
| Net difference between projected and actual earnings on pension plan investments | 414,340.00 | |
| Changes in proportion and differences between Borough contributions and proportionate share of contributions | <u>272,430.00</u> | <u>1,048,694.00</u> |
| | <u>\$ 1,052,688.00</u> | <u>\$ 1,986,059.00</u> |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended | | |
|----------------|-----------------|------------------------|
| <u>June 30</u> | | <u>Amount</u> |
| 2024 | \$ (471,868.80) | |
| 2025 | (459,101.80) | |
| 2026 | 333,609.20 | |
| 2027 | (197,298.80) | |
| 2028 | (140,245.80) | |
| Thereafter | <u>1,535.00</u> | |
| | | <u>\$ (933,371.00)</u> |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Actuarial Assumptions

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

| | |
|---------------------------|---|
| Inflation | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases | All future years 3.25-16.25% Based on years of Service |
| Investment Rate of Return | 7.00% |

Employee mortality rates were based on the Pubs-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the Pubs-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152.0% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on scale MP-2021.

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.00 percent 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 the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2023 are summarized in the following table:

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

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Discount Rate

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

Sensitivity of the Borough's proportionate share of the net pension liability to changes in the discount rate

The following presents the Borough's proportionate share of the net pension liability of the participating employers as of June 30, 2023, calculated using the discount rate as disclosed above as well as what the Borough's proportionate share of the net pension liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2023 | | |
|--|--------------------------------|---|--------------------------------|
| | 1% Decrease <u>6.00%</u> | At Current Discount Rate <u>7.00%</u> | 1% Increase <u>8.00%</u> |
| Borough's proportionate share of the PFRS pension liability | \$11,335,785.00 | \$8,135,780.00 | \$5,470,941.00 |

NOTE 6: PENSION PLANS (CONTINUED)

Accounting and Financial Reporting for Pensions - GASB 68 (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Special Funding Situation

In accordance with N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation which legally obligates the State is as follows: Chapter 8, P.L. 2000, Chapter 318, P.c. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.c. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed by the State on behalf of the Borough under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the Borough does not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to disclose in the notes to the financial statements of the Borough related to this legislation.

The non-employer contributing entities' total proportionate share of the collective net pension liability that is associated with the Borough as of December 31, 2023 and 2022 is 0.0736352200% and 0.0834068700% respectively, the non-employer contributing entities' contribution for the year ended June 30, 2023 and 2022 was \$171,441.00 and \$211,529.00, respectively and the employer pension expense and related revenue for the year ended June 30, 2023 and 2022 was \$168,196.00 and \$152,757.00, respectively.

At June 30, 2023 and 2022, the State's proportionate share of the net pension liability attributable to the Borough for the PFRS special funding situation is \$1,499,112.00 and \$1,699,098.00, respectively.

At June 30, 2023, the Borough's and State of New Jersey's proportionate share of the PFRS net pension liability were as follows:

| | |
|--|------------------------------|
| Borough's Proportionate Share of Net Pension Liability | \$8,135,780.00 |
| State of New Jersey Proportionate Share of Net Pension Liability Associated with the Borough | <u>1,499,112.00</u> |
| | <u><u>\$9,634,892.00</u></u> |

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Police and Firemen's Retirement System (PFRS). The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 7: COMPENSATED ABSENCES

Under the existing policy of the Borough, employees are allowed to accumulate unused sick pay over the life of their working careers which may be taken as time off or paid at a later date. Certain employees are also entitled to Terminal Pay upon retirement. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented but is estimated by the Borough to be approximately \$749,901.00. The Borough annually appropriates the amounts that are required to be paid in that year's budget. The Borough has \$283,099.50 reserved in the Trust Other Fund to provide for costs at December 31, 2023.

NOTE 8: LITIGATION

The Borough Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Borough's insurance carrier or would have a material financial impact on the Borough.

NOTE 9: CONTINGENT LIABILITIES

The Borough participates in several state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2023, the Borough does not believe that any material liabilities will result from such audits.

NOTE 10: RISK MANAGEMENT

The Borough is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Borough participates in a self insurance program through the Garden State Municipal Joint Insurance Fund covering each of those risks of loss. The Fund is operated in accordance with regulations of the New Jersey Department of Insurance and the Division of Local Government Services of the Department of Community Affairs. The Borough's contribution to the Fund for claim payments are based on actuarial assumption determined by the Fund's actuary. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Borough.

NOTE 10: RISK MANAGEMENT (CONTINUED)

New Jersey Unemployment Compensation Insurance - The Borough has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Borough 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 Borough is billed quarterly for amounts due to the State. Below is a summary of Borough contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Borough's expendable trust fund for the current and previous two years:

| Calendar <u>Year</u> | Borough/Employee <u>Contributions</u> | <u>Interest</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-------------------------|--|-----------------|------------------------------|---------------------------|
| 2023 | \$30,806.62 | \$4,903.87 | \$33,220.05 | \$209,635.68 |
| 2022 | 30,446.19 | 142.34 | 21,184.47 | 207,145.24 |
| 2021 | 159,708.11 | 9.35 | 22,467.14 | 197,741.18 |

Self Insurance - The Borough has established a self-insurance program in accordance with New Jersey Statute Chapter 40A:10. The Borough is currently self-insured for prescription drug coverage. The Borough's share of costs amounted to \$843,616.79 for 2023, \$795,581.29 for 2022 and \$602,634.39 for 2021.

NOTE 11: DEFERRED COMPENSATION PLAN

The Borough offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Borough employees, permits them to defer a portion of their salaries until future years. The Borough does not make any contribution to the Plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Protection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Borough's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Lincoln National Life Insurance Company.

The accompanying financial statements do not include the Borough's Deferred Compensation Plan activities.

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at December 31, 2023:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Interfund Payable</u> |
|----------------------|-----------------------------|---------------------------|
| Current Fund | \$1,789.16 | |
| Assessment Fund | | \$30,035.76 |
| Animal Control Fund | | 1,753.40 |
| General Capital Fund | 30,000.00 | |
| | <u><u>\$31,789.16</u></u> | <u><u>\$31,789.16</u></u> |

All balances resulted from the time lag between the dates that short-term loans were disbursed and payments between funds were made.

NOTE 13: LENGTH OF SERVICE AWARDS PROGRAM

During 2001, the Borough of Kenilworth adopted ordinance 2000-17 establishing a Length of Service Awards Program for the members of the Kenilworth Fire Department and the Kenilworth First Aid Squad pursuant to N.J.S.A. 40A: 14-183 et seq.

Under this program, each volunteer of the Kenilworth Fire Department and First Aid Squad that performs the minimum amount of service will have an annual amount of \$1,150.00 deposited into a tax deferred income account that will earn interest for the volunteer. The Borough's costs amounted to \$41,400.00 during 2023.

The accompanying financial statements do not include the Borough's Length of Service Awards Program activities.

NOTE 14: DEFERRED CHARGES TO BE RAISED IN SUCCEEDING BUDGETS

Certain expenditures are required to be deferred to budgets of succeeding years. At December 31, 2023, the following deferred charges are shown on the balance sheets of the various funds:

| | <u>BALANCE DECEMBER 31, 2023</u> | <u>2024 BUDGET APPROPRIATION</u> | <u>BALANCE TO SUCCEEDING YEARS</u> |
|------------------------------------|--|--|--|
| Current Fund: | | | |
| Special Emergency (40A:4-53)-COVID | \$196,867.20 | \$65,622.40 | \$131,244.80 |
| | <u><u>\$196,867.20</u></u> | <u><u>\$65,622.40</u></u> | <u><u>\$131,244.80</u></u> |

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75

The Governmental Accounting Standards Board (GASB) has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses for postemployment benefits other than pensions. OPEB obligations are non-pension benefits that the municipality has contractually or otherwise agreed to provide employees once they have retired and, in most instances, will be for retirement health, prescription and dental insurance coverage.

Under current New Jersey budget and financial reporting requirements, the municipality is not required to fund any amounts in excess of their current costs on a pay-as-you-go basis or to accrue funds, create a trust or issue debt to finance their other post-employment benefit liability. Additionally, the Borough is not required to recognize any long-term obligations resulting from OPEB on their financial statements.

Plan Description and Benefits Provided

The State Health Benefit Local Government Retired Employees Plan (the Plan) is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan with a special funding situation. It covers employees of local government employers that have adopted a resolution to participate in the Plan. The Plan meets the definition of an equivalent arrangement as defined in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions*; therefore, assets are accumulated to pay associated benefits.

The Plan provides medical and prescription drug coverage to retirees and their covered dependents of the employers. Under the provisions of Chapter 88, P.L. 1974 and Chapter 48, P.L. 1999, local government employers electing to provide postretirement medical coverage to their employees must file a resolution with the Division. Under Chapter 88, local employers elect to provide benefit coverage based on the eligibility rules and regulations promulgated by the State Health Benefits Commission. Chapter 48 allows local employers to establish their own age and service eligibility for employer paid health benefits coverage for retired employees.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Plan Description and Benefits Provided (Continued)

Under Chapter 48, the employer may assume the cost of postretirement medical coverage for employees and their dependents who: 1) retired on a disability pension; or 2) retired with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 3) retired and reached the age of 65 with 25 or more years of service credit in a State or locally administered retirement system and a period of service of up to 25 years with the employer at the time of retirement as established by the employer; or 4) retired and reached age 62 with at least 15 years of service with the employer. Further, the law provides that the employer paid obligations for retiree coverage may be determined by means of a collective negotiations' agreement.

In accordance with Chapter 330, P.L. 1997, which is codified in N.J.S.A 52: 14-17.32i, the State provides medical and prescription coverage to local police officers and firefighters, who retire with 25 years of service or on a disability from an employer who does not provide postretirement medical coverage. Local employers were required to file a resolution with the Division in order for their employees to qualify for State-paid retiree health benefits coverage under Chapter 330.

The State also provides funding for retiree health benefits to survivors of local police officers and firefighters who die in the line of duty under Chapter 271, P.L.1989.

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.

Contributions

The Borough's contributions to SHBP for the years ended December 31, 2022, 2021 and 2020 were \$695,058.43 and \$526,400.84 and \$455,051.04 respectively, which equaled the required contributions for each year.

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Total Net OPEB Liability

At June 30, 2022, the Plan reported a Liability of \$16,566,901.00 for the Borough's proportionate share of the collective Net OPEB liability. The total Net OPEB Liability measured as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022.

The Borough's proportion of the Net OPEB Liability was based on the ratio of the plan members of an individual employer to the total members of the Plan's nonspecial funding situation during the measurement period July 1, 2021 through June 30, 2022.

At June 30, 2022, the Borough's proportion was 0.102584 percent, which was a decrease of 0.004118 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the State reported OPEB expense of \$413,536.00. This OPEB expense was based on the OPEB plans June 30, 2022 measurement date.

At June 30, 2022, the State reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflow of Resources</u> | <u>Deferred Inflow of Resources</u> |
|---|--|---|
| Differences between expected and actual experience | \$855,532.00 | \$3,070,799.00 |
| Changes of assumptions | 2,210,922.00 | 5,653,964.00 |
| Net difference between projected and actual earnings on OPEB plan investments | 4,361.00 | |
| Changes in proportion | <u>3,982,191.00</u> | <u>2,374,822.00</u> |
| | <u><u>\$7,053,006.00</u></u> | <u><u>\$11,099,585.00</u></u> |

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Other local amounts reported by the State as the Borough's proportionate share of deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the State's actuarially calculated pension (benefit)/expense as follows:

| Year Ended | |
|-----------------|--------------------------------|
| <u>June 30,</u> | <u>Amount</u> |
| 2023 | (\$1,179,720.20) |
| 2024 | (1,181,046.20) |
| 2025 | (865,043.20) |
| 2026 | (208,432.20) |
| 2027 | 202,670.80 |
| 2028-2029 | <u>(815,008.00)</u> |
| | <u><u>(\$4,046,579.00)</u></u> |

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Salary Increases:

Public Employees Retirement System (PERS):

Initial Fiscal Year Applied

Rate for All Future Years 2.75% to 6.55%

Police and Firemen's Retirement System (PFRS):

Rate for All Future Years 3.25% to 16.25%

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Actuarial Assumptions and Other Inputs (Continued)

Mortality

| | |
|------|--|
| PERS | Pub-2010 General classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021 |
| PFRS | Pub-2010 Safety classification headcount weighted mortality with fully generational mortality improvement projections from the central year using scale MP-2021 |

*Salary increases are based on years of service within the respective plan.

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

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

Discount Rate

The discount rate for June 30, 2022 was 3.54%. This represents the municipal bond return rate as chosen by the State. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long- term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the Borough's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability associated with the Borough's as of June 30, 2022, calculated using the discount rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2022 | | |
|--|-------------------------|---------------------|-------------------|
| | 1.00% | At Discount | 1.00% Increase |
| | <u>Decrease (2.54%)</u> | <u>Rate (3.54%)</u> | <u>(4.54%)</u> |
| Borough's proportionate share of the Net OPEB Liability | \$19,204,373.37 | \$16,566,901.03 | \$14,444,807.76 |

NOTE 15: ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS – GASB 75 (CONTINUED)

Sensitivity of the Borough's Proportionate Share of the Net OPEB Liability to Changes in Healthcare Trends

The following presents the total Net OPEB Liability associated with the Borough's as of June 30, 2022, calculated using the healthcare trend rate as disclosed above as well as what the Net OPEB Liability would be if it was calculated using a healthcare trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

| | June 30, 2022 | | |
|--|--------------------------|--------------------------------------|--------------------------|
| | 1.00% <u>Decrease</u> | Healthcare Cost <u>Trend Rate</u> | 1.00% <u>Increase</u> |
| Borough's proportionate share of the Net OPEB Liability | \$14,054,200.91 | \$16,566,901.03 | \$19,784,962.33 |

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey State Health Benefits Local Government Retired Employees Plan. The report may be obtained at State of New Jersey Division of Pensions and Benefits P.O. Box 295 Trenton, New Jersey 08625-0295 <http://www.state.nj.us/treasury/pensions>.

NOTE 16: SCHOOL TAXES

Local School Taxes have been raised and liabilities deferred by statute, resulting in the school taxes prepaid set forth in the Current Fund as follows:

| | LOCAL SCHOOL TAX | |
|----------------|--|--|
| | BALANCE DECEMBER <u>31, 2023</u> | BALANCE DECEMBER <u>31, 2022</u> |
| Balance of Tax | \$11,816,537.51 | \$11,482,638.59 |
| Deferred | 11,441,001.50 | 11,246,183.50 |
| Tax Payable | <u>\$375,536.01</u> | <u>\$236,455.09</u> |

NOTE 17: FIXED ASSETS

Below is a summary of the General Fixed Assets Account Group for the year ended December 31, 2023:

| | (As Restated) | | | |
|-------------------------|--|-----------------------|--------------------|--|
| | Balance December 31, <u>2022</u> | <u>Additions</u> | <u>Deletions</u> | Balance December 31, <u>2023</u> |
| Land | \$4,733,300.00 | | | \$4,733,300.00 |
| Buildings | 2,205,117.00 | | | 2,205,117.00 |
| Machinery and Equipment | <u>8,798,517.52</u> | <u>\$1,038,475.23</u> | <u>\$40,159.89</u> | <u>9,796,832.86</u> |
| | <u>\$15,736,934.52</u> | <u>\$1,038,475.23</u> | <u>\$40,159.89</u> | <u>\$16,735,249.86</u> |

NOTE 18: ECONOMIC DEPENDENCY

The Borough is economically dependent on one taxpayer as a major source of tax revenue. The Borough receives approximately 17% of their tax revenue from Kenilworth Corporate Property LLC..

NOTE 19: TAX APPEALS

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the year 2023, including one by Merch Sharp and Dohme Corp., the Borough's largest taxpayer. Any reduction in assessed valuation will result in a refund of prior years' taxes in the year of settlement under accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey the Borough does not recognize liability, if any, until a case has been adjudicated. The borough has reserved \$481,637.59 to provide for tax appeals.

NOTE 20: SUBSEQUENT EVENTS

The Borough has evaluated subsequent events occurring after the financial statement date through July 25, 2024 which is the date the financial statements were available to be issued. Based upon this evaluation, the Borough has determined that there are no subsequent events needed to be disclosed.

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BOROUGH OF KENILWORTH
SUPPLEMENTARY SCHEDULES – ALL FUNDS
YEAR ENDED DECEMBER 31, 2023

BOROUGH OF KENILWORTH

CURRENT FUND / GRANT FUND

SCHEDULE OF CASH-TREASURER

| REF. | CURRENT FUND | GRANT FUND |
|---|------------------|------------------|
| Balance, December 31, 2022 | \$ 5,171,702.46 | \$ 129,213.56 |
| Increased by Receipts: | | |
| Taxes Receivable | \$ 45,977,157.49 | \$ |
| Prepaid Taxes | 233,964.88 | |
| Tax Overpayments | 35,534.69 | |
| State of New Jersey | 45,000.00 | |
| Senior Citizens Disallowed | 750.00 | |
| Miscellaneous Revenue Not Anticipated | 221,986.05 | |
| Revenue Accounts Receivable | 2,326,755.37 | |
| Reserve for Grants - Unappropriated | | |
| Grants Receivable | | |
| Interfunds | 666,937.15 | |
| Appropriation Refunds | 554,452.31 | |
| Petty Cash | 250.00 | |
| DCA Fees Due State of New Jersey | 19,927.00 | |
| Marriage Licenses Due State of New Jersey | 325.00 | |
| State Aid Unappropriated | 103,907.97 | |
| | | |
| | | 662,711.41 |
| | | \$ 55,358,660.37 |
| | | |
| Decreased by Disbursements: | | |
| 2023 Appropriations | \$ 17,036,651.33 | \$ |
| 2022 Appropriation Reserves | 988,207.63 | |
| Interfunds | 669,333.91 | |
| County Taxes | 8,328,758.70 | |
| Local District School Taxes | 22,548,104.08 | |
| DCA Fees Due State of New Jersey | 18,590.00 | |
| Reserve for Tax Overpayments | 35,534.69 | |
| Reserve for Tax Appeals | 666.67 | |
| Petty Cash | 250.00 | |
| Refund of Fees and Permits | 105.00 | |
| Refund of Prior Year Revenue | 273.75 | |
| | | |
| | | 409,691.52 |
| | | |
| Balance, December 31, 2023 | \$ 5,732,184.61 | \$ 54,112.25 |
| | | |
| | | 737,812.72 |

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF RESERVE FOR TAX APPEALS

REF.

| | | |
|--|-----|----------------------|
| Balance, December 31, 2022 | A | \$ 452,304.26 |
| Increased by: | | |
| Transferred from Budget Appropriations | A-3 | \$ <u>30,000.00</u> |
| | | 30,000.00 |
| | | \$ <u>482,304.26</u> |
| Decreased by Disbursements: | | |
| Cash Disbursements | A-4 | <u>666.67</u> |
| Balance, December 31, 2023 | A | \$ <u>481,637.59</u> |

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF DUE STATE OF NEW JERSEY
FOR SENIOR CITIZENS AND VETERANS DEDUCTIONS

| | <u>REF.</u> | | |
|--|-------------|--------------------|------------------|
| Balance, December 31, 2022 (Due From) | A | \$ | 6,036.72 |
| Increased by: | | | |
| Senior Citizens and Veterans per Tax Duplicate | | \$ 45,250.00 | <u>45,250.00</u> |
| | | | 51,286.72 |
| Decreased by: | | | |
| Senior Citizens Deductions Disallowed by Collector | | | |
| Prior Year | A-4 | \$ 750.00 | |
| Current Year | | 500.00 | |
| Received from the State of New Jersey-Treasurer | A-4 | <u>45,000.00</u> | <u>46,250.00</u> |
| Balance, December 31, 2023 (Due From) | A | \$ <u>5,036.72</u> | |

CALCULATION OF STATE'S SHARE OF
2023 SENIOR CITIZENS AND VETERANS DEDUCTIONS

| | | |
|---|-----|---------------------|
| Senior Citizens and Veterans: | | |
| Per Tax Duplicate | | \$ 45,250.00 |
| | | <u>45,250.00</u> |
| Less: Senior Citizens Deductions Disallowed by Collector | | 500.00 |
| | A-7 | \$ <u>44,750.00</u> |

"A-7"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

| <u>YEAR</u> | <u>BALANCE DECEMBER 31, 2022</u> | <u>LEVY 2023 TAXES</u> | <u>COLLECTIONS</u> | | <u>CANCELED</u> | <u>TRANSFERRED TO TAX TITLE LIENS</u> | <u>BALANCE DECEMBER 31, 2023</u> |
|--|--|----------------------------|----------------------|-------------------------|---------------------|---|--|
| | | | <u>2022</u> | <u>2023</u> | | | |
| 2022 and Prior | \$ 294,598.99 | \$ 46,259,810.88 | \$ 161,369.69 | \$ 290,788.60 | \$ 31,482.63 | \$ 459.60 | \$ 3,810.39 |
| 2023 | \$ <u>294,598.99</u> | \$ <u>46,259,810.88</u> | \$ <u>161,369.69</u> | \$ <u>45,731,118.89</u> | \$ <u>31,482.63</u> | \$ <u>459.60</u> | \$ <u>335,380.07</u> |
| | | | | | | | |
| <u>REF.</u> | <u>A</u> | | <u>A-2:A-16</u> | <u>A-2</u> | <u>A-8</u> | <u>A</u> | |
| | | | | | | | |
| Cash | | | <u>REF.</u> | | | | |
| Senior Citizens Deductions | | | A-4 | \$ 45,977,157.49 | | | |
| | | | A-6 | \$ 44,750.00 | | | |
| | | | | \$ <u>46,021,907.49</u> | | | |
| | | | | | | | |
| <u>ANALYSIS OF 2023 PROPERTY TAX LEVY</u> | | | | | | | |
| <u>TAX YIELD</u> | | | | | | | |
| General Purpose Tax | | | | | | | |
| Added Taxes | | | | | | | |
| | | | | | | | |
| <u>TAX LEVY</u> | | | | | | | |
| Local District School Tax (Abstract) | | | | | | | |
| County Tax (Abstract) | | | | | | | |
| Due County for Added Taxes (54.4-63.1 et.seq.) | | | | | | | |
| | | | | | | | |
| <u>Total County Taxes</u> | | | | | | | |
| Local Tax for Municipal Purposes (Abstract) | | | | | | | |
| Minimum Library tax | | | | | | | |
| Add. Additional Tax Levied | | | | | | | |
| | | | | | | | |
| Local Tax for Municipal Purposes Levied | | | | | | | |

"A-8"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF TAX TITLE LIENS

| | <u>REF.</u> | | |
|--------------------------------|-------------|----|------------------|
| Balance, December 31, 2022 | A | \$ | 13,403.15 |
| Increased by: | | | |
| Transfer From Taxes Receivable | A-7 | \$ | 459.60 |
| Interest and Costs | | | <u>1,237.74</u> |
| | | | <u>1,697.34</u> |
| Balance, December 31, 2023 | A | \$ | <u>15,100.49</u> |

"A-9"

SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)

| | | | |
|---|---|----|-------------------|
| Balance, December 31, 2022 and December 31, 2023 | A | \$ | <u>157,200.00</u> |
|---|---|----|-------------------|

BOROUGH OF KENILWORTHCURRENT FUNDSCHEDULE OF REVENUE ACCOUNTS RECEIVABLE

| REF. | BALANCE DECEMBER 31.2022 | ACCURED IN 2023 | COLLECTED BY COLLECTOR- TREASURER | BALANCE DECEMBER 31.2023 |
|--|--------------------------------|------------------------|---|--------------------------------|
| | | | | |
| Clerk: | | | | |
| Licenses: | | | | |
| Alcoholic Beverage | A-2 | \$ 18,900.00 | \$ 18,900.00 | \$ 18,900.00 |
| Other | A-2 | 28,195.00 | | 28,195.00 |
| Fees and Permits | A-2 | 1,900.00 | | 1,900.00 |
| Board of Health: | | | | |
| Fees and Permits | A-2 | 2,962.00 | | 2,962.00 |
| Municipal Court: | | | | |
| Fines and Costs | A-2 | 4,709.45 | 77,461.37 | 4,592.74 |
| Police Department: | | | | |
| Fees and Permits | A-2 | 9,171.85 | | 9,171.85 |
| Fire Department: | | | | |
| Fees and Permits | A-2 | 9,325.00 | | 9,325.00 |
| Planning Board | | | | |
| Fees and Permits | A-2 | 40,900.00 | | 40,900.00 |
| Street Opening Permits | A-2 | 156,885.00 | | 156,885.00 |
| Energy Receipts Tax | A-2 | 1,003,074.00 | | 1,003,074.00 |
| Uniform Fire Safety Act - Local Fees | A-2 | 36,487.00 | | 36,487.00 |
| Uniform Fire Safety Act | A-2 | 57,608.54 | | 57,608.54 |
| Cable TV Franchise Tax | A-2 | 102,328.72 | | 102,328.72 |
| Uniform Construction Code Fees | A-2 | 251,863.00 | | 251,863.00 |
| Trailer Storage Fees | A-2 | 7,800.00 | | 7,800.00 |
| Interest on Investments | A-2 | 183,062.74 | | 183,062.74 |
| Interest and Costs on Taxes | A-2 | 83,037.79 | | 83,037.79 |
| Hotel Occupancy Tax | A-2 | 117,916.65 | | 117,916.65 |
| Outside Police Duty Administrative Fees | A-2 | 33,157.50 | | 33,157.50 |
| Outside Police Duty Use of Vehicles Fees | A-2 | 49,200.00 | | 49,200.00 |
| School Resource Officer | A-2 | 55,402.50 | | 55,402.50 |
| | | | | |
| | <u>\$ 4,709.45</u> | <u>\$ 2,326,638.66</u> | <u>\$ 2,326,755.37</u> | <u>\$ 4,592.74</u> |
| REF. | A | | | A |

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF 2022 APPROPRIATION RESERVES

| | BALANCE DECEMBER 31, 2022 | BALANCE AFTER TRANSFER | PAID OR CHARGED | BALANCE LAPSED |
|--|---------------------------------|------------------------------|--------------------|-------------------|
| <u>SALARIES AND WAGES</u> | | | | |
| Municipal Clerk | \$ 16,565.21 | \$ 565.21 | \$ | 565.21 |
| Financial Administration (Tax and Finance) | 10,396.30 | 396.30 | | 396.30 |
| Assessment of Taxes | 573.88 | 573.88 | | 573.88 |
| Traffic Control/Crossing Guards | 16,959.29 | 1,959.29 | | 1,959.29 |
| Road Repairs and Maintenance | 33,696.12 | 3,696.12 | | 3,696.12 |
| Fire | 194.36 | 194.36 | | 194.36 |
| Fire Prevention | 4,649.78 | 649.78 | | 649.78 |
| Planning Board | 400.00 | 400.00 | | 400.00 |
| Plumbing Inspector | 2,086.64 | 86.64 | | 86.64 |
| Electrical Inspector | 17.28 | 17.28 | | 17.28 |
| Fire Protection Official (Sub Code) | 2,948.48 | 948.48 | | 948.48 |
| Construction Code Official | 20,259.71 | 259.71 | | 259.71 |
| Board of Health | 15,635.00 | 635.00 | | 635.00 |
| Parks and Playgrounds | 671.08 | 671.08 | | 671.08 |
| Police | 38,953.16 | 17,953.16 | | 17,953.16 |
| Emergency Management Services | 87.07 | 87.07 | | 87.07 |
| Senior Citizen Transportation | 16,297.42 | 297.42 | | 297.42 |
| Senior Citizen Director | 9,101.46 | 101.46 | | 101.46 |
| Garbage and Trash | 14,275.59 | 1,275.59 | | 1,275.59 |
| Municipal Court | 18,906.71 | 1,906.71 | | 1,906.71 |
| <u>OTHER EXPENSES</u> | | | | |
| Municipal Clerk | 8,226.87 | 13,268.90 | 2,864.39 | 10,404.51 |
| Mayor and Council | 1,154.40 | 2,812.40 | 1,732.01 | 1,080.39 |
| Financial Administration (Tax and Finance) | 21,771.96 | 39,515.02 | 10,238.03 | 29,276.99 |
| Traffic Control/ Crossing Guards | 2,388.71 | 24,771.14 | 21,626.07 | 3,145.07 |
| Assessment of Taxes | 6,282.36 | 1,282.36 | | 1,282.36 |
| Payroll and Human Resources | 8,467.07 | 15,317.01 | 4,758.86 | 10,558.15 |
| Audit | | 225.00 | | 225.00 |
| Public Defender | 4,500.00 | 500.00 | | 500.00 |
| Prosecutor | 3,000.00 | 3,000.00 | | 3,000.00 |
| Legal- Other Expenses | 7,798.93 | 59,783.00 | 20,295.69 | 39,487.31 |
| Engineering Services and Cost | 86,558.00 | 68,680.50 | 15,022.50 | 53,658.00 |
| Planning Board | 23,765.07 | 7,022.57 | 4,463.30 | 2,559.27 |
| Road Repairs and Maintenance | 970.29 | 18,890.30 | 10,877.19 | 8,013.11 |
| Garbage and Trash | 485.14 | 9,656.54 | 6,633.11 | 3,023.43 |
| Municipal Court | 8,122.36 | 10,001.41 | 1,765.94 | 8,235.47 |
| Group Insurance | 54,321.87 | 54,832.17 | 43,984.48 | 10,847.69 |
| Other Insurance | 395.30 | 395.30 | | 395.30 |

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF 2022 APPROPRIATION RESERVES

| | BALANCE DECEMBER 31, 2022 | BALANCE AFTER TRANSFER | PAID OR CHARGED | BALANCE LAPSED |
|--|---------------------------------|------------------------------|--------------------|-------------------|
| OTHER EXPENSES | | | | |
| Health Benefit Waiver | \$ 5,829.75 | \$ 5,829.75 | \$ | \$ 5,829.75 |
| Fire | 14,138.67 | 33,886.34 | 18,343.55 | 15,542.79 |
| Recycling | 46,191.16 | 33,997.77 | 27,875.45 | 6,122.32 |
| Public Buildings and Grounds | 12,971.89 | 35,888.33 | 14,844.35 | 21,043.98 |
| Retirement and Accumulated Leave Compensation | 100.00 | 100.00 | | 100.00 |
| Construction Code Official | 3,098.09 | 4,513.55 | 1,165.44 | 3,348.11 |
| Building Inspector | 500.00 | 500.00 | | 500.00 |
| Plumbing Inspector | 200.00 | 200.00 | | 200.00 |
| Electrical Inspector | 200.00 | 200.00 | | 200.00 |
| Fire Protection Official | 200.00 | 200.00 | | 200.00 |
| Zoning Enforcement | 20,050.00 | 250.00 | 200.00 | 50.00 |
| Sewer System | 14,948.74 | 10,948.74 | 1,000.00 | 9,948.74 |
| Parks and Playgrounds | 2,412.66 | 12,262.58 | 9,415.00 | 2,847.58 |
| Parks | 1,040.00 | 1,040.00 | | 1,040.00 |
| Dog and Cat Regulation | 12,520.00 | 3,520.00 | | 3,520.00 |
| Fire Prevention | 5,414.72 | 5,414.72 | | 5,414.72 |
| Police | 10,904.11 | 97,277.31 | 68,019.15 | 29,258.16 |
| Emergency Management Services | 175.00 | 4,050.00 | 3,875.00 | 175.00 |
| Board of Health | 2,315.61 | 6,767.42 | 5,064.96 | 1,702.46 |
| Senior Citizen Transportation | 3,000.00 | 3,000.00 | | 3,000.00 |
| Senior Citizens Director | 5,307.63 | 6,230.13 | 675.05 | 5,555.08 |
| Celebration of Public Events, Anniversary or Holiday | 1,706.28 | 12,086.94 | 9,011.88 | 3,075.06 |
| Beautification | 1,714.00 | 1,714.00 | | 1,714.00 |
| Solid Waste Disposal | 59,236.44 | 31,421.52 | 17,355.67 | 14,065.85 |
| Other Utilities | 41,885.58 | 32,777.56 | 12,842.53 | 19,935.03 |
| Street Lighting | 28,656.12 | 14,255.10 | | 14,255.10 |
| Fire Hydrant Service | 8,892.40 | 12,001.64 | 11,090.76 | 910.88 |
| Social Security System | 22,171.72 | 7,171.72 | 92.99 | 7,078.73 |
| DCRP | 546.67 | 546.67 | | 546.67 |
| Employee Group Health Insurance | 22,880.00 | 22,880.00 | 22,880.00 | |
| Maintenance of Free Public Library | 133,794.28 | 133,794.28 | 133,794.28 | |
| Length of Service Award Program | 65,000.00 | 65,000.00 | 41,400.00 | 23,600.00 |
| Reserve for Tax Appeals | | 445,000.00 | 445,000.00 | |
| | \$ 1,008,884.39 | \$ 1,407,354.23 | \$ 988,207.63 | \$ 419,146.60 |

| <u>REF.</u> | A | A-4 | A-1 |
|---------------------------------------|------|-----------------|-----|
| Appropriation Reserves | A-11 | \$ 1,008,884.39 | |
| Transferred from Encumbrances Payable | A-15 | 398,469.84 | |
| | | \$ 1,407,354.23 | |

"A-12"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF CHANGE FUNDS

REF.

Balance, December 31, 2022 and
December 31, 2023

A \$ 250.00

Municipal Court
Collector

\$ 150.00
100.00

\$ 250.00

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF INTERFUND

| REF. | TOTAL | ASSESSMENT TRUST | GRANT FUND | CAPITAL | | ANIMAL CONTROL FUND |
|-----------------------------|---------------|---------------------|---------------|---------|---------------|---------------------------|
| | | | | CURRENT | CHARTER | |
| Receipts | \$ 666,937.15 | \$ 342,791.59 | \$ 342,791.59 | | \$ 666,937.15 | \$ 1,753.40 |
| Other | | | | | | |
| Disbursements | | | | | | |
| A-4 | 669,333.91 | 35.76 | 2,361.00 | | \$ 666,937.15 | |
| A-14 | 340,430.59 | | \$ 340,430.59 | | | |
| A-1 | 1,753.40 | | | | | |
| Animal Control Excess | | | | | | |
| Balance, December 31, 2023: | | | | | | |
| Due From | \$ 1,789.16 | \$ 35.76 | | | | |
| | | | | | | \$ 1,753.40 |

BOROUGH OF KENILWORTH

GRANT FUND

SCHEDULE OF INTERFUNDS

| | <u>REF.</u> | <u>TOTAL</u> | <u>GENERAL CAPITAL</u> | <u>CURRENT FUND</u> |
|--------------------------------------|-------------|-------------------|----------------------------|-------------------------|
| Balance, December 31, 2022 Due To | A | \$ 327,878.20 | \$ 327,878.20 | \$ |
| Receipts | | | | |
| A-4 | | 2,604.00 | | 2,604.00 |
| A-13 | | <u>340,430.59</u> | | <u>340,430.59</u> |
| Disbursements | | | | |
| A-4 | | 328,121.20 | <u>327,878.20</u> | 243.00 |
| A-13 | | <u>342,791.59</u> | | <u>342,791.59</u> |

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF ENCUMBRANCES PAYABLE

| | <u>REF.</u> | <u>FEDERAL AND STATE GRANT FUND</u> | <u>CURRENT FUND</u> |
|---|-------------|---|-------------------------|
| Balance, December 31, 2022 | A | \$ 29,114.28 | \$ 398,469.84 |
| Increased by: | | | |
| Transferred from Current Appropriations | A-3 | | 473,141.67 |
| Transferred from Grants Appropriated | A-20 | 45,515.82 | |
| | | \$ 74,630.10 | \$ 871,611.51 |
| Decreased by: | | | |
| Transferred to Grants Appropriated | A-20 | 29,114.28 | |
| Transferred to Appropriation Reserves | A-11 | | 398,469.84 |
| Balance, December 31, 2023 | A | \$ 45,515.82 | \$ 473,141.67 |

"A-16"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF PREPAID TAXES

| | <u>REF.</u> | | |
|----------------------------|-------------|----|------------|
| Balance, December 31, 2022 | A | \$ | 161,369.69 |
| Increased by: | | | |
| Collection of 2024 Taxes | A-4 | \$ | 233,964.88 |
| | | \$ | 395,334.57 |
| Decreased by: | | | |
| Applied to 2023 Taxes | A-7 | \$ | 161,369.69 |
| Balance, December 31, 2023 | A | \$ | 233,964.88 |

"A-17"

SCHEDULE OF TAX OVERPAYMENTS

| | | | |
|----------------------|-----|----|-----------|
| Increased by: | | | |
| Overpayments in 2023 | A-4 | \$ | 35,534.69 |
| Decreased by: | | | |
| Refunds | A-4 | \$ | 35,534.69 |

"A-18"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF COUNTY TAXES PAYABLE

REF.

| | | | |
|-------------------------------------|---------|----|---------------------|
| Balance, December 31, 2022 | A | \$ | 6,317.25 |
| Increased by: | | | |
| 2023 Tax Levy | A-1:A-7 | \$ | 8,322,441.45 |
| Added Taxes (R.S.54:4-63.l et.seq.) | A-1:A-7 | | <u>9,641.31</u> |
| <u>8,332,082.76</u> | | | |
| | | \$ | 8,338,400.01 |
| Decreased by: | | | |
| Payments | A-4 | | <u>8,328,758.70</u> |
| Balance, December 31, 2023 | A | \$ | <u>9,641.31</u> |

"A-19"

SCHEDULE OF LOCAL DISTRICT SCHOOL TAX PAYABLE

| | | | |
|----------------------------|-----|----|----------------------|
| Balance, December 31, 2022 | | | |
| School Tax Deferred | | \$ | 11,246,183.50 |
| School Tax Payable | A | | <u>236,455.09</u> |
| <u>11,482,638.59</u> | | | |
| Increased by: | | | |
| Levy | A-7 | | <u>22,882,003.00</u> |
| | | \$ | <u>34,364,641.59</u> |
| Decreased by: | | | |
| Payments | A-4 | | <u>22,548,104.08</u> |
| Balance, December 31, 2023 | | | |
| School Tax Deferred | | \$ | 11,441,001.50 |
| School Tax Payable | A | | <u>375,536.01</u> |
| | | \$ | <u>11,816,537.51</u> |

| | | | |
|---|-----|----|----------------------|
| 2023 Liability for Local District School Tax: | | | |
| Tax Paid | | \$ | 22,548,104.08 |
| Tax Payable/(Prepaid) December 31, 2022 | | | <u>236,455.09</u> |
| <u>22,311,648.99</u> | | | |
| Add: Tax Payable December 31, 2023 | | | <u>375,536.01</u> |
| Amount Charged to 2023 Operations | A-1 | \$ | <u>22,687,185.00</u> |

BOROUGH OF KENILWORTH

GRANT FUND

SCHEDULE OF RESERVE GRANTS-APPROPRIATED

| | | <u>REF.</u> | |
|---|------|---------------------|---------------|
| Balance, December 31, 2022 | | A | \$ 168,030.18 |
| Increased by: | | | |
| Transferred From 2023 Budget Appropriations | A-3 | \$ 342,791.59 | |
| Transferred From Encumbrances Payable | A-15 | <u>29,114.28</u> | |
| | | | 371,905.87 |
| | | | \$ 539,936.05 |
| Decreased by: | | | |
| Disbursements | A-4 | \$ 409,691.52 | |
| Encumbrances Payable | A-15 | <u>45,515.82</u> | |
| | | | 455,207.34 |
| Balance, December 31, 2023 | A | \$ <u>84,728.71</u> | |

ANALYSIS OF BALANCE AS OF DECEMBER 31, 2023

| <u>PROGRAM</u> | <u>AMOUNT</u> |
|---------------------------------------|---------------------|
| Alcohol Education Rehabilitation Fund | 4,199.63 |
| Federal Bulletproof Vest Program | 2,012.19 |
| Drunk Driving Enforcement Fund | 12,508.07 |
| Recycling Tonnage Grant | 3,942.20 |
| Municipal Alliance | 3,680.99 |
| Municipal Alliance-Match | 6,751.26 |
| Youth Leadership Grant | 182.00 |
| Body Armor Replacement Fund | 7,844.78 |
| Lead Grant | 17,600.00 |
| Cares Act | 1,007.59 |
| Stormwater Assistance Grant | <u>25,000.00</u> |
| | \$ <u>84,728.71</u> |

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF DCA FEES DUE STATE OF NEW JERSEY

| | <u>REF.</u> | |
|----------------------------|-------------|---------------------|
| Balance, December 31, 2022 | A | \$ 2,793.00 |
| Increased by: | | |
| Cash Receipts | A-4 | <u>19,927.00</u> |
| | | <u>\$ 22,720.00</u> |
| Decreased by: | | |
| Cash Disbursements | A-4 | <u>18,590.00</u> |
| Balance, December 31, 2023 | A | <u>\$ 4,130.00</u> |

SCHEDULE OF MARRIAGE LICENSES DUE STATE OF NEW JERSEY

| | | |
|----------------------------|-----|------------------|
| Balance, December 31, 2022 | A | \$ 30.00 |
| Increased by: | | |
| Cash Receipts | A-4 | <u>325.00</u> |
| Balance, December 31, 2023 | A | <u>\$ 355.00</u> |

BOROUGH OF KENILWORTH

GRANT FUND

SCHEDULE OF RESERVE FOR GRANTS - UNAPPROPRIATED

| <u>GRANT</u> | <u>BALANCE DECEMBER 31, 2022</u> | <u>CASH RECEIPTS</u> | <u>APPLIED TO RECEIVABLE</u> | <u>BALANCE DECEMBER 31, 2023</u> |
|------------------------------|--|--------------------------|----------------------------------|--|
| Body Armor Replacement Grant | \$ 1,896.65 | \$ 2,163.69 | \$ 1,896.65 | \$ 2,163.69 |
| | \$ 1,896.65 | \$ 2,163.69 | \$ 1,896.65 | \$ 2,163.69 |
| | | | | |
| REF. | A | A-4 | A-24 | A |

BOROUGH OF KENILWORTH

GRANT FUND

SCHEDULE OF GRANTS RECEIVABLE

| | <u>BALANCE DECEMBER 31.2022</u> | <u>ACCRUED</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31.2023</u> |
|---|---|----------------------|----------------------|---|
| Clean Communities | \$ 9,272.10 | \$ 17,462.61 | \$ 17,462.61 | \$ 6,123.13 |
| Federal Bulletproof Vest Program | | 1,896.65 | 3,148.97 | |
| Body Armor Replacement Fund | 6,940.20 | 10,666.00 | 10,056.20 | 7,550.00 |
| Municipal Alliance Program | | 14,159.33 | 14,159.33 | |
| Recycling Tonnage Grant | | 3,646.00 | 3,646.00 | |
| Youth Leadership Grant | | 17,600.00 | 17,600.00 | |
| Lead Grant Assistance Program | | 25,000.00 | 15,000.00 | 10,000.00 |
| Stormwater Assistance Grant | | 250,000.00 | 248,992.41 | 1,007.59 |
| Cares Act | | 377,847.45 | 327,878.20 | 49,969.25 |
| Union County Kids Trust Grant Program '20 | | | | |
| | <u>\$ 397,705.75</u> | <u>\$ 340,430.59</u> | <u>\$ 659,840.37</u> | <u>\$ 78,295.97</u> |
| REF. | A | A-2 | A | |
| Receipts | | | \$ 657,943.72 | |
| Unappropriated Applied | | | <u>1,896.65</u> | |
| | | | <u>\$ 659,840.37</u> | |

"A-25"

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF DEFERRED CHARGES

| PURPOSE | BALANCE DECEMBER 31, 2022 | RAISED IN 2023 BUDGET | BALANCE DECEMBER 31, 2023 |
|--|--|----------------------------------|--|
| Current Fund: | | | |
| Emergency Authorization 40A:4-53 - Covid | \$ <u>262,489.60</u> | \$ <u>65,622.40</u> | \$ <u>196,867.20</u> |
| | \$ <u>262,489.60</u> | \$ <u>65,622.40</u> | \$ <u>196,867.20</u> |
| REF. | A | A-3 | A |

BOROUGH OF KENILWORTH

CURRENT FUND

SCHEDULE OF RESERVE FOR STATE UNAPPROPRIATED

REF.

Increased by:

Cash Receipts

A-4 \$ 103,907.97

Balance, December 31, 2023

A \$ 103,907.97

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF CASH - TREASURER

| | <u>REF.</u> | <u>ASSESSMENT</u> | <u>ANIMAL CONTROL</u> | <u>OTHER TRUST</u> |
|---|----------------|----------------------|---------------------------|-------------------------|
| Balance, December 31, 2022 | B | \$ <u>169,032.36</u> | \$ <u>8,348.90</u> | \$ <u>1,704,850.29</u> |
| Increased by Receipts: | | | | |
| Animal Control Fees | B-4 | | 7,661.80 | |
| State of New Jersey-Dog License Fees | B-5 | | 718.20 | |
| Miscellaneous Deposits | B-7 | | | 774,429.18 |
| Due Current Fund | B-11:B-14:B-12 | 35.76 | 55.80 | 2,028.57 |
| Community Development Block Grant | B-8 | | | 41,250.00 |
| Assessments Receivable | B-6 | 7,418.41 | | |
| Payroll Deductions Payable | B-10 | | | 8,599,153.27 |
| | | \$ <u>7,454.17</u> | \$ <u>8,435.80</u> | \$ <u>9,416,861.02</u> |
| | | \$ <u>176,486.53</u> | \$ <u>16,784.70</u> | \$ <u>11,121,711.31</u> |
| Decreased by Disbursements: | | | | |
| Expenditures Under R.S.4:19-15.11 | B-4 | \$ | \$ 5,959.30 | \$ |
| State of New Jersey Animal Control License Fees | B-5 | | 662.40 | |
| Community Development Block Grant | B-13 | | | 70,332.32 |
| Due Current Fund | B-11 | | | 2,028.57 |
| Due General Capital Fund | B-9 | 150,830.69 | | |
| Miscellaneous Deposits | B-7 | | | 1,204,813.66 |
| Payroll Deductions Payable | B-10 | | | 8,639,996.49 |
| | | \$ <u>150,830.69</u> | \$ <u>6,621.70</u> | \$ <u>9,917,171.04</u> |
| Balance, December 31, 2023 | B | \$ <u>25,655.84</u> | \$ <u>10,163.00</u> | \$ <u>1,204,540.27</u> |

"B-3"

BOROUGH OF KENILWORTH

TRUST FUND

ANALYSIS OF CASH - ASSESSMENT FUND

| | BALANCE DECEMBER <u>31, 2023</u> |
|--------------------------|--|
| Due General Capital Fund | \$ 30,000.00 |
| Surplus | 3,704.33 |
| Ordinance 17-09 | (3,233.09) |
| Ordinance 18-11 | <u>(4,851.16)</u> |
| | <u><u>\$ 25,655.84</u></u> |

REF.

B

"B-4"

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

| | <u>REF.</u> | | |
|------------------------------------|-------------|----|-----------------|
| Balance, December 31, 2022 | B | \$ | 8,348.90 |
| Increased by: | | | |
| Dog License Fees Collected | B-2 | | 7,661.80 |
| | | \$ | 16,010.70 |
| Decreased by: | | | |
| Statutory Excess Due Current Fund | B-14 | \$ | 1,697.60 |
| Expenditures Under R.S. 4:19-15.11 | B-2 | | 5,959.30 |
| | | | 7,656.90 |
| Balance, December 31, 2023 | B | \$ | <u>8,353.80</u> |

| <u>LICENSE FEES COLLECTED</u> | |
|-------------------------------|--------------------|
| <u>YEAR</u> | <u>AMOUNT</u> |
| 2022 | \$ 4,011.20 |
| 2021 | 4,342.60 |
| | \$ <u>8,353.80</u> |

"B-5"

SCHEDULE OF DUE STATE OF NEW JERSEY FOR
ANIMAL CONTROL FEES

| | | |
|----------------------------|-----|-----------|
| Increased by: | | |
| Receipts | B-2 | \$ 718.20 |
| Decreased by: | | |
| Disbursements | B-2 | 662.40 |
| Balance, December 31, 2023 | B | \$ 55.80 |

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF ASSESSMENTS RECEIVABLE

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION | ANNUAL INSTALLMENTS | BALANCE DECEMBER 31, 2022 | BALANCE DECEMBER 31, 2023 | | PLEDGED TO DUE GENERAL CAPITAL FUND |
|---------------------|---------------------------------------|------------------------|---------------------------------|---------------------------------|---------------------|---|
| | | | | COLLECTED | BALANCE 31, 2023 | |
| 17-09 | Curb Improvements - Lincoln Drive | 5 | \$ 9,730.43 | \$ 4,879.27 | \$ 4,851.16 | \$ 4,851.16 |
| 18-11 | Curb Improvements - North 15th Street | 5 | 5,772.23 | 2,539.14 | 3,233.09 | 3,233.09 |
| | | | \$ 15,502.66 | \$ 7,418.41 | \$ 8,084.25 | \$ 8,084.25 |
| | | | | | | |
| | | | B | B-2 | B | B |

BOROUGH OF KENILWORTH
TRUST FUND
SCHEDULE OF MISCELLANEOUS DEPOSITS

| | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2022</u> | <u>RECEIPTS</u> | <u>DISBURSEMENTS</u> | <u>BALANCE</u> <u>DECEMBER</u> <u>31, 2023</u> |
|-------------------------------------|--|-----------------|----------------------|--|
| Beautification | \$ 1,045.12 | | | \$ 1,045.12 |
| U.C Youth Commission | 3,037.53 | | | 3,037.53 |
| Tax Sale Premiums | 623,000.00 | | 382,000.00 | 241,000.00 |
| Performance Deposits | 6,625.80 | 2,500.00 | 2,500.00 | 6,625.80 |
| Inflow Infiltration | 39,586.49 | 3,000.00 | | 42,586.49 |
| Donations for Police Equipment | 6,074.86 | | | 6,074.86 |
| Donations for Police | 2,487.76 | | | 2,487.76 |
| Donations for Police Every 15 | 7,664.83 | 1,000.00 | 3,603.80 | 5,061.03 |
| Forfeited Funds Police-County | 90,912.29 | 9.07 | 35.00 | 90,886.36 |
| POAA | 2,617.24 | 120.00 | | 2,737.24 |
| Recreation Programs | 94,362.92 | 162,003.01 | 139,506.09 | 116,859.84 |
| Paving and Sewer Maintenance Escrow | 7,482.50 | | 7,482.50 | |
| Escrow Deposits | 98,979.38 | 63,472.78 | 121,132.14 | 41,320.02 |
| Fire Prevention Penalties | 4,018.78 | | | 4,018.78 |
| Municipal Alliance Donations | 254.85 | | | 254.85 |
| Street Opening Deposits | 3,500.00 | | | 3,500.00 |
| Escrow Engineer | 12,986.00 | | | 12,986.00 |
| County Environmental Health Act | 864.15 | | | 864.15 |
| Maintenance Deposits | 375.00 | | | 375.00 |
| Insurance Safety Award | 1,679.60 | | | 1,679.60 |
| Public Defender | 3,216.50 | 1,999.00 | 4,750.00 | 465.50 |
| Outside Police Overtime | 12,877.50 | 300,736.25 | 303,387.50 | 10,226.25 |
| Board of Health Clinics | 20,974.62 | 440.00 | 4,990.00 | 16,424.62 |
| Tase Night | 1,814.50 | | | 1,814.50 |
| Employee Flex Spending Account | 693.51 | 10,957.57 | 10,725.57 | 925.51 |
| Accumulated Absences | 283,099.50 | | | 283,099.50 |
| Outside Lien Redemption | | 191,481.01 | 191,481.01 | |
| State Unemployment Insurance | 207,145.24 | 35,710.49 | 33,220.05 | 209,635.68 |
| Snow Reserve | 75,541.23 | | | 75,541.23 |
| Tree Removal | | 1,000.00 | | 1,000.00 |
| | \$ 1,612,917.70 | \$ 774,429.18 | \$ 1,204,813.66 | \$ 1,182,533.22 |

REF.

B

B-2

B-2

B

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF COMMUNITY DEVELOPMENT BLOCK GRANTS RECEIVABLE

| | <u>REF.</u> | |
|----------------------------|-------------|---------------------|
| Balance, December 31, 2022 | B | \$ 41,250.00 |
| Increased by: | | |
| County of Union | B-13 | \$ 39,750.00 |
| | | <u>\$ 81,000.00</u> |
| Decreased by: | | |
| Receipts | B-2 | \$ <u>41,250.00</u> |
| | | <u>41,250.00</u> |
| Balance, December 31, 2023 | B | \$ <u>39,750.00</u> |

"B-9"

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF DUE TO GENERAL CAPITAL FUND-ASSESSMENT FUND

REF.

| | | |
|-------------------------------------|-----|-------------------|
| Balance, December 31, 2022 (Due To) | B | \$ 180,830.69 |
| Decreased by: | | |
| Cash Disbursements | B-2 | <u>150,830.69</u> |

"B-10"

SCHEDULE OF RESERVE FOR PAYROLL DEDUCTIONS PAYABLE

| | | |
|-----------------------------|-----|--|
| Balance, December 31, 2022 | B | \$ 93,678.59 |
| Increased by: | | |
| Employee Payroll Deductions | B-2 | <u>8,599,153.27</u> \$ 8,692,831.86 |
| Decreased by: | | |
| Cash Disbursements | B-2 | <u>8,639,996.49</u> |
| Balance, December 31, 2023 | B | \$ <u>52,835.37</u> |

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF DUE CURRENT FUND-TRUST OTHER

| | <u>REF.</u> | |
|--------------------|-------------|--------------------|
| Cash Receipts | B-2 | \$ <u>2,028.57</u> |
| Cash Disbursements | B-2 | \$ <u>2,028.57</u> |

"B-12"

BOROUGH OF KENILWORTH
TRUST FUND
SCHEDULE OF DUE CURRENT FUND-ASSESSMENT FUND

REF.

| | | | |
|-------------------------------------|-----|----|--------------|
| Increased by: | | | |
| Cash Receipts | B-2 | \$ | 35.76 |
| Balance, December 31, 2023 (Due To) | B | \$ | <u>35.76</u> |

"B-13"

SCHEDULE OF RESERVE FOR COMMUNITY DEVELOPMENT BLOCK GRANTS

| | | | |
|----------------------------|-----|------------------|------------------|
| Balance, December 31, 2022 | B | \$ | 39,504.00 |
| Increased by: | | | |
| County of Union | B-8 | \$ | <u>39,750.00</u> |
| | | \$ | <u>79,254.00</u> |
| Decreased by: | | | |
| Disbursements | B-2 | <u>70,332.32</u> | <u>70,332.32</u> |
| Balance, December 31, 2023 | B | \$ | <u>8,921.68</u> |

"B-14"

SCHEDULE OF DUE CURRENT FUND-ANIMAL CONTROL

| | | | |
|-------------------------------------|-----|----|-----------------|
| Increased by: | | | |
| Animal Control Excess | B-4 | \$ | 1,697.60 |
| Cash Receipts | B-2 | \$ | <u>55.80</u> |
| | | \$ | <u>1,753.40</u> |
| Balance, December 31, 2023 (Due To) | B | \$ | <u>1,753.40</u> |

"B-15"

BOROUGH OF KENILWORTH

TRUST FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS FUNDED

| <u>ORDINANCE NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>BALANCE DECEMBER 31, 2022</u> | <u>BALANCE DECEMBER 31, 2023</u> | <u>PLEDGED TO RESERVE</u> |
|-----------------------------|---|--|--|-------------------------------|
| 20-09 | Installation of Various Curbings at Various Streets | \$ 4,600.00 | \$ 4,600.00 | \$ 4,600.00 |

BOROUGH OF KENILWORTH
GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL CASH - TREASURER

| | <u>REF.</u> | |
|---|-------------|-------------------------|
| Balance, December 31, 2022 | C | \$ 1,606,685.50 |
| Increased by Receipts: | | |
| Capital Improvement Fund | C-7 | \$ 60,000.00 |
| Bond Anticipation Notes | C-16 | 7,632,000.00 |
| Due Current Fund | C-4 | 761,589.99 |
| Due Grant Fund | C-11 | 327,878.20 |
| Due Assessment Trust Fund | C-12 | 150,830.69 |
| Grants Receivable | C-15 | 219,937.15 |
| Premium on Bond Anticipation Notes Issued | C-1 | <u>53,314.10</u> |
| | | <u>9,205,550.13</u> |
| | | \$ <u>10,812,235.63</u> |
| Decreased by Disbursements: | | |
| Contracts Payable | C-10 | \$ 1,884,090.70 |
| Bond Anticipation Notes | C-16 | 6,372,030.00 |
| Due Current Fund | C-4 | <u>761,589.99</u> |
| | | <u>9,017,710.69</u> |
| Balance, December 31, 2023 | C | <u>\$ 1,794,524.94</u> |

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

ANALYSIS OF CAPITAL CASH

BALANCE
DECEMBER
31, 2023

IMPROVEMENT DESCRIPTION

| | |
|---|------------------------|
| Fund Balance | \$ 129,395.68 |
| Capital Improvement Fund | 87,008.81 |
| Due Assessment Trust Fund | (30,000.00) |
| Contracts Payable | 1,068,540.09 |
| Grants Receivable | (950,992.37) |
| Reserve for Debt Service | 70,568.62 |
| Improvement Authorizations - | |
| Funded as Set Forth on "C-8" | 284,139.67 |
| Bond Anticipation Notes Issued - | |
| Unexpended Proceeds as Set Forth on "C-6" | 1,413,892.06 |
| Improvement Authorizations - | |
| Expended as Set Forth on "C-6" | <u>(278,027.62)</u> |
| | |
| | \$ <u>1,794,524.94</u> |

REF.

C

"C-4"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF DUE CURRENT FUND

| | <u>REF.</u> | |
|--------------------|-------------|----------------------|
| Cash Receipts | C-2 | \$ 761,589.99 |
| Cash Disbursements | C-2 | \$ <u>761,589.99</u> |

"C-5"

SCHEDULE OF DEFERRED CHARGES
TO FUTURE TAXATION - FUNDED

| | | |
|---|-----|------------------------|
| Balance, December 31, 2022 | C | \$ 4,635,000.00 |
| Decreased by: | | |
| 2023 Budget Appropriations to Pay Bonds | C-9 | <u>915,000.00</u> |
| Balance, December 31, 2023 | C | \$ <u>3,720,000.00</u> |

BOROUGH OF KENILWORTH
GENERAL CAPITAL FUND

**SCHEDULE OF DEFERRED CHARGES TO FUTURE
TAXATION-UNFUNDED**

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF CAPITAL IMPROVEMENT FUND

| | <u>REF.</u> | |
|---|-------------|---------------------|
| Balance, December 31, 2022 | C | \$ 127,768.81 |
| Increased by: | | |
| 2023 Budget Appropriation | C-2 | \$ 60,000.00 |
| | | \$ 60,000.00 |
| | | <u>187,768.81</u> |
| Decreased by: | | |
| Appropriation to Finance Improvement Authorizations | C-8 | <u>100,760.00</u> |
| Balance, December 31, 2023 | C | <u>\$ 87,008.81</u> |

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF IMPROVEMENT AUTHORIZATIONS

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF GENERAL SERIAL BONDS

"C-10"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF CONTRACTS PAYABLE

| | <u>REF.</u> | |
|---------------------------------------|-------------|------------------------|
| Balance, December 31, 2022 | C | \$ 1,800,062.35 |
| Increased by: | | |
| Charges to Improvement Authorizations | C-8 | \$ 1,192,694.75 |
| | | \$ 2,992,757.10 |
| Decreased by: | | |
| Cash Disbursements | C-2 | \$ 1,884,090.70 |
| Canceled | C-8 | \$ 40,126.31 |
| | | \$ 1,924,217.01 |
| Balance, December 31, 2023 | C | \$ <u>1,068,540.09</u> |

"C-11"

SCHEDULE OF DUE GRANT FUND

| | | |
|---------------------------------------|-----|----------------------|
| Balance, December 31, 2022 (Due from) | C | \$ 327,878.20 |
| Cash Receipts | C-2 | \$ <u>327,878.20</u> |

"C-12"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF DUE ASSESSMENT TRUST FUND

REF.

| | | |
|---------------------------------------|-----|---------------------|
| Balance, December 31, 2022 (Due from) | C | \$ 180,830.69 |
| Receipts | C-2 | <u>150,830.69</u> |
| Balance, December 31, 2023 (Due from) | C | \$ <u>30,000.00</u> |

"C-13"

SCHEDULE OF RESERVE FOR DEBT SERVICE

| | | |
|---|---|---------------------|
| Balance, December 31, 2022 and December 31, 2023 | C | \$ <u>70,568.62</u> |
|---|---|---------------------|

"C-14"

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF PROSPECTIVE ASSESSMENTS RAISED BY TAXATION

| <u>ORDINANCE NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | BALANCE DECEMBER 31, 2022 | BALANCE DECEMBER 31, 2023 |
|-----------------------------|---------------------------------------|---------------------------------|---------------------------------|
| 20-09 | Installation of Granite Block Curbing | \$ 4,600.00 | \$ 4,600.00 |
| | | <u>\$ 4,600.00</u> | <u>\$ 4,600.00</u> |

REF.

C

C

BOROUGH OF KENILWORTH
GENERAL CAPITAL FUND
SCHEDULE OF GRANTS RECEIVABLE

| <u>ORDINANCE NUMBER</u> | <u>DESCRIPTION</u> | <u>BALANCE DECEMBER 31, 2022</u> | <u>2023 AUTHORIZATIONS</u> | <u>DECREASED</u> | <u>BALANCE DECEMBER 31, 2023</u> |
|-----------------------------|---|--|--------------------------------|------------------|--|
| 2019-06 | New Jersey Department of Transportation | \$ 142,915.00 | \$ | \$ | \$ 142,915.00 |
| 2020-07 | New Jersey Department of Transportation | 99,432.77 | | | 99,432.77 |
| 2021-17 | New Jersey Department of Transportation | 122,341.75 | | | 122,341.75 |
| 2022-17 | County of Union | 50,000.00 | | | 50,000.00 |
| 2022-17 | County of Union | 3,000.00 | | | 3,000.00 |
| 2023-14 | New Jersey Department of Transportation | 229,000.00 | | | 229,000.00 |
| 2023-14 | New Jersey Department of Transportation | | 421,240.00 | | 421,240.00 |
| 2023-14 | County of Union DiMario Park | | 50,000.00 | | 50,000.00 |
| 2023-14 | County of Union Parking Lots | | 50,000.00 | | 50,000.00 |
| 2023-14 | County of Union Tree | | 3,000.00 | | 3,000.00 |
| | | | | | |
| | | \$ 646,689.52 | \$ 524,240.00 | \$ 219,937.15 | \$ 950,992.37 |
| | | | | | |
| | <u>REF:</u> | <u>C</u> | <u>C-8</u> | <u>C-2</u> | <u>C</u> |

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF BOND ANTICIPATION NOTES

| ORDINANCE NUMBER | IMPROVEMENT DESCRIPTION |
|------------------|--|
| 17-05 | Various Capital Improvements or Purposes |
| 18-09 | Various Capital Improvements or Purposes |
| 19-06 | Various Capital Improvements or Purposes |
| 19-06 | Various Capital Improvements or Purposes |
| 20-07 | Various Capital Improvements or Purposes |
| 21-17 | Various Capital Improvements or Purposes |
| 22-17 | Various Capital Improvements or Purposes |

| DATE OF ISSUE OF ORIGINAL NOTE | DATE OF ISSUE | DATE OF MATURITY | INTEREST RATE | BALANCE DECEMBER 31, | | DECREASED | BALANCE DECEMBER 31, 2023 |
|--------------------------------|---------------|------------------|---------------|----------------------|-----------------|-----------------|---------------------------|
| | | | | 2022 | INCREASED | | |
| 3/6/2021 | 3/3/2023 | 3/1/2024 | 3.750% | \$ 713,250.00 | \$ 453,726.00 | \$ 713,250.00 | \$ 453,726.00 |
| 3/6/2021 | 3/3/2023 | 3/1/2024 | 3.750% | 1,260,000.00 | 1,196,620.00 | 1,260,000.00 | 1,196,620.00 |
| 3/6/2021 | 3/3/2023 | 3/1/2024 | 3.750% | 641,750.00 | 612,694.00 | 641,750.00 | 612,694.00 |
| 3/5/2021 | 3/3/2023 | 3/1/2024 | 3.750% | 333,250.00 | 333,250.00 | 333,250.00 | 333,250.00 |
| 3/5/2021 | 3/3/2023 | 3/1/2024 | 3.750% | 821,750.00 | 821,750.00 | 821,750.00 | 821,750.00 |
| 3/4/2021 | 3/3/2023 | 3/1/2024 | 3.750% | 2,729,000.00 | 2,729,000.00 | 2,729,000.00 | 2,729,000.00 |
| 3/3/2023 | 3/3/2023 | 3/1/2024 | 3.750% | | 1,484,970.00 | | 1,484,970.00 |
| | | | | \$ 6,499,000.00 | \$ 7,632,000.00 | \$ 6,499,000.00 | \$ 7,632,000.00 |

REF. C C-2
Paid by Budget Appropriation C-6
Disbursements C-2
\$ 6,499,000.00

REF. C C-2
\$ 126,970.00
\$ 6,372,030.00
\$ 6,499,000.00

C:C-6

BOROUGH OF KENILWORTH

GENERAL CAPITAL FUND

SCHEDULE OF BONDS AND NOTES AUTHORIZED
BUT NOT ISSUED

| <u>ORDINANCE NUMBER</u> | <u>IMPROVEMENT DESCRIPTION</u> | <u>BALANCE DECEMBER 31, 2023</u> |
|-----------------------------|---------------------------------------|--|
| | <u>General Improvements</u> | |
| 13-05 | Various Improvements or Purposes | \$ 260.00 |
| 13-09 | Various Improvements or Purposes | 130.00 |
| 14-06 | Various Improvements or Purposes | 119.00 |
| 15-04 | Various Improvements or Purposes | 927.84 |
| 16-02 | Various Improvements or Purposes | 725.00 |
| 22-17 | Various Improvements or Purposes | 30.00 |
| 23-14 | Various Improvements or Purposes | 1,186,000.00 |
| | <u>Local Improvements</u> | |
| 17-09 | Construction of Curbs-Various Streets | 2,677.22 |
| 20-09 | Installation of Granite Block Curbing | <u>90,400.00</u> |
| | | \$ <u>1,281,269.06</u> |

PART II

BOROUGH OF KENILWORTH

STATISTICAL DATA

LIST OF OFFICIALS

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2023

COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGE IN FUND BALANCE - CURRENT FUND

| | YEAR 2023 | | YEAR 2022 | |
|---|-------------------------|----------------|-------------------------|----------------|
| | AMOUNT | % | AMOUNT | % |
| <u>REVENUE AND OTHER INCOME REALIZED</u> | | | | |
| Fund Balance Utilized | \$ 2,000,000.00 | 3.88% | \$ 2,000,000.00 | 4.06% |
| Miscellaneous - From Other Than Local Property Tax Levies | 3,309,977.01 | 6.43% | 3,257,013.93 | 6.61% |
| Collection of Delinquent Taxes and Tax Title Liens | 290,788.60 | 0.56% | 401,167.37 | 0.81% |
| Collection of Current Tax Levy | 45,892,488.58 | 89.12% | 43,598,706.64 | 88.51% |
| <u>Total Income</u> | <u>\$ 51,493,254.19</u> | <u>100.00%</u> | <u>\$ 49,256,887.94</u> | <u>100.00%</u> |
| <u>EXPENDITURES</u> | | | | |
| Budget Expenditures: | | | | |
| Municipal Purposes | \$ 18,438,629.48 | 37.28% | \$ 17,334,551.39 | 36.35% |
| County Taxes | 8,332,082.76 | 16.85% | 8,156,977.93 | 17.11% |
| Local School Taxes | 22,687,185.00 | 45.87% | 22,190,853.00 | 46.54% |
| Other Expenditures | 2,062.91 | 0.00% | 850.00 | 0.00% |
| <u>Total Expenditures</u> | <u>\$ 49,459,960.15</u> | <u>100.00%</u> | <u>\$ 47,683,232.32</u> | <u>100.00%</u> |
| Excess in Revenue | \$ 2,033,294.04 | | \$ 1,573,655.62 | |
| Fund Balance, January 1 | \$ 3,173,855.26 | | \$ 3,600,199.64 | |
| | \$ 5,207,149.30 | | \$ 5,173,855.26 | |
| Less: Utilization as Anticipated Revenue | <u>2,000,000.00</u> | | <u>2,000,000.00</u> | |
| Fund Balance, December 31 | <u>\$ 3,207,149.30</u> | | <u>\$ 3,173,855.26</u> | |

COMPARATIVE SCHEDULE OF TAX RATE INFORMATION

| | <u>2023</u> | <u>2022</u> | <u>2020</u> |
|----------------------------|--------------|--------------|--------------|
| Tax Rate | <u>5.745</u> | <u>5.348</u> | <u>5.211</u> |
| Apportionment of Tax Rate: | | | |
| Municipal | 1.776 | 1.578 | 1.526 |
| Library | 0.088 | 0.072 | 0.066 |
| Local School | 2.846 | 2.715 | 2.647 |
| County | 0.996 | 0.951 | 0.943 |
| County Open Space | 0.039 | 0.032 | 0.029 |

Assessed Valuations:

| | |
|------|-------------------------|
| 2023 | <u>\$804,167,524.00</u> |
| 2022 | <u>\$828,559,868.00</u> |
| 2020 | <u>\$827,045,106.00</u> |

COMPARISON OF TAX LEVIES AND COLLECTION CURRENTLY

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

| YEAR | TAX LEVY | CURRENTLY | |
|------|-----------------|-----------------|---------------------------|
| | | CASH COLLECTION | PERCENTAGE OF COLLECTIONS |
| 2023 | \$46,259,810.88 | \$45,892,488.58 | 99.21% |
| 2022 | \$44,353,477.91 | \$43,598,706.64 | 98.30% |
| 2020 | \$43,170,747.16 | \$42,741,891.30 | 99.01% |

DELINQUENT TAXES AND TAX TITLE LIENS

This tabulation includes a comparison, expressed in percentage, of the total of delinquent taxes and tax title liens in relation to the tax levies of the last three years.

| YEAR | AMOUNT OF TAX | AMOUNT OF TITLE LIENS | AMOUNT OF DELINQUENT TAXES | TOTAL DELINQUENT | PERCENTAGE OF TAX LEVY |
|------|---------------|--------------------------|----------------------------------|---------------------|---------------------------|
| | | | | | |
| 2023 | | \$15,100.49 | \$339,190.46 | \$354,290.95 | 0.77% |
| 2022 | | \$13,403.15 | \$294,598.99 | \$308,002.14 | 0.69% |
| 2021 | | \$10,025.61 | \$404,453.04 | \$414,478.65 | 0.96% |

PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

No properties have been acquired in 2023 by foreclosure or deed, as a result of liquidation of tax title liens.

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last assessed valuation of such properties was as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2023 | \$157,200.00 |
| 2022 | \$157,200.00 |
| 2020 | \$157,200.00 |

COMPARATIVE SCHEDULE OF FUND BALANCES

| | <u>YEAR</u> | <u>BALANCE</u> <u>DECEMBER 31</u> | <u>UTILILIZED IN</u> |
|--------------|-------------|--------------------------------------|--|
| | | | <u>BUDGET OF</u> <u>SUCCEEDING YEAR</u> |
| Current Fund | 2023 | \$3,152,649.77 | \$2,000,000.00 |
| | 2022 | \$3,173,855.26 | \$2,000,000.00 |
| | 2021 | \$3,600,199.64 | \$2,000,000.00 |
| | 2020 | \$3,347,806.92 | \$2,000,000.00 |
| | 2019 | \$2,473,019.08 | \$1,800,689.06 |

OFFICIALS IN OFFICE AND SURETY BONDS

The following officials were in office during the period under audit:

| <u>NAME</u> | <u>TITLE</u> | <u>AMOUNT OF BOND</u> |
|---------------------|---------------------------------------|-----------------------|
| Linda Karlovitch | Mayor | * |
| John Zimmerman | Councilman | * |
| William Mauro | Councilman | * |
| Joseph Finistrella | Councilman | * |
| Savino Scorese | Councilman | * |
| Scott Pentz | Councilman | * |
| Fred Pugliese | Councilman | * |
| Jill Goode | Chief Financial Officer/Tax Collector | * |
| Ken Blum | Assistant Chief Financial Officer | * |
| Angela Lazzari | Borough Clerk | * |
| Mark Semeraro | Borough Attorney | * |
| Kevin Palumbo | Tax Assessor | * |
| Jonathan Rosenbluth | Magistrate | ** |
| Eileen Keating | Court Administrator | ** |
| Anthony Prieto | Prosecutor | * |

All bonds were examined and were properly executed.

* Blanket Bond \$1,000,000.00 Employee Dishonesty Coverage Fidelity & Deposit Company

** \$1,000,000.00, Fidelity & Deposit Company

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GENERAL COMMENTS AND RECOMMENDATIONS

GENERAL COMMENTS

CONTRACTS AND AGREEMENTS REQUIRED TO BE ADVERTISED FOR (N.J.S.A. 40A:11-4)

"Every contract or agreement, for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or the contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only by the governing body of the contracting unit after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding in the aggregate the amount set forth in, or the amount calculated by the Governor pursuant to Section 3 of P.L. 1971, c. 198 (C.40A:11-3), except by contract or agreement."

Effective July 1, 2020, the bid threshold in accordance with N.J.S.A. 40A:11-4 is \$17,500.00 or up to \$44,000.00 if the entity has a Qualified Purchasing Agent. The Borough appointed a Qualified Purchasing Agent and has elected to increase its bid threshold to \$44,000.00.

The governing body of the Municipality has the responsibility of determining whether the expenditures in any category will exceed \$44,000.00 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Borough Counsel's opinion should be sought before a commitment is made.

The minutes indicated that bids were requested by public advertising for the following items:

Road Improvements
Parking Lot Improvements
Sidewalk/Curb Improvements
Waste Disposal

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring or any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear cut violations existed.

Our audit of expenditures did not reveal any individual payments, contracts or agreements in excess of \$44,000.00 "for the performance of any work or the furnishing or hiring of any material or supplies," other than those where bids had been previously sought by public advertisement or where resolution had been previously adopted under the provisions of N.J.S.A. 40A:11-6.

The minutes indicate that resolutions authorizing contracts or agreements for "Professional Services" per N.J.S.A. 40A:11-5 were advertised during 2023 for the following professional services:

| | |
|----------------------|------------------|
| Engineering Services | Borough Auditor |
| Legal Services | Bonding Attorney |

COLLECTION OF INTEREST AND PENALTY ON DELINQUENT TAXES AND ASSESSMENTS

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body on January 4, 2023 adopted the following resolution authorizing interest to be charged on delinquent taxes and assessments:

"BE IT RESOLVED by the Governing Body of the Borough of Kenilworth that the rate of interest on delinquent taxes and assessments owed to the said Borough of Kenilworth, be and it hereby is set at eight percent (8%) on the first One Thousand Five Hundred Dollars (\$1,500.00) of taxes due and eighteen percent (18%) of any amount in excess of One Thousand Five Hundred Dollars (\$1,500.00). Such interest shall not be charged, however, on payments made within ten (10) days from the due date."

"BE IT FURTHER RESOLVED there will be a six percent (6%) penalty on delinquency of Ten Thousand Dollars (\$10,000.00) or more at the end of the calendar year."

It appears from an examination of the Collector's records that interest and penalty were collected in accordance with the foregoing resolutions.

DELINQUENT TAXES AND TAX TITLE LIENS

The last tax sale was held on December 8, 2023 and was complete.

Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31 of the last three years:

| <u>YEAR</u> | <u>NUMBER OF LIENS</u> |
|-------------|------------------------|
| 2023 | 1 |
| 2022 | 1 |
| 2021 | 2 |

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a tax-paying basis.

VERIFICATION OF DELINQUENT TAXES AND OTHER CHARGES

A confirmation of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, consisting of verification notices as follows:

| <u>TYPE</u> | |
|-----------------------|----|
| Payment of 2024 Taxes | 25 |
| Payment of 2023 Taxes | 25 |
| Delinquent Taxes | 10 |

OTHER COMMENTS

Interfund Balances

Transactions invariably occur in one fund which results in a corresponding entry to be made in another fund, thus creating interfund balances. Reference to the various balance sheets show the interfund balances remaining at year end. As a general rule all interfund balances should be closed out before the end of the year.

It is the Borough's policy to review and liquidate all interfund balances on a periodic basis.

Departments

We noted the Board of Health did not always submit turnover slips to the Treasurer when turning over monies and did not always record receipts on the day of receipt.

RECOMMENDATIONS

That the Board of Health submit turnover slips to the Treasurer when turning over monies and record receipts on the day monies are received,

