

**KITTATINNY**  
**REGIONAL SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report**  
**For The Fiscal Year Ended June 30, 2015**



# **Comprehensive Annual**

## **Financial Report**

**of the**

**Kittatinny Regional School District**

**Board of Education**

**Hampton, Sussex County**

**For the Fiscal Year Ending June 30, 2015**

**Prepared by**

**Kittatinny Regional School District**

**Board of Education**

**Finance Department**



# OUTLINE OF CAFR

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# Introductory Section





# Kittatinny Regional High School

77 Halsey Road • Newton, New Jersey 07860

Phone (973) 383-1800 • Fax (973) 383-4392

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

2005 Governor's School of Excellence



A Recognized School of Excellence

**Craig Hutcheson**

Superintendent - Ext. 1160  
[chutches@krhs.net](mailto:chutches@krhs.net)

**Kathy Kane**

School Business Administrator  
Board Secretary - Ext. 1540  
[kkane@krhs.net](mailto:kkane@krhs.net)

November 16, 2015

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

Dear Board Members:

Presented herewith is the Comprehensive Annual Financial Report (CAFR) of the Kittatinny Regional School District for the fiscal year ended June 30, 2015. 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

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

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

The District's on-roll enrollment on October 15, 2014 is 1,060 students. Based on the date received from the constituent elementary districts, the anticipated opening enrollment for the 2015-16 school year will be approximately 1,065.

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2009-10	1198	-(0.3)
2010-11	1176	-(1.8)
2011-12	1150	-(2.2)
2012-13	1108	-(3.6)
2013-14	1122	1.3
2014-15	1060	-(5.0)

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

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

- HVAC in Gym
- HV replacement in locker rooms
- HVAC replacement in five classrooms

- D-wing roof replacement
- Resurfaced roads

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

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

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

**DEBT ADMINISTRATION:** At June 30, 2015, the total District debt was \$1,445,000.

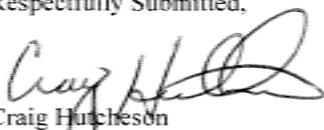
**INVESTMENT MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements, Note 2." The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under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

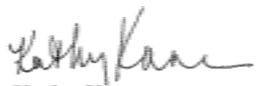
**RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

**OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co., LLP was selected by the Board for the 2014-2015 school year. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendment of 1996 and the related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

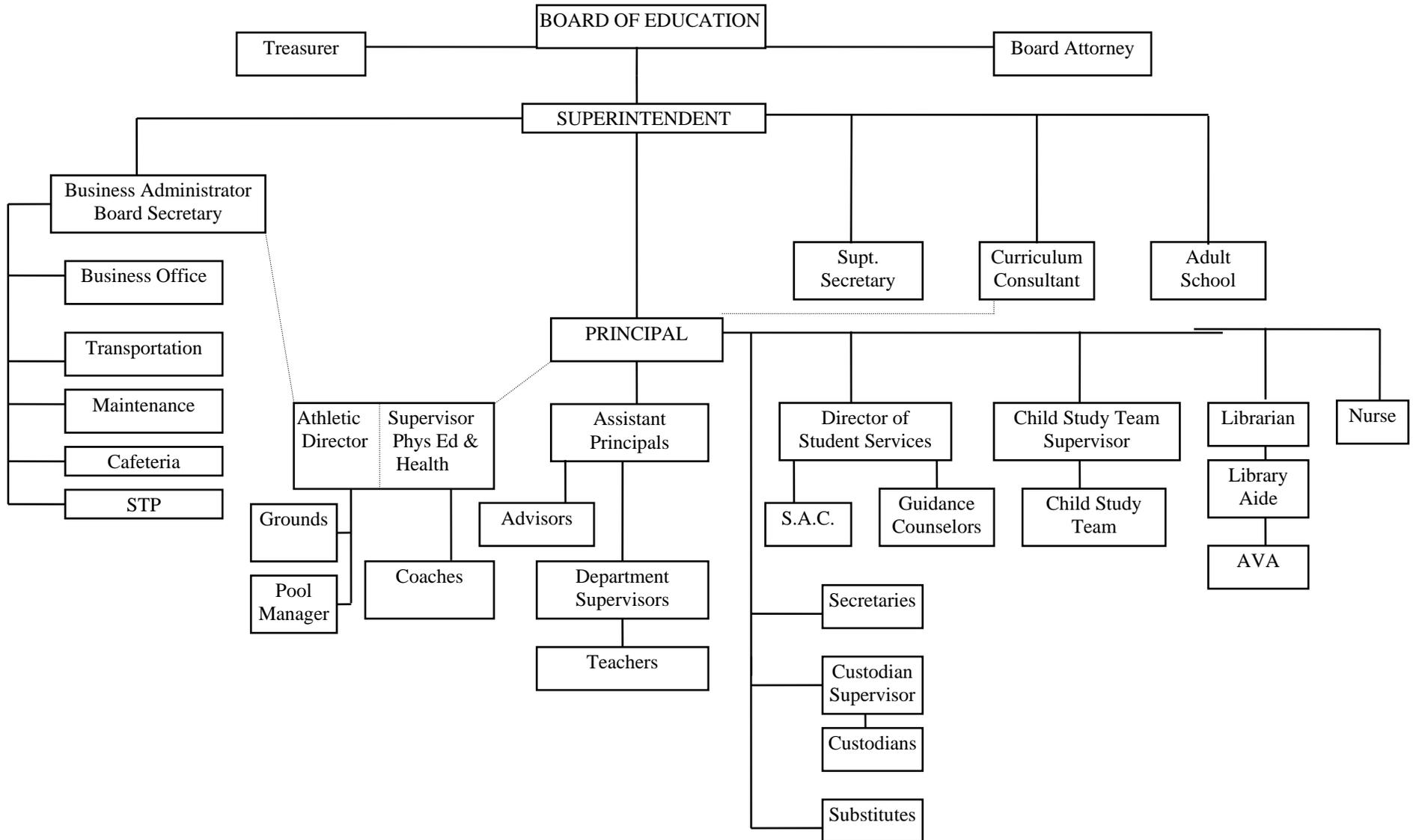
**ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Kittatinny Regional School District Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development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

Respectfully Submitted,

  
Craig Hutcherson  
Superintendent

  
Kathy Kane  
Business Administrator

# KITTATINNY REGIONAL HIGH SCHOOL DISTRICT CHART OF ORGANIZATION





**KITTATINNY REGIONAL SCHOOL DISTRICT  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**June 30, 2015**

**Members of the Board of Education**

**Term Expires**

Eleanore Shaffer, President	2015
David Cooper, Vice-President	2016
Judy Youngs	2015
Moira Douglas	2015
Robert Greene	2017
James Hunt	2017
Barbara Andrews	2016
David Ormesher	2017
Walpack (Vacant)	2016

**Other Officials**

Craig Hutcheson, Superintendent  
Kathy Kane, Board Secretary/School Business Administrator  
Donna Mosner, Treasurer  
Gary Kraemer, Board Attorney

**KITTATINNY REGIONAL SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**ARCHTECT**

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Rockaway, NJ 07866

**AUDIT FIRM**

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Frenchtown, New Jersey 08825

**ATTORNEY**

**Daggett, Kraemer, Kovach & Gjelsvik**  
328 D Sparta Avenue  
Sparta, NJ 07871

**Cleary, Giacobbe, Alfieri, Jacobs, LLC**

5 Ravine Drive  
PO Box 533  
Matawan, NJ 07747

**OFFICIAL DEPOSITORIES**

**Sussex Bank**

15 Trinity Street  
Newton, NJ 07860

# Financial Section

# Independent Auditor's Report

## **ARDITO & Co., LLP**

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
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Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA

### **Independent Auditor's Report**

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

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Kittatinny Regional School District Board of Education, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

-Continued-

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Kittatinny Regional School District Board of Education, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

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

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kittatinny Regional School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's Circulars 04-04 and 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.

-Continued-

The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, long-term debt schedules, and schedule of state financial assistance, as required by New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015, on our consideration of the Kittatinny Regional School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*ARDITO & Co., LLP*

ARDITO & CO., LLP  
November 16, 2015

*Cynthia Cecile*

Licensed Public School Accountant No. 2369



**Required Supplementary Information -  
Part I**

**Management's Discussion and Analysis**



KITTATINNY REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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, 2015. 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 2015 are as follows:

- ◆ In total, Net Position increased \$620,320 which represents a 17.3% increase from 2014.
- ◆ General revenues accounted for \$14,393,865 in revenue or 53.3% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$11,792,957 or 46.7% of total revenues of \$26,186,822.
- ◆ Total assets of governmental activities increased by \$406,431, as cash and cash equivalents increased by \$42,130, receivables increased by \$371,385, and capital assets decreased by \$9,063.
- ◆ The School District had \$25,566,502 in expenses; only \$11,792,957 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$14,393,865 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$22,379,025 in revenues and \$21,873,799 in expenditures. The General Fund's surplus balance decreased \$152,074 over 2014, which compares favorably to the budgeted decrease of \$1,155,434.

**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, 2015  
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 2015?" 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 11. 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, 2015  
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 2015 compared to 2014.

	<u>2015</u>	<u>2014</u>
<b>Table 1 Net Position</b>		
<b>Assets</b>		
Current and Other Assets	\$ 3,751,403	\$ 3,335,909
Capital Assets	<u>7,470,208</u>	<u>7,479,271</u>
<b>Total Assets</b>	<u>11,221,611</u>	<u>10,815,180</u>
<b>Deferred Outflows of Resources</b>	<u>537,328</u>	<u>186,977</u>
<b>Liabilities</b>		
Long-Term Liabilities	7,214,589	7,192,765
Other Liabilities	<u>98,290</u>	<u>233,712</u>
<b>Total Liabilities</b>	<u>7,312,879</u>	<u>7,426,477</u>
<b>Deferred Inflows of Resources</b>	<u>250,060</u>	<u>-</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	6,025,208	5,844,271
Restricted	2,599,449	1,800,473
Unrestricted	<u>(4,428,657)</u>	<u>(4,069,064)</u>
<b>Total Net Position</b>	<u>\$ 4,196,000</u>	<u>\$ 3,575,680</u>

KITTATINNY REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

Total assets of governmental activities increased by \$406,431, as cash and cash equivalents increased by \$42,130, receivables increased by \$371,385, and capital assets decreased by \$9,063.

The cash increase was mainly due operational efficiency towards budget, net of capital addition spending, and receivables increased due to the SDA grant due from the State of New Jersey for the security and communications project. Although capital assets decreased because of depreciation expense, capital asset addition spending of \$729,768 was incurred for the fiscal year.

Table 2 shows the changes in Net Position from fiscal year 2014.

**Table 2**  
**Changes in Net Position**

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 676,813	\$ 580,589
Operating Grants and Contributions	11,116,144	9,341,533
General Revenues:		
Property Taxes	13,721,037	13,423,681
Federal & State Aid on Capital Asset Projects	434,200	
Investment Earnings	3,586	4,587
Other	<u>235,042</u>	<u>222,732</u>
<b>Total Revenues</b>	<u>26,186,822</u>	<u>23,573,122</u>
 <b>Program Expenses</b>		
Instruction	15,224,660	13,220,135
Support Services:		
Tuition	228,442	346,977
Pupils and Instructional Staff	2,431,658	2,305,311
General Administration, School Administration, Business	2,401,642	2,277,101
Operations and Maintenance of Facilities	2,388,204	2,168,550
Pupil Transportation	2,201,072	1,948,164
Transfer to Charter School	82,910	36,297
Business-Type Activities	497,253	516,014
Interest and Fiscal Charges	<u>110,661</u>	<u>118,168</u>
<b>Total Expenses</b>	<u>25,566,502</u>	<u>22,936,717</u>
 Increase in Net Position	 <u>\$ 620,320</u>	 <u>\$ 636,405</u>

KITTATINNY REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
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 52.4% percent of revenues for governmental activities for the Kittatinny Regional School District for the fiscal year 2015.

Instruction comprises 59.5% of district expenses. Support services expenses make up 37.7% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	\$ 15,224,660	\$ 8,222,799	\$ 13,220,135	\$7,526,857
Support Services:				
Tuition	228,442	228,442	346,977	346,977
Pupils and Instructional Staff	2,431,658	1,228,437	2,305,311	1,231,645
General Admin., School Admin., Business	2,401,642	1,336,411	2,277,101	1,321,464
Operation and Maintenance of Facilities	2,388,204	1,328,933	2,168,550	1,258,469
Pupil Transportation	2,201,072	1,224,802	1,948,164	1,130,572
Charter	82,910	82,910	36,297	36,297
Business-Type Activities	497,253	10,150	516,014	44,146
Interest and Fiscal Charges	<u>110,661</u>	<u>110,661</u>	<u>118,168</u>	<u>118,168</u>
<b>Total Expenses</b>	<u>\$ 25,566,502</u>	<u>\$ 13,773,545</u>	<u>\$ 22,936,717</u>	<u>\$ 13,014,595</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, 2015  
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 54.0% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 55.8%. The community, as a whole, is the primary support for the Kittatinny Regional School District.

### **The School District's Funds**

Information about the School District's major funds starts on page 11. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$23,441,261 and expenditures of \$22,892,316. The General Fund's surplus balance decreased \$152,074 over 2014, which compares favorably to the budgeted decrease of \$1,155,434.

### **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 2015 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 \$20,347,459, \$232,891 over original budgeted estimates of \$20,114,568. This difference was due primarily to an increases in transportation contracts, tuition based programs, and additional impact aid.

General fund revenues fell short of expenditures by \$151,804. Again this deficit compares to a budgeted deficit of \$1,155,434, which was due to the budgeted use of surplus and capital reserve needed to balance the 2014-2015 budget. The budgeted deficit was reduced due revenue increases and cost savings mainly in the areas of instruction, tuition, and transportation.

Overall general fund balance (budget basis) was \$3,390,994, and amounts ear-marked and reserved for future purposes were \$2,919,783, creating a surplus in unreserved fund balance of \$471,211. 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, 2015  
UNAUDITED

**Capital Assets**

At the end of the fiscal year 2015, the School District had \$7,439,111 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2015 balances compared to 2014.

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

	<u>2015</u>	<u>2014</u>
Land	\$ 144,210	\$ 144,210
Land Improvements	82,658	123,024
Buildings and Improvements	6,664,116	6,659,004
Machinery and Equipment	<u>548,127</u>	<u>517,364</u>
 Totals	 <u>\$ 7,439,111</u>	 <u>\$ 7,443,602</u>

Overall capital assets decreased \$4,491 from fiscal year 2014 to fiscal year 2015. The decrease in capital assets was due to capital additions, net of depreciation expense for the year.

Capital improvements of \$729,768 were purchased during fiscal year 2015 and included the security and communication project, locker and school bus purchases, road resurfacing, fence, scoreboard, and other miscellaneous equipment.

**Debt Administration**

At June 30, 2015, the School District had \$3,018,570 as outstanding long term debt. Of this amount, \$1,573,570 is for compensated absences and \$1,445,000 is for bonds payable outstanding.

At June 30, 2015, the School District's overall legal debt margin was \$61,408,643 and the unvoted debt margin was the same.

KITTATINNY REGIONAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
UNAUDITED

**For the Future**

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

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

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

**Contacting the School District's Financial Management**

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

# Basic Financial Statements

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2015

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 881,302	\$ 147,862	\$ 1,029,164
Receivables, Net	590,735	3,621	594,356
Interfund Receivables		6,570	6,570
Inventory		19,691	19,691
Restricted Assets:			
Capital Reserve Account - Cash	2,101,622		2,101,622
Capital Assets, Net (Note 6)	7,439,111	31,097	7,470,208
<b>Total Assets</b>	<b>11,012,770</b>	<b>208,841</b>	<b>11,221,611</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	537,328		537,328
<b>LIABILITIES</b>			
Accounts Payable	54,458		54,458
Net Pension Liability (Note 8)	4,196,019		4,196,019
Interfund Payable	6,570		6,570
Accrued Interest	27,723		27,723
Unearned Revenue	7,877	1,662	9,539
Noncurrent Liabilities (Note 7):			
Due Within One Year	195,000		195,000
Due Beyond One Year	2,823,570		2,823,570
<b>Total Liabilities</b>	<b>7,311,217</b>	<b>1,662</b>	<b>7,312,879</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	250,060		250,060
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	5,994,111	31,097	6,025,208
Restricted for:			
Other Purposes	2,599,449		2,599,449
Unrestricted	(4,604,739)	176,082	(4,428,657)
<b>Total Net Position</b>	<b>\$ 3,988,821</b>	<b>\$ 207,179</b>	<b>\$ 4,196,000</b>

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
<b>Functions/Programs</b>						
Governmental Activities:						
Instruction:						
Regular	\$ 11,735,863	\$ 125,391	\$ 5,329,039		\$ (6,281,433)	\$ (6,281,433)
Special Education	2,223,781	23,760	962,582		(1,237,439)	(1,237,439)
Other Special Instruction	29,042	310	12,571		(16,161)	(16,161)
Other Instruction	1,235,974	13,206	535,002		(687,766)	(687,766)
Support Services:						
Tuition	228,442				(228,442)	(228,442)
Student & Instruction Related Serv.	2,431,658	25,981	1,177,240		(1,228,437)	(1,228,437)
School Administrative Services	1,388,547	14,836	601,044		(772,667)	(772,667)
General and Business Admin. Serv.	1,013,095	10,824	438,527		(563,744)	(563,744)
Plant Operations and Maintenance	2,388,204	25,517	1,033,754		(1,328,933)	(1,328,933)
Pupil Transportation	2,201,072	23,517	952,753		(1,224,802)	(1,224,802)
Charter School	82,910				(82,910)	(82,910)
Interest on Long-Term Debt	110,661				(110,661)	(110,661)
Total Governmental Activities	25,069,249	263,342	11,042,512		(13,763,395)	(13,763,395)
Business-Type Activities:						
Food Service	443,351	359,150	73,632			\$ (10,569)
Adult Education	47,099	46,306				(793)
School Store	6,803	8,015				1,212
Total Business-Type Activities	497,253	413,471	73,632	-	-	(10,150)
Total Primary Government	\$ 25,566,502	\$ 676,813	\$ 11,116,144		\$ (13,763,395)	\$ (10,150)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes,Net				\$ 13,466,749		\$ 13,466,749
Taxes Levied for Debt Service				254,288		254,288
State Aid for Capital Asset Projects				434,200		434,200
Investment Earnings				3,586		3,586
Miscellaneous Income				230,977	\$ 4,065	235,042
Total General Revenues, Special Items, Extraordinary Items and Transfers				14,389,800	4,065	14,393,865
Change in Net Position				626,405	(6,085)	620,320
Net Position—Beginning (as restated)				3,362,416	213,264	3,575,680
<b>Net Position—Ending</b>				<b>\$ 3,988,821</b>	<b>\$ 207,179</b>	<b>\$ 4,196,000</b>

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

## **FUND FINANCIAL STATEMENTS**

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



KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,714,105		\$ 268,819	\$ 2,982,924
Receivables from Other Governments	88,769	\$ 22,084	434,200	545,053
Other Receivables	45,682			45,682
Interfund Receivables	9,016			9,016
<b>TOTAL ASSETS</b>	<u>\$ 2,857,572</u>	<u>\$ 22,084</u>	<u>\$ 703,019</u>	<u>\$ 3,582,675</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 47,267	-	2,000	\$ 49,267
Due State Government		\$ 5,191		5,191
Interfund Payable	6,570	9,016		15,586
Deferred Revenue		7,877		7,877
<b>Total Liabilities</b>	<u>53,837</u>	<u>22,084</u>	<u>2,000</u>	<u>77,921</u>
<b>Fund Balances:</b>				
<u>Restricted for:</u>				
Excess Surplus - Designated for Subsequent Year's Expenditures	254,274			254,274
Excess Surplus	193,553			193,553
Impact Aid Reserve	350,000			350,000
Capital Reserve Account	1,751,622			1,751,622
Capital Projects Fund			701,019	701,019
<u>Assigned to:</u>				
Year-End Encumbrances	320,334			320,334
General Fund - Designated for Subsequent Year's Expenditures	50,000			50,000
<u>Unassigned:</u>				
General Fund	(116,048)			(116,048)
<b>Total Fund Balances</b>	<u>2,803,735</u>		<u>701,019</u>	<u>3,504,754</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 2,857,572</u>	<u>\$ 22,084</u>	<u>\$ 703,019</u>	<u>\$ 3,582,675</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 \$21,352,859 and the accumulated depreciation is \$13,913,748.	\$ 7,439,111
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)	537,328
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)	(250,060)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 8)	(4,196,019)
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)	(3,018,570)
Accrued Interest on Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(27,723)
Net Position of governmental activities (Exhibit A-1)	<u>\$ 3,988,821</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, 2015**

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
<b>Local sources:</b>					
Local Tax Levy	\$ 13,466,749			\$ 254,288	\$ 13,721,037
Tuition	33,762				33,762
Transportation	229,580				229,580
Interest Earned on Capital Reserve Funds	712				712
Miscellaneous	233,851				233,851
<b>Total - Local Sources</b>	<b>13,964,654</b>	<b>-</b>	<b>-</b>	<b>254,288</b>	<b>14,218,942</b>
<b>State Sources</b>	<b>8,025,799</b>	<b>\$ 20,644</b>	<b>\$ 434,200</b>		<b>8,480,643</b>
<b>Federal Sources</b>	<b>388,572</b>	<b>353,104</b>			<b>741,676</b>
<b>Total Revenues</b>	<b>22,379,025</b>	<b>373,748</b>	<b>434,200</b>	<b>254,288</b>	<b>23,441,261</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
Regular Instruction	7,257,120	249,072			7,506,192
Special Education Instruction	1,463,164				1,463,164
Other Special Instruction	19,780				19,780
Other Instruction	841,791				841,791
Support services and undistributed costs:					
Tuition	228,442				228,442
Student and Instruction Related Services	1,463,180	124,676			1,587,856
School Administrative Services	917,069				917,069
Other Administrative Services	652,467				652,467
Plant Operations and Maintenance	1,534,765				1,534,765
Pupil Transportation	1,499,096				1,499,096
Unallocated Benefits	5,494,687				5,494,687
Transfer to Charter School	82,910				82,910
<b>Debt Service:</b>					
Principal				190,000	190,000
Interest and Other Charges				64,288	64,288
<b>Capital Outlay</b>	<b>419,328</b>		<b>390,481</b>		<b>809,809</b>
<b>Total Expenditures</b>	<b>21,873,799</b>	<b>373,748</b>	<b>390,481</b>	<b>254,288</b>	<b>22,892,316</b>
Excess (Deficiency) of Revenues Over Expend.	505,226		43,719	-	548,945
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer - Interfund Transfer	(657,300)		657,300		-
<b>Total Other Financing Sources and Uses</b>	<b>(657,300)</b>	<b>-</b>	<b>657,300</b>	<b>-</b>	<b>-</b>
Net Change in Fund Balances	(152,074)	-	701,019	-	548,945
Fund Balance—July 1	2,955,809		-	-	2,955,809
<b>Fund Balance—June 30</b>	<b>\$ 2,803,735</b>		<b>\$ 701,019</b>	<b>-</b>	<b>\$ 3,504,754</b>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ 548,945

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 \$	(734,259)	
	Capital Outlays	729,768	(4,491)

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.

(73,655)

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

190,000

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.

(37,878)

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

3,484

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

**\$ 626,405**

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

STATEMENT OF PROPRIETARY NET POSITION  
 PROPRIETARY FUNDS

June 30, 2015

		<b>Business-Type Activities - Enterprise Funds</b>			
		<u>Food Service</u>	<u>Adult Education</u>	<u>School Store</u>	<u>Totals</u>
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and Cash Equivalents	\$	72,781	\$ 63,751	\$ 11,330	\$ 147,862
Accounts Receivable		3,621			3,621
Interfund Receivables		6,570			6,570
Inventories		3,401	-	16,290	19,691
<b>Total Current Assets</b>		<u>86,373</u>	<u>63,751</u>	<u>27,620</u>	<u>177,744</u>
<b>Noncurrent Assets:</b>					
Furniture, Machinery and Equipment		179,085			179,085
Less Accumulated Depreciation		(147,988)	-	-	(147,988)
<b>Total Noncurrent Assets</b>		<u>31,097</u>	<u>-</u>	<u>-</u>	<u>31,097</u>
<b>Total Assets</b>		<u><b>117,470</b></u>	<u><b>63,751</b></u>	<u><b>27,620</b></u>	<u><b>208,841</b></u>
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Deferred Revenue		1,662	-	-	1,662
<b>Total Current Liabilities</b>		<u>1,662</u>	<u>-</u>	<u>-</u>	<u>1,662</u>
<b>Total Liabilities</b>		<u><b>1,662</b></u>	<u>-</u>	<u>-</u>	<u><b>1,662</b></u>
<b>NET POSITION</b>					
Invested in Capital Assets Net of Related Debt		31,097	-	-	31,097
Unrestricted		84,711	63,751	27,620	176,082
<b>Total Net Position</b>		<u><b>\$ 115,808</b></u>	<u><b>\$ 63,751</b></u>	<u><b>\$ 27,620</b></u>	<u><b>\$ 207,179</b></u>

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

## KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit B-5

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>Business-type Activities - Enterprise Fund</b>			<b>Total Enterprise</b>
	<b>Food Service</b>	<b>Adult Education</b>	<b>School Store</b>	
<b>Operating Revenues:</b>				
Charges for Services:				
Daily Sales - Reimbursable Programs	\$ 158,151			\$ 158,151
Daily Sales - Non-Reimb. Programs	200,999			200,999
Program Fees		46,306	8,015	54,321
Miscellaneous Income	4,057	-	8	4,065
<b>Total Operating Revenues</b>	<u>363,207</u>	<u>46,306</u>	<u>8,023</u>	<u>417,536</u>
<b>Operating Expenses:</b>				
Cost of Sales	211,377		6,476	217,853
Salaries	129,002	24,098		153,100
Employee Benefits	31,889			31,889
Purchased Property Service	16,299			16,299
Cleaning, Repair and Maintenance Services	7,540			7,540
General Supplies	28,376	23,001	327	51,704
Miscellaneous	14,296			14,296
Depreciation	4,572	-	-	4,572
<b>Total Operating Expenses</b>	<u>443,351</u>	<u>47,099</u>	<u>6,803</u>	<u>497,253</u>
Operating Income (Loss)	<u>(80,144)</u>	<u>(793)</u>	<u>1,220</u>	<u>(79,717)</u>
<b>Nonoperating Revenues (Expenses):</b>				
State Sources:				
State School Lunch Program	2,892			2,892
Federal Sources:				
National School Lunch Program	56,256			56,256
Food Distribution Program	14,484	-	-	14,484
<b>Total Nonoperating Revenues (Expenses)</b>	<u>73,632</u>	<u>-</u>	<u>-</u>	<u>73,632</u>
Income (Loss) Before Contributions and Transfers	(6,512)	(793)	1,220	(6,085)
Transfers In (Out)	-	-	-	-
Change in Net Position	(6,512)	(793)	1,220	(6,085)
Total Net Position—Beginning	<u>122,320</u>	<u>64,544</u>	<u>26,400</u>	<u>213,264</u>
<b>Total Net Position—Ending</b>	<u>\$ 115,808</u>	<u>\$ 63,751</u>	<u>\$ 27,620</u>	<u>\$ 207,179</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, 2015

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Food Service</b>	<b>Adult Education</b>	<b>School Store</b>	<b>Total Enterprise</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 360,946	\$ 46,306	\$ 8,023	\$ 415,275
Payments to Employees	(129,002)	(24,098)		(153,100)
Payments for Employee Benefits	(31,889)			(31,889)
Payments to Suppliers	(261,680)	(23,001)	(7,299)	(291,980)
<b>Net Cash Provided by (used for) Operating Activities</b>	<u>(61,625)</u>	<u>(793)</u>	<u>724</u>	<u>(61,694)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
State Sources	2,888	-	-	2,888
Federal Sources	56,705	-	-	56,705
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<u>59,593</u>	<u>-</u>	<u>-</u>	<u>59,593</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Capital Contributions	-	-	-	-
<b>Net Cash Provided by (used for) Capital Financing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,032)	(793)	724	(2,101)
Balances—Beginning of Year	74,813	64,544	10,606	149,963
<b>Balances—End of Year</b>	<u>\$ 72,781</u>	<u>\$ 63,751</u>	<u>\$ 11,330</u>	<u>\$ 147,862</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (80,144)	\$ (793)	\$ 1,220	(79,717)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided				
by (used for) Operating Activities:				
Depreciation and Net Amortization	4,572			4,572
Federal Commodities	14,354			14,354
(Increase) Decrease in Accounts Receivable	1,078			1,078
(Increase) Decrease in Inventories	(1,485)		(496)	(1,981)
Increase (Decrease) in Accounts Payable	-	-	-	-
<b>Total Adjustments</b>	<u>18,519</u>	<u>-</u>	<u>(496)</u>	<u>18,023</u>
<b>Net Cash Provided by (used for) Operating Activities</b>	<u>\$ (61,625)</u>	<u>\$ (793)</u>	<u>\$ 724</u>	<u>\$ (61,694)</u>

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit B-7

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

June 30, 2015

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Private Scholarship <u>Fund</u></b>	<b>Agency <u>Fund</u></b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 241,473	\$ 3,888	\$ 219,604
<b>Total Assets</b>	<b>\$ 241,473</b>	<b>\$ 3,888</b>	<b>\$ 219,604</b>
<b>LIABILITIES</b>			
Payable to Student Groups			183,850
Payroll Deductions and Withholdings			23,309
Flexible Spending Account			12,445
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>\$ 219,604</b>
<b>NET POSITION</b>			
Held in Trust for Unemployment Claims & Other Purposes	<b>\$ 241,473</b>	<b>\$ 3,888</b>	

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit B-8

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

For the Year Ended June 30, 2015

	<b>Unemployment Compensation <u>Trust</u></b>	<b>Private Scholarship <u>Fund</u></b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$ 16,626	-
Other	<u>25,000</u>	<u>-</u>
Total Contributions	<u>41,626</u>	<u>-</u>
Investment Earnings:		
Interest	<u>50</u>	\$ <u>36</u>
Net Investment Earnings	<u>50</u>	<u>36</u>
<b>Total Additions</b>	<b><u>41,676</u></b>	<b><u>36</u></b>
<b>DEDUCTIONS</b>		
Unemployment Claims	4,041	
Scholarship Awards	<u>-</u>	<u>2,000</u>
<b>Total Deductions</b>	<b><u>4,041</u></b>	<b><u>2,000</u></b>
Change in Net Position	37,635	(1,964)
Net Position—Beginning of the Year	\$ <u>203,838</u>	\$ <u>5,852</u>
<b>Net Position—End of the Year</b>	<b>\$ <u>241,473</u></b>	<b>\$ <u>3,888</u></b>

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, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, and GAASB No. 68, Accounting for Pensions, and amendment of GASB No. 27. The implementation of these statements effected net position balances as previously reported for the fiscal year ended June 30, 2014 as noted in Note 18.

**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, 2015, of 1,154 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, 2015

**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, 2015

**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, 2015

**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, 2015

**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 b

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, 2015

**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, 2015

**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, 2015, but which were levied to finance fiscal year 2016 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, 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Net Position:**

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

**Fund Balance Reserves:**

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

**Revenues—Exchange and Nonexchange Transactions**

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

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

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

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

KITTATINNY REGIONAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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, 2015

**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, 2015, 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, 2015, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Checking	\$2,459,893	\$464,965	\$2,924,858
	\$2,459,893	\$464,965	\$2,924,858

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$2,924,858 and the bank balance was \$2,597,101. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$2,347,101 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, 2015, the district's balance was \$670,893.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2015, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$522,969	\$523,151
Federal Aid	22,084	25,523
Tuition and Other	45,682	45,682
Transportation		0
Gross Receivable	\$590,735	594,356
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u>\$590,735</u>	<u>\$594,356</u>

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2015, consisted of the following:

Food	<u>\$3,401</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, 2015

**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, 2015, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	Ending <u>Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 144,210			\$ 144,210
Total Capital Assets Not Being Depreciated	<u>144,210</u>			<u>144,210</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	915,359			915,359
Buildings and Building Improvements	16,007,677	\$ 509,287		16,516,964
Machinery and Equipment	3,555,845	220,481		3,776,326
Total at Historical Cost	<u>20,478,881</u>	<u>729,768</u>		<u>21,208,649</u>
Less Accumulated Depreciation for:				
Land Improvements	(792,335)	(40,366)		(832,701)
Building and Improvements	(9,348,673)	(504,175)		(9,852,848)
Equipment	(3,038,481)	(189,718)		(3,228,199)
Total Accumulated Depreciation	<u>(13,179,489)</u>	<u>(734,259)</u>		<u>(13,913,748)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>7,299,392</u>	<u>(4,491)</u>		<u>7,294,901</u>
<b>Government Activity Capital Assets, Net</b>	<b><u>\$ 7,443,602</u></b>	<b><u>\$ (4,491)</u></b>		<b><u>\$ 7,439,111</u></b>

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, 2015

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 486,814
Special Ed Instruction	51,398
Support Services	68,286
General Administration	7,343
School Administration	28,636
Operations/Maintenance	91,782
Total	<u>\$ 734,259</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, 2015, are as follows:

	Balance <u>7/1/14</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/15</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation Debt	\$1,635,000		(\$190,000)	\$1,445,000	\$195,000
Other Liabilities:					
Compensated Absences Payable	1,535,692	\$37,878		1,573,570	
<b>Total</b>	<u>\$3,170,692</u>	<u>\$37,878</u>	<u>(\$190,000)</u>	<u>\$3,018,570</u>	<u>\$195,000</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, 2015

**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, 2015, it is not necessary for the Board to establish a liability for arbitrage rebate.

	Government Activities			Balance 6/30/15
	Issue Dates	Interest Rates	Date of Maturity	
Refunding Bonds	12/15/09	3.0-5.0%	7/15/21	\$ 1,445,000
Total Bonds				<u>\$ 1,445,000</u>

**B. Debt Service Requirements:**

Debt Service requirements on serial bonds payable at June 30, 2015, is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 195,000	\$ 56,587	\$ 251,587
2017	200,000	48,687	248,687
2018	200,000	40,688	240,688
2019	205,000	32,587	237,587
2020	210,000	23,237	233,237
2021	215,000	14,494	229,494
2022	<u>220,000</u>	<u>5,500</u>	<u>225,500</u>
	<u>\$ 1,445,000</u>	<u>\$ 221,780</u>	<u>\$ 1,666,780</u>

The 2009 School Bonds were issued to advance refund a portion (\$2,132,000) of the 2001 School Bonds. The balance outstanding on the refunded 2001 School Bonds was \$-0- at June 30, 2015.

**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/annrprts.shtml>.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

***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 \$51,208,583 as measured on June 30, 2014 and \$48,498,294 as measured on June 30, 2013.

*For the year ended June 30, 2015, the District recognized pension expense of \$2,755,503 and revenue of \$2,755,503 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, 2015 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. 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, 2013 and June 30, 2014.*

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, 2015

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

	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	-	\$2,306,623,861
Collective deferred inflows of resources	-	\$1,763,205,593
Collective net pension liability (Nonemployer-State of New Jersey)	\$50,539,213,484	\$53,446,745,367
State's portion of the net pension liability that was associated with the district	\$48,498,294	\$51,208,583
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.095962%	0.095812%

*Actuarial assumptions* - The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.5%
Salary Increases:	Varies based on experience
Investment Rate of Return:	7.90%

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

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2014 are summarized in the following table:

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-US Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad US Equities	25.90%	5.88%
Large Cap US Equities	0.00%	5.62%
Mid Cap US Equities	0.00%	6.39%
Small Cap US Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds / Absolute Retn	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

*Discount rate.* The discount rate used to measure the State's total pension liability was 4.68% and 4.95% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers (State of New Jersey) will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determini

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* Since the District's 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. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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>.

***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.

*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, 2015, the District reported a liability of \$4,196,019 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. 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, 2014 and 2013. At June 30, 2014, the District’s proportion was 0.02241% which was an increase of 0.00137% from its proportion measured as of June 30, 2013.

*For the year ended June 30, 2015, the District recognized pension expense of \$258,411. At June 30, 2015, 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	-	-
Changes of assumptions	\$ 131,945	
Net difference between projected and actual earnings on pension plan investments		\$ 250,060
Changes in proportion and differences between District contributions and proportionate share of contributions	220,627	
District contributions subsequent to the measurement date	184,756	
Total	<u>\$ 537,328</u>	<u>\$ 250,060</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

\$184,756 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, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30, 2015. 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>
2015	\$33,206
2016	\$33,206
2017	\$33,206
2018	\$33,206
2019	(\$21,051)
Thereafter	<u>(\$9,262)</u>
Total	<u>\$102,512</u>

	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	-	\$ 952,194,675
Collective deferred inflows of resources	-	1,479,224,662
Collective net pension liability (Non State - Local Group)	\$19,111,986,911	\$18,722,735,003
District's portion of net pension liability	\$4,022,073	\$4,196,019
District's proportion %	0.02104477%	0.02241136%

*Actuarial assumptions* . The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	3.01%
Salary Increases:	
2012-2012	2.15%-4.40% based on age
Therafter	3.15%-5.40% based on age
Investment Rate of Return:	7.90%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30,2011.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2014 are summarized in the following table:

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad US Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds / Absolute	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

*Discount rate.* The discount rate used to measure the total pension liability was 5.39% and 5.55% as of June 30, 2014 and 2013, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 4.29% and 4.63% as of June 30, 2014 and 2013, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the District's proportionate share of the net pension liability measured as of June 30, 2014, calculated using the discount rate of 5.39%, 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 (4.39%) or 1-percentage-point higher (6.39%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(4.39%)</u>	<u>(5.39%)</u>	<u>(6.39%)</u>
District's proportionate share of the net pension liability	\$ 5,278,735	\$ 4,196,019	\$ 3,286,813

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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>.

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

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

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

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

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

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

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of  $\frac{1}{4}$  of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

**Contribution Requirements** - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees’ annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

Three-Year Trend Information for PERS

<u>Year</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>
6/30/2015	\$184,756	100 %	-0-
6/30/2014	\$160,695	100 %	-0-
6/30/2013	\$143,076	100 %	-0-

Three-Year Trend Information for TPAF (On behalf)

<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>
6/30/2015	\$501,110	100 %	-0-
6/30/2014	\$405,327	100 %	-0-
6/30/2013	\$620,063	100 %	-0-

During the fiscal year ended June 30, 2015, the State of New Jersey did contribute \$1,296,623 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 \$735,213 during the year ended June 30, 2015, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 9: POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

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

**NOTE 10: COMPENSATED ABSENCES**

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

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

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

**NOTE 11: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2015:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$9,016	\$6,570
Special Revenue Fund		\$9,016
Enterprise Fund	6,570	
	<u>\$15,586</u>	<u>\$15,586</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 11: INTERFUND RECEIVABLES AND PAYABLES - (continued)**

The interfund payable in the special revenue fund is due to the general fund for cash advances to cover cash deficit caused by federal grant reimbursements that have not yet been received. The interfund payable in the general fund is due to the enterprise fund for free and reduced subsidies received, but not yet transferred to the enterprise fund.

**NOTE 12: RISK MANAGEMENT**

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$25,050	\$16,626	\$4,041	\$241,473
2013-2014	\$50,160	\$17,242	\$35,551	\$203,838
2012-2013	\$40,138	\$16,034	\$19,644	\$171,987

**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, 2015

**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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance July 1, 2014	\$ 1,212,766
Interest earnings	712
Deposits (PL 2007 c.62 (A1)) - June 18, 2015 Resolution	1,350,000
Withdrawals (Actual withdrawals from budgeted amount)	<u>(811,856)</u>
Ending balance June 30, 2015	<u>\$ 1,751,622</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, 2014 to June 30, 2015 fiscal year is as follows:

Beginning balance July 1, 2014	-
Interest earnings	-
Deposits (PL 2015 c.46) - June 19, 2018 Resolution	\$ 350,000
Withdrawals (Budget)	<u>-</u>
Ending balance June 30, 2015	<u>\$ 350,000</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 16: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the \$2,803,735 General Fund fund balance at June 30, 2015, \$463,738 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$254,274 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2016); \$1,751,622 is reserved in the Capital Reserve Account; \$350,000 is reserved in the Impact Aid Reserve Account; \$320,334 is reserved for encumbrances; \$50,000 has been appropriated and included as anticipated revenue for the year ending June 30, 2016; and (\$131,959) 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, 2015 is \$209,464.

**NOTE 18: RETROACTIVE RESTATEMENT OF NET POSITION**

**Restatement of Prior Period:**

The District adopted GASB No. 68 -*Accounting and Financial Reporting for Pensions - An amendment of GASB No. 27* during the 2015 fiscal year as required by the pronouncement. The pronouncement requires the district to record its proportional share of the State of New Jersey's net pension liability on the face of its financial statements as of June 30, 2015 and to record related pension expense in accordance with the pronouncement. In order to correctly reflect pension expense in accordance with GASB No. 68, the beginning Net Position of the district was adjusted to reflect the beginning balance of the net pension liability. Since the measurement date of the net pension liability is June 30, 2014 (as described in Note 8), the restatement adjustments to Net Position relate to the *beginning* net pension liability measured as of June 30, 2013. Also, in accordance with GASB No. 71 -*Pension Transition for Contributions Made Subsequent to the Measurement Date*, The district restated its Net Position for pension contributions made after the beginning net pension liability measurement date of June 30, 2013 (deferred outflows).

<u>Governmental Activities Net Position:</u>	
Net Position (per A-1), June 30, 2014	\$ 7,197,512
Restatement of Net Pension Liability	(4,022,073)
Restatement of Deferred Outflows-Pension	186,977
Net Position (per A-1), June 30, 2015, as Restated	<u>\$ 3,362,416</u>



**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 13,466,749		\$ 13,466,749	\$ 13,466,749	
Tuition				33,762	\$ 33,762
Transportation	174,000	\$ 37,988	211,988	229,580	17,592
Interest Earned on Capital Reserve Funds	300		300	712	412
Miscellaneous	168,000		168,000	233,851	65,851
<b>Total - Local Sources</b>	<b>13,809,049</b>	<b>37,988</b>	<b>13,847,037</b>	<b>13,964,654</b>	<b>117,617</b>
<b>State Sources:</b>					
Equalization Aid	3,436,027		3,436,027	3,436,027	
School Choice	122,400	\$ (20,400)	102,000	102,000	
Transportation Aid	631,242		631,242	631,242	
Special Education Aid	614,895		614,895	614,895	
Security Aid	80,860		80,860	80,860	
Adjustment Aid	1,053,290		1,053,290	1,053,290	
PARCC Readiness Growth	11,070		11,070	11,070	
Per Pupil Growth Aid	11,070		11,070	11,070	
Extraordinary Aid	80,000		80,000	47,036	(32,964)
Other State Aid				6,743	6,743
TPAF Pension (On-Behalf - Non-Budgeted)				501,110	501,110
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				795,513	795,513
TPAF Social Security (Reimbursed - Non-Budgeted)				735,213	735,213
<b>Total State Sources</b>	<b>6,040,854</b>	<b>(20,400)</b>	<b>6,020,454</b>	<b>8,026,069</b>	<b>2,005,615</b>
<b>Federal Sources:</b>					
Medical Assistance Program	8,365		8,365		(8,365)
Impact Aid	256,300		256,300	388,572	132,272
<b>Total Federal Sources</b>	<b>264,665</b>		<b>264,665</b>	<b>388,572</b>	<b>123,907</b>
<b>TOTAL REVENUES</b>	<b>20,114,568</b>	<b>17,588</b>	<b>20,132,156</b>	<b>22,379,295</b>	<b>2,247,139</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
Fiscal Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Grades 6-8 - Salaries of Teachers	2,486,482		2,486,482	2,476,622	9,860
Grades 9-12 - Salaries of Teachers	4,358,219	(41,305)	4,316,914	4,301,571	15,343
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	25,000	1,260	26,260	26,260	
Purchased Professional-Educational Services	10,000	(8,701)	1,299		1,299
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	1,000		1,000		1,000
Purchased Technical Services	32,500	(363)	32,137	32,137	
Other Purchased Services (400-500 series)	87,450	11,339	98,789	82,005	16,784
General Supplies	206,704	111,577	318,281	255,394	62,887
Textbooks	63,650	34,684	98,334	82,621	15,713
Other Objects	4,600		4,600	510	4,090
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>7,275,605</b>	<b>108,491</b>	<b>7,384,096</b>	<b>7,257,120</b>	<b>126,976</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Special Education - Cognitive - Mild:</b>					
Salaries of Teachers	135,477	15,503	150,980	150,980	
General Supplies	2,500		2,500	2,500	
<b>Total Special Education - Cognitive - Mild</b>	<b>137,977</b>	<b>15,503</b>	<b>153,480</b>	<b>153,480</b>	
<b>Special Education - Multiple Disabilities:</b>					
Other Salaries for Instruction		25,267	25,267	25,267	
General Supplies	2,500	(952)	1,548	1,331	217
<b>Total Special Education - Multiple Disabilities</b>	<b>2,500</b>	<b>24,315</b>	<b>26,815</b>	<b>26,598</b>	<b>217</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	1,052,740	88,710	1,141,450	1,141,450	
Other Salaries for Instruction	197,901	(41,138)	156,763	134,256	22,507
General Supplies	2,800	2,071	4,871	4,871	
Textbooks	3,000	972	3,972	2,509	1,463
<b>Total Resource Room/Resource Center</b>	<b>1,256,441</b>	<b>50,615</b>	<b>1,307,056</b>	<b>1,283,086</b>	<b>23,970</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>1,396,918</b>	<b>90,433</b>	<b>1,487,351</b>	<b>1,463,164</b>	<b>24,187</b>
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	19,780		19,780	19,780	
General Supplies	500		500		500
<b>Total Bilingual Education - Instruction</b>	<b>20,280</b>		<b>20,280</b>	<b>19,780</b>	<b>500</b>
<b>School-Spon. Co/Extra Curricular Actvts. - Inst.:</b>					
Salaries	188,055	17,767	205,822	205,725	97
Purchased Services (300-500 series)	42,445	8,661	51,106	40,097	11,009
Supplies and Materials	10,400	(158)	10,242	6,310	3,932
Other Objects	9,000	2,899	11,899	8,774	3,125
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<b>249,900</b>	<b>29,169</b>	<b>279,069</b>	<b>260,906</b>	<b>18,163</b>
<b>School-Spon. Athletics - Instruction:</b>					
Salaries	450,926	(21,923)	429,003	425,959	3,044
Purchased Services (300-500 series)	64,000	2,873	66,873	47,164	19,709
Supplies and Materials	69,000	963	69,963	52,632	17,331
Other Objects	15,000	3,120	18,120	17,895	225
<b>Total School-Spon. Athletics - Inst.</b>	<b>598,926</b>	<b>(14,967)</b>	<b>583,959</b>	<b>543,650</b>	<b>40,309</b>
<b>Before/After School</b>					
Salaries of Teachers	5,000	1,180	6,180	4,834	1,346
<b>Total Before/After School</b>	<b>5,000</b>	<b>1,180</b>	<b>6,180</b>	<b>4,834</b>	<b>1,346</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Community Services Programs:</b>					
Salaries	30,000	8,000	38,000	32,401	5,599
<b>Total Community Services Programs</b>	<u>30,000</u>	<u>8,000</u>	<u>38,000</u>	<u>32,401</u>	<u>5,599</u>
<b>TOTAL INSTRUCTION</b>	<u>9,576,629</u>	<u>222,306</u>	<u>9,798,935</u>	<u>9,581,855</u>	<u>217,080</u>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEAs Within the Stat - Special	17,538	13,754	31,292	31,277	15
Tuition to Conty Voc. School Dist.-Regular	91,000	(10,702)	80,298	70,875	9,423
Tuition to Private Schools for the Disabled-Within State	438,392	(67,640)	370,752	126,290	244,462
<b>Total Instruction</b>	<u>546,930</u>	<u>(64,588)</u>	<u>482,342</u>	<u>228,442</u>	<u>253,900</u>
<b>Attendance and Social Work:</b>					
Salaries	12,969	16,379	29,348	29,348	
Supplies and Materials	160		160		160
<b>Total Attendance and Social Work</b>	<u>13,129</u>	<u>16,379</u>	<u>29,508</u>	<u>29,348</u>	<u>160</u>
<b>Health Services:</b>					
Salaries	82,665	540	83,205	83,205	
Supplies and Materials	2,400	36	2,436	2,436	
<b>Total Health Services</b>	<u>85,065</u>	<u>576</u>	<u>85,641</u>	<u>85,641</u>	
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	171,680	(90,515)	81,165	81,165	
Purchased Professional - Educational Services	90,600	(12,792)	77,808	44,782	33,026
Supplies and Materials	800		800	119	681
<b>Total Other Supp. Services Students-Related Services</b>	<u>263,080</u>	<u>(103,307)</u>	<u>159,773</u>	<u>126,066</u>	<u>33,707</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Other Professional Staff	414,290	(4,900)	409,390	381,528	27,862
Salaries of Secretarial and Clerical Assistants	84,038	(18,654)	65,384	63,910	1,474
Other Purchased Prof. and Tech Services	12,000	(1,710)	10,290	9,900	390
Other Purchased Services (400-500 series)	4,000	1,948	5,948	2,500	3,448
Supplies and Materials	6,000	(116)	5,884	5,189	695
Other Objects	7,350	(742)	6,608	6,374	234
<b>Total Other Supp. Services Students-Regular</b>	<b>527,678</b>	<b>(24,174)</b>	<b>503,504</b>	<b>469,401</b>	<b>34,103</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	257,346	4,073	261,419	261,419	
Salaries of Secretarial and Clerical Assistants	43,850		43,850	39,785	4,065
Other Purchased Prof. and Tech. Services	2,500	(1,300)	1,200	1,200	
Misc. Pur Serv (400-500 series O/than Resid Costs)	500	2	502	502	
Supplies and Materials	2,000	2,400	4,400	3,160	1,240
Other Objects	100	1,986	2,086	500	1,586
<b>Total Other Supp. Services Students-Special</b>	<b>306,296</b>	<b>7,161</b>	<b>313,457</b>	<b>306,566</b>	<b>6,891</b>
<b>Improvement of Instruction Services :</b>					
Salaries of Supervisor of Instruction	193,010	346	193,356	193,356	
Salaries of Other Professional Staff	10,000	2,160	12,160	12,160	
Salaries of Secretarial and Clerical Assistants	5,000	(2,741)	2,259		2,259
Purchased Professional-Educational Services	5,600	4,582	10,182	10,182	
Other Purchased Services (400-500 series)	2,500	(1,276)	1,224	1,187	37
Supplies and Materials	1,000	8,516	9,516	9,489	27
Other Objects	3,500	1,038	4,538	4,539	(1)
<b>Total Improvement of Instruction Services</b>	<b>220,610</b>	<b>12,625</b>	<b>233,235</b>	<b>230,913</b>	<b>2,322</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>Educational Media Services/School Library:</b>					
Salaries	114,871	7,797	122,668	122,668	
Salaries of Technology Coordinator	79,038		79,038	78,814	224
Supplies and Materials	8,900	1,595	10,495	9,664	831
<b>Total Educational Media Services/School Library</b>	<b>202,809</b>	<b>9,392</b>	<b>212,201</b>	<b>211,146</b>	<b>1,055</b>
<b>Instructional Staff Training Services:</b>					
Salaries of Other Professional Staff	7,500		7,500	3,795	3,705
Supplies and Materials	200	244	444	304	140
<b>Total Instructional Staff Training Services</b>	<b>7,700</b>	<b>244</b>	<b>7,944</b>	<b>4,099</b>	<b>3,845</b>
<b>Supp. Services - General Administration:</b>					
Salaries	207,488	14,032	221,520	218,763	2,757
Legal Services	20,000	(16,982)	3,018	2,161	857
Audit Fees	25,000		25,000	24,382	618
Other Professional Services	3,500	24	3,524	3,524	
Purchased Technical Services		1,873	1,873	1,873	
Communications/Telephone	42,500	8,112	50,612	47,856	2,756
Other Purchased Services (400-500 series)	85,100	4,539	89,639	88,920	719
General Supplies	2,500		2,500	1,682	818
BOE In-House Training/Meeting Supplies	200		200		200
Miscellaneous Expenditures	6,000	1,267	7,267	7,267	
BOE Membership Dues and Fees	19,500	3,733	23,233	22,989	244
<b>Total Supp. Services - General Administration</b>	<b>411,788</b>	<b>16,598</b>	<b>428,386</b>	<b>419,417</b>	<b>8,969</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	327,645	20	327,665	327,665	
Salaries of Other Professional Staff	355,388	21,274	376,662	355,538	21,124
Salaries of Secretarial and Clerical Assistants	186,869	2,257	189,126	189,126	
Purchased Professional and Technical Services	6,600	3,405	10,005	10,005	
Other Purchased Services (400-500 series)	2,000		2,000		2,000
Supplies and Materials	13,000	5,274	18,274	17,408	866
Other Objects	26,000	(1,538)	24,462	17,327	7,135
<b>Total Support Services - School Administration</b>	<b>917,502</b>	<b>30,692</b>	<b>948,194</b>	<b>917,069</b>	<b>31,125</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Central Services:</b>					
Salaries	194,560	(2,387)	192,173	192,173	
Purchased Professional Services	1,000	(256)	744		744
Misc. Purchased Services (400-500 series)	4,250	56	4,306	4,011	295
Supplies and Materials	4,000	1,223	5,223	4,983	240
Miscellaneous Expenditures	4,500	1,928	6,428	6,428	
<b>Total Central Services</b>	<b>208,310</b>	<b>564</b>	<b>208,874</b>	<b>207,595</b>	<b>1,279</b>
<b>Admin. Information Technology:</b>					
Salaries	18,000		18,000	18,000	
Purchased Technical Services	10,000	615	10,615	7,455	3,160
<b>Total Admin. Information Technology</b>	<b>28,000</b>	<b>615</b>	<b>28,615</b>	<b>25,455</b>	<b>3,160</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	166,351	6,657	173,008	172,690	318
Cleaning, Repair, and Maintenance Services	83,000	(13,603)	69,397	60,699	8,698
General Supplies	20,000	16,254	36,254	8,614	27,640
<b>Total Required Maintenance for School Facilities</b>	<b>269,351</b>	<b>9,308</b>	<b>278,659</b>	<b>242,003</b>	<b>36,656</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	408,525	24,406	432,931	431,459	1,472
Purchased Professional and Technical Services	51,100	(3,342)	47,758	44,263	3,495
Cleaning, Repair and Maintenance Services	40,000	15,979	55,979	37,907	18,072
Rental of Land & Bldg., Other than Lease Pur Agrmt	2,000		2,000	44	1,956
Insurance	50,300	757	51,057	51,057	
General Supplies	79,000	98,402	177,402	133,560	43,842
Energy (Natural Gas)	2,000		2,000	1,112	888
Energy (Electricity)	348,000	(95,287)	252,713	250,960	1,753
Energy (Oil)	210,000	(80,778)	129,222	123,028	6,194
Other Objects	5,000	1,092	6,092	5,827	265
<b>Total Other Operations and Maintenance of Plant</b>	<b>1,195,925</b>	<b>(38,771)</b>	<b>1,157,154</b>	<b>1,079,217</b>	<b>77,937</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Care and Upkeep of Grounds:</b>					
Salaries	97,243	2,313	99,556	99,045	511
Cleaning, Repair and Maintenance Services	37,000	26,251	63,251	58,568	4,683
Supplies and Materials	15,200	8,232	23,432	22,705	727
<b>Total Care and Upkeep of Grounds</b>	<b>149,443</b>	<b>36,796</b>	<b>186,239</b>	<b>180,318</b>	<b>5,921</b>
<b>Security:</b>					
Salaries	50,000	(5,751)	44,249	32,025	12,224
Supplies and Materials	1,000	202	1,202	1,202	
<b>Total Security</b>	<b>51,000</b>	<b>(5,549)</b>	<b>45,451</b>	<b>33,227</b>	<b>12,224</b>
<b>Student Transportation Services</b>					
Salary for Pupil Trans. (Bet. Home & Sch) - Reg.	70,109	1	70,110	70,110	
Salary for Pupil Trans. (Other than Bet. Home & Sch)	60,000	13,396	73,396	73,396	
Other Purchased Professional and Technical Services	3,000	2,000	5,000	5,000	
Cleaning, Repair and Maintenance Services	17,000	6,367	23,367	22,947	420
Contract Services - Aid in Lieu of Payments-Nonpub.Sch.	19,448		19,448	7,072	12,376
Contract Services - (Between Home and School) - Vendors	1,047,285	3,147	1,050,432	1,042,104	8,328
Contract Services (Other than Between Home & School)-Vendors	104,000	14,081	118,081	85,273	32,808
Contract Services - (Between Home and School) - Joint Agreements	97,352	26,843	124,195	111,574	12,621
Contract Services - (Special Ed. Students) - Vendors	125,000	(34,058)	90,942	60,876	30,066
Miscellaneous Purchased Services - Transportation	1,000		1,000	453	547
General Supplies	24,000	(10)	23,990	18,948	5,042
Other Objects	1,300	100	1,400	1,343	57
<b>Total Student Transportation Services</b>	<b>1,569,494</b>	<b>31,867</b>	<b>1,601,361</b>	<b>1,499,096</b>	<b>102,265</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	230,000		230,000	209,390	20,610
Other Retirement Contributions - Regular	216,000		216,000	184,756	31,244
Other Retirement Contributions	4,000		4,000	2,343	1,657
Unemployment Compensation	25,000		25,000	25,000	
Workmen's Compensation	157,000	5,314	162,314	156,314	6,000
Health Benefits	3,035,934	(114,699)	2,921,235	2,806,840	114,395
Tuition Reimbursement	60,000	1,329	61,329	53,058	8,271
Other Employee Benefits	60,600	(920)	59,680	25,150	34,530
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>3,788,534</b>	<b>(108,976)</b>	<b>3,679,558</b>	<b>3,462,851</b>	<b>216,707</b>
On-behalf TPAF pension Contrib. (non-budgeted)				501,110	(501,110)
On-behalf TPAF PRM Contrib. (non-budgeted)				795,513	(795,513)
Reimbursed TPAF Social Security Contributions (non-budgeted)				735,213	(735,213)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>2,031,836</b>	<b>(2,031,836)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>3,788,534</b>	<b>(108,976)</b>	<b>3,679,558</b>	<b>5,494,687</b>	<b>(1,815,129)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>10,762,644</b>	<b>(172,548)</b>	<b>10,590,096</b>	<b>11,789,706</b>	<b>(1,199,610)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>20,339,273</b>	<b>49,758</b>	<b>20,389,031</b>	<b>21,371,561</b>	<b>(982,530)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Undistributed Expenditures-Instruction		54,149	54,149	24,816	29,333
Undistributed Expenditures-Req. for School Maintenance		101,900	101,900	58,742	43,158
Undistributed Expenditures-Care & Upkeep of Grounds		7,852	7,852	7,852	
Undist. Expend -Student Trans. - Non-Inst. Equip.		102,405	102,405	102,405	
<b>Total Equipment</b>		<b>266,306</b>	<b>266,306</b>	<b>193,815</b>	<b>72,491</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
<b>Facilities Acquisition and Construction Services</b>					
Architectural/Engineering Services	11,000	22,600	33,600	21,100	12,500
Construction Services	160,000		160,000	154,556	5,444
Assessment for Debt Service on SDA Funding	49,857		49,857	49,857	
<b>Total Facilities Acquisition and Construction Services</b>	<u>220,857</u>	<u>22,600</u>	<u>243,457</u>	<u>225,513</u>	<u>17,944</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>220,857</u>	<u>288,906</u>	<u>509,763</u>	<u>419,328</u>	<u>90,435</u>
Transfer of Funds to Charter Schools	58,572	24,338	82,910	82,910	
<b>TOTAL EXPENDITURES</b>	<u>20,618,702</u>	<u>363,002</u>	<u>20,981,704</u>	<u>21,873,799</u>	<u>(892,095)</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(504,134)</u>	<u>(345,414)</u>	<u>(849,548)</u>	<u>505,496</u>	<u>1,355,044</u>
<b>Other Financing Sources (Uses):</b>					
<b>Operating Transfer In/(Out):</b>					
Transfer to Capital Projects Fund	(651,300)		(651,300)	(657,300)	6,000
<b>Total Transfer In/(Out)</b>	<u>(651,300)</u>		<u>(651,300)</u>	<u>(657,300)</u>	<u>6,000</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(1,155,434)	(345,414)	(1,500,848)	(151,804)	1,361,044
<b>Fund Balance, July 1</b>	<u>3,542,798</u>		<u>3,542,798</u>	<u>3,542,798</u>	
<b>Fund Balance, June 30</b>	<u>\$ 2,387,364</u>	<u>(345,414)</u>	<u>\$ 2,041,950</u>	<u>\$ 3,390,994</u>	<u>\$ 1,361,044</u>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Excess Surplus - Designated for Subsequent Year's Expenditures				\$ 254,274	
Excess Surplus				193,553	
Impact Aid Reserve				350,000	
Capital Reserve				1,751,622	
<b>Assigned to:</b>					
Year-End Encumbrances				320,334	
Designated for Subsequent Year's Expenditures				50,000	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>471,211</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				3,390,994	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				<u>(587,259)</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis B-2)</b>				<u>\$ 2,803,735</u>	

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2015

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
State Sources	\$ 15,926	\$ 5,694	\$ 21,620	\$ 21,620	-
Federal Sources	229,767	112,243	342,010	341,903	\$ (107)
<b>Total Revenues</b>	<b>245,693</b>	<b>117,937</b>	<b>363,630</b>	<b>363,523</b>	<b>(107)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers		75,862	75,862	75,863	(1)
Other Salaries		6,417	6,417	6,310	107
Purchased Prof. & Technical Serv.	12,520	4,088	16,608	16,608	
Tuition		120,000	120,000	120,000	
General Supplies	230,345	(217,256)	13,089	13,089	
Textbooks	1,585	11,963	13,548	13,547	1
<b>Total Instruction</b>	<b>244,450</b>	<b>1,074</b>	<b>245,524</b>	<b>245,417</b>	<b>107</b>
<b>Support Services</b>					
Salaries of Other Professional Staff		41,740	41,740	41,740	
Salaries of Secretarial and Clerial Staff		7,000	7,000	7,000	
Personal Services - Employee Benefits		6,791	6,791	6,791	
Purchased Professional - Ed. Serv.		54,330	54,330	54,330	
Other Purchased Professional Services	1,243	2,623	3,866	3,866	
Supplies and Materials		4,379	4,379	4,379	
<b>Total Support Services</b>	<b>1,243</b>	<b>116,863</b>	<b>118,106</b>	<b>118,106</b>	<b>-</b>
Total Expenditures	245,693	117,937	363,630	363,523	107
<b>Total Outflows</b>	<b>\$ 245,693</b>	<b>\$ 117,937</b>	<b>\$ 363,630</b>	<b>\$ 363,523</b>	<b>\$ 107</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				NONE	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				NONE	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>NONE</u>	

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2015

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

	General Fund	Special Revenue Fund
	<u>          </u>	<u>          </u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$22,379,295	\$363,523
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	17,991
Current Year	N/A	(7,766)
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	586,989	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(587,259)</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>\$22,379,025</u>	<u>\$ 373,748</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$21,873,799	\$363,523
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year	N/A	17,991
Current Year	<u>N/A</u>	<u>(7,766)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$21,873,799</u>	<u>\$373,748</u>

**Kittatinny Regional School District  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 Last Ten Fiscal Years \***

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset) **	N/A	N/A								
District's proportionate share of the net pension liability (asset) **	N/A	N/A								
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 51,208,583</u>	<u>\$ 48,498,294</u>								
Total	<u>\$ 51,208,583</u>	<u>\$ 48,498,294</u>								
District's covered employee payroll	\$ 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								
Plan fiduciary net position as a percentage of the total pension liability	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.

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset)	0.022411358%	0.021044764%								
District's proportionate share of the net pension liability (asset)	<u>\$ 4,196,019</u>	<u>\$ 4,022,073</u>								
District's covered employee payroll	\$ 1,611,947	\$ 1,475,428								
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	260.31%	272.60%								
Plan fiduciary net position as a percentage of the total pension liability (Local)	52.08%	48.72%								

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

**Kittatinny Regional School District  
Schedule of District Contributions  
Last Ten Fiscal Years \***

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution **	N/A	N/A								
Contributions in relation to the contractually required contribution **	N/A	N/A								
Contribution deficiency (excess)	N/A	N/A								
District's covered employee payroll	\$ 9,417,868	\$ 9,286,388								
Contributions as a percentage of covered-employee payroll	N/A	N/A								

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

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution	\$ 160,695	\$ 143,076								
Contributions in relation to the contractually required contribution	<u>(160,695)</u>	<u>(143,076)</u>								
Contribution deficiency (excess)	<u>-</u>	<u>-</u>								
District's covered employee payroll	\$ 1,611,947	\$ 1,475,428								
Contributions as a percentage of covered-employee payroll	9.97%	9.70%								

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Pension Schedules**

For the Fiscal Year Ended June 30, 2015

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

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

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

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

*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.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.



**OTHER SUPPLEMENTARY INFORMATION**

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

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2015

	<b>Title I</b>	<b>Title II (A)</b>	<b>IDEA Part B</b>	<b>Ch 192/193 Compens Ed</b>	<b>Ch 192/193 Exam</b>	<b>Ch 192/193 Speech</b>	<b>Ch 192/193 Suppl Inst</b>	<b>Non-Public Textbooks</b>	<b>Non-Public Technology</b>	<b>Non-Public Nursing</b>	<b>Totals</b>
<b>REVENUES</b>											
State Sources				\$ 6,808	\$ 4,502	\$ 1,767	\$ 3,531	\$ 1,671	\$ 2,366	\$ 975	\$ 21,620
Federal Sources	\$ 39,363	\$ 19,355	\$ 283,185								341,903
<b>TOTAL REVENUES</b>	<b>39,363</b>	<b>19,355</b>	<b>283,185</b>	<b>6,808</b>	<b>4,502</b>	<b>1,767</b>	<b>3,531</b>	<b>1,671</b>	<b>2,366</b>	<b>975</b>	<b>363,523</b>
<b>EXPENDITURES:</b>											
<b>Instruction:</b>											-
Salaries of Teachers	14,955	16,218	44,690								75,863
Other Salaries			6,310								6,310
Purchased Prof. & Technical Serv.				6,808	4,502	1,767	3,531				16,608
Tuition			120,000								120,000
General Supplies	12,114									975	13,089
Textbooks			11,876					1,671			13,547
<b>Total Instruction</b>	<b>27,069</b>	<b>16,218</b>	<b>182,876</b>	<b>6,808</b>	<b>4,502</b>	<b>1,767</b>	<b>3,531</b>	<b>1,671</b>		<b>975</b>	<b>245,417</b>
<b>Support Services:</b>											
Salaries of Other Professional Staff	8,640		33,100								41,740
Salaries of Other Clerical Staff			7,000								7,000
Personal Services - Employee Benefits	3,654	3,137									6,791
Purchased Professional - Ed. Serv.			54,330								54,330
Other Purchased Professional Services			1,500						2,366		3,866
Supplies and Materials			4,379								4,379
<b>Total Support Services</b>	<b>12,294</b>	<b>3,137</b>	<b>100,309</b>						<b>2,366</b>		<b>118,106</b>
<b>TOTAL EXPENDITURES</b>	<b>39,363</b>	<b>19,355</b>	<b>283,185</b>	<b>6,808</b>	<b>4,502</b>	<b>1,767</b>	<b>3,531</b>	<b>1,671</b>	<b>2,366</b>	<b>975</b>	<b>363,523</b>
<b>Total Outflows</b>	<b>\$ 39,363</b>	<b>\$ 19,355</b>	<b>\$ 283,185</b>	<b>\$ 6,808</b>	<b>\$ 4,502</b>	<b>\$ 1,767</b>	<b>\$ 3,531</b>	<b>\$ 1,671</b>	<b>\$ 2,366</b>	<b>\$ 975</b>	<b>\$ 363,523</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>											

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

N/A

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit F-1

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

For the Fiscal Year Ended June 30, 2015

	<u>Date</u>	<u>Original</u>	<u>Revised</u>	<u>Expenditures to Date</u>		<u>Unexpended</u>
		<u>Appropriations</u>	<u>Appropriations</u>	<u>Prior</u>	<u>Current</u>	<u>Balance</u>
				<u>Years</u>	<u>Year</u>	<u>June 30, 2014</u>
Various Improvements to Essential Building, Security, and Communications Systems	5/2/14	\$ 1,085,500	\$1,091,500		\$ 390,481	701,019
Totals		<u>\$ 1,085,500</u>	<u>\$ 1,091,500</u>	\$ -	<u>\$ 390,481</u>	<u>701,019</u>
					Interest Earnings	-
					Fund Balance, June 30, 2015	<u>\$ 701,019</u>
					<u>Recapitulation of Fund Balance:</u>	
					Project(s) Fund Balance	<u>\$ 701,019</u>
					Fund Balance, June 30, 2015	<u>\$ 701,019</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, 2015

**Revenues and Other Financing**

**Sources**

SDA Grant	\$ 434,200
Transfer from capital reserve	657,300
Interest Earnings	-
Total Revenues	<u>1,091,500</u>

**Expenditures and Other Financing**

**Uses**

Purchased Professional Services	6,000
Construction Services	<u>384,481</u>
Total Expenditures	<u>390,481</u>

Excess(deficiency) of revenues over(under) expenditures	701,019
---------------------------------------------------------	---------

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

Fund Balance - Ending	<u><u>\$ 701,019</u></u>
-----------------------	--------------------------

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit F-2a

**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,**  
**AND PROJECT STATUS - BUDGETARY BASIS -**  
**ESSENTIAL BUILDING, SECURITY AND COMMUNICATIONS PROJECT**

From Inception and for the Fiscal Year Ended June 30, 2015

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
<b>Revenues and Other Financing</b>				
<b>Sources</b>				
State Sources - SDA Grant		\$ 434,200	\$ 434,200	\$ 434,200
Interest Revenue			-	
Transfer from capital reserve		657,300	657,300	657,300
Total Revenues	-	1,091,500	1,091,500	1,091,500
<b>Expenditures and Other Financing</b>				
<b>Sources</b>				
Other Purchased and Professional Services		6,000	6,000	6,000
Construction services		384,481	384,481	1,085,500
Total Expenditures	-	390,481	390,481	1,091,500
Excess(deficiency) of revenues over(under) expenditures	-	\$ 701,019	\$ 701,019	

**Additional project information:**

DOE Project number	SP#2465-050-14-1001	
SDA Project number	SP#2465-50-14-G2QP	
Grant Date	5/2/2014	
Bond Authorization Date	N/A	Project Fund Balance, 6/30/14
Bonds Authorized	N/A	<u>\$ 701,019</u>
Bonds Issued	N/A	
Original Authorized Cost	\$1,085,500	
Additional Authorized Cost	\$6,000	
Revised Authorized Cost	\$1,091,500	
Percentage Increase over Original Authorized Cost	N/A	
Percentage Completion	100%	
Original Target Completion Date	6/30/2005	
Revised Target Completion Date	11/30/2005	



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

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

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

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

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

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

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

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

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

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2015**

	<b>UNEMPLOYMENT COMPENSATION INSURANCE TRUST</b>	<b>PRIVATE PURPOSE SCHOLORSHIP TRUST</b>	<b>AGENCY FUNDS</b>		<b>TOTALS</b>
			<b>STUDENT ACTIVITY</b>	<b>PAYROLL AGENCY</b>	
<b>ASSETS:</b>					
Cash and Cash Equivalents	\$241,473	\$3,888	\$ 183,850	\$ 35,754	\$ 464,965
<b>TOTAL ASSETS</b>	<b>\$241,473</b>	<b>\$3,888</b>	<b>\$ 183,850</b>	<b>\$ 35,754</b>	<b>\$ 464,965</b>
<b>LIABILITIES:</b>					
Liabilities:					
Payroll Deductions and Withholdings				\$ 23,309	23,309
Flexible Spending Account				12,445	12,445
Payable to Student Groups			\$ 183,850		183,850
<b>Total Liabilities</b>			<b>183,850</b>	<b>35,754</b>	<b>219,604</b>
<b>NET POSITION</b>					
Held in Trust for Unemployment					
Claims and Other Purposes	\$241,473	\$3,888			\$ 245,361
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$241,473</b>	<b>\$3,888</b>	<b>\$ 183,850</b>	<b>\$ 35,754</b>	<b>\$ 464,965</b>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2015**

	<b>UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u></b>	<b>PRIVATE PURPOSE SCHOLARSHIP <u>TRUST</u></b>	<b><u>TOTALS</u></b>
<b>ADDITIONS</b>			
Contributions:			
Plan Member	\$16,626		\$16,626
Employer	25,000		25,000
Total Contributions	<u>41,626</u>	-	<u>41,626</u>
Investment Earnings:			
Interest	50	\$36	86
Net Investment Earnings	<u>50</u>	<u>36</u>	<u>86</u>
<b>Total Additions</b>	<b><u>41,676</u></b>	<b><u>36</u></b>	<b><u>41,712</u></b>
<b>DEDUCTIONS</b>			
Unemployment Claims	4,041		4,041
Scholarships Awarded		2,000	2,000
<b>Total Deductions</b>	<b><u>4,041</u></b>	<b><u>2,000</u></b>	<b><u>6,041</u></b>
Change in Net Position	37,635	(1,964)	35,671
Net Position—Beginning of the Year	\$203,838	\$5,852	\$209,690
<b>Net Position—End of the Year</b>	<b><u>\$241,473</u></b>	<b><u>\$3,888</u></b>	<b><u>\$245,361</u></b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit H-3

**STUDENT ACTIVITY AGENCY FUND  
STATEMENT OF ACTIVITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>BALANCE</u> <u>July 1, 2014</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>June 30, 2015</u>
High School Activity Account	\$ 170,653	\$ 468,731	\$ 455,756	\$ 183,628
High School Athletic Account	87	57,290	57,255	122
Student Fees Account	-	3,527	3,427	100
	<b><u>\$ 170,740</u></b>	<b><u>\$ 529,548</u></b>	<b><u>\$ 516,438</u></b>	<b><u>\$ 183,850</u></b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>BALANCE</u> July 1, 2014	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> June 30, 2015
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 17,344	\$ 13,679,278	\$ 13,660,868	\$ 35,754
<b>Total Assets</b>	<b>\$ 17,344</b>	<b>\$ 13,679,278</b>	<b>\$ 13,660,868</b>	<b>\$ 35,754</b>
<b>LIABILITIES:</b>				
Accrued Salaries and Wages	\$ 68	\$ 7,452,670	\$ 7,452,672	\$ 66
Payroll Deductions and Withholdings	8,270	6,208,499	6,193,526	23,243
Flexible Spending Account	9,006	18,109	14,670	12,445
<b>Total Liabilities</b>	<b>\$ 17,344</b>	<b>\$ 13,679,278</b>	<b>\$ 13,660,868</b>	<b>\$ 35,754</b>

## **LONG-TERM DEBT SCHEDULES**

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



KITTATINNY REGIONAL SCHOOL DISTRICT  
**SCHEDULE OF SERIAL BONDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Exhibit I-1**

<u>ISSUE</u>	<u>DATE OF ISSUE</u>	<u>AMOUNT OF ISSUE</u>	<u>ANNUAL MATURITIES</u>		<u>INTEREST RATE</u>	<u>BALANCE July 1, 2014</u>	<u>RETIRED</u>	<u>BALANCE June 30, 2015</u>
Refunded School Bonds	12/15/09	\$ 2,135,000	07/15/15	\$ 195,000	4.00%	\$ 1,635,000	\$ 190,000	\$ 1,445,000
			07/15/16	200,000	4.00%			
			07/15/17	200,000	4.00%			
			07/15/18	205,000	4.00%			
			07/15/19	210,000	5.00%			
			07/15/20	215,000	3.25%			
			07/15/21	220,000	5.00%			
<b>Total</b>						<b>\$ 1,635,000</b>	<b>\$ 190,000</b>	<b>\$ 1,445,000</b>

KITTATINNY REGIONAL SCHOOL DISTRICT

Exhibit I-3

**BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND**

For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive/ (Negative) Final to Actual</u>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 254,288		\$ 254,288	\$ 254,288	
Total - Local Sources	254,288		254,288	254,288	
<b>TOTAL REVENUES</b>	<b>254,288</b>		<b>254,288</b>	<b>254,288</b>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest	64,288		64,288	64,288	-
Redemption of Principal	190,000		190,000	190,000	-
Total Regular Debt Service	254,288		254,288	254,288	
<b>TOTAL EXPENDITURES</b>	<b>254,288</b>		<b>254,288</b>	<b>254,288</b>	
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	-	-	-
Fund Balance, July 1					-
Fund Balance, June 30	-	-	-	-	
<b>Recapitulation of Excess (Deficiency) of Revenues Over (Under) Expenditures</b>					
Budgeted Fund Balance					

Kittatinny Regional School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	100-105
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	106-121
<b>Debt Capacity (J-10 thru J-13)</b> 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.	122-125
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	126-127
<b>Operating Information (J-16 thru J-20)</b> 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.	128-132

**Sources:**

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



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

**Exhibit J-1**

	2006		2007		2008		2009		Fiscal Year Ending June 30,		2010		2011		2012		2013		2014		2015		
<b>Governmental activities</b>																							
Invested in capital assets, net of related debt	\$	7,359,756	\$	9,519,294	\$	6,734,212	\$	6,382,633	\$	5,946,712	\$	5,689,786	\$	5,643,755	\$	5,990,597	\$	5,808,602	\$	5,994,111	\$	5,994,111	
Restricted		729,363		127,193		923,949		1,805,666		1,183,510		1,387,235		1,875,720		1,959,360		1,800,473		2,599,449		2,599,449	
Unrestricted		(683,025)		1,262,296		(599,257)		(1,646,513)		(1,375,414)		(1,448,647)		(1,354,594)		(1,419,809)		(411,563)		(4,604,739)		(4,604,739)	
<b>Total governmental activities net position</b>	<b>\$</b>	<b>7,406,094</b>	<b>\$</b>	<b>10,908,783</b>	<b>\$</b>	<b>7,058,904</b>	<b>\$</b>	<b>6,541,786</b>	<b>\$</b>	<b>5,754,808</b>	<b>\$</b>	<b>5,628,374</b>	<b>\$</b>	<b>6,164,881</b>	<b>\$</b>	<b>6,530,148</b>	<b>\$</b>	<b>7,197,512</b>	<b>\$</b>	<b>3,988,821</b>	<b>\$</b>	<b>3,988,821</b>	
<b>Business-type activities</b>																							
Invested in capital assets, net of related debt	\$	11,541	\$	8,646	\$	5,891	\$	27,217	\$	53,956	\$	49,384	\$	44,813	\$	40,240	\$	35,669	\$	31,097	\$	31,097	
Restricted																							
Unrestricted		73,414		163,046		127,603		137,352		128,569		121,983		151,623		203,983		177,595		176,082		176,082	
<b>Total business-type activities net position</b>	<b>\$</b>	<b>84,955</b>	<b>\$</b>	<b>171,692</b>	<b>\$</b>	<b>133,494</b>	<b>\$</b>	<b>164,569</b>	<b>\$</b>	<b>182,525</b>	<b>\$</b>	<b>171,367</b>	<b>\$</b>	<b>196,436</b>	<b>\$</b>	<b>244,223</b>	<b>\$</b>	<b>213,264</b>	<b>\$</b>	<b>207,179</b>	<b>\$</b>	<b>207,179</b>	
<b>District-wide</b>																							
Invested in capital assets, net of related debt	\$	7,371,297	\$	9,527,940	\$	6,740,103	\$	6,409,850	\$	6,000,668	\$	5,739,170	\$	5,688,568	\$	6,030,837	\$	5,844,271	\$	6,025,208	\$	6,025,208	
Restricted		729,363		127,193		923,949		1,805,666		1,183,510		1,387,235		1,875,720		1,959,360		1,800,473		2,599,449		2,599,449	
Unrestricted		(609,611)		1,425,342		(471,654)		(1,509,161)		(1,246,845)		(1,326,664)		(1,202,971)		(1,215,826)		(233,968)		(4,428,657)		(4,428,657)	
<b>Total district net position</b>	<b>\$</b>	<b>7,491,049</b>	<b>\$</b>	<b>11,080,475</b>	<b>\$</b>	<b>7,192,398</b>	<b>\$</b>	<b>6,706,355</b>	<b>\$</b>	<b>5,937,333</b>	<b>\$</b>	<b>5,799,741</b>	<b>\$</b>	<b>6,361,317</b>	<b>\$</b>	<b>6,774,371</b>	<b>\$</b>	<b>7,410,776</b>	<b>\$</b>	<b>4,196,000</b>	<b>\$</b>	<b>4,196,000</b>	

Source: CAFR Schedule A-1

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

**Exhibit J-2**

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 8,925,242	\$ 9,584,571	\$ 9,278,095	\$ 9,571,732	\$ 9,104,052	\$ 9,429,486	\$ 9,493,691	\$ 9,826,339	\$ 10,114,685	\$ 11,735,863
Special education	1,743,885	1,680,138	1,800,392	1,668,975	1,799,222	1,782,354	1,842,783	2,008,476	1,949,327	2,223,781
Other instruction	936,195	963,544	1,012,412	1,054,527	1,074,224	978,488	999,666	1,074,177	1,156,123	1,265,016
Support Services:										
Tuition	401,102	614,743	569,022	494,903	423,903	351,394	229,988	212,026	346,977	228,442
Student & instruction related services	1,970,081	2,098,459	2,025,876	2,423,998	2,345,639	2,328,137	2,368,833	2,430,731	2,305,311	2,431,658
School administrative services	1,091,916	1,176,241	1,158,146	1,185,959	1,038,130	1,166,109	1,120,328	1,208,901	1,238,379	1,388,547
General administrative services	1,197,319	853,299	881,275	825,493	805,324	845,009	880,161	954,281	1,038,722	1,013,095
Plant operations and maintenance	1,461,918	1,614,699	1,698,137	1,722,222	1,840,573	1,904,939	1,991,234	2,119,148	2,168,550	2,388,204
Pupil transportation	1,533,955	1,721,885	1,833,592	1,794,127	1,976,588	1,972,615	1,916,184	1,947,586	1,948,164	2,201,072
Transfer to Charter School	82,253	78,752	52,530	171,264	205,399	-	188,633	58,207	36,297	82,910
Interest on long-term debt	132,826	126,761	120,470	113,739	43,634	83,964	79,063	106,046	118,168	110,661
Total governmental activities expenses	<u>19,476,692</u>	<u>20,513,092</u>	<u>20,429,947</u>	<u>21,026,939</u>	<u>20,656,688</u>	<u>20,842,495</u>	<u>21,110,564</u>	<u>21,945,918</u>	<u>22,420,703</u>	<u>25,069,249</u>
Business-type activities:										
Food service	493,457	501,314	430,754	418,999	400,130	394,992	406,735	398,067	472,371	443,351
Adult Education	55,405	49,834	54,110	57,607	48,385	88,966	41,325	33,984	33,804	47,099
School Store	9,040	3,584	8,773	10,826	10,113	12,688	8,902	7,740	9,839	6,803
Total business-type activities expense	<u>557,902</u>	<u>554,732</u>	<u>493,637</u>	<u>487,432</u>	<u>458,628</u>	<u>496,646</u>	<u>456,962</u>	<u>439,791</u>	<u>516,014</u>	<u>497,253</u>
Total district expenses	<u>\$ 20,034,594</u>	<u>\$ 21,067,824</u>	<u>\$ 20,923,584</u>	<u>\$ 21,514,371</u>	<u>\$ 21,115,316</u>	<u>\$ 21,339,141</u>	<u>\$ 21,567,526</u>	<u>\$ 22,385,709</u>	<u>\$ 22,936,717</u>	<u>\$ 25,566,502</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (regular & special education)	\$ 196,489	\$ 249,663	\$ 344,347	\$ 433,618	\$ 209,091	\$ 216,095	\$ 228,605	\$ 214,879	\$ 175,887	\$ 263,342
Operating grants and contributions	8,352,148	8,900,891	9,012,436	7,948,680	7,461,368	7,800,740	8,214,676	8,340,551	9,274,367	11,042,512
Total governmental activities program revenues	<u>8,548,637</u>	<u>9,150,554</u>	<u>9,356,783</u>	<u>8,382,298</u>	<u>7,670,459</u>	<u>8,016,835</u>	<u>8,443,281</u>	<u>8,555,430</u>	<u>9,450,254</u>	<u>11,305,854</u>
Business-type activities:										
Charges for services										
Food service	446,908	452,461	430,235	387,403	361,453	359,811	364,280	339,663	345,940	359,150
Adult Education	61,673	56,173	59,658	70,501	46,461	54,578	41,889	57,582	49,100	46,306
School Store	8,991	6,854	10,527	10,021	8,406	10,623	10,156	8,780	9,662	8,015
Operating grants and contributions	36,562	31,858	40,655	48,693	51,594	52,764	57,339	74,337	67,166	73,632
Total business type activities program revenues	<u>554,134</u>	<u>547,346</u>	<u>541,075</u>	<u>516,618</u>	<u>467,914</u>	<u>477,776</u>	<u>473,664</u>	<u>480,362</u>	<u>471,868</u>	<u>487,103</u>
Total district program revenues	<u>\$ 9,102,771</u>	<u>\$ 9,697,900</u>	<u>\$ 9,897,858</u>	<u>\$ 8,898,916</u>	<u>\$ 8,138,373</u>	<u>\$ 8,494,611</u>	<u>\$ 8,916,945</u>	<u>\$ 9,035,792</u>	<u>\$ 9,922,122</u>	<u>\$ 11,792,957</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$(10,928,055)	\$(11,362,538)	\$(11,073,164)	\$(12,644,641)	\$(12,986,229)	\$(12,825,660)	\$(12,667,283)	\$(13,390,488)	\$(12,970,449)	\$(13,763,395)
Business-type activities	(3,768)	(7,386)	47,438	29,186	9,286	(18,870)	16,702	40,571	(44,146)	(10,150)
Total district-wide net expense	<u>\$(10,931,823)</u>	<u>\$(11,369,924)</u>	<u>\$(11,025,726)</u>	<u>\$(12,615,455)</u>	<u>\$(12,976,943)</u>	<u>\$(12,844,530)</u>	<u>\$(12,650,581)</u>	<u>\$(13,349,917)</u>	<u>\$(13,014,595)</u>	<u>\$(13,773,545)</u>

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

**Exhibit J-2**

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,025,365	\$ 10,666,693	\$ 11,266,127	\$ 11,805,817	\$ 12,046,554	\$ 12,514,812	\$ 12,833,283	\$ 13,020,410	\$ 13,202,696	\$ 13,466,749
Taxes levied for debt service	131,368	93,132	137,491	151,175	264,970	203,969	205,566	256,187	220,985	254,288
Tuition Received	-	-	9,925	-	-	-	-	-	-	-
Investment earnings	75,113	106,390	85,966	69,942	26,350	10,934	5,884	2,910	4,587	3,586
Miscellaneous income	183,374	131,285	156,218	101,025	121,071	230,991	159,057	178,557	209,545	230,977
Adjustment to Capital Assets	-	(491,411)	(62,601)	(436)	100,599	-	-	-	-	-
NJ EDA/SDA Grants for Capital Projects	4,600	(7,073)								434,200
Transfers		(3,631)								
Total governmental activities	<u>10,419,820</u>	<u>10,495,385</u>	<u>11,593,126</u>	<u>12,127,523</u>	<u>12,559,544</u>	<u>12,960,706</u>	<u>13,203,790</u>	<u>13,458,064</u>	<u>13,637,813</u>	<u>14,389,800</u>
Business-type activities:										
Miscellaneous Income	2,146	2,383	2,473	1,889	8,670	7,712	8,367	7,216	13,187	4,065
Transfers		3,631								
Total business-type activities	<u>2,146</u>	<u>6,014</u>	<u>2,473</u>	<u>1,889</u>	<u>8,670</u>	<u>7,712</u>	<u>8,367</u>	<u>7,216</u>	<u>13,187</u>	<u>4,065</u>
Total district-wide	<u>\$ 10,421,966</u>	<u>\$ 10,501,399</u>	<u>\$ 11,595,599</u>	<u>\$ 12,129,412</u>	<u>\$ 12,568,214</u>	<u>\$ 12,968,418</u>	<u>\$ 13,212,157</u>	<u>\$ 13,465,280</u>	<u>\$ 13,651,000</u>	<u>\$ 14,393,865</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (508,235)	\$ (867,153)	\$ 519,962	\$ (517,118)	\$ (426,685)	\$ 135,046	\$ 536,507	\$ 67,576	\$ 667,364	\$ 626,405
Business-type activities	(1,622)	(1,372)	49,911	31,075	17,956	(11,158)	25,069	47,787	(30,959)	(6,085)
Total district	<u>\$ (509,857)</u>	<u>\$ (868,525)</u>	<u>\$ 569,873</u>	<u>\$ (486,043)</u>	<u>\$ (408,729)</u>	<u>\$ 123,888</u>	<u>\$ 561,576</u>	<u>\$ 115,363</u>	<u>\$ 636,405</u>	<u>\$ 620,320</u>

Source: CAFR Schedule A-2

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

**Exhibit J-3**

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 699,911	\$ 344,306	\$ 977,126	\$ 1,857,666	\$ 1,436,406	\$ 1,021,162	\$ 1,645,227	\$ 1,929,559	\$ 1,729,236	\$ 2,549,449
Unreserved	702,914	960,273	973,590	49,664	(227,879)	318,304	389,505	86,471	1,226,573	254,286
Total general fund	<u>\$ 1,402,825</u>	<u>\$ 1,304,579</u>	<u>\$ 1,950,716</u>	<u>\$ 1,907,330</u>	<u>\$ 1,208,527</u>	<u>\$ 1,339,466</u>	<u>\$ 2,034,732</u>	<u>\$ 2,016,030</u>	<u>\$ 2,955,809</u>	<u>\$ 2,803,735</u>
All Other Governmental Funds										
Reserved									-	-
Unreserved, reported in:										
Special revenue fund									-	-
Capital projects fund	\$ 82,116				\$ 29,801					\$ 701,019
Debt service fund	8,103				65,064					
Total all other governmental funds	<u>\$ 90,219</u>	<u>\$ 7,316</u>	<u>\$ 1,919</u>	<u>\$ 1</u>	<u>\$ 94,865</u>	<u>\$ 45,223</u>	<u>\$ 29,801</u>	<u>\$ 29,801</u>	<u>-</u>	<u>\$ 701,019</u>

Source: CAFR Schedule B-1

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

**Exhibit J-4**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>										
Tax levy	\$ 10,289,559	\$ 10,886,586	\$ 11,524,088	\$ 12,070,731	\$ 12,311,524	\$ 12,718,781	\$ 13,038,849	\$ 13,276,597	\$ 13,423,681	\$ 13,721,037
Tuition charges	-	-	9,925		400	-	-	-	-	33,762
Transportation	196,489	249,663	344,347	319,880	208,691	216,095	228,605	214,879	175,887	229,580
Interest earnings	75,113	106,390	85,966	69,942	1,373	965	330	509	650	712
Miscellaneous	183,374	136,154	164,599	103,025	146,048	240,960	164,611	180,958	213,482	233,851
State sources	7,387,463	8,061,744	8,238,535	7,458,046	6,902,505	7,042,380	7,528,043	7,852,508	7,804,868	8,046,443
Federal sources	831,860	707,520	645,050	488,633	1,172,142	758,360	686,633	488,043	1,469,499	741,676
<b>Total revenue</b>	<b>18,963,858</b>	<b>20,148,057</b>	<b>21,012,510</b>	<b>20,510,257</b>	<b>20,742,683</b>	<b>20,977,541</b>	<b>21,647,071</b>	<b>22,013,494</b>	<b>23,088,067</b>	<b>23,007,061</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	6,215,420	6,539,040	6,414,690	6,732,968	6,937,929	6,703,971	6,840,359	7,026,873	7,206,998	7,506,192
Special education instruction	1,248,064	1,151,181	1,288,020	1,205,864	1,405,916	1,320,179	1,368,378	1,475,783	1,426,520	1,463,164
Other instruction	707,230	709,516	735,696	793,559	863,220	746,390	765,276	811,858	873,050	861,571
<b>Support Services:</b>										
Tuition	401,101	614,743	569,023	494,903	423,903	351,394	229,988	212,026	346,977	228,442
Student & instruction related services	1,449,894	1,512,161	1,482,737	1,805,161	1,831,895	1,723,556	1,757,177	1,781,051	1,680,387	1,587,856
School Administrative services	778,301	817,117	795,830	783,787	811,989	867,556	834,062	890,163	909,805	917,069
General administrative services	672,760	638,220	649,633	638,396	641,440	638,944	667,744	675,210	687,890	652,467
Plant operations and maintenance	1,228,557	1,339,197	1,438,372	1,448,559	1,407,798	1,382,730	1,448,762	1,526,260	1,556,301	1,534,765
Pupil transportation	1,501,167	1,684,793	1,799,274	1,757,835	1,588,338	1,504,709	1,466,899	1,471,977	1,471,162	1,499,096
Unallocated employee benefits	4,224,430	4,636,835	4,448,136	4,387,231	4,787,182	4,880,136	4,733,843	5,302,053	5,303,770	5,494,687
Charter Schools	82,253	78,752	52,530	171,264	205,399	-	188,633	58,207	36,297	82,910
Capital outlay	102,805	332,402	434,471	69,202	342,305	523,068	445,118	544,548	428,147	809,809
<b>Debt service:</b>										
Principal	130,000	135,000	140,000	150,000	155,000	160,000	140,000	180,000	180,000	190,000
Interest and other charges	135,508	129,545	123,358	116,833	44,907	93,611	80,988	76,187	70,786	64,288
<b>Total expenditures</b>	<b>18,877,490</b>	<b>20,318,502</b>	<b>20,371,770</b>	<b>20,555,562</b>	<b>21,447,221</b>	<b>20,896,244</b>	<b>20,967,227</b>	<b>22,032,196</b>	<b>22,178,090</b>	<b>22,892,316</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>86,368</b>	<b>(170,445)</b>	<b>640,740</b>	<b>(45,305)</b>	<b>(704,538)</b>	<b>81,297</b>	<b>679,844</b>	<b>(18,702)</b>	<b>909,977</b>	<b>114,745</b>
<b>Other Financing Sources (uses)</b>										
NJ SDA Grants for Capital Projects	4,600	(7,073)			100,599					434,200
Transfers in	163,693	91,386			163,700	29,801				
Transfers out	(163,693)	(95,017)			(163,700)	(29,801)				
<b>Total other financing sources (uses)</b>	<b>4,600</b>	<b>(10,704)</b>	<b>-</b>	<b>-</b>	<b>100,599</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>434,200</b>
<b>Net change in fund balances</b>	<b>\$ 90,968</b>	<b>\$ (181,149)</b>	<b>\$ 640,740</b>	<b>\$ (45,305)</b>	<b>\$ (603,939)</b>	<b>\$ 81,297</b>	<b>\$ 679,844</b>	<b>\$ (18,702)</b>	<b>\$ 909,977</b>	<b>\$ 548,945</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>1.4%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>1.3%</b>	<b>0.9%</b>	<b>1.2%</b>	<b>1.1%</b>	<b>1.2%</b>	<b>1.2%</b>	<b>1.2%</b>

Source: CAFR Schedule B-2

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Transportation</u> <u>Fees</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 75,113	\$ 86,468	\$ 196,489	\$ 19,804		\$ 77,102	\$ 454,976
2007	104,471	42,629	249,663	17,604		71,052	485,419
2008	85,966	47,576	344,347	22,834	9,925	94,189	604,837
2009	67,388	21,154	319,880	26,365		56,060	490,847
2010	26,350	32,742	208,690	21,615	400	62,715	352,512
2011	10,934	11,998	216,095	41,936		177,057	458,020
2012	5,884	9,607	228,605	38,164		111,286	393,546
2014	2,910		214,879	39,826		138,731	396,346
2015	4,587		175,887	37,351		172,194	390,019
2015	3,586		229,580		33,762	230,977	497,905

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,	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Req.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities <b>a</b>	Net Valuation Taxable	Total Direct School Tax Rate <b>b</b>	Estimated Actual (County Equalized Value)
2006	\$7,003,300	\$212,702,400	\$25,193,400	\$1,939,800	\$12,114,600	\$3,912,700	-	\$275,426,328	\$11,796,000	\$764,128	\$263,630,328	\$0.858	\$375,840,125
2007	5,878,900	221,034,700	26,872,100	1,994,800	12,183,200	3,912,700	-	284,283,687	11,796,000	611,287	272,487,687	0.866	402,488,855
2008	4,738,000	227,203,400	27,565,100	1,967,300	12,813,100	3,912,700	-	290,672,130	11,944,000	528,530	278,728,130	0.912	516,366,933
2009	9,779,500	458,629,100	59,564,800	1,945,400	22,934,800	7,028,300	-	587,307,097	26,459,000	966,197	560,848,097	1.629	558,965,857
2010	9,719,800	455,995,100	61,120,500	2,291,500	22,934,800	7,002,600	-	586,290,717	26,479,500	746,917	559,811,217	0.504	556,324,174
2011	9,559,600	454,453,300	61,934,100	1,982,200	23,068,200	7,002,600	-	584,731,465	26,487,100	244,365	558,244,365	0.524	531,329,855
2012	9,533,400	452,433,840	61,856,300	1,989,000	22,996,700	6,477,600	-	581,460,781	25,899,300	274,641	555,561,481	0.543	495,256,704
2013	6,625,800	361,504,600	49,443,000	1,951,900	20,661,700	6,092,300	-	471,060,673	24,485,600	295,773	446,575,073	0.705	468,903,446
2014	6,053,200	358,158,500	52,234,500	2,094,400	17,034,800	5,930,500	-	466,087,772	24,294,700	287,172	441,793,072	0.749	474,715,244
2015	6,664,400	356,619,800	52,873,500	1,947,100	16,768,600	5,900,500	-	465,758,262	24,660,500	323,862	441,097,762	0.774	450,932,164

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)
2006	\$7,079,000	\$270,950,360	\$28,405,500		\$60,657,800	\$610,000		\$411,114,307	\$42,086,850	\$1,324,797	\$369,027,457	\$1.002	\$557,203,273
2007	7,079,000	274,750,100	28,656,605		61,194,100	610,000		415,717,489	42,385,450	1,042,234	373,332,039	1.076	651,785,866
2008	8,518,000	278,836,900	29,511,025		66,591,500	335,000		427,779,796	43,118,250	869,121	384,661,546	1.111	747,136,755
2009	8,643,700	281,085,400	30,657,475		67,294,100	335,000		434,057,464	45,231,850	809,939	388,825,614	1.151	786,727,501
2010	8,382,500	282,185,800	30,686,200		67,470,200	335,000		437,959,638	48,234,550	665,388	389,725,088	1.180	792,388,864
2011	8,114,900	282,504,200	29,089,000	\$1,926,700	67,527,000	335,000		439,089,337	49,157,550	434,987	389,931,787	1.201	756,766,252
2012	7,901,200	284,426,800	26,564,000	\$1,917,300	68,651,400	335,000		441,294,163	51,013,950	484,513	390,280,213	1.044	748,146,536
2013	7,818,500	285,821,700	25,445,200	\$1,884,900	69,563,900	335,000		442,062,683	50,639,250	554,233	391,423,433	1.210	694,615,358
2014	7,725,600	286,376,000	25,348,100	\$1,455,300	69,563,900	335,000		442,174,466	50,790,250	580,316	391,384,216	1.224	649,164,659
2015	13,338,500	431,439,000	35,787,600	\$1,044,400	124,062,900	558,000		683,597,955	76,404,400	963,155	607,193,555	0.805	611,266,258

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)
2006	\$7,137,200	\$103,795,400	\$10,328,800		\$10,012,300	\$1,398,000		\$216,204,339	\$83,023,250	\$509,389	\$133,181,089	\$2.003	\$194,207,401
2007	6,435,300	100,669,600	15,706,400		10,003,100	1,398,000		217,671,374	83,023,250	435,724	134,648,124	2.041	225,146,954
2008	16,192,800	200,599,000	30,903,200		19,816,200	2,373,100		590,356,083	319,801,600	670,183	270,554,483	1.076	260,779,161
2009	14,650,800	202,755,300	31,920,800		20,093,100	2,373,100		593,723,826	321,269,300	661,426	272,454,526	1.135	289,635,447
2010	13,944,800	203,957,600	31,699,800		19,986,300	2,373,100		594,485,213	322,026,600	497,013	272,458,613	1.208	304,828,906
2011	12,933,200	205,131,800	31,347,200	\$1,141,900	20,104,200	2,373,100		597,419,200	323,753,000	634,800	273,666,200	1.260	276,815,900
2012	12,335,500	206,092,100	31,402,400	\$1,079,200	20,534,700	2,373,100		598,714,921	324,194,000	703,921	274,520,921	1.218	274,602,009
2013	11,035,500	205,931,200	31,486,200	\$1,106,200	20,456,800	2,373,100		596,765,624	323,631,500	745,124	273,134,124	1.367	272,612,986
2014	10,065,600	205,923,200	32,165,100	\$1,107,300	20,557,800	2,373,100		596,891,033	323,968,900	730,033	272,922,133	1.368	241,708,092
2015	9,847,400	204,725,200	32,515,400	\$1,105,100	20,498,900	2,373,100		596,395,709	324,598,200	732,409	271,797,509	1.363	254,896,069

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)
2006	\$7,069,700	\$202,521,700	\$24,853,900		\$8,930,700	\$408,900		\$272,167,974	\$27,773,200	\$609,874	\$244,394,774	\$1.128	\$411,224,227
2007	6,564,700	203,303,200	25,840,800		8,930,700	408,900		273,240,016	27,748,300	443,416	245,491,716	1.170	490,241,335
2008	6,009,100	204,325,700	27,341,900		8,930,700	408,900		275,455,050	28,052,200	386,550	247,402,850	1.215	548,448,380
2009	5,767,600	205,545,300	27,957,800		8,930,700	408,900		277,201,191	28,250,200	340,691	248,950,991	1.245	580,601,044
2010	5,341,900	208,201,700	26,891,100		8,930,700	408,900		279,008,893	28,948,500	286,093	250,060,393	1.251	597,995,147
2011	5,141,800	208,384,800	25,612,100	\$1,315,800	8,719,200	408,900		279,561,913	29,797,000	182,313	249,764,913	1.294	578,551,595
2012	4,844,700	208,917,300	25,886,200	\$1,312,000	8,339,200	326,400		280,145,236	30,307,200	212,236	249,838,036	1.145	554,436,528
2013	4,785,900	207,881,600	26,607,200	\$1,320,500	8,239,200	326,400		279,734,329	30,335,300	238,229	249,399,029	1.371	527,808,416
2014	4,745,100	207,670,500	26,626,000	\$1,311,400	8,179,500	326,400		279,879,482	30,748,500	272,082	249,130,982	1.374	470,419,448
2015	7,172,100	341,912,400	40,640,000	\$1,590,100	13,500,600	324,700		473,141,306	67,463,000	538,406	405,678,306	0.856	435,487,945

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

**Exhibit J-6**

Fiscal Year Ended June 30.	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2006	\$85,100	\$645,250	\$523,950		\$1,077,400			\$32,924,216	\$30,515,950	\$76,566	\$2,408,266	\$0.860	\$2,699,349
2007	85,100	645,250	523,950		1,077,400			32,914,463	30,515,950	66,813	2,398,513	0.572	2,736,761
2008	85,100	645,250	523,950		1,077,400			32,913,477	30,515,950	65,827	2,397,527	0.371	2,805,243
2009	85,100	645,250	523,950		1,077,400			32,913,036	30,515,950	65,386	2,397,086	0.360	2,887,175
2010	85,100	645,250	523,950		1,077,400			32,907,947	30,515,950	60,297	2,391,997	0.154	2,897,014
2011	85,100	645,250	422,000	\$101,950	1,077,400			32,922,736	30,515,950	75,086	2,406,786	0.000	3,059,927
2012	85,100	645,250	422,000	\$101,950	1,077,400			32,923,117	30,515,950	75,467	2,407,167	0.000	3,181,513
2013	85,100	561,750	366,200	\$101,950	1,226,800			32,936,153	30,515,950	78,403	2,420,203	0.000	3,057,657
2014	289,900	561,750	366,200	\$231,400	1,473,300			33,515,917	30,515,950	77,417	2,999,967	0.000	3,648,613
2015	441,800	582,350	366,200	\$79,500	1,452,700			33,513,903	30,515,950	75,403	2,997,953	0.000	3,486,185

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

**Exhibit J-7**

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

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

Source: District Records and Municipal Tax Collector

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

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

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

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

**Exhibit J-7**

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

Fiscal Year Ended June 30,	Kittatinny Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Hampton Township School District	Municipality	Sussex County	
2006	\$0.977	\$0.025	\$1.002	\$1.106	\$0.417	\$0.695	\$3.220
2007	\$1.051	\$0.025	\$1.076	\$1.170	\$0.419	\$0.765	\$3.430
2008	\$1.087	\$0.024	\$1.111	\$1.177	\$0.460	\$0.792	\$3.540
2009	\$1.127	\$0.024	\$1.151	\$1.190	\$0.519	\$0.779	\$3.639
2010	\$1.154	\$0.026	\$1.180	\$1.211	\$0.548	\$0.776	\$3.715
2011	\$1.182	\$0.019	\$1.201	\$1.223	\$0.578	\$0.784	\$3.786
2012	\$1.024	\$0.020	\$1.044	\$1.243	\$0.602	\$0.833	\$3.722
2014	\$1.189	\$0.021	\$1.210	\$1.246	\$0.616	\$0.822	\$3.894
2014	\$1.203	\$0.021	\$1.224	\$1.250	\$0.626	\$0.821	\$3.921
2015	\$0.790	\$0.015	\$0.805	\$0.818	\$0.410	\$0.525	\$2.558

Source: District Records and Municipal Tax Collector

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

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

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

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

**Exhibit J-7**

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

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

Source: District Records and Municipal Tax Collector

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

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

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

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

**Exhibit J-7**

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

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

Source: District Records and Municipal Tax Collector

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

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

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

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

**Exhibit J-7**

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

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

Source: District Records and Municipal Tax Collector

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

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

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

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

**Exhibit J-8**

**Fredon Township**

Taxpayer	2015			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Fredon Golf, LLC	-					
Bear Brok Golf Course				\$ 3,370,500	1	1.52%
Mira Plastics	\$ 2,470,000	1		1,485,500	2	0.67%
United Telephone of NJ				1,186,649	3	0.53%
Fredon Golf, LLC	-					
Amco Enterprises				1,098,000	4	0.49%
Hosea Holdings II, LLC	1,813,300	2				
Fredon Golf, LLC	1,721,600	3				
Schneider & Marquard	1,247,500	4		773,100	5	0.35%
Individual Taxpayer #1	1,027,000	5		744,500	6	0.33%
Individual Taxpayer #2	1,202,300	6		740,100	7	0.33%
Individual Taxpayer #3	1,200,000	7		633,200	9	0.28%
Model Craftsman	1,064,200	8		666,700	8	0.30%
Individual Taxpayer #4	1,057,700	9		580,400	10	0.26%
Individual Taxpayer #5	1,009,700	10				
<b>Total</b>	<b>\$ 13,813,300</b>		<b>0.00%</b>	<b>\$11,278,649</b>		<b>5.06%</b>

Source: District CAFR & Municipal Tax Assessor

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

**Exhibit J-8**

**Hampton Township**

Taxpayer	2015			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Individual Taxpayer #1	\$ 21,585,100	1	3.55%	\$ 7,748,600	2	2.23%
Kere Associates, LLC	15,962,300	2	2.63%			
Lowe's Home Improvements	15,600,000	3	2.57%			
Wal-Mart Stores	12,990,000	4	2.14%	12,437,700	1	3.58%
Ephemeral Realty	8,832,200	5	1.45%			
Sussex County Realty, LLC	5,280,200	6	0.87%			
Carriage Mobile Homes	3,880,000	7	0.64%	2,037,400	7	0.59%
McGuire Hampton Realty	3,179,000	8	0.52%			
Newton Property Assoc., LLC	2,498,100	9	0.41%			
Individual Taxpayer #2	2,425,000	10	0.40%	3,264,600	5	0.94%
Condit Motors				4,667,700	4	1.34%
Susan Elizabeth Shopping Center				5,157,700	3	1.49%
Salerno-Duane				2,113,400	6	0.61%
Individual Taxpayer #3				1,732,500	10	0.50%
Toyota Motor Sales				2,002,800	8	0.58%
BPA Realty				1,928,100	9	0.56%
<b>Total</b>	<b>\$ 92,231,900</b>		<b>15.18%</b>	<b>\$ 35,341,900</b>		<b>10.19%</b>

Source: District CAFR & Municipal Tax Assessor

**Sandyston Township**

Taxpayer	2015			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Dingmans Choice & Delaware Bridge	\$ 1,500,000	1	0.50%	\$ 750,000	1	0.59%
Stokes Realty, LLC	1,336,600	2	0.40%			
Individual Taxpayer #1	1,006,900	3	0.30%	499,100	2	0.39%
Individual Taxpayer #2	972,300	4	0.30%	468,800	3	0.37%
Ariben Realty, LLC	912,600	5	0.30%			
Individual Taxpayer #3	883,300	6	0.30%	378,400	7	0.30%
Kittatinny Lake Club, Inc.	839,000	7	0.20%			
Individual Taxpayer #4	834,400	8	0.30%	352,200	8	0.28%
Individual Taxpayer #5	823,700	9	0.30%	339,500	9	0.27%
Individual Taxpayer #6	819,400	10				
FMA Realty, LLC				454,200	4	0.36%
Hidden Acres Farm				440,300	6	0.34%
Individual Taxpayer #6				332,300	10	0.26%
YMCA of Newark			0.40%	450,000	5	0.35%
<b>Total</b>	<b>\$ 9,928,200</b>		<b>2.90%</b>	<b>\$ 4,464,800</b>		<b>3.16%</b>

Source: District CAFR & Municipal Tax Assessor

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

**Exhibit J-8**

**Stillwater Township**

Taxpayer	2015			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Mountain Shadows Lake Assoc.	\$ 2,041,500	1	0.44%	\$ 1,105,400	1	0.46%
Mission of TAO - Confucianism				873,800	2	0.36%
North Shore House	1,297,500	2	0.27%	605,300	4	0.25%
Individual Taxpayer #1	1,255,100	3	0.35%	814,900	3	0.34%
Individual Taxpayer #2	1,203,100	4	0.28%			
Individual Taxpayer #3	1,168,000	5	0.26%	570,300	5	0.24%
Individual Taxpayer #4	1,082,000	6	0.26%	570,100	6	0.24%
Individual Taxpayer #5	1,001,100	7	0.23%	541,500	7	0.23%
Individual Taxpayer #6	906,700	8	0.22%	518,900	8	0.22%
Individual Taxpayer #7	879,800	9	0.21%	463,400	9	0.19%
Individual Taxpayer #8	853,200	10	0.21%	445,500	10	0.19%
Total	<u>\$ 11,688,000</u>		<u>2.73%</u>	<u>\$ 6,509,100</u>		<u>2.72%</u>

Source: District CAFR & Municipal Tax Assessor

**Walpack Township**

Taxpayer	2015			2001		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Walpack Inn	\$ 1,056,800	1	44.03%	\$ 1,056,800	1	43.22%
Individual Taxpayer #1	223,400	2	9.30%	291,600	3	11.92%
Individual Taxpayer #2	175,300	3	7.28%	223,400	4	9.14%
BA Handler	113,900	4	4.73%			
Elryan				200,750	5	8.21%
Individual Taxpayer #3	85,400	5	3.55%	86,300	6	3.53%
Individual Taxpayer #4	59,200	7	2.45%	85,400	7	3.49%
Overlook Rod & Gun	77,000	6	3.20%	311,500	2	12.74%
BA Handler	55,800	8	2.32%			
Individual Taxpayer #5	49,500	9	2.06%	63,850	8	2.61%
Individual Taxpayer #6	42,200	10	1.75%	59,200	9	2.42%
Individual Taxpayer #7				42,200	10	1.73%
<b>Total</b>	<b>\$ 1,938,500</b>		<b>80.67%</b>	<b>\$ 2,421,000</b>		<b>99.01%</b>

Source: District CAFR & Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$10,156,733	\$10,156,733	100.00%	-
2007	\$10,759,825	\$10,759,825	100.00%	-
2008	\$11,403,618	\$11,403,618	100.00%	-
2009	\$11,956,992	\$11,956,992	100.00%	-
2010	\$12,311,524	\$12,311,524	100.00%	-
2011	\$12,718,781	\$12,718,781	100.00%	-
2012	\$13,038,849	\$13,038,849	100.00%	-
2013	\$13,276,597	\$13,276,597	100.00%	-
2014	\$13,423,681	\$13,423,681	100.00%	-
2015	\$13,721,037	\$13,721,037	100.00%	-

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

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

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

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2006	\$ 2,872,000	-	-	-	-0-	\$ 2,872,000	0.42%	\$195.55	
2007	\$ 3,737,000	-	-	-	-0-	\$ 3,737,000	0.52%	\$253.27	
2008	\$ 2,597,000	-	-	-	-0-	\$ 2,597,000	0.35%	\$175.52	
2009	\$ 2,447,000	-	-	-	-0-	\$ 2,447,000	0.34%	\$166.10	
2010	\$ 2,295,000	-	-	-	-0-	\$ 2,295,000	0.32%	\$156.13	
2011	\$ 2,135,000	-	-	-	-0-	\$ 2,135,000	0.29%	\$145.60	
2012	\$ 1,995,000	-	-	-	-0-	\$ 1,995,000	0.26%	\$136.93	
2013	\$ 1,815,000	-	-	-	-0-	\$ 1,815,000	0.24%	\$125.51	
2014	\$ 1,635,000	-	-	-	-0-	\$ 1,635,000	0.22%	\$114.18	
2015	\$ 1,445,000	-	-	-	-0-	\$ 1,445,000	0.19%	\$101.53	

\*

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

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

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

**b** Includes Early Retirement Incentive Plan (ERIP) refunding

\* Current data unavailable

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

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 2,872,000	-0-	\$ 2,872,000	0.28%	\$ 195.55
2007	\$ 3,737,000	-0-	\$ 3,737,000	0.36%	\$ 253.27
2008	\$ 2,597,000	-0-	\$ 2,597,000	0.22%	\$ 175.52
2009	\$ 2,447,000	-0-	\$ 2,447,000	0.17%	\$ 166.10
2010	\$ 2,295,000	-0-	\$ 2,295,000	0.16%	\$ 156.13
2011	\$ 2,135,000	-0-	\$ 2,135,000	0.14%	\$ 145.60
2012	\$ 1,995,000	-0-	\$ 1,995,000	0.14%	\$ 136.93
2013	\$ 1,815,000	-0-	\$ 1,815,000	0.13%	\$ 125.51
2014	\$ 1,635,000	-0-	\$ 1,635,000	0.12%	\$ 114.18
2015	\$ 1,445,000	-0-	\$ 1,445,000	0.08%	\$ 101.53 *

**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, 2015**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Constituent Townships	\$ 2,739,654	100%	\$ 2,739,654
<b>Other debt</b>			
Sussex County	68,100,067	8.83%	<u>6,016,272</u>
Subtotal, overlapping debt			8,755,926
<b>Kittatinny Regional School District Direct Debt</b>	1,445,000	100%	<u>1,445,000</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 10,200,926</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 2015**

Equalized valuation basis

2014	\$ 1,772,527,108
2013	\$ 1,777,613,647
2012	1,837,314,356
<b>[A]</b>	<b>\$ 5,387,455,111</b>

Average equalized valuation of taxable property **[A/3]** \$ 1,795,818,370

Debt limit (3.5 % of average equalization value) **[B]** 62,853,643

Net bonded school debt **[C]** 1,445,000

Legal debt margin **[B-C]** \$ 61,408,643

	Fiscal Year									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$54,399,817	\$62,471,637	\$70,230,874	\$71,828,792	\$76,633,267	\$76,633,267	\$72,204,084	\$68,702,028	\$65,312,080	\$62,853,643
Total net debt applicable to limit	<u>2,872,000</u>	<u>2,737,000</u>	<u>2,597,000</u>	<u>2,447,000</u>	<u>2,295,000</u>	<u>2,295,000</u>	<u>1,995,000</u>	<u>1,815,000</u>	<u>1,635,000</u>	<u>1,445,000</u>
Legal debt margin	<u>\$51,527,817</u>	<u>\$59,734,637</u>	<u>\$67,633,874</u>	<u>\$69,381,792</u>	<u>\$74,338,267</u>	<u>\$74,338,267</u>	<u>\$70,209,084</u>	<u>\$66,887,028</u>	<u>\$63,677,080</u>	<u>\$61,408,643</u>
Total net debt applicable to the limit as a percentage of debt limit	5.28%	4.38%	3.70%	3.41%	2.99%	2.99%	2.76%	2.64%	2.50%	2.30%

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

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

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

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2006	14,687	\$ 678,862,514	\$46,200 R	3.5%
2007	14,755	\$ 721,711,315	\$48,898 R	3.4%
2008	14,796	\$ 735,997,428	\$49,750 R	4.4%
2009	14,732	\$ 714,722,980	\$48,261 R	5.4%
2010	14,699	\$ 719,222,070	\$49,042 R	5.5%
2011	14,663	\$ 746,631,650 *	\$50,800 R	5.6%
2012	14,569	\$ 764,380,350 *	\$52,592 R	5.6%
2013	14,461	\$ 756,616,705 *	\$52,958 R	8.4%
2014	14,320	\$ 747,237,805 *	\$52,958 *	5.6%
2015	14,232	\$ 753,698,256 *	\$52,958 *	*

**Source:**

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

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

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

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

P Projected

R Revised

\* Current data unavailable

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

**Exhibit J-15**

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
Wal-Mart Stores	426	1	N/A	-	N/A	
Kittatinny Regional High Schoo;	171	2		-		
Lowes Home Improvement	154	3		-		
		4		-		
		5		-		
		6		-		
		7		-		
		8		-		
		9		-		
		10		-		
	<u>751</u>			<u>-</u>		

**Source: Economic Development Partnership**

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

**Exhibit J-16**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	91.0	91.5	90.5	90.5	87.0	86.0	85.5	85.0	85.0	85.0
Special education	15.0	15.0	16.0	16.0	17.0	16.0	16.0	17.0	17.0	17.0
Other special education	11.0	12.0	13.0	14.0	15.0	15.5	15.5	16.0	14.0	11.0
Support Services:										
Student & instruction related services	19.0	14.0	13.0	14.0	14.0	12.0	15.0	15.0	18.0	17.5
School administrative services	13.0	18.0	17.0	17.0	19.0	18.0	17.0	18.0	15.0	16.0
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	12.5	12.5	12.5	12.5	11.5	11.5	12.0	11.0	12.0	13.5
Pupil transportation	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Total	<u>168.5</u>	<u>170.0</u>	<u>169.0</u>	<u>171.0</u>	<u>170.5</u>	<u>166.0</u>	<u>168.0</u>	<u>169.0</u>	<u>168.0</u>	<u>167.0</u>

**Source:** District Personnel Records

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

**Exhibit J-17**

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

**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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>District Building</u></b>										
<b><u>High School</u></b>										
Square Feet	210,503	210,503	210,503	210,503	210,503	210,503	210,503	210,503	210,503	210,503
Capacity (Students)	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214
Enrollment	1,248	1,241	1,174	1,170	1,176	1,142	1,154	1,108	1,122	1,154

Number of Schools at June 30, 2015  
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, 2015

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
High School Building		\$ 185,013	\$ 210,407	\$ 189,937	\$ 185,548	\$ 267,672	\$ 212,848	\$ 251,849	\$ 286,530	\$ 264,529	\$ 242,003	\$ 1,900,916
Total School Facilities		185,013	210,407	189,937	185,548	267,672	212,848	251,849	286,530	264,529	242,003	1,900,916
Other Facilities		NONE										
<b>Grand Total</b>		<u>\$ 185,013</u>	<u>\$ 210,407</u>	<u>\$ 189,937</u>	<u>\$ 185,548</u>	<u>\$ 267,672</u>	<u>\$ 212,848</u>	<u>\$ 251,849</u>	<u>\$ 286,530</u>	<u>\$ 264,529</u>	<u>\$ 242,003</u>	<u>\$ 1,900,916</u>

KITTATINNY REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2015

UNAUDITED

Exhibit J-20

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

SOURCE: District Records



# Single Audit Section





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 Douglas R. Williams, CPA, RMA, PSA

### **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, 2015, and the related notes to the financial statements, which collectively comprise the Kittatinny Regional School District Board of Education's basic financial statements, and have issued our report thereon dated November 16, 2015.

#### **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-

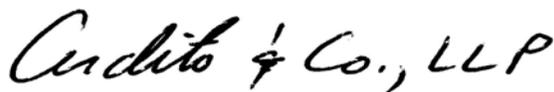
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 & CO., LLP  
November 16, 2015



Licensed Public School Accountant No.2369



## **ARDITO & Co., LLP**

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 Douglas R. Williams, CPA, RMA, PSA

### **Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circulars 04-04 and 15-08**

#### Independent Auditor's Report

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

#### **Report on Compliance for Each Major State Program**

We have audited the Kittatinny Regional School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circulars 04-04 and 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2015. The Kittatinny Regional School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

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

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circulars 04-04 and 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

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

-Continued-

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

**Opinion on Each Major State Program**

In our opinion, the Kittatinny Regional School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

Management of the Kittatinny Regional School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circulars 04-04 and 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Kittatinny Regional School District Board of Education's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB circulars 04-04 and 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

*ARDITO & Co., LLP*

ARDITO & CO., LLP  
November 16, 2015

*Cynthia Corder*

Licensed Public School Accountant No.2369

KITTATINNY REGIONAL SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2015

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2014	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2015			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
<b>State Department of Education:</b>															
<b>General Fund:</b>															
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 3,436,027			\$ 3,436,027	\$ (3,436,027)							\$ 339,678	\$ 3,436,027
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	102,000			102,000	(102,000)							10,083	102,000
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	631,242			631,242	(631,242)							62,403	631,242
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	614,895			614,895	(614,895)							60,787	614,895
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	80,860			80,860	(80,860)							7,994	80,860
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	1,053,290			1,053,290	(1,053,290)							104,126	1,053,290
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	11,070			11,070	(11,070)							1,094	11,070
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	11,070			11,070	(11,070)							1,094	11,070
Extra-Ordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	46,102							\$ (46,102)					46,102
Extra-Ordinary Aid	13-495-034-5120-044	7/1/13-6/30/14	89,536	\$ (89,536)		89,536									-
Non-Public Transportation Aid	15-100-034-5120-068	7/1/14-6/30/15	6,743			-	(6,743)				(6,743)				6,743
Non-Public Transportation Aid	13-100-034-5120-068	7/1/13-6/30/14	10,074	(10,074)		10,074									-
TPAF Pension	15-495-034-5094-006	7/1/14-6/30/15	501,110			501,110	(501,110)								501,110
Reimb. TPAF Soc.Sec.Contrib.	15-495-034-5094-003	7/1/14-6/30/15	735,213			699,289	(735,213)				(35,924)				735,213
<b>Total General Fund</b>				<b>(99,610)</b>		<b>7,240,463</b>	<b>(7,229,622)</b>				<b>(88,769)</b>			<b>587,259</b>	<b>7,229,622</b>
<b>Special Revenue Fund:</b>															
N.J. Nonpublic Aid:															
Textbooks Aid	15-100-034-5120-064	7/1/14-6/30/15	1,847			1,847	(1,671)					176			1,671
Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	2,940			2,940	(2,365)					575			2,365
Technology Aid	15-100-034-5120-373	7/1/14-6/30/15	992	24		992	(975)		(24)			17			975
Auxiliary Services:															
Compensatory Education	15-100-034-512a-067	7/1/14-6/30/15	8,241	942		8,241	(6,808)			\$ (942)		1,433			6,808
Handicapped Services:															
Examination and Classification	15-100-034-512b-066	7/1/14-6/30/15	7,021	1,277		7,021	(4,502)				(1,277)		2,519		4,502
Corrective Speech	15-100-034-512a-066	7/1/14-6/30/15	1,767			1,767	(1,767)								1,767
Supplementary Instruction	15-100-034-512c-066	7/1/14-6/30/15	4,002	171		4,002	(3,531)				(171)		471		3,531
<b>Total Special Revenue Fund</b>				<b>2,414</b>		<b>26,810</b>	<b>(21,619)</b>			<b>(2,414)</b>				<b>5,191</b>	<b>21,619</b>
<b>Capital Projects Fund:</b>															
SDA Grant - Bldg, Security, Comm.	2465-050-14-G2QP	7/1/14-6/30/15	434,200				(173,680)				(434,200)	260,520			173,680
<b>Total Capital Projects Fund</b>							<b>(173,680)</b>				<b>(434,200)</b>	<b>260,520</b>			<b>173,680</b>
<b>State Department of Agriculture:</b>															
<b>Enterprise Fund:</b>															
Nat. School Lunch Prog. (State Share)	15-100-010-3350-023	7/1/14-6/30/15		(178)		178									
Nat. School Lunch Prog. (State Share)	14-100-010-3350-023	7/1/13-6/30/14	2,892			2,710	(2,892)				(182)				2,892
<b>Total Enterprise Fund</b>				<b>(178)</b>		<b>2,888</b>	<b>(2,892)</b>				<b>(182)</b>				<b>2,892</b>
<b>Total State Financial Assistance</b>				<b>\$ (97,374)</b>		<b>\$ 7,270,161</b>	<b>\$ (7,427,813)</b>		<b>- \$</b>	<b>(2,414)</b>	<b>\$ (523,151)</b>	<b>\$ 260,520</b>	<b>\$ 5,191</b>	<b>\$ 587,259</b>	<b>\$ 7,427,813</b>

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, 2015

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$270) for the general fund and \$10,225 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, 2015

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 388,572	\$ 8,025,799	\$ 8,414,371
Special Revenue Fund	353,104	20,644	373,748
Capital Projects Fund		434,200	434,200
Food Service Fund	<u>70,740</u>	<u>2,892</u>	<u>73,632</u>
Total Financial Assistance	<u>\$ 812,416</u>	<u>\$ 8,483,535</u>	<u>\$ 9,295,951</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, 2015. 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, 2015.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I - Summary of Auditor's Results

**Financial Statement Section**

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

**Federal Awards Section**

N/A

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

**CFDA NUMBER(S)**

**NAME OF FEDERAL PROGRAM OR CLUSTER**

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Part I - Summary of Auditor's Results

**State Financial Assistance Section**

- J) Dollar threshold used to determine Type A programs: \$300,000
- K) Auditee qualified as low-risk auditee? (1) x yes    no
- L) Type of auditor's report on compliance for major programs: Unmodified
- M) Internal Control over compliance:  
 1) Material weakness(es) identified?    yes x no  
 2) Were significant deficiencies identified that were not considered to be material weaknesses?    yes x none reported
- N) Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular 04-04?    yes x no
- O) Identification of major programs:

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
15-495-034-5120-078	Equalization Aid
15-495-034-5094-003	Reimb. TPAF Soc. Sec.
SP#2465-050-14-G2QP	SDA Grant

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**Section II-Financial Statement Findings**

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

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

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

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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