

**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, 2023**

**Annual Comprehensive
Financial Report
of the
Kittatinny Regional School District
Board of Education
Hampton, Sussex County
For the Fiscal Year Ending June 30, 2023**

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

OUTLINE OF ACFR

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Introductory Section



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

October 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, 2023. 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, 2023, 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 comprehensive 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 students with disabilities, and many special programs designed for all academic 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. Educational 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, 2022 was 784 students. Based on the data received from the constituent elementary districts, the anticipated opening enrollment for the 2023-24 school year will be approximately 760.

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)
2022-23	784	-(2.8)

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 had been fortunate in that it had 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 Impact Aid reserve account has been depleted and this is a cause for concern as the amount of Impact Aid can fluctuate from each year and is a discretionary Federal funding source. In addition the Federal Government is experiencing many challenges and Impact Aid is a “current year funded” program and would be impacted by any Federal Government shutdown. There have also been times, historically, that the proposed budget from the Office of the President of the United States and/or houses of Congress have 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. Kittatinny Regional School District has been decimated by egregious New Jersey State Aid cuts over the past 6 years and this has led to the loss of staff, both academic and support, and student focused programming. Unless a system of state funding is developed that is more favorable to the Kittatinny Regional District, after losing 70% of funding from the Department of Education, 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 are as listed:

- Network Switches
- Various Security Upgrades
- Heating Ventilation and Air Conditioning Upgrades

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, 2023,

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, 2023, the total District debt was \$2,819,000 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 2022-2023 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,

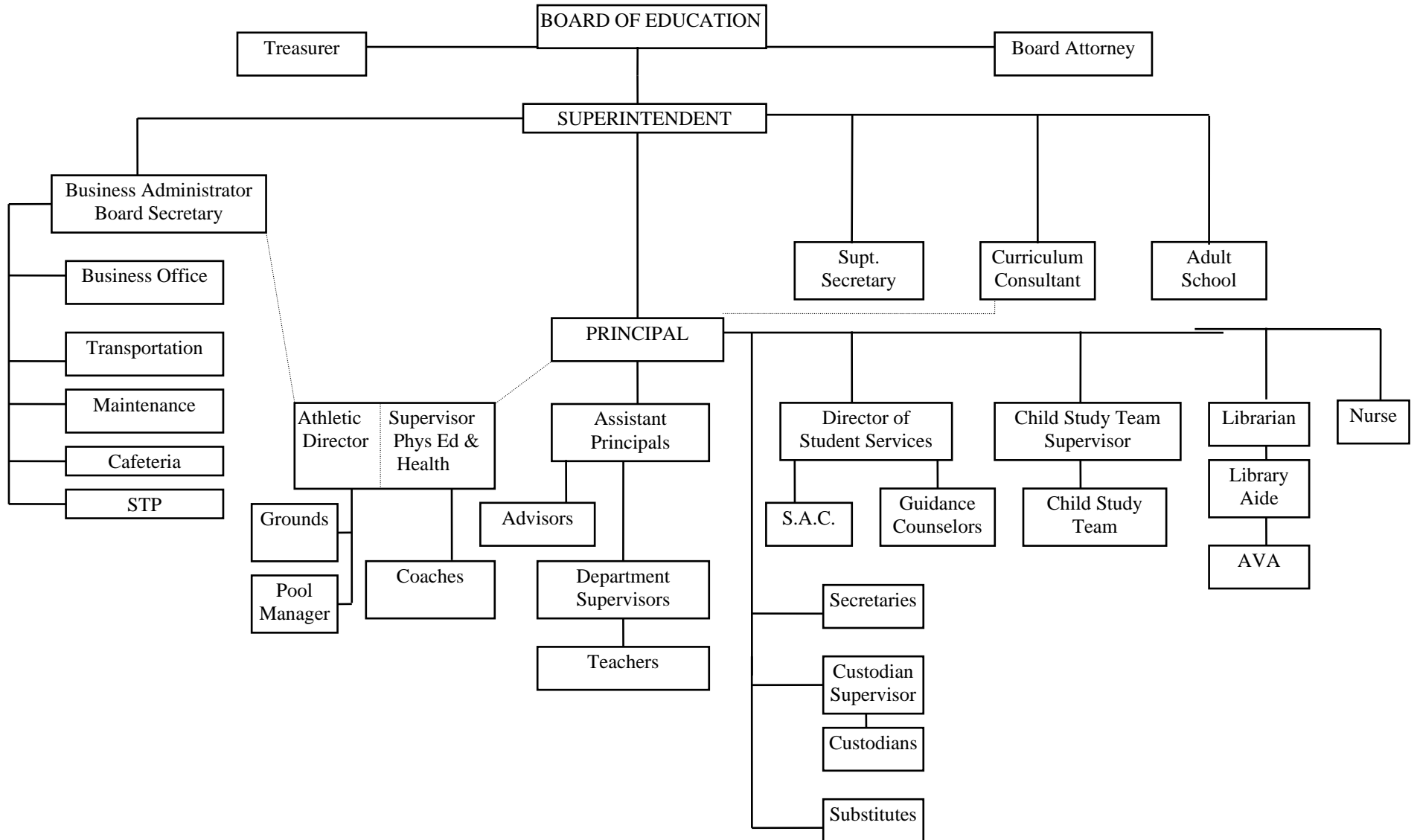


Craig Hutcheson, Ed.D.
Superintendent



Theresa Linskey
School Business Administrator

KITTATINNY REGIONAL HIGH SCHOOL DISTRICT CHART OF ORGANIZATION



**KITTATINNY REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2023

<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	2025
Richard Hrynoveski	2025
Eleanore Shaffer (passed away April 1, 2023)	2024
Arlene Konar	2025

Other Officials

Craig Hutcheson, Superintendent

Theresa Linskey, Board Secretary/School Business Administrator

Rene Metzgar, Treasurer

**KITTATINNY REGIONAL SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

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OFFICIAL DEPOSITORIES

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Financial Section

Independent Auditor's Report



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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

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

Report on the 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, 2023, 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, 2023, 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.

-Continued-

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-

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 October 31, 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
October 31, 2023

Anthony Ardito

Anthony Ardito
Certified Public Accountant
Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey
October 31, 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, 2023
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, 2023. 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 2023 are as follows:

- ◆ In total, Net Position increased \$429,979 which represents a 12.1% increase from 2022.
- ◆ General revenues accounted for \$16,932,316 in revenue or 65.9% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$8,759,019 or 34.1% of total revenues of \$25,691,335.
- ◆ Total assets of governmental activities increased by \$1,402,605, as cash and cash equivalents increased by \$321,439, receivables increased by \$1,339,101, and capital assets decreased by \$265,894.
- ◆ The School District had \$25,261,356 in expenses; only \$8,759,019 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$16,932,316 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$25,801,524 in revenues and \$25,623,438 in expenditures. The General Fund's surplus balance increased \$178,086 over 2022, which compares to the budgeted decrease of \$1,024,527.

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, 2023
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 2023?” 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, 2023
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 2023 compared to 2022.

Table 1 Net Position		
	<u>2023</u>	<u>2022</u>
Assets		
Current and Other Assets	\$ 6,272,746	\$ 4,604,247
Capital Assets	<u>7,982,871</u>	<u>8,248,765</u>
Total Assets	<u>14,255,617</u>	<u>12,853,012</u>
Deferred Outflows of Resources	<u>481,566</u>	<u>406,946</u>
Liabilities		
Long-Term Liabilities	7,269,466	6,707,502
Other Liabilities	<u>2,540,646</u>	<u>1,020,570</u>
Total Liabilities	<u>9,810,112</u>	<u>7,728,072</u>
Deferred Inflows of Resources	<u>931,399</u>	<u>1,966,193</u>
Net Position		
Invested in Capital Assets, Net of Debt	5,163,871	5,338,765
Restricted	3,372,944	3,112,805
Unrestricted	<u>(4,541,143)</u>	<u>(4,885,877)</u>
Total Net Position	<u>\$ 3,995,672</u>	<u>\$ 3,565,693</u>

KITTATINNY REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
UNAUDITED

Total assets of governmental activities increased by \$1,402,605, as cash and cash equivalents increased by \$321,439, receivables increased by \$1,339,101, and capital assets decreased by \$265,894.

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 2022.

Table 2
Changes in Net Position

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 662,205	\$ 988,554
Operating Grants and Contributions	8,096,814	9,759,490
General Revenues:		
Property Taxes	16,013,756	15,925,261
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	96,288	4,016
Other	<u>822,272</u>	<u>188,553</u>
Total Revenues	<u>25,691,335</u>	<u>26,865,874</u>
Program Expenses		
Instruction	14,194,567	14,342,514
Support Services:		
Tuition	246,102	245,940
Pupils and Instructional Staff	3,630,036	3,292,140
General Administration, School Administration, Business	1,994,434	2,282,664
Operations and Maintenance of Facilities	2,630,800	2,756,640
Pupil Transportation	1,841,938	1,863,175
Transfer to Charter School	239,739	377,528
Business-Type Activities	433,883	451,712
Interest and Fiscal Charges	<u>49,857</u>	<u>50,315</u>
Total Expenses	<u>25,261,356</u>	<u>25,662,628</u>
Increase in Net Position	<u>\$ 429,979</u>	<u>\$ 1,203,246</u>

KITTATINNY REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
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 62.3% percent of revenues for governmental activities for the Kittatinny Regional School District for the fiscal year 2023.

Instruction comprises 56.2% of district expenses. Support services expenses make up 40.9% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>
Instruction	\$ 14,194,567	\$ 9,790,083	\$14,342,514	\$9,099,585
Support Services:				
Tuition	246,102	246,102	245,940	245,940
Pupils and Instructional Staff	3,630,036	1,659,311	3,292,140	897,483
General Admin., School Admin., Business	1,994,434	1,398,445	2,282,664	1,427,921
Operation and Maintenance of Facilities	2,630,800	1,844,648	2,756,640	1,724,418
Pupil Transportation	1,841,938	1,291,519	1,863,175	1,165,511
Charter	239,739	239,739	377,528	377,528
Business-Type Activities	433,883	(17,367)	451,712	(74,117)
Interest and Fiscal Charges	49,857	49,857	50,315	50,315
Total Expenses	<u>\$ 25,261,356</u>	<u>\$ 16,502,337</u>	<u>\$25,662,628</u>	<u>\$ 14,914,584</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, 2023
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 69.0% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 63.1%. 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 \$27,553,148 and expenditures of \$27,401,563. The General Fund's surplus balance increased \$178,086 over 2022, which compares to the budgeted decrease of \$1,024,527.

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 2023 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 \$20,200,438, \$832,993 over original budgeted estimates of \$19,367,445. This difference was due primarily to increases in non-budgeted miscellaneous revenue and non-budgeted stabilization aid received.

General fund revenues exceeded expenditures by \$69,676. Again this surplus compares to a budgeted deficit of \$1,024,527, which was due to the budgeted use of surplus and capital reserve needed to balance the 2022-2023 budget.

Overall general fund balance (budget basis) was \$3,566,630, and amounts ear-marked and reserved for future purposes were \$3,132,029, creating a surplus in unreserved fund balance of \$434,601. 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, 2023
UNAUDITED

Capital Assets

At the end of the fiscal year 2023, the School District had \$7,955,771 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2023 balances compared to 2022.

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

	<u>2023</u>	<u>2022</u>
Land	\$ 144,210	\$ 144,210
Land Improvements	-	-
Buildings and Improvements	7,741,630	8,082,123
Machinery and Equipment	<u>69,931</u>	<u>17,646</u>
 Totals	 <u>\$ 7,955,771</u>	 <u>\$ 8,243,979</u>

Overall capital assets decreased \$288,208 from fiscal year 2022 to fiscal year 2023. The decrease in capital assets was due to depreciation expense for the year.

Capital improvements of \$1,053,281 were purchased during fiscal year 2023 and included HVAC upgrades, network switches, security projects, and grounds equipment.

Debt Administration

At June 30, 2023, the School District had \$4,133,617 as outstanding long term debt. Of this amount, \$1,314,617 is for compensated absences, and \$2,819,000 relates to lease obligation debt.

At June 30, 2023, the School District's overall legal debt margin was \$70,075,454 and the unvoted debt margin was the same.

KITTATINNY REGIONAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
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 decreasing 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, 2023

	GOVERNMENTAL	BUSINESS-TYPE	
	<u>ACTIVITIES</u>	<u>ACTIVITIES</u>	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 1,830,522	\$ 118,971	\$ 1,949,493
Receivables, Net	2,376,940	2,099	2,379,039
Other Receivables	78,893	7,273	86,166
Inventory		24,624	24,624
Restricted Assets:			
Capital and Impact Aid Reserve Accounts - Cash	1,833,424		1,833,424
Capital Assets, Net (Note 6)	7,955,771	27,100	7,982,871
Total Assets	14,075,550	180,067	14,255,617
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	481,566		481,566
LIABILITIES			
Accounts Payable	7,768		7,768
Payroll Deductions and Withholdings Payable	23,153		23,153
Unemployment Compensation Claims Payable	31,944		31,944
Net Pension Liability (Note 8)	3,135,859		3,135,859
Unearned Revenue	2,474,840	2,941	2,477,781
Noncurrent Liabilities (Note 7):			
Due Within One Year	115,000		115,000
Due Beyond One Year	4,018,607		4,018,607
Total Liabilities	9,807,171	2,941	9,810,112
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	931,399		931,399
NET POSITION			
Invested in Capital Assets, Net of Related Debt	5,136,771	27,100	5,163,871
Restricted for:			
Other Purposes	3,372,944		3,372,944
Unrestricted	(4,691,169)	150,026	(4,541,143)
Total Net Position	\$ 3,818,546	\$ 177,126	\$ 3,995,672

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	OPERATING		GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS			
Governmental Activities:						
Instruction:						
Regular	\$ 10,797,297	\$ 152,421	\$ 3,236,869	\$ (7,408,007)		\$ (7,408,007)
Special Education	2,220,540	31,347	632,209	(1,556,984)		(1,556,984)
Other Special Instruction	-	-	-	-		-
Other Instruction	1,176,730	16,612	335,026	(825,092)		(825,092)
Support Services:						
Tuition	246,102			(246,102)		(246,102)
Student & Instruction Related Serv.	3,630,036	51,244	1,919,481	(1,659,311)		(1,659,311)
School Administrative Services	1,034,507	14,604	294,534	(725,369)		(725,369)
General and Business Admin. Serv.	959,927	13,551	273,300	(673,076)		(673,076)
Plant Operations and Maintenance	2,630,800	37,138	749,014	(1,844,648)		(1,844,648)
Pupil Transportation	1,841,938	26,002	524,417	(1,291,519)		(1,291,519)
Charter School	239,739			(239,739)		(239,739)
Interest on Long-Term Debt	49,857			(49,857)		(49,857)
Total Governmental Activities	24,827,473	342,919	7,964,850	(16,519,704)		(16,519,704)
Business-Type Activities:						
Food Service	422,188	302,466	131,964		\$ 12,242	12,242
Adult Education	10,635	15,581			4,946	4,946
School Store	1,060	1,239			179	179
Total Business-Type Activities	433,883	319,286	131,964	-	-	17,367
Total Primary Government	\$ 25,261,356	\$ 662,205	\$ 8,096,814	\$ (16,519,704)	\$ 17,367	\$ (16,502,337)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 16,013,756		\$ 16,013,756
Investment Earnings				96,288		96,288
Miscellaneous Income				820,487	\$ 1,785	822,272
Transfers				-	-	-
Total General Revenues, Special Items, Extraordinary Items and Transfers				16,930,531	1,785	16,932,316
Change in Net Position				410,827	19,152	429,979
Net Position—Beginning				3,407,719	157,974	3,565,693
Prior Period Adjustments						-
Net Position—Beginning (Restated)				3,407,719	157,974	3,565,693
Net Position—Ending				\$ 3,818,546	\$ 177,126	\$ 3,995,672

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, 2023**

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and Cash Equivalents	\$ 3,122,531	\$ 541,415	\$ 3,663,946
Receivables from Other Governments	163,688	2,213,252	2,376,940
Other Receivables	78,893		78,893
TOTAL ASSETS	<u>\$ 3,365,112</u>	<u>\$ 2,754,667</u>	<u>\$ 6,119,779</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable		\$ 1,390	\$ 1,390
Payroll Deductions and Withholdings Payable	\$ 23,153		23,153
Unemployment Compensation Claims Payable	31,944		31,944
Due State Government		6,378	6,378
Deferred Revenue		2,474,840	2,474,840
Total Liabilities	<u>55,097</u>	<u>2,482,608</u>	<u>2,537,705</u>
Fund Balances:			
Restricted for:			
Impact Aid Reserve	1,099,402		1,099,402
Capital Reserve Account	734,022		734,022
Capital Projects Fund			-
Unemployment Compensation	239,557		239,557
Student Activities		272,059	272,059
Assigned to:			
Year-End Encumbrances	31,144		31,144
General Fund - Designated for Subsequent Year's Expenditures	1,027,904		1,027,904
Unassigned:			
General Fund	177,986		177,986
Total Fund Balances	<u>3,310,015</u>	<u>272,059</u>	<u>3,582,074</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,365,112</u>	<u>\$ 2,754,667</u>	<u>\$ 6,119,779</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$30,173,074 and the accumulated depreciation is \$22,217,303.	\$ 7,955,771
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)	481,566
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)	(931,399)
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)	(3,135,859)
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)	(4,133,607)
Net Position of governmental activities (Exhibit A-1)	<u>\$ 3,818,546</u>

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, 2023

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 16,013,756			\$ 16,013,756
Tuition	94,437			94,437
Transportation	248,482			248,482
Interest Earned on Capital Reserve Funds	15,928			15,928
Miscellaneous	197,976	\$ 702,866	\$ 5	900,847
Total - Local Sources	16,570,579	702,866	5	17,273,450
State Sources	8,826,446	48,820		8,875,266
Federal Sources	404,499	999,933		1,404,432
Total Revenues	25,801,524	1,751,619	5	27,553,148
EXPENDITURES				
Current:				
Regular Instruction	6,995,690	317,569		7,313,259
Special Education Instruction	1,593,032			1,593,032
Other Special Instruction	-			-
Other Instruction	893,957			893,957
Support services and undistributed costs:				
Tuition	246,102			246,102
Student and Instruction Related Services	1,746,991	885,975		2,632,966
School Administrative Services	733,593			733,593
Other Administrative Services	715,838			715,838
Plant Operations and Maintenance	1,884,519		37,404	1,921,923
Pupil Transportation	1,399,313			1,399,313
Unallocated Benefits	8,608,703			8,608,703
Transfer to Charter School	239,739			239,739
Capital Outlay	565,961	537,177		1,103,138
Total Expenditures	25,623,438	1,740,721	37,404	27,401,563
Excess (Deficiency) of Revenues Over Expend.	178,086	10,898	(37,399)	151,585
Fund Balance—July 1	3,131,929	261,161	37,399	3,430,489
Prior Period Adjustment		-		-
Fund Balance—July 1 (Restated)	3,131,929	261,161	37,399	3,430,489
Fund Balance—June 30	\$ 3,310,015	\$ 272,059	-	\$ 3,582,074

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, 2023**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 151,585

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	\$ (1,341,489)	
	Capital Outlays	<u>1,053,281</u>	(288,208)

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. 597,026

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.

91,000

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.

(140,576)

Change in Net Position of Governmental Activities (Exhibit A-2)

\$ 410,827

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

**STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS**

June 30, 2023

	Business-Type Activities - Enterprise Funds			Totals
	Food Service	Adult Education	School Store	
ASSETS				
Current assets:				
Cash and Cash Equivalents	\$ 45,875	\$ 57,709	\$ 15,387	\$ 118,971
Accounts Receivable-Federal and State	2,099			2,099
Accounts Receivable-FSMC	6,393			6,393
Other Receivables	880			880
Inventories	9,532	-	15,092	24,624
Total Current Assets	64,779	57,709	30,479	152,967
Noncurrent Assets:				
Furniture, Machinery and Equipment	205,795			205,795
Less Accumulated Depreciation	(178,695)	-	-	(178,695)
Total Noncurrent Assets	27,100	-	-	27,100
Total Assets	91,879	57,709	30,479	180,067
LIABILITIES				
Current liabilities:				
Deferred Revenue	2,941	-	-	2,941
Total Current Liabilities	2,941	-	-	2,941
Total Liabilities	2,941	-	-	2,941
NET POSITION				
Invested in Capital Assets Net of Related Debt	27,100	-	-	27,100
Unrestricted	61,838	57,709	30,479	150,026
Total Net Position	\$ 88,938	\$ 57,709	\$ 30,479	\$ 177,126

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, 2023**

	Business-type Activities - Enterprise Fund			Total Enterprise
	Food Service	Adult Education	School Store	
Operating Revenues:				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 124,778			\$ 124,778
Daily Sales - Non-Reimb. Programs	177,688			177,688
Program Fees	-	\$ 15,581	\$ 1,239	16,820
Miscellaneous Income	1,495	-	290	1,785
Total Operating Revenues	<u>303,961</u>	<u>15,581</u>	<u>1,529</u>	<u>321,071</u>
Operating Expenses:				
Cost of Sales - Reimbursable Programs	70,926			70,926
Cost of Sales - Non-reimbursable Programs	120,458			120,458
Salaries	136,231			136,231
Employee Benefits	40,421			40,421
Purchased Property Service	(1,599)			(1,599)
Cleaning, Repair and Maintenance Services	22,414			22,414
General Supplies	25,255	10,635	1,060	36,950
Miscellaneous	3,686			3,686
Depreciation	4,396	-	-	4,396
Total Operating Expenses	<u>422,188</u>	<u>10,635</u>	<u>1,060</u>	<u>433,883</u>
Operating Income (Loss)	<u>(118,227)</u>	<u>4,946</u>	<u>469</u>	<u>(112,812)</u>
Nonoperating Revenues (Expenses):				
State Sources:				
State School Lunch Program	3,379			3,379
Federal Sources:				
National School Lunch Program	62,735			62,735
Supply Chain Assistance	51,919			51,919
Food Distribution Program	13,931	-	-	13,931
Total Nonoperating Revenues (Expenses)	<u>131,964</u>	<u>-</u>	<u>-</u>	<u>131,964</u>
Income (Loss) Before Contributions and Transfers	13,737	4,946	469	19,152
Transfers In (Out)	-	-	-	-
Change in Net Position	13,737	4,946	469	19,152
Total Net Position—Beginning	<u>75,201</u>	<u>52,763</u>	<u>30,010</u>	<u>157,974</u>
Total Net Position—Ending	<u>\$ 88,938</u>	<u>\$ 57,709</u>	<u>\$ 30,479</u>	<u>\$ 177,126</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, 2023

	Business-Type Activities - Enterprise Funds			
	Food Service	Adult Education	School Store	Total Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers	\$ 303,961	\$ 15,581	\$ 1,529	\$ 321,071
Payments to Employees	(136,231)			(136,231)
Payments for Employee Benefits	(40,421)			(40,421)
Payments to Suppliers	(258,659)	(10,635)	(1,060)	(270,354)
Net Cash Provided by (used for) Operating Activities	<u>(131,350)</u>	<u>4,946</u>	<u>469</u>	<u>(125,935)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	3,686	-	-	3,686
Federal Sources	130,521	-	-	130,521
Operating Transfers to Other Funds	-	-	-	-
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>134,207</u>	<u>-</u>	<u>-</u>	<u>134,207</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Capital Contributions	(26,710)	-	-	(26,710)
Net Cash Provided by (used for) Capital Financing Activities	<u>(26,710)</u>	<u>-</u>	<u>-</u>	<u>(26,710)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(23,853)	4,946	469	(18,438)
Balances—Beginning of Year	69,728	52,763	14,918	137,409
Balances—End of Year	<u>\$ 45,875</u>	<u>\$ 57,709</u>	<u>\$ 15,387</u>	<u>\$ 118,971</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:				
Operating Income (Loss)	\$ (118,227)	\$ 4,946	\$ 469	(112,812)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:				
Depreciation and Net Amortization	4,396			4,396
Federal Commodities	13,931			13,931
(Increase) Decrease in Accounts Receivable	(6,393)			(6,393)
(Increase) Decrease in Inventories	(7,959)			(7,959)
Increase (Decrease) in Accounts Payable	(17,098)	-	-	(17,098)
Total Adjustments	(13,123)	-	-	(13,123)
Net Cash Provided by (used for) Operating Activities	<u>\$ (131,350)</u>	<u>\$ 4,946</u>	<u>\$ 469</u>	<u>\$ (125,935)</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, 2023

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, 2022.

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, 2023, of 784 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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023, but which were levied to finance subsequent fiscal year 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, 2023

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:

specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange Transactions

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

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

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

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

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023

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, 2023, 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, 2023, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>
Checking	<u>\$2,920,011</u> <u>\$2,920,011</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

The carrying amount of the Board’s cash and cash equivalents at June 30, 2023, was \$2,920,011 and the bank balance was \$4,322,039. 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 \$4,072,039 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, 2023, the district's balance was \$862,906.

NOTE 3: RECEIVABLES

Receivables at June 30, 2023, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$ 163,688	\$ 163,792
Federal Aid	2,213,252	2,215,247
Local Transportation	78,893	78,893
Local Food Service Management Co.		6,393
Local Sandyston-Walpack Food Service		880
Gross Receivable	<u>2,455,833</u>	<u>2,465,205</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$ 2,455,833</u>	<u>\$ 2,465,205</u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2023, consisted of the following:

Food	<u>\$9,532</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, 2023

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, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being				
Land	\$ 144,210			\$ 144,210
Total Capital Assets Not Being Depreciated	<u>144,210</u>			<u>144,210</u>
Capital Assets Being Depreciated:				
Land Improvements	915,359			915,359
Buildings and Building	23,723,912	\$ 860,554		24,584,466
Machinery and Equipment	4,336,312	192,727		4,529,039
Total at Historical Cost	<u>28,975,583</u>	<u>1,053,281</u>		<u>30,028,864</u>
Less Accumulated Depreciation for:				
Land Improvements	(915,359)			(915,359)
Building and Improvements	(15,641,789)	(1,201,047)		(16,842,836)
Equipment	(4,318,666)	(140,442)		(4,459,108)
Total Accumulated Depreciation	<u>(20,875,814)</u>	<u>(1,341,489)</u>		<u>(22,217,303)</u>
Total Capital Assets Being Depreciated, net of Accumulated	<u>8,099,769</u>	<u>(288,208)</u>		<u>7,811,561</u>
Government Activity Capital Assets,	<u>\$ 8,243,979</u>	<u>\$ (288,208)</u>		<u>\$ 7,955,771</u>

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

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6: CAPITAL ASSETS - (Continued)

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 889,407
Special Ed Instruction	93,904
Support Services	124,759
General Administration	13,415
School Administration	52,318
Operations/Maintenance	167,686
Total	<u>\$ 1,341,489</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, 2023, are as follows:

	Balance <u>7/1/2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/2023</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Lease Obligation Debt	\$ 2,910,000		\$ (91,000)	\$ 2,819,000	\$ 115,000
Compensated Absences	1,174,041	\$ 140,576		1,314,617	
Total	<u>\$ 4,084,041</u>	<u>\$ 140,576</u>	<u>\$ (91,000)</u>	<u>\$ 4,133,617</u>	<u>\$ 115,000</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, 2023

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, 2023, it is not necessary for the Board to establish a liability for arbitrage

	Government Activities			Balance <u>6/30/23</u>
	<u>Issue Dates</u>	<u>Interest Rates</u>	<u>Date of Maturity</u>	
Capital Lease Payable	9/1/19	2.755%	9/1/39	<u>\$ 2,819,000</u>
Total Liability				<u>\$ 2,819,000</u>

B. Debt Service Requirements:

Debt Service requirements on leases payable at June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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
2028	122,000	65,156	187,156
Thereafter	<u>2,243,000</u>	<u>444,905</u>	<u>2,687,905</u>
	<u>\$ 2,819,000</u>	<u>\$ 801,732</u>	<u>\$ 3,620,732</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, 2023

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 \$48,404,564 as measured on June 30, 2022 and \$45,151,834 measured on June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$1,302,702 and revenue of \$1,302,702 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, 2023 is based upon changes in the collective net pension liability with a measurement period of June 30, 2021 through June 30, 2022. 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, 2021 and June 30, 2022.

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, 2023

NOTE 8: PENSION PLANS (Continued)

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$6,356,228,800	\$4,996,491,160
Collective deferred inflows of resources	\$27,175,330,929	\$19,532,696,776
Collective net pension liability (Nonemployer-State of New Jersey)	\$48,075,188,642	\$51,594,415,806
State's portion of the net pension liability that was associated with the district	\$45,151,834	\$48,404,564
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.093919%	0.093817%

Actuarial assumptions - The total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75-5.65%
Investment Rate of Return:	7.00%

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

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, 2022) 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, 2022 are summarized in the following table:

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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%	8.12%
Non-US devel.markets equit	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	3.00%	4.91%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022, 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	\$ 60,591,896,759	\$ 51,676,587,303	\$ 44,166,559,329
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KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2022 was \$24,640,530,532.

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>
2023	(\$2,658,825,381)
2024	(3,823,762,872)
2025	(3,351,102,048)
2026	(1,509,375,379)
2027	(1,647,727,819)
Thereafter	<u>(1,687,721,983)</u>
Total	<u>(\$14,678,515,482)</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, 2022 are as follows:

Service cost	\$1,195,044,307
Interest on total pension liability	5,146,965,905
Member contributions	(907,326,471)
Administrative expense	12,635,916
Expected investment return net of investment expenses	(1,983,153,368)
Pension expense related to specific liabilities of individual employers	(395,540)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	200,689,404
Changes in assumptions	(2,396,459,882)
Difference between projected and actual investment earnings on pension plan investments	<u>122,761,073</u>
Total pension expense	<u>\$1,390,761,344</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, 2023

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, 2023, the District reported a liability of \$3,135,859 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. The total pension liability for the June 30, 2021 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2019. 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, 2022 and 2021. At June 30, 2022, the District's proportion was 0.02086% which was a decrease of 0.00128% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense/(benefit) of (\$332,306). At June 30, 2023, 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	\$ 22,633	\$ 19,959
Changes of assumptions	9,716	469,562
Net difference between projected and actual earnings on pension plan investments	129,790	-
Changes in proportion and differences between District contributions and proportionate share of contributions	57,392	441,878
District contributions subsequent to the measurement date	262,035	-
Total	<u>\$ 481,566</u>	<u>\$ 931,399</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

\$262,035 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, 2023, the plan measurement date is June 30, 2022) will be recognized as a reduction of the net pension liability measured as of June 30, 2023. 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>
2023	(\$584,901)
2023	(297,987)
2024	(145,323)
2025	317,039
2026	<u>(696)</u>
Total	<u>(\$711,868)</u>

	<u>6/30/2022</u>	<u>6/30/2023</u>
Collective deferred outflows of resources	\$1,164,738,169	\$1,660,772,008
Collective deferred inflows of resources	8,339,123,762	3,236,303,935
Collective net pension liability (Non State - Local Group)	\$11,846,496,875	\$15,091,376,611
District's portion of net pension liability	\$2,623,471	\$3,135,859
District's proportion %	0.02214554%	0.02077914%

Actuarial assumptions - The collective total pension liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of July 1, 2021, which was rolled forward to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	2.75%-6.55% based on years of service
Investment Rate of Return:	7.00%

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

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

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2022) 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, 2022 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%	8.12%
Non-US devel.markets equit	13.50%	8.38%
Emerging markets equity	5.50%	10.33%
Private Equity	13.00%	11.80%
Real Estate	8.00%	11.19%
Real Assets	3.00%	7.60%
High Yeild	4.00%	4.95%
Private Credit	8.00%	8.10%
Investment Grade Credit	7.00%	3.38%
Cash equivalents	4.00%	1.75%
US Treasuries	4.00%	1.75%
Risk mitigation	3.00%	4.91%

Discount rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022, 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</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	\$ 4,028,660	\$3,135,859	\$ 2,376,049

KITTATINNY REGIONAL SCHOOL DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2022 are as follows:

Service cost	\$221,173
Interest on total Pension liability	887,066
Benefit Changes	0
Member contributions	(184,446)
Administrative expens	3,961
Expected investment return net of investment expenses	(592,144)
Pension expense related to specific liabilities of individual employers	(3,177)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	10,501
Changes in assumptions	(663,087)
Difference between projected and actual investment earnings on pension plan investments	<u>(14,727)</u>
Total pension expense	<u>(\$332,306)</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, 2023

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

<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2023	\$262,035	100 %	-0-
6/30/2022	\$259,350	100 %	-0-
6/30/2021	\$278,030	100 %	-0-

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8: PENSION PLANS (Continued)

<u>Three-Year Trend Information for TPAF (On behalf)</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2023	\$3,764,908	100 %	-0-
6/30/2022	\$3,917,536	100 %	-0-
6/30/2021	\$2,783,190	100 %	-0-

During the fiscal year ended June 30, 2023, the State of New Jersey did contribute \$4,753,703 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 \$738,973 during the year ended June 30, 2023, 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.

State Health Benefit State Retired Employees Plan:

Pension and Other Postemployment Benefits (OPEB) Obligations in Fiscal Year 2022 the State funded the various defined benefit pension systems at 108 percent of the full actuarially determined contributions. Employer contributions to the pension plans are calculated per the requirements of the governing State statutes using generally accepted actuarial procedures and practices. The actuarial funding method used to determine the State's contribution is a matter of State law. Any change to the funding method requires the approval of the State Legislature and the Governor. The amount the State actually contributes to the pension plans may differ from the actuarially determined contributions of the pension plans because the State's contribution to the pension plans is subject to the appropriation of the State Legislature and actions by the Governor. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers to recognize their proportionate share of the collective net pension liability. Under the new statement, the calculation of the pension liability was changed to a more conservative methodology and each employer was allocated a proportional share of the pension plans' net pension liability. The State's share of the net pension liability, based on a measurement date of June 30, 2021, which is required to be recorded on the financial statements, is \$75.1 billion.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

The Fiscal Year 2023 projected aggregate State contribution to the pension plans of \$6.8 billion represents 104 percent of the actuarially determined contribution. The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In Fiscal Year 2022, the State paid PRM benefits for 161,238 State and local retirees. The State funds post-retirement medical benefits on a “pay-as-you-go” basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For Fiscal Year 2022, the State contributed \$1.9 billion to pay for “pay-as-you-go” PRM benefit costs incurred by covered populations, a slight increase from \$1.8 billion in Fiscal Year 2021. The State has appropriated \$2.1 billion in Fiscal Year 2023 as the State’s contribution to fund increases in prescription drugs and medical claims costs. In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for Fiscal Year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The Fiscal Year 2022 State OPEB liability to provide these benefits is \$88.9 billion, a decrease of \$12.7 billion, or 12.5 percent from the \$101.6 billion liability recorded in Fiscal Year 2021. Additional information on Pensions and OPEB can be accessed on the Division of Pensions & Benefits Financial Reports webpage: <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

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.

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.

Actuarial assumptions and other imputes. The June 30, 2023 GASB 75 reporting is based on a measurement date of June 30, 2022. The total nonemployer OPEB liability as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2021, which was rolled forward to June 30, 2022. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of actuarial experience studies for the periods July 1, 2018 - June 30, 2021 for TPAF, PERS and PFRS. 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:

Total Nonemployer OPEB Liability: \$ 50,646,462,966

	TPAF/ABP	PERS	PFRS
Salary Increases	2.75% to 4.25%	2.75% to 6.55%	3.25% to 16.25%

Based on service years

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

(a) Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 6.25% and decreases to a 4.50% long-term trend rate after eight years. For post-65 medical benefits PPO, the trend is initially -1.99% in fiscal year 2023, increasing to 13.44% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For HMO the trend is initially -3.54% in fiscal year 2023, increasing to 15.19% in fiscal year 2026 and decreases to 4.50% in fiscal year 2033. For prescription drug benefits, the initial trend rate is 8.00% and decreases to a 4.50% long-term trend rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

(b) Discount Rate

The discount rate used to measure the total OPEB liability was 3.54%. 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.

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 6/30/2021	\$60,007,650,970
<u>Changes for the year:</u>	
Service Cost	2,770,618,025
Interest on the Total OPEB Liability	1,342,187,139
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	1,399,200,736
Changes of Assumptions	(13,586,368,097)
Gross Benefit Payments	(1,329,476,059)
Contributions from Members	<u>42,650,252</u>
Net changes	<u>(9,361,188,004)</u>
The State's Total OPEB Liability Balance at 6/30/2022	<u>\$50,646,462,966</u>
The State's total OPEB liability attributable to the District:	\$42,244,172

Benefit Changes: The decrease in liability from June 30, 2021 to June 30, 2022 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.16 percent in 2021 to 3.54 percent in 2022 and other changes.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

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

		June 30, 2022		
		At 1% Decrease	At Discount Rate	At 1% Increase
		<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
Total OPEB Liability (School Retirees)		\$59,529,589,697	\$50,646,462,966	\$43,527,080,995

		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

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, 2022		
		At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
Total OPEB Liability (School Retirees)		\$41,862,397,291	\$50,646,462,966	\$62,184,866,635

		June 30, 2021		
		At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
Total OPEB Liability (School Retirees)		\$48,576,388,417	\$60,007,650,970	\$75,358,991,782

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Note 9: POST-RETIREMENT BENEFITS-(Continued)

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

For the year ended June 30, 2022, the board of education recognized OPEB expense and related revenue of \$1,136,153 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.

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, 2022, 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	\$9,042,402,619	\$15,462,950,679
Changes of assumptions or other inputs	<u>8,765,620,577</u>	<u>17,237,289,230</u>
Total	<u>\$17,808,023,196</u>	<u>\$32,700,239,909</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:	
2023	(\$2,517,151,602)
2024	(\$2,517,151,602)
2025	(\$2,517,151,602)
2026	(\$2,175,449,761)
2027	(1,243,951,140)
Thereafter	<u>(3,921,361,006)</u>
	<u>(\$14,892,216,713)</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, 2023.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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>
2022-2023	\$4,983	\$18,089	\$23,686	\$271,501
2021-2022	\$206	\$17,059	\$350	\$272,115
2020-2021	\$160,868	\$17,138	\$162,363	\$255,200

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, 2023

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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ 1,180,242
Budgeted Withdrawal Expended	(446,220)
Additions: June Resolution - 6/15/2023	<u>-</u>
Ending balance June 30, 2023	<u>\$ 734,022</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, 2022 to June 30, 2023 fiscal year is as follows:

Beginning balance July 1, 2022	\$ 805,086
Budgeted Revenues (Expended)	(110,183)
Additions: June Resolution - 6/15/2023	<u>404,499</u>
Ending balance June 30, 2023	<u>\$ 1,099,402</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 16: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$3,310,015 General Fund fund balance at June 30, 2023, \$734,022 is reserved in the Capital Reserve Account; \$1,099,402 is reserved in the Impact Aid Reserve Account; \$31,144 is reserved for encumbrances; \$1,027,904 has been appropriated and included as anticipated revenue for the year ending June 30, 2024; \$239,557 is reserved for unemployment compensation; and \$177,986 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, 2023 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, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 16,013,756		\$ 16,013,756	\$ 16,013,756	
Tuition	-		-	94,437	\$ 94,437
Transportation	211,930		211,930	248,482	36,552
Interest Earned on Capital Reserve Funds	200		200	15,928	15,728
Miscellaneous	141,650		141,650	197,976	56,326
Total - Local Sources	16,367,536	-	16,367,536	16,570,579	203,043
State Sources:					
Equalization Aid	891,793		891,793	891,793	
School Choice	355,940		355,940	355,940	
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	
Supplemental Stabilization Aid				441,514	441,514
Other State Aid	55,000		55,000	127,577	72,577
TPAF Pension (On-Behalf - Non-Budgeted)				3,764,006	3,764,006
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				988,795	988,795
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				902	902
TPAF Social Security (Reimbursed - Non-Budgeted)				738,973	738,973
Total State Sources	2,711,269		2,711,269	8,718,036	6,006,767
Federal Sources:					
Impact Aid	288,640		288,640	404,499	115,859
Total Federal Sources	288,640		288,640	404,499	115,859
TOTAL REVENUES	19,367,445		19,367,445	25,693,114	6,325,669

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	2,126,736	(157,153)	1,969,583	1,969,583	
Grades 9-12 - Salaries of Teachers	4,530,632	90,948	4,621,580	4,621,580	
Regular Programs - Home Instruction:					
Salaries of Teachers	20,000	(8,874)	11,126	11,100	26
Purchased Professional-Educational Services	7,500		7,500	5,350	2,150
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	1,000	350	1,350	1,350	
Purchased Technical Services	59,897	166,487	226,384	223,754	2,630
Maintenance	22,081	(691)	21,390	19,878	1,512
General Supplies	135,258	37,460	172,718	128,884	43,834
Textbooks	27,300	(3,560)	23,740	13,589	10,151
Other Objects	2,000		2,000	622	1,378
TOTAL REGULAR PROGRAMS - INSTRUCTION	6,932,404	124,967	7,057,371	6,995,690	61,681
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	107,971	(267)	107,704	107,704	
Other Salaries for Instruction	14,710	6,362	21,072	21,072	
LLD Purchased Services		500	500	352	148
General Supplies	2,500	(2,265)	235	235	
Total Learning and/or Language Disabilities	125,181	4,330	129,511	129,363	148

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Resource Room/Resource Center:					
Salaries of Teachers	1,290,816	65,200	1,356,016	1,356,016	
Other Salaries for Instruction	110,065	(3,736)	106,329	106,329	
General Supplies	2,800	(793)	2,007	1,160	847
Textbooks	1,000		1,000	164	836
Total Resource Room/Resource Center	1,404,681	60,671	1,465,352	1,463,669	1,683
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,529,862	65,001	1,594,863	1,593,032	1,831
Bilingual Education - Instruction:					
General Supplies	500		500		500
Total Bilingual Education - Instruction	500		500		500
School-Spon. Co/Extra Curricular Actvts. - Inst.:					
Salaries	249,500	(47,037)	202,463	196,959	5,504
Purch Ed Serv. - Student Activity	4,000		4,000		4,000
Purchased Services (300-500 series)	45,000	(2,210)	42,790	42,618	172
Supplies and Materials	7,500		7,500	3,295	4,205
Other Objects	20,500	(1,577)	18,923	13,027	5,896
Total School-Spon. Cocurricular Actvts. - Inst.	326,500	(50,824)	275,676	255,899	19,777
School-Spon. Athletics - Instruction:					
Salaries	483,974	(28,833)	455,141	454,826	315
Purchased Services	25,144	8,155	33,299	32,725	574
Recondition Ath Equipment	12,500	(2,000)	10,500	5,515	4,985
Purchased Services (300-500 series)	39,000	5,066	44,066	43,988	78
Supplies and Materials	70,000	(5,217)	64,783	59,723	5,060
Other Objects	19,000	(1,866)	17,134	15,592	1,542
Total School-Spon. Athletics - Inst.	649,618	(24,695)	624,923	612,369	12,554
Before/After School					
Salaries of Teachers	5,000		5,000	4,500	500
Total Before/After School	5,000		5,000	4,500	500

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2023

	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	(15,000)	29,600	21,189	8,411
Total Community Services Programs	44,600	(15,000)	29,600	21,189	8,411
TOTAL INSTRUCTION	9,488,484	99,449	9,587,933	9,482,679	105,254
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State - Regular	121,643	22,833	144,476	129,895	14,581
Tuition to Other LEAs Within the State - Special		3,060	3,060	3,060	
Tuition to Private Schools for the Disabled-Within State		94,929	94,929	72,877	22,052
Tuition, State Facilities	40,270		40,270	40,270	
Total Instruction	161,913	120,822	282,735	246,102	36,633
Attendance and Social Work:					
Salaries	27,092	13	27,105	27,105	
Supplies and Materials	160		160	27	133
Total Attendance and Social Work	27,252	13	27,265	27,132	133
Health Services:					
Salaries	73,079	9,376	82,455	82,455	
Other Purchased Service Nurse	620	(612)	8		8
Nurse Travel		294	294	294	
Supplies and Materials	3,500	2,618	6,118	6,112	6
Total Health Services	77,199	11,676	88,875	88,861	14

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Related Services:					
Salaries	63,098	34,050	97,148	97,148	
Purchased Professional - Educational Services	100,000	(51,391)	48,609	48,361	248
Supplies and Materials	800	1,100	1,900	1,439	461
Total Other Supp. Services Students-Related Services	163,898	(16,241)	147,657	146,948	709
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	398,778	12,735	411,513	411,513	
Salaries of Secretarial and Clerical Assistants	33,358	500	33,858	33,602	256
Other Purchased Prof. and Tech Services	25,890	(3,522)	22,368	21,676	692
Supplies and Materials	4,500	(1,250)	3,250	2,602	648
Other Objects	12,000	(3,700)	8,300	6,324	1,976
Total Other Supp. Services Students-Regular	474,526	4,763	479,289	475,717	3,572
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	325,548	5,395	330,943	330,943	
Salaries of Secretarial and Clerical Assistants	39,995		39,995	39,930	65
Prof Serv, DR Evaluations-Cst	1,800	4,722	6,522	6,522	
Travel/Cst	1,000		1,000	714	286
Supplies and Materials	1,800		1,800	614	1,186
Other Objects	1,000	182	1,182	1,182	
Total Other Supp. Services Students-Special	371,143	10,299	381,442	379,905	1,537

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
Improvement of Instruction Services :					
Salaries of Supervisor of Instruction	396,063		396,063	393,266	2,797
Salaries of Other Professional Staff	13,000	(10,000)	3,000	1,400	1,600
Salaries -Secr and Clerks Assts	48,862		48,862	48,539	48,539
Purchased Professional-Educational Services	21,900	(7,162)	14,738	7,652	48,539
Other Purchased Services (400-500 series)		1,162	1,162	70	1,092
Other Objects	500	(500)			
Total Improvement of Instruction Services	480,325	(16,500)	463,825	450,927	12,898
Educational Media Services/School Library:					
Salaries	43,859	(3,000)	40,859	39,609	1,250
Salaries of Technology Coordinator	118,923	10,500	129,423	129,219	204
Purchased Technical Svcs	3,600		3,600	3,417	183
Supplies and Materials	1,700		1,700	1,700	
Total Educational Media Services/School Library	168,082	7,500	175,582	173,945	1,637
Instructional Staff Training Services:					
Salaries of Other Professional Staff	27,500	(25,000)	2,500	400	2,100
Purchased Technical Svcs	10,000	(5,000)	5,000	2,231	2,769
Salaries of Other Professional Staff	6,500	(3,020)	3,480	925	2,555
Supplies/KAT	300		300		300
Total Instructional Staff Training Services	44,300	(33,020)	11,280	3,556	7,724

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Supp. Services - General Administration:					
Salaries	224,288	8,726	233,014	227,133	5,881
Legal Services	24,000	(6,819)	17,181	13,457	3,724
Audit Fees	30,591	2,034	32,625	32,625	
Other Professional Services	15,400	(4,333)	11,067	10,226	841
Communications/Telephone	54,280	4,364	58,644	49,875	8,769
Other Purchased Services (400-500 series)	116,179	(57,018)	59,161	55,283	3,878
General Supplies	2,500	506	3,006	2,994	12
Miscellaneous Expenditures	6,122	4,000	10,122	9,299	823
Admin/Board Misc Expenses	17,000	556	17,556	17,556	
Total Supp. Services - General Administration	490,360	(47,984)	442,376	418,448	23,928
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	376,006		376,006	375,577	429
Salaries of Other Professional Staff	132,472	10,000	142,472	141,988	484
Salaries of Secretarial and Clerical Assistants	180,226	(3,112)	177,114	177,114	
Purchased Professional and Technical Services	4,158	4,598	8,756	8,096	660
Princ/Supervisor Travel		1,325	1,325	588	737
Supplies and Materials	15,000	2,809	17,809	15,034	2,775
Other Objects	17,690	(2,000)	15,690	15,196	494
Total Support Services - School Administration	725,552	13,620	739,172	733,593	5,579

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2023

	Original <u>Budget</u>	Budget <u>Transfers</u>	Final <u>Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ <u>(Unfavorable)</u>
Central Services:					
Salaries	251,681	2,004	253,685	253,685	
Purch Tech Services	21,727	(3,004)	18,723	13,546	5,177
File Server Maint. Contract	1,911		1,911		1,911
Misc. Purchased Services (400-500 series)	2,500	1,000	3,500	3,393	107
Supplies and Materials	7,500	(4,620)	2,880	2,823	57
Miscellaneous Expenditures	8,640	(5,000)	3,640	2,090	1,550
Total Central Services	293,959	(9,620)	284,339	275,537	8,802
Admin. Information Technology:					
Purchased Technical Services	36,774	(5,732)	31,042	21,853	9,189
Total Admin. Information Technology	36,774	(5,732)	31,042	21,853	9,189
Required Maintenance for School Facilities:					
Salaries	149,261	14,972	164,233	161,647	2,586
Cleaning, Repair, and Maintenance Services	110,000	8,155	118,155	110,329	7,826
General Supplies	27,900	34,300	62,200	60,555	1,645
Total Required Maintenance for School Facilities	287,161	57,427	344,588	332,531	12,057
Other Operations and Maintenance of Plant:					
Salaries	384,374	34,108	418,482	414,434	4,048
Purchased Professional and Technical Services	35,400		35,400	31,834	3,566
Cleaning, Repair and Maintenance Services	195,796	24,064	219,860	215,673	4,187
Insurance	211,660	21,745	233,405	233,405	
General Supplies	197,000	(146,551)	50,449	42,615	7,834
Energy (Natural Gas)	104,000	38,842	142,842	142,842	
Energy (Electricity)	200,000	32,669	232,669	232,669	
Energy (Oil)	6,000	(3,149)	2,851	2,316	535
Other Objects	2,500	7	2,507	2,507	
Total Other Operations and Maintenance of Plant	1,336,730	1,735	1,338,465	1,318,295	20,170

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Fiscal Year Ended June 30, 2023

	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	124,743	2,500	127,243	124,206	3,037
Cleaning, Repair and Maintenance Services	40,200	5,083	45,283	30,811	14,472
Supplies and Materials	20,000	9,789	29,789	29,364	425
Total Care and Upkeep of Grounds	184,943	17,372	202,315	184,381	17,934
Security:					
Salaries	40,000	5,396	45,396	45,396	
Supplies and Materials	2,000	2,181	4,181	3,916	265
Total Security	42,000	7,577	49,577	49,312	265
Student Transportation Services					
Salary for Pupil Trans Coord/Aide	10,000	(5,763)	4,237	4,237	
Salary for Pupil Trans. (Bet. Home & Sch) - Reg.	92,624	16,832	109,456	109,456	
Other Purchased Professional and Technical Services	4,000	11,420	15,420	15,420	
Cleaning, Repair and Maintenance Services	40,000	(2,526)	37,474	37,474	
Contract Services - Aid in Lieu of Payments-Nonpub.Sch.	29,500	17,319	46,819	46,819	
Contract Services - (Between Home and School) - Vendors	904,255	20,396	924,651	924,651	
Contract Services (Other than Between Home & School)-Vendors	95,200	18,400	113,600	112,497	1,103
Contract Services - (Between Home and School) - Joint Agreements	92,700	(18,315)	74,385	74,385	
Contract Services - (Special Ed. Students) - Vendors	61,000	4,276	65,276	65,276	
General Supplies	20,000	(14,565)	5,435	5,435	
Other Objects	3,000	663	3,663	3,663	
Total Student Transportation Services	1,352,279	48,137	1,400,416	1,399,313	1,103

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

Fiscal Year Ended June 30, 2023

	<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	257,500	(29,623)	227,877	227,344	533
Other Retirement Contributions - Regular	270,000	(7,965)	262,035	262,035	
Other Retirement Contributions	4,000		4,000	2,289	1,711
Workmen's Compensation	182,600	(27,164)	155,436	155,436	
Health Benefits	2,718,319	(284,845)	2,433,474	2,364,483	68,991
Tuition Reimbursement	60,000		60,000	41,957	18,043
Other Employee Benefits	1,000		1,000	606	394
Unused Sick Payment to Terminated/Retired Staff	60,000	1,877	61,877	61,877	
TOTAL UNALLOCATED BENEFITS	3,553,419	(347,720)	3,205,699	3,116,027	89,672
On-behalf TPAF pension Contrib. (non-budgeted)				3,764,006	(3,764,006)
On-behalf TPAF PRM Contrib. (non-budgeted)				988,795	(988,795)
On-behalf TPAF pension LTD Ins. (non-budgeted)				902	(902)
Reimbursed TPAF Social Security Contributions (non-budgeted)				738,973	(738,973)
TOTAL ON-BEHALF CONTRIBUTIONS				5,492,676	(5,492,676)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,553,419	(347,720)	3,205,699	8,608,703	(5,403,004)
TOTAL UNDISTRIBUTED EXPENDITURES	10,271,815	(175,876)	10,095,939	15,335,059	(5,239,120)
TOTAL GENERAL CURRENT EXPENSE	19,760,299	(76,427)	19,683,872	24,817,738	(5,133,866)

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2023

	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					
Undist. Expend -Student Trans. - Care and Upkeep of Grounds		66,374	66,374	66,374	
Total Equipment		66,374	66,374	66,374	
Facilities Acquisition and Construction Services					
Construction Services	436,016	86,812	522,828	402,181	120,647
Buildings		47,549	47,549	47,549	
Assessment for Debt Service on SDA Funding	49,857		49,857	49,857	
Total Facilities Acquisition and Construction Services	485,873	134,361	620,234	499,587	120,647
TOTAL CAPITAL OUTLAY	485,873	200,735	686,608	565,961	120,647
Transfer of Funds to Charter Schools	145,800	93,939	239,739	239,739	
TOTAL EXPENDITURES	20,391,972	218,247	20,610,219	25,623,438	(5,013,219)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,024,527)	(218,247)	(1,242,774)	69,676	1,312,450

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(1,024,527)	(218,247)	(1,242,774)	69,676	1,312,450
Fund Balance, July 1 Prior Period Adjustment	3,496,954		3,496,954	3,496,954	
Fund Balance, July 1 (Restated)	3,496,954		3,496,954	3,496,954	
Fund Balance, June 30	<u>\$ 2,472,427</u>	<u>\$ (218,247)</u>	<u>\$ 2,254,180</u>	<u>\$ 3,566,630</u>	<u>\$ 1,312,450</u>
Recapitulation:					
<u>Restricted for:</u>					
Impact Aid Reserve				1,099,402	
Capital Reserve				734,022	
Unemployment Compensation				239,557	
<u>Assigned to:</u>					
Year-End Encumbrances				31,144	
Designated for Subsequent Year's Expenditures				1,027,904	
<u>Unassigned:</u>					
Unrestricted Fund Balance				434,601	
Fund Balance per Governmental Funds(Budgetary Basis)				<u>3,566,630</u>	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				(256,615)	
Fund Balance per Governmental Funds(GAAP Basis B-2)				<u>\$ 3,310,015</u>	

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2023

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 702,866	\$ 702,866	\$ 702,866	-
State Sources	\$ 19,666	38,820	58,486	52,101	\$ (6,385)
Federal Sources	1,125,647	2,212,369	3,338,016	3,165,121	(172,895)
Total Revenues	1,145,313	2,954,055	4,099,368	3,920,088	(179,280)
EXPENDITURES:					
Instruction					
Salaries of Teachers	134,220	53,764	187,984	92,727	95,257
Tuition	171,383	29,431	200,814	200,810	4
General Supplies	17,000	2,816	19,816	19,553	263
Textbooks		1,980	1,980	1,980	
Other Objects		4,000	4,000	2,500	1,500
Total Instruction	322,603	91,991	414,594	317,570	97,024
Support Services					
Salaries of Other Professional Staff	46,750	(20,688)	26,062	8,607	17,455
Employee Benefits		25,514	25,514	20,345	5,169
Purchased Educational Service		24,333	24,333	17,955	6,378
Purchased Professional Tech Svcs	169,993	(75)	169,918	129,445	40,473
Other Purchased Professional Services	12,600	6,742	19,342	8,286	11,056
Materials and Supplies	3,250	37,306	40,556	38,831	1,725
Student Activities		690,768	690,768	690,768	
Total Support Services	232,593	763,900	996,493	914,237	82,256
Facilities Acquisition and Contract Svcs:					
Buildings	582,167	2,087,266	2,669,433	2,669,433	
Instructional Equipment	7,950		7,950	7,950	
Non-Instructional Equipment					-
Total Facilities Services	590,117	2,087,266	2,677,383	2,677,383	
Total Expenditures	1,145,313	2,943,157	4,088,470	3,909,190	179,280
Total Outflows	\$ 1,145,313	\$ 2,943,157	\$ 4,088,470	\$ 3,909,190	\$ 179,280
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	-	10,898	10,898	10,898	-
Fund Balance Beginning				\$ 261,161	
Prior Period Adjustment				-	
Fund Balance Beginning (Restated)				261,161	
Fund Balance Ending				<u>\$ 272,059</u>	
Recapitulation:					
Restricted:					
Student Activities				\$ 272,059	
Total Fund Balance				<u>\$ 272,059</u>	

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

For the Fiscal Year Ended June 30, 2023

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)	\$ 25,693,114	\$ 3,920,088
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	132,410
Current Year	N/A	(2,300,879)
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	365,025	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(256,615)</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>\$ 25,801,524</u>	<u>\$ 1,751,619</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 25,623,438	\$ 3,909,190
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	132,410
Current Year	<u>N/A</u>	<u>(2,300,879)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 25,623,438</u>	<u>\$ 1,740,721</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)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
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	\$ 48,404,564	\$ 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	\$ 48,404,564	\$ 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	\$ 10,014,826	\$ 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 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	32.29%	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)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability (asset)	0.020862161%	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	\$ 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	\$ 1,543,085	\$ 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	170.01%	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)	62.91%	70.33%	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%

**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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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	\$10,014,826	\$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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 262,035	\$ 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	(262,035)	(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	\$ 1,543,085	\$ 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	16.98%	16.24%	17.96%	13.25%	14.31%	13.43%	12.86%	13.25%	9.97%	9.70%

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	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Service Cost	\$ 2,770,618,025	\$ 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	1,342,187,139	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	-	(63,870,842)								
Differences Between Expected and Actual Experience	1,399,200,736	(11,385,071,658)	11,544,750,637	(7,323,140,818)	(5,002,065,740)					
Benefit Payments	(13,586,368,097)	59,202,205	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)			
Contributions from Members	(1,329,476,059)	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747			
Changes of Assumptions or other inputs	<u>42,650,252</u>	<u>(1,186,417,186)</u>	<u>12,386,549,981</u>	<u>622,184,027</u>	<u>\$ (5,291,448,855)</u>	<u>\$ (7,086,599,129)</u>	<u>8,611,513,521</u>			
Net change in total OPEB liability	(9,361,188,004)	(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	\$ 60,007,650,970	\$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	\$ 50,646,462,966	\$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 **	\$ 50,646,462,966	\$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 **	\$ 42,244,172	\$ 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	Zero			
District's covered employee payroll	\$ 11,557,911	\$ 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%	0.00%			
District's contribution	None	None	None	None	None	None	None			
State's covered employee payroll ***	\$ 14,753,355,408	\$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	343.29%	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, 2021 and June 30, 2022 is based on the payroll on the June 30, 2020 and June 30, 2021 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, 2023

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, 2021 to June 30, 2022 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 2.16 percent in 2021 to 3.54 percent in 2022.

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 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, 2021 to June 30, 2022 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 2.16 percent in 2021 to 3.54 percent in 2022.

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, 2023

	Title I	Title II (A)	Title IV	IDEA Part B	ARP IDEA Basic	ARP Homeless	ARP ESSER III	ARP Accel. Learn.	ARP Summer	ARP Beyond Sch Day	ARP Mental	ARRS ESSER II	ARRS Learning	ARRS Mental Hea.	SBB-VEEVR	SDA Emerg & Cap. Maint.	Climate Grant	Ch 192/193 Compens Ed	Ch 192/193 Exam	Ch 192/193 Suppl Inst	Non-Public Technology	Non-Public Textbooks	Non-Public Nursing	Local Grants	Student Activity	Totals	
REVENUES																											
Local Sources																											
State Sources																											
Federal Sources																											
TOTAL REVENUES	\$ 50,751	\$ 9,813	\$ 11,500	\$ 209,212	\$ 148	\$ 6,258	\$ 373,047	\$ 63,066	\$ 18,520	\$ 27,374	\$ 4,400	\$ 56,937	\$ 12,396	\$ 20,313	\$ 2,301,386	\$ 21,081	\$ 6,654	\$ 8,895	\$ 7,391	\$ 1,669	\$ 1,260	\$ 1,980	\$ 3,171	\$ 1,200	\$ 701,666	\$ 702,866	
EXPENDITURES:																											
Instruction:																											
Salaries of Teachers	33,609			3,100			22,878		5,570	24,460				3,110													92,727
Tuition				200,810																							200,810
General Supplies				742				7,000					3,085	3,944	2,530			992				1,260				19,553	
Textbooks																							1,980			1,980	
Other Objects			2,500																							2,500	
Total Instruction	33,609	2,500	204,652	22,878	7,000	5,570	24,460	3,085	7,054	2,530	992	1,260	1,980	3,171	1,200	690,768	690,768	914,237	914,237	914,237	914,237	914,237	914,237	914,237	914,237	914,237	
Support Services:																											
Salaries of Other Professional Staff									1,750	2,080	1,075		3,702														8,607
Employee Benefits	17,142						3,203																				20,345
Purchased Educational Service																		8,895	7,391	1,669							17,955
Purchased Professional Tech Svcs		2,660	9,000	4,560	148			56,066			3,050	35,000	1,640	14,150										3,171			129,445
Other Purchased Professional Services		4,653												3,633													8,286
Materials and Supplies		2,500				6,258			3,250	834	275	18,852						5,662							1,200	38,831	
Student Activities																											690,768
Total Support Services	17,142	9,813	9,000	4,560	148	6,258	3,203	56,066	5,000	2,914	4,400	53,852	5,342	17,783	2,301,386	21,081	6,654	8,895	7,391	1,669	1,260	1,980	3,171	1,200	690,768	914,237	
Facilities Acquisition and Contract Svcs:																											
Buildings							346,966																				2,669,433
Instructional Equipment									7,950																		7,950
Non-Instructional Equipment																											-
Total Facilities Services	-	-	-	-	-	-	346,966	-	7,950	-	-	-	-	-	2,301,386	21,081	-	-	-	-	-	-	-	-	-	-	2,677,383
TOTAL EXPENDITURES	50,751	9,813	11,500	209,212	148	6,258	373,047	63,066	18,520	27,374	4,400	56,937	12,396	20,313	2,301,386	21,081	6,654	8,895	7,391	1,669	1,260	1,980	3,171	1,200	690,768	3,909,190	
Total Outflows	\$ 50,751	\$ 9,813	\$ 11,500	\$ 209,212	\$ 148	\$ 6,258	\$ 373,047	\$ 63,066	\$ 18,520	\$ 27,374	\$ 4,400	\$ 56,937	\$ 12,396	\$ 20,313	\$ 2,301,386	\$ 21,081	\$ 6,654	\$ 8,895	\$ 7,391	\$ 1,669	\$ 1,260	\$ 1,980	\$ 3,171	\$ 1,200	\$ 690,768	\$ 3,909,190	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)																											10,898
Fund Balance Beginning																											261,161
Prior Period Adjustment																											261,161
Fund Balance Beginning (Restated)																											261,161
Fund Balance Ending																											\$ 272,059

**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, 2023

	<u>Original</u>		<u>Revised</u>		<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2023</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	\$ 3,419,095	\$ 20,905	-
		3,440,000		3,440,000	3,419,095	20,905	-
Totals		<u>\$ 3,440,000</u>		<u>\$ 3,440,000</u>	<u>\$ 3,419,095</u>	<u>\$ 20,905</u>	-
						Interest Earnings	-
						Fund Balance, June 30, 2023	<u>\$ -</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, 2023

Revenues and Other Financing

Sources

Interest Earnings	\$ 5
Total Revenues	<u>5</u>

Expenditures and Other Financing

Uses

Equipment Lease Purchase Payment-Project Balance	20,905
Accum. Interest Earnings Utilized for Lease Purchase Payment	16,499
Total Expenditures	<u>37,404</u>

Excess(deficiency) of revenues over(under) expenditures	(37,399)
--	----------

Fund Balance - Beginning	<u>37,399</u>
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Fund Balance - Ending	<u><u>-</u></u>
-----------------------	-----------------

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit F-2a

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

From Inception and for the Fiscal Year Ended June 30, 2023

	<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>3,440,000</u>	<u>3,440,000</u>
Expenditures and Other Financing Sources				
Construction Services	3,384,191		3,384,191	3,384,191
Equipment Lease Purchase Payment		\$ 20,905	20,905	20,905
Purchased Professional Services	34,904		34,904	34,904
Total Expenditures	<u>3,419,095</u>	<u>20,905</u>	<u>3,440,000</u>	<u>3,440,000</u>
Excess(deficiency) of revenues over(under) expenditures	<u>\$ 20,905</u>	<u>\$ (20,905)</u>	<u>-</u>	

Project Fund Balance, 6/30/2023 -

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	
Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	2023
Revised Target Completion Date	2023

**PROPRIETARY FUND
DETAIL STATEMENTS**

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

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

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

**FIDUCIARY FUND
DETAIL STATEMENTS**

Fiduciary Funds are 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
Long-Term Debt
Schedule of Obligations Under Capital Leases
Year Ended June 30, 2023

<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, 2022</u>	<u>Retired</u>	<u>Balance June 30, 2023</u>
Energy Management Equipment	9/30/19	20 Years	\$ 3,440,000	2.755%	\$ 2,910,000	\$ 91,000	\$ 2,819,000
					<u>\$ 2,910,000</u>	<u>\$ 91,000</u>	<u>\$ 2,819,000</u>

Principal Payment Schedule:

<u>Date</u>	<u>Principal</u>
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	252,000
Total	<u>\$ 2,819,000</u>

**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.	94-99
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.	100-115
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.	116-119
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.	120-121
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.	122-126

Sources:

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

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

Exhibit J-1

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Invested in capital assets, net of related debt	\$ 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	\$ 5,136,771
Restricted	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	3,372,944
Unrestricted	(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)	(4,691,169)
Total governmental activities net position	<u>\$ 7,197,512</u>	<u>\$ 3,988,821</u>	<u>\$ 3,959,098</u>	<u>\$ 3,032,935</u>	<u>\$ 2,942,479</u>	<u>\$ 2,026,936</u>	<u>\$ 2,510,150</u>	<u>\$ 2,288,268</u>	<u>\$ 3,407,719</u>	<u>\$ 3,818,546</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 35,669	\$ 31,097	\$ 26,525	\$ 21,953	\$ 17,381	\$ 12,809	\$ 8,237	\$ 6,512	\$ 4,786	\$ 27,100
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	177,595	176,082	188,305	173,218	167,625	120,079	128,246	67,667	153,188	150,026
Total business-type activities net position	<u>\$ 213,264</u>	<u>\$ 207,179</u>	<u>\$ 214,830</u>	<u>\$ 195,171</u>	<u>\$ 185,006</u>	<u>\$ 132,888</u>	<u>\$ 136,483</u>	<u>\$ 74,179</u>	<u>\$ 157,974</u>	<u>\$ 177,126</u>
District-wide										
Invested in capital assets, net of related debt	\$ 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	\$ 5,163,871
Restricted	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	3,372,944
Unrestricted	(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)	(4,541,143)
Total district net position	<u>\$ 7,410,776</u>	<u>\$ 4,196,000</u>	<u>\$ 4,173,928</u>	<u>\$ 3,228,106</u>	<u>\$ 3,127,485</u>	<u>\$ 2,159,824</u>	<u>\$ 2,646,633</u>	<u>\$ 2,362,447</u>	<u>\$ 3,565,693</u>	<u>\$ 3,995,672</u>

Source: ACFR Scehdule 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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
Instruction										
Regular	\$ 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	\$ 10,797,297
Special education	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	2,220,540
Other instruction	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	1,176,730
Support Services:										
Tuition	346,977	228,442	151,188	296,555	215,169	255,977	124,819	151,972	245,940	246,102
Student & instruction related services	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	3,630,036
School administrative services	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	1,034,507
General administrative services	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	959,927
Plant operations and maintenance	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	2,630,800
Pupil transportation	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	1,841,938
Transfer to Charter School	36,297	82,910	85,867	133,582	85,575	95,204	92,597	341,719	377,528	239,739
Interest on long-term debt	118,168	110,661	102,870	94,878	86,877	78,687	68,281	61,149	50,315	49,857
Total governmental activities expenses	<u>22,420,703</u>	<u>25,069,249</u>	<u>26,325,255</u>	<u>29,689,305</u>	<u>29,879,608</u>	<u>29,028,521</u>	<u>26,918,110</u>	<u>29,763,207</u>	<u>25,210,916</u>	<u>24,827,473</u>
Business-type activities:										
Food service	472,371	443,351	439,992	446,257	450,886	453,469	316,620	178,923	442,408	422,188
Adult Education	33,804	47,099	47,246	43,668	45,163	31,687	23,162	6,409	9,304	10,635
School Store	9,839	6,803	8,277	3,896	4,047	567	1,479	450	-	1,060
Total business-type activities expense	<u>516,014</u>	<u>497,253</u>	<u>495,515</u>	<u>493,821</u>	<u>500,096</u>	<u>485,723</u>	<u>341,261</u>	<u>185,782</u>	<u>451,712</u>	<u>433,883</u>
Total district expenses	<u>\$ 22,936,717</u>	<u>\$ 25,566,502</u>	<u>\$ 26,820,770</u>	<u>\$ 30,183,126</u>	<u>\$ 30,379,704</u>	<u>\$ 29,514,244</u>	<u>\$ 27,259,371</u>	<u>\$ 29,948,989</u>	<u>\$ 25,662,628</u>	<u>\$ 25,261,356</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (regular & special education)	\$ 175,887	\$ 263,342	\$ 207,056	\$ 192,770	\$ 282,592	\$ 278,074	\$ 217,326	\$ 467,619	\$ 816,160	\$ 342,919
Operating grants and contributions	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	7,964,850
Total governmental activities program revenues	<u>9,450,254</u>	<u>11,305,854</u>	<u>12,161,960</u>	<u>14,412,383</u>	<u>15,181,704</u>	<u>13,152,162</u>	<u>11,648,126</u>	<u>13,611,880</u>	<u>10,222,215</u>	<u>8,307,769</u>
Business-type activities:										
Charges for services										
Food service	345,940	359,150	365,921	342,410	363,195	353,690	264,115	20,921	154,138	302,466
Adult Education	49,100	46,306	53,892	46,968	42,345	35,121	22,141	8,957	16,227	15,581
School Store	9,662	8,015	5,604	4,176	3,100	1,925	3,016	1,192	2,029	1,239
Operating grants and contributions	67,166	73,632	71,539	70,207	70,867	70,733	53,085	92,391	353,435	131,964
Total business type activities program revenues	<u>471,868</u>	<u>487,103</u>	<u>496,956</u>	<u>463,761</u>	<u>479,507</u>	<u>461,469</u>	<u>342,357</u>	<u>123,461</u>	<u>525,829</u>	<u>451,250</u>
Total district program revenues	<u>\$ 9,922,122</u>	<u>\$ 11,792,957</u>	<u>\$ 12,658,916</u>	<u>\$ 14,876,144</u>	<u>\$ 15,661,211</u>	<u>\$ 13,613,631</u>	<u>\$ 11,990,483</u>	<u>\$ 13,735,341</u>	<u>\$ 10,748,044</u>	<u>\$ 8,759,019</u>
Net (Expense)/Revenue										
Governmental activities	\$ (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)	\$ (16,519,704)
Business-type activities	(44,146)	(10,150)	1,441	(30,060)	(20,589)	(24,254)	1,096	(62,321)	74,117	17,367
Total district-wide net expense	<u>\$ (13,014,595)</u>	<u>\$ (13,773,545)</u>	<u>\$ (14,161,854)</u>	<u>\$ (15,306,982)</u>	<u>\$ (14,718,493)</u>	<u>\$ (15,900,613)</u>	<u>\$ (15,268,888)</u>	<u>\$ (16,213,648)</u>	<u>\$ (14,914,584)</u>	<u>\$ (16,502,337)</u>

Continued

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, ne	\$ 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	\$ 16,013,756
Taxes levied for debt service	220,985	254,288	251,588	248,687	240,687	240,687	233,238	226,394	225,500	-
Tuition Received										
Investment earnings	4,587	3,586	1,410	7,482	13,208	20,535	13,887	1,780	4,016	96,288
Miscellaneous income	209,545	230,977	241,446	193,596	180,940	217,529	175,826	309,348	188,525	820,487
Adjustment to Capital Assets										
NJ EDA/SDA Grants for Capital Projects		434,200								
Transfers										
Total governmental activities	<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>	<u>16,930,531</u>
Business-type activities:										
Miscellaneous Income	13,187	4,065	6,210	10,401	10,424	2,136	2,499	17	28	1,785
Transfers										
Total business-type activities	<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>	<u>1,785</u>
Total district-wide	<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>	<u>\$ 16,932,316</u>
Change in Net Position										
Governmental activities	\$ 667,364	\$ 626,405	\$ (29,723)	\$ (926,163)	\$ (90,456)	\$ (945,543)	\$ 24,141	\$ (221,882)	\$ 1,129,101	\$ 410,827
Business-type activities	(30,959)	(6,085)	7,651	(19,659)	(10,165)	(22,118)	3,595	(62,304)	74,145	19,152
Total district	<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>	<u>\$ 429,979</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,									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Reserved	\$ 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	\$ 3,132,029
Unreserved	1,226,573	254,286	311,335	440,993	843,151	163,128	219,276	131,479	221,365	177,986
Total general fund	<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>	<u>\$ 3,310,015</u>
All Other Governmental Funds										
Reserved	-	-	-	-	-	-	\$ 219,516	\$ 231,474	\$ 261,161	\$ 272,059
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	\$ 701,019	-	-	-	-	1,937,460	166,768	37,399	-
Debt service fund	-	-	-	-	-	\$ 3,099	3,100	-	-	-
Total all other governmental funds	<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>	<u>\$ 272,059</u>

Source: ACFR Schedule B-1

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

Exhibit J-4

	<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>2023</u>
Revenues										
Tax levy	\$ 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	\$ 16,013,756
Tuition charges		33,762	16,071	17,755	70,113	20,049	-	-	97,602	94,437
Transportation	175,887	229,580	190,985	175,015	212,479	258,025	217,326	208,022	230,431	248,482
Interest earnings	650	712	1,410	4,508	10,388	17,774	7,493	289	902	15,928
Miscellaneous	213,482	233,851	241,446	196,570	183,760	220,290	182,220	570,436	679,766	900,847
State sources	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	8,963,213
Federal sources	1,469,499	741,676	661,439	676,621	692,970	682,155	769,402	934,538	919,367	1,316,485
Total revenue	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	27,553,148
Expenditures										
Instruction										
Regular Instruction	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	7,313,259
Special education instruction	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	1,593,032
Other instruction	873,050	861,571	1,087,695	1,075,691	1,055,437	975,841	1,041,861	897,952	937,322	893,957
Support Services:										
Tuition	346,977	228,442	151,188	296,555	215,169	255,977	124,819	151,972	245,940	246,102
Student & instruction related services	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	2,632,966
School Administrative services	909,805	917,069	956,258	948,622	963,812	987,921	1,034,169	1,025,060	878,327	733,593
General administrative services	687,890	652,467	658,218	654,295	648,637	681,831	673,352	708,818	724,828	715,838
Plant operations and maintenance	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	1,921,923
Pupil transportation	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	1,399,313
Unallocated employee benefits	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	8,608,703
Charter Schools	36,297	82,910	85,867	133,582	85,575	95,204	92,597	341,719	377,528	239,739
Capital outlay	428,147	809,809	1,424,265	1,023,616	715,799	861,324	1,841,538	2,046,927	468,899	1,103,138
Debt service:										
Principal	180,000	190,000	195,000	200,000	200,000	205,000	210,000	215,000	220,000	-
Interest and other charges	70,786	64,288	56,588	48,687	40,687	32,588	23,237	14,494	5,500	-
Total expenditures	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	27,401,563
Excess (Deficiency) of revenues over (under) expenditures	909,977	114,745	(568,475)	(547,825)	216,374	(897,809)	(1,033,442)	(1,729,815)	567,204	151,585
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	\$ 909,977	\$ 548,945	\$ (568,475)	\$ (547,825)	\$ 216,374	\$ (867,809)	\$ 2,406,558	\$ (1,729,815)	\$ 557,554	\$ 151,585
Debt service as a percentage of noncapital expenditures	1.2%	1.2%	1.1%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.0%

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>Transportation</u> <u>Fees</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
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
2023	96,288	248,482	-	94,437	117,616	556,823

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)
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	0.945	439,646,083
2023	5,365,900	357,756,200	50,404,700	1,602,300	15,612,100	5,236,300	-	464,867,400	28,889,900	-	435,977,500	0.945	452,572,789

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)
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	0.928	680,028,726
2023	11,923,300	434,178,500	36,615,000	829,200	121,865,700	1,908,700		687,844,700	80,524,300	-	607,320,400	0.928	736,708,382

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)
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	\$1.921	255,005,175
2023	4,791,800	170,166,000	30,225,700	1,058,900	17,690,000	1,963,200		405,504,700	179,609,100	-	225,895,600	\$1.921	289,968,227

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)
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	1.019	471,459,650
2023	6,648,100	344,218,000	39,527,900	1,413,300	14,899,200	259,000		479,317,000	72,351,500	-	406,965,500	1.019	508,189,185

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-6

Fiscal Year Ended June 30,	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities <u>a</u>	Net Valuation Taxable	Total Direct School Tax Rate <u>b</u>	Estimated Actual (County Equalized Value)
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
2023	68,000	561,750	190,900	64,800	1,452,700			33,521,426	31,177,650	5,626	2,343,776	0.000	3,043,457

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	
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
2023	\$0.930	\$0.015	\$0.945	\$0.952	\$0.444	\$0.584	\$2.925

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	
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
2023	\$0.914	\$0.014	\$0.928	\$0.958	\$0.515	\$0.682	\$3.083

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	
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
2023	\$1.909	\$0.012	\$1.921	N/A	\$0.284	\$0.723	\$2.928

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	
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
2023	\$1.005	\$0.014	\$1.019	\$1.157	\$0.524	\$0.702	\$3.402

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	
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
2023	\$0.000		\$0.000	N/A	N/A	\$0.722	\$0.722

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	2022			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%	2,020,000	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>14,640,300</u>		<u>5.25%</u>

Net Valuation Taxable \$ 435,977,500

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	2022			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	2.40%	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	1.45%	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	1.00%	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		13.47%	45,964,300		14.78%

Net Valuation Taxable \$ 607,320,400

Source: District ACFR & Municipal Tax Assessor

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

Exhibit J-8

Sandyston Township

Taxpayer	2022			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	0.66%	1,500,000	1	0.55%
Global Signal Acquistions 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	0.30%	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 Tazpayer #5				834,400	7	0.31%
Individual Tazpayer #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		3.85%	10,069,000		3.72%

Net Valuation Taxable \$ 225,895,600

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	2022			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. Mission of TAO - Confucianism	2,041,500	1	0.50%	1,105,400	1	0.39%
North Shore House	1,679,200	2	0.41%	585,000	5	0.20%
Individual Taxpayer #1	1,278,900	3	0.31%	814,900	2	0.28%
Individual Taxpayer #2	1,200,100	4	0.29%	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		2.97%	6,044,100		2.10%

Net Valuation Taxable \$ 406,965,500

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	2022			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	
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%	-
2023	\$16,013,756	\$16,013,756	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				
2014	\$ 1,635,000	-	-	-	-	\$ 1,635,000	0.22%	\$115.26	
2015	\$ 1,445,000	-	-	-	-	\$ 1,445,000	0.19%	\$103.10	
2016	\$ 1,250,000	-	-	-	-	\$ 1,250,000	0.16%	\$89.86	
2017	\$ 1,050,000	-	-	-	-	\$ 1,050,000	0.14%	\$75.89	
2018	\$ 850,000	-	-	-	-	\$ 850,000	0.10%	\$61.70	
2019	\$ 645,000	-	-	-	-	\$ 645,000	0.08%	\$46.82	
2020	\$ 435,000	-	-	-	-	\$ 435,000	0.05%	\$31.74	
2021	\$ 220,000	-	-	-	-	\$ 220,000	0.03%	\$16.13	
2022	-	-	-	-	-	-	0.00%	\$0.00	
2023	-	-	-	-	-	-	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
2014	\$ 1,635,000	-	\$ 1,635,000	0.12%	\$ 115.26
2015	\$ 1,445,000	-	\$ 1,445,000	0.08%	\$ 103.10
2016	\$ 1,250,000	-	\$ 1,250,000	0.07%	\$ 89.86
2017	\$ 1,050,000	-	\$ 1,050,000	0.06%	\$ 75.89
2018	\$ 850,000	-	\$ 850,000	5.00%	\$ 61.70
2019	\$ 645,000	-	\$ 645,000	0.04%	\$ 46.82
2020	\$ 435,000	-	\$ 435,000	0.03%	\$ 31.74
2021	\$ 220,000	-	\$ 220,000	0.01%	\$ 16.13
2022	-	-	-	0.00%	-
2023	-	-	-	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, 2023**

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	\$ 2,118,551	100%	\$ 2,118,551
Other debt			
Sussex County	95,444,925	10.42%	<u>9,950,066</u>
Subtotal, overlapping debt			12,068,617
Kittatinny Regional School District Direct Debt	-	100%	<u>-</u>
Total direct and overlapping debt			<u><u>\$ 12,068,617</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 2023

	Equalized valuation basis
	2022 \$ 2,179,978,073
	2021 1,982,341,045
	2020 1,844,148,371
	[A] <u>\$ 6,006,467,489</u>
Average equalized valuation of taxable property	[A/3] \$ 2,002,155,830
Debt limit (3.5 % of average equalization value)	[B] 70,075,454
Net bonded school debt	[C] -
Legal debt margin	[B-C] <u>\$ 70,075,454</u>

	Fiscal Year									
	<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>2023</u>
Debt limit	\$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	\$70,075,454
Total net debt applicable to limit	<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>	<u>-</u>
Legal debt margin	<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>	<u>\$70,075,454</u>
Total net debt applicable to the limit as a percentage of debt limit	2.64%	2.50%	2.30%	2.03%	1.38%	1.04%	0.69%	0.35%	0.00%	0.00%

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

a Limit set by NJS A 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>
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	\$71,059 R	5.6%
2022	14,239	* \$ 961,805,962	\$71,059 *	3.5%
2023	14,239	* \$ 1,011,809,101	\$71,059 *	*

Source:

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

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

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

P Projected

R Revised

* Current data unavailable

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

Exhibit J-15

Employer	2023			2014		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Wal-Mart Stores	426	1	N/A	-	N/A	
Kittatinny Regional High School	171	2		-		
Lowes Home Improvement	154	3		-		
		4		-		
		5		-		
		6		-		
		7		-		
		8		-		
		9		-		
		10		-		
	<hr/>		<hr/>	<hr/>		<hr/>
	<u>751</u>			<u>-</u>		

Source: Economic Development Partnership

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

Exhibit J-16

<u>Function/Program</u>	<u>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>2023</u>
Instruction										
Regular	85.0	85.0	84.0	84.0	83.0	81.0	77.0	76.0	70.0	67.0
Special education	17.0	17.0	18.0	18.0	18.0	19.0	17.0	16.0	16.0	18.0
Other special education	14.0	11.0	11.0	11.0	9.0	10.0	8.0	7.5	7.0	6.5
Support Services:										
Student & instruction related services	18.0	17.5	17.0	17.0	14.0	14.0	15.0	17.0	14.0	12.5
School administrative services	15.0	16.0	16.0	16.0	19.0	19.0	17.0	15.5	15.0	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	12.0	13.5	13.0	13.0	15.0	15.0	15.0	13.0	12.5	13.0
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5	1.5
Total	168.0	167.0	166.0	166.0	165.0	165.0	156.0	151.5	141.0	138.5

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				
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%
2023	784	26,298,425	33,544	3.60%	85	9.2	9.2	774.1	724.9	-2.68%	93.6%

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>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>2023</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	1,122	1,061	1,060	1,009	973	935	902	846	807	784

Number of Schools at June 30, 2023
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, 2023

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</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>2023</u>	<u>Total</u>
High School Building		\$ 264,529	\$ 242,003	\$ 311,312	\$ 401,705	\$ 314,054	\$ 349,174	\$ 300,587	\$ 335,303	\$ 299,263	\$ 332,531	\$ 3,150,461
Total School Facilities		264,529	242,003	311,312	401,705	314,054	349,174	300,587	335,303	299,263	332,531	3,150,461
Other Facilities		<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Grand Total		<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>\$ 332,531</u>	<u>\$ 3,150,461</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2023

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



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 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, 2023, 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 October 31, 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

Frenchtown, New Jersey

October 31, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

October 31, 2023



ARDITO & COMPANY LLC

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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, 2023. 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, 2023.

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

October 31, 2023

Anthony Ardito

Anthony Ardito

Certified Public Accountant

Licensed Public School Accountant No. 2369

ARDITO & COMPANY LLC

Frenchtown, New Jersey

October 31, 2023

KITTATINNY REGIONAL SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2023

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, 2022	Carryover/ Walkover/ Amount	Cash Received	Budgetary Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2023			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	\$ 404,499	7/1/22	6/30/23			\$ 404,499					\$ 404,499		-
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		\$ (171,525)					330,013	\$	171,525
Impact Aid	84.041	N/A	N/A	372,297	7/1/18	6/30/19	227,298		(227,298)					-		372,297
Total General Fund							1,493,628	-	404,499	(398,823)	-	-	-	1,499,304	-	543,822
U.S. Department of Education																
Passed-through State																
Department of Education:																
Special Revenue Fund:																
I.D.E.A. Part B, Basic Regular	84.027	H027A220100	FT367522	189,862	7/1/22	6/30/23			157,374	(184,433)			\$ (32,488)	5,429		184,433
I.D.E.A. Part B, Basic Regular	84.027	H027A210100	FT367521	215,963	7/1/21	6/30/22	(26,048)		50,827	(24,779)						215,963
American Rescue Plan-IDEA Basic Special Education Cluster	84.027X	H027X220100	ARP IDEA	37,447	3/13/20	9/30/24	-			(148)				(328)	180	37,267
							(26,048)	-	208,201	(209,360)	-	-	(32,816)	5,609	-	437,663
Title I	84.010A	S010A220030	N/A	50,346	7/1/22	6/30/23			32,415	(49,558)			(17,931)	788		49,558
Title I	84.010A	S010A210030	N/A	94,689	7/1/21	6/30/22	(23,475)		24,668	(1,193)						94,689
Total Title I Cluster							(23,475)	-	57,083	(50,751)	-	-	(17,931)	788	-	144,247
Title II Part A	84.367A	S367B220029	N/A	13,686	7/1/22	6/30/23			3,190	(8,629)			(10,496)	5,057		8,629
Title II Part A	84.367A	S367B210029	N/A	16,671	7/1/21	6/30/22	(12,267)		13,451	(1,184)						16,671
Title IV	84.424A	S424A220031	N/A	10,000	7/1/22	6/30/23			1,500	(1,500)			(8,500)	8,500		
Title IV	84.424A	S424A210031	N/A	10,000	7/1/21	6/30/22	-		10,000	(10,000)				-	-	10,000
Total ESEA Non-Clusters							(12,267)	-	28,141	(21,313)	-	-	(18,996)	13,557	-	35,300
American Rescue Plan-ESSER III	84.425U	S425U220027	ARP	582,167	3/13/20	9/30/24	(131,540)		130,264	(373,047)			(447,063)	72,740		509,427
American Rescue Plan-Accel. Learn. Coaching & Ed. Support	84.425U	S425U220027	ARP	63,827	3/13/20	9/30/24	-		33,725	(63,066)			(30,102)	761		63,066
American Rescue Plan-Evidence Based Summer Learning	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24	-		18,520	(18,520)			(21,480)	21,480		18,520
American Rescue Plan-Evidence Based Beyond the Sch. Day	84.425U	S425U220027	ARP	40,000	3/13/20	9/30/24	(1,830)		24,164	(27,374)			(15,836)	10,796		29,204
American Rescue Plan-NJTSS Mental Health Support Staffing	84.425U	S425U220027	ARP	45,000	3/13/20	9/30/24	(3,060)		7,010	(4,400)			(37,990)	37,540		7,460
American Rescue Plan-Homeless	84.425W	S425U220027	ARP	6,258	4/23/21	9/30/24	-		6,258	(6,258)			-	-		6,258
CRRSA ESSER II	84.425D	S425D220027	CRRSA	259,036	3/13/20	9/30/23	(13,639)		39,562	(56,937)			(31,014)	-		259,036
CRRSA Learning	84.425D	S425D220027	CRRSA	25,000	3/13/20	9/30/23	(162)		9,209	(12,396)			(4,966)	1,617		23,383
CRRSA Mental Health	84.425D	S425D220027	CRRSA	45,000	3/13/20	9/30/23	(7,020)		21,853	(20,313)			(13,482)	8,002		36,998
Total Education Stabilization Fund							(157,251)	-	290,565	(582,311)	-	-	(601,933)	152,936	-	953,352
U.S. Department of Treasury																
Passed-through State Dept. Community Affairs/ Board of Public Utilities:																
Special Revenue Fund:																
Coronavirus State and Local Fiscal Recovery Fund	21.027	SLFRP1024	SSB-VEEVR	\$ 2,301,386	5/13/22	5/13/23	-		759,810	(2,301,386)			(1,541,576)			2,301,386
Total Coronavirus State and Local Fiscal Recovery Fund							-		759,810	(2,301,386)			(1,541,576)	-	-	2,301,386
Total Special Revenue Fund							(219,041)	-	1,343,800	(3,165,121)	-	-	(2,213,252)	172,890	-	3,871,948
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	221NJ304N1099	N/A		7/1/21	6/30/22	146			(146)						146
National School Lunch Program (Food Distribution)	10.555	231NJ304N1199	N/A	16,725	7/1/22	6/30/23			16,725	(13,784)				2,941		13,784
National School Lunch Program	10.555	221NJ304N1099	N/A		7/1/21	6/30/22	(17,862)		17,862							
National School Lunch Program	10.555	231NJ304N1199	N/A	62,735	7/1/22	6/30/23			60,740	(62,735)			(1,995)			62,735
Supply Chain Assistance Funding	10.555	231NJ344N8903	N/A	51,919	7/1/22	6/30/23			51,919	(51,919)			-			51,919
Total Enterprise Fund							(17,716)	-	147,246	(128,584)	-	-	(1,995)	2,941	-	128,584
Total Federal Financial Awards							\$ 1,256,871	-	\$ 1,895,545	\$ (3,692,528)	\$ -	-	\$ (2,215,247)	\$ 1,675,135	-	\$ 4,544,354

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

KITTATINNY REGIONAL SCHOOL DISTRICT

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Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2023

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2022	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2023			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education:															
General Fund:															
Equalization Aid	23-495-034-5123-078	7/1/22-6/30/23	\$ 891,793			\$ 891,793	\$ (891,793)							\$ 86,154	\$ 891,793
School Choice Aid	23-495-034-5123-068	7/1/22-6/30/23	355,940			355,940	(355,940)							34,387	355,940
Transportation Aid	23-495-034-5123-014	7/1/22-6/30/23	630,048			630,048	(630,048)							60,867	630,048
Special Education Aid	23-495-034-5123-089	7/1/22-6/30/23	691,576			691,576	(691,576)							66,811	691,576
Security Aid	23-495-034-5123-084	7/1/22-6/30/23	86,912			86,912	(86,912)							8,396	86,912
Supplemental Stabilization Aid	23-100-034-5120-494	7/1/22-6/30/23	441,514			441,514	(441,514)								441,514
Extra-Ordinary Aid	23-495-034-5123-044	7/1/22-6/30/23	113,849			-	(113,849)			\$ (113,849)					113,849
Extra-Ordinary Aid	22-495-034-5123-044	7/1/20-6/30/22	70,395	\$ (70,395)		70,395									-
Non-Public Transportation Aid	23-100-034-5123-068	7/1/22-6/30/23	13,728			-	(13,728)			(13,728)					13,728
Non-Public Transportation Aid	22-100-034-5123-068	7/1/20-6/30/22	14,989	(14,989)		14,989									-
On-Behalf TPAF Pension	23-495-034-5094-002	7/1/22-6/30/23	3,764,006			3,764,006	(3,764,006)								3,764,006
On Behalf TPAF Pension PMR	23-495-034-5094-001	7/1/22-6/30/23	988,795			988,795	(988,795)								988,795
On Behalf TPAF Pension LTD Ins	23-495-034-5094-004	7/1/22-6/30/23	902			902	(902)								902
Reimb.TPAF Soc.Sec.Contrib.	23-495-034-5094-003	7/1/22-6/30/23	738,973	(36,053)		738,915	(738,973)			(36,111)					738,973
Total General Fund				(121,437)		8,675,785	(8,718,036)			(163,688)				256,615	8,718,036
Special Revenue Fund:															
N.J. Nonpublic Aid:															
Textbooks Aid	23-100-034-5123-064	7/1/22-6/30/23	1,980	3		1,980	(1,980)	\$ (3)							1,980
Nursing Services	23-100-034-5123-070	7/1/22-6/30/23	3,472	311		3,472	(3,171)	(311)				\$ 301			3,171
Technology Aid	23-100-034-5123-373	7/1/22-6/30/23	1,260	334		1,260	(1,260)	(334)							1,260
Auxiliary Services:															
Compensatory Education	23-100-034-512a-067	7/1/22-6/30/23	8,895	1,343		8,895	(8,895)	(1,343)							8,895
Handicapped Services:															
Examination and Classification	23-100-034-512b-066	7/1/22-6/30/23	7,391	2,847		7,391	(7,391)	(2,847)							7,391
Corrective Speech	23-100-034-512a-066	7/1/22-6/30/23	2,790	1,488		2,790	-	(1,488)				2,790			-
Supplementary Instruction	23-100-034-512c-066	7/1/22-6/30/23	4,956	1,652		4,956	(1,669)	(1,652)				3,287			1,669
School Climate Change Pilot	Not Available	7/1/22-6/30/23	6,660			6,654	(6,654)								6,654
SDA Grant - Emergency and Capital Aid	Not Available	7/1/22-6/30/23	21,081	-		21,081	(21,081)								21,081
Total Special Revenue Fund				7,978		58,479	(52,101)		(7,978)					6,378	52,101
State Department of Agriculture:															
Enterprise Fund:															
Nat. School Lunch Prog. (State Share)	22-100-010-3350-023	7/1/21-6/30/22		(411)		411									
Nat. School Lunch Prog. (State Share)	23-100-010-3350-023	7/1/22-6/30/23	3,379			3,275	(3,379)			(104)					3,379
Total Enterprise Fund				(411)		3,686	(3,379)			(104)					3,379
Total State Financial Assistance				\$ (113,870)		\$ 8,737,950	\$ (8,773,516)		- \$ (7,978)	\$ (163,792)			- \$ 6,378	\$ 256,615	\$ 8,773,516
Less: On-behalf TPAF Pension Amounts															
On-Behalf TPAF Pension	23-495-034-5094-002						3,764,006								
On Behalf TPAF Pension PMR	23-495-034-5094-001						988,795								
On Behalf TPAF Pension LTD Ins	23-495-034-5094-004						902								
Total State Expenditures Subject to Major Program Determination							\$ (4,019,813)								

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, 2023

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 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 basis of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and NJ OMB 15-08*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The District has elected not to use the 10% de minimis indirect cost rate.

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 \$108,410 for the general fund and (\$2,168,469) 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, 2023

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 404,499	\$ 8,826,446	\$ 9,230,945
Special Revenue Fund	911,986	136,767	1,048,753
Food Service Fund	<u>128,585</u>	<u>3,379</u>	<u>131,964</u>
Total Financial Assistance	<u>\$ 1,445,070</u>	<u>\$ 8,966,592</u>	<u>\$ 10,411,662</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, 2023. 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, 2023.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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>Assistance Listing</u>	<u>FAIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	SLFRP1024	Coronavirus State and Local Fiscal Recovery Fund; ARP SLFRF BPU SSB Energy Efficiency Stimulus Program

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, 2023

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

23-495-034-5120-078	Equalization Aid (State Aid Cluster)
23-495-034-5120-089	Special Education Aid (State Aid Cluster)
23-495-034-5120-084	Security Aid (State Aid Cluster)
23-495-034-5120-068	School Choice Aid (State Aid Cluster)
23-495-034-5094-003	Reimbursed TPAF Soc. Sec. Contrib.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023

N/A

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