

KITTATINNY
REGIONAL SCHOOL DISTRICT

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

Annual Comprehensive Financial Report
For The Fiscal Year Ended June 30, 2022

**Annual Comprehensive
Financial Report
of the
Kittatinny Regional School District
Board of Education
Hampton, Sussex County
For the Fiscal Year Ending June 30, 2022**

**Prepared by
Kittatinny Regional School District
Board of Education
Finance Department**

OUTLINE OF ACFR

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Introductory Section



KITTATINNY REGIONAL HIGH SCHOOL
77 HALSEY ROAD
NEWTON, NJ 07860
973-383-1800 · 973-383-6218 FAX
www.krhs.net

Craig M. Hutcheson, Ed.D.
Superintendent - Ext. 1160
chutches@krhs.net

Theresa Linskey
School Business Administrator/
Board Secretary - Ext. 1520
tlinskey@krhs.net

January 20, 2023

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 Annual Comprehensive Financial Report (ACFR) of the Kittatinny Regional School District for the fiscal year ended June 30, 2022. 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, 2022, 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 Annual Comprehensive 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 ACFR 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 ACFR. 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 15-08 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.

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 135 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, 2021 was 807 students. Based on the data received from the constituent elementary districts, the anticipated opening enrollment for the 2022-23 school year will be approximately 802.

Fiscal Year	Student Enrollment	Percent Change
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)
2020-21	828	-(8.2)
2021-22	807	-(2.5)

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. For a number of years, the proposed budget from the Office of the President of the United States has eliminated the Federal Properties form of Federal Impact Aid. This proposed budgetary elimination must be challenged each year by the Federal Lands Impacted School Association (FLISA) and the partner associations for the military (MISA) and the Native American community (NIISA), all of which receive Impact Aid tax replacement funding. On an annual basis, school district personnel must be vigilant in petitioning for these discretionary Governmental funds due to the loss of tax paying properties within our district. 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, HVAC grants and Energy Savings Incentive Plans (ESIP), along with the inter-district 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 projects completed this year and financed through capital reserve and leases are as listed:

- Energy Conservation Project
- Oil Tank Removal
- Carpet Replacement

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 on June 30, 2022,

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 based on funds. These funds are explained in "Notes to the Financial Statements"

DEBT ADMINISTRATION: On June 30, 2022, the total District debt was \$2,910,000 in capital lease obligations.

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., LLC was selected by the Board for the 2010-2011 school year and has conducted our annual audit for the 2021-2022 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 15-08 OMB. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully Submitted,



Craig Hutcherson, Ed.D.
Superintendent



Theresa Linskey
School Business Administrator

**KITTATINNY REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2022

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Moira Douglas, President	2024
Debra Cook, Vice-President	2024
Stephen Fischer	2023
Wayne Murch	2023
Robert Greene	2023
Louis Sylvester	2022
Barbara Andrews	2022
Eleanore Shaffer	2024
Walpack (Vacant)	2022

Other Officials

Craig Hutcheson, Superintendent

Theresa Linskey, 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
439 Rt 46 East
Rockaway, NJ 07866

AUDIT FIRM

Ardito & Company LLC
1110 Harrison Street, Suite C
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
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

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 Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kittatinny Regional School District Board of Education, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and ***Government Auditing Standards***, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kittatinny Regional School District Board of Education's basic financial statements. The combining and individual non-

-Continued-

major fund financial statements, long-term debt schedules, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, long-term debt schedules, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2023, on our consideration of the District'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 the District's internal control over financial reporting and compliance.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey
January 20, 2023

Anthony Ardito

Anthony Ardito
Certified Public Accountant
ARDITO & COMPANY LLC
Frenchtown, New Jersey
January 20, 2023

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, 2022
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, 2022. 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 2022 are as follows:

- ◆ In total, Net Position increased \$1,203,246 which represents a 50.9% increase from 2021.
- ◆ General revenues accounted for \$16,117,830 in revenue or 60.0% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$10,748,044 or 40.0% of total revenues of \$26,865,874.
- ◆ Total assets of governmental activities increased by \$197,807, as cash and cash equivalents increased by \$467,122, receivables increased by \$581,622, and capital assets decreased by \$848,872.
- ◆ The School District had \$25,662,628 in expenses; only \$10,748,044 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$16,117,830 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$26,130,187 in revenues and \$25,463,301 in expenditures. The General Fund's surplus balance increased \$657,236 over 2021, which compares to the budgeted decrease of \$732,776.

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, 2022
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 2022?” 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, 2022
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 2022 compared to 2021.

Table 1 Net Position		
	<u>2022</u>	<u>2021</u>
Assets		
Current and Other Assets	\$ 4,604,247	\$ 3,557,568
Capital Assets	<u>8,248,765</u>	<u>9,097,637</u>
Total Assets	<u>12,853,012</u>	<u>12,655,205</u>
 Deferred Outflows of Resources	 <u>406,946</u>	 <u>720,109</u>
 Liabilities		
Long-Term Liabilities	6,707,502	8,666,621
Other Liabilities	<u>1,020,570</u>	<u>622,008</u>
Total Liabilities	<u>7,728,072</u>	<u>9,288,629</u>
 Deferred Inflows of Resources	 <u>1,966,193</u>	 <u>1,724,238</u>
 Net Position		
Invested in Capital Assets, Net of Debt	5,338,765	5,712,637
Restricted	3,112,805	2,365,206
Unrestricted	<u>(4,885,877)</u>	<u>(5,715,396)</u>
Total Net Position	<u>\$ 3,565,693</u>	<u>\$ 2,362,447</u>

KITTATINNY REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

Total assets of governmental activities increased by \$197,807, as cash and cash equivalents increased by \$467,122, receivables increased by \$581,622, and capital assets decreased by \$848,872.

The cash increase was primarily due to the receipt of unbudgeted miscellaneous revenues and budget spending efficiencies. Receivables increased due third round (ESSER III) grants collected in the subsequent year. Capital assets decreased depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2021.

Table 2
Changes in Net Position

	<u>2022</u>	<u>2021</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 988,554	\$ 498,689
Operating Grants and Contributions	9,759,490	13,236,652
General Revenues:		
Property Taxes	15,925,261	15,618,317
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	4,016	1,780
Other	<u>188,553</u>	<u>309,365</u>
Total Revenues	<u>26,865,874</u>	<u>29,664,803</u>
Program Expenses		
Instruction	14,342,514	17,750,636
Support Services:		
Tuition	245,940	151,972
Pupils and Instructional Staff	3,292,140	3,332,902
General Administration, School Administration, Business	2,282,664	2,843,764
Operations and Maintenance of Facilities	2,756,640	3,095,976
Pupil Transportation	1,863,175	2,185,089
Transfer to Charter School	377,528	341,719
Business-Type Activities	451,712	185,782
Interest and Fiscal Charges	<u>50,315</u>	<u>61,149</u>
Total Expenses	<u>25,662,628</u>	<u>29,948,989</u>
Increase in Net Position	<u>\$ 1,203,246</u>	<u>\$ (284,186)</u>

KITTATINNY REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 59.3% percent of revenues for governmental activities for the Kittatinny Regional School District for the fiscal year 2022.

Instruction comprises 55.9% of district expenses. Support services expenses make up 40.7% 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 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>
Instruction	\$ 14,342,514	\$ 9,099,585	\$ 17,750,636	\$ 9,814,370
Support Services:				
Tuition	245,940	245,940	151,972	151,972
Pupils and Instructional Staff	3,292,140	897,483	3,332,902	1,206,646
General Admin., School Admin., Business	2,282,664	1,427,921	2,843,764	1,601,456
Operation and Maintenance of Facilities	2,756,640	1,724,418	3,095,976	1,743,489
Pupil Transportation	1,863,175	1,165,511	2,185,089	1,230,526
Charter	377,528	377,528	341,719	341,719
Business-Type Activities	451,712	(74,117)	185,782	62,321
Interest and Fiscal Charges	<u>50,315</u>	<u>50,315</u>	<u>61,149</u>	<u>61,149</u>
Total Expenses	<u>\$ 25,662,628</u>	<u>\$ 14,914,584</u>	<u>\$ 29,948,989</u>	<u>\$ 16,213,648</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, 2022
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 63.4% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 54.0%. 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 \$27,390,011 and expenditures of \$26,822,807. The General Fund's surplus balance increased \$657,236 over 2021, which compares to the budgeted decrease of \$732,776.

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 2022 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 \$20,468,228, \$390,436 over original budgeted estimates of \$20,077,792. This difference was due primarily to increases in non-budgeted miscellaneous revenue.

General fund revenues exceeded expenditures by \$564,380. Again this surplus compares to a budgeted deficit of \$732,776, which was due to the budgeted use of surplus and capital reserve needed to balance the 2021-2022 budget.

Overall general fund balance (budget basis) was \$3,496,954, and amounts ear-marked and reserved for future purposes were \$2,910,564, creating a surplus in unreserved fund balance of \$586,390. Management believes unreserved fund balance at statutory 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, 2022
UNAUDITED

Capital Assets

At the end of the fiscal year 2022, the School District had \$8,243,979 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2022 balances compared to 2021.

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

	<u>2022</u>	<u>2021</u>
Land	\$ 144,210	\$ 144,210
Land Improvements	-	-
Buildings and Improvements	8,082,123	8,946,915
Machinery and Equipment	<u>17,646</u>	<u>-</u>
Totals	<u>\$ 8,243,979</u>	<u>\$ 9,091,125</u>

Overall capital assets decreased \$847,146 from fiscal year 2021 to fiscal year 2022. The decrease in capital assets was due to depreciation expense for the year.

Capital improvements of \$412,771 were purchased during fiscal year 2022 and included the equipment lease spending, guidance improvements, oil tank replacement, telephones, and security equipment.

Debt Administration

At June 30, 2022, the School District had \$4,084,041 as outstanding long term debt. Of this amount, \$1,174,041 is for compensated absences, \$2,910,000 relates to lease obligation debt, and \$00 is for bonds payable outstanding.

At June 30, 2022, the School District's overall legal debt margin was \$65,955,256 and the unvoted debt margin was the same.

KITTATINNY REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
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 the School Business Administrator/Board Secretary at Kittatinny Regional School District, 77 Halsey Road, Newton, New Jersey 07860, or E-mail at tlinskey@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, 2022

	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 1,338,741	\$ 137,409	\$ 1,476,150
Receivables, Net	1,106,951	18,273	1,125,224
Other Receivables		880	880
Inventory		16,665	16,665
Restricted Assets:			
Capital and Impact Aid Reserve Accounts - Cash	1,985,328		1,985,328
Capital Assets, Net (Note 6)	8,243,979	4,786	8,248,765
Total Assets	12,674,999	178,013	12,853,012
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	406,946		406,946
LIABILITIES			
Accounts Payable	44,370	19,893	64,263
Payroll Deductions and Withholdings Payable	23,657		23,657
Unemployment Compensation Claims Payable	32,558		32,558
Net Pension Liability (Note 8)	2,623,471		2,623,471
Accrued Interest	-		
Unearned Revenue	899,946	146	900,092
Noncurrent Liabilities (Note 7):			
Due Within One Year	91,000		91,000
Due Beyond One Year	3,993,031		3,993,031
Total Liabilities	7,708,033	20,039	7,728,072
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	1,966,193		1,966,193
NET POSITION			
Invested in Capital Assets, Net of Related Debt	5,333,979	4,786	5,338,765
Restricted for:			
Other Purposes	3,112,805		3,112,805
Unrestricted	(5,039,065)	153,188	(4,885,877)
Total Net Position	\$ 3,407,719	\$ 157,974	\$ 3,565,693

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	PROGRAM REVENUES				NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	OPERATING		CAPITAL	GOVERNMENTAL	BUSINESS-TYPE	
		CHARGES FOR	GRANTS AND	GRANTS AND			
Functions/Programs							
Governmental Activities:							
Instruction:							
Regular	\$ 10,824,477	\$ 144,711	\$ 3,780,892		\$ (6,898,874)		\$ (6,898,874)
Special Education	2,237,735	29,916	808,002		(1,399,817)		(1,399,817)
Other Special Instruction	-	-	-		-		-
Other Instruction	1,280,302	17,116	462,292		(800,894)		(800,894)
Support Services:							
Tuition	245,940				(245,940)		(245,940)
Student & Instruction Related Serv.	3,292,140	532,139	1,862,518		(897,483)		(897,483)
School Administrative Services	1,275,402	17,051	460,523		(797,828)		(797,828)
General and Business Admin. Serv.	1,007,262	13,466	363,703		(630,093)		(630,093)
Plant Operations and Maintenance	2,756,640	36,853	995,369		(1,724,418)		(1,724,418)
Pupil Transportation	1,863,175	24,908	672,756		(1,165,511)		(1,165,511)
Charter School	377,528				(377,528)		(377,528)
Interest on Long-Term Debt	50,315				(50,315)		(50,315)
Total Governmental Activities	25,210,916	816,160	9,406,055		(14,988,701)		(14,988,701)
Business-Type Activities:							
Food Service	442,408	154,138	353,435			\$ 65,165	65,165
Adult Education	9,304	16,227				6,923	6,923
School Store	-	2,029				2,029	2,029
Total Business-Type Activities	451,712	172,394	353,435	-	-	74,117	74,117
Total Primary Government	\$ 25,662,628	\$ 988,554	\$ 9,759,490		\$ (14,988,701)	\$ 74,117	\$ (14,914,584)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net				\$ 15,699,761		\$ 15,699,761	
Taxes Levied for Debt Service				225,500		225,500	
Investment Earnings				4,016		4,016	
Miscellaneous Income				188,525	\$ 28	188,553	
Transfers				(9,650)	9,650	-	
Total General Revenues, Special Items, Extraordinary Items and Transfers				16,108,152	9,678	16,117,830	
Change in Net Position				1,119,451	83,795	1,203,246	
Net Position—Beginning				2,288,268	74,179	2,362,447	
Prior Period Adjustments						-	
Net Position—Beginning (Restated)				2,288,268	74,179	2,362,447	
Net Position—Ending				\$ 3,407,719	\$ 157,974	\$ 3,565,693	

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

FUND FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$ 3,092,903	\$ 193,767	\$ 37,399	\$ 3,324,069
Receivables from Other Governments	121,437	985,514		1,106,951
Interfund Receivable		3,611		
TOTAL ASSETS	\$ 3,214,340	\$ 1,182,892	\$ 37,399	\$ 4,431,020
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 22,585	\$ 13,806		\$ 36,391
Interfund Payable	3,611			
Payroll Deductions and Withholdings Payable	23,657			23,657
Unemployment Compensation Claims Payable	32,558			32,558
Due State Government		7,978		7,978
Deferred Revenue		899,947		899,947
Total Liabilities	82,411	921,731	-	1,000,531
Fund Balances:				
<u>Restricted for:</u>				
Impact Aid Reserve	805,086			805,086
Capital Reserve Account	1,180,242			1,180,242
Capital Projects Fund			\$ 37,399	37,399
Unemployment Compensation	239,557			239,557
Student Activities		261,161		261,161
<u>Assigned to:</u>				
Year-End Encumbrances	96,319		-	96,319
General Fund - Designated for Subsequent Year's Expenditures	589,360			589,360
<u>Unassigned:</u>				
General Fund	221,365			221,365
Total Fund Balances	3,131,929	261,161	37,399	3,430,489
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,214,340	\$ 1,182,892	\$ 37,399	\$ 4,431,020

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 \$29,119,793 and the accumulated depreciation is \$20,875,814.	\$ 8,243,979
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)	406,946
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)	(1,966,193)
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)	(2,623,471)
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)	(4,084,031)
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)	-
Net Position of governmental activities (Exhibit A-1)	\$ 3,407,719

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, 2022

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>
REVENUES					
Local sources:					
Local Tax Levy	\$ 15,699,761			\$ 225,500	\$ 15,925,261
Tuition	97,602				97,602
Transportation	230,431				230,431
Interest Earned on Capital Reserve Funds	902				902
Miscellaneous	191,616	\$ 488,127	\$ 23		679,766
Total - Local Sources	16,220,312	488,127	23	225,500	16,933,962
State Sources	9,505,744	30,938			9,536,682
Federal Sources	404,131	515,236			919,367
Total Revenues	26,130,187	1,034,301	23	225,500	27,390,011
EXPENDITURES					
Current:					
Regular Instruction	6,763,399	325,984			7,089,383
Special Education Instruction	1,550,074				1,550,074
Other Special Instruction	-				-
Other Instruction	937,322				937,322
Support services and undistributed costs:					
Tuition	245,940				245,940
Student and Instruction Related Services	1,619,247	673,790			2,293,037
School Administrative Services	878,327				878,327
Other Administrative Services	724,828				724,828
Plant Operations and Maintenance	2,115,674				2,115,674
Pupil Transportation	1,364,049				1,364,049
Unallocated Benefits	8,552,246				8,552,246
Transfer to Charter School	377,528				377,528
Debt Service:					
Principal				220,000	220,000
Interest and Other Charges				5,500	5,500
Capital Outlay	334,667	4,840	129,392		468,899
Total Expenditures	25,463,301	1,004,614	129,392	225,500	26,822,807
Excess (Deficiency) of Revenues Over Expend.	666,886	29,687	(129,369)	-	567,204
OTHER FINANCING SOURCES (USES)					
Operating Transfers In/(out) - Enterprise Funds	(9,650)		-		(9,650)
Total Other Financing Sources and Uses	(9,650)	-	-	-	(9,650)
Net Change in Fund Balances	657,236	29,687	(129,369)	-	557,554
Fund Balance—July 1	2,474,693	231,474	166,768	-	2,872,935
Prior Period Adjustment		-			-
Fund Balance—July 1 (Restated)	2,474,693	231,474	166,768	-	2,872,935
Fund Balance—June 30	\$ 3,131,929	\$ 261,161	\$ 37,399	-	\$ 3,430,489

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 557,554

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	\$ (1,259,917)	
	Capital Outlays	<u>412,771</u>	(847,146)

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. 684,680

Repayment of capital lease obligations 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. 255,000

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. 220,000

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. 244,321

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. 5,042

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 1,119,451

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

**STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS**

June 30, 2022

	Business-Type Activities - Enterprise Funds			Totals
	Food Service	Adult Education	School Store	
ASSETS				
Current assets:				
Cash and Cash Equivalents	\$ 69,728	\$ 52,763	\$ 14,918	\$ 137,409
Accounts Receivable-Federal and State	18,273			18,273
Other Receivables	880			880
Inventories	1,573	-	15,092	16,665
Total Current Assets	90,454	52,763	30,010	173,227
Noncurrent Assets:				
Furniture, Machinery and Equipment	179,085			179,085
Less Accumulated Depreciation	(174,299)	-	-	(174,299)
Total Noncurrent Assets	4,786	-	-	4,786
Total Assets	95,240	52,763	30,010	178,013
LIABILITIES				
Current liabilities:				
Accounts Payable	19,893			19,893
Deferred Revenue	146	-	-	146
Total Current Liabilities	20,039	-	-	20,039
Total Liabilities	20,039	-	-	20,039
NET POSITION				
Invested in Capital Assets Net of Related Debt	4,786	-	-	4,786
Unrestricted	70,415	52,763	30,010	153,188
Total Net Position	\$ 75,201	\$ 52,763	\$ 30,010	\$ 157,974

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, 2022**

	Business-type Activities - Enterprise Fund			
	Food Service	Adult Education	School Store	Total Enterprise
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 154,138			\$ 154,138
Daily Sales - Non-Reimb. Programs	-			-
Program Fees		\$ 16,227	\$ 2,029	18,256
Miscellaneous Income	21	-	7	28
Total Operating Revenues	<u>154,159</u>	<u>16,227</u>	<u>2,036</u>	<u>172,422</u>
Operating Expenses:				
Cost of Sales - Reimbursable Programs	232,078			232,078
Cost of Sales - Non-reimbursable Programs	-			-
Salaries	128,923			128,923
Employee Benefits	37,846			37,846
Purchased Property Service	18,540			18,540
Cleaning, Repair and Maintenance Services	17,183			17,183
General Supplies	798	9,304		10,102
Miscellaneous	5,315			5,315
Depreciation	1,725	-	-	1,725
Total Operating Expenses	<u>442,408</u>	<u>9,304</u>	<u>-</u>	<u>451,712</u>
Operating Income (Loss)	<u>(288,249)</u>	<u>6,923</u>	<u>2,036</u>	<u>(279,290)</u>
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	7,573			7,573
Federal Sources:				
National School Lunch Program	329,960			329,960
Food Distribution Program	15,902	-	-	15,902
Total Nonoperating Revenues (Expenses)	<u>353,435</u>	<u>-</u>	<u>-</u>	<u>353,435</u>
Income (Loss) Before Contributions and Transfers	65,186	6,923	2,036	74,145
Transfers In (Out)	9,650	-	-	9,650
Change in Net Position	74,836	6,923	2,036	83,795
Total Net Position—Beginning	365	45,840	27,974	74,179
Total Net Position—Ending	<u>\$ 75,201</u>	<u>\$ 52,763</u>	<u>\$ 30,010</u>	<u>\$ 157,974</u>

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2022

	Business-Type Activities - Enterprise Funds			
	<u>Food Service</u>	<u>Adult Education</u>	<u>School Store</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 154,138	\$ 16,227	\$ 2,036	\$ 172,401
Payments to Employees	(128,923)			(128,923)
Payments for Employee Benefits	(37,846)			(37,846)
Payments to Suppliers	(266,152)	(9,304)	-	(275,456)
Net Cash Provided by (used for) Operating Activities	<u>(278,783)</u>	<u>6,923</u>	<u>2,036</u>	<u>(269,824)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	7,986	-	-	7,986
Federal Sources	323,672	-	-	323,672
Operating Transfers to Other Funds	9,650	-	-	9,650
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>341,308</u>	<u>-</u>	<u>-</u>	<u>341,308</u>
Net Increase (Decrease) in Cash and Cash Equivalents	62,525	6,923	2,036	71,484
Balances—Beginning of Year	<u>7,203</u>	<u>45,840</u>	<u>12,882</u>	<u>65,925</u>
Balances—End of Year	<u>\$ 69,728</u>	<u>\$ 52,763</u>	<u>\$ 14,918</u>	<u>\$ 137,409</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:				
Operating Income (Loss)	\$ (288,249)	\$ 6,923	\$ 2,036	(279,290)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Depreciation and Net Amortization	1,725			1,725
Federal Commodities	15,902			15,902
(Increase) Decrease in Accounts Receivable	-			-
(Increase) Decrease in Inventories	2,065			2,065
Increase (Decrease) in Accounts Payable	(10,226)	-	-	(10,226)
Total Adjustments	<u>9,466</u>	<u>-</u>	<u>-</u>	<u>9,466</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (278,783)</u>	<u>\$ 6,923</u>	<u>\$ 2,036</u>	<u>\$ (269,824)</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, 2022

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 ACFR, 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, GASB No. 75, Accounting for OPEB, and GASB No. 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2021.

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, 2022, of 807 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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022, but which were levied to finance fiscal year 2022 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, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

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

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

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

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022

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, 2022, 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, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash <u>Equivalents (A-1)</u>
Checking	\$2,628,991
	<u>\$2,628,991</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

The carrying amount of the Board’s cash and cash equivalents at June 30, 2022, was \$2,628,991 and the bank balance was \$2,846,611. 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 \$2,596,611 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, 2022, the district's balance was \$832,487.

NOTE 3: RECEIVABLES

Receivables at June 30, 2022, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$ 121,437	\$ 121,848
Federal Aid	985,514	1,003,376
Local Sandyston-Walpack Food Service	<u>880</u>	<u>880</u>
Gross Receivable	1,106,951	1,126,104
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 1,106,951</u>	<u>\$ 1,126,104</u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2022, consisted of the following:

Food	<u>\$1,573</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, 2022

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, 2022, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
Governmental Activities:				
Capital Assets Not Being				
Land	\$ 144,210			\$ 144,210
Total Capital Assets Not Being Depreciat	144,210			144,210
Capital Assets Being Depreciated:				
Land Improvements	915,359			915,359
Buildings and Building	23,430,684	\$ 293,228		23,723,912
Machinery and Equipment	4,216,769	119,543		4,336,312
Total at Historical Cost	28,562,812	412,771		28,975,583
Less Accumulated Depreciation for:				
Land Improvements	(915,359)			(915,359)
Building and Improvements	(14,483,769)	(1,158,020)		(15,641,789)
Equipment	(4,216,769)	(101,897)		(4,318,666)
Total Accumulated Depreciation	(19,615,897)	(1,259,917)		(20,875,814)
Total Capital Assets Being Depreciated, net of Accumulated	8,946,915	(847,146)		8,099,769
Government Activity Capital Assets,	\$ 9,091,125	\$ (847,146)		\$ 8,243,979

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, 2022

NOTE 6: CAPITAL ASSETS - (Continued)

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 835,325
Special Ed Instruction	88,194
Support Services	117,172
General Administration	12,599
School Administration	49,137
Operations/Maintenance	<u>157,490</u>
Total	<u>\$ 1,259,917</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, 2022, are as follows:

	Balance <u>7/1/21</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/22</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation Debt	\$ 220,000		\$ (220,000)	-	
Other Liabilities:					
Lease Obligation Debt	3,165,000		(255,000)	\$ 2,910,000	\$ 91,000
Compensated Absences	1,418,362		(244,321)	1,174,041	
Total	<u>\$ 4,803,362</u>	-	<u>\$ (719,321)</u>	<u>\$ 4,084,041</u>	<u>\$ 91,000</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, 2022

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, 2022, it is not necessary for the Board to establish a liability for arbitrage

	Government Activities			
	<u>Issue</u> <u>Dates</u>	<u>Interest</u> <u>Rates</u>	<u>Date of</u> <u>Maturity</u>	<u>Balance</u> <u>6/30/22</u>
Capital Lease Payable	9/1/19	2.755%	9/1/39	\$ 2,910,000
Total Liability				<u>\$ 2,910,000</u>

B. Debt Service Requirements:

Debt Service requirements on leases payable at June 30, 2022, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 91,000	\$ 80,170	\$ 171,170
2024	115,000	77,663	192,663
2025	119,000	74,495	193,495
2026	106,000	71,217	177,217
2027	114,000	68,296	182,296
Thereafter	<u>2,365,000</u>	<u>510,061</u>	<u>2,875,061</u>
	<u>\$ 2,910,000</u>	<u>\$ 881,902</u>	<u>\$ 3,791,902</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, 2022

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 \$45,151,834 as measured on June 30, 2021 and \$62,112,993 measured on June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$1,062,442 and revenue of \$1,062,442 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, 2022 is based upon changes in the collective net pension liability with a measurement period of June 30, 2020 through June 30, 2021. 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, 2020 and June 30, 2021.

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, 2022

NOTE 8: PENSION PLANS (Continued)

	<u>6/30/2020</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$9,589,140,982	\$6,356,228,800
Collective deferred inflows of resources	\$14,409,361,877	\$27,175,330,929
Collective net pension liability (Nonemployer-State of New Jersey)	\$65,848,796,740	\$48,075,188,642
State's portion of the net pension liability that was associated with the district	\$62,112,993	\$45,151,834
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.094327%	0.093919%

Actuarial assumptions - The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	
Price	2.75%
Wage	3.25%
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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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

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, 2021) 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, 2021 are summarized in the following table:

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-US devel.markets equit:	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yeild	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	0.95%
Risk mitigation	3.00%	3.35%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

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, 2021, 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>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>

State's Collective Net Pension Liability	\$	56,988,413,045	\$	48,165,991,182	\$	40,755,711,186
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KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2021 was \$26,533,142,515.

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>
2022	(\$2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	<u>(3,367,824,517)</u>
Total	<u>(\$20,990,267,071)</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, 2021 are as follows:

Service cost	\$1,759,507,848
Interest on total pension liability	4,695,758,765
Member contributions	(883,659,076)
Administrative expenses	9,042,590
Expected investment return net of investment expenses	(1,458,899,157)
Pension expense related to specific liabilities of individual employers	(403,226)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	201,861,563
Changes in assumptions	(2,256,761,544)
Difference between projected and actual investment earnings on pension plan investments	<u>(933,080,851)</u>
Total pension expense	<u>\$1,133,366,912</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, 2022

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, 2022, the District reported a liability of \$2,623,471 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The total pension liability for the June 30, 2020 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, 2021 and 2020. At June 30, 2021, the District's proportion was 0.02215% which was a decrease of 0.00154% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of (\$425,140). At June 30, 2022, 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	\$ 41,376	\$ 18,781
Changes of assumptions	13,663	933,973
Net difference between projected and actual earnings on pension plan investments	-	691,091
Changes in proportion and differences between District contributions and proportionate share of contributions	92,557	322,348
District contributions subsequent to the measurement date	259,350	
Total	<u>\$ 406,946</u>	<u>\$ 1,966,193</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

\$259,160 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, 2022, the plan measurement date is June 30, 2021) will be recognized as a reduction of the net pension liability measured as of June 30, 2022. 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>
2022	(\$708,555)
2023	(505,907)
2024	(344,942)
2025	(259,294)
2026	<u>101</u>
Total	<u>(\$1,818,597)</u>

	<u>6/30/2020</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$2,347,583,337	\$1,164,738,169
Collective deferred inflows of resources	7,849,949,467	8,339,123,762
Collective net pension liability (Non State - Local Group)	\$16,307,384,832	\$11,846,496,875
District's portion of net pension liability	\$3,863,269	\$2,623,471
District's proportion %	0.02369030%	0.02214554%

Actuarial assumptions - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Thereafter	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-2021

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-US devel.markets equit	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yeild	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	0.95%
Risk mitigation	3.00%	3.35%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the 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, 2021, 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>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 3,572,635	\$2,623,471	\$ 1,817,970

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

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, 2021 are as follows:

Service cost	(\$10,168)
Interest on total Pension liability	(39,958)
Member contributions	8,273
Administrative expens	(145)
Expected investment return net of investment expenses	21,799
Pension expense related to specific liabilities of individual employers	102
Recognition (amortization) of deferred inflows/outflows:	0
Differences between expected and actual experience	(1,120)
Changes in assumptions	30,331
Difference between projected and actual investment earnings on pension plan investments	<u>14,465</u>
Total pension expense	<u>\$23,579</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>.

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.

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

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.

□ 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

Year Funding	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2022	\$259,350	100 %	-0-
6/30/2021	\$278,030	100 %	-0-
6/30/2020	\$225,605	100 %	-0-

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8: PENSION PLANS (Continued)

<u>Three-Year Trend Information for TPAF (On behalf)</u>			
<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/2022	\$3,917,536	100 %	-0-
6/30/2021	\$2,783,190	100 %	-0-
6/30/2020	\$2,107,382	100 %	-0-

During the fiscal year ended June 30, 2022, the State of New Jersey did contribute \$4,832,619 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 \$736,484 during the year ended June 30, 2022, 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.

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.

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 9: POST-RETIREMENT BENEFITS-(Continued)

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 Nonemployer 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, 2022 GASB 75 reporting is based on a measurement date of June 30, 2021. The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018, for TPAF and PERS, respectively. 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:	1.55-4.45% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	2.75-4.45% TPAF 3.00-7.00% PERS Based on service years
Discount rate (2021)	2.16%
Discount rate (2020)	2.21%
Healthcare cost trend rates (PPO Plans)	5.74%, increasing to 12.93% in fiscal year 2025 and decreases to 4.5% after eleven years
Healthcare cost trend rates (HMO Plans)	6.01%, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after eleven years
Healthcare cost trend rates (Prescription Drug Benefits)	6.75% and decreases to a 4.5% long-term trend rate after seven years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	5.65%

The discount rate for June 30, 2021 2.16%. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 9: POST-RETIREMENT BENEFITS-(Continued)

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2020	\$67,809,962,608
<u>Changes for the year:</u>	
Service Cost	3,217,184,264
Interest on the Total OPEB Liability	1,556,661,679
Change in Benefit Terms	(63,870,842)
Differences Between Expected and Actual Experience	(11,385,071,658)
Changes of Assumptions	59,202,105
Gross Benefit Payments	-
Contributions from Members	<u>(1,186,417,186)</u>
Net changes	<u>(7,802,311,638)</u>
The State's Total OPEB Liability Balance at 6/30/2021	<u>\$60,007,650,970</u>
 The State's total OPEB liability attributable to the District:	 \$50,080,747

Benefit Changes: The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021 and other changes.

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:

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 9: POST-RETIREMENT BENEFITS-(Continued)

	June 30, 2021		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Total OPEB Liability (School Retirees)	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138

	June 30, 2020		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total OPEB Liability (School Retirees)	\$81,748,410,002	\$67,809,962,608	\$56,911,439,160

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, 2021		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
		<u>Trend Rate</u>	
Total OPEB Liability (School Retirees)	\$48,576,388,417	\$60,007,650,970	\$75,358,991,782

	June 30, 2020		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
		<u>Trend Rate</u>	
Total OPEB Liability (School Retirees)	\$54,738,488,540	\$67,809,962,608	\$83,375,182,975

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

For the year ended June 30, 2021, the board of education recognized OPEB expense and related revenue of \$2,719,278 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, 2022

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, 2021, 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	\$9,045,886,863	\$18,009,362,976
Changes of assumptions or other inputs	<u>10,179,536,966</u>	<u>6,438,261,807</u>
Total	<u>\$19,225,423,829</u>	<u>\$24,447,624,783</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:	
2022	(\$1,182,303,041)
2023	(\$1,182,303,041)
2024	(\$1,182,303,041)
2025	(\$1,182,303,041)
2026	(840,601,200)
Thereafter	<u>347,612,410</u>
	<u>(\$5,222,200,954)</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

There were no interfund balances at June 30, 2022.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 Annual Comprehensive 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>
2021-2022	\$206	\$17,059	\$350	\$272,115
2020-2021	\$160,868	\$17,138	\$162,363	\$255,200
2019-2020	\$60	\$17,864	\$26,448	\$239,557

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, 2022

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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning balance July 1, 2021	\$ 820,016
Budgeted Withdrawal Expended	(107,174)
Additions: June Resolution - 6/16/2022	<u>467,400</u>
Ending balance June 30, 2022	<u>\$ 1,180,242</u>

NOTE 15: IMPACT AID RESERVE ACCOUNT

As permitted by P.L.2015, 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, 2021 to June 30, 2022 fiscal year is as follows:

Beginning balance July 1, 2021	\$ 706,955
Budgeted Revenues (Expended)	(28,000)
Additions: June Resolution - 6/16/2022	<u>126,131</u>
Ending balance June 30, 2022	<u>\$ 805,086</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 16: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$3,131,929 General Fund fund balance at June 30, 2022, \$1,180,242 is reserved in the Capital Reserve Account; \$805,086 is reserved in the Impact Aid Reserve Account; \$96,319 is reserved for encumbrances; \$589,360 has been appropriated and included as anticipated revenue for the year ending June 30, 2023; \$239,557 is reserved for unemployment compensation; and \$221,365 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, 2022 is zero.

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.

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, 2022

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 15,699,761		\$ 15,699,761	\$ 15,699,761	
Tuition	-			97,602	\$ 97,602
Transportation	170,930	\$ 34,482	205,412	230,431	25,019
Interest Earned on Capital Reserve Funds	1,000		1,000	902	(98)
Miscellaneous	163,000		163,000	191,616	28,616
Total - Local Sources	16,034,691	34,482	16,069,173	16,220,312	151,139
State Sources:					
Equalization Aid	2,006,434		2,006,434	2,006,434	
School Choice	285,131		285,131	285,131	
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	
Other State Aid	65,000		65,000	143,684	78,684
TPAF Pension (On-Behalf - Non-Budgeted)				3,916,631	3,916,631
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				915,083	915,083
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				905	905
TPAF Social Security (Reimbursed - Non-Budgeted)				736,484	736,484
Total State Sources	3,765,101		3,765,101	9,412,888	5,647,787
Federal Sources:					
Impact Aid	278,000		278,000	404,131	126,131
Total Federal Sources	278,000		278,000	404,131	126,131
TOTAL REVENUES	20,077,792	34,482	20,112,274	26,037,331	5,925,057

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	2,103,932	(1,042)	2,102,890	2,094,276	8,614
Grades 9-12 - Salaries of Teachers	4,604,131	(185,413)	4,418,718	4,415,968	2,750
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000		20,000	4,910	15,090
Purchased Professional-Educational Services	7,500	(1,000)	6,500		6,500
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	1,000	200	1,200	1,200	
Purchased Technical Services	85,300	(42,350)	42,950	39,801	3,149
Maintenance	3,000	31,993	34,993	30,986	4,007
Other Purchased Services (400-500 series)	62,000	2,445	64,445	19,476	44,969
General Supplies	190,000	95,536	285,536	147,187	138,349
Textbooks	35,300	(2,140)	33,160	9,595	23,565
Other Objects	2,000		2,000		2,000
TOTAL REGULAR PROGRAMS - INSTRUCTION	7,114,163	(101,771)	7,012,392	6,763,399	248,993
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	122,319		122,319	104,826	17,493
Other Salaries for Instruction	22,999	21,775	44,774	39,876	4,898
General Supplies	2,500		2,500	250	2,250
Total Learning and/or Language Disabilities	147,818	21,775	169,593	144,952	24,641

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Resource Room/Resource Center:					
Salaries of Teachers	1,228,833	133,210	1,362,043	1,330,239	31,804
Other Salaries for Instruction	114,703	(21,775)	92,928	72,271	20,657
General Supplies	2,800	315	3,115	2,612	503
Textbooks	1,000		1,000		1,000
Total Resource Room/Resource Center	1,347,336	111,750	1,459,086	1,405,122	53,964
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,495,154	133,525	1,628,679	1,550,074	78,605
Bilingual Education - Instruction:					
General Supplies	500		500		500
Total Bilingual Education - Instruction	500		500		500
School-Spon. Co/Extra Curricular Actvts. - Inst.:					
Salaries	242,600	(6,756)	235,844	205,431	30,413
Purch Ed Serv. - Student Activity		3,800	3,800	3,800	
Purchased Services (300-500 series)	44,304	(4,850)	39,454	39,338	116
Supplies and Materials	7,500	(3,930)	3,570	1,033	2,537
Other Objects	20,500	(35)	20,465	15,286	5,179
Total School-Spon. Cocurricular Actvts. - Inst.	314,904	(11,771)	303,133	264,888	38,245
School-Spon. Athletics - Instruction:					
Salaries	462,765	11,813	474,578	470,135	4,443
Purchased Services	23,400	10,651	34,051	33,778	273
Recondition Ath Equipment	12,500		12,500	5,742	6,758
Purchased Services (300-500 series)	42,500	(2,870)	39,630	38,362	1,268
Supplies and Materials	74,789	7,269	82,058	81,510	548
Other Objects	19,000	(4,081)	14,919	13,799	1,120
Total School-Spon. Athletics - Inst.	634,954	22,782	657,736	643,326	14,410
Before/After School					
Salaries of Teachers	5,000		5,000		5,000
Total Before/After School	5,000		5,000		5,000

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2022

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
Community Services Programs:					
Salaries	44,600	59	44,659	29,108	15,551
Total Community Services Programs	44,600	59	44,659	29,108	15,551
TOTAL INSTRUCTION	9,609,275	42,824	9,652,099	9,250,795	401,304
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State - Regular	133,170	3,143	136,313	136,312	1
Tuition to Other LEAs Within the State - Special		660	660	660	
Tuition to Private Schools for the Disabled-Within State	74,000	50,821	124,821	108,968	15,853
Total Instruction	207,170	54,624	261,794	245,940	15,854
Attendance and Social Work:					
Salaries	22,259	4,044	26,303	26,302	1
Supplies and Materials	160		160	140	20
Total Attendance and Social Work	22,419	4,044	26,463	26,442	21
Health Services:					
Salaries	84,400		84,400	70,950	13,450
Other Purchased Service Nurse		103	103	103	
Supplies and Materials	3,500	(103)	3,397	3,351	46
Total Health Services	87,900		87,900	74,404	13,496

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2022

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
Other Supp. Services Students-Related Services:					
Salaries	75,925	26,175	102,100	102,100	
Purchased Professional - Educational Services	100,000		100,000	56,547	43,453
Supplies and Materials	800		800	83	717
Total Other Supp. Services Students-Related Services	176,725	26,175	202,900	158,730	44,170
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	387,795	11,776	399,571	375,078	24,493
Salaries of Secretarial and Clerical Assistants	46,581	(13,637)	32,944	32,386	558
Other Purchased Prof. and Tech Services	13,000		13,000	12,915	85
Teacher in House Profess Devl		2,205	2,205	1,339	866
Supplies and Materials	4,500		4,500	2,530	1,970
Other Objects	17,000	(957)	16,043	1,593	14,450
Total Other Supp. Services Students-Regular	468,876	(613)	468,263	425,841	42,422
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	316,065	1,861	317,926	312,325	5,601
Salaries of Secretarial and Clerical Assistants	38,830	1	38,831	38,830	1
Prof Serv, DR Evaluations-Cst	1,800	(519)	1,281	100	1,181
Travel/Cst	1,000		1,000	25	975
Supplies and Materials	1,800	200	2,000	1,968	32
Other Objects	1,000	319	1,319	1,320	(1)
Total Other Supp. Services Students-Special	360,495	1,862	362,357	354,568	7,789

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Improvement of Instruction Services :					
Salaries of Supervisor of Instruction	380,644		380,644	346,522	34,122
Salaries of Other Professional Staff	51,439		51,439	34,003	17,436
Purchased Professional-Educational Services	12,200	13	12,213	12,202	11
Other Purchased Services (400-500 series)	3,000		3,000	2,502	498
Other Objects	4,000	(146)	3,854	2,593	1,261
Total Improvement of Instruction Services	451,283	(133)	451,150	397,822	53,328
Educational Media Services/School Library:					
Salaries	43,580	1	43,581	43,581	
Salaries of Technology Coordinator	111,082	4,013	115,095	115,095	
Supplies and Materials	10,500		10,500	7,441	3,059
Total Educational Media Services/School Library	165,162	4,014	169,176	166,117	3,059
Instructional Staff Training Services:					
Salaries of Other Professional Staff	7,500	20,000	27,500	14,445	13,055
Salaries of Other Professional Staff		878	878	878	
Supplies/KAT	300		300		300
Total Instructional Staff Training Services	7,800	20,878	28,678	15,323	13,055

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Year Ended June 30, 2022

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	243,074	5,121	248,195	245,428	2,767
Legal Services	16,000	5,000	21,000	20,769	231
Audit Fees	29,700	1,822	31,522	31,522	
Other Professional Services	4,000	458	4,458	4,458	
Communications/Telephone	58,620	(12,462)	46,158	43,073	3,085
Other Purchased Services (400-500 series)	54,244	7,950	62,194	61,993	201
General Supplies	2,500	1,448	3,948	3,948	
BOE In-House Training/Meeting Supplies	200		200		200
Miscellaneous Expenditures	7,100	15,211	22,311	22,215	96
BOE Membership Dues and Fees	16,000	4,654	20,654	20,654	
Total Supp. Services - General Administration	431,438	29,202	460,640	454,060	6,580
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	367,469	(11,030)	356,439	356,157	282
Salaries of Other Professional Staff	235,614	41,851	277,465	277,056	409
Salaries of Secretarial and Clerical Assistants	176,750	20,000	196,750	196,299	451
Purchased Professional and Technical Services	13,000	8,125	21,125	15,515	5,610
Supplies and Materials	15,000	1,000	16,000	16,000	
Other Objects	26,000	(8,445)	17,555	17,300	255
Total Support Services - School Administration	833,833	51,501	885,334	878,327	7,007

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Year Ended June 30, 2022

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Central Services:					
Salaries	241,705	8,500	250,205	241,964	8,241
Purch Tech Services		554	554	554	
File Server Maint. Contract	6,000	(5,382)	618		618
Misc. Purchased Services (400-500 series)	900	1,169	2,069	1,988	81
Supplies and Materials	3,500	2,624	6,124	6,124	
Miscellaneous Expenditures	6,000	(3,959)	2,041	1,679	362
Total Central Services	258,105	3,506	261,611	252,309	9,302
Admin. Information Technology:					
Purchased Technical Services	11,500	6,959	18,459	18,459	
Total Admin. Information Technology	11,500	6,959	18,459	18,459	
Required Maintenance for School Facilities:					
Salaries	189,278	(42,368)	146,910	145,260	1,650
Cleaning, Repair, and Maintenance Services	70,000	63,234	133,234	130,981	2,253
General Supplies	27,900	(4,878)	23,022	23,022	
Total Required Maintenance for School Facilities	287,178	15,988	303,166	299,263	3,903
Other Operations and Maintenance of Plant:					
Salaries	489,163	(28,607)	460,556	460,517	39
Purchased Professional and Technical Services	50,000	(12,319)	37,681	34,196	3,485
Cleaning, Repair and Maintenance Services	51,800	12,366	64,166	60,828	3,338
Other Purchased Property Services	342,196		342,196	342,196	
Insurance	178,367	5,685	184,052	184,052	
General Supplies	63,331	61,960	125,291	121,905	3,386
Energy (Natural Gas)	104,000	14,404	118,404	109,793	8,611
Energy (Electricity)	235,000	2,253	237,253	237,253	
Energy (Oil)	6,000	(3,000)	3,000	2,176	824
Other Objects	7,500		7,500	3,601	3,899
Total Other Operations and Maintenance of Plant	1,527,357	52,742	1,580,099	1,556,517	23,582

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2022

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
Care and Upkeep of Grounds:					
Salaries	125,626	12,000	137,626	125,669	11,957
Cleaning, Repair and Maintenance Services	30,500	36,794	67,294	63,624	3,670
Supplies and Materials	20,000	9,104	29,104	24,315	4,789
Total Care and Upkeep of Grounds	176,126	57,898	234,024	213,608	20,416
Security:					
Salaries	84,000	(37,000)	47,000	45,278	1,722
Supplies and Materials	2,000	(500)	1,500	1,008	492
Total Security	86,000	(37,500)	48,500	46,286	2,214
Student Transportation Services					
Salary for Pupil Trans Coord/Aide	115,436	(60,730)	54,706	48,397	6,309
Salary for Pupil Trans. (Bet. Home & Sch) - Reg.		59,747	59,747	53,483	6,264
Other Purchased Professional and Technical Services	3,500		3,500	3,500	
Cleaning, Repair and Maintenance Services	24,000	23,080	47,080	47,080	
Contract Services - Aid in Lieu of Payments-Nonpub.Sch.	29,500		29,500	27,000	2,500
Contract Services - (Between Home and School) - Vendors	929,397	923	930,320	929,957	363
Contract Services (Other than Between Home & School)-Vendors	95,000	270	95,270	89,821	5,449
Contract Services - (Between Home and School) - Joint Agreements	76,830	28,895	105,725	96,343	9,382
Contract Services - (Special Ed. Students) - Vendors	71,000	(14,353)	56,647	55,039	1,608
General Supplies	20,000	(8,347)	11,653	11,653	
Other Objects	3,000	(606)	2,394	1,776	618
Total Student Transportation Services	1,367,663	28,879	1,396,542	1,364,049	32,493

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNALLOCATED BENEFITS					
Social Security Contributions	250,000		250,000	221,073	28,927
Other Retirement Contributions - Regular	245,000	14,350	259,350	259,350	
Other Retirement Contributions	4,000		4,000	2,397	1,603
Workmen's Compensation	180,000	(78)	179,922	158,780	21,142
Health Benefits	2,651,909	(269,086)	2,382,823	2,229,072	153,751
Tuition Reimbursement	60,000	2,761	62,761	42,466	20,295
Other Employee Benefits		774	774	774	
Unused Sick Payment to Terminated/Retired Staff	37,200	32,031	69,231	69,231	
TOTAL UNALLOCATED BENEFITS	3,428,109	(219,248)	3,208,861	2,983,143	225,718
On-behalf TPAF pension Contrib. (non-budgeted)				3,916,631	(3,916,631)
On-behalf TPAF PRM Contrib. (non-budgeted)				915,083	(915,083)
On-behalf TPAF pension LTD Ins. (non-budgeted)				905	(905)
Reimbursed TPAF Social Security Contributions (non-budgeted)				736,484	(736,484)
TOTAL ON-BEHALF CONTRIBUTIONS				5,569,103	(5,569,103)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,428,109	(219,248)	3,208,861	8,552,246	(5,343,385)
TOTAL UNDISTRIBUTED EXPENDITURES	10,355,139	100,778	10,455,917	15,500,311	(5,044,694)
TOTAL GENERAL CURRENT EXPENSE	19,964,414	143,602	20,108,016	24,751,106	(4,643,390)

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2022

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
CAPITAL OUTLAY					
Equipment					
Grades 9-12 Equipment		1,438	1,438	1,431	7
Undist. Expend -Student Trans. - Required Maint. For School Fac.		32,905	32,905	18,641	14,264
Undist. Expend -Student Trans. - Care and Upkeep of Grounds		62,658	62,658	62,658	
Total Equipment		97,001	97,001	82,730	14,271
Facilities Acquisition and Construction Services					
Architectural/Engineering Services	45,000	1,696	46,696	27,493	19,203
Construction Services	340,000	(54,627)	285,373	79,681	205,692
Security Grant		58,300	58,300	10,751	47,549
Other Objects		84,155	84,155	84,155	
Assessment for Debt Service on SDA Funding	49,857		49,857	49,857	
Total Facilities Acquisition and Construction Services	434,857	89,524	524,381	251,937	272,444
TOTAL CAPITAL OUTLAY	434,857	186,525	621,382	334,667	286,715
Transfer of Funds to Charter Schools	411,297	48,884	460,181	377,528	82,653
TOTAL EXPENDITURES	20,810,568	379,011	21,189,579	25,463,301	(4,274,022)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(732,776)	(344,529)	(1,077,305)	574,030	1,651,335
Other Financing Sources (Uses):					
Operating Transfer In/(Out):					
Transfer to Enterprise Fund		(9,650)	(9,650)	(9,650)	
Total Transfer In/(Out)		(9,650)	(9,650)	(9,650)	

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Year Ended June 30, 2022

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(732,776)	(354,179)	(1,086,955)	564,380	1,651,335
Fund Balance, July 1 Prior Period Adjustment	2,932,574		2,932,574	2,932,574	
Fund Balance, July 1 (Restated)	2,932,574		2,932,574	2,932,574	
Fund Balance, June 30	<u>\$ 2,199,798</u>	<u>\$ (354,179)</u>	<u>\$ 1,845,619</u>	<u>\$ 3,496,954</u>	<u>\$ 1,651,335</u>
Recapitulation:					
<i>Restricted for:</i>					
Impact Aid Reserve				805,086	
Capital Reserve				1,180,242	
Unemployment Compensation				239,557	
<i>Assigned to:</i>					
Year-End Encumbrances				96,319	
Designated for Subsequent Year's Expenditures				589,360	
<i>Unassigned:</i>					
Unrestricted Fund Balance				586,390	
Fund Balance per Governmental Funds(Budgetary Basis)				<u>3,496,954</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				(365,025)	
Fund Balance per Governmental Funds(GAAP Basis B-2)				<u>\$ 3,131,929</u>	

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources		\$ 488,127	\$ 488,127	\$ 488,127	-
State Sources	\$ 19,666	37,566	57,232	49,254	\$ (7,978)
Federal Sources	588,688	819,502	1,408,190	618,416	(789,774)
Total Revenues	608,354	1,345,195	1,953,549	1,155,797	(797,752)
EXPENDITURES:					
Instruction					
Salaries of Teachers		270,155	270,155	99,890	170,265
Purchased Prof. & Technical Serv.	15,239	7,742	22,981	22,981	
Tuition		150,783	150,783	150,783	
General Supplies	589,514	(519,738)	69,776	48,543	21,233
Textbooks	1,210	1,313	2,523	2,520	3
Other Objects		2,004	2,004	-	2,004
Total Instruction	605,963	(87,741)	518,222	324,717	193,505
Support Services					
Salaries of Other Professional Staff		102,860	102,860	71,820	31,040
Salaries of Secretarial and Clerical Staff		17,673	17,673	17,673	
Employee Benefits		40,265	40,265	31,893	8,372
Purchased Educational Service	2,391	5,795	8,186	7,875	311
Purchased Professional Tech Svcs		181,288	181,288	12,175	169,113
Other Purchased Professional Services		27,559	27,559	20,375	7,184
Materials and Supplies		44,876	44,876	38,792	6,084
Student Activities		458,440	458,440	458,440	
Total Support Services	2,391	878,756	881,147	659,043	222,104
Facilities Acquisition and Contract Svcs:					
Buildings		142,350	142,350	142,350	
Instructional Equipment		382,143	382,143	-	382,143
Non-Instructional Equipment				-	
Total Facilities Services		524,493	524,493	142,350	382,143
Total Expenditures	608,354	1,315,508	1,923,862	1,126,110	797,752
Total Outflows	\$ 608,354	\$ 1,315,508	\$ 1,923,862	\$ 1,126,110	\$ 797,752
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	29,687	29,687	29,687	-
Fund Balance Beginning				\$ 231,474	
Prior Period Adjustment				-	
Fund Balance Beginning (Restated)				231,474	
Fund Balance Ending				<u>\$ 261,161</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 261,161	
Total Fund Balance				<u>\$ 261,161</u>	

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

For the Fiscal Year Ended June 30, 2022

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)	\$ 26,037,331	\$ 1,155,797
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	10,914
Current Year	N/A	(132,410)
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	457,881	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(365,025)</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 26,130,187</u>	<u>\$ 1,034,301</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 25,463,301	\$ 1,126,110
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	10,914
Current Year	<u>N/A</u>	<u>(132,410)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 25,463,301</u>	<u>\$ 1,004,614</u>

**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

Teachers' Pension and Annuity Fund (TPAF)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	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	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 45,151,834	\$ 62,112,993	\$ 59,262,079	\$ 61,692,241	\$ 65,470,226	\$ 75,695,919	\$ 58,583,329	\$ 51,208,583	\$ 48,498,294	
Total	\$ 45,151,834	\$ 62,112,993	\$ 59,262,079	\$ 61,692,241	\$ 65,470,226	\$ 75,695,919	\$ 58,583,329	\$ 51,208,583	\$ 48,498,294	
District's covered employee payroll	\$ 10,025,089	\$ 10,476,111	\$ 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	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	35.50%	24.60%	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

Public Employees' Retirement System (PERS)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.022145539%	0.023690306%	0.023114500%	0.023646470%	0.023522733%	0.023256565%	0.024178936%	0.022411358%	0.021044764%	
District's proportionate share of the net pension liability (asset)	\$ 2,623,471	\$ 3,863,269	\$ 4,164,882	\$ 4,655,872	\$ 5,475,716	\$ 6,887,927	\$ 5,427,687	\$ 4,196,019	\$ 4,022,073	
District's covered employee payroll	\$ 1,596,840	\$ 1,548,315	\$ 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	164.29%	249.51%	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)	70.33%	58.32%	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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution **	N/A	N/A	N/A	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	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 10,025,089	\$ 10,476,111	\$ 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	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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 259,350	\$ 278,030	\$ 225,605	\$ 236,275	\$ 220,979	\$ 208,205	\$ 207,874	\$ 160,695	\$ 143,076	
Contributions in relation to the contractually required contribution	(259,350)	(278,030)	(225,605)	(236,275)	(220,979)	(208,205)	(207,874)	(160,695)	(143,076)	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	
District's covered employee payroll	\$ 1,596,840	\$ 1,548,315	\$ 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	16.24%	17.96%	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)

The State of New Jersey's Total OPEB Liability	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Service Cost	\$ 3,217,184,264	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319				
Interest	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792				
Change in Benefit Terms	-63870842									
Differences Between Expected and Actual Experience	(11,385,071,658)	11,544,750,637	(7,323,140,818)	(5,002,065,740)						
Benefit Payments	59,202,105	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)				
Contributions from Members	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747				
Changes of Assumptions or other inputs	(1,186,417,186)	12,386,549,981	622,184,027	\$ (5,291,448,855)	\$ (7,086,599,129)	8,611,513,521				
Net change in total OPEB liability	(7,802,311,638)	26,080,881,563	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360				
Total OPEB Liability - Beginning	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184	\$ 46,849,651,824				
Total OPEB Liability - Ending	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184				
The State of New Jersey's total OPEB liability **	\$ 60,007,650,970	\$ 67,809,962,608	\$ 41,729,081,045	\$ 46,110,832,982	\$ 53,639,841,858	\$ 57,831,784,184				
The State of New Jersey's OPEB liability attributable to the District **	\$ 50,080,747	\$ 56,890,449	\$ 34,966,620	\$ 38,477,790	\$ 44,120,340	\$ 47,641,006				
The District's proportionate share of the total OPEB liability	Zero	Zero	Zero	Zero	Zero	Zero				
District's covered employee payroll	\$ 11,621,929	\$ 12,024,426	\$ 12,291,612	\$ 11,772,853	\$ 11,721,950	\$ 11,886,855				
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
District's contribution	None	None	None	None	None	None				
State's covered employee payroll ***	\$ 14,425,669,769	\$ 14,267,738,657	\$ 13,929,083,479	\$ 13,640,275,833	\$ 13,493,400,208	\$ 13,493,400,208				
Total State's OPEB liability as a percentage of its covered-employee payroll	415.98%	475.27%	299.58%	338.05%	397.53%	428.59%				

** 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, 2020 and June 30, 2021 is based on the payroll on the June 30, 2019 and June 30, 2020 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, 2022

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

OPEB Schedules

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

Changes of benefit terms. The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

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-2021

OPEB Schedules

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

Changes of benefit terms. The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

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, 2022

	Title I	Title II (A)	IDEA Part B	ARP IDEA Basic	ARP ESSER III	ARP Beyond Sch Day	ARP Mental	CRRSA ESSER II	CRRSA Learning	CRRSA Mental Hea.	SDA Emerg & Cap. Maint.	Ch 192/193 Compens Ed	Ch 192/193 Exam	Ch 192/193 Speech	Ch 192/193 Suppl Inst	Non-Public Technology	Non-Public Textbooks	Non-Public Nursing	Student Activity	Totals	
REVENUES																					
Local Sources											\$ 24,961	\$ 11,198	\$ 3,032	\$ 1,302	\$ 3,304	\$ 842	\$ 1,678	\$ 2,937	\$ 488,127	\$ 488,127	
State Sources																				49,254	49,254
Federal Sources	\$ 105,937	\$ 15,487	\$ 211,853	\$ 37,119	\$ 136,380	\$ 1,830	\$ 3,060	\$ 80,485	\$ 9,580	\$ 16,685											618,416
TOTAL REVENUES	105,937	15,487	211,853	37,119	136,380	1,830	3,060	80,485	9,580	16,685	24,961	11,198	3,032	1,302	3,304	842	1,678	2,937	488,127	1,155,797	
EXPENDITURES:																					
Instruction:																					
Salaries of Teachers	49,649		21,560		18,991				4,090	5,600											99,890
Purchased Prof. & Technical Serv.			4,145									11,198	3,032	1,302	3,304						22,981
Tuition			150,783																		150,783
General Supplies	16,040		12,241					16,693	2,599	970											48,543
Textbooks																	842	1,678			2,520
Other Objects																					-
Total Instruction	65,689		188,729		18,991			16,693	6,689	6,570		11,198	3,032	1,302	3,304	842	1,678				324,717
Support Services:																					
Salaries of Other Professional Staff	1,920			37,119		1,830	3,060	25,000	2,891												71,820
Salaries of Secretarial and Clerical Staff			17,673																		17,673
Employee Benefits	29,653									2,240											31,893
Purchased Educational Service										7,875											7,875
Purchased Professional Tech Svcs	8,675		3,500																		12,175
Other Purchased Professional Services		15,487	1,951															2,937			20,375
Materials and Supplies								38,792													38,792
Student Activities																				458,440	458,440
Total Support Services	40,248	15,487	23,124	37,119		1,830	3,060	63,792	2,891	10,115								2,937	458,440	659,043	
Facilities Acquisition and Contract Svcs:																					
Buildings					117,389						24,961										142,350
Instructional Equipment																					-
Non-Instructional Equipment																					-
Total Facilities Services	-	-	-	-	117,389	-	-	-	-	-	24,961	-	-	-	-	-	-	-	-	-	142,350
TOTAL EXPENDITURES	105,937	15,487	211,853	37,119	136,380	1,830	3,060	80,485	9,580	16,685	24,961	11,198	3,032	1,302	3,304	842	1,678	2,937	458,440	1,126,110	
Total Outflows	\$ 105,937	\$ 15,487	\$ 211,853	\$ 37,119	\$ 136,380	\$ 1,830	\$ 3,060	\$ 80,485	\$ 9,580	\$ 16,685	\$ 24,961	\$ 11,198	\$ 3,032	\$ 1,302	\$ 3,304	\$ 842	\$ 1,678	\$ 2,937	\$ 458,440	\$ 1,126,110	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,687	29,687
Fund Balance Beginning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	231,474	231,474
Prior Period Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund Balance Beginning (Restated)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	231,474	231,474
Fund Balance Ending	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 261,161	\$ 261,161

**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, 2022

	<u>Original</u>		<u>Revised</u>		<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2022</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	3,289,703	\$ 129,392	\$ 20,905
		3,440,000		3,440,000	3,289,703	129,392	20,905
Totals		<u>\$ 3,440,000</u>		<u>\$ 3,440,000</u>	<u>3,289,703</u>	<u>129,392</u>	20,905
						Interest Earnings	<u>16,494</u>
						Fund Balance, June 30, 2022	<u>\$ 37,399</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, 2022

**Revenues and Other Financing
Sources**

Interest Earnings	\$ 23
Total Revenues	<u>23</u>

**Expenditures and Other Financing
Uses**

Construction Services	129,392
Purchased Professional Services	-
Total Expenditures	<u>129,392</u>

Excess(deficiency) of revenues over(under) expenditures	(129,369)
--	-----------

Fund Balance - Beginning	<u>166,768</u>
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Fund Balance - Ending	<u><u>\$ 37,399</u></u>
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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, 2022

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing				
Sources				
Equipment Lease Purchase Proceeds	\$ 3,440,000		\$ 3,440,000	\$ 3,440,000
Total Revenues	<u>3,440,000</u>	<u>-</u>	<u>3,440,000</u>	<u>3,440,000</u>
Expenditures and Other Financing				
Sources				
Construction Services	3,254,799	\$ 129,392	3,384,191	3,405,096
Purchased Professional Services	34,904		34,904	34,904
Total Expenditures	<u>3,289,703</u>	<u>129,392</u>	<u>3,419,095</u>	<u>3,440,000</u>
Excess(deficiency) of revenues over(under) expenditures	\$ 150,297	\$ (129,392)	\$ 20,905	
			<u>Project Fund Balance, 6/30/22</u>	<u>\$ 20,905</u>

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	2022
Revised Target Completion Date	2022

**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.

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

Fiduciary Funds are defined by GASB No. 84 as four funds. (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

N/A

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, 2022**

<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, 2021</u>	<u>RETIRE</u>	<u>BALANCE June 30, 2022</u>
			<u>DATE</u>	<u>AMOUNT</u>				
Refunded School Bonds	12/15/09	\$ 2,135,000	07/15/21	\$ 220,000	5.00%	\$ 220,000	\$ 220,000	-
Total						\$ 220,000	\$ 220,000	-

KITTATINNY REGIONAL SCHOOL DISTRICT
Long-Term Debt
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2022

<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, 2021</u>	<u>Retired</u>	<u>Balance June 30, 2022</u>
Energy Management Equipment	9/30/19	20 Years	\$ 3,440,000	2.755%	\$ 3,165,000	\$ 255,000	\$ 2,910,000
					<u>3,165,000</u>	<u>255,000</u>	<u>\$ 2,910,000</u>

Principal Payment Schedule:	<u>Date</u>	<u>Principal</u>
	9/1/2022	\$ 91,000
	9/1/2023	115,000
	9/1/2024	119,000
	9/1/2025	106,000
	9/1/2026	114,000
	9/1/2027	122,000
	9/1/2028	131,000
	9/1/2029	139,000
	9/1/2030	149,000
	9/1/2031	158,000
	9/1/2032	168,000
	9/1/2033	179,000
	9/1/2034	190,000
	9/1/2035	201,000
	9/1/2036	213,000
	9/1/2037	225,000
	9/1/2038	238,000
	9/1/2039	<u>252,000</u>
	Total	<u>\$ 2,910,000</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 225,500		\$ 225,500	\$ 225,500	
Total - Local Sources	225,500		225,500	225,500	
TOTAL REVENUES	225,500		225,500	225,500	
EXPENDITURES:					
Regular Debt Service:					
Interest	5,500		5,500	5,500	-
Redemption of Principal	220,000		220,000	220,000	-
Total Regular Debt Service	225,500		225,500	225,500	
TOTAL EXPENDITURES	\$ 225,500	-	\$ 225,500	\$ 225,500	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1					-
Fund Balance, June 30	-	-	-	-	
<u>Recapitulation of Excess (Deficiency) of 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.	96-101
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.	102-117
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.	118-121
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.	122-123
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.	124-128

Sources:

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.

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

Exhibit J-1

	Fiscal Year Ending June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Invested in capital assets, net of related debt	\$ 5,990,597	\$ 5,808,602	\$ 5,994,111	\$ 6,717,877	\$ 6,904,709	\$ 6,802,429	\$ 6,900,359	\$ 4,440,401	\$ 5,706,125	\$ 5,333,979
Restricted	1,959,360	1,800,473	2,599,449	2,738,739	2,178,832	1,881,777	1,635,892	2,492,914	2,365,206	3,112,805
Unrestricted	(1,419,809)	(411,563)	(4,604,739)	(5,497,518)	(6,050,606)	(5,741,727)	(6,509,315)	(4,423,165)	(5,783,063)	(5,039,065)
Total governmental activities net position	\$ 6,530,148	\$ 7,197,512	\$ 3,988,821	\$ 3,959,098	\$ 3,032,935	\$ 2,942,479	\$ 2,026,936	\$ 2,510,150	\$ 2,288,268	\$ 3,407,719
Business-type activities										
Invested in capital assets, net of related debt	\$ 40,240	\$ 35,669	\$ 31,097	\$ 26,525	\$ 21,953	\$ 17,381	\$ 12,809	\$ 8,237	\$ 6,512	\$ 4,786
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	203,983	177,595	176,082	188,305	173,218	167,625	120,079	128,246	67,667	153,188
Total business-type activities net position	\$ 244,223	\$ 213,264	\$ 207,179	\$ 214,830	\$ 195,171	\$ 185,006	\$ 132,888	\$ 136,483	\$ 74,179	\$ 157,974
District-wide										
Invested in capital assets, net of related debt	\$ 6,030,837	\$ 5,844,271	\$ 6,025,208	# \$ 6,744,402	\$ 6,926,662	\$ 6,819,810	\$ 6,913,168	\$ 4,448,638	\$ 5,712,637	\$ 5,338,765
Restricted	1,959,360	1,800,473	2,599,449	# 2,738,739	2,178,832	1,881,777	1,635,892	2,492,914	2,365,206	3,112,805
Unrestricted	(1,215,826)	(233,968)	(4,428,657)	# (5,309,213)	(5,877,388)	(5,574,102)	(6,389,236)	(4,294,919)	(5,715,396)	(4,885,877)
Total district net position	\$ 6,774,371	\$ 7,410,776	\$ 4,196,000	\$ 4,173,928	\$ 3,228,106	\$ 3,127,485	\$ 2,159,824	\$ 2,646,633	\$ 2,362,447	\$ 3,565,693

Source: ACFR Seehdule 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 9,826,339	\$ 10,114,685	\$ 11,735,863	\$ 12,149,335	\$ 13,358,662	\$ 13,360,228	\$ 13,292,727	\$ 12,328,485	\$ 13,832,783	\$ 10,824,477
Special education	2,008,476	1,949,327	2,223,781	2,265,396	2,780,663	2,836,412	2,925,717	2,517,608	2,494,243	2,237,735
Other instruction	1,074,177	1,156,123	1,265,016	1,646,787	1,783,030	1,786,822	1,519,498	1,569,960	1,423,610	1,280,302
Support Services:										
Tuition	212,026	346,977	228,442	151,188	296,555	215,169	255,977	124,819	151,972	245,940
Student & instruction related services	2,430,731	2,305,311	2,431,658	2,527,102	2,956,559	3,019,521	2,867,179	2,765,012	3,332,902	3,292,140
School administrative services	1,208,901	1,238,379	1,388,547	1,495,584	1,685,263	1,860,074	1,594,090	1,618,409	1,700,644	1,275,402
General administrative services	954,281	1,038,722	1,013,095	1,063,633	1,146,119	1,112,802	1,075,992	1,030,055	1,143,120	1,007,262
Plant operations and maintenance	2,119,148	2,168,550	2,388,204	2,585,161	3,019,435	3,100,632	2,915,110	2,692,391	3,095,976	2,756,640
Pupil transportation	1,947,586	1,948,164	2,201,072	2,252,332	2,434,559	2,415,496	2,408,340	2,110,493	2,185,089	1,863,175
Transfer to Charter School	58,207	36,297	82,910	85,867	133,582	85,575	95,204	92,597	341,719	377,528
Interest on long-term debt	106,046	118,168	110,661	102,870	94,878	86,877	78,687	68,281	61,149	50,315
Total governmental activities expenses	21,945,918	22,420,703	25,069,249	26,325,255	29,689,305	29,879,608	29,028,521	26,918,110	29,763,207	25,210,916
Business-type activities:										
Food service	398,067	472,371	443,351	439,992	446,257	450,886	453,469	316,620	178,923	442,408
Adult Education	33,984	33,804	47,099	47,246	43,668	45,163	31,687	23,162	6,409	9,304
School Store	7,740	9,839	6,803	8,277	3,896	4,047	567	1,479	450	-
Total business-type activities expense	439,791	516,014	497,253	495,515	493,821	500,096	485,723	341,261	185,782	451,712
Total district expenses	\$ 22,385,709	\$ 22,936,717	\$ 25,566,502	\$ 26,820,770	\$ 30,183,126	\$ 30,379,704	\$ 29,514,244	\$ 27,259,371	\$ 29,948,989	\$ 25,662,628
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (regular & special education)	\$ 214,879	\$ 175,887	\$ 263,342	\$ 207,056	\$ 192,770	\$ 282,592	\$ 278,074	\$ 217,326	\$ 467,619	\$ 816,160
Operating grants and contributions	8,340,551	9,274,367	11,042,512	11,954,904	14,219,613	14,899,112	12,874,088	11,430,800	13,144,261	9,406,055
Total governmental activities program revenues	8,555,430	9,450,254	11,305,854	12,161,960	14,412,383	15,181,704	13,152,162	11,648,126	13,611,880	10,222,215
Business-type activities:										
Charges for services										
Food service	339,663	345,940	359,150	365,921	342,410	363,195	353,690	264,115	20,921	154,138
Adult Education	57,582	49,100	46,306	53,892	46,968	42,345	35,121	22,141	8,957	16,227
School Store	8,780	9,662	8,015	5,604	4,176	3,100	1,925	3,016	1,192	2,029
Operating grants and contributions	74,337	67,166	73,632	71,539	70,207	70,867	70,733	53,085	92,391	353,435
Total business type activities program revenues	480,362	471,868	487,103	496,956	463,761	479,507	461,469	342,357	123,461	525,829
Total district program revenues	\$ 9,035,792	\$ 9,922,122	\$ 11,792,957	\$ 12,658,916	\$ 14,876,144	\$ 15,661,211	\$ 13,613,631	\$ 11,990,483	\$ 13,735,341	\$ 10,748,044
Net (Expense)/Revenue										
Governmental activities	\$ (13,390,488)	\$ (12,970,449)	\$ (13,763,395)	\$ (14,163,295)	\$ (15,276,922)	\$ (14,697,904)	\$ (15,876,359)	\$ (15,269,984)	\$ (16,151,327)	\$ (14,988,701)
Business-type activities	40,571	(44,146)	(10,150)	1,441	(30,060)	(20,589)	(24,254)	1,096	(62,321)	74,117
Total district-wide net expense	\$ (13,349,917)	\$ (13,014,595)	\$ (13,773,545)	\$ (14,161,854)	\$ (15,306,982)	\$ (14,718,493)	\$ (15,900,613)	\$ (15,268,888)	\$ (16,213,648)	\$ (14,914,584)

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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 13,020,410	\$ 13,202,696	\$ 13,466,749	\$ 13,639,128	\$ 13,900,994	\$ 14,172,613	\$ 14,452,065	\$ 14,871,174	\$ 15,391,923	\$ 15,699,761
Taxes levied for debt service	256,187	220,985	254,288	251,588	248,687	240,687	240,687	233,238	226,394	225,500
Tuition Received	-	-	-	-	-	-	-	-	-	-
Investment earnings	2,910	4,587	3,586	1,410	7,482	13,208	20,535	13,887	1,780	4,016
Miscellaneous income	178,557	209,545	230,977	241,446	193,596	180,940	217,529	175,826	309,348	188,525
Adjustment to Capital Assets	-	-	-	-	-	-	-	-	-	-
NJ EDA/SDA Grants for Capital Projects	-	-	434,200	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>13,458,064</u>	<u>13,637,813</u>	<u>14,389,800</u>	<u>14,133,572</u>	<u>14,350,759</u>	<u>14,607,448</u>	<u>14,930,816</u>	<u>15,294,125</u>	<u>15,929,445</u>	<u>16,117,802</u>
Business-type activities:										
Miscellaneous Income	7,216	13,187	4,065	6,210	10,401	10,424	2,136	2,499	17	28
Transfers	-	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>7,216</u>	<u>13,187</u>	<u>4,065</u>	<u>6,210</u>	<u>10,401</u>	<u>10,424</u>	<u>2,136</u>	<u>2,499</u>	<u>17</u>	<u>28</u>
Total district-wide	<u>\$ 13,465,280</u>	<u>\$ 13,651,000</u>	<u>\$ 14,393,865</u>	<u>\$ 14,139,782</u>	<u>\$ 14,361,160</u>	<u>\$ 14,617,872</u>	<u>\$ 14,932,952</u>	<u>\$ 15,296,624</u>	<u>\$ 15,929,462</u>	<u>\$ 16,117,830</u>
Change in Net Position										
Governmental activities	\$ 67,576	\$ 667,364	\$ 626,405	# \$ (29,723)	\$ (926,163)	\$ (90,456)	\$ (945,543)	\$ 24,141	\$ (221,882)	\$ 1,129,101
Business-type activities	47,787	(30,959)	(6,085)	7,651	(19,659)	(10,165)	(22,118)	3,595	(62,304)	74,145
Total district	<u>\$ 115,363</u>	<u>\$ 636,405</u>	<u>\$ 620,320</u>	<u>\$ (22,072)</u>	<u>\$ (945,822)</u>	<u>\$ (100,621)</u>	<u>\$ (967,661)</u>	<u>\$ 27,736</u>	<u>\$ (284,186)</u>	<u>\$ 1,203,246</u>

Source: ACFR 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,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Reserved	\$ 1,929,559	\$ 1,729,236	\$ 2,549,449	\$ 2,624,944	\$ 1,947,461	\$ 1,761,777	\$ 1,570,892	\$ 2,223,398	\$ 2,343,214	\$ 2,910,564
Unreserved	86,471	1,226,573	254,286	311,335	440,993	843,151	163,128	219,276	131,479	221,365
Total general fund	<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>\$ 2,442,674</u>	<u>\$ 2,474,693</u>	<u>\$ 3,131,929</u>
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	-	\$ 219,516	\$ 231,474	\$ 261,161
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	\$ 701,019	-	-	-	-	1,937,460	166,768	37,399
Debt service fund	\$ 29,801	-	-	-	-	-	\$ 3,099	3,100	-	-
Total all other governmental funds	<u>\$ 29,801</u>	<u>-</u>	<u>\$ 701,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 3,099</u>	<u>\$ 2,160,076</u>	<u>\$ 398,242</u>	<u>\$ 298,560</u>

Source: ACFR Schedule B-1

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

Exhibit J-4

	<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>2021</u>	<u>2022</u>
Revenues										
Tax levy	\$ 13,276,597	\$ 13,423,681	\$ 13,721,037	\$ 13,890,716	\$ 14,149,681	\$ 14,413,300	\$ 14,692,752	\$ 15,104,412	\$ 15,618,317	\$ 15,925,261
Tuition charges	-		33,762	16,071	17,755	70,113	20,049	-	-	97,602
Transportation	214,879	175,887	229,580	190,985	175,015	212,479	258,025	217,326	208,022	230,431
Interest earnings	509	650	712	1,410	4,508	10,388	17,774	7,493	289	902
Miscellaneous	180,958	213,482	233,851	241,446	196,570	183,760	220,290	182,220	570,436	679,766
State sources	7,852,508	7,804,868	8,046,443	8,486,832	8,949,852	9,384,916	9,634,126	9,157,448	9,190,402	9,536,682
Federal sources	488,043	1,469,499	741,676	661,439	676,621	692,970	682,155	769,402	934,538	919,367
Total revenue	22,013,494	23,088,067	23,007,061	23,488,899	24,170,002	24,967,926	25,525,171	25,438,301	26,522,004	27,390,011
Expenditures										
Instruction										
Regular Instruction	7,026,873	7,206,998	7,506,192	7,487,922	7,466,376	7,316,676	7,927,771	7,504,115	7,915,370	7,089,383
Special education instruction	1,475,783	1,426,520	1,463,164	1,439,623	1,617,073	1,614,707	1,814,635	1,599,227	1,487,767	1,550,074
Other instruction	811,858	873,050	861,571	1,087,695	1,075,691	1,055,437	975,841	1,041,861	897,952	937,322
Support Services:										
Tuition	212,026	346,977	228,442	151,188	296,555	215,169	255,977	124,819	151,972	245,940
Student & instruction related services	1,781,051	1,680,387	1,587,856	1,593,861	1,678,967	1,702,920	1,755,915	1,739,913	1,988,666	2,293,037
School Administrative services	890,163	909,805	917,069	956,258	948,622	963,812	987,921	1,034,169	1,025,060	878,327
General administrative services	675,210	687,890	652,467	658,218	654,295	648,637	681,831	673,352	708,818	724,828
Plant operations and maintenance	1,526,260	1,556,301	1,534,765	1,606,307	1,697,935	1,723,182	1,757,304	1,659,027	2,075,140	2,115,674
Pupil transportation	1,471,977	1,471,162	1,499,096	1,487,654	1,468,755	1,426,781	1,546,667	1,400,571	1,378,260	1,364,049
Unallocated employee benefits	5,302,053	5,303,770	5,494,687	5,826,928	6,407,673	7,042,170	7,525,002	7,527,317	8,004,674	8,552,246
Charter Schools	58,207	36,297	82,910	85,867	133,582	85,575	95,204	92,597	341,719	377,528
Capital outlay	544,548	428,147	809,809	1,424,265	1,023,616	715,799	861,324	1,841,538	2,046,927	468,899
Debt service:										
Principal	180,000	180,000	190,000	195,000	200,000	200,000	205,000	210,000	215,000	220,000
Interest and other charges	76,187	70,786	64,288	56,588	48,687	40,687	32,588	23,237	14,494	5,500
Total expenditures	22,032,196	22,178,090	22,892,316	24,057,374	24,717,827	24,751,552	26,422,980	26,471,743	28,251,819	26,822,807
Excess (Deficiency) of revenues over (under) expenditures	(18,702)	909,977	114,745	(568,475)	(547,825)	216,374	(897,809)	(1,033,442)	(1,729,815)	567,204
Other Financing Sources (uses)										
NJ SDA Grants for Capital Projects			434,200	-						
Transfers in							30,000	3,440,000	-	(9,650)
Transfers out										
Total other financing sources (uses)	-	-	434,200	-	-	-	30,000	3,440,000	-	(9,650)
Net change in fund balances	\$ (18,702)	\$ 909,977	\$ 548,945	\$ (568,475)	\$ (547,825)	\$ 216,374	\$ (867,809)	\$ 2,406,558	\$ (1,729,815)	\$ 557,554
Debt service as a percentage of noncapital expenditures	1.2%	1.2%	1.2%	1.1%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%

Source: ACFR 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>
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
2021	289		208,022		-	310,444	518,755
2022	902		230,431		97,602	191,616	520,551

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)
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	\$0.749	\$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	0.774	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	0.802	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	0.832	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	0.833	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	0.857	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	0.919	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	0.950	431,839,181
2021	5,641,800	354,044,900	52,097,400	1,699,100	16,225,900	5,236,300	-	463,117,300	28,171,900	-	434,945,400	0.963	431,331,481
2022	5,261,300	356,169,100	51,735,300	1,617,500	15,718,900	5,236,300	-	464,475,600	28,737,200	-	435,738,400	0.963	439,646,083

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)
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	\$1.224	\$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	0.805	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	0.804	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	0.853	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	0.885	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	0.904	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	0.921	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	0.907	662,136,803
2021	12,453,500	432,252,900	36,153,000	842,500	122,846,100	548,000		685,300,200	80,204,200	-	605,096,000	0.902	680,823,136
2022	12,414,700	431,791,100	36,218,400	851,000	122,739,100	1,908,700		686,614,800	80,691,800	-	605,923,000	0.902	680,028,726

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)
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	\$1.368	\$274,602,009
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	\$1.363	272,612,986
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	\$1.658	241,708,092
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	\$1.669	254,896,069
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	\$1.661	239,858,743
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	\$1.676	246,356,077
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	\$1.701	244,406,764
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	\$1.792	249,172,059
2021	5,328,000	171,652,300	28,398,300	1,067,200	17,802,700	1,963,200		406,264,900	180,053,200	-	226,211,700	\$1.894	252,710,976
2022	4,810,300	169,252,500	30,469,200	1,061,200	17,797,000	1,963,200		405,735,000	180,381,600	-	225,353,400	\$1.894	255,005,175

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)
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	\$1.374	\$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	0.856	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	0.873	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	0.850	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	0.879	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	0.904	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	0.894	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	0.951	452,284,646
2021	6,650,800	344,806,100	38,626,200	1,570,400	14,719,200	300,000		477,064,300	70,391,600	-	406,672,700	1.002	465,069,150
2022	6,380,100	344,076,400	39,363,200	1,462,400	14,719,200	300,000		477,919,800	71,618,500	-	406,301,300	1.002	471,459,650

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)
2013	\$85,100	\$561,750	\$366,200	\$ 101,950	\$1,226,800			\$32,936,153	\$30,515,950	\$78,403	\$2,420,223	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	1.758	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	1.754	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	0.853	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	0.000	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
2021	68,000	561,750	190,900	64,800	1,452,700			33,521,426	31,177,650	5,626	2,343,776	0.000	3,042,895
2022	68,000	561,750	190,900	64,800	1,452,700			33,521,426	31,177,650	5,626	2,343,776	0.000	3,044,019

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Kittatinny Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Fredon Township School District	Municipality	Sussex County	
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
2021	\$0.935	\$0.015	\$0.950	\$1.021	\$0.424	\$0.579	\$2.974
2022	\$0.948	\$0.015	\$0.963	\$1.003	\$0.434	\$0.590	\$2.990

Source: District Records and Municipal Tax Collector

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

a

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

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

Kittatinny Regional School District
Direct and Overlapping Property Tax Rates - Hampton Township
Last Ten Fiscal Years
(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 ^a	General Obligation Debt Service ^b	Total Direct	Hampton Township School District	Municipality	Sussex County	
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
2021	\$0.893	\$0.014	\$0.907	\$0.924	\$0.496	\$0.658	\$2.985
2022	\$0.888	\$0.014	\$0.902	\$0.941	\$0.496	\$0.658	\$2.997

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 ^a	General Obligation Debt Service ^b	Total Direct	Local Township School District	Municipality	Sussex County	
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
2021	\$1.780	\$0.012	\$1.792	N/A	\$0.272	\$0.653	\$2.717
2022	\$1.882	\$0.012	\$1.894	N/A	\$0.279	\$0.663	\$2.836

Source: District Records and Municipal Tax Collector

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

a

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

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

Kittatinny Regional School District
Direct and Overlapping Property Tax Rates - Stillwater Township
Last Ten Fiscal Years
(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 ^a	General Obligation Debt Service ^b	Total Direct	Stillwater Township School District	Municipality	Sussex County	
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
2021	\$0.937	\$0.014	\$0.951	\$1.083	\$0.505	\$0.669	\$3.208
2022	\$0.988	\$0.014	\$1.002	\$1.124	\$0.523	\$0.680	\$3.329

Source: District Records and Municipal Tax Collector

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

a

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

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

Kittatinny Regional School District
Direct and Overlapping Property Tax Rates - Walpack Township
Last Ten Fiscal Years
(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 ^a	General Obligation Debt Service ^b	Total Direct	Local School District	Municipality	Sussex County	
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
2021	\$0.000		\$0.000	N/A	N/A	\$0.751	\$0.751
2022	\$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

a

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

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

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

Exhibit J-8

Fredon Township

Taxpayer	2021			2011		
	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%	2,019,000	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%
Total	<u>15,519,100</u>		<u>3.56%</u>	<u>14,639,300</u>		<u>5.25%</u>

Net Valuation Taxable \$ 435,738,400

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-8

Hampton Township

Taxpayer	2021			2011		
	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	2.41%	7,875,300	2	2.53%
Kere Associates, LLC	14,317,200	2	2.36%			
Wal-Mart Stores	12,990,000	3	2.14%	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	1.44%			
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	0.52%			
Route 206 Northbound, LLC	2,633,500	10	0.43%			
Total	81,798,100		13.50%	45,964,300		14.78%

Net Valuation Taxable \$ 605,923,000

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-8

Sandyston Township

Taxpayer	2021			2011		
	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	0.67%	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%
Total	8,692,900		3.86%	10,069,000		3.72%

Net Valuation Taxable \$ 225,353,400

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-8

Stillwater Township

Taxpayer	2021			2011		
	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.	2,041,500	1	0.50%	1,105,400	1	0.39%
Mission of TAO - Confucianism						
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%
Total	12,096,700		2.98%	6,044,100		2.10%

Net Valuation Taxable \$ 406,301,300

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-8

Walpack Township

Taxpayer	2021			2011		
	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%
Total	<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 ACFR & 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	
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%	-
2021	\$15,618,317	\$15,618,317	100.00%	-
2022	\$15,925,261	\$15,925,261	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 ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
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	
2021	\$ 220,000	-	-	-	-0-	\$ 220,000	0.03%	\$16.13	*
2022	\$ -	-	-	-	-0-	\$ -	0.00%	\$0.00	*

Source: District ACFR 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 ^a of Property	Per Capita ^b
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
2021	\$ 220,000	-0-	\$ 220,000	0.01%	\$ 16.13 *
2022	\$ -	-0-	\$ -	0.00%	\$ - *

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, 2022**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Constituent Townships	\$ 2,302,665	100%	\$ 2,302,665
Other debt			
Sussex County	91,877,126	10.34%	<u>9,496,223</u>
Subtotal, overlapping debt			11,798,888
Kittatinny Regional School District Direct Debt	-	100%	<u>-</u>
Total direct and overlapping debt			<u><u>\$ 11,798,888</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 2022

	Equalized valuation basis	
	2021	\$ 1,982,341,045
	2020	1,844,148,371
	2019	1,826,818,244
	[A]	<u>\$ 5,653,307,660</u>
Average equalized valuation of taxable property	[A/3]	\$ 1,884,435,887
Debt limit (3.5 % of average equalization value)	[B]	65,955,256
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	<u>\$ 65,955,256</u>

	Fiscal Year									
	<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>2021</u>	<u>2022</u>
Debt limit	\$68,702,028	\$65,312,080	\$62,853,643	\$61,711,134	\$61,529,776	\$61,615,356	\$62,181,663	\$62,937,075	\$63,687,076	\$65,955,256
Total net debt applicable to limit	<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>	<u>220,000</u>	<u>-</u>
Legal debt margin	<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>	<u>\$63,467,076</u>	<u>\$65,955,256</u>
Total net debt applicable to the limit as a percentage of debt limit	2.76%	2.64%	2.50%	2.30%	2.03%	1.38%	1.04%	0.69%	0.35%	0.00%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2013	14,311	\$ 734,899,176	\$51,724 R	8.4%
2014	14,185	\$ 736,180,992	\$54,116 R	5.6%
2015	14,014	\$ 763,139,240	\$55,722 R	4.9%
2016	13,912	\$ 780,034,770	\$57,327 R	4.4%
2017	13,837	\$ 791,389,170	\$59,144 R	4.2%
2018	13,800	\$ 854,222,824	\$61,531 R	3.7%
2019	13,727	\$ 851,011,460	\$64,284 R	3.3%
2020	13,639	\$ 846,441,442	\$67,814 R	8.6%
2021	14,183	\$ 869,949,976	\$67,814 *	5.6%
2022	14,183	* \$ 961,805,962	\$67,814 *	*

Source:

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

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

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

P Projected

R Revised

* Current data unavailable

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

Exhibit J-16

<u>Function/Program</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>2021</u>	<u>2022</u>
Instruction										
Regular	85.0	85.0	85.0	84.0	84.0	83.0	81.0	77.0	76.0	70.0
Special education	17.0	17.0	17.0	18.0	18.0	18.0	19.0	17.0	16.0	16.0
Other special education	16.0	14.0	11.0	11.0	11.0	9.0	10.0	8.0	7.5	7.0
Support Services:										
Student & instruction related services	15.0	18.0	17.5	17.0	17.0	14.0	14.0	15.0	17.0	14.0
School administrative services	18.0	15.0	16.0	16.0	16.0	19.0	19.0	17.0	15.5	15.0
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	11.0	12.0	13.5	13.0	13.0	15.0	15.0	15.0	13.0	12.5
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5
Total	169.0	168.0	167.0	166.0	166.0	165.0	165.0	156.0	151.5	141.0

Source: District Personnel Records

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

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	<u>Pupil/Teacher Ratio</u>		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Middle School	High School				
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%
2021	846	25,975,398	30,704	13.52%	95	8.9	8.9	831.2	802.9	-8.02%	96.6%
2022	807	26,128,408	32,377	5.45%	92	8.8	8.8	795.4	735.9	-4.31%	92.5%

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>District Building</u>										
<u>High School</u>										
Square Feet	210,503	210,503	210,503	210,503	210,503	210,503	210,503	210,503	210,503	210,503
Capacity (Students)	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214
Enrollment	1,108	1,122	1,061	1,060	1,009	973	935	902	846	807

Number of Schools at June 30, 2022
 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, 2022

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>2021</u>	<u>2022</u>	<u>Total</u>
High School Building		\$ 286,530	\$ 264,529	\$ 242,003	\$ 311,312	\$ 401,705	\$ 314,054	\$ 349,174	\$ 300,587	\$ 335,303	\$ 299,263	\$ 3,104,460
Total School Facilities		286,530	264,529	242,003	311,312	401,705	314,054	349,174	300,587	335,303	299,263	3,104,460
Other Facilities		NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE
Grand Total		<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>\$ 335,303</u>	<u>\$ 299,263</u>	<u>\$ 3,104,460</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2022

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<u>SCHOOL ALLIANCE INSURANCE FUND</u>		
PROPERTY SECTION -		
Property-Blanket Building and Contents - Per Occurance	\$ 500,000,000	\$ 2,500
LIABILITY SECTION -		
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
WORKERS' COMPENSATION -		
(a) Statutory Benefits		None
(b) Employers Liability	As required by State	None
Supplemental Coverage	of New Jersey	None
SCHOOL BOARD LEGAL LIABILITY POLICY -		
School Leader's Professional Liability	5,000,000	
Excess School Leaders	5,000,000	10,000
CRIME -		
Blanket Employee Dishonesty	500,000	1,000
Crime (Inside/Outside)	50,000	1,000
OTHER COVERAGE		
Sexual Abuse and Molestation	Included	
Cyber Liability	2,000,000	10,000
INDIVIDUAL BONDS:(Not in SAIF)		
Theresa Linskey (BA)	211,000	None
Rene Metzgar (Treasurer)	200,000	None

SOURCE: District Records

Single Audit Section

ARDITO & COMPANY LLC



1110 Harrison Street, Suite C
 Frenchtown, New Jersey 08825-1192
 908-996-4711 Fax: 908-996-4688
 e-mail: anthony@arditoandcompany.com

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, 2022, 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 January 20, 2023.

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

ARDITO & COMPANY LLC

January 20, 2023

Anthony Ardito

Anthony Ardito

Licensed Public School Accountant No. 2369



ARDITO & COMPANY LLC

1110 Harrison Street, Suite C
 Frenchtown, New Jersey 08825-1192
 908-996-4711 Fax: 908-996-4688
 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance and New Jersey OMB circular 15-08

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited the Kittatinny Regional School District Board of Education's compliance with the types of compliance requirements described in the OMB Compliance Supplement and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major federal and state programs for the year ended June 30, 2022. The Kittatinny Regional School District Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Kittatinny Regional School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal and State Program

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

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

-Continued-

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, ***Government Auditing Standards***, the Uniform Guidance and New Jersey OMB Circular 15-08, we:

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

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

Report on Internal Control Over Compliance

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

-Continued-

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

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 Uniform Guidance and New Jersey OMB circular 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

Ardito & Company LLC

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 20, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 20, 2023

KITTATINNY REGIONAL SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2022

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2021	Carryover/ Walkover Amount	Cash Received	Budgetary Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2022			Cumulative Total Expenditures	
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education																	
General Fund:																	
Impact Aid	84.041	N/A	N/A	\$ 404,131	7/1/21	6/30/22			\$ 404,131					\$ 404,131		-	
Impact Aid	84.041	N/A	N/A	360,661	7/1/20	6/30/21	\$ 360,661							360,661		-	
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	372,297		\$ (144,999)					227,298	\$ 144,999	-	
Impact Aid	84.041	N/A	N/A	379,961	7/1/17	6/30/18	133,001			(133,001)				-		379,961	
Total General Fund							1,367,497	-	404,131	(278,000)	-	-	-	1,493,628	-	524,960	
U.S. Department of Education																	
Passed-through State																	
Department of Education:																	
Special Revenue Fund:																	
I.D.E.A. Part B, Basic Regular	84.027	H027A210100	FT367521	215,963	7/1/21	6/30/22			165,136	(191,184)		\$ (50,827)	24,779			191,184	
I.D.E.A. Part B, Basic Regular	84.027	H027A200100	FT367520	201,627	7/1/20	6/30/21	(2,082)		19,140	(20,669)	\$ 3,611					201,627	
American Rescue Plan-IDEA Basic Special Education Cluster	84.027X	H027X210100	ARP IDEA	37,447	3/13/20	9/30/24			37,119	(37,119)				(328)	328	37,119	
							(2,082)	-	221,395	(248,972)	3,611	-		(51,155)	25,107	-	429,930
Title I	84.010A	S010A210030	N/A	94,689	7/1/21	6/30/22			70,021	(93,496)				(24,668)	1,193		93,496
Title I	84.010A	S010A200030	N/A	79,024	7/1/20	6/30/21	-		12,441	(12,441)							79,024
Total Title I Cluster							-	-	82,462	(105,937)	-	-		(24,668)	1,193	-	172,520
Title II Part A	84.367A	S367B210029	N/A	16,671	7/1/21	6/30/22			3,220	(15,487)				(13,451)	1,184		15,487
Title II Part A	84.367A	S367B200029	N/A	14,823	7/1/20	6/30/21	(4,500)		4,500								14,823
Title IV	84.424A	S424A210031	N/A	10,000	7/1/21	6/30/22								(10,000)	10,000		-
Total ESEA							(4,500)	-	7,720	(15,487)	-	-		(23,451)	11,184	-	30,310
American Rescue Plan-ESSER III	84.425U	S425U210027	ARP	582,167	3/13/20	9/30/24			4,840	(136,380)				(577,327)	445,787		136,380
American Rescue Plan-Accel. Learn. Coaching & Ed. Support	84.425U	S425U210027	ARP	63,827	3/13/20	9/30/24			-	-				(63,827)	63,827		-
American Rescue Plan-Evidence Based Summer Learning	84.425U	S425U210027	ARP	40,000	3/13/20	9/30/24			-	-				(40,000)	40,000		-
American Rescue Plan-Evidence Based Beyond the Sch. Day	84.425U	S425U210027	ARP	40,000	3/13/20	9/30/24			-	(1,830)				(40,000)	38,170		1,830
American Rescue Plan-NJTSS Mental Health Support Staffing	84.425U	S425U210027	ARP	45,000	3/13/20	9/30/24			-	(3,060)				(45,000)	41,940		3,060
CRRSA ESSER II	84.425D	S425D210027	CRRSA	259,036	3/13/20	9/30/23	(121,614)		188,460	(80,485)				(70,576)	56,937		80,485
CRRSA Learning	84.425D	S425D210027	CRRSA	25,000	3/13/20	9/30/23	(1,407)		10,825	(9,580)				(14,175)	14,013		9,580
CRRSA Mental Health	84.425D	S425D210027	CRRSA	45,000	3/13/20	9/30/23	-		9,665	(16,685)				(35,335)	28,315		16,685
Total Education Stabilization Fund							(123,021)	-	213,790	(248,020)	-	-		(886,240)	728,989	-	248,020
Total Special Revenue Fund							(129,603)	-	525,367	(618,416)	3,611	-	(985,514)	766,473	-	880,780	
U.S. Dept. of Agricul. Passed-Through																	
Passed Through State Dept. of Ed.																	
Enterprise Fund:																	
Child Nutrition Cluster:																	
National School Lunch Program (Food Distribution)	10.555	211NJ304N1099	N/A		7/1/20	6/30/21	2,084			(2,084)							2,084
National School Lunch Program (Food Distribution)	10.555	221NJ304N1099	N/A	13,964	7/1/21	6/30/22			13,964	(13,818)				146			13,818
National School Lunch Program	10.555	211NJ304N1099	N/A		7/1/20	6/30/21	(11,574)		11,574								
National School Lunch Program	10.555	221NJ304N1099	N/A	329,960	7/1/21	6/30/22			312,098	(329,960)				(17,862)			329,960
Total Enterprise Fund							(9,490)	-	337,636	(345,862)	-	-	(17,862)	146	-	-	345,862
Total Federal Financial Awards							\$ 1,228,404	-	\$ 1,267,134	\$ (1,242,278)	\$ 3,611	-	\$ (1,003,376)	\$ 2,260,247	-	\$ 1,751,602	

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

KITTATINNY REGIONAL SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2022

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2021	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2022			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education:															
General Fund:															
Equalization Aid	22-495-034-5122-078	7/1/20-6/30/21	\$ 2,006,434			\$ 2,006,434	\$ (2,006,434)							\$ 197,941	\$ 2,006,434
School Choice Aid	22-495-034-5122-068	7/1/20-6/30/21	285,131			285,131	(285,131)							28,129	285,131
Transportation Aid	22-495-034-5122-014	7/1/20-6/30/21	630,048			630,048	(630,048)							62,156	630,048
Special Education Aid	22-495-034-5122-089	7/1/20-6/30/21	691,576			691,576	(691,576)							68,225	691,576
Security Aid	22-495-034-5122-084	7/1/20-6/30/21	86,912			86,912	(86,912)							8,574	86,912
School Security Grant	Not Available	7/1/20-6/30/22	58,300			58,300	(58,300)							8,574	58,300
Extra-Ordinary Aid	22-495-034-5122-044	7/1/20-6/30/21	70,395			-	(70,395)			\$ (70,395)					70,395
Extra-Ordinary Aid	19-495-034-5122-044	7/1/19-6/30/20	24,333	\$ (40,988)		40,988									-
Non-Public Transportation Aid	22-100-034-5122-068	7/1/20-6/30/21	14,989			-	(14,989)				(14,989)				14,989
Non-Public Transportation Aid	19-100-034-5122-068	7/1/19-6/30/20	9,313	(13,630)		13,630									-
On-Behalf TPAF Pension	22-495-034-5094-002	7/1/20-6/30/21	3,916,631			3,916,631	(3,916,631)								3,916,631
On Behalf TPAF Pension PMR	22-495-034-5094-001	7/1/20-6/30/21	915,083			915,083	(915,083)								915,083
On Behalf TPAF Pension LTD Ins	22-495-034-5094-004	7/1/20-6/30/21	905			905	(905)								905
Reimb.TPAF Soc.Sec.Contrib.	22-495-034-5094-003	7/1/20-6/30/21	736,484	(38,757)		739,188	(736,484)				(36,053)				736,484
Total General Fund				(93,375)		9,384,826	(9,412,888)				(121,437)			373,599	9,412,888
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbooks Aid	22-100-034-5122-064	7/1/21-6/30/22	1,681	622		1,681	(1,678)		\$ (622)				\$ 3		1,678
Nursing Services	22-100-034-5122-070	7/1/21-6/30/22	3,248	11		3,248	(2,937)						311		2,937
Technology Aid	22-100-034-5122-373	7/1/21-6/30/22	1,176	0		1,176	(842)						334		842
Auxiliary Services:															
Compensatory Education	22-100-034-512a-067	7/1/21-6/30/22	12,541	2,468		12,541	(11,198)			(2,468)			1,343		11,198
Handicapped Services:															
Examination and Classification	22-100-034-512b-066	7/1/21-6/30/22	5,879	1,672		5,879	(3,032)			(1,672)			2,847		3,032
Corrective Speech	22-100-034-512a-066	7/1/21-6/30/22	2,790	637		2,790	(1,302)			(637)			1,488		1,302
Supplementary Instruction	22-100-034-512c-066	7/1/21-6/30/22	4,956	-		4,956	(3,304)			-			1,652		3,304
SDA Grant - Emergency and Capital Aid	Not Available	7/1/21-6/30/22	24,961	-		24,961	(24,961)								24,961
Total Special Revenue Fund				5,410		57,232	(49,254)			(5,410)			-	7,978	49,254
State Department of Agriculture:															
Enterprise Fund:															
Nat. School Lunch Prog. (State Share)	21-100-010-3350-023	7/1/20-6/30/21		(824)		824									
Nat. School Lunch Prog. (State Share)	22-100-010-3350-023	7/1/21-6/30/22	7,573			7,162	(7,573)				(411)				7,573
Total Enterprise Fund				(824)		7,986	(7,573)				(411)				7,573
Total State Financial Assistance				\$ (88,789)	\$ -	\$ 9,450,044	\$ (9,469,715)	-	\$ (5,410)	\$ (121,848)	\$ -	\$ 7,978	\$ -	\$ 373,599	\$ 9,469,715
Less: On-behalf TPAF Pension Amounts															
On-Behalf TPAF Pension	22-495-034-5094-002					3,916,631									
On Behalf TPAF Pension PMR	22-495-034-5094-001					915,083									
On Behalf TPAF Pension LTD Ins	22-495-034-5094-004					905									
Total State Expenditures Subject to Major Program Determination						\$ (4,637,096)									

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

NOTES TO THE SCHEDULES OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2022

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 \$92,856 for the general fund and (\$121,496) 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, 2022

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 404,131	\$ 9,505,744	\$ 9,909,875
Special Revenue Fund	515,236	30,938	546,174
Food Service Fund	<u>345,862</u>	<u>7,573</u>	<u>353,435</u>
Total Financial Assistance	<u>\$ 1,265,229</u>	<u>\$ 9,544,255</u>	<u>\$ 10,809,484</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, 2022. 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, 2022.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Internal control over major programs:
 1) Material weakness(es) identified? ___ Yes __x__ No
 2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes __x__ None

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>Special Education Cluster:</u>		
84.027	H027A210100	IDEA B
84.027X	H027X210100	ARP IDEA B
<u>Education Stabilization Fund:</u>		
84.425D	S425D210027	CRRSA
84.425U	S425U210027	American Rescue Plan (ARP)

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

Auditee qualified as low-risk auditee? ___ Yes __x__ No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x Yes No

Internal Control over major programs:

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

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

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable? Yes x No

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

<u>22-495-034-5120-078</u>	<u>Equalization Aid (State Aid Cluster)</u>
<u>22-495-034-5120-089</u>	<u>Special Education Aid (State Aid Cluster)</u>
<u>22-495-034-5120-084</u>	<u>Security Aid (State Aid Cluster)</u>
<u>22-495-034-5120-068</u>	<u>School Choice Aid (State Aid Cluster)</u>
<u>22-495-034-5120-014</u>	<u>Transportation Aid</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section II-Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

Financial Statement N/A

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and NJOMB Circular Letter 15-08, as applicable.

Federal Awards N/A

State Awards N/A

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

N/A

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