

KITTATINNY
REGIONAL SCHOOL DISTRICT

Kittatinny Regional School District
Board of Education
Hampton, Sussex County
New Jersey

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2013

Comprehensive Annual

Financial Report

of the

Kittatinny Regional School District

Board of Education

Hampton, Sussex County

For the Fiscal Year Ending June 30, 2013

Prepared by

Kittatinny Regional School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section



Kittatinny Regional High School

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Web Site: www.krhs.net

2005 Governor's School of Excellence



A Recognized School of Excellence

Craig Hutcheson

Superintendent - Ext. 1160
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Kathy Kane

School Business Administrator
Board Secretary - Ext. 1540
kkane@krhs.net

July 1, 2013

The Honorable President and Members
of the Board of Education
Kittatinny Regional School District
County of Sussex, New Jersey

Dear Board Members:

Presented herewith is the Comprehensive Annual Financial Report (CAFR) of the Kittatinny Regional School District for the fiscal year ended June 30, 2013. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Kittatinny Regional Board of Education.

To the best of our knowledge and belief, the data presented in this report is accurate in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

To facilitate the understanding of the district's financial status, the Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The Introductory Section includes a table of contents, this transmittal letter, the District's organizational chart and a list of principal officials. The Financial Section of the CAFR includes the basic financial statements and schedules, as well as the independent auditor's report thereon. Selected financial and demographic data relative to the district's constituent municipalities are included in the Statistical Section. Although this information is not part of the District's financial statement, it is required to be included in the CAFR. This information is generally presented on a multi-year basis and will eventually encompass ten years of historical data.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendment of 1996 and the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of State, Local Governments, Non-profit Organization," and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

★ ★ ★ ★ ★ ★ ★ *Sussex County's First Star School* ★ ★ ★ ★ ★

INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2013.

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

DEBT ADMINISTRATION: At June 30, 2013, the total District debt was \$1,815,000.

INVESTMENT MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements, Note 2." The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

REPORTING ENTITY AND ITS SERVICES: The Kittatinny Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Kittatinny Regional School Board of Education and its school constitute the District's reporting entity.

The Kittatinny Regional School District encompasses a geographic area of approximately 128 square miles. Students attend grades Pre-K-6 in the elementary school districts of Sandyston-Walpack, Fredon, Stillwater and Hampton, then attend KRHS for the remainder of their secondary education. The District provides a full range of educational services appropriate to grade levels 7 through 12. These include a strong academic program of basic education, a comprehensive special education for handicapped students, and many special programs designed for all levels of students, covering the spectrum from remedial through enrichment to gifted and talented students. In addition to educational programs, transportation services are provided for all resident public and nonpublic students. Services are offered to the community in many forms, the most popular being the adult school classes and the use of school facilities by non-school operated organizations.

The District on-roll enrollment on October 15, 2012 is 1,108 students. Based on the data received from the constituent elementary districts, the anticipated opening enrollment for the 2013-14 school year will be approximately 1,125 students

Fiscal Year	Student Enrollment	Percent Change
2008-09	1201.5	
2009-10	1198	-(0.3)
2010-11	1176	-(1.8)
2011-12	1150	-(2.2)
2012-13	1108	-(3.6)

ECONOMIC CONDITION AND OUTLOOK: The Kittatinny Regional area is primarily a bedroom community and is experiencing a period of stagnation in residential housing development, and the number of businesses shows no significant growth either. The reduction of almost \$1.5 million from State Aid three years ago is still wreaking havoc on the current years' budget. The state of the economy is also not helping. These economic conditions have forced the district to reduce staff as well as some services, and have required local taxpayers to provide a greater share of the District's total financial resources. The Kittatinny Regional Board of Education has been fortunate in that it has been able to reduce the effect of increased costs by use of Impact Aid and Fund Balance. However, the public should be aware that the amount of Impact Aid fluctuates each year. In fact, proposed legislation which could eliminate this form of Federal Aid must be challenged each year by those groups which receive Impact Aid. On an annual basis the school district must be vigilant in petitioning for these discretionary Governmental funds. Unless a system of state funding is developed that is more favorable to the Kittatinny Regional District, local taxpayers will continue to provide the greatest portion of financial resources for the operation of our school. With the budget reductions to State Aid, the amount of Fund Balance able to be returned to the taxpayers will also decrease in future years.

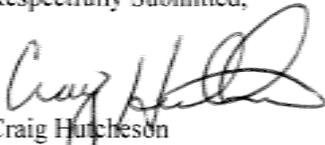
MAJOR INITIATIVES: The major projects completed this year and financed through capital reserve are as listed:

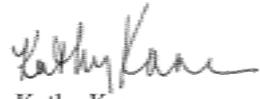
- Above ground water tank system and an extension of garage to house tanks
- Solar canopies in back parking lot
- New roofs on B&C wing and part of A wing
- Upgrade video lab with Apple IMacs
- Air conditioned server & conference rooms

OTHER INFORMATION: Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co., LLP was selected by the Board for the 2012-2013 school year. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

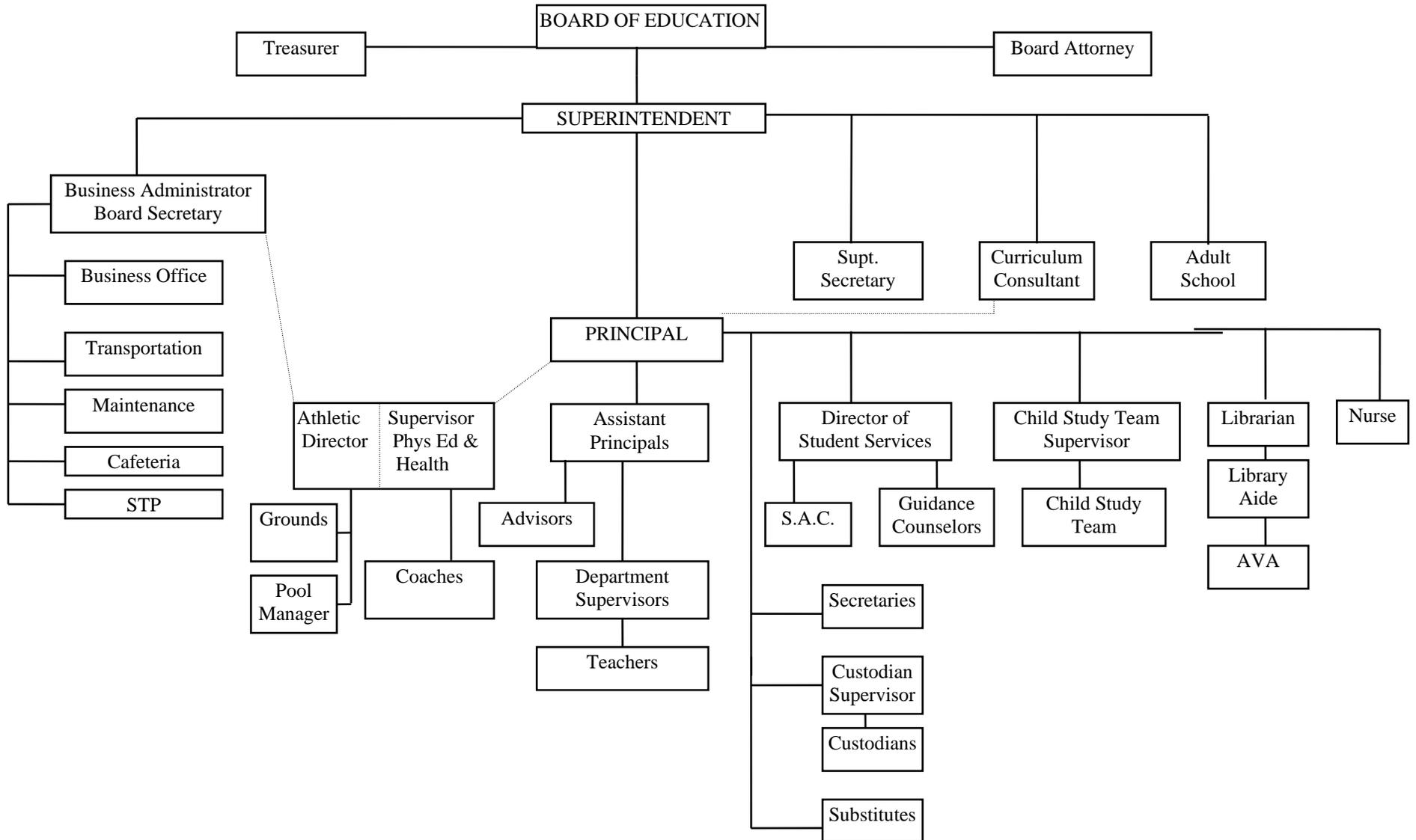
ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Kittatinny Regional School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development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

Respectfully Submitted,


Craig Hutcherson
Superintendent


Kathy Kane
Business Administrator

KITTATINNY REGIONAL HIGH SCHOOL DISTRICT CHART OF ORGANIZATION



**KITTATINNY REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2013

Members of the Board of Education

Term Expires

James Hunt, President	2014
David Ormesher, Vice-President	2014
Judy Youngs	2015
David GaNung	2014
Robert Greene	2014
Eleanore Shaffer	2015
Barbara Andrews	2013
David Cooper	2013
Walpack (Vacant)	2013

Other Officials

Craig Hutcheson, Superintendent

Kathy Kane, Board Secretary/School Business Administrator

Donna Mosner, Treasurer

Gary Kraemer, Board Attorney

**KITTATINNY REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

ARCHTECT

HQW Architects, LLC
124 Main Street
Newton, NJ 07860

AUDIT FIRM

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1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825

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328 D Sparta Avenue
Sparta, NJ 07871

Cleary, Giacobbe, Alfieri, Jacobs, LLC

5 Ravine Drive
PO Box 533
Matawan, NJ 07747

OFFICIAL DEPOSITORIES

Sussex Bank

15 Trinity Street
Newton, NJ 07860

Lakeland Bank

250 Oak Ridge Road
Oak Ridge, NJ 07438

Financial Section

Independent Auditor's Report



ARDITO & Co., LLP

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Anthony Ardito, CPA, RMA, CMFO, PSA
Douglas R. Williams, CPA, RMA, PSA
Anthony F. Ardito, PA, RMA, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Kittatinny Regional School District
County of Sussex
Hampton, New Jersey 07860

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Kittatinny Regional School District Board of Education, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kittatinny Regional School District Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Kittatinny Regional School District Board of Education, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 8 through 8.7 and 39 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kittatinny Regional School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

-Continued-

The combining and individual fund financial statement information, long-term debt schedules, and the schedule of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of expenditures of federal awards and state financial assistance, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2013, on our consideration of the Kittatinny Regional School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
September 15, 2013



Licensed Public School Accountant No. 2369

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

KITTATINNY REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

The discussion and analysis of Kittatinny Regional School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- ◆ In total, net position increased \$115,363 which represents a 1.7 percent decrease from 2012.
- ◆ General revenues accounted for \$13,465,280 in revenue or 59 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$9,035,792 or 41 percent of total revenues of \$22,501,072.
- ◆ Total assets of governmental activities decreased by \$140,962 as cash and cash equivalents decreased by \$35,365, receivables increased by \$32,241, and capital assets decreased by \$135,422.
- ◆ The School District had \$22,385,709 in expenses; only \$9,035,792 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$13,465,280 were adequate to provide for these programs.
- ◆ Among major funds, the General Fund had \$21,416,880 in revenues and \$21,435,582 in expenditures. The General Fund's surplus balance decreased \$18,702 over 2012, which compares favorably to a budgeted decrease (use of surplus) of \$893,766. This achievement was due to the receipt of additional extraordinary state aid, and under spent budget appropriations in the areas of instruction, maintenance, and transportation.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Kittatinny Regional School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Kittatinny Regional School District, the General Fund is by far the most significant fund.

KITTATINNY REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

KITTATINNY REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 UNAUDITED

Governmental Funds

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District’s net position for 2013 compared to 2012.

**Table 1
 Net Position**

	<u>2013</u>	<u>2012</u>
Assets		
Current and Other Assets	\$ 2,341,996	\$ 2,347,536
Capital Assets	<u>7,845,837</u>	<u>7,981,259</u>
Total Assets	<u>10,187,833</u>	<u>10,328,795</u>
Liabilities		
Long-Term Liabilities	3,107,598	3,322,250
Other Liabilities	<u>305,864</u>	<u>347,537</u>
Total Liabilities	<u>3,413,462</u>	<u>3,669,787</u>
Net Position		
Invested in Capital Assets, Net of Debt	6,030,837	5,986,259
Restricted	1,959,360	1,875,720
Unrestricted	<u>(1,215,826)</u>	<u>(1,202,971)</u>
Total Net Position	<u>\$ 6,774,371</u>	<u>\$ 6,659,008</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Total assets decreased \$140,962. Cash and cash equivalents decreased by \$35,365, receivables increased by \$32,241, and capital assets decreased by \$135,422. The cash decrease was related to budgeted use of surplus to fund the operating budget. The receivable increase was due to outstanding federal grants not yet drawn down. Capital assets decreased due to net depreciation charges.

Table 2 shows the changes in net position from fiscal year 2012.

Table 2
Changes in Net Position

	<u>2013</u>	<u>2012</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 620,904	\$ 644,930
Operating Grants and Contributions	8,414,888	8,272,015
General Revenues:		
Property Taxes	13,276,597	13,038,849
Federal & State Aid on Capital Asset Projects		-
Investment Earnings	2,910	5,884
Other	<u>185,773</u>	<u>167,424</u>
Total Revenues	<u>22,501,072</u>	<u>22,129,102</u>
Program Expenses		
Instruction	12,908,992	12,336,140
Support Services:		
Pupils and Instructional Staff	2,642,757	2,598,821
General Administration, School Administration, Business	2,163,182	2,000,489
Operations and Maintenance of Facilities	2,119,148	1,991,234
Pupil Transportation	1,947,586	1,916,184
Transfer to Charter School	58,207	188,633
Business-Type Activities	439,791	456,962
Interest and Fiscal Charges	<u>106,046</u>	<u>79,063</u>
Total Expenses	<u>22,385,709</u>	<u>21,567,526</u>
Increase in Net Position	<u>\$ 115,363</u>	<u>\$ 561,576</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 59.8 percent of revenues for governmental activities for the Kittatinny Regional School District for the fiscal year 2013.

Instruction comprises 57.7 percent of district expenses. Support services expenses make up 39.6 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2013</u>	<u>Net Cost of Services 2013</u>	<u>Total Cost of Services 2012</u>	<u>Net Cost of Services 2012</u>
Instruction	12,908,992	7,813,728	12,336,140	\$7,315,268
Support Services:				
Pupils and Instructional Staff	2,642,757	1,555,314	2,598,821	1,521,920
General Admin., School Admin., Business	2,163,182	1,339,314	2,000,489	1,206,272
Operation and Maintenance of Facilities	2,119,148	1,312,050	1,991,234	1,200,690
Pupil Transportation	1,947,586	1,205,829	1,916,184	1,155,437
Transfer to Charter School	58,207	58,207	188,633	188,633
Business-Type Activities	439,791	(40,571)	456,962	(16,702)
Interest and Fiscal Charges	<u>106,046</u>	<u>106,046</u>	<u>79,063</u>	<u>79,063</u>
Total Expenses	<u>\$22,385,709</u>	<u>\$13,349,917</u>	<u>\$21,567,526</u>	<u>\$12,650,581</u>

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

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

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

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

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

KITTATINNY REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

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

The dependence upon tax revenues is apparent. Over 60.5 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 61.0 percent. The community, as a whole, is the primary support for the Kittatinny Regional School District.

The School District's Funds

Information about the School District's major funds starts on page 11. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$22,013,494, and expenditures of \$22,032,196. The net change in fund balance for the year was a decrease of \$18,702, which compares favorably to a budgeted decrease (use of surplus) of \$893,766. This achievement was due to the receipt of additional extraordinary state aid, and under spent budget appropriations in the areas of instruction, maintenance, and transportation.

General Fund Budgeting Highlights

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

During the course of the fiscal 2013 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$19,373,754, \$76,142 over original budgeted estimates of \$19,297,612. This difference was due primarily to additional state aid (extrordinary and non public transportation aid) of \$71,237.

General fund expenditures exceeded revenues by \$31,968. This decrease compares to a budgeted decrease of \$893,766, and was due to revenue increases as noted above, and under spent budget appropriations in the areas of instruction, maintenance, and transportation.

KITTATINNY REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

Capital Assets

At the end of the fiscal year 2013, the School District had \$7,805,597 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2013 balances compared to 2012.

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

	<u>2013</u>	<u>2012</u>
Land	\$ 144,210	\$ 144,210
Land Improvements	163,390	203,756
Buildings and Improvements	6,937,675	6,946,037
Machinery and Equipment	<u>560,322</u>	<u>642,443</u>
Totals	<u>\$ 7,805,597</u>	<u>\$ 7,936,446</u>

Overall capital assets decreased \$130,849 from fiscal year 2012 to fiscal year 2013. Increases in capital assets (primarily buildings and improvements) were offset by depreciation expenses for the year.

Major capital improvements of \$472,214 were purchased during fiscal year 2013 which were comprised of mainly the roof repair project of \$418,930, but also included water storage tanks and security equipment.

Debt Administration

At June 30, 2013, the School District had \$3,287,598 as outstanding debt. Of this amount, \$1,472,598 is for compensated absences, and \$1,815,000 is for general obligation bonds for school construction projects.

At June 30, 2013, the School District's overall legal debt margin was \$68,702,028 and the unvoted debt margin was \$66,887,028.

KITTATINNY REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED

For the Future

The Kittatinny Regional School District is in very good financial condition presently. A major concern is the increased reliance on local property taxes in light of drastic reductions in state aid over the past few years. However, the district feels at current funding levels it can maintain it's high degree of educational excellence.

Kittatinny Regional School District is primarily a residential community, with very few ratables; thus the burden is focused on homeowners to foot the tax burden.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Kathy Kane, School Business Administrator/Board Secretary at Kittatinny Regional School District, 77 Halsey Road, Newton, New Jersey 07860, or E-mail at kkane@krhs.net.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2013

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 457,669	\$ 183,620	\$ 641,289
Receivables, Net	317,518	3,563	321,081
Inventory		18,018	18,018
Restricted Assets:			
Capital Reserve Account - Cash	1,361,608		1,361,608
Capital Assets, Net (Note 6)	7,805,597	40,240	7,845,837
Total Assets	9,942,392	245,441	10,187,833
LIABILITIES			
Accounts Payable	48,784		48,784
Accrued Interest	33,682		33,682
Unearned Revenue	42,180	1,218	43,398
Noncurrent Liabilities (Note 7):			
Due Within One Year	180,000		180,000
Due Beyond One Year	3,107,598		3,107,598
Total Liabilities	3,412,244	1,218	3,413,462
NET POSITION			
Invested in Capital Assets, Net of Related Debt	5,990,597	40,240	6,030,837
Restricted for:			
Debt Service	29,801		29,801
Other Purposes	1,929,559		1,929,559
Unrestricted	(1,419,809)	203,983	(1,215,826)
Total Net Position	\$ 6,530,148	\$ 244,223	\$ 6,774,371

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	
Governmental Activities:							
Instruction:							
Regular	\$ 9,826,339	\$ 97,891	\$ 3,823,315		\$ (5,905,133)		\$ (5,905,133)
Special Education	2,008,476	20,009	744,938		(1,243,529)		(1,243,529)
Other Special Instruction	26,265	262	9,742		(16,261)		(16,261)
Other Instruction	1,047,912	10,439	388,668		(648,805)		(648,805)
Support Services:							
Tuition	212,026				(212,026)		(212,026)
Student & Instruction Related Serv.	2,430,731	24,215	1,063,228		(1,343,288)		(1,343,288)
School Administrative Services	1,208,901	12,043	448,378		(748,480)		(748,480)
General and Business Admin. Serv.	954,281	9,507	353,940		(590,834)		(590,834)
Plant Operations and Maintenance	2,119,148	21,111	785,987		(1,312,050)		(1,312,050)
Pupil Transportation	1,947,586	19,402	722,355		(1,205,829)		(1,205,829)
Charter School	58,207				(58,207)		(58,207)
Interest on Long-Term Debt	106,046				(106,046)		(106,046)
Total Governmental Activities	21,945,918	214,879	8,340,551		(13,390,488)		(13,390,488)
Business-Type Activities:							
Food Service	398,067	339,663	74,337			\$ 15,933	15,933
Adult Education	33,984	57,582				23,598	23,598
School Store	7,740	8,780				1,040	1,040
Total Business-Type Activities	439,791	406,025	74,337	-	-	40,571	40,571
Total Primary Government	\$ 22,385,709	\$ 620,904	\$ 8,414,888		\$ (13,390,488)	\$ 40,571	\$ (13,349,917)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes,Net				\$ 13,020,410			\$ 13,020,410
Taxes Levied for Debt Service				256,187			256,187
Investment Earnings				2,910			2,910
Miscellaneous Income				178,557	\$ 7,216		185,773
Total General Revenues, Special Items, Extraordinary Items and Transfers				13,458,064	7,216		13,465,280
Change in Net Position				67,576	47,787		115,363
Net Position—Beginning (As Restated)				6,462,572	196,436		6,659,008
Net Position—Ending				\$ 6,530,148	\$ 244,223		\$ 6,774,371

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

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2013

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,789,476		\$ 29,801	\$ 1,819,277
Receivables from Other Governments	186,266	\$ 123,274		309,540
Other Receivables	7,978			7,978
Interfund Receivables	69,034			69,034
TOTAL ASSETS	<u>\$ 2,052,754</u>	<u>\$ 123,274</u>	<u>\$ 29,801</u>	<u>\$ 2,205,829</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 36,724	\$ 7,549		\$ 44,273
Due State Government		4,511		4,511
Interfund Payable		69,034		69,034
Deferred Revenue		42,180		42,180
Total Liabilities	<u>36,724</u>	<u>123,274</u>	<u>-</u>	<u>159,998</u>
Fund Balances:				
<u>Restricted for:</u>				
Excess Surplus - Designated for Subsequent Year's Expenditures	305,754			305,754
Excess Surplus	262,197			262,197
Capital Reserve Account	1,361,608			1,361,608
<u>Assigned to:</u>				
Year-End Encumbrances	188,144			188,144
Debt Service Fund			\$ 29,801	29,801
<u>Unassigned:</u>				
General Fund	(101,673)			(101,673)
Total Fund Balances	<u>2,016,030</u>		<u>29,801</u>	<u>2,045,831</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 2,052,754</u>	<u>\$ 123,274</u>	<u>\$ 29,801</u>	<u>\$ 2,205,829</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$20,334,802 and the accumulated depreciation is \$12,529,205. \$ 7,805,597

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7) (3,287,598)

Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7) (33,682)

Net Position of governmental activities (Exhibit A-1) \$ 6,530,148

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

KITTATINNY REGIONAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 13,020,410		\$ 256,187	\$ 13,276,597
Transportation	214,879			214,879
Interest Earned on Capital Reserve Funds	509			509
Miscellaneous	180,958			180,958
Total - Local Sources	13,416,756	-	256,187	13,672,943
State Sources	7,836,961	\$ 15,547		7,852,508
Federal Sources	163,163	324,880		488,043
Total Revenues	21,416,880	340,427	256,187	22,013,494
EXPENDITURES				
Current:				
Regular Instruction	6,848,122	178,751		7,026,873
Special Education Instruction	1,475,783			1,475,783
Other Special Instruction	19,851			19,851
Other Instruction	792,007			792,007
Support services and undistributed costs:				
Tuition	212,026			212,026
Student and Instruction Related Services	1,619,375	161,676		1,781,051
School Administrative Services	890,163			890,163
Other Administrative Services	675,210			675,210
Plant Operations and Maintenance	1,526,260			1,526,260
Pupil Transportation	1,471,977			1,471,977
Unallocated Benefits	5,302,053			5,302,053
Transfer to Charter School	58,207			58,207
Debt Service:				
Principal			180,000	180,000
Interest and Other Charges			76,187	76,187
Capital Outlay	544,548			544,548
Total Expenditures	21,435,582	340,427	256,187	22,032,196
Excess (Deficiency) of Revenues Over Expend.	(18,702)		-	(18,702)
Net Change in Fund Balances	(18,702)	-	-	(18,702)
Fund Balance—July 1	2,034,732		29,801	2,064,533
Fund Balance—June 30	\$ 2,016,030		\$ 29,801	\$ 2,045,831

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ (18,702)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (603,063)	
Capital Outlays	<u>472,214</u>	(130,849)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and is not reported in the statement of activities. 180,000

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned. 34,652

In the statement of activities, interest on long-term debt in the statement of statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. This is the amount by which current year's amount of interest accrual exceeds the prior year's amount. 2,475

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 67,576

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

STATEMENT OF PROPRIETARY NET POSITION
 PROPRIETARY FUNDS

June 30, 2013

	Business-Type Activities - Enterprise Funds			Totals
	<u>Food Service</u>	<u>Adult Education</u>	<u>School Store</u>	
ASSETS				
Current assets:				
Cash and Cash Equivalents	\$ 122,913	\$ 49,187	\$ 11,520	\$ 183,620
Accounts Receivable	3,563			3,563
Interfund Receivables				-
Inventories	2,970	-	15,048	18,018
Total Current Assets	<u>129,446</u>	<u>49,187</u>	<u>26,568</u>	<u>205,201</u>
Noncurrent Assets:				
Furniture, Machinery and Equipment	179,085			179,085
Less Accumulated Depreciation	(138,845)	-	-	(138,845)
Total Noncurrent Assets	<u>40,240</u>	<u>-</u>	<u>-</u>	<u>40,240</u>
Total Assets	<u>169,686</u>	<u>49,187</u>	<u>26,568</u>	<u>245,441</u>
LIABILITIES				
Current liabilities:				
Deferred Revenue	1,218	-	-	1,218
Total Current Liabilities	<u>1,218</u>	<u>-</u>	<u>-</u>	<u>1,218</u>
Total Liabilities	<u>1,218</u>	<u>-</u>	<u>-</u>	<u>1,218</u>
NET POSITION				
Invested in Capital Assets Net of Related Debt	40,240	-	-	40,240
Unrestricted	128,228	49,187	26,568	203,983
Total Net Position	<u>\$ 168,468</u>	<u>\$ 49,187</u>	<u>\$ 26,568</u>	<u>\$ 244,223</u>

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit B-5

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-type Activities - Enterprise Fund			Total Enterprise
	Food Service	Adult Education	School Store	
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable/Non-Reimb. Programs	\$ 339,663			\$ 339,663
Program Fees		57,582	8,780	66,362
Miscellaneous Income	7,163	43	10	7,216
Total Operating Revenues	<u>346,826</u>	<u>57,625</u>	<u>8,790</u>	<u>413,241</u>
Operating Expenses:				
Cost of Sales	200,732		7,740	208,472
Salaries	121,244	19,233		140,477
Employee Benefits	29,418			29,418
Purchased Property Service	16,068			16,068
Cleaning, Repair and Maintenance Services	1,256			1,256
General Supplies	21,703	14,751		36,454
Miscellaneous	3,074			3,074
Depreciation	4,572	-	-	4,572
Total Operating Expenses	<u>398,067</u>	<u>33,984</u>	<u>7,740</u>	<u>439,791</u>
Operating Income (Loss)	<u>(51,241)</u>	<u>23,641</u>	<u>1,050</u>	<u>(26,550)</u>
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	2,862			2,862
Federal Sources:				
National School Lunch Program	53,065			53,065
Food Distribution Program	18,410	-	-	18,410
Total Nonoperating Revenues (Expenses)	<u>74,337</u>	<u>-</u>	<u>-</u>	<u>74,337</u>
Income (Loss) Before Contributions and Transfers	23,096	23,641	1,050	47,787
Transfers In (Out)	-	-	-	-
Change in Net Position	23,096	23,641	1,050	47,787
Total Net Position—Beginning	<u>145,372</u>	<u>25,546</u>	<u>25,518</u>	<u>196,436</u>
Total Net Position—Ending	<u>\$ 168,468</u>	<u>\$ 49,187</u>	<u>\$ 26,568</u>	<u>\$ 244,223</u>

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			
	Food Service	Adult Education	School Store	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 347,084	\$ 57,625	\$ 8,790	\$ 413,499
Payments to Employees	(121,244)	(19,233)		(140,477)
Payments for Employee Benefits	(29,418)			(29,418)
Payments to Suppliers	(227,986)	(14,751)	(7,725)	(250,462)
Net Cash Provided by (used for) Operating Activities	<u>(31,564)</u>	<u>23,641</u>	<u>1,065</u>	<u>(6,858)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	2,721	-	-	2,721
Federal Sources	50,154	-	-	50,154
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>52,875</u>	<u>-</u>	<u>-</u>	<u>52,875</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital Contributions	-	-	-	-
Net Cash Provided by (used for) Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	21,311	23,641	1,065	46,017
Balances—Beginning of Year	101,602	25,546	10,455	137,603
Balances—End of Year	<u>\$ 122,913</u>	<u>\$ 49,187</u>	<u>\$ 11,520</u>	<u>\$ 183,620</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:				
Operating Income (Loss)	\$ (51,241)	\$ 23,641	\$ 1,050	(26,550)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided				
by (used for) Operating Activities:				
Depreciation and Net Amortization	4,572			4,572
Federal Commodities	18,410			18,410
(Increase) Decrease in Accounts Receivable				-
(Increase) Decrease in Inventories	1,916		15	1,931
Increase (Decrease) in Accounts Payable	(5,221)	-	-	(5,221)
Total Adjustments	<u>19,677</u>	<u>-</u>	<u>15</u>	<u>19,692</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (31,564)</u>	<u>\$ 23,641</u>	<u>\$ 1,065</u>	<u>\$ (6,858)</u>

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit B-7

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2013

	Unemployment Compensation <u>Trust</u>	Private Scholarship <u>Fund</u>	Agency <u>Fund</u>
ASSETS			
Cash and Cash Equivalents	\$ 171,987	\$ 7,835	\$ 209,194
Total Assets	<u>\$ 171,987</u>	<u>\$ 7,835</u>	<u>\$ 209,194</u>
LIABILITIES			
Payable to Student Groups			175,624
Payroll Deductions and Withholdings			21,598
Flexible Spending Account			11,972
Total Liabilities	<u>-</u>	<u>-</u>	<u>\$ 209,194</u>
NET POSITION			
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 171,987</u>	<u>\$ 7,835</u>	

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit B-8

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

For the Year Ended June 30, 2013

	Unemployment Compensation <u>Trust</u>	Private Scholarship <u>Fund</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 16,034	-
Other	<u>40,000</u>	<u>-</u>
Total Contributions	<u>56,034</u>	<u>-</u>
Investment Earnings:		
Interest	<u>138</u>	\$ <u>72</u>
Net Investment Earnings	<u>138</u>	<u>72</u>
Total Additions	<u>56,172</u>	<u>72</u>
DEDUCTIONS		
Unemployment Claims	19,644	
Scholarship Awards	<u>-</u>	<u>2,000</u>
Total Deductions	<u>19,644</u>	<u>2,000</u>
Change in Net Position	36,528	(1,928)
Net Position—Beginning of the Year	\$ <u>135,459</u>	\$ <u>9,763</u>
Net Position—End of the Year	\$ <u>171,987</u>	\$ <u>7,835</u>

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

Notes to Financial Statements

KITTATINNY REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provides for the most significant change in financial reporting in over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities. The implementation of these statements had no effect on equity balances as previously reported for the fiscal year ended June 30, 2012.

A. Reporting Entity:

The Kittatinny Regional School District is a Type II district located in the County of Sussex, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades 7-12. The Kittatinny Regional School District had an approximate enrollment at June 30, 2013, of 1,108 students.

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

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

Based on the aforementioned criteria, the District has no component units.

KITTATINNY REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

The School District's basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

KITTATINNY REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

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

PROPRIETARY FUNDS

The District reports the following proprietary funds:

Enterprise Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria, adult education, and school store operations. The enterprise fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis be financed or recovered primarily through user charges.

KITTATINNY REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

KITTATINNY REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. In addition, transfers are also covered by changes in N.J.A.C.6A:23A-2.3, that can require approval through the state department. All budget amendments/transfers must be approved by School Board resolution and are subject to transfer limitations and approvals per P.L. 2004, c.73(S-1701). All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

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

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

D. Encumbrance Accounting:

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

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

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

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

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

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

KITTATINNY REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:

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

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

KITTATINNY REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

KITTATINNY REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2013, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2013, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Checking	\$640,837	\$389,016	\$1,029,853
	\$640,837	\$389,016	\$1,029,853

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

The carrying amount of the Board's cash and cash equivalents at June 30, 2013, was \$1,029,853 and the bank balance was \$1,907,483. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,657,843 was covered by collateral pool.

Investments

Pursuant to the Enabling Act, the funds of the district may be invested in any direct obligations of, or obligations as to which the principal and interest thereof is guaranteed by, the United States of America or other obligations as the district may approve.

In order to maximize liquidity, the district utilizes the New Jersey Cash Management Fund ("NJCMF") as its sole investments. The NJCMF is administered by the New Jersey Department of Treasury. It invests pooled monies from various State and non-State agencies in primarily short-term investments. These investments include: U.S. Treasuries, short-term Commercial Paper, U.S. Agency Bonds, Corporate Bonds, and Certificates of Deposit. Agencies that participate in the NJCMF typically earn returns that mirror short-term investment rates. Monies can be freely added or withdrawn from the NJCMF on a daily basis without penalty. At June 30, 2013, the district's balance was **\$1,362,060**.

NOTE 3: RECEIVABLES

Receivables at June 30, 2013, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$186,266	\$186,437
Federal Aid	123,274	126,666
Tuition and Other	7,978	7,978
Transportation	-	0
Gross Receivable	\$317,518	321,081
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	\$317,518	\$321,081

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2013, consisted of the following:

Food	\$ <u>2,970</u>
------	-----------------

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 5: DEFERRED BOND ISSUANCE COSTS

In governmental funds, debt issuance costs are recognized in the current period. For the District-wide financial statements, governmental activity debt issuance costs are amortized straight-line over the life of the specific bonds (18 to 20 years). The costs associated with the issued of the various bonds are immaterial and are not amortized on the District-wide financial statements.

NOTE 6: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 144,210			\$ 144,210
Total Capital Assets Not Being Depreciated	<u>144,210</u>			<u>144,210</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	915,359			915,359
Buildings and Building Improvements	15,398,233	\$ 418,930		15,817,163
Machinery and Equipment	3,404,786	53,284		3,458,070
Total at Historical Cost	<u>19,718,378</u>	<u>472,214</u>		<u>20,190,592</u>
Less Accumulated Depreciation for:				
Land Improvements	(711,603)	(40,366)		(751,969)
Building and Improvements	(8,452,196)	(427,292)		(8,879,488)
Equipment	(2,762,343)	(135,405)		(2,897,748)
Total Accumulated Depreciation	<u>(11,926,142)</u>	<u>(603,063)</u>		<u>(12,529,205)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>7,792,236</u>	<u>(130,849)</u>		<u>7,661,387</u>
Government Activity Capital Assets, Net	<u>\$ 7,936,446</u>	<u>\$ (130,849)</u>		<u>\$ 7,805,597</u>

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6: CAPITAL ASSETS - (Continued)

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 399,831
Special Ed Instruction	42,214
Support Services	56,085
General Administration	6,031
School Administration	23,519
Operations/Maintenance	<u>75,383</u>
Total	<u>\$ 603,063</u>

NOTE 7: LONG-TERM OBLIGATIONS

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

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2013, are as follows:

	Balance <u>7/1/12</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/13</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$1,995,000		(\$180,000)	\$1,815,000	\$180,000
Other Liabilities:					
Compensated Absences Payable	1,507,250		(34,652)	1,472,598	
Total	<u>\$3,502,250</u>	<u>-</u>	<u>(\$214,652)</u>	<u>\$3,287,598</u>	<u>\$180,000</u>

Compensated absences and capital leases have been liquidated in the General Fund.

Interest paid on debt issued by the District is exempt from federal income taxes. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 7: LONG-TERM OBLIGATIONS (Continued)

Rebatable arbitrage liabilities related to District debt are not recorded in governmental funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year end) on the District-wide financial statements.

For the year ended June 30, 2013, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance
	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>6/30/13</u>
Refunding Bonds	12/15/09	3.0-5.0%	7/15/21	\$ 1,815,000
Total Bonds				\$ 1,815,000

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2013, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 180,000	\$ 70,788	\$ 250,788
2015	190,000	64,288	254,288
2016	195,000	56,587	251,587
2017	200,000	48,687	248,687
2018	200,000	40,688	240,688
2019	205,000	32,587	237,587
2020	210,000	23,237	233,237
2021	215,000	14,494	229,494
2022	220,000	5,500	225,500
	\$ 1,815,000	\$ 356,856	\$ 2,171,856

The 2009 School Bonds were issued to advance refund a portion (\$2,132,000) of the 2001 School Bonds. The balance outstanding on the refunded 2001 School Bonds was \$-0- at June 30, 2013.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 8: PENSION PLANS

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

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

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

Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:66 for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 1/55 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the system. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 8: PENSION PLANS (Continued)

Significant Legislation - Legislation enacted during the year ended June 30, 1997, (Chapter 115, P.L. 1997) changed the asset valuation method from market related value to full-market value. This legislation also contained a provision to reduce the employee contribution rate by 1/2 of 1% to 4.5% for calendar years 1998 and 1999, and to allow for a reduction in the employee's rate after calendar year 1999, and to allow for a reduction in the employee's rate after calendar year 1999, providing excess valuation assets are available. The legislation also provided that the Districts' normal contributions to the Fund may be reduced based on the revaluation of assets.

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for both cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. Under current statute the District is a non-contributing employer of the TPAF.

Three-Year Trend Information for PERS

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2013	\$143,076	100 %	-0-
6/30/2012	\$161,657	100 %	-0-
6/30/2011	\$156,204	100 %	-0-

Three-Year Trend Information for TPAF

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2013	-0-	100 %	-0-
6/30/2012	-0-	100 %	-0-
6/30/2011	-0-	100 %	-0-

During the fiscal year ended June 30, 2013, the State of New Jersey did contribute \$1,321,197 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$708,663 during the year ended June 30, 2013, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the District-wide financial statements, and the fund-based statements and schedules as revenues and expenditures in accordance with GASB Statement No.24.

KITTATINNY REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 9: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2012 there were 97,661 retirees receiving post-retirement medical benefits. The cost of these benefits is funded through contributions by the state in accordance with P.L. 1994, c.62. Funding of post-retirement medical premiums changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The state is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the the State of New Jersey and as such, no district OPEB liability exists.

NOTE 10: COMPENSATED ABSENCES

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

District employees are granted sick leave in varying amounts under the District's personnel agreement. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial service and amounts are payable at predetermined values upon retirement in the state pension system.

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

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 11: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2013:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$69,034	
Special Revenue Fund		\$69,034
	\$69,034	\$69,034

The interfund payable in the special revenue fund is due to the general fund for cash advances to cover cash deficit caused by federal grant reimbursements that have not yet been received.

NOTE 12: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2012-2013	\$40,138	\$16,034	\$19,644	\$171,987
2011-2012	\$80,187	\$15,959	\$35,640	\$135,459
2010-2011	\$20,221	\$16,242	\$49,197	\$74,953

NOTE 13: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 13: CONTINGENT LIABILITIES - (Continued)

LITIGATION

The Board is not involved in any know claims or lawsuits. Any prior litigation was settled with no adverse impact on the district's operations or delivery of services.

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Kittatinny Regional School District Board of Education during fiscal year 2004-2005, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

The activity of the capital reserve for the July 1, 2012 to June 30, 2013 fiscal year is as follows:

Beginning balance July 1, 2012	\$ 1,246,099
Interest earnings	509
Deposits (PL 2007 c.62 (A1)) - June 13, 2013 Resolution	525,000
Withdrawals (Budget)	<u>(410,000)</u>
Ending balance June 30, 2013	<u>\$ 1,361,608</u>

NOTE 15: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$2,016,030 General Fund fund balance at June 30, 2013, \$567,951 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$305,754 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2014); \$1,361,608 is reserved in the Capital Reserve Account; \$188,144 is reserved for encumbrances; and (\$101,673) is unreserved and undesignated.

Debt Service Fund - Of the \$29,801 Debt Service fund balance at June 30, 2013, \$29,801 is anticipated to be included as anticipated revenue for the year ending June 30, 2014.

KITTATINNY REGIONAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 16: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2013 is \$262,197.

NOTE 17: RETROACTIVE RESTATEMENT OF NET POSITION

Restatement of Prior Period:

As an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of July 1, 2012. The appraisal revealed asset activity that that should be recorded as of June 30, 2012. Accordingly, a restatement of Net Position as of June 30, 2012 was necessary.

<u>Governmental Activities Net Position:</u>	
Net Position (per A-1), June 30, 2012	\$ 6,164,881
Restatement of Capital Assets	<u>297,691</u>
Fund balance (per A-1), June 30, 2012, as Restated	<u><u>\$ 6,462,572</u></u>

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 13,020,410		\$ 13,020,410	\$ 13,020,410	
Transportation	178,500		178,500	214,879	\$ 36,379
Interest Earned on Capital Reserve Funds	300		300	509	209
Miscellaneous	140,000		140,000	180,958	40,958
Total - Local Sources	<u>13,339,210</u>	<u>-</u>	<u>13,339,210</u>	<u>13,416,756</u>	<u>77,546</u>
State Sources:					
Equalization Aid	3,274,170		3,274,170	3,274,170	
Transportation Aid	635,568		635,568	635,568	
Special Education Aid	601,392		601,392	601,392	
Security Aid	78,178		78,178	78,178	
Adjustment Aid	1,053,290		1,053,290	1,053,290	
Extraordinary Aid	80,000		80,000	143,239	63,239
Other State Aid				7,998	7,998
TPAF Pension and PRM (On-Behalf - Non-Budgeted)				1,321,197	1,321,197
TPAF Social Security (Reimbursed - Non-Budgeted)				708,663	708,663
Total State Sources	<u>5,722,598</u>	<u>-</u>	<u>5,722,598</u>	<u>7,823,695</u>	<u>2,101,097</u>
Federal Sources:					
Education Jobs Grant				10,705	10,705
Medical Assistance Program	10,804		10,804		(10,804)
Impact Aid	225,000		225,000	152,458	(72,542)
Total Federal Sources	<u>235,804</u>	<u>-</u>	<u>235,804</u>	<u>163,163</u>	<u>(72,641)</u>
TOTAL REVENUES	<u>19,297,612</u>	<u>-</u>	<u>19,297,612</u>	<u>21,403,614</u>	<u>2,106,002</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	2,202,711	(84,093)	2,118,618	2,093,751	24,867
Grades 9-12 - Salaries of Teachers	4,250,319	(32,066)	4,218,253	4,201,410	16,843
Regular Programs - Home Instruction:					
Salaries of Teachers	25,000	1,108	26,108	22,178	3,930
Purchased Professional-Educational Services	10,000		10,000	4,457	5,543
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	1,000		1,000	600	400
Purchased Technical Services	35,000	(4,658)	30,342	28,704	1,638
Other Purchased Services (400-500 series)	89,750	16,867	106,617	94,024	12,593
General Supplies	173,632	210,367	383,999	348,076	35,923
Textbooks	60,000	18,644	78,644	53,647	24,997
Other Objects	4,600		4,600	1,275	3,325
TOTAL REGULAR PROGRAMS - INSTRUCTION	6,852,012	126,169	6,978,181	6,848,122	130,059
SPECIAL EDUCATION - INSTRUCTION					
Special Education - Cognitive - Mild:					
Salaries of Teachers	134,900	(1,800)	133,100	132,404	696
General Supplies	4,400	2,094	6,494	5,394	1,100
Total Special Education - Cognitive - Mild	139,300	294	139,594	137,798	1,796
Special Education - Multiple Disabilities:					
Salaries of Teachers	77,795	1,800	79,595	79,595	
General Supplies	2,880	3,204	6,084	3,668	2,416
Total Special Education - Multiple Disabilities	80,675	5,004	85,679	83,263	2,416

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Resource Room/Resource Center:					
Salaries of Teachers	1,038,345	(12,385)	1,025,960	993,333	32,627
Other Salaries for Instruction	166,219	94,489	260,708	251,292	9,416
General Supplies	2,800	5,641	8,441	8,427	14
Textbooks	750	1,580	2,330	1,670	660
Total Resource Room/Resource Center	1,208,114	89,325	1,297,439	1,254,722	42,717
TOTAL SPECIAL EDUCATION - INSTRUCTION					
	1,428,089	94,623	1,522,712	1,475,783	46,929
Bilingual Education - Instruction:					
Salaries of Teachers	20,293		20,293	19,780	513
General Supplies	500		500	71	429
Total Bilingual Education - Instruction	20,793		20,793	19,851	942
School-Spon. Co/Extra Curricular Actvts. - Inst.:					
Salaries	176,724	10,916	187,640	187,640	
Purchased Services (300-500 series)	36,708	11,833	48,541	37,167	11,374
Supplies and Materials	10,400	397	10,797	6,405	4,392
Other Objects	6,500	777	7,277	7,261	16
Total School-Spon. Cocurricular Actvts. - Inst.	230,332	23,923	254,255	238,473	15,782
School-Spon. Athletics - Instruction:					
Salaries	431,094	(1,989)	429,105	412,267	16,838
Purchased Services (300-500 series)	67,500	1,523	69,023	41,446	27,577
Supplies and Materials	63,000	4,285	67,285	52,460	14,825
Other Objects	15,000		15,000	14,627	373
Total School-Spon. Athletics - Inst.	576,594	3,819	580,413	520,800	59,613
Before/After School					
Salaries of Teachers		7,696	7,696	5,805	1,891
Total Before/After School		7,696	7,696	5,805	1,891

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Summer School - Instruction:					
Salaries of Teachers	4,850	(2,769)	2,081		2,081
Total Summer School - Instruction	<u>4,850</u>	<u>(2,769)</u>	<u>2,081</u>		<u>2,081</u>
Community Services Programs:					
Salaries	50,000	2,023	52,023	26,929	25,094
Total Community Services Programs	<u>50,000</u>	<u>2,023</u>	<u>52,023</u>	<u>26,929</u>	<u>25,094</u>
TOTAL INSTRUCTION	<u>9,162,670</u>	<u>255,484</u>	<u>9,418,154</u>	<u>9,135,763</u>	<u>282,391</u>
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Conty Voc. School Dist.-Regular	63,070	15,118	78,188	78,188	
Tuition to Private Schools for the Disabled-Within State	263,646	(32,237)	231,409	133,838	97,571
Tuition - Other	20,000	(10,202)	9,798		9,798
Total Instruction	<u>346,716</u>	<u>(27,321)</u>	<u>319,395</u>	<u>212,026</u>	<u>107,369</u>
Attendance and Social Work:					
Salaries	12,750		12,750	12,500	250
Supplies and Materials	160		160		160
Total Attendance and Social Work	<u>12,910</u>		<u>12,910</u>	<u>12,500</u>	<u>410</u>
Health Services:					
Salaries	83,609		83,609	82,530	1,079
Supplies and Materials	2,400	616	3,016	2,828	188
Total Health Services	<u>86,009</u>	<u>616</u>	<u>86,625</u>	<u>85,358</u>	<u>1,267</u>
Other Supp. Services Students-Related Services:					
Salaries	157,539	1,601	159,140	159,140	
Purchased Professional - Educational Services	115,000		115,000	79,859	35,141
Supplies and Materials	800		800	222	578
Total Other Supp. Services Students-Related Services	<u>273,339</u>	<u>1,601</u>	<u>274,940</u>	<u>239,221</u>	<u>35,719</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Extra Services:					
Salaries	104,320	(86,945)	17,375	14,769	2,606
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	469,973	(3,677)	466,296	465,743	553
Salaries of Secretarial and Clerical Assistants	55,590	2,214	57,804	57,800	4
Purchased Professional - Educational Services	1,000	(1,000)			
Other Purchased Prof. and Tech Services	10,625	2,311	12,936	9,900	3,036
Other Purchased Services (400-500 series)	4,250	(842)	3,408	3,408	
Supplies and Materials	6,000	7,389	13,389	12,931	458
Other Objects	1,000	672	1,672	1,661	11
Total Other Supp. Services Students-Regular	548,438	7,067	555,505	551,443	4,062
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	234,879	3,255	238,134	238,134	
Salaries of Secretarial and Clerical Assistants	30,753	8,778	39,531	39,531	
Other Purchased Prof. and Tech. Services	2,500		2,500	1,000	1,500
Misc. Pur Serv (400-500 series O/than Resid Costs)	500		500	96	404
Supplies and Materials	3,000	2,802	5,802	5,722	80
Other Objects	100	41	141	141	
Total Other Supp. Services Students-Special	271,732	14,876	286,608	284,624	1,984
Improvement of Instruction Services :					
Salaries of Supervisor of Instruction	182,749	232	182,981	182,981	
Salaries of Other Professional Staff	10,000	(5,310)	4,690	2,240	2,450
Salaries of Secretarial and Clerical Assistants	4,050	(1,680)	2,370		2,370
Purchased Professional-Educational Services	5,500	1,015	6,515	2,747	3,768
Other Purchased Services (400-500 series)	5,500	(2,540)	2,960	1,009	1,951
Other Objects	3,500	4,554	8,054	2,754	5,300
Total Improvement of Instruction Services	211,299	(3,729)	207,570	191,731	15,839
Educational Media Services/School Library:					
Salaries	134,661	(7,772)	126,889	125,970	919
Salaries of Technology Coordinator	75,840	18,759	94,599	94,598	1
Supplies and Materials	7,280	5,305	12,585	8,058	4,527
Total Educational Media Services/School Library	217,781	16,292	234,073	228,626	5,447

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Instructional Staff Training Services:					
Salaries of Other Professional Staff	5,000	5,924	10,924	10,924	
Supplies and Materials	200		200	179	21
Total Instructional Staff Training Services	5,200	5,924	11,124	11,103	21
Supp. Services - General Administration:					
Salaries	227,075	3,403	230,478	225,609	4,869
Legal Services	20,000	(7,100)	12,900	11,943	957
Audit Fees	25,000	(2,570)	22,430	22,430	
Other Professional Services	3,500	31,417	34,917	34,717	200
Purchased Technical Services		1,836	1,836	1,836	
Communications/Telephone	46,000	563	46,563	46,503	60
BOE Other Purchased Services	250	(250)			
Other Purchased Services (400-500 series)	69,611	(591)	69,020	68,821	199
General Supplies	2,500	6,329	8,829	8,827	2
BOE In-House Training/Meeting Supplies	200		200		200
Judgements		17,000	17,000	17,000	
Miscellaneous Expenditures	13,300	(6,566)	6,734	6,734	
BOE Membership Dues and Fees	19,000	583	19,583	19,251	332
Total Supp. Services - General Administration	426,436	44,054	470,490	463,671	6,819
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	324,414	19,898	344,312	344,312	
Salaries of Other Professional Staff	338,677	(9,225)	329,452	329,452	
Salaries of Secretarial and Clerical Assistants	154,441	12,523	166,964	166,964	
Purchased Professional and Technical Services	3,000	4,041	7,041	5,712	1,329
Other Purchased Services (400-500 series)	24,000	(22,525)	1,475		1,475
Supplies and Materials	17,000	1,078	18,078	18,078	
Other Objects	22,000	4,895	26,895	25,645	1,250
Total Support Services - School Administration	883,532	10,685	894,217	890,163	4,054
Central Services:					
Salaries	183,566	3,182	186,748	186,748	
Purchased Professional Services	10,000	(10,000)			
Misc. Purchased Services (400-500 series)	4,250	(248)	4,002	3,275	727
Supplies and Materials	5,000	2,578	7,578	6,652	926
Miscellaneous Expenditures	4,500		4,500	3,996	504
Total Central Services	207,316	(4,488)	202,828	200,671	2,157

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Admin. Information Technology:					
Salaries	18,000		18,000		18,000
Purchased Technical Services	10,000	870	10,870	10,868	2
General Supplies		21,523	21,523		21,523
Total Admin. Information Technology	28,000	22,393	50,393	10,868	39,525
Required Maintenance for School Facilities:					
Salaries	163,422	5,616	169,038	169,038	
Cleaning, Repair, and Maintenance Services	82,450	27,681	110,131	100,982	9,149
General Supplies	20,000	1,060	21,060	16,510	4,550
Total Required Maintenance for School Facilities	265,872	34,357	300,229	286,530	13,699
Other Operations and Maintenance of Plant:					
Salaries	392,629	(1,056)	391,573	386,395	5,178
Purchased Professional and Technical Services	50,800	2,170	52,970	41,948	11,022
Cleaning, Repair and Maintenance Services	48,000	1,308	49,308	26,717	22,591
Insurance	39,780		39,780	39,780	
General Supplies	75,500	54,876	130,376	126,822	3,554
Energy (Natural Gas)		2,000	2,000	866	1,134
Energy (Electricity)	420,000	(29,218)	390,782	276,750	114,032
Energy (Oil)	210,000	(14,461)	195,539	172,101	23,438
Other Objects	2,500	4,308	6,808	6,805	3
Total Other Operations and Maintenance of Plant	1,239,209	19,927	1,259,136	1,078,184	180,952
Care and Upkeep of Grounds:					
Salaries	102,520	3,009	105,529	105,529	
Cleaning, Repair and Maintenance Services	18,000	19,803	37,803	37,803	
Supplies and Materials	15,200	3,023	18,223	18,214	9
Total Care and Upkeep of Grounds	135,720	25,835	161,555	161,546	9

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services					
Salary for Pupil Trans. (Bet. Home & Sch) - Reg.	67,321	66	67,387	67,387	
Salary for Pupil Trans. (Other than Bet. Home & Sch)	37,077	23,260	60,337	59,981	356
Other Purchased Professional and Technical Services	3,500	1,050	4,550	4,550	
Cleaning, Repair and Maintenance Services	9,500	7,917	17,417	15,652	1,765
Contract Services - Aid in Lieu of Payments-Nonpub.Sch.	14,400	884	15,284	5,471	9,813
Contract Services - (Between Home and School) - Vendors	1,088,792	(46,756)	1,042,036	1,035,455	6,581
Contract Services (Other than Between Home & School)-Vendors	100,413	(12,999)	87,414	71,819	15,595
Contract Services - (Between Home and School) - Joint Agreements	126,600	26,060	152,660	97,584	55,076
Contract Services - (Special Ed. Students) - Vendors	128,379	(128,367)	12		12
Contract Services - (Special Ed. Students) - Joint Agreements	60,000	32,251	92,251	92,251	
Miscellaneous Purchased Services - Transportation	1,000		1,000	125	875
General Supplies	16,000	4,308	20,308	20,308	
Other Objects	1,300	100	1,400	1,394	6
Total Student Transportation Services	1,654,282	(92,226)	1,562,056	1,471,977	90,079
UNALLOCATED BENEFITS					
Social Security Contributions	220,372	7,566	227,938	222,803	5,135
Other Retirement Contributions - Regular	171,000	(26,468)	144,532	143,076	1,456
Other Retirement Contributions		5,512	5,512	5,512	
Unemployment Compensation	20,000	20,000	40,000	40,000	
Workmen's Compensation	144,000	(2,367)	141,633	139,083	2,550
Health Benefits	2,704,001	(82,065)	2,621,936	2,621,935	1
Tuition Reimbursement	60,000	(13,932)	46,068	46,068	
Other Employee Benefits	20,000	33,716	53,716	53,716	
TOTAL UNALLOCATED BENEFITS	3,339,373	(58,038)	3,281,335	3,272,193	9,142
On-behalf TPAF pension and PRM Contributions (non-budgeted)				1,321,197	(1,321,197)
Reimbursed TPAF Social Security Contributions (non-budgeted)				708,663	(708,663)
TOTAL ON-BEHALF CONTRIBUTIONS				2,029,860	(2,029,860)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,339,373	(58,038)	3,281,335	5,302,053	(2,020,718)
TOTAL UNDISTRIBUTED EXPENDITURES	10,257,484	(69,120)	10,188,364	11,697,064	(1,508,700)

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
TOTAL GENERAL CURRENT EXPENSE	19,420,154	186,364	19,606,518	20,832,827	(1,226,309)
CAPITAL OUTLAY					
Equipment					
Undistributed Expenditures-Instruction					
Undistributed Expenditures-Operation & Maint. of Plant Serv.		57,613	57,613	46,194	11,419
Undistributed Expenditures-Maintenance		50,414	50,414	7,090	43,324
Undist. Expend -Student Trans. - Non-Inst. Equip.					
Total Equipment		108,027	108,027	53,284	54,743
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	40,000		40,000	40,000	
Construction Services	600,000		600,000	418,930	181,070
Other Objects	32,334		32,334	32,334	
Total Facilities Acquisition and Construction Services	672,334		672,334	491,264	181,070
TOTAL CAPITAL OUTLAY	672,334	108,027	780,361	544,548	235,813
Transfer of Funds to Charter Schools	98,890		98,890	58,207	40,683
TOTAL EXPENDITURES	20,191,378	294,391	20,485,769	21,435,582	(949,813)

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(893,766)	(294,391)	(1,188,157)	(31,968)	1,156,189
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(893,766)	(294,391)	(1,188,157)	(31,968)	1,156,189
Fund Balance, July 1	2,609,022		2,609,022	2,609,022	
Fund Balance, June 30	\$ 1,715,256	(294,391)	\$ 1,420,865	\$ 2,577,054	\$ 1,156,189
Recapitulation:					
Restricted for:					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 305,754	
Excess Surplus				262,197	
Capital Reserve				1,361,608	
Assigned to:					
Year-End Encumbrances				188,144	
Unassigned:					
Unrestricted Fund Balance				<u>459,351</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				2,577,054	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(561,024)</u>	
Fund Balance per Governmental Funds(GAAP Basis B-2)				<u>\$ 2,016,030</u>	

**KITTATINNY REGIONAL SCHOOL DISTRICT
 APPROPRIATIONS COMBINING SCHEDULE - FUNDS 11 AND 18
 GENERAL FUND**

Exhibit C-1b

Line	Description	Account #	Fund 11/12/13 Approps	Fund 18 Approps	Schedule C-1 Total General Fund Approps
2540	Grades 9-12 - Salaries of Teachers	11-140-100-101	4,196,344	5,066	4,201,410
7621	Salaries	11-000-261-100	166,219	2,819	169,038
7626	Salaries	11-000-262-100	383,575	2,820	386,395
12620	Social Security Contributions	11-000-291-220	215,237	7,566	222,803
TOTAL EXPENDITURES			4,961,375	18,271	4,979,646

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2013

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
State Sources	\$ 9,492	\$ 6,055	\$ 15,547	\$ 15,547	-
Federal Sources	223,343	137,538	360,881	326,319	\$ (34,562)
Total Revenues	232,835	143,593	376,428	341,866	(34,562)
EXPENDITURES:					
Instruction					
Salaries of Teachers		55,442	55,442	55,442	
Other Salaries		22,940	22,940	14,124	8,816
Purchased Prof. & Technical Serv.	6,566	8,182	14,748	14,748	
Tuition		60,000	60,000	60,000	
General Supplies	223,343	(177,048)	46,295	40,203	6,092
Textbooks	1,205	644	1,849	1,849	
Total Instruction	231,114	(29,840)	201,274	186,366	14,908
Support Services					
Salaries of Other Professional Staff		62,316	62,316	43,702	18,614
Other Salaries		14,200	14,200	14,200	
Personal Services - Employee Benefits		7,113	7,113	6,671	442
Purchased Professional - Ed. Serv.		80,916	80,916	80,916	
Other Purchased Professional Services	1,721	6,443	8,164	8,164	
Supplies and Materials		2,445	2,445	1,847	598
Total Support Services	1,721	173,433	175,154	155,500	19,654
Total Expenditures	232,835	143,593	376,428	341,866	34,562
Total Outflows	\$ 232,835	\$ 143,593	\$ 376,428	\$ 341,866	\$ 34,562
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					

Fund Balance per Governmental Funds(Budgetary Basis)

NONE

Reconciliation to Governmental Funds Statement(GAAP Basis):

Last State Aid Payment not recognized on GAAP basis

NONE

Fund Balance per Governmental Funds(GAAP Basis)

NONE

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2013

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$21,403,614	\$341,866
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year	N/A	6,175
Current Year	N/A	(7,614)
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	574,290	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(561,024)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$21,416,880</u>	<u>\$ 340,427</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$21,435,582	\$341,866
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	N/A	6,175
Current Year	<u>N/A</u>	<u>(7,614)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$21,435,582</u>	<u>\$340,427</u>

OTHER SUPPLEMENTARY INFORMATION

<p style="text-align: center;">SPECIAL REVENUE FUND DETAIL STATEMENTS</p>
--

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2013

	Title I	Title II (A)	IDEA Part B	Ch 192/193 Compens Ed	Ch 192/193 Exam	Ch 192/193 Suppl Inst	Non-Public Textbooks	Non-Public Technology	Non-Public Nursing	Totals
REVENUES										
State Sources				\$ 2,759	\$ 5,544	\$ 2,151	\$ 1,849	\$ 677	\$ 2,567	\$ 15,547
Federal Sources	\$ 34,644	\$ 25,532	\$ 266,143							326,319
TOTAL REVENUES	34,644	25,532	266,143	2,759	5,544	2,151	1,849	677	2,567	341,866
EXPENDITURES:										
Instruction:										-
Salaries of Teachers	8,600	11,878	34,964							55,442
Other Salaries			14,124							14,124
Purchased Prof. & Technical Serv.	4,294			2,759	5,544	2,151				14,748
Tuition			60,000							60,000
General Supplies	3,959		35,567					677		40,203
Textbooks							1,849			1,849
Total Instruction	16,853	11,878	144,655	2,759	5,544	2,151	1,849	677		186,366
Support Services:										
Salaries of Program Directors										-
Salaries of Other Professional Staff	15,162	3,454	25,086							43,702
Salaries of Secretarial and Clerial Staff										-
Other Salaries			14,200							14,200
Personal Services - Employee Benefits	1,882	2,600	2,189							6,671
Purchased Professional - Ed. Serv.		6,500	74,416							80,916
Other Purchased Professional Services			5,597						2,567	8,164
Travel										-
Supplies and Materials	747	1,100								1,847
Total Support Services	17,791	13,654	121,488						2,567	155,500
TOTAL EXPENDITURES	34,644	25,532	266,143	2,759	5,544	2,151	1,849	677	2,567	341,866
Total Outflows	\$ 34,644	\$ 25,532	\$ 266,143	\$ 2,759	\$ 5,544	\$ 2,151	\$ 1,849	\$ 677	\$ 2,567	\$ 341,866
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)										

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

N/A

<p style="text-align: center;">PROPRIETARY FUND DETAIL STATEMENTS</p>
--

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school district.

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013**

	UNEMPLOYMENT COMPENSATION INSURANCE TRUST	PRIVATE PURPOSE SCHOLORSHIP TRUST	AGENCY FUNDS		TOTALS
			STUDENT ACTIVITY	PAYROLL AGENCY	
ASSETS:					
Cash and Cash Equivalents	\$171,987	\$7,835	\$ 175,624	\$ 33,570	\$ 389,016
TOTAL ASSETS	\$171,987	\$7,835	\$ 175,624	\$ 33,570	\$ 389,016
LIABILITIES:					
Liabilities:					
Payroll Deductions and Withholdings				\$ 21,598	21,598
Flexible Spending Account				11,972	11,972
Payable to Student Groups			\$ 175,624		175,624
Total Liabilities			175,624	33,570	209,194
NET POSITION					
Held in Trust for Unemployment Claims and Other Purposes	\$171,987	\$7,835			\$ 179,822
TOTAL LIABILITIES AND NET POSITION	\$171,987	\$7,835	\$ 175,624	\$ 33,570	\$ 389,016

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2013**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	PRIVATE PURPOSE SCHOLARSHIP <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS			
Contributions:			
Plan Member	\$16,034		\$16,034
Employer	40,000		40,000
Total Contributions	<u>56,034</u>	-	<u>56,034</u>
Investment Earnings:			
Interest	138	\$72	210
Net Investment Earnings	<u>138</u>	<u>72</u>	<u>210</u>
Total Additions	<u>56,172</u>	<u>72</u>	<u>56,244</u>
DEDUCTIONS			
Unemployment Claims	19,644		19,644
Scholarships Awarded		2,000	2,000
Total Deductions	<u>19,644</u>	<u>2,000</u>	<u>21,644</u>
Change in Net Position	36,528	(1,928)	34,600
Net Position—Beginning of the Year	\$135,459	\$9,763	\$145,222
Net Position—End of the Year	<u>\$171,987</u>	<u>\$7,835</u>	<u>179,822</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit H-3

**STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>BALANCE</u> <u>July 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>June 30, 2013</u>
High School Activity Account	\$ 166,673	\$ 469,267	\$ 463,457	\$ 172,483
High School Athletic Account	4,946	47,377	49,182	3,141
	<u>\$ 171,619</u>	<u>\$ 516,644</u>	<u>\$ 512,639</u>	<u>\$ 175,624</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>BALANCE</u> July 1, 2012	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> June 30, 2013
ASSETS:				
Cash and Cash Equivalents	\$ 21,678	\$ 13,340,071	\$ 13,328,179	\$ 33,570
Total Assets	\$ 21,678	\$ 13,340,071	\$ 13,328,179	\$ 33,570
LIABILITIES:				
Accrued Salaries and Wages	\$ 156	\$ 7,736,083	\$ 7,735,907	\$ 332
Payroll Deductions and Withholdings	21,522	5,585,541	5,585,797	21,266
Flexible Spending Account		18,447	6,475	11,972
Total Liabilities	\$ 21,678	\$ 13,340,071	\$ 13,328,179	\$ 33,570

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

KITTATINNY REGIONAL SCHOOL DISTRICT
**SCHEDULE OF SERIAL BONDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Exhibit I-1

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2012</u>	<u>RETIRE</u>	<u>BALANCE June 30, 2013</u>
Refunded School Bonds	12/15/09	\$ 2,135,000	07/15/13	\$ 180,000	3.00%	\$ 1,995,000	\$ 180,000	\$ 1,815,000
			07/15/14	190,000	4.00%			
			07/15/15	195,000	4.00%			
			07/15/16	200,000	4.00%			
			07/15/17	200,000	4.00%			
			07/15/18	205,000	4.00%			
			07/15/19	210,000	5.00%			
			07/15/20	215,000	3.25%			
			07/15/21	220,000	5.00%			
			Total					

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 256,187		\$ 256,187	\$ 256,187	
Total - Local Sources	256,187		256,187	256,187	
TOTAL REVENUES	256,187		256,187	256,187	
EXPENDITURES:					
Regular Debt Service:					
Interest	76,187		76,187	76,187	-
Redemption of Principal	180,000		180,000	180,000	-
Total Regular Debt Service	256,187		256,187	256,187	
TOTAL EXPENDITURES	256,187		256,187	256,187	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1	29,801		29,801	29,801	\$ -
Fund Balance, June 30	29,801	-	29,801	\$ 29,801	
Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures					
Budgeted Fund Balance					

Kittatinny Regional School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	59-64
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	65-80
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	81-84
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	85-86
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	87-91

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year. The district implemented GASB Statement 34 in the fiscal year ending June 30, 2003; schedules presenting district-wide information include information beginning in that year.

Kittatinny Regional School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	2004		2005		2006		2007		Fiscal Year Ending June 30,		2010		2011		2012		2013		
									2008	2009									
Governmental activities																			
Invested in capital assets, net of related debt	\$ 7,903,803	\$ 7,777,521	\$ 7,359,756	\$ 9,519,294	\$ 6,734,212	\$ 6,382,633	\$ 5,946,712	\$ 5,689,786	\$ 5,643,755	\$ 5,990,597									
Restricted	788,437	727,862	729,363	127,193	923,949	1,805,666	1,183,510	1,387,235	1,875,720	1,959,360									
Unrestricted	(222,692)	(591,055)	(683,025)	1,262,296	(599,257)	(1,646,513)	(1,375,414)	(1,448,647)	(1,354,594)	(1,419,809)									
Total governmental activities net position	<u>\$ 8,469,548</u>	<u>\$ 7,914,328</u>	<u>\$ 7,406,094</u>	<u>\$ 10,908,783</u>	<u>\$ 7,058,904</u>	<u>\$ 6,541,786</u>	<u>\$ 5,754,808</u>	<u>\$ 5,628,374</u>	<u>\$ 6,164,881</u>	<u>\$ 6,530,148</u>									
Business-type activities																			
Invested in capital assets, net of related debt	\$ 17,990	\$ 14,740	\$ 11,541	\$ 8,646	\$ 5,891	\$ 27,217	\$ 53,956	\$ 49,384	\$ 44,813	\$ 40,240									
Restricted										-									
Unrestricted	78,233	71,838	73,414	163,046	127,603	137,352	128,569	121,983	151,623	203,983									
Total business-type activities net position	<u>\$ 96,223</u>	<u>\$ 86,578</u>	<u>\$ 84,955</u>	<u>\$ 171,692</u>	<u>\$ 133,494</u>	<u>\$ 164,569</u>	<u>\$ 182,525</u>	<u>\$ 171,367</u>	<u>\$ 196,436</u>	<u>\$ 244,223</u>									
District-wide																			
Invested in capital assets, net of related debt	\$ 7,921,793	\$ 7,792,261	\$ 7,371,297	\$ 9,527,940	\$ 6,740,103	\$ 6,409,850	\$ 6,000,668	\$ 5,739,170	\$ 5,688,568	\$ 6,030,837									
Restricted	788,437	727,862	729,363	127,193	923,949	1,805,666	1,183,510	1,387,235	1,875,720	1,959,360									
Unrestricted	(144,459)	(519,217)	(609,611)	1,425,342	(471,654)	(1,509,161)	(1,246,845)	(1,326,664)	(1,202,971)	(1,215,826)									
Total district net position	<u>\$ 8,565,771</u>	<u>\$ 8,000,906</u>	<u>\$ 7,491,049</u>	<u>\$ 11,080,475</u>	<u>\$ 7,192,398</u>	<u>\$ 6,706,355</u>	<u>\$ 5,937,333</u>	<u>\$ 5,799,741</u>	<u>\$ 6,361,317</u>	<u>\$ 6,774,371</u>									

Source: CAFR Schedule A-1

Kittatinny Regional School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities										
Instruction										
Regular	\$ 8,031,588	\$ 8,459,394	\$ 8,925,242	\$ 9,584,571	\$ 9,278,095	\$ 9,571,732	\$ 9,104,052	\$ 9,429,486	\$ 9,493,691	\$ 9,826,339
Special education	1,616,632	1,683,184	1,743,885	1,680,138	1,800,392	1,668,975	1,799,222	1,782,354	1,842,783	2,008,476
Other instruction	763,938	732,307	936,195	963,544	1,012,412	1,054,527	1,074,224	978,488	999,666	1,074,177
Support Services:										
Tuition	479,531	597,770	401,102	614,743	569,022	494,903	423,903	351,394	229,988	212,026
Student & instruction related services	1,879,232	1,803,316	1,970,081	2,098,459	2,025,876	2,423,998	2,345,639	2,328,137	2,368,833	2,430,731
School administrative services	813,421	999,858	1,091,916	1,176,241	1,158,146	1,185,959	1,038,130	1,166,109	1,120,328	1,208,901
General administrative services	845,310	845,921	1,197,319	853,299	881,275	825,493	805,324	845,009	880,161	954,281
Plant operations and maintenance	1,371,117	1,489,445	1,461,918	1,614,699	1,698,137	1,722,222	1,840,573	1,904,939	1,991,234	2,119,148
Pupil transportation	1,478,366	1,563,072	1,533,955	1,721,885	1,833,592	1,794,127	1,976,588	1,972,615	1,916,184	1,947,586
Transfer to Charter School	16,411	81,442	82,253	78,752	52,530	171,264	205,399	-	188,633	58,207
Interest on long-term debt	144,282	138,667	132,826	126,761	120,470	113,739	43,634	83,964	79,063	106,046
Total governmental activities expenses	<u>17,439,828</u>	<u>18,394,376</u>	<u>19,476,692</u>	<u>20,513,092</u>	<u>20,429,947</u>	<u>21,026,939</u>	<u>20,656,688</u>	<u>20,842,495</u>	<u>21,110,564</u>	<u>21,945,918</u>
Business-type activities:										
Food service	518,032	537,345	493,457	501,314	430,754	418,999	400,130	394,992	406,735	398,067
Adult Education	73,701	63,142	55,405	49,834	54,110	57,607	48,385	88,966	41,325	33,984
School Store	13,916	11,482	9,040	3,584	8,773	10,826	10,113	12,688	8,902	7,740
Total business-type activities expense	<u>605,649</u>	<u>611,969</u>	<u>557,902</u>	<u>554,732</u>	<u>493,637</u>	<u>487,432</u>	<u>458,628</u>	<u>496,646</u>	<u>456,962</u>	<u>439,791</u>
Total district expenses	<u>\$ 18,045,477</u>	<u>\$ 19,006,345</u>	<u>\$ 20,034,594</u>	<u>\$ 21,067,824</u>	<u>\$ 20,923,584</u>	<u>\$ 21,514,371</u>	<u>\$ 21,115,316</u>	<u>\$ 21,339,141</u>	<u>\$ 21,567,526</u>	<u>\$ 22,385,709</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (regular & special education)	\$ 177,641	\$ 196,760	\$ 196,489	\$ 249,663	\$ 344,347	\$ 433,618	\$ 209,091	\$ 216,095	\$ 228,605	\$ 214,879
Operating grants and contributions	7,815,816	7,893,783	8,352,148	8,900,891	9,012,436	7,948,680	7,461,368	7,800,740	8,214,676	8,340,551
Total governmental activities program revenues	<u>7,993,457</u>	<u>8,090,543</u>	<u>8,548,637</u>	<u>9,150,554</u>	<u>9,356,783</u>	<u>8,382,298</u>	<u>7,670,459</u>	<u>8,016,835</u>	<u>8,443,281</u>	<u>8,555,430</u>
Business-type activities:										
Charges for services										
Food service	455,339	481,297	446,908	452,461	430,235	387,403	361,453	359,811	364,280	339,663
Adult Education	71,069	64,914	61,673	56,173	59,658	70,501	46,461	54,578	41,889	57,582
School Store	15,381	13,345	8,991	6,854	10,527	10,021	8,406	10,623	10,156	8,780
Operating grants and contributions	45,825	41,146	36,562	31,858	40,655	48,693	51,594	52,764	57,339	74,337
Total business type activities program revenues	<u>587,614</u>	<u>600,702</u>	<u>554,134</u>	<u>547,346</u>	<u>541,075</u>	<u>516,618</u>	<u>467,914</u>	<u>477,776</u>	<u>473,664</u>	<u>480,362</u>
Total district program revenues	<u>\$ 8,581,071</u>	<u>\$ 8,691,245</u>	<u>\$ 9,102,771</u>	<u>\$ 9,697,900</u>	<u>\$ 9,897,858</u>	<u>\$ 8,898,916</u>	<u>\$ 8,138,373</u>	<u>\$ 8,494,611</u>	<u>\$ 8,916,945</u>	<u>\$ 9,035,792</u>
Net (Expense)/Revenue										
Governmental activities	\$ (9,446,371)	\$(10,303,833)	\$(10,928,055)	\$(11,362,538)	\$(11,073,164)	\$(12,644,641)	\$(12,986,229)	\$(12,825,660)	\$(12,667,283)	\$(13,390,488)
Business-type activities	(18,035)	(11,267)	(3,768)	(7,386)	47,438	29,186	9,286	(18,870)	16,702	40,571
Total district-wide net expense	<u>\$ (9,464,406)</u>	<u>\$(10,315,100)</u>	<u>\$(10,931,823)</u>	<u>\$(11,369,924)</u>	<u>\$(11,025,726)</u>	<u>\$(12,615,455)</u>	<u>\$(12,976,943)</u>	<u>\$(12,844,530)</u>	<u>\$(12,650,581)</u>	<u>\$(13,349,917)</u>

Kittatinny Regional School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 9,229,101	\$ 9,401,812	\$ 10,025,365	\$ 10,666,693	\$ 11,266,127	\$ 11,805,817	\$ 12,046,554	\$ 12,514,812	\$ 12,833,283	\$ 13,020,410
Taxes levied for debt service	43,726	127,576	131,368	93,132	137,491	151,175	264,970	203,969	205,566	256,187
Tuition Received	10,971	2,623	-	-	9,925	-	-	-	-	-
Investment earnings	60,846	60,935	75,113	106,390	85,966	69,942	26,350	10,934	5,884	2,910
Miscellaneous income	187,734	170,352	183,374	131,285	156,218	101,025	121,071	230,991	159,057	178,557
Adjustment to Capital Assets	-	-	-	(491,411)	(62,601)	(436)	100,599	-	-	-
NJ EDA Grants	82,907	(14,684)	4,600	(7,073)	-	-	-	-	-	-
Transfers	-	-	-	(3,631)	-	-	-	-	-	-
Total governmental activities	<u>9,615,285</u>	<u>9,748,614</u>	<u>10,419,820</u>	<u>10,495,385</u>	<u>11,593,126</u>	<u>12,127,523</u>	<u>12,559,544</u>	<u>12,960,706</u>	<u>13,203,790</u>	<u>13,458,064</u>
Business-type activities:										
Miscellaneous Income	1,699	1,621	2,146	2,383	2,473	1,889	8,670	7,712	8,367	7,216
Transfers	-	-	-	3,631	-	-	-	-	-	-
Total business-type activities	<u>1,699</u>	<u>1,621</u>	<u>2,146</u>	<u>6,014</u>	<u>2,473</u>	<u>1,889</u>	<u>8,670</u>	<u>7,712</u>	<u>8,367</u>	<u>7,216</u>
Total district-wide	<u>\$ 9,616,984</u>	<u>\$ 9,750,235</u>	<u>\$ 10,421,966</u>	<u>\$ 10,501,399</u>	<u>\$ 11,595,599</u>	<u>\$ 12,129,412</u>	<u>\$ 12,568,214</u>	<u>\$ 12,968,418</u>	<u>\$ 13,212,157</u>	<u>\$ 13,465,280</u>
Change in Net Position										
Governmental activities	\$ 168,914	\$ (555,219)	\$ (508,235)	\$ (867,153)	\$ 519,962	\$ (517,118)	\$ (426,685)	\$ 135,046	\$ 536,507	\$ 67,576
Business-type activities	(16,336)	(9,646)	(1,622)	(1,372)	49,911	31,075	17,956	(11,158)	25,069	47,787
Total district	<u>\$ 152,578</u>	<u>\$ (564,865)</u>	<u>\$ (509,857)</u>	<u>\$ (868,525)</u>	<u>\$ 569,873</u>	<u>\$ (486,043)</u>	<u>\$ (408,729)</u>	<u>\$ 123,888</u>	<u>\$ 561,576</u>	<u>\$ 115,363</u>

Source: CAFR Schedule A-2

**Kittatinny Regional School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	Fiscal Year Ending June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 657,883	\$ 550,877	\$ 699,911	\$ 344,306	\$ 977,126	\$ 1,857,666	\$ 1,436,406	\$ 1,021,162	\$ 1,645,227	\$ 1,929,559
Unreserved	973,924	610,766	702,914	960,273	973,590	49,664	(227,879)	318,304	389,505	86,471
Total general fund	<u>\$ 1,631,807</u>	<u>\$ 1,161,643</u>	<u>\$ 1,402,825</u>	<u>\$ 1,304,579</u>	<u>\$ 1,950,716</u>	<u>\$ 1,907,330</u>	<u>\$ 1,208,527</u>	<u>\$ 1,339,466</u>	<u>\$ 2,034,732</u>	<u>\$ 2,016,030</u>
All Other Governmental Funds										
Reserved										-
Unreserved, reported in:										
Special revenue fund										-
Capital projects fund	\$ 195,264	\$ 236,413	\$ 82,116				\$ 29,801			
Debt service fund	1,316	4,020	8,103	\$ 7,316	\$ 1,919	\$ 1	65,064	\$ 45,223	\$ 29,801	\$ 29,801
Total all other governmental funds	<u>\$ 196,580</u>	<u>\$ 240,433</u>	<u>\$ 90,219</u>	<u>\$ 7,316</u>	<u>\$ 1,919</u>	<u>\$ 1</u>	<u>\$ 94,865</u>	<u>\$ 45,223</u>	<u>\$ 29,801</u>	<u>\$ 29,801</u>

Source: CAFR Schedule B-1

**Kittatinny Regional School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues										
Tax levy	\$ 9,417,109	\$ 9,668,055	\$10,289,559	\$ 10,886,586	\$ 11,524,088	\$ 12,070,731	\$ 12,311,524	\$ 12,718,781	\$ 13,038,849	\$ 13,276,597
Tuition charges	10,971	2,623	-	-	9,925		400	-	-	
Transportation	177,641	196,759	196,489	249,663	344,347	319,880	208,691	216,095	228,605	214,879
Interest earnings	60,846	60,935	75,113	106,390	85,966	69,942	1,373	965	330	509
Miscellaneous	187,734	170,352	183,374	136,154	164,599	103,025	146,048	240,960	164,611	180,958
State sources	7,037,938	7,209,168	7,387,463	8,061,744	8,238,535	7,458,046	7,003,104	7,042,380	7,528,043	7,852,508
Federal sources	633,595	545,948	831,860	707,520	645,050	488,633	1,172,142	758,360	686,633	488,043
Total revenue	<u>17,525,834</u>	<u>17,853,840</u>	<u>18,963,858</u>	<u>20,148,057</u>	<u>21,012,510</u>	<u>20,510,257</u>	<u>20,843,282</u>	<u>20,977,541</u>	<u>21,647,071</u>	<u>22,013,494</u>
Expenditures										
Instruction										
Regular Instruction	6,150,189	6,247,542	6,215,420	6,539,040	6,414,690	6,732,968	6,937,929	6,703,971	6,840,359	7,026,873
Special education instruction	1,142,655	1,179,964	1,248,064	1,151,181	1,288,020	1,205,864	1,405,916	1,320,179	1,368,378	1,475,783
Other instruction	742,150	710,519	707,230	709,516	735,696	793,559	863,220	746,390	765,276	811,858
Support Services:										
Tuition	479,531	597,770	401,101	614,743	569,023	494,903	423,903	351,394	229,988	212,026
Student & instruction related services	1,522,557	1,451,449	1,449,894	1,512,161	1,482,737	1,805,161	1,831,895	1,723,556	1,757,177	1,781,051
School Administrative services	625,448	794,875	778,301	817,117	795,830	783,787	811,989	867,556	834,062	890,163
General administrative services	661,652	655,620	672,760	638,220	649,633	638,396	641,440	638,944	667,744	675,210
Plant operations and maintenance	1,191,502	1,242,777	1,228,557	1,339,197	1,438,372	1,448,559	1,407,798	1,382,730	1,448,762	1,526,260
Pupil transportation	1,450,720	1,531,829	1,501,167	1,684,793	1,799,274	1,757,835	1,588,338	1,504,709	1,466,899	1,471,977
Unallocated employee benefits	2,944,476	3,120,763	4,224,430	4,636,835	4,448,136	4,387,231	4,787,182	4,880,136	4,733,843	5,302,053
Charter Schools	16,411	81,442	82,253	78,752	52,530	171,264	205,399	-	188,633	58,207
Capital outlay	266,006	384,672	102,805	332,402	434,471	69,202	342,305	523,068	445,118	544,548
Debt service:										
Principal	120,000	125,000	130,000	135,000	140,000	150,000	155,000	160,000	140,000	180,000
Interest and other charges	146,758	141,245	135,508	129,545	123,358	116,833	44,907	93,611	80,988	76,187
Total expenditures	<u>17,460,055</u>	<u>18,265,467</u>	<u>18,877,490</u>	<u>20,318,502</u>	<u>20,371,770</u>	<u>20,555,562</u>	<u>21,447,221</u>	<u>20,896,244</u>	<u>20,967,227</u>	<u>22,032,196</u>
Excess (Deficiency) of revenues over (under) expenditures	65,779	(411,627)	86,368	(170,445)	640,740	(45,305)	(603,939)	81,297	679,844	(18,702)
Other Financing Sources (uses)										
NJ EDA Grants	82,907	(14,684)	4,600	(7,073)						
Transfers in	185,020	285,890	163,693	91,386			163,700	29,801		
Transfers out	(185,020)	(285,890)	(163,693)	(95,017)			(163,700)	(29,801)		
Total other financing sources (uses)	<u>82,907</u>	<u>(14,684)</u>	<u>4,600</u>	<u>(10,704)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 148,686</u>	<u>\$ (426,311)</u>	<u>\$ 90,968</u>	<u>\$ (181,149)</u>	<u>\$ 640,740</u>	<u>\$ (45,305)</u>	<u>\$ (603,939)</u>	<u>\$ 81,297</u>	<u>\$ 679,844</u>	<u>\$ (18,702)</u>
Debt service as a percentage of noncapital expenditures	1.6%	1.5%	1.4%	1.3%	1.3%	1.3%	0.9%	1.2%	1.1%	1.2%

Source: CAFR Schedule B-2

KITTATINNY REGIONAL SCHOOL DISTRICT
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Transportation</u> <u>Fees</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2004	\$ 60,846	\$ 99,907	\$ 177,641	\$ 12,401	\$ 10,971	\$ 75,426	\$ 437,192
2005	58,229	105,573	196,760	15,750	2,623	49,029	427,964
2006	75,113	86,468	196,489	19,804		77,102	454,976
2007	104,471	42,629	249,663	17,604		71,052	485,419
2008	85,966	47,576	344,347	22,834	9,925	94,189	604,837
2009	67,388	21,154	319,880	26,365		56,060	490,847
2010	26,350	32,742	208,690	21,615	400	62,715	352,512
2011	10,934	11,998	216,095	41,936		177,057	458,020
2012	5,884	9,607	228,605	38,164		111,286	393,546
2013	2,910		214,879	39,826		138,731	396,346

SOURCE: District Records

**Kittatinny Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Fredon Township**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Req.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2004	\$9,518,200	\$186,999,100	\$24,266,200	\$1,997,000	\$11,773,700	\$3,912,700	-	\$250,755,137	\$11,357,800	\$930,437	\$239,397,337	\$0.900	\$275,277,850
2005	7,544,700	199,497,500	24,501,400	1,970,200	11,996,500	3,912,700	-	261,747,947	11,488,380	836,567	250,259,567	0.900	325,755,875
2006	7,003,300	212,702,400	25,193,400	1,939,800	12,114,600	3,912,700	-	275,426,328	11,796,000	764,128	263,630,328	0.858	375,840,125
2007	5,878,900	221,034,700	26,872,100	1,994,800	12,183,200	3,912,700	-	284,283,687	11,796,000	611,287	272,487,687	0.866	402,488,855
2008	4,738,000	227,203,400	27,565,100	1,967,300	12,813,100	3,912,700	-	290,672,130	11,944,000	528,530	278,728,130	0.912	516,366,933
2009	9,779,500	458,629,100	59,564,800	1,945,400	22,934,800	7,028,300	-	587,307,097	26,459,000	966,197	560,848,097	1.629	558,965,857
2010	9,719,800	455,995,100	61,120,500	2,291,500	22,934,800	7,002,600	-	586,290,717	26,479,500	746,917	559,811,217	0.504	556,324,174
2011	9,559,600	454,453,300	61,934,100	1,982,200	23,068,200	7,002,600	-	584,731,465	26,487,100	244,365	558,244,365	0.524	531,329,855
2012	9,533,400	452,433,840	61,856,300	1,989,000	22,996,700	6,477,600	-	581,460,781	25,899,300	274,641	555,561,481	0.543	495,256,704
2013	6,625,800	361,504,600	49,443,000	1,951,900	20,661,700	6,092,300	-	471,060,673	24,485,600	295,773	446,575,073	0.705	468,903,446

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Kittatinny Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Hampton Township**

Exhibit J-6

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2004											\$356,691,610	\$0.897	\$411,285,122
2005											362,270,294	0.938	482,461,816
2006	\$7,079,000	\$270,950,360	\$28,405,500		\$60,657,800	\$610,000		\$411,114,307	\$42,086,850	\$1,324,797	369,027,457	1.002	557,203,273
2007	7,079,000	274,750,100	28,656,605		61,194,100	610,000		415,717,489	42,385,450	1,042,234	373,332,039	1.076	651,785,866
2008	8,518,000	278,836,900	29,511,025		66,591,500	335,000		427,779,796	43,118,250	869,121	384,661,546	1.111	747,136,755
2009	8,643,700	281,085,400	30,657,475		67,294,100	335,000		434,057,464	45,231,850	809,939	388,825,614	1.151	786,727,501
2010	8,382,500	282,185,800	30,686,200		67,470,200	335,000		437,959,638	48,234,550	665,388	389,725,088	1.180	792,388,864
2011	8,114,900	282,504,200	29,089,000	\$1,926,700	67,527,000	335,000		439,089,337	49,157,550	434,987	389,931,787	1.201	756,766,252
2012	7,901,200	284,426,800	26,564,000	\$1,917,300	68,651,400	335,000		441,294,163	51,013,950	484,513	390,280,213	1.044	748,146,536
2013	7,818,500	285,821,700	25,445,200	\$1,884,900	69,563,900	335,000		442,062,683	50,639,250	554,233	391,423,433	1.210	694,615,358

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Kittatinny Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Sandyston Township**

Exhibit J-6

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2004											\$130,168,154	\$1.968	\$145,325,749
2005											132,093,396	2.025	166,310,598
2006	\$7,137,200	\$103,795,400	\$10,328,800		\$10,012,300	\$1,398,000		\$216,204,339	\$83,023,250	\$509,389	133,181,089	2.003	194,207,401
2007	6,435,300	100,669,600	15,706,400		10,003,100	1,398,000		217,671,374	83,023,250	435,724	134,648,124	2.041	225,146,954
2008	16,192,800	200,599,000	30,903,200		19,816,200	2,373,100		590,356,083	319,801,600	670,183	270,554,483	1.076	260,779,161
2009	14,650,800	202,755,300	31,920,800		20,093,100	2,373,100		593,723,826	321,269,300	661,426	272,454,526	1.135	289,635,447
2010	13,944,800	203,957,600	31,699,800		19,986,300	2,373,100		594,485,213	322,026,600	497,013	272,458,613	1.208	304,828,906
2011	12,933,200	205,131,800	31,347,200	\$1,141,900	20,104,200	2,373,100		597,419,200	323,753,000	634,800	273,666,200	1.260	276,815,900
2012	12,335,500	206,092,100	31,402,400	\$1,079,200	20,534,700	2,373,100		598,714,921	324,194,000	703,921	274,520,921	1.218	274,602,009
2013	11,035,500	205,931,200	31,486,200	\$1,106,200	20,456,800	2,373,100		596,765,624	323,631,500	745,124	273,134,124	1.367	272,612,986

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Kittatinny Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Stillwater Township**

Exhibit J-6

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2004											\$242,464,775	\$1.070	\$317,934,341
2005											243,524,912	1.096	366,816,737
2006	\$7,069,700	\$202,521,700	\$24,853,900		\$8,930,700	\$408,900		\$272,167,974	\$27,773,200	\$609,874	244,394,774	1.128	411,224,227
2007	6,564,700	203,303,200	25,840,800		8,930,700	408,900		273,240,016	27,748,300	443,416	245,491,716	1.170	490,241,335
2008	6,009,100	204,325,700	27,341,900		8,930,700	408,900		275,455,050	28,052,200	386,550	247,402,850	1.215	548,448,380
2009	5,767,600	205,545,300	27,957,800		8,930,700	408,900		277,201,191	28,250,200	340,691	248,950,991	1.245	580,601,044
2010	5,341,900	208,201,700	26,891,100		8,930,700	408,900		279,008,893	28,948,500	286,093	250,060,393	1.251	597,995,147
2011	5,141,800	208,384,800	25,612,100	\$1,315,800	8,719,200	408,900		279,561,913	29,797,000	182,313	249,764,913	1.294	578,551,595
2012	4,844,700	208,917,300	25,886,200	\$1,312,000	8,339,200	326,400		280,145,236	30,307,200	212,236	249,838,036	1.145	554,436,528
2013	4,785,900	207,881,600	26,607,200	\$1,320,500	8,239,200	326,400		279,734,329	30,335,300	238,229	249,399,029	1.371	527,808,416

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Kittatinny Regional School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years - Walpack Township**

Exhibit J-6

Fiscal Year Ended June 30.	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2004											\$2,404,887	\$1.196	\$2,657,851
2005											2,408,949	1.034	2,678,962
2006	\$85,100	\$645,250	\$523,950		\$1,077,400			\$32,924,216	\$30,515,950	\$76,566	2,408,266	0.860	2,699,349
2007	85,100	645,250	523,950		1,077,400			32,914,463	30,515,950	66,813	2,398,513	0.572	2,736,761
2008	85,100	645,250	523,950		1,077,400			32,913,477	30,515,950	65,827	2,397,527	0.371	2,805,243
2009	85,100	645,250	523,950		1,077,400			32,913,036	30,515,950	65,386	2,397,086	0.360	2,887,175
2010	85,100	645,250	523,950		1,077,400			32,907,947	30,515,950	60,297	2,391,997	0.154	2,897,014
2011	85,100	645,250	422,000	\$101,950	1,077,400			32,922,736	30,515,950	75,086	2,406,786	0.000	3,059,927
2012	85,100	645,250	422,000	\$101,950	1,077,400			32,923,117	30,515,950	75,467	2,407,167	0.000	3,181,513
2013	85,100	561,750	366,200	\$101,950	1,226,800			32,936,153	30,515,950	78,403	2,420,203	0.000	3,057,657

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Kittatinny Regional School District
Direct and Overlapping Property Tax Rates - Fredon Township
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Kittatinny Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Fredon Township School District	Municipality	Sussex County	
2004	\$0.866	\$0.034	\$0.900	\$1.000	\$0.420	\$0.690	\$3.010
2005	\$0.873	\$0.027	\$0.900	\$1.050	\$0.420	\$0.700	\$3.070
2006	\$0.833	\$0.025	\$0.858	\$1.082	\$0.440	\$0.700	\$3.080
2007	\$0.842	\$0.024	\$0.866	\$1.171	\$0.468	\$0.765	\$3.270
2008	\$0.888	\$0.024	\$0.912	\$1.321	\$0.490	\$0.757	\$3.480
2009	\$1.617	\$0.012	\$1.629	\$0.712	\$0.519	\$0.779	\$3.639
2010	\$0.493	\$0.011	\$0.504	\$0.742	\$0.265	\$0.379	\$1.890
2011	\$0.515	\$0.009	\$0.524	\$0.765	\$0.272	\$0.384	\$1.945
2012	\$0.534	\$0.009	\$0.543	\$0.781	\$0.284	\$0.387	\$1.995
2013	\$0.693	\$0.012	\$0.705	\$0.990	\$0.365	\$0.486	\$2.546

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

**Kittatinny Regional School District
Direct and Overlapping Property Tax Rates - Hampton Township
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Kittatinny Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Hampton Township School District	Municipality	Sussex County	
2004	\$0.865	\$0.032	\$0.897	\$1.126	\$0.421	\$0.626	\$3.070
2005	\$0.912	\$0.026	\$0.938	\$1.124	\$0.418	\$0.670	\$3.150
2006	\$0.977	\$0.025	\$1.002	\$1.106	\$0.417	\$0.695	\$3.220
2007	\$1.051	\$0.025	\$1.076	\$1.170	\$0.419	\$0.765	\$3.430
2008	\$1.087	\$0.024	\$1.111	\$1.177	\$0.460	\$0.792	\$3.540
2009	\$1.127	\$0.024	\$1.151	\$1.190	\$0.519	\$0.779	\$3.639
2010	\$1.154	\$0.026	\$1.180	\$1.211	\$0.548	\$0.776	\$3.715
2011	\$1.182	\$0.019	\$1.201	\$1.223	\$0.578	\$0.784	\$3.786
2012	\$1.024	\$0.020	\$1.044	\$1.243	\$0.602	\$0.833	\$3.722
2013	\$1.189	\$0.021	\$1.210	\$1.246	\$0.616	\$0.822	\$3.894

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

**Kittatinny Regional School District
Direct and Overlapping Property Tax Rates - Sandyston Township
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Kittatinny Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Local Township School District	Municipality	Sussex County	
2004	\$1.901	\$0.067	\$1.968	N/A	\$0.217	\$0.615	\$2.800
2005	\$1.970	\$0.055	\$2.025	N/A	\$0.218	\$0.637	\$2.880
2006	\$1.949	\$0.054	\$2.003	N/A	\$0.250	\$0.677	\$2.930
2007	\$1.988	\$0.053	\$2.041	N/A	\$0.251	\$0.738	\$3.030
2008	\$1.064	\$0.012	\$1.076	N/A	\$0.147	\$0.397	\$1.620
2009	\$1.122	\$0.013	\$1.135	N/A	\$0.165	\$0.410	\$1.710
2010	\$1.195	\$0.013	\$1.208	N/A	\$0.191	\$0.427	\$1.826
2011	\$1.250	\$0.010	\$1.260	N/A	\$0.192	\$0.408	\$1.860
2012	\$1.208	\$0.010	\$1.218	N/A	\$0.191	\$0.435	\$1.844
2013	\$1.355	\$0.012	\$1.367	N/A	\$0.196	\$0.464	\$2.027

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

**Kittatinny Regional School District
Direct and Overlapping Property Tax Rates - Stillwater Township
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Kittatinny Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Stillwater Township School District	Municipality	Sussex County	
2004	\$1.054	\$0.016	\$1.070	\$1.180	\$0.581	\$0.719	\$3.550
2005	\$1.083	\$0.013	\$1.096	\$1.224	\$0.562	\$0.758	\$3.640
2006	\$1.115	\$0.013	\$1.128	\$1.252	\$0.570	\$0.780	\$3.730
2007	\$1.157	\$0.013	\$1.170	\$1.302	\$0.629	\$0.879	\$3.980
2008	\$1.202	\$0.013	\$1.215	\$1.339	\$0.684	\$0.902	\$4.140
2009	\$1.217	\$0.028	\$1.245	\$1.399	\$0.784	\$0.898	\$4.326
2010	\$1.224	\$0.027	\$1.251	\$1.451	\$0.806	\$0.911	\$4.419
2011	\$1.273	\$0.021	\$1.294	\$1.482	\$0.831	\$0.936	\$4.543
2012	\$1.124	\$0.021	\$1.145	\$1.515	\$0.848	\$0.964	\$4.472
2013	\$1.347	\$0.024	\$1.371	\$1.549	\$0.863	\$0.984	\$4.767

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

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

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

**Kittatinny Regional School District
Direct and Overlapping Property Tax Rates - Walpack Township
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Kittatinny Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Local Township School District	Municipality	Sussex County	
2004	\$1.061	\$0.135	\$1.196	N/A	N/A	\$0.544	\$1.740
2005	\$0.923	\$0.111	\$1.034	N/A	N/A	\$0.626	\$1.660
2006	\$0.749	\$0.111	\$0.860	N/A	N/A	\$0.460	\$1.320
2007	\$0.461	\$0.111	\$0.572	N/A	N/A	\$0.438	\$1.010
2008	\$0.358	\$0.013	\$0.371	N/A	N/A	\$0.419	\$0.790
2009	\$0.349	\$0.011	\$0.360	N/A	N/A	\$0.400	\$0.760
2010	\$0.154		\$0.154	N/A	N/A	\$0.398	\$0.552
2011	\$0.000		\$0.000	N/A	N/A	\$0.451	\$0.451
2012	\$0.000		\$0.000	N/A	N/A	\$0.569	\$0.569
2013	\$0.000		\$0.000	N/A	N/A	\$0.580	\$0.580

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to

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

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

**Kittatinny Regional Board of Education
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Fredon Township

Taxpayer	2013			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Fredon Golf, LLC	-					
Bear Brok Golf Course				3,370,500	1	1.52%
Mira Plastics	2,470,000.00	1		1,485,500	2	0.67%
United Telephone of NJ				1,186,649	3	0.53%
Fredon Golf, LLC	-					
Amco Enterprises				\$ 1,098,000	4	0.49%
Hosea Holdings II, LLC	1,813,300.00	2				
Fredon Golf, LLC	1,721,600.00	3				
Schneider & Marquard	1,247,500.00	4		773,100	5	0.35%
Individual Taxpayer #1	1,027,000.00	5		744,500	6	0.33%
Individual Taxpayer #2	1,202,300.00	6		740,100	7	0.33%
Individual Taxpayer #3	1,200,000.00	7		633,200	9	0.28%
Model Craftsman	1,064,200.00	8		666,700	8	0.30%
Individual Taxpayer #4	1,057,700.00	9		580,400	10	0.26%
Individual Taxpayer #5	1,009,700.00	10				
Total	<u>\$ 13,813,300</u>		<u>0.00%</u>	<u>\$ 11,278,649</u>		<u>5.06%</u>

Source: District CAFR & Municipal Tax Assessor

**Kittatinny Regional Board of Education
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Hampton Township

Taxpayer	2013			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Individual Taxpayer #1	11,889,100.00	1		\$ 7,748,600	2	2.23%
Wal-Mart Stores	8,800,000.00	2		\$ 12,437,700	1	3.58%
Lowe's Home Improvements	7,875,300.00	3				
Ephemeral Realty	6,707,100.00	4				
Susan Elizabeth Shopping Center				\$ 5,157,700	3	1.49%
Condit Motors				\$ 4,667,700	4	1.34%
Kere Associates, LLC	5,808,500.00	5				
State Title Holdings	2,609,200.00	6				
Newton Property Assoc., LLC	2,150,100.00	7				
Carriage Mobile Homes	2,121,300.00	8		2,037,400	7	0.59%
Individual Taxpayer #2	1,732,500.00	9		3,264,600	5	0.94%
Cuma, LLC	1,728,400.00	10				
Salerno-Duane				2,113,400	6	0.61%
Individual Taxpayer #3				1,732,500	10	0.50%
Toyota Motor Sales				2,002,800	8	0.58%
BPA Realty				1,928,100	9	0.56%
Total	\$ 51,421,500		0.00%	\$ 35,341,900		10.19%

Source: District CAFR & Municipal Tax Assessor

**Kittatinny Regional Board of Education
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Sandyston Township

Taxpayer	2012			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Dingmans Choice & Delaware Bridge	1,500,000.00	1	0.50%	750,000	1	0.59%
Stokes Realty, LLC	1,336,600.00	2	0.40%			
Individual Taxpayer #1	1,006,900.00	3	0.30%	499,100	2	0.39%
Individual Taxpayer #2	972,300.00	4	0.30%	468,800	3	0.37%
Ariben Realty, LLC	912,600.00	5	0.30%			
Individual Taxpayer #3	883,300.00	6	0.30%	378,400	7	0.30%
Kittatinny Lake Club, Inc.	839,000.00	7	0.20%			
Individual Taxpayer #4	834,400.00	8	0.30%	352,200	8	0.28%
Individual Taxpayer #5	823,700.00	9	0.30%	339,500	9	0.27%
Individual Taxpayer #6	819,400.00	10				
FMA Realty, LLC				454,200	4	0.36%
Hidden Acres Farm				440,300	6	0.34%
Individual Tazpayer #6				332,300	10	0.26%
YMCA of Newark			0.40%	450,000	5	0.35%
Total	\$ 9,928,200		2.90%	\$ 4,464,800		3.16%

Source: District CAFR & Municipal Tax Assessor

**Kittatinny Regional Board of Education
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Stillwater Township

Taxpayer	2013			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Mountain Shadows Lake Assoc.	1,105,400	1	0.44%	1,105,400	1	0.46%
Mission of TAO - Confucianism				873,800	2	0.36%
Individual Taxpayer #1	873,300	2	0.35%	814,900	3	0.34%
Individual Taxpayer #2	703,990	3	0.28%			
North Shore House	687,200	4	0.27%	605,300	4	0.25%
Individual Taxpayer #3	646,700	5	0.26%	570,300	5	0.24%
Individual Taxpayer #4	642,800	6	0.26%	570,100	6	0.24%
Individual Taxpayer #5	578,500	7	0.23%	541,500	7	0.23%
Individual Taxpayer #6	551,100	8	0.22%	518,900	8	0.22%
Individual Taxpayer #7	530,000	9	0.21%	463,400	9	0.19%
Individual Taxpayer #8	527,700	10	0.21%	445,500	10	0.19%
Total	\$ 6,846,690		2.73%	\$ 6,509,100		2.72%

Source: District CAFR & Municipal Tax Assessor

**Kittatinny Regional Board of Education
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Walpack Township

Taxpayer	2012			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Walpack Inn	\$ 1,056,800	1	44.03%	1,056,800	1	43.22%
Individual Taxpayer #1	223,400	2	9.30%	291,600	3	11.92%
Individual Taxpayer #2	175,300	3	7.28%	223,400	4	9.14%
BA Handler	113,900	4	4.73%			
Elryan				200,750	5	8.21%
Individual Taxpayer #3	85,400	5	3.55%	86,300	6	3.53%
Individual Taxpayer #4	59,200	7	2.45%	85,400	7	3.49%
Overlook Rod & Gun	77,000	6	3.20%	311,500	2	12.74%
BA Handler	55,800	8	2.32%			
Individual Taxpayer #5	49,500	9	2.06%	63,850	8	2.61%
Individual Taxpayer #6	42,200	10	1.75%	59,200	9	2.42%
Individual Taxpayer #7				42,200	10	1.73%
Total	\$ 1,938,500		80.67%	\$ 2,421,000		99.01%

Source: District CAFR & Municipal Tax Assessor

**Kittatinny Regional School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2004	\$9,272,827	\$9,272,827	100.00%	-
2005	\$9,529,388	\$9,529,388	100.00%	-
2006	\$10,156,733	\$10,156,733	100.00%	-
2007	\$10,759,825	\$10,759,825	100.00%	-
2008	\$11,403,618	\$11,403,618	100.00%	-
2009	\$11,956,992	\$11,956,992	100.00%	-
2010	\$12,311,524	\$12,311,524	100.00%	-
2011	\$12,718,781	\$12,718,781	100.00%	-
2012	\$13,038,849	\$13,038,849	100.00%	-
2013	\$13,276,597	\$13,276,597	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form);
Abstract of Ratables - Sussex County

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

**Kittatinny Regional School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2004	\$ 3,127,000	-	-	-	-0-	\$ 3,127,000	0.53%	\$216.78
2005	\$ 3,002,000	-	-	-	-0-	\$ 3,002,000	0.48%	\$205.59
2006	\$ 2,872,000	-	-	-	-0-	\$ 2,872,000	0.43%	\$195.55
2007	\$ 3,737,000	-	-	-	-0-	\$ 3,737,000	0.53%	\$253.27
2008	\$ 2,597,000	-	-	-	-0-	\$ 2,597,000	0.35%	\$175.52
2009	\$ 2,447,000	-	-	-	-0-	\$ 2,447,000	0.35%	\$166.10
2010	\$ 2,295,000	-	-	-	-0-	\$ 2,295,000	0.32%	\$156.13
2011	\$ 2,135,000	-	-	-	-0-	\$ 2,135,000	0.29%	\$144.83
2012	\$ 1,995,000	-	-	-	-0-	\$ 1,995,000	0.27%	\$135.99
2013	\$ 1,815,000	-	-	-	-0-	\$ 1,815,000	0.25%	\$124.99 *

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

* Current data unavailable

**Kittatinny Regional School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years - Constituent Townships**

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		Per Capita ^b
2004	\$ 3,127,000	-0-	\$ 3,127,000	0.32%	\$ 216.78
2005	\$ 3,002,000	-0-	\$ 3,002,000	0.30%	\$ 205.59
2006	\$ 2,872,000	-0-	\$ 2,872,000	0.28%	\$ 195.55
2007	\$ 3,737,000	-0-	\$ 3,737,000	0.36%	\$ 253.27
2008	\$ 2,597,000	-0-	\$ 2,597,000	0.22%	\$ 175.52
2009	\$ 2,447,000	-0-	\$ 2,447,000	0.17%	\$ 166.10
2010	\$ 2,295,000	-0-	\$ 2,295,000	0.16%	\$ 156.13
2011	\$ 2,135,000	-0-	\$ 2,135,000	0.14%	\$ 144.83
2012	\$ 1,995,000	-0-	\$ 1,995,000	0.14%	\$ 135.99
2013	\$ 1,815,000	-0-	\$ 1,815,000	0.13%	\$ 124.99 *

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

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

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

R Revised

* Current data unavailable

**Kittatinny Regional School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2013**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Constituent Townships	\$ 2,843,865	100%	\$ 2,843,865
Other debt			
Sussex County	78,366,014	9.90%	<u>7,754,791</u>
Subtotal, overlapping debt			10,598,656
Kittatinny Regional School District Direct Debt	1,815,000	100%	<u>1,815,000</u>
Total direct and overlapping debt			<u><u>\$ 12,413,656</u></u>

Sources: Constituent Townships Finance Officers, Sussex County Finance Office and Utility Authorities

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

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

**Kittatinny Regional School District
Legal Debt Margin Information,
Last Ten Fiscal Years**

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2013

Equalized valuation basis

2012	\$ 1,837,314,354
2011	1,983,250,242
2010	<u>2,068,180,629</u>
[A]	<u>\$ 5,888,745,225</u>

Average equalized valuation of taxable property **[A/3]** \$ 1,962,915,075

Debt limit (3.5 % of average equalization value) **[B]** 68,702,028

Net bonded school debt **[C]** 1,815,000

Legal debt margin **[B-C]** **\$ 66,887,028**

	Fiscal Year									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$41,142,886	\$46,750,692	\$54,399,817	\$62,471,637	\$70,230,874	\$71,828,792	\$76,633,267	\$76,633,267	\$72,204,084	\$68,702,028
Total net debt applicable to limit	<u>3,127,000</u>	<u>3,002,000</u>	<u>2,872,000</u>	<u>2,737,000</u>	<u>2,597,000</u>	<u>2,447,000</u>	<u>2,295,000</u>	<u>2,295,000</u>	<u>1,995,000</u>	<u>1,815,000</u>
Legal debt margin	<u>\$38,015,886</u>	<u>\$43,748,692</u>	<u>\$51,527,817</u>	<u>\$59,734,637</u>	<u>\$67,633,874</u>	<u>\$69,381,792</u>	<u>\$74,338,267</u>	<u>\$74,338,267</u>	<u>\$70,209,084</u>	<u>\$66,887,028</u>
Total net debt applicable to the limit as a percentage of debt limit	7.60%	6.42%	5.28%	4.38%	3.70%	3.41%	2.99%	2.99%	2.76%	2.64%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**Kittatinny Regional School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2004	14,425	\$ 587,616,800	\$40,736 R	3.5%
2005	14,602	\$ 619,256,218	\$42,409 R	3.3%
2006	14,687	\$ 667,318,532	\$45,436 R	3.5%
2007	14,755	\$ 711,205,755	\$48,201 R	3.4%
2008	14,796	\$ 733,511,700	\$49,575 R	4.4%
2009	14,732	\$ 699,460,628	\$47,479 R	5.4%
2010	14,699	\$ 723,293,693	\$49,207 R	5.5%
2011	14,741	\$ 733,836,462 *	\$49,782 R	5.6%
2012	14,670	\$ 730,301,940 *	\$49,782 *	5.6%
2013	14,521	\$ 722,884,422 *	\$49,782 *	*

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

P Projected

R Revised

* Current data unavailable

**Kittatinny Regional School District
Principal Employers,
Current Year and Nine Years Ago**

Exhibit J-15

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
Wal-Mart Stores	426	1	N/A	-	N/A	
Kittatinny Regional High Schoo;	171	2		-		
Lowes Home Improvement	154	3		-		
		4		-		
		5		-		
		6		-		
		7		-		
		8		-		
		9		-		
		10		-		
	<u>751</u>			<u>-</u>		

Source: Economic Development Partnership

**Kittatinny Regional School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction										
Regular	92.0	94.5	91.0	91.5	90.5	90.5	87.0	86.0	85.5	85.0
Special education	15.0	15.0	15.0	15.0	16.0	16.0	17.0	16.0	16.0	17.0
Other special education	10.0	11.0	11.0	12.0	13.0	14.0	15.0	15.5	15.5	16.0
Support Services:										
Student & instruction related services	19.0	19.0	19.0	14.0	13.0	14.0	14.0	12.0	15.0	15.0
School administrative services	13.0	13.0	13.0	18.0	17.0	17.0	19.0	18.0	17.0	18.0
General administrative services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Plant operations and maintenance	12.0	12.5	12.5	12.5	12.5	12.5	11.5	11.5	12.0	11.0
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	168.0	172.0	168.5	170.0	169.0	171.0	170.5	166.0	168.0	169.0

Source: District Personnel Records

**Kittatinny Regional School District
Operating Statistics
Last Ten Fiscal Years**

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Middle School	High School				
2004	1,293	16,664,064	12,888	6.69%	107	11.0	13.0	1,292.6	1,240.8	0.09%	96.0%
2005	1,295	17,499,683	13,513	4.85%	108	11.0	13.0	1,304.5	1,250.4	0.92%	95.9%
2006	1,248	18,509,178	14,831	9.75%	108	11.0	13.0	1,249.0	1,198.6	-4.25%	96.0%
2007	1,241	19,721,554	15,892	7.15%	106	10.0	12.0	1,233.4	1,189.2	-1.25%	96.4%
2008	1,189	19,308,282	16,239	2.19%	106	10.0	12.0	1,174.1	1,134.3	-4.81%	96.6%
2009	1,198	19,927,831	16,634	2.43%	107	10.0	12.0	1,157.8	1,119.1	-1.39%	96.7%
2010	1,176	20,905,009	17,776	6.87%	107	10.0	12.0	1,157.2	1,118.1	-0.05%	96.6%
2011	1,142	20,119,565	17,618	-0.89%	106	9.0	12.0	1,110.9	1,066.3	-4.00%	96.0%
2012	1,154	20,301,121	17,592	-0.15%	100	9.0	12.0	1,109.4	1,066.9	-0.14%	96.2%
2013	1,108	21,231,461	19,162	8.92%	100	9.0	12.0	1,073.6	1,033.3	-3.23%	96.2%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

**Kittatinny Regional School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<u>District Building</u>										
<u>High School</u>										
Square Feet	210,503	210,503	210,503	210,503	210,503	210,503	210,503	210,503	210,503	210,503
Capacity (Students)	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214
Enrollment	1,293	1,295	1,248	1,241	1,174	1,170	1,176	1,142	1,154	1,108

Number of Schools at June 30, 2013
High School = 1

Source: District records, ASSA

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

KITTATINNY REGIONAL SCHOOL DISTRICT
 GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Eight Fiscal Years Ending June 30, 2013

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Total</u>
High School Building		\$ 185,013	\$ 210,407	\$ 189,937	\$ 185,548	\$ 267,672	\$ 212,848	\$ 251,849	\$ 286,530	\$ 1,604,791
Total School Facilities		185,013	210,407	189,937	185,548	267,672	212,848	251,849	286,530	1,604,791
Other Facilities		NONE								
Grand Total		<u>\$ 185,013</u>	<u>\$ 210,407</u>	<u>\$ 189,937</u>	<u>\$ 185,548</u>	<u>\$ 267,672</u>	<u>\$ 212,848</u>	<u>\$ 251,849</u>	<u>\$ 286,530</u>	<u>\$ 1,604,791</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2013

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<u>SCHOOL ALLIANCE INSURANCE FUND</u>		
PROPERTY SECTION -		
Property-Blanket Building and Contents	\$ 5,000,000	\$ 1,000
LIABILITY SECTION -		
Comprehensive General Liability	5,000,000	None
Employee Benefits Liability	5,000,000	None
Automobile Liability	5,000,000	None
Excess Liability	5,000,000	None
WORKERS' COMPENSATION -		
(a) Statutory Benefits		None
(b) Employers Liability	As required by	None
Supplemental Coverage	State of New Jersey	None
SCHOOL BOARD LEGAL LIABILITY POLICY -		
School Leader's Professional Liability	5,000,000	
CRIME -		
Blanket Employee Dishonesty	100,000	Per Occ.
Per Loss Member Aggregate Limit	400,000	
Theft Disappearance Destruction In and Out	50,000	
Computer Fraud	50,000	
Forgery	50,000	
OTHER COVERAGE		
Sexual Abuse and Molestation	3,000,000	
Critical Incident Management	250,000	
INDIVIDUAL BONDS:(Not in SAIF)		
Kathy Kane (BA)	250,000	None
Donna Mosner (Treasurer of School Monies)	250,000	None

SOURCE: District Records

Single Audit Section



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 Douglas R. Williams, CPA, RMA, PSA
 Anthony F. Ardito, PA, RMA, PSA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Kittatinny Regional School District
 County of Sussex
 Hampton, New Jersey 07860

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kittatinny Regional School District Board of Education in the County of Sussex, State of New Jersey, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Kittatinny Regional School District Board of Education's basic financial statements, and have issued our report thereon dated September 15, 2013.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

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

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 for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

ARDITO & Co., LLP

ARDITO & CO., LLP
September 15, 2013

Cynthia Corder

Licensed Public School Accountant No.2369



ARDITO & Co., LLP

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 Anthony F. Ardito, PA, RMA, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey OMB's Circular 04-04

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Kittatinny Regional School District
 County of Sussex
 Hampton, New Jersey 07860

Report on Compliance for Each Major Federal and State Program

We have audited the Kittatinny Regional School District Board of Education's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2013. The Kittatinny Regional School District Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Kittatinny Regional School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and New Jersey OMB Circular 04-04, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

ARDITO & Co., LLP

ARDITO & CO., LLP
September 15, 2013

Cynthia Corder

Licensed Public School Accountant No.2369

KITTATINNY REGIONAL SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2013

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2012	Carryover/ Walkover Amount	Cash Received	Budgetary Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2013			Cumulative Total Expenditures
				From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education															
General Fund:															
Impact Aid	84.041	N/A	\$ 152,458	9/1/12	8/31/13			\$ 152,458	\$ (152,458)						\$ 152,458
Education Jobs Fund	84.410A	ARRA_11	218,298	8/10/10	9/30/12	\$ (20,359)		31,064	(10,705)						218,297
Total General Fund						(20,359)	-	183,522	(163,163)	-	-	-	-	-	370,755
U.S. Department of Education															
Passed-through State															
Department of Education:															
Special Revenue Fund:															
I.D.E.A. Part B, Basic Regular	84.027	FT367513	\$227,760	9/1/12	8/31/13			125,792	(199,868)		\$ (101,968)	\$ 27,892			199,868
I.D.E.A. Part B, Basic Regular	84.027	FT367512	\$220,204	9/1/11	8/31/12	(15,133)		81,408	(66,275)						220,204
Special Education Cluster						(15,133)	-	207,200	(266,143)	-	-	(101,968)	27,892	-	420,072
Title I	84.010A	NCLB367513	30,796	9/1/12	8/31/13			16,360	(24,895)		(14,436)	5,901			24,895
Title I	84.010A	NCLB367512	21,469	9/1/11	8/31/12	(4,949)		14,698	(9,749)						21,469
Title II Part A	84.367A	NCLB367513	18,848	9/1/12	8/31/13			11,978	(18,078)		(6,870)	770			18,078
Title II Part A	84.367A	NCLB367512	21,084	9/1/11	8/31/12	(2,331)		9,785	(7,454)						21,084
No Child Left Behind						(7,280)	-	52,821	(60,176)	-	-	(21,306)	6,671	-	85,526
Total Special Revenue Fund						(22,413)	-	260,021	(326,319)	-	-	(123,274)	34,563	-	505,598
U.S. Dept. of Agricul. Passed-Through															
Passed Through State Dept. of Ed.															
Enterprise Fund:															
Child Nutrition Cluster:															
National School Lunch Program (Food Distribution)	10.555	N/A		7/1/11	6/30/12	1,704			(1,704)						1,704
National School Lunch Program (Food Distribution)	10.555	N/A	17,924	7/1/12	6/30/13			17,924	(16,706)			1,218			16,706
National School Lunch Program	10.555	N/A		7/1/11	6/30/12	(480)		480							0
National School Lunch Program	10.555	N/A	53,065	7/1/12	6/30/13			49,673	(53,065)		(3,392)				53,065
Total Enterprise Fund						1,224		68,077	(71,475)		(3,392)	1,218	-		71,475
Total Federal Financial Awards						\$ (41,548)		\$ 511,620	\$ (560,957)	-	\$ (126,666)	\$ 35,781	-	\$	947,828

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

KITTATINNY REGIONAL SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2013

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2012	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2013			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education:															
General Fund:															
Equalization Aid	13-495-034-5120-078	7/1/12-6/30/13	\$ 3,274,170			\$ 3,274,170	\$ (3,274,170)							\$	\$ 3,274,170
Transportation Aid	13-495-034-5120-014	7/1/12-6/30/13	635,568			635,568	(635,568)							*	635,568
Special Education Aid	13-495-034-5120-089	7/1/12-6/30/13	601,392			601,392	(601,392)							*	601,392
Security Aid	13-495-034-5120-084	7/1/12-6/30/13	78,178			78,178	(78,178)							*	78,178
Adjustment Aid	13-495-034-5120-085	7/1/12-6/30/13	1,053,290			1,053,290	(1,053,290)							*	1,053,290
Extra-Ordinary Aid	13-495-034-5120-044	7/1/12-6/30/13	143,239				(143,239)			\$ (143,239)				*	143,239
Extra-Ordinary Aid	12-495-034-5120-044	7/1/11-6/30/12	150,826	\$ (150,826)		150,826								*	-
Non-Public Transportation Aid	13-100-034-5120-068	7/1/12-6/30/13	7,998			-	(7,998)			(7,998)				*	7,998
Non-Public Transportation Aid	12-100-034-5120-068	7/1/11-6/30/12	11,159	(11,159)		11,159								*	-
TPAF Pension	13-495-034-5095-001	7/1/12-6/30/13	1,321,197			1,321,197	(1,321,197)							*	1,321,197
Reimb.TPAF Soc.Sec.Contrib.	13-495-034-5095-002	7/1/12-6/30/13	708,663			673,634	(708,663)			(35,029)				*	708,663
Total General Fund				(161,985)		7,799,414	(7,823,695)			(186,266)				*	7,823,695
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbooks Aid	13-100-034-5120-064	7/1/12-6/30/13	1,849			1,849	(1,849)							*	1,849
Nursing Services	13-100-034-5120-070	7/1/12-6/30/13	2,567			2,567	(2,567)							*	2,567
Technology Aid	13-100-034-5120-373	7/1/12-6/30/13	683			683	(677)					\$ 6		*	677
Auxiliary Services:															
Compensatory Education	13-100-034-512a-067	7/1/12-6/30/13	5,016	2,705		5,016	(2,759)		\$ (2,705)				2,257	*	2,759
Handicapped Services:															
Examination and Classification	13-100-034-512b-066	7/1/12-6/30/13	7,166			7,166	(5,544)						1,622	*	5,544
Supplementary Instruction	13-100-034-512c-066	7/1/12-6/30/13	2,776			2,776	(2,151)						625	*	2,151
Total Special Revenue Fund				2,705	-	20,057	(15,547)	-	(2,705)	-	-	-	4,510	*	15,547
State Department of Agriculture:															
Enterprise Fund:															
Nat. School Lunch Prog. (State Share)	13-100-010-3350-023	7/1/12-6/30/13		(31)		31								*	
Nat. School Lunch Prog. (State Share)	12-100-010-3350-023	7/1/11-6/30/12	2,862			2,691	(2,862)			(171)				*	2,862
Total Enterprise Fund				(31)		2,722	(2,862)			(171)				*	2,862
Total State Financial Assistance				\$ (159,311)		\$ 7,822,193	\$ (7,842,104)	-	\$ (2,705)	\$ (186,437)	-	\$ 4,510		\$	\$ 7,842,104

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2013

NOTE 1. GENERAL

The accompanying schedule of expenditures of federal and state financial assistance includes federal and state award activity of the Board of Education, Kittatinny Regional School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state financial assistance passed through other government agencies is included on the schedules of expenditure of federal and state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying federal and state schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$13,266 for the general fund and (\$1,439) for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial federal and statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2013

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 163,163	\$ 7,836,961	\$ 8,000,124
Special Revenue Fund	324,880	15,547	340,427
Food Service Fund	<u>71,475</u>	<u>2,862</u>	<u>74,337</u>
Total Financial Assistance	<u>\$ 559,518</u>	<u>\$ 7,855,370</u>	<u>\$ 8,414,888</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2013. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2013.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part I - Summary of Auditor's Results

Financial Statement Section

- A) Type of auditor's report issued: Unqualified
- B) Internal control over financial reporting:
 1) Material weakness(es) identified? ___ Yes x No
 2) Were significant deficiencies identified that were not considered to be material weaknesses?
___ Yes
x None Reported
- C) Noncompliance material to financial statements noted? ___ Yes x No

Federal Awards Section

- D) Dollar threshold used to determine Type A programs: \$300,000
- E) Auditee qualified as low-risk auditee? x Yes ___ No
- F) Type of auditor's report on compliance for major programs: Unqualified
- G) Internal Control over major programs:
 1) Material weakness(es) identified? ___ Yes x No
 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes x No
- H) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133(Section .510(a))? ___ Yes x No
- I) Identification of major programs:

CFDA NUMBER(S)

84.027

NAME OF FEDERAL PROGRAM OR CLUSTER

IDEA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Part I - Summary of Auditor's Results

State Financial Assistance Section

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x_yes__no
- L) Type of auditor's report on compliance for major programs: Unqualified
- M) Internal Control over compliance:
- 1) Material weakness(es) identified? ___yes__x_no
- 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___yes__x_none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04? ___yes__x_no
- O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
13-495-034-5120-014	Transportation Aid
13-495-034-5120-085	Adjustment Aid
13-495-034-5120-044	Extraordinary Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Section II-Financial Statement Findings

There were no matters of noncompliance, significant deficiencies, or material weaknesses, that are required to be reported in accordance with Government Auditing Standards.

Section III - Federal and State Financial Assistance Findings and Questioned Costs

FEDERAL AND STATE FINANCIAL ASSISTANCE-There were no federal or state financial assistance findings or questioned costs that are required to be reported in accordance with OMB Circular A-133 or with NJOMB Circular 04-04.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

In accordance with government auditing standards, our procedures included a review of all prior year recommendations. There were no prior year findings.

