

**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, 2020**



**Comprehensive Annual**

**Financial Report**

**of the**

**Kittatinny Regional School District**

**Board of Education**

**Hampton, Sussex County**

**For the Fiscal Year Ending June 30, 2020**

**Prepared by**

**Kittatinny Regional School District**

**Board of Education**

**Finance Department**



# OUTLINE OF CAFR

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**Introductory Section**



## Kittatinny Regional School District

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[www.krhs.net](http://www.krhs.net)

Kittatinny Regional Board of Education

**Craig M. Hutcheson, Ed.D.**

Superintendent - Ext. 1160

[chutches@krhs.net](mailto:chutches@krhs.net)

**Kathy Kane**

School Business Administrator

Board Secretary - Ext. 1540

[kkane@krhs.net](mailto:kkane@krhs.net)

December 9, 2020

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, 2020. 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, 2020, 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) Uniform Guidance, 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.

*"Imparting Knowledge That Works for Our Children"*

**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's on-roll enrollment on October 15, 2019 is 902 students. Based on the date received from the constituent elementary districts, the anticipated opening enrollment for the 2020-21 school year will be approximately 845.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2009-10	1198	-(0.3)
2010-11	1176	-(1.8)
2011-12	1150	-(2.2)
2012-13	1108	-(3.6)
2014-15	1122	1.3
2015-16	1060	-(5.5)
2016-17	1009.5	-(4.7)
2017-18	973	-(3.6)
2018-19	935	-(4.0)
2019-20	902	-(3.5)

**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 state of the economy is also not helping with the stability of the annual budget. 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. The last four years the Federal Government has proposed legislation which could eliminate this form of Federal Aid, this 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. We have continually investigated and explored alternative funding sources as evidenced by our vigilant pursuit of the Federal Impact Aid along with the Interdistrict Public Choice program which has brought additional revenue into the district. We are currently assessing the enrollment for future years and we will be addressing staffing levels as we move forward with less of a student base.

**MAJOR INITIATIVES:** The major project completed this year and financed through capital reserve is as listed:

- Concrete & Parking Lot Repair
- Weight Room

**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, 2019.

**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, 2019, the total District debt was \$645,000

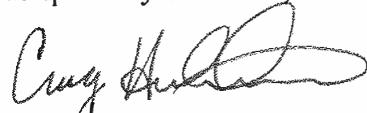
**INVESTMENT MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements, Note 2." The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under 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.

**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 2010-2011 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 Uniform Guidance 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.

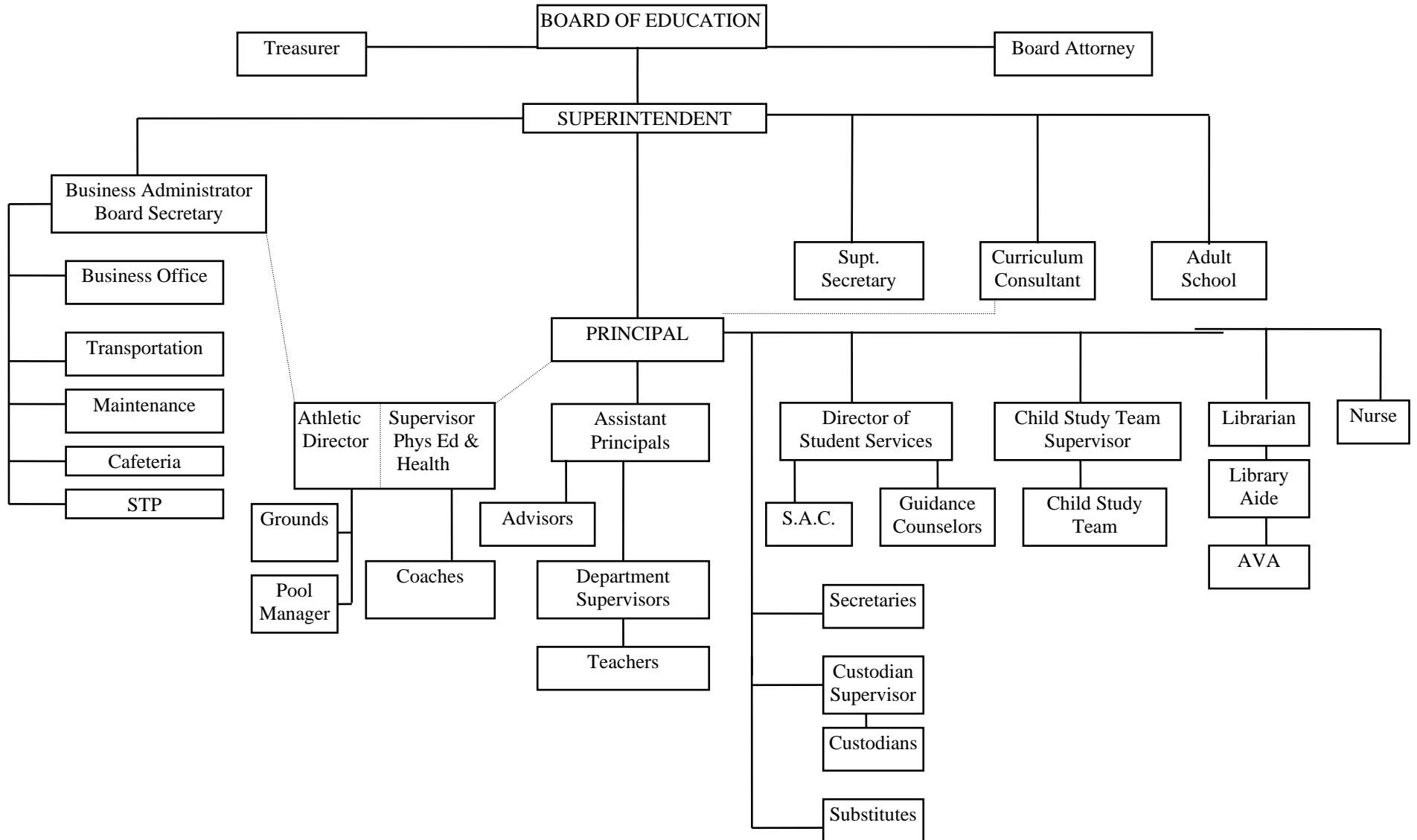
Respectfully Submitted,



Craig Hutcheson  
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, 2020**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Eleanore Shaffer, President	2021
Moira Douglas, Vice-President	2021
Judy Youngs	2021
Wayne Murch	2020
Robert Greene	2020
Louis Sylvester	2022
Barbara Andrews	2022
David Ormesher	2020
Walpack (Vacant)	2022

**Other Officials**

Craig Hutcheson, Superintendent

Kathy Kane, Board Secretary/School Business Administrator

Rene Metzgar, Treasurer

Gary Kraemer, Board Attorney

**KITTATINNY REGIONAL SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**ARCHTECT**

Parette Somjen Architects LLC  
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Rockaway, NJ 07866

**AUDIT FIRM**

Ardito & Co., LLC  
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Frenchtown, New Jersey 08825

**ATTORNEY**

Kraemer & Corazza  
328 D Sparta Avenue  
Sparta, New Jersey 07871

Cleary, Giacobbe, Alfieri, Jacobs, LLC  
955 State Route 34  
Matawan, NJ 07747

**OFFICIAL DEPOSITORIES**

SB One Bank  
PO Box 7128  
Rochelle Park, New Jersey 07662



**Financial Section**

**Independent Auditor's Report**



## **ARDITO & COMPANY LLC**

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
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*Anthony Ardito, CPA, RMA, CMFO, 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **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.

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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, 2020, 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.

### **Emphasis of Matter**

As discussed in Note 19, the spread of the COVID 19 coronavirus is affecting the United States and global economies and may have an impact on the District's subsequent operational and financial performance. At this point, the District cannot reasonably estimate the impact on its subsequent operations or financial results. The accompanying financial statements do not include any adjustments related to subsequent events. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of 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.

-Continued-

## 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 state financial assistance, as required by New Jersey OMB's circulars 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 15-08, 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 state financial assistance, as required by New Jersey OMB's circulars 15-08, 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 December 9, 2020, 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 & COMPANY LLC

December 9, 2020



**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, 2020**  
**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, 2020. 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 2020 are as follows:

- ◆ In total, Net Position increased \$27,736 which represents a 1.3% increase from 2019.
- ◆ General revenues accounted for \$15,296,624 in revenue or 56.1% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$11,990,483 or 43.9% of total revenues of \$27,287,107.
- ◆ Total assets of governmental activities increased by \$3,276,224, as cash and cash equivalents increased by \$2,643,060, receivables decreased by \$146,570, and capital assets increased by \$765,470.
- ◆ The School District had \$27,259,371 in expenses; only \$11,990,483 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$15,296,624 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$24,868,385 in revenues and \$24,399,288 in expenditures. The General Fund's surplus balance increased \$469,097 over 2019, which compares to the budgeted decrease of \$600,921.

**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, 2020**  
**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 2020?" 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 26. 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, and Capital Projects Fund.



**KITTATINNY REGIONAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
**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 2020 compared to 2019.

Table 1 Net Position		
	<u>2020</u>	<u>2019</u>
Assets		
Current and Other Assets	\$ 4,482,725	\$ 1,971,971
Capital Assets	<u>8,323,638</u>	<u>7,558,168</u>
Total Assets	<u>12,806,363</u>	<u>9,530,139</u>
 Deferred Outflows of Resources	 <u>821,170</u>	 <u>1,312,793</u>
Liabilities		
Long-Term Liabilities	9,542,157	6,914,368
Other Liabilities	<u>219,046</u>	<u>127,830</u>
Total Liabilities	<u>9,761,203</u>	<u>7,042,198</u>
 Deferred Inflows of Resources	 <u>1,678,770</u>	 <u>1,640,910</u>
Net Position		
Invested in Capital Assets, Net of Debt	4,448,638	6,913,168
Restricted	2,033,841	1,635,892
Unrestricted	<u>(4,294,919)</u>	<u>(6,389,236)</u>
Total Net Position	<u>\$ 2,187,560</u>	<u>\$ 2,159,824</u>

**KITTATINNY REGIONAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
**UNAUDITED**

Total assets of governmental activities increased by \$3,276,224, as cash and cash equivalents increased by \$2,643,060, receivables decreased by \$146,570, and capital assets increased by \$765,470.

The cash increase was primarily due to receipt of \$3,440,000 in equipment lease proceeds, net of project spending. Capital assets increased also due to the equipment lease spending, net of depreciation.

Table 2 shows the changes in Net Position from fiscal year 2019.

Table 2  
Changes in Net Position

	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 506,598	\$ 668,810
Operating Grants and Contributions	11,483,885	12,944,821
General Revenues:		
Property Taxes	15,104,412	14,692,752
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	13,887	20,535
Other	<u>178,325</u>	<u>219,665</u>
Total Revenues	<u>27,287,107</u>	<u>28,546,583</u>
Program Expenses		
Instruction	16,416,053	17,737,942
Support Services:		
Tuition	124,819	255,977
Pupils and Instructional Staff	2,765,012	2,867,179
General Administration, School Administration, Business	2,648,464	2,670,082
Operations and Maintenance of Facilities	2,692,391	2,915,110
Pupil Transportation	2,110,493	2,408,340
Transfer to Charter School	92,597	95,204
Business-Type Activities	341,261	485,723
Interest and Fiscal Charges	<u>68,281</u>	<u>78,687</u>
Total Expenses	<u>27,259,371</u>	<u>29,514,244</u>
Increase in Net Position	<u>\$ 27,736</u>	<u>\$ (967,661)</u>

**KITTATINNY REGIONAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
**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 55.4% percent of revenues for governmental activities for the Kittatinny Regional School District for the fiscal year 2020.

Instruction comprises 60.2% of district expenses. Support services expenses make up 37.9% 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 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>
Instruction	\$ 16,416,053	\$ 9,181,025	\$ 17,737,942	\$9,538,125
Support Services:				
Tuition	124,819	124,819	255,977	255,977
Pupils and Instructional Staff	2,765,012	1,521,184	2,867,179	1,500,372
General Admin., School Admin., Business	2,648,464	1,521,997	2,670,082	1,472,404
Operation and Maintenance of Facilities	2,692,391	1,547,241	2,915,110	1,607,523
Pupil Transportation	2,110,493	1,212,840	2,408,340	1,328,067
Charter	92,597	92,597	95,204	95,204
Business-Type Activities	341,261	(1,096)	485,723	24,254
Interest and Fiscal Charges	<u>68,281</u>	<u>68,281</u>	<u>78,687</u>	<u>78,687</u>
Total Expenses	<u>\$ 27,259,371</u>	<u>\$ 15,268,888</u>	<u>\$ 29,514,244</u>	<u>\$ 15,900,613</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, 2020**  
**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 55.9% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 57.7%. 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 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$25,438,301 and expenditures of \$26,471,743. The General Fund's surplus balance increased \$469,097 over 2019, which compares to the budgeted decrease of \$600,921.

**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 2020 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 \$21,165,325, \$97,764 over original budgeted estimates of \$21,067,561. This difference was due primarily to increases in impact aid over budgeted amounts.

General fund revenues exceeded expenditures by \$418,861. Again this surplus compares to a budgeted deficit of \$600,921, which was due to the budgeted use of surplus and capital reserve needed to balance the 2019-2020 budget. The surplus was due to increases in impact aid and reductions in budgetary spending.

Overall general fund balance (budget basis) was \$2,734,394, and amounts ear-marked and reserved for future purposes were \$2,310,152, creating a surplus in unreserved fund balance of \$424,242. Management believes unreserved fund balance at statutory 2% levels will provide adequate working capital for the district.

**KITTATINNY REGIONAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
**UNAUDITED**

**Capital Assets**

At the end of the fiscal year 2020, the School District had \$8,315,401 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2020 balances compared to 2019.

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

	<u>2020</u>	<u>2019</u>
Land	\$ 144,210	\$ 144,210
Land Improvements	-	-
Buildings and Improvements	8,147,209	7,329,054
Machinery and Equipment	<u>23,982</u>	<u>72,095</u>
 Totals	 <u>\$ 8,315,401</u>	 <u>\$ 7,545,359</u>

Overall capital assets increased \$770,042 from fiscal year 2019 to fiscal year 2020. The increase in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$1,791,681 were purchased during fiscal year 2020 and included the equipment lease spending, athletic equipment, paving and curbing, and HVAC improvements.

**Debt Administration**

At June 30, 2020, the School District had \$5,377,285 as outstanding long term debt. Of this amount, \$1,502,285 is for compensated absences, \$3,440,000 relates to lease obligation debt, and \$435,000 is for bonds payable outstanding.

At June 30, 2020, the School District's overall legal debt margin was \$62,502,075 and the unvoted debt margin was the same.

**KITTATINNY REGIONAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**  
**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 frozen state aid over the past few years. However, the district feels at current funding levels it can maintain its 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](mailto: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, 2020

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,453,581	\$ 98,953	\$ 2,552,534
Receivables, Net	248,988	180	249,168
Other Receivables	22,106	880	22,986
Inventory		32,000	32,000
Restricted Assets:			
Capital and Impact Aid Reserve Accounts - Cash	1,626,037		1,626,037
Capital Assets, Net (Note 6)	8,315,401	8,237	8,323,638
<b>Total Assets</b>	<b>12,666,113</b>	<b>140,250</b>	<b>12,806,363</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	821,170		821,170
<b>LIABILITIES</b>			
Accounts Payable	53,822	2,169	55,991
Net Pension Liability (Note 8)	4,164,882		4,164,882
Accrued Interest	8,244		8,244
Unearned Revenue	153,213	1,598	154,811
Noncurrent Liabilities (Note 7):			
Due Within One Year	490,000		490,000
Due Beyond One Year	4,887,275		4,887,275
<b>Total Liabilities</b>	<b>9,757,436</b>	<b>3,767</b>	<b>9,761,203</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	1,678,770		1,678,770
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	4,440,401	8,237	4,448,638
Restricted for:			
Other Purposes	2,033,841		2,033,841
Unrestricted	(4,423,165)	128,246	(4,294,919)
<b>Total Net Position</b>	<b>\$ 2,051,077</b>	<b>\$ 136,483</b>	<b>\$ 2,187,560</b>

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, 2020

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	OPERATING		GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS			
Governmental Activities:						
Instruction:						
Regular	\$ 12,328,485	\$ 100,604	\$ 5,395,866	\$ (6,832,015)		\$ (6,832,015)
Special Education	2,517,608	20,544	1,050,266	(1,446,798)		(1,446,798)
Other Special Instruction	-	-	-	-		-
Other Instruction	1,569,960	12,811	654,937	(902,212)		(902,212)
Support Services:						
Tuition	124,819			(124,819)		(124,819)
Student & Instruction Related Serv.	2,765,012	22,563	1,221,265	(1,521,184)		(1,521,184)
School Administrative Services	1,618,409	13,207	675,149	(930,053)		(930,053)
General and Business Admin. Serv.	1,030,055	8,405	429,706	(591,944)		(591,944)
Plant Operations and Maintenance	2,692,391	21,970	1,123,180	(1,547,241)		(1,547,241)
Pupil Transportation	2,110,493	17,222	880,431	(1,212,840)		(1,212,840)
Charter School	92,597			(92,597)		(92,597)
Interest on Long-Term Debt	68,281			(68,281)		(68,281)
Total Governmental Activities	26,918,110	217,326	11,430,800	(15,269,984)		(15,269,984)
Business-Type Activities:						
Food Service	316,620	264,115	53,085		\$ 580	580
Adult Education	23,162	22,141			(1,021)	(1,021)
School Store	1,479	3,016			1,537	1,537
Total Business-Type Activities	341,261	289,272	53,085	-	1,096	1,096
Total Primary Government	\$ 27,259,371	\$ 506,598	\$ 11,483,885	\$ (15,269,984)	\$ 1,096	\$ (15,268,888)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 14,871,174		\$ 14,871,174
Taxes Levied for Debt Service				233,238		233,238
Investment Earnings				13,887		13,887
Miscellaneous Income				175,826	\$ 2,499	178,325
Transfers				-	-	-
Total General Revenues, Special Items, Extraordinary Items and Transfers				15,294,125	2,499	15,296,624
Change in Net Position				24,141	3,595	27,736
Net Position—Beginning				2,026,936	132,888	2,159,824
Net Position—Ending				\$ 2,051,077	\$ 136,483	\$ 2,187,560

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

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



**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2020**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 2,139,058		\$ 1,937,460	\$ 3,100	\$ 4,079,618
Receivables from Other Governments	70,033	\$ 178,955			248,988
Other Receivables	22,106				22,106
Interfund Receivable	13,513				13,513
<b>TOTAL ASSETS</b>	<b>\$ 2,244,710</b>	<b>\$ 178,955</b>	<b>\$ 1,937,460</b>	<b>\$ 3,100</b>	<b>\$ 4,364,225</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 41,593	\$ 12,229			\$ 53,822
Interfund Payables		13,513			13,513
Due State Government					-
Deferred Revenue		153,213			153,213
<b>Total Liabilities</b>	<b>41,593</b>	<b>178,955</b>	<b>-</b>	<b>-</b>	<b>220,548</b>
<b>Fund Balances:</b>					
<u>Restricted for:</u>					
Excess Surplus - Designated for Subsequent Year's Expenditures	179,028				179,028
Excess Surplus	178,776				178,776
Impact Aid Reserve	806,021				806,021
Capital Reserve Account	820,016				820,016
Capital Projects Fund			\$ 1,937,460		1,937,460
<u>Assigned to:</u>					
Year-End Encumbrances	276,311				276,311
General Fund - Designated for Subsequent Year's Expenditures	50,000				50,000
<u>Unassigned:</u>					
General Fund	(107,035)				(107,035)
Debt Service Fund			\$ 3,100		3,100
<b>Total Fund Balances</b>	<b>2,203,117</b>	<b>-</b>	<b>1,937,460</b>	<b>3,100</b>	<b>4,143,677</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 2,244,710</b>	<b>\$ 178,955</b>	<b>\$ 1,937,460</b>	<b>\$ 3,100</b>	<b>\$ 4,364,225</b>

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 \$26,709,952 and the accumulated depreciation is \$18,394,551.

\$ 8,315,401

Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 8)

821,170

Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 8)

(1,678,770)

Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)

(4,164,882)

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 8)

(5,377,275)

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)

(8,244)

**Net Position of governmental activities (Exhibit A-1)**

**\$ 2,051,077**

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, 2020

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local sources:					
Local Tax Levy	\$ 14,871,174			\$ 233,238	\$ 15,104,412
Tuition	-				-
Transportation	217,326				217,326
Interest Earned on Capital Reserve Funds	7,493				7,493
Miscellaneous	166,144		\$ 16,076		182,220
<b>Total - Local Sources</b>	<b>15,262,137</b>	<b>-</b>	<b>16,076</b>	<b>233,238</b>	<b>15,511,451</b>
State Sources	9,104,710	\$ 52,738			9,157,448
Federal Sources	501,538	267,864			769,402
<b>Total Revenues</b>	<b>24,868,385</b>	<b>320,602</b>	<b>16,076</b>	<b>233,238</b>	<b>25,438,301</b>
<b>EXPENDITURES</b>					
Current:					
Regular Instruction	7,251,303	252,812			7,504,115
Special Education Instruction	1,599,227				1,599,227
Other Special Instruction	-				-
Other Instruction	1,041,861				1,041,861
Support services and undistributed costs:					
Tuition	124,819				124,819
Student and Instruction Related Services	1,672,123	67,790			1,739,913
School Administrative Services	1,034,169				1,034,169
Other Administrative Services	673,352				673,352
Plant Operations and Maintenance	1,659,027				1,659,027
Pupil Transportation	1,400,571				1,400,571
Unallocated Benefits	7,527,317				7,527,317
Transfer to Charter School	92,597				92,597
Debt Service:					
Principal				210,000	210,000
Interest and Other Charges				23,237	23,237
Capital Outlay	322,922		1,518,616		1,841,538
<b>Total Expenditures</b>	<b>24,399,288</b>	<b>320,602</b>	<b>1,518,616</b>	<b>233,237</b>	<b>26,471,743</b>
Excess (Deficiency) of Revenues Over Expend.	469,097		(1,502,540)	1	(1,033,442)
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease Financing Proceeds			3,440,000		3,440,000
Total Other Financing Sources and Uses	-	-	3,440,000	-	3,440,000
Net Change in Fund Balances	469,097	-	1,937,460	1	2,406,558
Fund Balance—July 1	1,734,020			3,099	1,737,119
<b>Fund Balance—June 30</b>	<b>\$ 2,203,117</b>	<b>\$ 1,937,460</b>	<b>\$ 3,100</b>	<b>\$ 4,143,677</b>	

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

**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, 2020**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 2,406,558

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

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

Depreciation Expense	\$ (1,021,639)	
Capital Outlays	<u>1,791,681</u>	770,042

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (38,493)

In the statement of net assets, capital lease obligation proceeds are recorded as a liability when received. In the governmental funds, the proceeds are reported as an other source of funds. (3,440,000)

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. 210,000

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. 111,221

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. 4,813

**Change in Net Position of Governmental Activities (Exhibit A-2) \$ 24,141**

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

**STATEMENT OF PROPRIETARY NET POSITION  
PROPRIETARY FUNDS**

**June 30, 2020**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<u>Food Service</u>	<u>Adult Education</u>	<u>School Store</u>	<u>Totals</u>
<b>ASSETS</b>				
Current assets:				
Cash and Cash Equivalents	\$ 43,527	\$ 43,292	\$ 12,134	\$ 98,953
Accounts Receivable-Federal and State	180			180
Other Receivables	880			880
Inventories	16,908	-	15,092	32,000
<b>Total Current Assets</b>	<u><b>61,495</b></u>	<u><b>43,292</b></u>	<u><b>27,226</b></u>	<u><b>132,013</b></u>
Noncurrent Assets:				
Furniture, Machinery and Equipment	179,085			179,085
Less Accumulated Depreciation	(170,848)	-	-	(170,848)
<b>Total Noncurrent Assets</b>	<u><b>8,237</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>8,237</b></u>
<b>Total Assets</b>	<u><b>69,732</b></u>	<u><b>43,292</b></u>	<u><b>27,226</b></u>	<u><b>140,250</b></u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts Payable	2,169			2,169
Deferred Revenue	1,598	-	-	1,598
<b>Total Current Liabilities</b>	<u><b>3,767</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>3,767</b></u>
<b>Total Liabilities</b>	<u><b>3,767</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>3,767</b></u>
<b>NET POSITION</b>				
Invested in Capital Assets Net of Related Debt	8,237	-	-	8,237
Unrestricted	57,728	43,292	27,226	128,246
<b>Total Net Position</b>	<u><b>\$ 65,965</b></u>	<u><b>\$ 43,292</b></u>	<u><b>\$ 27,226</b></u>	<u><b>\$ 136,483</b></u>

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



**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2020**

	<b>Business-type Activities - Enterprise Fund</b>			
	<b>Food Service</b>	<b>Adult Education</b>	<b>School Store</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 229,129			\$ 229,129
Daily Sales - Non-Reimb. Programs	34,986			34,986
Program Fees		\$ 22,141	\$ 3,016	25,157
Miscellaneous Income	2,491	-	8	2,499
<b>Total Operating Revenues</b>	<b><u>266,606</u></b>	<b><u>22,141</u></b>	<b><u>3,024</u></b>	<b><u>291,771</u></b>
<b>Operating Expenses:</b>				
Cost of Sales - Reimbursable Programs	48,402			48,402
Cost of Sales - Non-reimbursable Programs	66,498			66,498
Salaries	94,912	11,268		106,180
Employee Benefits	25,004			25,004
Purchased Property Service	18,000			18,000
Cleaning, Repair and Maintenance Services	11,255			11,255
General Supplies	19,071	11,894	1,479	32,444
Miscellaneous	28,906			28,906
Depreciation	4,572	-	-	4,572
<b>Total Operating Expenses</b>	<b><u>316,620</u></b>	<b><u>23,162</u></b>	<b><u>1,479</u></b>	<b><u>341,261</u></b>
Operating Income (Loss)	<u>(50,014)</u>	<u>(1,021)</u>	<u>1,545</u>	<u>(49,490)</u>
<b>Nonoperating Revenues (Expenses):</b>				
State Sources:				
State School Lunch Program	2,227			2,227
Federal Sources:				
National School Lunch Program	43,104			43,104
Food Distribution Program	7,754	-	-	7,754
<b>Total Nonoperating Revenues (Expenses)</b>	<b><u>53,085</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>53,085</u></b>
Income (Loss) Before Contributions and Transfers	3,071	(1,021)	1,545	3,595
Transfers In (Out)	-	-	-	-
Change in Net Position	3,071	(1,021)	1,545	3,595
Total Net Position—Beginning	<u>62,894</u>	<u>44,313</u>	<u>25,681</u>	<u>132,888</u>
<b>Total Net Position—Ending</b>	<b><u>\$ 65,965</u></b>	<b><u>\$ 43,292</u></b>	<b><u>\$ 27,226</u></b>	<b><u>\$ 136,483</u></b>

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, 2020

	Business-Type Activities - Enterprise Funds			
	Food Service	Adult Education	School Store	Total Enterprise
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 271,938	\$ 22,051	\$ 3,024	\$ 297,013
Payments to Employees	(94,912)	(11,268)		(106,180)
Payments for Employee Benefits	(25,004)			(25,004)
Payments to Suppliers	(204,601)	(11,804)	(3,340)	(219,745)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(52,579)</b>	<b>(1,021)</b>	<b>(316)</b>	<b>(53,916)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State Sources	2,294	-	-	2,294
Federal Sources	44,141	-	-	44,141
Operating Transfers to Other Funds	-	-	-	-
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>46,435</b>	<b>-</b>	<b>-</b>	<b>46,435</b>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,144)	(1,021)	(316)	(7,481)
Balances—Beginning of Year	49,671	44,313	12,450	106,434
<b>Balances—End of Year</b>	<b>\$ 43,527</b>	<b>\$ 43,292</b>	<b>\$ 12,134</b>	<b>\$ 98,953</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (50,014)	\$ (1,021)	\$ 1,545	(49,490)
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	7,754			7,754
(Increase) Decrease in Accounts Receivable	-			-
(Increase) Decrease in Inventories	(12,402)		(1,861)	(14,263)
Increase (Decrease) in Accounts Payable	(2,489)	-	-	(2,489)
Total Adjustments	(2,565)	-	(1,861)	(4,426)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>\$ (52,579)</b>	<b>\$ (1,021)</b>	<b>\$ (316)</b>	<b>\$ (53,916)</b>

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, 2020**

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Agency <u>Fund</u></b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 239,557	\$ 252,963
<b>Total Assets</b>	<b><u>\$ 239,557</u></b>	<b><u>\$ 252,963</u></b>
<b>LIABILITIES</b>		
Payable to Student Groups		219,516
Payroll Deductions and Withholdings		13,750
Flexible Spending Account		19,697
<b>Total Liabilities</b>	<b>-</b>	<b><u>\$ 252,963</u></b>
<b>NET POSITION</b>		
<b>Held in Trust for Unemployment Claims &amp; Other Purposes</b>	<b><u>\$ 239,557</u></b>	

**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, 2020**

	<b>Unemployment Compensation <u>Trust</u></b>
<b>ADDITIONS</b>	
<b>Contributions:</b>	
Plan Member	\$ 17,864
Other	-
<b>Total Contributions</b>	<u>17,864</u>
Investment Earnings:	
Interest	60
Net Investment Earnings	<u>60</u>
<b>Total Additions</b>	<u>17,924</u>
<b>DEDUCTIONS</b>	
Unemployment Claims	26,448
Scholarship Awards	-
<b>Total Deductions</b>	<u>26,448</u>
Change in Net Position	(8,524)
Net Position—Beginning of the Year	<u>\$ 248,081</u>
<b>Net Position—End of the Year</b>	<u><u>\$ 239,557</u></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, 2020

**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, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27 and GASB No. 75, Accounting for OPEB. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2019.

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, 2020, of 902 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, 2020

**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, 2020

**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, 2020

**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, 2020

**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, 2020

**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, 2020

**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, 2020, but which were levied to finance fiscal year 2020 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, 2020

**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

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**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, 2020

**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, 2020, 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, 2020, 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	\$3,348,307	\$492,520	\$3,840,827
	\$3,348,307	\$492,520	\$3,840,827



KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued)**

The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$3,840,827 and the bank balance was \$3,923,033. 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 \$3,673,033 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, 2020, the district's balance was \$830,264.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2020, 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 Statements	Government-Wide Financial Statements
State Aid	\$99,085	\$99,088
Federal Aid	149,903	150,080
Local Sandyston-Walpack Food Service		880
Local Transportation	22,106	22,106
Gross Receivable	\$271,094	272,154
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$271,094</u>	<u>\$272,154</u>

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2020, consisted of the following:

Food	<u>\$16,908</u>
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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, 2020

**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, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being				
Land	\$ 144,210			\$ 144,210
Total Capital Assets Not Being Depreciat	<u>144,210</u>			<u>144,210</u>
Capital Assets Being Depreciated:				
Land Improvements	915,359			915,359
Buildings and Building	19,786,066	\$ 1,701,554		21,487,620
Machinery and Equipment	4,072,636	90,127		4,162,763
Total at Historical Cost	<u>24,774,061</u>	<u>1,791,681</u>		<u>26,565,742</u>
Less Accumulated Depreciation for:				
Land Improvements	(915,359)			(915,359)
Building and Improvements	(12,457,012)	(883,399)		(13,340,411)
Equipment	(4,000,541)	(138,240)		(4,138,781)
Total Accumulated Depreciation	<u>(17,372,912)</u>	<u>(1,021,639)</u>		<u>(18,394,551)</u>
Total Capital Assets Being Depreciated, net of Accumulated	<u>7,401,149</u>	<u>770,042</u>		<u>8,171,191</u>
Government Activity Capital Assets,	<u>\$ 7,545,359</u>	<u>\$ 770,042</u>		<u>\$ 8,315,401</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, 2020

**NOTE 6: CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 677,347
Special Ed Instruction	71,515
Support Services	95,012
General Administration	10,216
School Administration	39,844
Operations/Maintenance	<u>127,705</u>
Total	<u>\$ 1,021,639</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, 2020, are as follows:

	Balance <u>7/1/19</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/20</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$645,000		(\$210,000)	\$435,000	\$215,000
Other Liabilities:					
Lease Obligation Debt		\$3,440,000		\$3,440,000	\$275,000
Compensated Absences	1,613,496		(111,211)	1,502,285	
Total	<u>\$2,258,496</u>	<u>\$3,440,000</u>	<u>(\$321,211)</u>	<u>\$5,377,285</u>	<u>\$490,000</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, 2020

**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, 2020, it is not necessary for the Board to establish a liability for arbitrage

	Government Activities			
	Issue <u>Dates</u>	Interest <u>Rates</u>	Date of <u>Maturity</u>	Balance <u>6/30/20</u>
Refunding Bonds	12/15/09	3.0-5.0%	7/15/21	\$ 435,000
Capital Lease Payable	9/1/19	2.755%	9/1/39	<u>3,440,000</u>
Total Bonds				<u>\$ 3,875,000</u>

B. Debt Service Requirements:

Debt Service requirements on serial bonds payable at June 30, 2020, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 215,000	\$ 14,494	\$ 229,494
2022	<u>220,000</u>	<u>5,500</u>	<u>225,500</u>
	<u>\$ 435,000</u>	<u>\$ 19,994</u>	<u>\$ 454,994</u>

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, 2020.

Debt Service requirements on leases payable at June 30, 2020, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 275,000	\$ 87,138	\$ 362,138
2022	255,000	87,196	342,196
2023	91,000	80,170	171,170
2024	115,000	77,663	192,663
2025	119,000	74,495	193,495
Thereafter	<u>2,585,000</u>	<u>649,574</u>	<u>3,234,574</u>
	<u>\$ 3,440,000</u>	<u>\$ 1,056,236</u>	<u>\$ 4,496,236</u>

On September 30, 2019, the District commenced acquisition of energy savings equipment through a lease program in the amount of \$3,440,000, payable to Sterling National Bank. This amount is payable in annual lease payments which include principal and interest payments. The interest rate is 2.755% for the length of the term. The term of the lease is twenty (20) years maturing on September 1, 2039.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**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 Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

*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, 100% of 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.

*Summary of Significant Accounting Policies* - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$59,262,079 as measured on June 30, 2019 and \$61,692,241 measured on June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$3,495,436 and revenue of \$3,495,436 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2020 is based upon changes in the collective net pension liability with a measurement period of June 30, 2018 through June 30, 2019. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2018 and June 30, 2019.

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 8: PENSION PLANS (Continued)**

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$12,599,296,329	\$10,077,460,797
Collective deferred inflows of resources	\$16,171,861,734	\$17,525,379,167
Collective net pension liability (Nonemployer-State of New Jersey)	\$63,617,852,031	\$61,370,943,870
State's portion of the net pension liability that was associated with the district	\$61,692,241	\$59,262,079
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.096973%	0.096564%

*Actuarial assumptions* - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.75%
Salary Increases:	
Through 2026	1.55-4.45%
Therafter	2.75-5.65%
Investment Rate of Return:	7.00%

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 8: PENSION PLANS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US developed markets	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

*Discount rate* - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the State's net pension liability to changes in the discount rate* - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2019, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<u>(4.60%)</u>	<u>(5.60%)</u>	<u>(6.60%)</u>

State's Collective Net Pension Liability	\$ 72,544,649,801	\$ 61,519,112,443	\$ 52,371,397,951
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KITTATINNY REGIONAL SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 8: PENSION PLANS (Continued)**

*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2019 was \$22,696,734,276

*Amortization of Deferred Outflows and Inflows of Resources* - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in the state's pension expense as follows:

	<u>Year Ended June 30:</u>
2020	(\$272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	<u>(2,402,153,865)</u>
Total	<u><u>(\$7,607,077,817)</u></u>

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2019 are as follows:

Service cost	\$1,882,081,572
Interest on total pension liability	4,201,672,382
Member contributions	(846,166,328)
Administrative expenses	13,922,385
Expected investment return net of investment expenses	(1,542,884,759)
Pension expense related to specific liabilities of individual employers	(300,112)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	178,228,412
Recognition of assumption changes or inputs	(596,671,173)
Recognition of investment gains/losses	<u>338,679,314</u>
Total pension expense	<u><u>\$3,628,561,693</u></u>

**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.



KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 8: PENSION PLANS (Continued)**

*Summary of Significant Accounting Policies* - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

At June 30, 2020, the District reported a liability of \$4,164,882 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2019 and 2018. At June 30, 2019, the District's proportion was 0.02311% which was a decrease of 0.00053% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$252,658. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 74,754	\$ 18,399
Changes of assumptions	415,879	1,445,617
Net difference between projected and actual earnings on pension plan investments	-	65,744
Changes in proportion and differences between District contributions and proportionate share of contributions	104,932	149,010
District contributions subsequent to the measurement date	225,605	
Total	<u>\$ 821,170</u>	<u>\$ 1,678,770</u>

\$225,605 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability measured as of June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2020	(\$125,364)
2021	(406,679)
2022	(363,141)
2023	(170,513)
2024	(17,508)
Total	<u>(\$1,083,205)</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 8: PENSION PLANS (Continued)**

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$4,684,852,302	\$3,149,522,616
Collective deferred inflows of resources	7,646,736,226	7,645,087,574
Collective net pension liability (Non State - Local Group)	\$19,689,501,539	\$18,018,482,972
District's portion of net pension liability	\$4,655,872	\$4,164,882
District's proportion %	0.02364647%	0.02311450%

*Actuarial assumptions* - The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation:	2.75%
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Therafter	3.00%-7.00% based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US developed markets	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 8: PENSION PLANS (Continued)**

*Discount rate* - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate* - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2019, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(5.28%)</u>	<u>(6.28%)</u>	<u>(7.28%)</u>
District's proportionate share of the net pension liability	\$ 5,260,923	\$4,164,882	\$ 3,241,312

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2019 are as follows:

Service cost	\$209,888
Interest on total pension liability	622,088
Member contributions	(144,565)
Administrative expenses	3,829
Expected investment return net of investment expenses	(386,001)
Pension expense related to specific liabilities of individual employers	(1,808)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	46,836
Recognition of assumption changes or inputs	(143,147)
Recognition of investment gains/losses	<u>45,538</u>
Total pension expense	<u>\$252,658</u>

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 8: PENSION PLANS (Continued)**

**Defined Contribution Retirement Plan (DCRP)** - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

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

The TPAF and PERS 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.

**Significant Legislation** - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 8: PENSION PLANS (Continued)**

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee’s annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78’s effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems’ unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

**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 (PERS) and N.J.S.A. 18:66 (TPAF) 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 6.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

**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>
6/30/2020	\$225,605	100 %	-0-
6/30/2019	\$236,275	100 %	-0-
6/30/2018	\$220,279	100 %	-0-

**Three-Year Trend Information for TPAF (On behalf)**

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2020	\$2,107,382	100 %	-0-
6/30/2019	\$1,940,450	100 %	-0-
6/30/2018	\$1,464,746	100 %	-0-

During the fiscal year ended June 30, 2020, the State of New Jersey did contribute \$2,888,680 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 \$764,144 during the year ended June 30, 2020, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 9: POST-RETIREMENT BENEFITS**

**Plan description and benefits provided**

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPES plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

**Total OPEB Liability**

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

***Actuarial assumptions and other imputes*** The June 30, 2020 GASB 75 reporting is based on a measurement date of June 30, 2019. The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-3.05% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	1.55-3.05% TPAF 2.00-7.00% PERS Based on service years
Discount rate (2019)	3.50%

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 9: POST-RETIREMENT BENEFITS-(Continued)**

Discount rate (2018)	3.87%
Healthcare cost trend rates (PPO Plans)	5.7% decreasing to 4.5% after eight years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.8% decreasing to 5.0% after eight years
Healthcare cost trend rates (Prescription Drug Benefits)	7.5% decreasing to 4.5% after eight years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2018 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2018 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2018 scale.

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
<b>The State's Total OPEB Liability Balance at 6/30/2018</b>	<b>\$46,110,832,982</b>
<u>Changes for the year:</u>	
Service Cost	1,734,404,850
Interest	1,827,787,206
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	(7,323,140,818)
Changes of Assumptions	622,184,027
Benefit Payments	(1,280,958,373)
Contributions from Members	37,971,171
Net changes	<u>(4,381,751,937)</u>
<b>The State's Total OPEB Liability Balance at 6/30/2019</b>	<b><u>\$41,729,081,045</u></b>
<b>The State's total OPEB liability attributable to the District:</b>	<b>\$34,966,620</b>

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019 and other changes.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 9: POST-RETIREMENT BENEFITS-(Continued)**

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage -point lower or 1- percentage-point higher than the current discount rate:

	June 30, 2019		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>2.50%</u>	<u>3.50%</u>	<u>4.50%</u>
Total OPEB Liability (School Retirees)	\$49,298,534,898	\$41,729,081,045	\$35,716,321,820

	June 30, 2018		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Total OPEB Liability (School Retirees)	\$54,512,391,175	\$46,110,832,982	\$39,432,461,816

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.** The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage- point higher than the current healthcare cost trend rates:

	June 30, 2019		
	Health Care Cost		
	<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$34,382,902,820	\$41,729,081,045	\$51,453,912,586

	June 30, 2018		
	Health Care Cost		
	<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$38,113,289,045	\$46,110,832,982	\$56,687,891,003

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

For the year ended June 30, 2019, the board of education recognized OPEB expense of \$895,841 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.



KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 9: POST-RETIREMENT BENEFITS-(Continued)**

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience		(\$10,484,965,300)
Changes of assumptions or other inputs	_____	<u>(\$8,481,529,343)</u>
<b>Total</b>	<hr style="border-top: 3px double black; width: 100%;"/> -	<u><b>(\$18,966,494,643)</b></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	(\$2,546,527,182)
2021	(\$2,546,527,182)
2022	(\$2,546,527,182)
2023	(\$2,546,527,182)
2024	(\$2,546,527,182)
Thereafter	<u>(\$6,233,858,733)</u>
	<u><b>(\$18,966,494,643)</b></u>

**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.

**NOTE 11: INTERFUND RECEIVABLES AND PAYABLES**

No interfund balances remained on the fund balance sheets at June 30, 2020

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**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>
2019-2020	\$60	\$17,864	\$26,448	\$239,557
2018-2019	\$191	\$17,781	\$38,142	\$248,081
2017-2018	\$257	\$17,542	\$2,084	\$268,251

**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.

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.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**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, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance July 1, 2019	\$ 667,877
Deposits (PL 2007 c.62 (A1)) - June 18, 2020 Resolution	340,045
Withdrawals (Actual withdrawals from budgeted amount)	<u>(187,906)</u>
Ending balance June 30, 2020	<u>\$ 820,016</u>

**NOTE 15: IMPACT AID RESERVE ACCOUNT**

As permitted by P.L.2017, c.46 which amended N.J.S.A. 18A:7F-41 a federal impact reserve account was established by the Kittatinny Regional School District Board of Education by transfer of \$350,000 on June 19, 2015 by board resolution for the amount of federal impact aid funds – general fund – received during the current fiscal year for use as general fund expenditures in subsequent fiscal years. The federal impact aid – general reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the Impact Aid Reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning balance July 1, 2019	\$ 536,066
Deposits (PL 2015 c.46) - June 18, 2020 Resolution	500,000
Withdrawals (Expended)	<u>(230,045)</u>
Ending balance June 30, 2020	<u>\$ 806,021</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 16: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$2,203,117 General Fund fund balance at June 30, 2020, \$357,804 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$179,028 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2021); \$820,016 is reserved in the Capital Reserve Account; \$806,021 is reserved in the Impact Aid Reserve Account; \$276,311 is reserved for encumbrances; \$50,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2021; and (\$107,035) is unreserved and undesignated.

**NOTE 17: 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, 2020 is \$178,776.

**NOTE 18: TAX ABATEMENTS**

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

**NOTE 19: SUBSEQUENT EVENTS**

The District's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020 and continues subsequent to June 30, 2020. Additionally, New Jersey Governor Murphy has declared a state of emergency via Executive Order in response to the coronavirus outbreak. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the District's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the District's tax base revenue, absenteeism in the District's labor workforce, unavailability of supplies used in operations, and a decline in value of assets held by the District.

**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, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 14,871,175	\$ (1)	\$ 14,871,174	14,871,174	
Tuition	-				-
Transportation	215,330	1,996	217,326	217,326	-
Interest Earned on Capital Reserve Funds	1,000		1,000	7,493	\$ 6,493
Miscellaneous	228,000		228,000	166,144	(61,856)
<b>Total - Local Sources</b>	<b>15,315,505</b>	<b>1,995</b>	<b>15,317,500</b>	<b>15,262,137</b>	<b>(55,363)</b>
<b>State Sources:</b>					
Equalization Aid	3,430,734		3,430,734	3,430,734	
School Choice	245,129		245,129	245,129	
Transportation Aid	630,048		630,048	630,048	
Special Education Aid	691,576		691,576	691,576	
Security Aid	86,912		86,912	86,912	
Adjustment Aid	285,820		285,820	285,820	
Other State Aid	95,000		95,000	31,431	(63,569)
TPAF Pension (On-Behalf - Non-Budgeted)				2,106,029	2,106,029
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				781,298	781,298
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				1,353	1,353
TPAF Social Security (Reimbursed - Non-Budgeted)				764,144	764,144
<b>Total State Sources</b>	<b>5,465,219</b>		<b>5,465,219</b>	<b>9,054,474</b>	<b>3,589,255</b>
<b>Federal Sources:</b>					
Impact Aid	286,837		286,837	501,538	214,701
<b>Total Federal Sources</b>	<b>286,837</b>		<b>286,837</b>	<b>501,538</b>	<b>214,701</b>
<b>TOTAL REVENUES</b>	<b>21,067,561</b>	<b>1,995</b>	<b>21,069,556</b>	<b>24,818,149</b>	<b>3,748,593</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
<b>EXPENDITURES:</b>					
Current Expense:					
<b>Regular Programs - Instruction:</b>					
Grades 6-8 - Salaries of Teachers	2,564,235	(278,321)	2,285,914	2,201,576	84,338
Grades 9-12 - Salaries of Teachers	4,236,014	426,340	4,662,354	4,662,354	
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	20,000	(7,590)	12,410	12,410	
Purchased Professional-Educational Services	8,500	(3,507)	4,993	4,993	
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	1,000	(550)	450	450	
Purchased Technical Services	39,153	(16,078)	23,075	23,075	
Other Purchased Services (400-500 series)	87,000	28,605	115,605	102,599	13,006
General Supplies	252,320	23,076	275,396	207,422	67,974
Textbooks	45,000	1,212	46,212	36,334	9,878
Other Objects	3,000		3,000	90	2,910
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>7,256,222</b>	<b>173,187</b>	<b>7,429,409</b>	<b>7,251,303</b>	<b>178,106</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	72,215	47,674	119,889	119,889	
Other Salaries for Instruction	57,258	1,553	58,811	58,811	
General Supplies	2,500	(227)	2,273	138	2,135
<b>Total Learning and/or Language Disabilities</b>	<b>131,973</b>	<b>49,000</b>	<b>180,973</b>	<b>178,838</b>	<b>2,135</b>



KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,380,365	(49,228)	1,331,137	1,300,171	30,966
Other Salaries for Instruction	141,642		141,642	117,191	24,451
General Supplies	2,800	227	3,027	3,027	
Textbooks	1,000		1,000		1,000
<b>Total Resource Room/Resource Center</b>	<b>1,525,807</b>	<b>(49,001)</b>	<b>1,476,806</b>	<b>1,420,389</b>	<b>56,417</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>1,657,780</b>	<b>(1)</b>	<b>1,657,779</b>	<b>1,599,227</b>	<b>58,552</b>
<b>Bilingual Education - Instruction:</b>					
General Supplies	500		500		500
<b>Total Bilingual Education - Instruction</b>	<b>500</b>		<b>500</b>		<b>500</b>
<b>School-Spon. Co/Extra Curricular Actvts. - Inst.:</b>					
Salaries	275,800	(1,564)	274,236	233,676	40,560
Purchased Services (300-500 series)	47,432	6,226	53,658	45,108	8,550
Supplies and Materials	7,500	2,088	9,588	9,588	
Other Objects	17,000	3,260	20,260	18,037	2,223
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<b>347,732</b>	<b>10,010</b>	<b>357,742</b>	<b>306,409</b>	<b>51,333</b>
<b>School-Spon. Athletics - Instruction:</b>					
Salaries	499,000	(13,680)	485,320	480,906	4,414
Purchased Services (300-500 series)	77,400	(9,605)	67,795	46,745	21,050
Supplies and Materials	74,789	6,976	81,765	63,031	18,734
Other Objects	19,000		19,000	16,751	2,249
<b>Total School-Spon. Athletics - Inst.</b>	<b>670,189</b>	<b>(16,309)</b>	<b>653,880</b>	<b>607,433</b>	<b>46,447</b>
<b>Before/After School</b>					
Salaries of Teachers	5,000		5,000		5,000
<b>Total Before/After School</b>	<b>5,000</b>		<b>5,000</b>		<b>5,000</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>Instructional Alt Ed Programs:</b>					
Salaries of Teachers	91,845		91,845	91,845	
Support Salaries	22,332	(22,332)			
<b>Total Instructional Alt Ed Programs</b>	<b>114,177</b>	<b>(22,332)</b>	<b>91,845</b>	<b>91,845</b>	
<b>Community Services Programs:</b>					
Salaries	35,000	11,000	46,000	36,174	9,826
<b>Total Community Services Programs</b>	<b>35,000</b>	<b>11,000</b>	<b>46,000</b>	<b>36,174</b>	<b>9,826</b>
<b>TOTAL INSTRUCTION</b>	<b>10,086,600</b>	<b>155,555</b>	<b>10,242,155</b>	<b>9,892,391</b>	<b>349,764</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the State - Regular	140,301	15,589	155,890	124,179	31,711
Tuition to Other LEAs Within the State - Special		640	640	640	
Tuition to Private Schools for the Disabled-Within State	142,558	(43,363)	99,195		99,195
<b>Total Instruction</b>	<b>282,859</b>	<b>(27,134)</b>	<b>255,725</b>	<b>124,819</b>	<b>130,906</b>
<b>Attendance and Social Work:</b>					
Salaries	27,364		27,364	17,842	9,522
Supplies and Materials	160		160		160
<b>Total Attendance and Social Work</b>	<b>27,524</b>		<b>27,524</b>	<b>17,842</b>	<b>9,682</b>
<b>Health Services:</b>					
Salaries	91,945		91,945	91,945	
Supplies and Materials	3,000		3,000	2,504	496
<b>Total Health Services</b>	<b>94,945</b>		<b>94,945</b>	<b>94,449</b>	<b>496</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	92,615	1,470	94,085	94,085	
Purchased Professional - Educational Services	115,000	(15,578)	99,422	71,695	27,727
Supplies and Materials	800		800	545	255
<b>Total Other Supp. Services Students-Related Services</b>	<b>208,415</b>	<b>(14,108)</b>	<b>194,307</b>	<b>166,325</b>	<b>27,982</b>
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Other Professional Staff	437,948	6,293	444,241	444,241	
Salaries of Secretarial and Clerical Assistants	54,406	6,322	60,728	60,728	
Other Purchased Prof. and Tech Services	13,000		13,000	12,285	715
Supplies and Materials	5,000		5,000	4,095	905
Other Objects	20,600		20,600	9,852	10,748
<b>Total Other Supp. Services Students-Regular</b>	<b>530,954</b>	<b>12,615</b>	<b>543,569</b>	<b>531,201</b>	<b>12,368</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	298,346	1,494	299,840	299,840	
Salaries of Secretarial and Clerical Assistants	50,310		50,310	49,585	725
Other Purchased Prof. and Tech. Services	1,800		1,800	600	1,200
Misc. Pur Serv (400-500 series O/than Resid Costs)	1,000	13	1,013	639	374
Supplies and Materials	2,500		2,500	2,437	63
Other Objects	2,500		2,500	253	2,247
<b>Total Other Supp. Services Students-Special</b>	<b>356,456</b>	<b>1,507</b>	<b>357,963</b>	<b>353,354</b>	<b>4,609</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
<b>Improvement of Instruction Services :</b>					
Salaries of Supervisor of Instruction	355,313		355,313	341,512	13,801
Salaries of Other Professional Staff	9,400	(8,804)	596		596
Purchased Professional-Educational Services	20,600	(3,512)	17,088	32	17,056
Other Purchased Services (400-500 series)	2,500	2,212	4,712	4,712	
Supplies and Materials		1,615	1,615	1,615	
Other Objects	8,000	83	8,083	5,276	2,807
<b>Total Improvement of Instruction Services</b>	<b>395,813</b>	<b>(8,406)</b>	<b>387,407</b>	<b>353,147</b>	<b>34,260</b>
<b>Educational Media Services/School Library:</b>					
Salaries	41,669		41,669	39,792	1,877
Salaries of Technology Coordinator	90,574	10,676	101,250	101,250	
Supplies and Materials	10,350		10,350	9,533	817
<b>Total Educational Media Services/School Library</b>	<b>142,593</b>	<b>10,676</b>	<b>153,269</b>	<b>150,575</b>	<b>2,694</b>
<b>Instructional Staff Training Services:</b>					
Salaries of Other Professional Staff	7,500		7,500	5,230	2,270
<b>Total Instructional Staff Training Services</b>	<b>7,500</b>		<b>7,500</b>	<b>5,230</b>	<b>2,270</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
<b>Supp. Services - General Administration:</b>					
Salaries	229,848	26,101	255,949	228,390	27,559
Legal Services	20,000	1,314	21,314	18,397	2,917
Audit Fees	28,500		28,500	28,212	288
Other Professional Services	5,000	658	5,658	5,658	
Communications/Telephone	47,000	476	47,476	47,422	54
Other Purchased Services (400-500 series)	64,691	(4,247)	60,444	52,596	7,848
General Supplies	2,500	(56)	2,444	1,343	1,101
BOE In-House Training/Meeting Supplies	200		200		200
Miscellaneous Expenditures	6,600	(132)	6,468	6,318	150
BOE Membership Dues and Fees	13,000	15,886	28,886	28,886	
<b>Total Supp. Services - General Administration</b>	<b>417,339</b>	<b>40,000</b>	<b>457,339</b>	<b>417,222</b>	<b>40,117</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	377,676	2,000	379,676	379,676	
Salaries of Other Professional Staff	371,939	6,204	378,143	378,143	
Salaries of Secretarial and Clerical Assistants	201,672	11,797	213,469	213,469	
Purchased Professional and Technical Services	13,000	1,773	14,773	11,368	3,405
Supplies and Materials	14,000	2,854	16,854	15,344	1,510
Other Objects	25,000	13,319	38,319	36,169	2,150
<b>Total Support Services - School Administration</b>	<b>1,003,287</b>	<b>37,947</b>	<b>1,041,234</b>	<b>1,034,169</b>	<b>7,065</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
<b>Central Services:</b>					
Salaries	228,797	1,555	230,352	228,948	1,404
Purchased Professional and Technical Services		13,339	13,339		13,339
Misc. Purchased Services (400-500 series)	3,900	(2,863)	1,037	273	764
Supplies and Materials	3,500	1,423	4,923	4,894	29
Miscellaneous Expenditures	5,100	1,819	6,919	6,911	8
<b>Total Central Services</b>	<b>241,297</b>	<b>15,273</b>	<b>256,570</b>	<b>241,026</b>	<b>15,544</b>
<b>Admin. Information Technology:</b>					
Salaries	15,000	(4,573)	10,427	4,403	6,024
Purchased Technical Services	8,000	2,701	10,701	10,701	
<b>Total Admin. Information Technology</b>	<b>23,000</b>	<b>(1,872)</b>	<b>21,128</b>	<b>15,104</b>	<b>6,024</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	219,258	3,574	222,832	211,264	11,568
Cleaning, Repair, and Maintenance Services	90,000	45,121	135,121	69,480	65,641
General Supplies	27,900	(2,000)	25,900	19,843	6,057
<b>Total Required Maintenance for School Facilities</b>	<b>337,158</b>	<b>46,695</b>	<b>383,853</b>	<b>300,587</b>	<b>83,266</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	484,183	(23,007)	461,176	455,951	5,225
Purchased Professional and Technical Services	50,000	(2,832)	47,168	40,706	6,462
Cleaning, Repair and Maintenance Services	48,000	(3,610)	44,390	33,425	10,965
Other Purchased Property Services	3,000	(507)	2,493		2,493
Insurance	110,720	20,338	131,058	131,058	
General Supplies	107,000	47,784	154,784	127,878	26,906
Energy (Natural Gas)	6,000	233	6,233	4,454	1,779
Energy (Electricity)	272,000		272,000	233,808	38,192
Energy (Oil)	155,500	(57,074)	98,426	95,727	2,699
Other Objects	7,500		7,500	5,532	1,968
<b>Total Other Operations and Maintenance of Plant</b>	<b>1,243,903</b>	<b>(18,675)</b>	<b>1,225,228</b>	<b>1,128,539</b>	<b>96,689</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
<b>Care and Upkeep of Grounds:</b>					
Salaries	112,521	1,231	113,752	113,752	
Cleaning, Repair and Maintenance Services	36,500	7,322	43,822	29,798	14,024
Supplies and Materials	16,000	13,740	29,740	29,740	
<b>Total Care and Upkeep of Grounds</b>	<b>165,021</b>	<b>22,293</b>	<b>187,314</b>	<b>173,290</b>	<b>14,024</b>
<b>Security:</b>					
Salaries	72,000	(9,722)	62,278	55,561	6,717
Supplies and Materials	2,000		2,000	1,050	950
<b>Total Security</b>	<b>74,000</b>	<b>(9,722)</b>	<b>64,278</b>	<b>56,611</b>	<b>7,667</b>
<b>Student Transportation Services</b>					
Salary for Pupil Trans. (Bet. Home & Sch) - Reg.	79,788		79,788	79,788	
Salary for Pupil Trans. (Other than Bet. Home & Sch)	40,000	21,045	61,045	61,045	
Other Purchased Professional and Technical Services	3,500		3,500	3,500	
Cleaning, Repair and Maintenance Services	22,000	(5,391)	16,609	13,745	2,864
Contract Services - Aid in Lieu of Payments-Nonpub.Sch.	53,000	(53,000)			
Contract Services - (Between Home and School) - Vendors	1,075,564	3,660	1,079,224	1,046,318	32,906
Contract Services (Other than Between Home & School)-Vendors	85,000	2,405	87,405	72,940	14,465
Contract Services - (Between Home and School) - Joint Agreements	46,748	66,420	113,168	84,662	28,506
Contract Services - (Special Ed. Students) - Vendors	111,000	(44,088)	66,912	26,444	40,468
Miscellaneous Purchased Services - Transportation	1,000		1,000		1,000
General Supplies	24,000	(1,054)	22,946	8,029	14,917
Other Objects	1,400	3,179	4,579	4,100	479
<b>Total Student Transportation Services</b>	<b>1,543,000</b>	<b>(6,824)</b>	<b>1,536,176</b>	<b>1,400,571</b>	<b>135,605</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND

Fiscal Year Ended June 30, 2020

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	248,000		248,000	226,228	21,772
Other Retirement Contributions - Regular	245,000	(306)	244,694	225,605	19,089
Other Retirement Contributions	4,000		4,000	2,115	1,885
Workmen's Compensation	200,000	(27,338)	172,662	171,716	946
Health Benefits	3,384,720	(310,525)	3,074,195	3,074,195	
Tuition Reimbursement	60,000	(420)	59,580	51,135	8,445
Other Employee Benefits		1,338	1,338	1,338	
Unused Sickk Payment to Treminated/Retired Staff	20,000	102,161	122,161	122,161	
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>4,161,720</b>	<b>(235,090)</b>	<b>3,926,630</b>	<b>3,874,493</b>	<b>52,137</b>
On-behalf TPAF pension Contrib. (non-budgeted)				2,106,029	(2,106,029)
On-behalf TPAF PRM Contrib. (non-budgeted)				781,298	(781,298)
On-behalf TPAF pension LTD Ins. (non-budgeted)				1,353	(1,353)
Reimbursed TPAF Social Security Contributions (non-budgeted)				764,144	(764,144)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>3,652,824</b>	<b>(3,652,824)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>4,161,720</b>	<b>(235,090)</b>	<b>3,926,630</b>	<b>7,527,317</b>	<b>(3,600,687)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>11,256,784</b>	<b>(134,825)</b>	<b>11,121,959</b>	<b>14,091,378</b>	<b>(2,969,419)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>21,343,384</b>	<b>20,730</b>	<b>21,364,114</b>	<b>23,983,769</b>	<b>(2,619,655)</b>



KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Undistributed Expenditures-Instruction		14,854	14,854	14,854	
Undistributed Expenditures-Supp Serv-Related & Extra		20,166	20,166	20,166	
Undist. Expend -Student Trans. - Required Maint. For School Fac.		58,071	58,071	36,546	21,525
Undist. Expend -Student Trans. - Care and Upkeep of Grounds		23,333	23,333	13,593	9,740
<b>Total Equipment</b>		<b>116,424</b>	<b>116,424</b>	<b>85,159</b>	<b>31,265</b>
<b>Facilities Acquisition and Construction Services</b>					
Architectural/Engineering Services	23,500	(14,854)	8,646	4,968	3,678
Construction Services	176,500	32,013	208,513	182,938	25,575
Assessment for Debt Service on SDA Funding	49,857		49,857	49,857	
<b>Total Facilities Acquisition and Construction Services</b>	<b>249,857</b>	<b>17,159</b>	<b>267,016</b>	<b>237,763</b>	<b>29,253</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>249,857</b>	<b>133,583</b>	<b>383,440</b>	<b>322,922</b>	<b>60,518</b>
Transfer of Funds to Charter Schools	75,241	17,356	92,597	92,597	
<b>TOTAL EXPENDITURES</b>	<b>21,668,482</b>	<b>171,669</b>	<b>21,840,151</b>	<b>24,399,288</b>	<b>(2,559,137)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(600,921)</b>	<b>(169,674)</b>	<b>(770,595)</b>	<b>418,861</b>	<b>1,189,456</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(600,921)	(169,674)	(770,595)	418,861	1,189,456
<b>Fund Balance, July 1</b>	<u>2,315,533</u>		<u>2,315,533</u>	<u>2,315,533</u>	
<b>Fund Balance, June 30</b>	<u>\$ 1,714,612</u>	<u>(169,674)</u>	<u>\$ 1,544,938</u>	<u>2,734,394</u>	<u>\$ 1,189,456</u>
<b>Recapitulation:</b>					
<i>Restricted for:</i>					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 179,028	
Excess Surplus				178,776	
Impact Aid Reserve				806,021	
Capital Reserve				820,016	
<i>Assigned to:</i>					
Year-End Encumbrances				276,311	
Designated for Subsequent Year's Expenditures				50,000	
<i>Unassigned:</i>					
Unrestricted Fund Balance				<u>424,242</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				<b>2,734,394</b>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(531,277)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis B-2)</b>				<b><u>\$ 2,203,117</u></b>	

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

**For the Fiscal Year Ended June 30, 2020**

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
State Sources	\$ 18,578	\$ 55,802	\$ 74,380	\$ 57,105	\$ (17,275)
Federal Sources	268,467	184,841	453,308	326,553	(126,755)
<b>Total Revenues</b>	<b>287,045</b>	<b>240,643</b>	<b>527,688</b>	<b>383,658</b>	<b>(144,030)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers		29,302	29,302	21,902	7,400
Other Salaries		10,080	10,080	10,080	
Purchased Prof. & Technical Serv.	13,518	81,220	94,738	16,339	78,399
Tuition		140,727	140,727	138,862	1,865
General Supplies	269,086	(162,338)	106,748	91,669	15,079
Textbooks	1,714	(291)	1,423	1,423	
Other Objects		9,251	9,251	3,975	5,276
<b>Total Instruction</b>	<b>284,318</b>	<b>107,951</b>	<b>392,269</b>	<b>284,250</b>	<b>108,019</b>
<b>Support Services</b>					
Salaries of Other Professional Staff		10,000	10,000	6,400	3,600
Salaries of Secretarial and Clerical Staff		21,420	21,420	20,312	1,108
Personal Services - Employee Benefits		427	427	121	306
Purchased Professional Ed Svcs	2,727	29,186	31,913	30,123	1,790
Other Purchased Professional Services		17,077	17,077	15,426	1,651
Materials and Supplies		54,582	54,582	27,026	27,556
<b>Total Support Services</b>	<b>2,727</b>	<b>132,692</b>	<b>135,419</b>	<b>99,408</b>	<b>36,011</b>
<b>Total Expenditures</b>	<b>287,045</b>	<b>240,643</b>	<b>527,688</b>	<b>383,658</b>	<b>144,030</b>
<b>Total Outflows</b>	<b>\$ 287,045</b>	<b>\$ 240,643</b>	<b>\$ 527,688</b>	<b>\$ 383,658</b>	<b>\$ 144,030</b>
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	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<b><u>NONE</u></b>	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE**

**For the Fiscal Year Ended June 30, 2020**

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)	\$ 24,818,149	\$ 383,658
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	12,546
Current Year	N/A	(75,602)
 Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	 581,513	
 Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	 <u>(531,277)</u>	 <u>N/A</u>
 <b>Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)</b>	 <b><u>\$ 24,868,385</u></b>	 <b><u>\$ 320,602</u></b>
 Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 24,399,288	\$ 383,658
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year	N/A	12,546
Current Year	<u>N/A</u>	<u>(75,602)</u>
 <b>Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)</b>	 <b><u>\$ 24,399,288</u></b>	 <b><u>\$ 320,602</u></b>

**Kittatinny Regional School District  
Required Supplementary Information - Part III  
Schedule of the District's Proportionate Share of the Net Pension Liability  
Last Ten Fiscal Years \***

**Exhibit L-3**

	<b>Teachers' Pension and Annuity Fund (TPAF)</b>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 59,262,079</u>	<u>\$ 61,692,241</u>	<u>\$ 65,470,226</u>	<u>\$ 75,695,919</u>	<u>\$ 58,583,329</u>	<u>\$ 51,208,583</u>	<u>\$ 48,498,294</u>			
<b>Total</b>	<u>\$ 59,262,079</u>	<u>\$ 61,692,241</u>	<u>\$ 65,470,226</u>	<u>\$ 75,695,919</u>	<u>\$ 58,583,329</u>	<u>\$ 51,208,583</u>	<u>\$ 48,498,294</u>			
District's covered employee payroll	\$ 10,589,335	\$ 10,121,475	\$ 10,075,988	\$ 10,268,368	\$ 9,927,235	\$ 9,417,868	\$ 9,286,388			
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%			

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

**Exhibit L-1**

	<b>Public Employees' Retirement System (PERS)</b>									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net pension liability (asset)	0.023114500%	0.023646470%	0.023522733%	0.023256565%	0.024178936%	0.022411358%	0.021044764%			
District's proportionate share of the net pension liability (asset)	<u>\$ 4,164,882</u>	<u>\$ 4,655,872</u>	<u>\$ 5,475,716</u>	<u>\$ 6,887,927</u>	<u>\$ 5,427,687</u>	<u>\$ 4,196,019</u>	<u>\$ 4,022,073</u>			
District's covered employee payroll	\$ 1,702,277	\$ 1,651,378	\$ 1,645,962	\$ 1,618,487	\$ 1,568,664	\$ 1,611,947	\$ 1,475,428			
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	244.67%	281.94%	332.68%	425.58%	346.01%	260.31%	272.60%			
Plan fiduciary net position as a percentage of the total pension liability (Local)	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%			

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Kittatinny Regional School District  
Required Supplementary Information - Part III  
Schedule of District Contributions  
Last Ten Fiscal Years \***

**Exhibit L-2**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
District's covered employee payroll	\$ 10,589,335	\$ 10,121,475	\$ 10,075,988	\$ 10,268,368	\$ 9,927,235	\$ 9,417,868	\$ 9,286,388			
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A			

\*\* Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

**Public Employees' Retirement System (PERS)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 225,605	\$ 236,275	\$ 220,979	\$ 208,205	\$ 207,874	\$ 160,695	\$ 143,076			
Contributions in relation to the contractually required contribution	<u>(225,605)</u>	<u>(236,275)</u>	<u>(220,979)</u>	<u>(208,205)</u>	<u>(207,874)</u>	<u>(160,695)</u>	<u>(143,076)</u>			
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			
District's covered employee payroll	\$ 1,702,277	\$ 1,651,378	\$ 1,645,962	\$ 1,618,487	\$ 1,568,664	\$ 1,611,947	\$ 1,475,428			
Contributions as a percentage of covered-employee payroll	13.25%	14.31%	13.43%	12.86%	13.25%	9.97%	9.70%			

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

Kittatinny Regional School District  
Required Supplementary Information - Part III  
Schedule of Changes in the State's Total OPEB Liability and Related Ratios  
Last Ten Fiscal Years \*

Exhibit M-1

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

<u>The State of New Jersey's Total OPEB Liability</u>	<u>2020</u>	<u>2019</u>	<u>2017</u>	<u>2017</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Service Cost	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319						
Interest	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792						
Change in Benefit Terms										
Differences Between Expected and Actual Experience	(7,323,140,818)	(5,002,065,740)								
Benefit Payments	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)						
Contributions from Members	37,971,171	42,614,005	45,748,749	46,273,747						
Changes of Assumptions or other inputs	<u>622,184,027</u>	<u>\$ (5,291,448,855)</u>	<u>\$ (7,086,599,129)</u>	<u>8,611,513,521</u>						
<b>Net change in total OPEB liability</b>	<b>(4,381,751,937)</b>	<b>(7,529,008,876)</b>	<b>(4,191,942,326)</b>	<b>10,982,132,360</b>						
<b>Total OPEB Liability - Beginning</b>	<b>\$ 46,110,832,982</b>	<b>\$53,639,841,858</b>	<b>\$57,831,784,184</b>	<b>\$ 46,849,651,824</b>						
<b>Total OPEB Liability - Ending</b>	<b>\$ 41,729,081,045</b>	<b>\$46,110,832,982</b>	<b>\$53,639,841,858</b>	<b>\$ 57,831,784,184</b>						
<b>The State of New Jersey's total OPEB liability **</b>	<b>\$ 41,729,081,045</b>	<b>\$46,110,832,982</b>	<b>\$53,639,841,858</b>	<b>\$ 57,831,784,184</b>						
<b>The State of New Jersey's OPEB liability attributable to the District **</b>	<b>\$ 34,966,620</b>	<b>\$ 38,477,790</b>	<b>\$ 44,120,340</b>	<b>\$ 47,641,006</b>						
<b>The District's proportionate share of the total OPEB liability</b>	<i>Zero</i>	<i>Zero</i>	<i>Zero</i>	<i>Zero</i>						
<b>District's covered employee payroll</b>	<b>\$ 12,291,612</b>	<b>\$ 11,772,853</b>	<b>\$ 11,721,950</b>	<b>\$ 11,886,855</b>						
<b>Total District's OPEB liability as a percentage of its covered-employee payroll</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>						
<b>District's contribution</b>	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>						
<b>State's covered employee payroll ***</b>	<b>\$ 13,929,083,479</b>	<b>\$13,640,275,833</b>	<b>\$13,493,400,208</b>	<b>\$ 13,493,400,208</b>						
<b>Total State's OPEB liability as a percentage of its covered-employee payroll</b>	<b>299.58%</b>	<b>338.05%</b>	<b>397.53%</b>	<b>428.59%</b>						

\*\* Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

\*\*\* Covered payroll for the Measurement Period ending June 30, 2018 and June 30, 2019 is based on the payroll on the June 30, 2017 and June 30, 2018 census data, respectively

\* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III

**Pension and OPEB Schedules**

For the Fiscal Year Ended June 30, 2020

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

**Pension Schedules**

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

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

**OPEB Schedules**

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

*Changes of benefit terms.* There were no changes of benefit terms.

*Changes of assumptions.* Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019.

**Public Employees' Retirement System (PERS)**

**Pension Schedules**

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

*Changes of assumptions.* Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019

**OPEB Schedules**

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

*Changes of benefit terms.* There were no changes of benefit terms.

*Changes of assumptions.* Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019.



**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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, 2020

	Title I	Title II (A)	Title IV	IDEA Part B	CARES Grant	Adv. Comp Science Comp	Ch 192/193 Compens Ed	Ch 192/193 Exam	Ch 192/193 Speech	Ch 192/193 Suppl Inst	Non-Public Textbooks	Non-Public Technology	Non-Public Nursing	Totals
<b>REVENUES</b>														
State Sources						\$ 43,793	\$ 1,947	\$ 3,717	\$ 182	\$ 2,348	\$ 1,423	\$ 972	\$ 2,723	\$ 57,105
Federal Sources	\$ 69,161	\$ 17,681	\$ 10,961	\$ 184,154	\$ 44,596									326,553
<b>TOTAL REVENUES</b>	<b>69,161</b>	<b>17,681</b>	<b>10,961</b>	<b>184,154</b>	<b>44,596</b>	<b>43,793</b>	<b>1,947</b>	<b>3,717</b>	<b>182</b>	<b>2,348</b>	<b>1,423</b>	<b>972</b>	<b>2,723</b>	<b>383,658</b>
<b>EXPENDITURES:</b>														
Instruction:														
Salaries of Teachers	21,902													21,902
Other Salaries				10,080										10,080
Purchased Prof. & Technical Serv.			3,986	4,159			1,947	3,717	182	2,348				16,339
Tuition				138,862										138,862
General Supplies	29,548			1,706	16,050	43,393						972		91,669
Textbooks											1,423			1,423
Other Objects			3,975											3,975
<b>Total Instruction</b>	<b>51,450</b>		<b>7,961</b>	<b>154,807</b>	<b>16,050</b>	<b>43,393</b>	<b>1,947</b>	<b>3,717</b>	<b>182</b>	<b>2,348</b>	<b>1,423</b>	<b>972</b>		<b>284,250</b>
Support Services:														
Salaries of Other Professional Staff	6,000					400								6,400
Salaries of Secretarial and Clerical Staff				20,312										20,312
Personal Services - Employee Benefits	121													121
Purchased Professional Ed Svcs	11,590	3,000	3,000	4,800	5,010								2,723	30,123
Other Purchased Professional Services		14,681		745										15,426
Materials and Supplies				3,490	23,536									27,026
<b>Total Support Services</b>	<b>17,711</b>	<b>17,681</b>	<b>3,000</b>	<b>29,347</b>	<b>28,546</b>	<b>400</b>							<b>2,723</b>	<b>99,408</b>
<b>TOTAL EXPENDITURES</b>	<b>69,161</b>	<b>17,681</b>	<b>10,961</b>	<b>184,154</b>	<b>44,596</b>	<b>43,793</b>	<b>1,947</b>	<b>3,717</b>	<b>182</b>	<b>2,348</b>	<b>1,423</b>	<b>972</b>	<b>2,723</b>	<b>383,658</b>
<b>Total Outflows</b>	<b>\$ 69,161</b>	<b>\$ 17,681</b>	<b>\$ 10,961</b>	<b>\$ 184,154</b>	<b>\$ 44,596</b>	<b>\$ 43,793</b>	<b>\$ 1,947</b>	<b>\$ 3,717</b>	<b>\$ 182</b>	<b>\$ 2,348</b>	<b>\$ 1,423</b>	<b>\$ 972</b>	<b>\$ 2,723</b>	<b>\$ 383,658</b>
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.

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND  
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2020

	<u>Original</u>		<u>Revised</u>		<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2020</u>
	<u>Date</u>	<u>Appropriations</u>	<u>Date</u>	<u>Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>	
Equipment Lease Purchase Project							
Acquisition of Energy Conservation Equipment Financed by a Lease Purchase Agreement	7/25/19	\$ 3,440,000	N/A	\$ 3,440,000	-	\$ 1,518,616	\$ 1,921,384
		3,440,000		3,440,000	-	1,518,616	1,921,384
Totals		<u>\$ 3,440,000</u>		<u>\$ 3,440,000</u>	<u>-</u>	<u>1,518,616</u>	1,921,384
						Interest Earnings	<u>16,076</u>
						Fund Balance, June 30, 2020	<u>\$ 1,937,460</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit F-2

**CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE-BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2020

**Revenues and Other Financing**

**Sources**

Transfer from capital reserve	\$3,440,000
Interest Earnings	16,076
Total Revenues	<u>3,456,076</u>

**Expenditures and Other Financing**

**Uses**

Construction Services	1,483,712
Purchased Professional Services	34,904
Total Expenditures	<u>1,518,616</u>

Excess(deficiency) of revenues over(under) expenditures	1,937,460
--	-----------

Fund Balance - Beginning	<u>-</u>
--------------------------	----------

Fund Balance - Ending	<u><u>\$ 1,937,460</u></u>
-----------------------	----------------------------

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit F-2a

**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,**  
**AND PROJECT STATUS-BUDGETARY BASIS**  
**EQUIPMENT LEASE PURCHASE PROJECT**

From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
<b>Revenues and Other Financing</b>				
<b>Sources</b>				
Equipment Lease Purchase Proceeds		\$ 3,440,000	\$ 3,440,000	\$ 3,440,000
Total Revenues	-	3,440,000	3,440,000	3,440,000
<b>Expenditures and Other Financing</b>				
<b>Sources</b>				
Construction Services		1,483,712	1,483,712	3,405,096
Purchased Professional Services		34,904	34,904	34,904
Total Expenditures	-	1,518,616	1,518,616	3,440,000
Excess(deficiency) of revenues over(under) expenditures		- \$ 1,921,384	\$ 1,921,384	

Project Fund Balance, 6/30/20 \$ 1,921,384

**Additional project information:**

DOE Project Number	N/A
SDA Project Number	N/A
Grant Date	N/A
Bond Authorization Date	9/30/19
Bonds Authorized	\$3,440,000
Bonds Issued	\$3,440,000
Original Authorized Cost	\$3,440,000
Additional Authorized Cost	
Revised Authorized Cost	\$3,440,000
Percentage Increase over Original	
Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	2021
Revised Target Completion Date	2021

**PROPRIETARY FUND  
DETAIL STATEMENTS**

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.**



**FIDUCIARY FUND  
DETAIL STATEMENTS**

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2020**

	<b>UNEMPLOYMENT COMPENSATION INSURANCE TRUST</b>	<b>AGENCY FUNDS STUDENT ACTIVITY</b>	<b>PAYROLL AGENCY</b>	<b>TOTALS</b>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$239,557	\$ 219,516	\$ 33,447	\$ 492,520
<b>TOTAL ASSETS</b>	<b>\$239,557</b>	<b>\$ 219,516</b>	<b>\$ 33,447</b>	<b>\$ 492,520</b>
<b>LIABILITIES:</b>				
Liabilities:				
Payroll Deductions and Withholdings			\$ 13,750	13,750
Flexible Spending Account			19,697	19,697
Payable to Student Groups		\$ 219,516		219,516
<b>Total Liabilities</b>		<b>219,516</b>	<b>33,447</b>	<b>252,963</b>
<b>NET POSITION</b>				
Held in Trust for Unemployment				
Claims and Other Purposes	\$239,557			\$ 239,557
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$239,557</b>	<b>\$ 219,516</b>	<b>\$ 33,447</b>	<b>\$ 492,520</b>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020**

	<b>UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u></b>	<b><u>TOTALS</u></b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$17,864	\$17,864
Employer	-	-
<b>Total Contributions</b>	<u>17,864</u>	<u>17,864</u>
Investment Earnings:		
Interest	60	60
<b>Net Investment Earnings</b>	<u>60</u>	<u>60</u>
<b>Total Additions</b>	<u>17,924</u>	<u>17,924</u>
<b>DEDUCTIONS</b>		
Unemployment Claims	26,448	26,448
<b>Total Deductions</b>	<u>26,448</u>	<u>26,448</u>
Change in Net Position	(8,524)	(8,524)
Net Position—Beginning of the Year	\$248,081	\$248,081
<b>Net Position—End of the Year</b>	<u><u>\$239,557</u></u>	<u><u>\$239,557</u></u>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit H-3

**STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b><u>BALANCE</u></b> <b><u>July 1, 2019</u></b>	<b><u>ADDITIONS</u></b>	<b><u>DELETIONS</u></b>	<b><u>BALANCE</u></b> <b><u>June 30, 2020</u></b>
High School Activity Account	\$ 206,831	\$ 234,599	\$ 293,382	\$ 148,048
High School Athletic Account	2,020	44,414	39,249	7,185
Student Fees Account	23,320	145,343	167,200	1,463
Student Activity Athletics		108,061	48,606	59,455
Sports and Activities	618	72,365	69,618	3,365
	<b><u>\$ 232,789</u></b>	<b><u>\$ 604,782</u></b>	<b><u>\$ 618,055</u></b>	<b><u>\$ 219,516</u></b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<b>BALANCE</b>			<b>BALANCE</b>
	<b><u>July 1, 2019</u></b>	<b><u>ADDITIONS</u></b>	<b><u>DELETIONS</u></b>	<b><u>June 30, 2020</u></b>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 216,598	\$ 14,813,500	\$ 14,996,651	\$ 33,447
<b>Total Assets</b>	<b>\$ 216,598</b>	<b>\$ 14,813,500</b>	<b>\$ 14,996,651</b>	<b>\$ 33,447</b>
<b>LIABILITIES:</b>				
Accrued Salaries and Wages	\$ 76	\$ 8,033,591	\$ 8,033,621	\$ 46
Payroll Deductions and Withholdings	201,904	6,753,700	6,941,900	13,704
Flexible Spending Account	14,618	26,209	21,130	19,697
<b>Total Liabilities</b>	<b>\$ 216,598</b>	<b>\$ 14,813,500</b>	<b>\$ 14,996,651</b>	<b>\$ 33,447</b>

## **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

Exhibit I-1

**SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<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, 2019</u>	<u>RETIREED</u>	<u>BALANCE June 30, 2020</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Refunded School Bonds	12/15/09	\$ 2,135,000	07/15/20	\$ 215,000	3.25%	\$ 645,000	\$ 210,000	\$ 435,000
			07/15/21	220,000	5.00%			
<b>Total</b>						<b>\$ 645,000</b>	<b>\$ 210,000</b>	<b>\$ 435,000</b>

**KITTATINNY REGIONAL SCHOOL DISTRICT  
 Long-Term Debt  
 Schedule of Obligations Under Capital Leases  
 Year Ended June 30, 2020**

<u>Purpose</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Original Lease Principal</u>	<u>Interest Rate</u>	<u>Balance June 30, 2019</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2020</u>
Energy Management Equipment	9/30/19	20 Years	\$ 3,440,000	2.755%		\$ 3,440,000		\$ 3,440,000
					-	\$ 3,440,000	-	\$ 3,440,000



KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND**

**For the Fiscal Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 233,238		\$ 233,238	\$ 233,238	
Total - Local Sources	233,238		233,238	233,238	
<b>TOTAL REVENUES</b>	<b>233,238</b>		<b>233,238</b>	<b>233,238</b>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	23,238	\$ (5,000)	23,238	23,237	\$ 1
Redemption of Principal	210,000	5,000	210,000	210,000	-
<b>Total Regular Debt Service</b>	<b>233,238</b>		<b>233,238</b>	<b>233,237</b>	<b>1</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 233,238</b>	<b>-</b>	<b>\$ 233,238</b>	<b>\$ 233,237</b>	<b>1</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	1	1
Fund Balance, July 1	3,099		3,099	3,099	-
<b>Fund Balance, June 30</b>	<b>\$ 3,099</b>	<b>-</b>	<b>\$ 3,099</b>	<b>\$ 3,100</b>	
Recapitulation of Excess (Deficiency) of <u>Revenues Over (Under) Expenditures</u>					
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.	107-112
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.	113-128
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.	129-132
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.	133-134
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.	135-139

**Sources:**

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

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

Exhibit J-1

	2011		2012		2013		2014		Fiscal Year Ending June 30,		2017		2018		2019		2020	
									2015	2016								
<b>Governmental activities</b>																		
Invested in capital assets, net of related debt	\$ 5,689,786	\$ 5,643,755	\$ 5,990,597	\$ 5,808,602	\$ 5,994,111	\$ 6,717,877	\$ 6,904,709	\$ 6,802,429	\$ 6,900,359	\$ 4,440,401								
Restricted	1,387,235	1,875,720	1,959,360	1,800,473	2,599,449	2,738,739	2,178,832	1,881,777	1,635,892	2,033,841								
Unrestricted	(1,448,647)	(1,354,594)	(1,419,809)	(411,563)	(4,604,739)	(5,497,518)	(6,050,606)	(5,741,727)	(6,509,315)	(4,423,165)								
<b>Total governmental activities net position</b>	<b>\$ 5,628,374</b>	<b>\$ 6,164,881</b>	<b>\$ 6,530,148</b>	<b>\$ 7,197,512</b>	<b>\$ 3,988,821</b>	<b>\$ 3,959,098</b>	<b>\$ 3,032,935</b>	<b>\$ 2,942,479</b>	<b>\$ 2,026,936</b>	<b>\$ 2,051,077</b>								
<b>Business-type activities</b>																		
Invested in capital assets, net of related debt	\$ 49,384	\$ 44,813	\$ 40,240	\$ 35,669	\$ 31,097	\$ 26,525	\$ 21,953	\$ 17,381	\$ 12,809	\$ 8,237								
Restricted				-	-	-	-	-	-	-								
Unrestricted	121,983	151,623	203,983	177,595	176,082	188,305	173,218	167,625	120,079	128,246								
<b>Total business-type activities net position</b>	<b>\$ 171,367</b>	<b>\$ 196,436</b>	<b>\$ 244,223</b>	<b>\$ 213,264</b>	<b>\$ 207,179</b>	<b>\$ 214,830</b>	<b>\$ 195,171</b>	<b>\$ 185,006</b>	<b>\$ 132,888</b>	<b>\$ 136,483</b>								
<b>District-wide</b>																		
Invested in capital assets, net of related debt	\$ 5,739,170	\$ 5,688,568	\$ 6,030,837	\$ 5,844,271	\$ 6,025,208	\$ 6,744,402	# \$ 6,926,662	\$ 6,819,810	\$ 6,913,168	\$ 4,448,638								
Restricted	1,387,235	1,875,720	1,959,360	1,800,473	2,599,449	2,738,739	# 2,178,832	1,881,777	1,635,892	2,033,841								
Unrestricted	(1,326,664)	(1,202,971)	(1,215,826)	(233,968)	(4,428,657)	(5,309,213)	# (5,877,388)	(5,574,102)	(6,389,236)	(4,294,919)								
<b>Total district net position</b>	<b>\$ 5,799,741</b>	<b>\$ 6,361,317</b>	<b>\$ 6,774,371</b>	<b>\$ 7,410,776</b>	<b>\$ 4,196,000</b>	<b>\$ 4,173,928</b>	<b>\$ 3,228,106</b>	<b>\$ 3,127,485</b>	<b>\$ 2,159,824</b>	<b>\$ 2,187,560</b>								

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<b>Governmental activities</b>										
<b>Instruction</b>										
Regular	\$ 9,429,486	\$ 9,493,691	\$ 9,826,339	\$ 10,114,685	\$ 11,735,863	\$ 12,149,335	\$ 13,358,662	\$ 13,360,228	\$ 13,292,727	\$ 12,328,485
Special education	1,782,354	1,842,783	2,008,476	1,949,327	2,223,781	2,265,396	2,780,663	2,836,412	2,925,717	2,517,608
Other instruction	978,488	999,666	1,074,177	1,156,123	1,265,016	1,646,787	1,783,030	1,786,822	1,519,498	1,569,960
<b>Support Services:</b>										
Tuition	351,394	229,988	212,026	346,977	228,442	151,188	296,555	215,169	255,977	124,819
Student & instruction related services	2,328,137	2,368,833	2,430,731	2,305,311	2,431,658	2,527,102	2,956,559	3,019,521	2,867,179	2,765,012
School administrative services	1,166,109	1,120,328	1,208,901	1,238,379	1,388,547	1,495,584	1,685,263	1,860,074	1,594,090	1,618,409
General administrative services	845,009	880,161	954,281	1,038,722	1,013,095	1,063,633	1,146,119	1,112,802	1,075,992	1,030,055
Plant operations and maintenance	1,904,939	1,991,234	2,119,148	2,168,550	2,388,204	2,585,161	3,019,435	3,100,632	2,915,110	2,692,391
Pupil transportation	1,972,615	1,916,184	1,947,586	1,948,164	2,201,072	2,252,332	2,434,559	2,415,496	2,408,340	2,110,493
Transfer to Charter School	-	188,633	58,207	36,297	82,910	85,867	133,582	85,575	95,204	92,597
Interest on long-term debt	83,964	79,063	106,046	118,168	110,661	102,870	94,878	86,877	78,687	68,281
<b>Total governmental activities expenses</b>	<u>20,842,495</u>	<u>21,110,564</u>	<u>21,945,918</u>	<u>22,420,703</u>	<u>25,069,249</u>	<u>26,325,255</u>	<u>29,689,305</u>	<u>29,879,608</u>	<u>29,028,521</u>	<u>26,918,110</u>
<b>Business-type activities:</b>										
Food service	394,992	406,735	398,067	472,371	443,351	439,992	446,257	450,886	453,469	316,620
Adult Education	88,966	41,325	33,984	33,804	47,099	47,246	43,668	45,163	31,687	23,162
School Store	12,688	8,902	7,740	9,839	6,803	8,277	3,896	4,047	567	1,479
<b>Total business-type activities expense</b>	<u>496,646</u>	<u>456,962</u>	<u>439,791</u>	<u>516,014</u>	<u>497,253</u>	<u>495,515</u>	<u>493,821</u>	<u>500,096</u>	<u>485,723</u>	<u>341,261</u>
<b>Total district expenses</b>	<u>\$ 21,339,141</u>	<u>\$ 21,567,526</u>	<u>\$ 22,385,709</u>	<u>\$ 22,936,717</u>	<u>\$ 25,566,502</u>	<u>\$ 26,820,770</u>	<u>\$ 30,183,126</u>	<u>\$ 30,379,704</u>	<u>\$ 29,514,244</u>	<u>\$ 27,259,371</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
Instruction (regular & special education)	\$ 216,095	\$ 228,605	\$ 214,879	\$ 175,887	\$ 263,342	\$ 207,056	\$ 192,770	\$ 282,592	\$ 278,074	\$ 217,326
Operating grants and contributions	7,800,740	8,214,676	8,340,551	9,274,367	11,042,512	11,954,904	14,219,613	14,899,112	12,874,088	11,430,800
<b>Total governmental activities program revenues</b>	<u>8,016,835</u>	<u>8,443,281</u>	<u>8,555,430</u>	<u>9,450,254</u>	<u>11,305,854</u>	<u>12,161,960</u>	<u>14,412,383</u>	<u>15,181,704</u>	<u>13,152,162</u>	<u>11,648,126</u>
<b>Business-type activities:</b>										
<b>Charges for services</b>										
Food service	359,811	364,280	339,663	345,940	359,150	365,921	342,410	363,195	353,690	264,115
Adult Education	54,578	41,889	57,582	49,100	46,306	53,892	46,968	42,345	35,121	22,141
School Store	10,623	10,156	8,780	9,662	8,015	5,604	4,176	3,100	1,925	3,016
<b>Operating grants and contributions</b>	<u>52,764</u>	<u>57,339</u>	<u>74,337</u>	<u>67,166</u>	<u>73,632</u>	<u>71,539</u>	<u>70,207</u>	<u>70,867</u>	<u>70,733</u>	<u>53,085</u>
<b>Total business type activities program revenues</b>	<u>477,776</u>	<u>473,664</u>	<u>480,362</u>	<u>471,868</u>	<u>487,103</u>	<u>496,956</u>	<u>463,761</u>	<u>479,507</u>	<u>461,469</u>	<u>342,357</u>
<b>Total district program revenues</b>	<u>\$ 8,494,611</u>	<u>\$ 8,916,945</u>	<u>\$ 9,035,792</u>	<u>\$ 9,922,122</u>	<u>\$ 11,792,957</u>	<u>\$ 12,658,916</u>	<u>\$ 14,876,144</u>	<u>\$ 15,661,211</u>	<u>\$ 13,613,631</u>	<u>\$ 11,990,483</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (12,825,660)	\$ (12,667,283)	\$ (13,390,488)	\$ (12,970,449)	# \$ (13,763,395)	# \$ (14,163,295)	\$ (15,276,922)	\$ (14,697,904)	\$ (15,876,359)	\$ (15,269,984)
Business-type activities	(18,870)	16,702	40,571	(44,146)	- (10,150)	- 1,441	(30,060)	(20,589)	(24,254)	1,096
<b>Total district-wide net expense</b>	<u>\$ (12,844,530)</u>	<u>\$ (12,650,581)</u>	<u>\$ (13,349,917)</u>	<u>\$ (13,014,595)</u>	<u>\$ (13,773,545)</u>	<u>\$ (14,161,854)</u>	<u>\$ (15,306,982)</u>	<u>\$ (14,718,493)</u>	<u>\$ (15,900,613)</u>	<u>\$ (15,268,888)</u>

Continued

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 12,514,812	\$ 12,833,283	\$ 13,020,410	\$ 13,202,696	\$ 13,466,749	\$ 13,639,128	\$ 13,900,994	\$ 14,172,613	\$ 14,452,065	\$ 14,871,174
Taxes levied for debt service	203,969	205,566	256,187	220,985	254,288	251,588	248,687	240,687	240,687	233,238
Tuition Received	-	-	-	-	-	-	-	-	-	-
Investment earnings	10,934	5,884	2,910	4,587	3,586	1,410	7,482	13,208	20,535	13,887
Miscellaneous income	230,991	159,057	178,557	209,545	230,977	241,446	193,596	180,940	217,529	175,826
Adjustment to Capital Assets	-	-	-	-	-	-	-	-	-	-
NJ EDA/SDA Grants for Capital Projects	-	-	-	-	434,200	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total governmental activities</b>	<b>12,960,706</b>	<b>13,203,790</b>	<b>13,458,064</b>	<b>13,637,813</b>	<b>14,389,800</b>	<b>14,133,572</b>	<b>14,350,759</b>	<b>14,607,448</b>	<b>14,930,816</b>	<b>15,294,125</b>
Business-type activities:										
Miscellaneous Income	7,712	8,367	7,216	13,187	4,065	6,210	10,401	10,424	2,136	2,499
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total business-type activities</b>	<b>7,712</b>	<b>8,367</b>	<b>7,216</b>	<b>13,187</b>	<b>4,065</b>	<b>6,210</b>	<b>10,401</b>	<b>10,424</b>	<b>2,136</b>	<b>2,499</b>
<b>Total district-wide</b>	<b>\$ 12,968,418</b>	<b>\$ 13,212,157</b>	<b>\$ 13,465,280</b>	<b>\$ 13,651,000</b>	<b>\$ 14,393,865</b>	<b>\$ 14,139,782</b>	<b>\$ 14,361,160</b>	<b>\$ 14,617,872</b>	<b>\$ 14,932,952</b>	<b>\$ 15,296,624</b>
Change in Net Position										
Governmental activities	\$ 135,046	\$ 536,507	\$ 67,576	\$ 667,364	# \$ 626,405	# \$ (29,723)	\$ (926,163)	\$ (90,456)	\$ (945,543)	\$ 24,141
Business-type activities	(11,158)	25,069	47,787	(30,959)	- (6,085)	7,651	(19,659)	(10,165)	(22,118)	3,595
<b>Total district</b>	<b>\$ 123,888</b>	<b>\$ 561,576</b>	<b>\$ 115,363</b>	<b>\$ 636,405</b>	<b>\$ 620,320</b>	<b>\$ (22,072)</b>	<b>\$ (945,822)</b>	<b>\$ (100,621)</b>	<b>\$ (967,661)</b>	<b>\$ 27,736</b>

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,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Reserved	\$ 1,021,162	\$ 1,645,227	\$ 1,929,559	\$ 1,729,236	\$ 2,549,449	\$ 2,624,944	\$ 1,947,461	\$ 1,761,777	\$ 1,570,892	\$ 1,983,841
Unreserved	318,304	389,505	86,471	1,226,573	254,286	311,335	440,993	843,151	163,128	219,276
Total general fund	<u>\$ 1,339,466</u>	<u>\$ 2,034,732</u>	<u>\$ 2,016,030</u>	<u>\$ 2,955,809</u>	<u>\$ 2,803,735</u>	<u>\$ 2,936,279</u>	<u>\$ 2,388,454</u>	<u>\$ 2,604,928</u>	<u>\$ 1,734,020</u>	<u>\$ 2,203,117</u>
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	\$ 701,019	-	-	-	-	\$ 1,937,460
Debt service fund	\$ 45,223	\$ 29,801	\$ 29,801						\$ 3,099	3,100
Total all other governmental funds	<u>\$ 45,223</u>	<u>\$ 29,801</u>	<u>\$ 29,801</u>	<u>\$ -</u>	<u>\$ 701,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,099</u>	<u>\$ 1,940,560</u>

Source: CAFR Schedule B-1

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

Exhibit J-4

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Revenues</b>										
Tax levy	\$ 12,718,781	\$ 13,038,849	\$ 13,276,597	\$ 13,423,681	\$ 13,721,037	\$ 13,890,716	\$ 14,149,681	\$ 14,413,300	\$ 14,692,752	\$ 15,104,412
Tuition charges	-	-	-	-	33,762	16,071	17,755	70,113	20,049	-
Transportation	216,095	228,605	214,879	175,887	229,580	190,985	175,015	212,479	258,025	217,326
Interest earnings	965	330	509	650	712	1,410	4,508	10,388	17,774	7,493
Miscellaneous	240,960	164,611	180,958	213,482	233,851	241,446	196,570	183,760	220,290	182,220
State sources	7,042,380	7,528,043	7,852,508	7,804,868	8,046,443	8,486,832	8,949,852	9,384,916	9,634,126	9,157,448
Federal sources	758,360	686,633	488,043	1,469,499	741,676	661,439	676,621	692,970	682,155	769,402
<b>Total revenue</b>	<b>20,977,541</b>	<b>21,647,071</b>	<b>22,013,494</b>	<b>23,088,067</b>	<b>23,007,061</b>	<b>23,488,899</b>	<b>24,170,002</b>	<b>24,967,926</b>	<b>25,525,171</b>	<b>25,438,301</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	6,703,971	6,840,359	7,026,873	7,206,998	7,506,192	7,487,922	7,466,376	7,316,676	7,927,771	7,504,115
Special education instruction	1,320,189	1,368,378	1,475,783	1,426,520	1,463,164	1,439,623	1,617,073	1,614,707	1,814,635	1,599,227
Other instruction	746,390	765,276	811,858	873,050	861,571	1,087,695	1,075,691	1,055,437	975,841	1,041,861
<b>Support Services:</b>										
Tuition	351,394	229,988	212,026	346,977	228,442	151,188	296,555	215,169	255,977	124,819
Student & instruction related services	1,723,556	1,757,177	1,781,051	1,680,387	1,587,856	1,593,861	1,678,967	1,702,920	1,755,915	1,739,913
School Administrative services	867,556	834,062	890,163	909,805	917,069	956,258	948,622	963,812	987,921	1,034,169
General administrative services	638,944	667,744	675,210	687,890	652,467	658,218	654,295	648,637	681,831	673,352
Plant operations and maintenance	1,382,730	1,448,762	1,526,260	1,556,301	1,534,765	1,606,307	1,697,935	1,723,182	1,757,304	1,659,027
Pupil transportation	1,504,709	1,466,899	1,471,977	1,471,162	1,499,096	1,487,654	1,468,755	1,426,781	1,546,667	1,400,571
Unallocated employee benefits	4,880,136	4,733,843	5,302,053	5,303,770	5,494,687	5,826,928	6,407,673	7,042,170	7,525,002	7,527,317
Charter Schools	-	188,633	58,207	36,297	82,910	85,867	133,582	85,575	95,204	92,597
Capital outlay	523,068	445,118	544,548	428,147	809,809	1,424,265	1,023,616	715,799	861,324	1,841,538
<b>Debt service:</b>										
Principal	160,000	140,000	180,000	180,000	190,000	195,000	200,000	200,000	205,000	210,000
Interest and other charges	93,611	80,988	76,187	70,786	64,288	56,588	48,687	40,687	32,588	23,237
<b>Total expenditures</b>	<b>20,896,254</b>	<b>20,967,227</b>	<b>22,032,196</b>	<b>22,178,090</b>	<b>22,892,316</b>	<b>24,057,374</b>	<b>24,717,827</b>	<b>24,751,552</b>	<b>26,422,980</b>	<b>26,471,743</b>
Excess (Deficiency) of revenues over (under) expenditures	81,287	679,844	(18,702)	909,977	114,745	(568,475)	(547,825)	216,374	(897,809)	(1,033,442)
<b>Other Financing Sources (uses)</b>										
NJ SDA Grants for Capital Projects	-	-	-	-	434,200	-	-	-	-	-
Transfers in	29,801	-	-	-	-	-	-	-	30,000	3,440,000
Transfers out	(29,801)	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>434,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>3,440,000</b>
<b>Net change in fund balances</b>	<b>\$ 81,287</b>	<b>\$ 679,844</b>	<b>\$ (18,702)</b>	<b>\$ 909,977</b>	<b>\$ 548,945</b>	<b>\$ (568,475)</b>	<b>\$ (547,825)</b>	<b>\$ 216,374</b>	<b>\$ (867,809)</b>	<b>\$ 2,406,558</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>1.2%</b>	<b>1.1%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.1%</b>	<b>1.0%</b>	<b>1.0%</b>	<b>0.9%</b>	<b>0.9%</b>

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>
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
2014	4,587		175,887	37,351		172,194	390,019
2015	3,586		229,580		\$ 33,762	230,977	497,905
2016	1,410		190,985		16,071	241,446	449,912
2017	4,508		175,015		17,755	196,570	393,848
2018	10,388		212,479		70,113	183,760	476,740
2019	17,774		258,025		20,049	220,290	516,138
2020	7,493		217,326		-	166,144	390,963

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 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)
2011	\$9,559,600	\$454,453,300	\$61,934,100	\$1,982,200	\$23,068,200	\$7,002,600	-	\$584,731,465	\$26,479,500	\$746,917	\$558,251,965	\$0.524	\$556,324,174
2012	9,533,400	452,433,840	61,856,300	1,989,000	22,996,700	6,477,600	-	581,460,781	26,487,100	244,365	554,973,681	0.543	531,329,855
2013	6,625,800	361,504,600	49,443,000	1,951,900	20,661,700	6,092,300	-	471,060,673	25,899,300	274,641	445,161,373	0.705	495,256,704
2014	6,053,200	358,158,500	52,234,500	2,094,400	17,034,800	5,930,500	-	466,087,772	24,485,600	295,773	441,602,172	0.749	468,903,446
2015	6,664,400	356,619,800	52,873,500	1,947,100	16,768,600	5,900,500	-	465,758,262	24,294,700	287,172	441,463,562	0.774	474,715,244
2016	6,312,700	354,237,400	53,697,600	1,942,600	16,093,500	5,900,500	-	466,466,973	24,660,500	323,862	441,806,473	0.802	450,932,164
2017	6,220,000	353,501,700	53,301,500	1,925,100	16,093,500	5,336,300	-	464,723,861	27,920,300	425,461	436,803,561	0.832	427,779,556
2018	6,009,500	351,706,200	54,666,700	1,700,200	15,671,800	5,336,300	-	464,271,897	28,714,100	467,097	435,557,797	0.833	428,576,845
2019	5,770,300	350,865,000	55,125,900	1,702,600	16,227,500	5,236,300	-	464,727,249	29,264,700	534,949	435,462,549	0.857	434,293,964
2020	5,696,700	352,781,400	53,463,900	1,694,800	16,227,500	5,236,300	-	464,605,869	28,924,400	580,869	435,681,469	0.919	431,839,181

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)
2011	\$8,114,900	\$282,504,200	\$29,089,000	1,926,700	\$67,527,000	\$335,000		\$439,089,337	\$48,234,550	\$665,388	\$390,854,787	\$1.201	\$792,388,864
2012	7,901,200	284,426,800	26,564,000	\$1,917,300	68,651,400	335,000		441,294,163	49,157,550	434,987	392,136,613	1.044	756,766,252
2013	7,818,500	285,821,700	25,445,200	1,884,900	69,563,900	335,000		442,062,683	51,013,950	484,513	391,048,733	1.210	748,146,536
2014	7,725,600	286,376,000	25,348,100	1,455,300	69,563,900	335,000		442,174,466	50,639,250	554,233	391,535,216	1.224	694,615,358
2015	13,338,500	431,439,000	35,787,600	1,044,400	124,062,900	558,000		683,597,955	50,790,250	580,316	632,807,705	0.805	649,164,659
2016	13,984,000	433,957,400	32,694,700	1,003,300	123,065,400	548,000		684,527,488	76,404,400	963,155	608,123,088	0.804	611,266,258
2017	13,095,800	433,588,100	33,709,700	1,008,400	122,572,200	548,000		683,548,622	78,022,300	1,004,122	605,526,322	0.853	630,209,749
2018	12,400,600	432,598,600	34,224,600	1,045,800	122,911,600	548,000		682,198,800	78,469,600	-	603,729,200	0.885	636,367,807
2019	12,386,400	433,111,100	34,440,400	878,200	122,911,600	548,000		683,883,600	79,607,900	-	604,275,700	0.904	645,989,071
2020	12,074,900	432,891,200	35,749,400	909,100	121,539,600	548,000		683,535,000	79,822,800	-	603,712,200	0.921	662,136,803

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)
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
2014	10,065,600	205,923,200	32,165,100	1,107,300	20,557,800	2,373,100		596,891,033	323,968,900	730,033	272,922,133	\$1.368	241,708,092
2015	9,847,400	204,725,200	32,515,400	1,105,100	20,498,900	2,373,100		596,395,709	324,598,200	732,409	271,797,509	\$1.363	254,896,069
2016	6,027,800	169,773,000	28,452,000	1,185,200	17,823,500	2,112,800		405,913,590	179,685,800	853,490	226,227,790	\$1.658	239,858,743
2017	5,945,000	170,411,400	28,068,100	1,193,900	17,938,700	1,963,200		405,783,078	179,530,800	731,978	226,252,278	\$1.669	246,356,077
2018	5,964,800	171,603,000	27,786,100	1,176,900	17,885,100	1,963,200		405,523,600	179,144,500	-	226,379,100	\$1.661	244,406,764
2019	5,548,900	170,418,800	28,796,500	1,202,500	17,806,100	1,963,200		405,196,700	179,460,700	-	225,736,000	\$1.676	249,172,059
2020	5,557,800	171,380,300	27,831,600	1,181,800	17,802,700	1,963,200		405,832,600	180,115,200	-	225,717,400	\$1.701	245,196,067

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)
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
2014	4,745,100	207,670,500	26,626,000	1,311,400	8,179,500	326,400		279,879,482	30,748,500	272,082	249,130,982	1.374	470,419,448
2015	7,172,100	341,912,400	40,640,000	1,590,100	13,500,600	324,700		473,141,306	67,463,000	538,406	405,678,306	0.856	435,487,945
2016	7,159,800	341,998,200	39,525,100	1,582,200	13,344,300	324,700		472,751,756	68,244,200	573,256	404,507,556	0.873	404,507,556
2017	7,421,600	343,742,100	37,572,500	1,573,300	13,730,500	324,700		473,008,404	68,033,200	610,504	404,975,204	0.850	437,771,416
2018	7,482,600	342,279,500	39,007,300	1,563,100	14,592,900	324,700		474,533,277	68,649,600	633,577	405,883,677	0.879	455,280,148
2019	7,050,800	342,478,700	39,088,600	1,554,900	14,592,900	324,700		475,028,796	69,224,300	713,896	405,804,496	0.904	452,762,968
2020	6,783,200	343,244,800	39,472,500	1,521,800	14,592,900	324,700		476,369,511	69,667,200	762,411	406,702,311	0.894	452,284,646

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.	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)
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
2014	289,900	561,750	366,200	231,400	1,473,300			33,515,917	30,515,950	77,417	2,999,967	0.000	3,648,613
2015	441,800	582,350	366,200	79,500	1,452,700			33,513,903	30,515,950	75,403	2,997,953	0.000	3,486,185
2016	68,000	561,750	366,200	79,500	1,452,700			33,534,521	30,910,350	96,021	2,624,171	1.758	3,085,456
2017	68,000	561,750	366,200	79,500	1,452,700			33,518,804	30,910,350	80,304	2,608,454	1.754	2,915,163
2018	68,000	561,750	458,200	64,800	1,452,700			33,521,659	30,910,350	5,859	2,611,309	0.853	2,932,623
2019	68,000	561,750	190,900	64,800	1,452,700			33,521,748	31,177,650	5,948	2,344,098	0.000	2,682,773
2020	68,000	561,750	190,900	64,800	1,452,700			33,521,426	31,177,650	5,626	2,343,776	0.000	3,078,390

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 <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Fredon Township School District	Municipality	Sussex County	
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
2014	\$0.736	\$0.013	\$0.749	\$1.020	\$0.379	\$0.523	\$2.671
2015	\$0.759	\$0.015	\$0.774	\$1.044	\$0.383	\$0.534	\$2.735
2016	\$1.059	\$0.015	\$0.802	\$1.074	\$0.390	\$0.517	\$2.783
2017	\$1.087	\$0.014	\$0.832	\$1.101	\$0.400	\$0.541	\$2.874
2018	\$1.082	\$0.014	\$0.833	\$1.096	\$0.409	\$0.561	\$2.899
2019	\$0.843	\$0.014	\$0.857	\$1.034	\$0.417	\$0.580	\$2.888
2020	\$0.904	\$0.015	\$0.919	\$1.019	\$0.425	\$0.575	\$2.938

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.

<sup>a</sup>

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

<sup>b</sup> 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**  
(rate per \$100 of assessed value)

Exhibit J-7

Fiscal Year Ended June 30,	Kittatinny Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Hampton Township School District	Municipality	Sussex County	
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
2014	\$1.203	\$0.021	\$1.224	\$1.250	\$0.626	\$0.821	\$3.921
2015	\$0.790	\$0.015	\$0.805	\$0.818	\$0.410	\$0.525	\$2.558
2016	\$0.820	\$0.015	\$0.804	\$0.835	\$0.412	\$0.537	\$2.588
2017	\$0.838	\$0.015	\$0.853	\$0.853	\$0.479	\$0.575	\$2.760
2018	\$0.857	\$0.015	\$0.885	\$0.872	\$0.484	\$0.601	\$2.842
2019	\$0.889	\$0.015	\$0.904	\$0.886	\$0.490	\$0.622	\$2.902
2020	\$0.907	\$0.014	\$0.921	\$0.906	\$0.495	\$0.636	\$2.958

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**  
(rate per \$100 of assessed value)

Exhibit J-7

Fiscal Year Ended June 30,	Kittatinny Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Local Township School District	Municipality	Sussex County	
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
2014	\$1.357	\$0.011	\$1.368	N/A	\$0.200	\$0.438	\$2.006
2015	\$1.351	\$0.012	\$1.363	N/A	\$0.201	\$0.488	\$2.052
2016	\$1.643	\$0.015	\$1.658	N/A	\$0.261	\$0.545	\$2.464
2017	\$1.656	\$0.013	\$1.669	N/A	\$0.282	\$0.601	\$2.552
2018	\$1.648	\$0.013	\$1.661	N/A	\$0.264	\$0.616	\$2.541
2019	\$1.664	\$0.012	\$1.676	N/A	\$0.268	\$0.641	\$2.585
2020	\$1.689	\$0.012	\$1.701	N/A	\$0.270	\$0.630	\$2.601

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.

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

<sup>b</sup> 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**  
(rate per \$100 of assessed value)

Exhibit J-7

Fiscal Year Ended June 30,	Kittatinny Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Stillwater Township School District	Municipality	Sussex County	
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
2014	\$1.352	\$0.022	\$1.374	\$1.582	\$0.866	\$0.934	\$4.756
2015	\$0.840	\$0.016	\$0.856	\$0.986	\$0.514	\$0.560	\$2.916
2016	\$0.980	\$0.016	\$0.873	\$0.996	\$0.495	\$0.572	\$2.936
2017	\$0.992	\$0.015	\$0.850	\$1.007	\$0.500	\$0.596	\$2.953
2018	\$1.001	\$0.015	\$0.879	\$1.016	\$0.502	\$0.641	\$3.038
2019	\$0.889	\$0.015	\$0.904	\$1.027	\$0.508	\$0.649	\$3.088
2020	\$0.880	\$0.014	\$0.894	\$1.043	\$0.498	\$0.645	\$3.080

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.

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

<sup>b</sup> 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**  
(rate per \$100 of assessed value)

Exhibit J-7

Fiscal Year Ended June 30,	Kittatinny Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Local School District	Municipality	Sussex County	
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
2014	\$0.000		\$0.000	N/A	N/A	\$0.596	\$0.596
2015	\$0.000		\$0.000	N/A	N/A	\$0.601	\$0.601
2016	\$1.758		\$1.758	N/A	N/A	\$0.598	\$2.356
2017	\$1.754		\$1.754	N/A	N/A	\$0.610	\$2.364
2018	\$0.853		\$0.853	N/A	N/A	\$0.649	\$1.502
2019	\$0.000		\$0.000	N/A	N/A	\$0.657	\$0.657
2020	\$0.000		\$0.000	N/A	N/A	\$0.753	\$0.753

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

<sup>a</sup>

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

<sup>b</sup> 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	2019			2009		
	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				7,325,900	1	2.63%
Mira Plastics	2,470,000	1	0.57%	3,225,000	2	1.16%
23 Players BLVD	2,352,400	2	0.54%			
Amco Enterprises						
Hosea Holdings II, LLC	1,813,300	3	0.42%	2,030,100	3	0.73%
Individual Taxpayer #1	1,624,000	4	0.37%	2,017,000	4	0.72%
Individual Taxpayer #2	1,573,100	5	0.36%	1,453,800	6	0.52%
Schneider & Marquard	1,495,900	6	0.34%	1,714,100	5	0.61%
Cedar Valley Properties	1,168,300	7	0.27%			
Individual Taxpayer #3	1,050,000	8	0.24%	1,437,600	7	0.52%
New Freedom Properties	1,007,600	9	0.23%			
Individual Taxpayer #4	964,500	10	0.22%	1,436,900	8	0.52%
Individual Taxpayer #5				1,322,800	9	0.47%
Individual Taxpayer #6				1,319,600	10	0.47%
<b>Total</b>	<u>15,519,100</u>		<u>3.56%</u>	<u>14,637,300</u>		<u>5.25%</u>

Net Valuation Taxable      \$ 435,681,469

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	2019			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
	-					
Lowe's Home Centers	14,595,000	1	2.42%	7,875,300	2	2.53%
Kere Associates, LLC	14,317,200	2	2.37%			
Wal-Mart Stores	12,990,000	3	2.15%	8,800,000	1	2.83%
Individual Taxpayer #1				6,223,100	3	2.00%
Susan Elizabeth Shopping Center				5,838,500	4	1.88%
Ephemeral Realty	8,825,600	4	1.46%	5,789,300	5	1.86%
1-7 Route 206,LLC	8,749,100	5	1.45%			
9-13 Route 206, LLC	6,532,100	6	1.08%			
Sussex County Realty, LLC	6,096,600	7	1.01%	2,972,400	6	0.96%
Individual Taxpayer #2				2,302,900	7	0.74%
Carriage Mobile Homes	3,880,000	8	0.64%	2,121,300	8	0.68%
Salerno-Duane				2,113,400	9	0.68%
BPA Realty				1,928,100	10	0.62%
McGuire Hampton Realty	3,179,000	9	0.53%			
Route 206 Northbound, LLC	2,633,500	10	0.44%			
<b>Total</b>	<b>81,798,100</b>		<b>13.55%</b>	<b>45,964,300</b>		<b>14.78%</b>

Net Valuation Taxable \$ 603,712,200

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	2019			2009		
	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	1	0.66%	1,500,000	1	0.55%
Global Signal Acquisitions IV, LLC	1,232,000	2	0.55%			
Hidden Acres Farm	949,700	3	0.42%	810,900	10	0.30%
SHI Resources, LP	876,500	4	0.39%			
Ariben Realty, LLC	834,200	5	0.37%			
Individual Taxpayer #1	780,700	6	0.35%	1,340,100	2	0.50%
Individual Taxpayer #2	688,500	7	0.31%	972,300	4	0.36%
TF Storage Solutions	662,100	8	0.29%			
Individual Taxpayer #3	587,900	9	0.26%	912,600	5	0.34%
Barbagallo Realty	581,300	10	0.26%			
Individual Taxpayer #4				883,300	6	0.33%
Individual Taxpayer #5				834,400	7	0.31%
Individual Taxpayer #6				819,400	9	0.30%
Kittatinny Lake Club				820,900	8	0.30%
YMCA of Newark				1,175,100	3	0.43%
<b>Total</b>	<b>8,692,900</b>		<b>3.85%</b>	<b>10,069,000</b>		<b>3.72%</b>

Net Valuation Taxable \$ 225,717,400

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	2019			2009		
	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. Mission of TAO - Confucianism	2,041,500	1	0.50%	1,105,400	1	0.39%
North Shore House	1,679,200	2	0.41%	585,000	5	0.20%
Individual Taxpayer #1	1,278,900	3	0.31%	814,900	2	0.28%
Individual Taxpayer #2	1,200,100	4	0.30%	607,300	3	0.21%
Individual Taxpayer #3	1,082,000	5	0.27%	578,500	4	0.20%
Individual Taxpayer #4	1,082,000	6	0.27%	518,900	6	0.18%
Greenwood PT Cottages	1,000,000	7	0.25%			
Individual Taxpayer #5	950,500	8	0.23%	515,000	7	0.18%
Individual Taxpayer #6	904,300	9	0.22%	463,400	8	0.16%
Individual Taxpayer #7	878,200	10	0.22%	446,800	9	0.16%
Individual Taxpayer #8				408,900	10	0.14%
<b>Total</b>	<u>12,096,700</u>		<u>2.97%</u>	<u>6,044,100</u>		<u>2.10%</u>

Net Valuation Taxable \$ 406,702,311

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	2020			2009		
	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	45.09%	1,056,800	1	44.08%
Individual Taxpayer #1	223,400	2	9.53%	291,600	2	12.16%
Individual Taxpayer #2	175,300	3	7.48%	223,400	3	9.32%
BA Handler	113,900	4	4.86%	129,700	4	5.41%
Individual Taxpayer #3	85,400	5	3.64%	86,300	5	3.60%
Individual Taxpayer #4	59,200	7	2.53%	85,400	6	3.56%
Overlook Rod & Gun	77,000	6	3.29%	77,000	7	3.21%
BA Handler	55,800	8	2.38%			
Individual Taxpayer #5	49,500	9	2.11%	63,850	8	2.66%
Individual Taxpayer #6	42,200	10	1.80%	59,200	9	2.47%
United Telephone				53,429	10	2.23%
<b>Total</b>	<u>1,938,500</u>		<u>82.71%</u>	<u>2,126,679</u>		<u>88.70%</u>

Net Valuation Taxable \$ 2,343,776

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	
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%	-
2014	\$13,423,681	\$13,423,681	100.00%	-
2015	\$13,721,037	\$13,721,037	100.00%	-
2016	\$13,890,716	\$13,890,716	100.00%	-
2017	\$14,149,681	\$14,149,681	100.00%	-
2018	\$14,413,300	\$14,413,300	100.00%	-
2019	\$14,692,752	\$14,692,752	100.00%	-
2020	\$15,104,412	\$15,104,412	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		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2011	\$ 2,135,000	-	-	-	-0-	\$ 2,135,000	0.30%	\$146.30	
2012	\$ 1,995,000	-	-	-	-0-	\$ 1,995,000	0.27%	\$138.00	
2013	\$ 1,815,000	-	-	-	-0-	\$ 1,815,000	0.24%	\$126.83	
2014	\$ 1,635,000	-	-	-	-0-	\$ 1,635,000	0.22%	\$115.26	
2015	\$ 1,445,000	-	-	-	-0-	\$ 1,445,000	0.19%	\$103.10	
2016	\$ 1,250,000	-	-	-	-0-	\$ 1,250,000	0.16%	\$89.86	
2017	\$ 1,050,000	-	-	-	-0-	\$ 1,050,000	0.14%	\$75.89	
2018	\$ 850,000	-	-	-	-0-	\$ 850,000	0.10%	\$61.70	
2019	\$ 645,000	-	-	-	-0-	\$ 645,000	0.08%	\$46.82	
2020	\$ 435,000	-	-	-	-0-	\$ 435,000	0.05%	\$31.74 *	

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**

General Bonded Debt Outstanding					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2011	\$ 2,135,000	-0-	\$ 2,135,000	0.14%	\$ 146.30
2012	\$ 1,995,000	-0-	\$ 1,995,000	0.14%	\$ 138.00
2013	\$ 1,815,000	-0-	\$ 1,815,000	0.13%	\$ 126.83
2014	\$ 1,635,000	-0-	\$ 1,635,000	0.12%	\$ 115.26
2015	\$ 1,445,000	-0-	\$ 1,445,000	0.08%	\$ 103.10
2016	\$ 1,250,000	-0-	\$ 1,250,000	0.07%	\$ 89.86
2017	\$ 1,050,000	-0-	\$ 1,050,000	0.06%	\$ 75.89
2018	\$ 850,000	-0-	\$ 850,000	5.00%	\$ 61.70
2019	\$ 645,000	-0-	\$ 645,000	0.04%	\$ 46.82
2020	\$ 435,000	-0-	\$ 435,000	0.03%	\$ 31.74 *

**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, 2020**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Constituent Townships	\$ 2,493,259	100%	\$ 2,493,259
<b>Other debt</b>			
Sussex County	99,441,765	10.64%	<u>10,579,361</u>
Subtotal, overlapping debt			13,072,620
<b>Kittatinny Regional School District Direct Debt</b>	435,000	100%	<u>435,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 13,507,620</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 2020**

	Equalized valuation basis
	2019 \$ 1,826,818,244
	2018 1,787,925,648
	2017 1,779,862,500
	<b>[A]</b> <u>\$ 5,394,606,392</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 1,798,202,131
Debt limit (3.5 % of average equalization value)	<b>[B]</b> 62,937,075
Net bonded school debt	<b>[C]</b> 435,000
Legal debt margin	<b>[B-C]</b> <u>\$ 62,502,075</u>

	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$76,633,267	\$72,204,084	\$68,702,028	\$65,312,080	\$62,853,643	\$61,711,134	\$61,529,776	\$61,615,356	\$62,181,663	\$62,937,075
Total net debt applicable to limit	<u>2,295,000</u>	<u>1,995,000</u>	<u>1,815,000</u>	<u>1,635,000</u>	<u>1,445,000</u>	<u>1,250,000</u>	<u>1,050,000</u>	<u>850,000</u>	<u>645,000</u>	<u>435,000</u>
Legal debt margin	<u>\$74,338,267</u>	<u>\$74,338,267</u>	<u>\$70,209,084</u>	<u>\$66,887,028</u>	<u>\$63,677,080</u>	<u>\$61,408,643</u>	<u>\$60,461,134</u>	<u>\$60,765,356</u>	<u>\$61,536,663</u>	<u>\$62,502,075</u>
Total net debt applicable to the limit as a percentage of debt limit	2.99%	2.99%	2.76%	2.64%	2.50%	2.30%	2.03%	1.38%	1.04%	0.69%

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 <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2011	14,689	\$ 696,684,581	\$47,429 R	5.6%
2012	14,592	\$ 716,365,056	\$49,093 R	5.6%
2013	14,454	\$ 734,899,176	\$50,844 R	8.4%
2014	14,307	\$ 736,180,992	\$51,456 R	5.6%
2015	14,180	\$ 763,139,240	\$53,818 R	4.9%
2016	14,010	\$ 780,034,770	\$55,677 R	4.4%
2017	13,905	\$ 791,389,170	\$56,914 R	4.2%
2018	13,832	\$ 854,222,824	\$61,757 R	3.7%
2019	13,780	\$ 851,011,460 *	\$61,757 *	3.3%
2020	13,706	\$ 846,441,442 *	\$61,757 *	*

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal income provided by US Dept Commerce

<sup>c</sup> Per Capita provided by NJ Dept of Labor

<sup>d</sup> 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**

<b>Employer</b>	<b>2020</b>			<b>2011</b>		
	<b>Employees</b>	<b>Rank (Optional)</b>	<b>Percentage of Total Employment</b>	<b>Employees</b>	<b>Rank (Optional)</b>	<b>Percentage of Total Employment</b>
Wal-Mart Stores	426	1	N/A	-	N/A	
Kittatinny Regional High School	171	2		-		
Lowes Home Improvement	154	3		-		
		4		-		
		5		-		
		6		-		
		7		-		
		8		-		
		9		-		
		10		-		
	<hr/>		<hr/>	<hr/>		<hr/>
	<u>751</u>		<u></u>	<u>-</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	86.0	85.5	85.0	85.0	85.0	84.0	84.0	83.0	83.0	83.0
Special education	16.0	16.0	17.0	17.0	17.0	18.0	18.0	20.0	20.0	20.0
Other special education	15.5	15.5	16.0	14.0	11.0	11.0	11.0	11.0	9.0	9.0
Support Services:										
Student & instruction related services	12.0	15.0	15.0	18.0	17.5	17.0	17.0	16.0	13.0	13.0
School administrative services	18.0	17.0	18.0	15.0	16.0	16.0	16.0	17.0	19.0	19.0
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	11.5	12.0	11.0	12.0	13.5	13.0	13.0	12.0	12.0	12.0
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0
Total	170.5	166.0	168.0	169.0	168.0	167.0	166.0	167.0	164.0	164.0

**Source:** District Personnel Records

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

**Exhibit J-17**

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	<u>Pupil/Teacher Ratio</u>		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Middle School	High School				
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%
2014	1,122	21,499,157	19,161	0.00%	100	9.0	12.0	1,087.0	1,046.7	1.25%	96.3%
2015	1,061	21,828,219	20,573	7.37%	101	12.0	10.0	1,072.1	1,007.8	-1.37%	94.0%
2016	1,060	22,381,521	21,115	2.63%	102	11.0	10.6	1,052.0	987.8	-1.87%	93.9%
2017	1,009	23,445,524	23,236	10.05%	102	11.0	10.6	1,006.9	942.9	-4.29%	93.6%
2018	973	25,228,864	25,929	11.59%	102	10.7	10.6	985.8	931.4	-2.10%	94.5%
2019	935	25,324,068	27,085	4.46%	103	9.2	9.2	930.3	877.2	-5.63%	94.3%
2020	902	24,396,968	27,048	-0.14%	98	9.2	9.2	903.7	867.9	-2.86%	96.0%

**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-4
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).



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

**Exhibit J-18**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b><u>District Building</u></b>										
<b><u>High School</u></b>										
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	1,142	1,154	1,108	1,122	1,154	1,060	1,009	973	935	935

Number of Schools at June 30, 2020  
 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 Nine Fiscal Years Ending June 30, 2020

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
High School Building		\$ 212,848	\$ 251,849	\$ 286,530	\$ 264,529	\$ 242,003	\$ 311,312	\$ 401,705	\$ 314,054	\$ 349,174	\$ 300,587	\$ 2,934,591
Total School Facilities		212,848	251,849	286,530	264,529	242,003	311,312	401,705	314,054	349,174	300,587	2,934,591
Other Facilities		<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
<b>Grand Total</b>		<u>\$ 212,848</u>	<u>\$ 251,849</u>	<u>\$ 286,530</u>	<u>\$ 264,529</u>	<u>\$ 242,003</u>	<u>\$ 311,312</u>	<u>\$ 401,705</u>	<u>\$ 314,054</u>	<u>\$ 349,174</u>	<u>\$ 300,587</u>	<u>\$ 2,934,591</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2020

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<b><u>SCHOOL ALLIANCE INSURANCE FUND</u></b>		
<b>PROPERTY SECTION -</b>		
Property-Blanket Building and Contents - Per Occurance	\$ 500,000,000	\$ 2,500
<b>LIABILITY SECTION -</b>		
Comprehensive General Liability	5,000,000	None
Employee Benefits Liability	5,000,000	None
Automobile Liability	5,000,000	1,000
Excess Liability	5,000,000	None
<b>WORKERS' COMPENSATION -</b>		
(a) Statutory Benefits		None
(b) Employers Liability	As required by State	None
Supplemental Coverage	of New Jersey	None
<b>SCHOOL BOARD LEGAL LIABILITY POLICY -</b>		
School Leader's Professional Liability	5,000,000	
Excess School Leaders	5,000,000	10,000
<b>CRIME -</b>		
Blanket Employee Dishonesty	500,000	1,000
Crime (Inside/Outside)	50,000	1,000
<b>OTHER COVERAGE</b>		
Sexual Abuse and Molestation	Included	
Cyber Liability	2,000,000	10,000
<b>INDIVIDUAL BONDS:(Not in SAIF)</b>		
Kathy Kane (BA)	200,000	None
Rene Metzgar (Treasurer)	200,000	None

SOURCE: District Records

# **Single Audit Section**

## ARDITO & COMPANY LLC

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Anthony Ardito, CPA, RMA, CMFO, 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, 2020, 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 November 9, 2020.

#### **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**

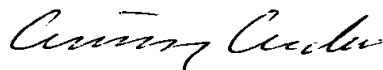
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect 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, State of New Jersey.

### **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 & COMPANY LLC  
December 9, 2020



Licensed Public School Accountant No.2369



## **ARDITO & COMPANY LLC**

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Anthony Ardito, CPA, RMA, CMFO, PSA

### **Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circular 15-08**

#### 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 State Program**

We have audited the Kittatinny Regional School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circulars 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2020. The Kittatinny Regional School District Board of Education's major 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 state programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major 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; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circulars 15-08 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 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 state program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Each Major 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 state programs for the year ended June 30, 2020.

**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 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 state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circulars 15-08, 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

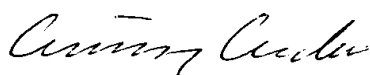
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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 New Jersey OMB circulars 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.



ARDITO & COMPANY LLC

December 9, 2020



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, 2020

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2019	Carryover/ Walkover Amount	Cash Received	Budgetary Expend.	Repayment of Prior Years' Balances	Balance at June 30, 2020			Cumulative Total Expenditures
					From	To						Accounts Receivable	Deferred Revenue	Due to Grantor	
<b>U.S. Department of Education</b>															
<b>General Fund:</b>															
Impact Aid	84.041	N/A	N/A	\$ 501,538	7/1/19	6/30/20			\$ 501,538				\$ 501,538		-
Impact Aid	84.041	N/A	N/A	372,297	7/1/18	6/30/19	\$ 145,460						145,460		\$ 226,837
Impact Aid	84.041	N/A	N/A	379,961	7/1/17	6/30/18	79,838						79,838		300,123
Impact Aid	84.041	N/A	N/A	391,950	7/1/16	6/30/17	100,000						100,000		291,950
Impact Aid	84.041	N/A	N/A	387,489	7/1/15	6/30/16	131,189						131,189		256,300
Impact Aid	84.041	N/A	N/A	1,225,449	7/1/13	6/30/14	377,922			\$ (230,045)			147,877		875,449
<b>Total General Fund</b>							<b>834,409</b>	-	<b>501,538</b>	<b>(230,045)</b>	-	-	<b>1,105,902</b>	-	<b>1,950,659</b>
<b>U.S. Department of Education</b>															
<b>Passed-through State</b>															
<b>Department of Education:</b>															
<b>Special Revenue Fund:</b>															
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	FT367519	\$207,316	7/1/19	6/30/20			168,451	(180,059)		\$ (38,865)	27,257		180,059
I.D.E.A. Part B, Basic Regular Special Education Cluster	84.027	H027A180100	FT367518	\$201,911	7/1/18	6/30/19	(16,398)		20,493	(4,095)		-			201,911
							(16,398)	-	188,944	(184,154)	-	(38,865)	27,257	-	381,970
Title I	84.010A	S010A190030	N/A	79,215	7/1/19	6/30/20			55,280	(68,373)		(23,935)	10,842		68,373
Title I	84.010A	S010A180030	N/A	83,456	7/1/18	6/30/19	(48,785)		49,573	(788)					83,456
Title II Part A	84.367A	S367B190027	N/A	17,681	7/1/19	6/30/20			10,500	(17,681)		(7,181)	-		17,681
Title II Part A	84.367A	S367B180027	N/A	19,675	7/1/18	6/30/19	(3,308)		3,308						19,675
Title IV	84.424A	S424A190027	N/A	17,300	7/1/19	6/30/20			392	(3,661)		(16,908)	13,639		3,661
Title IV	84.424A	S424A180027	N/A	10,000	7/1/18	6/30/19	(1,500)		8,800	(7,300)					10,000
Total ESEA							(53,593)	-	127,853	(97,803)	-	(48,024)	24,481	-	202,846
CARES Emergency Relief Grant	84.425D	S425D200027	CARES	63,014	3/13/20	9/30/22			-	(44,596)		(63,014)	18,418		44,596
Total CARES							-	-	-	(44,596)	-	(63,014)	18,418	-	44,596
<b>Total Special Revenue Fund</b>							<b>(69,991)</b>	-	<b>316,797</b>	<b>(326,553)</b>	-	<b>(149,903)</b>	<b>70,156</b>	-	<b>629,412</b>
<b>U.S. Dept. of Agricul. Passed-Through</b>															
<b>Passed Through State Dept. of Ed.</b>															
<b>Enterprise Fund:</b>															
<b>Child Nutrition Cluster:</b>															
National School Lunch Program (Food Distribution)	10.555	191NJ304N1099	N/A		7/1/18	6/30/19	1,624			(1,624)					1,624
National School Lunch Program (Food Distribution)	10.555	201NJ304N1099	N/A	7,727	7/1/19	6/30/20			7,727	(6,129)			1,598		6,129
National School Lunch Program	10.555	191NJ304N1099	N/A		7/1/18	6/30/19	(1,214)		1,214						
National School Lunch Program	10.555	201NJ304N1099	N/A	43,103	7/1/19	6/30/20			42,926	(43,103)		(177)			43,103
<b>Total Enterprise Fund</b>							<b>410</b>		<b>51,867</b>	<b>(50,856)</b>		<b>(177)</b>	<b>1,598</b>	-	<b>50,856</b>
<b>Total Federal Financial Awards</b>							<b>\$ 764,828</b>		<b>\$ 870,202</b>	<b>\$ (607,454)</b>	-	<b>\$ (150,080)</b>	<b>\$ 1,177,656</b>	-	<b>\$ 2,630,927</b>

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.  
Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

KITTATINNY REGIONAL SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2020

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2019	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2020			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
<b>State Department of Education:</b>															
<b>General Fund:</b>															
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$ 3,430,734			\$ 3,430,734	\$ (3,430,734)								
School Choice Aid	20-495-034-5120-068	7/1/19-6/30/20	245,129			245,129	(245,129)								
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	630,048			630,048	(630,048)								
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	691,576			691,576	(691,576)								
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	86,912			86,912	(86,912)								
Adjustment Aid	20-495-034-5120-085	7/1/19-6/30/20	285,820			285,820	(285,820)								
Extra-Ordinary Aid	20-495-034-5120-044	7/1/19-6/30/20	22,118			-	(22,118)			\$ (22,118)					
Extra-Ordinary Aid	19-495-034-5120-044	7/1/18-6/30/19	128,530	\$ (128,530)		128,530	-								
Non-Public Transportation Aid	20-100-034-5120-068	7/1/19-6/30/20	9,313			-	(9,313)								
Non-Public Transportation Aid	19-100-034-5120-068	7/1/18-6/30/19	13,845	(13,845)		13,845									
On-Behalf TPAF Pension	20-495-034-5094-002	7/1/19-6/30/20	2,106,029			2,106,029	(2,106,029)								
On Behalf TPAF Pension PMR	20-495-034-5094-001	7/1/19-6/30/20	781,298			781,298	(781,298)								
On Behalf TPAF Pension LTD Ins	20-495-034-5094-004	7/1/19-6/30/20	1,353			1,353	(1,353)								
Reimb.TPAF Soc.Sec.Contrib.	20-495-034-5094-003	7/1/19-6/30/20	764,144	(67,071)		792,613	(764,144)								
<b>Total General Fund</b>				<b>(209,446)</b>		<b>9,193,887</b>	<b>(9,054,474)</b>				<b>(70,033)</b>			<b>531,277</b>	<b>9,054,474</b>
<b>Special Revenue Fund:</b>															
N.J. Nonpublic Aid:															
Textbooks Aid	20-100-034-5120-064	7/1/19-6/30/20	1,423	2		1,423	(1,423)		\$ (2)						1,423
Nursing Services	20-100-034-5120-070	7/1/19-6/30/20	2,813	-		2,813	(2,723)					\$ 90			2,723
Technology Aid	20-100-034-5120-373	7/1/19-6/30/20	972	38		972	(972)			(38)					972
Auxiliary Services:															
Compensatory Education	20-100-034-512a-067	7/1/19-6/30/20	3,245	-		3,245	(1,947)						1,298		1,947
Handicapped Services:															
Examination and Classification	20-100-034-512b-066	7/1/19-6/30/20	8,915	730		7,107	(3,717)			(730)	(1,808)		5,198		3,717
Corrective Speech	20-100-034-512a-066	7/1/19-6/30/20	911	804		911	(182)			(804)			729		182
Supplementary Instruction	20-100-034-512c-066	7/1/19-6/30/20	4,857	2,121		4,857	(2,348)			(2,121)			2,509		2,348
Advanced Computer Science Competitive Grant		1/15/19-6/30/20	51,244			24,000	(43,793)					(27,244)	\$ 7,451		43,793
<b>Total Special Revenue Fund</b>				<b>3,695</b>		<b>45,328</b>	<b>(57,105)</b>			<b>(3,695)</b>	<b>(29,052)</b>	<b>7,451</b>	<b>9,824</b>		<b>57,105</b>
<b>State Department of Agriculture:</b>															
<b>Enterprise Fund:</b>															
Nat. School Lunch Prog. (State Share)	19-100-010-3350-023	7/1/18-6/30/19		(71)		71									
Nat. School Lunch Prog. (State Share)	20-100-010-3350-023	7/1/19-6/30/20	2,227			2,224	(2,227)				(3)				2,227
<b>Total Enterprise Fund</b>				<b>(71)</b>		<b>2,295</b>	<b>(2,227)</b>				<b>(3)</b>				<b>2,227</b>
<b>Total State Financial Assistance</b>				<b>\$ (205,822)</b>	<b>\$ -</b>	<b>\$ 9,241,510</b>	<b>\$ (9,113,806)</b>		<b>-</b>	<b>\$ (3,695)</b>	<b>\$ (99,088)</b>	<b>\$ 7,451</b>	<b>\$ 9,824</b>	<b>\$ 531,277</b>	<b>\$ 9,113,806</b>

Less: On-behalf TPAF Pension Amounts  
 On-Behalf TPAF Pension 2,106,029  
 On Behalf TPAF Pension PMR 781,298  
 On Behalf TPAF Pension LTD Ins 1,353

Total State Expenditures Subject to Major Program Determination \$ (6,225,126)

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE  
JUNE 30, 2020

**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 \$50,236 for the general fund and (\$63,056) 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, 2020

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 501,538	\$ 9,104,710	\$ 9,606,248
Special Revenue Fund	267,864	52,738	320,602
Food Service Fund	<u>50,858</u>	<u>2,227</u>	<u>53,085</u>
Total Financial Assistance	<u>\$ 820,260</u>	<u>\$ 9,159,675</u>	<u>\$ 9,979,935</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, 2020. 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, 2020.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

**Financial Statement Section**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? \_\_\_ Yes **x** No

2) Were significant deficiencies identified that were not considered to be material weaknesses?  
\_\_\_ Yes  
**x** None Reported

Noncompliance material to financial statements noted? \_\_\_ Yes **x** No

**Federal Awards**

**Not Applicable**

Internal control over major programs:

1) Material weakness(es) identified? \_\_\_ Yes \_\_\_ No

2) Were significant deficiencies identified that were not considered to be material weaknesses?  
\_\_\_ Yes  
\_\_\_ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? \_\_\_ Yes \_\_\_ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>N/A</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>
<u>_____</u>	<u>_____</u>	<u>_____</u>

Dollar threshold used to distinguish between Type A and Type B programs: N/A

Auditee qualified as low-risk auditee? \_\_\_ yes \_\_\_ no



SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**Section II-Financial Statement Findings**

**None**

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

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

**None**

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**None**

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



