

**SCHOOL DISTRICT OF
WARREN HILLS REGIONAL**

**Warren Hills Regional School District
Washington, New Jersey**

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

**Comprehensive Annual
Financial Report**

of the

**Warren Hills Regional School District
Board of Education**

Washington, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

**Warren Hills Regional School District
Board of Education**

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INTRODUCTORY SECTION

WARREN HILLS REGIONAL SCHOOL DISTRICT

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Dr. Gary R. Bowen
Interim
Superintendent of Schools

Abigail E. Kutz
Interim
Business Administrator

December 2, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Warren Hills Regional School District (the "District") for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Warren Hills Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board ("GASB") in codification section 2100. All funds of the District are included in this report. The Warren Hills Regional Board of Education and all its schools constitute the District's reporting entity.

The Warren Hills Regional School District provides educational services for students in grades 7 through 12 for the constituent districts of Franklin Township, Mansfield Township, Washington Borough and Washington Township, as well as 9th through 12th grade students from Oxford under a sending/receiving relationship. A full range of educational programs are provided for all students, including pre-vocational programs, as well as special education services and programs. Enrollment has now stabilized. From the demographic reports we receive from the constituent and sending districts, we can see only one spike in the enrollment forecast. No large scale housing developments are projected in the near future. What we are seeing is the sporadic construction of individual homes or small developments.

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2) ECONOMIC CONDITION AND OUTLOOK: During the 2014-15 school year, we were able to maintain the economic condition of the District. Taxpayers benefit by the fact that our budget can only increase by the maximum allowable percent permitted by the state. Because these increases are at or below the cost of living and state aid increases are comparable, each year we are in a position whereby we must continue to find ways to make the revenue we currently have go further. Since our major expenditures are fixed costs such as salaries and health benefits, and health benefits increases are beyond the cost of living, we are forced to reach into the budget and cut other items. These cuts typically affect our program negatively.

Over the course of past years, we have been able to develop a Capital Reserve which is a safety net for the District in the event that facility failure occurs. Despite all of these concerns, we have been able to manage with the available resources and continue to offer an excellent program for our students.

3) MAJOR INITIATIVES AND ACCOMPLISHMENTS: One of the largest continuing initiatives of the 2014-2015 school year was the district's administrators' and teachers' professional development training for the implementation of the Marzano Model's new teacher evaluation system, wherein the domains and elements of this research-based evaluation tool were taught by Learning Sciences International teachers. Additionally, administrators and teachers were provided training on the use of iObservation, the technology tool utilized for conducting observations. Overseeing the implementation were the District Evaluation Advisory Committee [DEAC] and each building's School Improvement Panel [ScIP]. The committee and the panels gathered input from a variety of stakeholders as the implementation of the Achieve NJ materials and resources unfolded. The ScIP survey indicated over four-fifths of the teachers who responded felt supported by the administration in the implementation of the new teacher evaluation system.

For the third year of the five-year cycle, the district continued its implementation of the Five-Year Curriculum Plan, 2012-2017. In general, the plan states the district's policies that relate to the curriculum content, development, course adoption, course guides, and textbook adoption; describes the five phases of the curriculum development process; delineates a specific action plan; provides a Curricula Master Plan 2012-2017 by departments and by courses; and explains the tools in ALTAS [the online curriculum mapping software management system] and their utilization in the curriculum revision process. As a result of the plan, by June 2015, teachers, administrators, and board of education members reviewed and approved new textbooks for thirty-eight courses for the upcoming 2015-2016 school year. Many of the new materials included online editions, along with ancillary materials for teachers and students. Additionally, the budget supported curricular revisions for these courses with many teachers collaborating on several content area curricula development. It is important to note that this past year teachers wrote new course proposals for ten new courses, and six of these courses were approved for the 15-16 Program of Studies. The new courses included a middle school Intermediate Spanish Exploration class, with several new high school courses: Foundations of Spanish, Introductions to Music Technology and Sound Engineering, PARCC Readiness ELA, PARCC Readiness Mathematics, and Mathematical Investigations.

During the 2014-2015 school year, our district conducted a total of fourteen articulation meetings with our sending districts in the subjects of Fine Arts, Health & Physical Education, Language Arts Literacy/English, Mathematics, Science, Social Studies, World Languages/ESL, along with meetings regarding effective use of educational technology.

The Honorable President and Members of
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The Director of Curriculum and Instruction continued for the second year with the PARCC Core Teams—Pilots in English/Language Arts and Mathematics comprised of general education and special education teachers in order to examine curricula and instructional practices that align to the new assessments. The identified overarching goals included: (1) To develop grade-level assessments mirroring the style and testing the skills the students will need to be successful on the PARCC; (2) To align the texts and assessments across grade levels, scaffolding the development of skills necessary for success on the PARCC; (3) To integrate PARCC-style, higher order thinking questions into pre-existing assessments within grade levels; and (4) To assess and reflect on what is already being done and what needs to be done to ensure success on the PARCC for our students.

With the NJ Department of Education's implementation of the Common Core State Standards in English/Language Arts and Mathematics, along with the Common Core State Standards in Literacy, one of the major initiatives continues to be the utilization of ATLAS, our curriculum mapping tool, to align the curriculum within the departments and between the middle school and high school, along with integrating best practices and 21st century technology. Thus, with the implementation of the new teacher evaluation model, the alignment of curricula with the Common Core State Standards English/Language Arts, Mathematics, and Literacy, and the integration of PARCC-like assessments and technology readiness, our district has achieved many accomplishments this past year.

As for professional development, the WHRSD's Board of Education provided three full-days of professional development and five half-days of professional development for the faculty to work on district initiatives: Common Core Literacy Standards across disciplines, ATLAS curriculum mapping, interactive white board technology, co-teaching strategies, differentiated instruction, web page design, blogging, and podcasting. Several of the presenters were in-house members who turn-keyed the training.

Several professional development trainings targeted specific areas. These include, but are not limited to the following workshops and conferences attended by administrators and/or teachers: New Jersey Literacy Consortium; IPAD Apps for Content Area Instruction; Integration of the CCSS, PARCC, and the New Teacher Evaluation Model; Model Curriculum; Legal Topics such as School Ethics, Governance and Student and Staff Responsibilities; NJ Holocaust Commission Conference; Computer Science Conference; STEM Integration; National Writing Project, and many more.

Additional initiatives and accomplishments were evident in both the middle school and the high school: (1) For the third year in a row, the high school continued with its transitional program for freshmen, Ninth Grade Academy, in order to facilitate a smoother transition for students as they move from our middle school to our high school. This included both academic and character education support; (2) The middle school continued for the second year a Seventh Grade Academy in order to facilitate a smoother transition for students as they move from our sending districts to our middle school; (3) Both the middle school and the high school co-teaching partnerships continue to collaborate on instructional strategies to reach all learners; (4) In order to assist students who are struggling in Mathematics, the middle school has its Math Lab and the high school has added a general level Algebra course.

As for the district's strategic planning model, we selected the Middle States Model of *Excellence by Design*, and during the fall of 2013, the Warren Hills Regional School District received its accreditation after several months of preparation. Internal coordinators at both our middle school and our high school were the facilitators of the process. Also, during the 2014-2015 school year, monthly meetings of several stakeholders--parents, students, teachers, and administrators—continued where attendees examined several proposed action plans representing a cross-section of objectives that address the four main identified areas of academic achievement, communication, 21st century skills and technology, and school and community engagement. As the year ended, two main proposals were ready for the Board of Education's final approval: a change in the grading scale and GPA calculations and the use of cell phones for instructional purposes at the high school level.

The Honorable President and Members of
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In the area of technology, we continue to use the student management system Infinite Campus, utilize web pages to communicate specific assignments, resources, and study guides, and teachers have access to more interactive white boards in the classrooms. During the school year, several teachers investigated computer-based skills needed for the upcoming PARCC assessments.

As for the district's Advanced Placement courses, Warren Hills offers 15 Advanced Placements courses, more than any other high school in Warren County. Almost 100% of our AP students take the Advanced Placement Assessments in May.

At every Board of Education meeting during the Superintendent's Report, Superintendent Dr. Thomas J. Altonjy [now retired] presented the "Good News" that summarized the major accomplishments of students and staff. Afterwards, the reports were posted on the district's website, www.warrenhills.org, wherein the school community and the public could review the achievements in all areas, be it music, athletics, computer science, FFA, theater, film, debate, literacy, and more.

The teachers are talented, the students excel, and the instructional programs are exemplary. Our mission statement remains, "The Warren Hills Regional School District challenges and empowers a dynamic, diverse student body in a supportive learning environment by providing academic and co-curricular opportunities to become successful, productive members of the global community."

4) INTERNAL ACCOUNTING CONTROLS: Management of the District is responsible for establishing and maintaining an internal control system designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control system 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 awards, the District also is responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control system is also subject to periodic evaluation by the District's management.

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

5) 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. 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 reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitments and assignments at June 30, 2015.

The Honorable President and Members of
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6) ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect generally accepted accounting principles, as promulgated by the GASB. The accounting system of the District is organized on the basis of funds. These funds are explained in "Notes to the Basic Financial Statements", Note 1.

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. 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.

8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The School Alliance Fund oversees risk management for the District. A schedule of insurance coverage is found on Exhibit J-20.

The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members.

9) OTHER INFORMATION:

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. 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 Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

10) ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Warren Hills Regional High School Board 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 the financial and accounting staff.

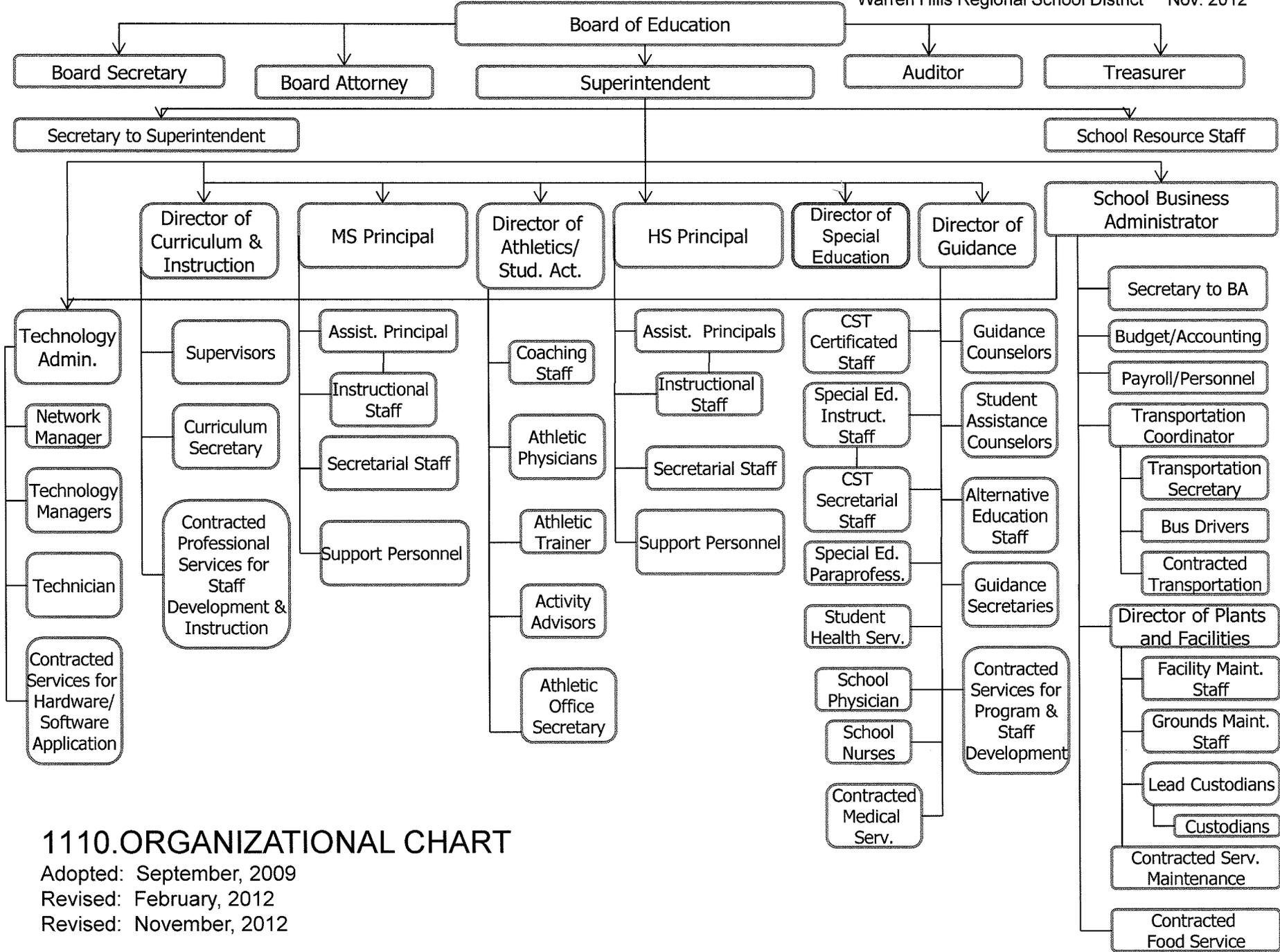
Respectfully submitted,



Dr. Gary R. Bowen
Interim Superintendent



Abigail Kutz
Business Administrator/Board Secretary



1110.ORGANIZATIONAL CHART

Adopted: September, 2009
 Revised: February, 2012
 Revised: November, 2012

**WARREN HILLS REGIONAL SCHOOL DISTRICT
 ROSTER OF OFFICIALS
 JUNE 30, 2015**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Richard Havrisko, President	2017
Kathleen M. Halpin, Vice President	2017
John Bell (to 05/12/15)	2015
Daniel Brundage	2015
Linda J. Feller	2016
Kristin Fox	2016
Donna Golda	2016
Christopher Hamler	2017
Lisa Marshall	2017
Richard Young (from 06/23/15)	2015

Other Officers

- Dr. Thomas J Altonjy, Superintendent (to 06/30/15)
- Dr. Gary R. Bowen, Interim Superintendent (from 07/01/15)
- Maureen Joyce, Board Secretary/School Business Administrator (to 07/31/15)
- Abigail Kutz, Interim Board Secretary/School Business Administrator (from 08/01/15)
- James Miller, Treasurer

WARREN HILLS REGIONAL SCHOOL DISTRICT
Consultants and Advisors
June 30, 2015

Audit Firm

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Mount Arlington, NJ 07856

Architect

Design Resources Group
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Attorneys

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Schwartz, Simon, Edelstein & Celso, LLC
100 South Jefferson Road, Suite 200
Whippany, NJ 07981

Official Depositories

Wells Fargo
2 West Washington Avenue
Washington, NJ 07882

PNC Bank
25 West Washington Avenue
Washington, NJ 07882

Investors Savings Bank
388 State Route 57
Washington, NJ 07882

FINANCIAL SECTION



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Lawrence Business Center
 11 Lawrence Road
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 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren Hills Regional School District (the "District") in the County of Warren, as of and for the fiscal 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.

Auditors' 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, 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

The Honorable President and Members
of the Board of Education
Warren Hills Regional School District
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Opinions

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

Emphasis of Matter

As discussed in Note 8 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statement of Net Position and the ending balance for Net Position for the Governmental Activities as of June 30, 2014 as detailed in Note 20 to the basic financial statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the required supplementary information pension schedules and the budgetary comparison information in Exhibits C-1 through C-3 and I-2 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 District’s basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards 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 supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying other information such as the introductory and statistical sections has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

December 2, 2015
Mount Arlington, NJ

NISIVOCCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

This section of Warren Hills Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status improved on a District-wide basis by \$237,372.
- Overall revenue was \$41.02 million.
- Overall expense was \$40,78 million.
- Enrollment in the District has been increasing slightly over the last two years while cost per pupil has generally been increasing.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more* detail than the District-wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- *Proprietary funds* statements offer *short- and long-term* financial information about the activities the District operates like a business, such as food services.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1

Organization of the School District's Financial Report

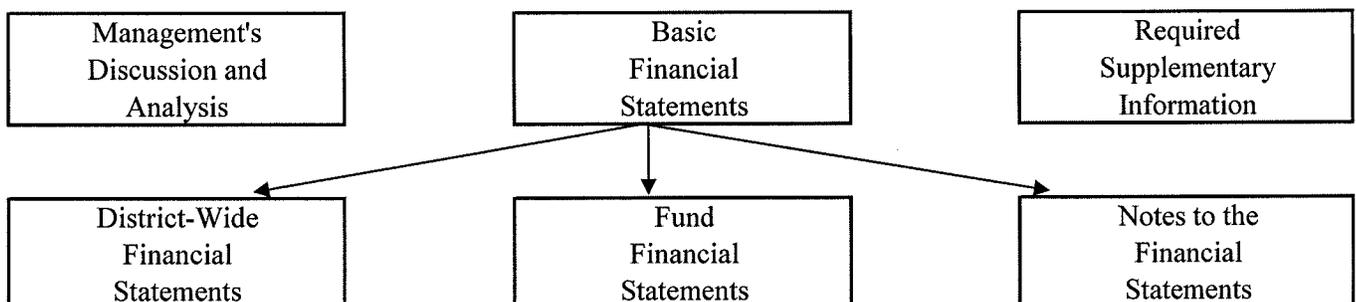


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents of each of the statements.

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenue, expenses, and changes in net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenue and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred inflows and outflows and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets, deferred inflows and outflows and liabilities – is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's food service is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenue (such as federal grants).

The District has three kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on {1} how cash and other financial assets that can readily be converted to cash flow in and out, and {2} the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flows. The District uses *internal service funds* (the other kind of proprietary fund) to report activities that provide supplies and services for its other programs and activities. The District currently does not maintain any internal service funds.
- *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Notes to Basic Financial Statements: Provide additional information essential to a full understanding of the District-wide and fund financial statements.

Financial Analysis of the District as a Whole

Net Assets. The net position from governmental activities increased by \$270,854 and the net position from business-type activities decreased by \$33,482. Total combined net investment in capital assets increased by \$1,449,480, restricted net position decreased by \$37,584, and unrestricted net position decreased by \$1,174,524.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage
	2013/14*	2014/15	2013/14	2014/15	2013/14*	2014/15	Change 2014/15
Current and							
Other Assets	\$ 12,278,674	\$ 11,437,854	\$ 299,729	\$ 173,937	\$ 12,578,403	\$ 11,611,791	-7.68%
Capital Assets, Net	48,618,208	48,705,105	97,892	210,733	48,716,100	48,915,838	0.41%
Total Assets	<u>60,896,882</u>	<u>60,142,959</u>	<u>397,621</u>	<u>384,670</u>	<u>61,294,503</u>	<u>60,527,629</u>	-1.25%
Deferred Outflows of Resources		670,025				670,025	100.00%
Long-Term Debt							
Outstanding	28,617,014	27,708,332			28,617,014	27,708,332	-3.18%
Other Liabilities	2,446,818	2,564,522	2,745	23,276	2,449,563	2,587,798	5.64%
Total Liabilities	<u>31,063,832</u>	<u>30,272,854</u>	<u>2,745</u>	<u>23,276</u>	<u>31,066,577</u>	<u>30,296,130</u>	-2.48%
Deferred Inflows of Resources		436,226				436,226	100.00%
Net Position:							
Net Investment in							
Capital Assets	27,224,466	28,561,105	97,892	210,733	27,322,358	28,771,838	5.31%
Restricted	10,315,660	10,278,076			10,315,660	10,278,076	-0.36%
Unrestricted/(Deficit)	<u>(7,707,076)</u>	<u>(8,735,277)</u>	<u>296,984</u>	<u>150,661</u>	<u>(7,410,092)</u>	<u>(8,584,616)</u>	-15.85%
Total Net Position	<u>\$ 29,833,050</u>	<u>\$ 30,103,904</u>	<u>\$ 394,876</u>	<u>\$ 361,394</u>	<u>\$ 30,227,926</u>	<u>\$ 30,465,298</u>	0.79%

* Restated

Changes in Net Position. The District's combined net position was \$30,465,298 on June 30, 2015, \$237,372 or 0.79% more than it was the year before (see Figure A-4). The increase in net investment in capital assets is due to the maturity of \$1,185,000 of serial bonds payable, a paydown in capital lease principal of \$64,742 and \$1,435,748 in capital assets additions; offset by \$1,236,010 in depreciation expense. The decrease in unrestricted net position is due primarily to unexpended General Fund budget appropriations of approximately \$2,221,080; decreases of \$27,459 and \$6,532 in compensated absences and accrued interest payable, respectively; and amortization of \$165,648 in bond premium; offset by \$2,497,943 prior year fund balance budgeted in fiscal year 2014-2015; a decrease in Capital Projects Fund committed fund balance of \$933,263; and a decrease of \$107,269 in General Fund year-end encumbrances.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	Change
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,766,433	\$ 1,875,246	\$ 322,227	\$ 314,224	\$ 2,088,660	\$ 2,189,470	4.83%
Operating Grants and Contributions							
	4,452,207	7,832,917	148,608	156,602	4,600,815	7,989,519	73.65%
General Revenue:							
Property Taxes	21,137,483	21,376,759			21,137,483	21,376,759	1.13%
State Formula Aid	9,384,348	9,387,427			9,384,348	9,387,427	0.03%
Other	184,997	72,526	817	786	185,814	73,312	-60.55%
Total Revenue	<u>36,925,468</u>	<u>40,544,875</u>	<u>471,652</u>	<u>471,612</u>	<u>37,397,120</u>	<u>41,016,487</u>	9.68%
Expenses:							
Instruction	19,060,749	21,972,258			19,060,749	21,972,258	15.27%
Pupil and Instruction Services	6,567,514	7,684,795			6,567,514	7,684,795	17.01%
Administrative and Business	3,375,455	3,685,151			3,375,455	3,685,151	9.17%
Maintenance and Operations	3,177,264	3,209,050			3,177,264	3,209,050	1.00%
Transportation	1,661,141	1,792,485			1,661,141	1,792,485	7.91%
Other	1,971,918	1,930,282	495,675	505,094	2,467,593	2,435,376	-1.31%
Total Expenses	<u>35,814,041</u>	<u>40,274,021</u>	<u>495,675</u>	<u>505,094</u>	<u>36,309,716</u>	<u>40,779,115</u>	12.31%
Increase in Net Position	<u>\$ 1,111,427</u>	<u>\$ 270,854</u>	<u>\$ (24,023)</u>	<u>\$ (33,482)</u>	<u>\$ 1,087,404</u>	<u>\$ 237,372</u>	-78.17%

Revenue Sources. The District's total revenue for the 2014/15 school year was \$41,016,487. (See Figure A-4). Property taxes accounted for approximately 52.12 percent of the total revenue. (See Figure A-5). Another 42.36 percent came from state formula aid and state and federal aid for specific programs and the remainder from charges for services, including tuition and other miscellaneous sources.

Figure A-5

Sources of Revenue for Fiscal Year 2015

	Amount	Percentage
Sources of Income:		
State Formula Aid	\$ 9,387,427	22.88%
Property Taxes	21,376,759	52.12%
Federal and State Categorical Grants	7,989,519	19.48%
Charges for Services	2,189,470	5.34%
Other	73,312	0.18%
	<u>\$ 41,016,487</u>	<u>100.00%</u>

The total cost of all programs and services was \$40,779,115. The District's expenses are predominantly related to instructing, caring for (pupil services) and transporting students (77.12 percent). (See Figure A-6). The District's administrative and business activities accounted for 9.04 percent of total costs. The most significant contributor to the costs of Maintenance and Operations was fuel costs. It is important to remember that depreciation is included in expenses for the year; expenses therefore include \$1,236,010 of depreciation expense.

Figure A-6**Expenses for Fiscal Year 2015**

Expense Category:	<u>Amount</u>	<u>Percentage</u>
Instruction	\$ 21,972,258	53.88%
Pupil and Instruction Services	7,684,795	18.84%
Administrative and Business	3,685,151	9.04%
Maintenance and Operations	3,209,050	7.87%
Transportation	1,792,485	4.40%
Other	2,435,376	5.97%
	<u>\$ 40,779,115</u>	<u>100.00%</u>

Governmental Activities

The financial position of the District continues to be healthy. But, as always, maintaining existing programs with stable pupil enrollment, providing a multitude of electives and new curricular offerings as well as special programs and services for disabled pupils place great demands on the District's resources. During the past few years, several veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated some salary savings, but these have been offset by the need to increase staff due to special education mandates and scheduling of classes as well as contracted salary increases.

Careful management of expenses remains a priority and helps the District sustain its financial health. Among the many significant cost savings actions which continue to be implemented are:

- Contracting transportation services and increasing shared services with other districts.
- Applying for and receiving SDA grant funds of over \$13 million for the referendum and the high school roof projects. Four new projects have just been submitted for potential future funding.
- Applying for and receiving e-rate funds to offset the cost of internet and phone services.
- Receiving School Alliance Insurance Fund Safety Award incentive resulting in decreasing insurance rates.
- Contracting special education aides and transportation through Warren County Special Services District.
- Initiating new Special Education Program in lieu of out of district placement/ transportation.
- Sharing curriculum writing costs with constituent districts.
- Consolidating administrative responsibilities to reduce salary costs.
- Sharing costs of the new teacher and school leader evaluation system and required training with the constituent districts in our region.

It is always important that the District examine its expenditures carefully. Increasing parental and student demands for new activities and programs are evaluated thoroughly.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

The net cost shows the financial burden placed on the District's taxpayers by each of these functions:

Figure A-7

Net Cost of Governmental Activities

Expense Category:	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2013/14	2013/14	2014/15	2014/15
Instruction	\$ 19,060,749	\$ 14,022,607	\$ 21,972,258	\$ 14,207,841
Pupil and Instruction Services	6,567,514	6,002,693	7,684,795	6,633,750
Administrative and Business	3,375,455	3,163,279	3,685,151	3,185,002
Maintenance and Operations	3,177,264	3,177,264	3,209,050	3,209,050
Transportation	1,661,141	1,257,640	1,792,485	1,399,933
Other	1,971,918	1,971,918	1,930,282	1,930,282
	<u>\$ 35,814,041</u>	<u>\$ 29,595,401</u>	<u>\$ 40,274,021</u>	<u>\$ 30,565,858</u>

- The cost of all governmental activities this year was \$40.27 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$7.83 million).
- Slightly more than half of the District's costs (\$21.38 million) were financed by District taxpayers.
- A significant portion of governmental activities was financed with \$9.39 million in state and federal aid based on the SFRA formula.
- The remainder of the funding came from charges for services, including tuition and other (\$1.95 million).

Business-Type Activities

Net position from the District's business-type activity decreased by \$33,482. (Refer to Figure A-4). The primary factors contributing to this result were the following:

- Revenue and expenses remained relatively the same from the prior year except for an increase in architectural fees of \$6,000 related to HVAC and ventilation renovation at the high school and middle school kitchens.
- The remaining decrease is a result of expenses exceeding revenues in the current year.

Financial Analysis of the District's Funds

The District's financial position improved despite difficult economic times and decreases in State aid. Special education costs continue to rise as we move to control outside placements as well as mandated services to in-house students.

Difficult economic times and past legislation have had a direct impact upon the District's revenue sources. Due to the requirements of the S1701 legislation on restricting and reducing unassigned General Fund fund balance, the District has had to utilize funds from the assigned balance to reduce the tax levy. The continued national financial crisis is impacting state resources.

All of these factors are likely to continue for the next several years. To maintain a stable financial position, the District must continue to practice sound fiscal management.

General Fund Budgetary Highlights

- Over the course of the year, the District revised the annual operating budget several times. These budget amendments were due to changes made within budgetary line items for changes in school-based needs for programs, supplies and equipment.

Capital Asset and Debt Administration

Figure A-8

Capital Assets (Net of Depreciation)

	Government Activities		Business-Type Activities		Total School District		Percentage
	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	Change 2014/15
Sites	\$ 443,166	\$ 443,166			\$ 443,166	\$ 443,166	0.00%
Site Improvements	785,323	755,308			785,323	755,308	-3.82%
Construction in Progress	5,580,431	6,543,999			5,580,431	6,543,999	17.27%
Buildings and Building Improvements	40,720,082	39,887,598			40,720,082	39,887,598	-2.04%
Machinery and Equipment	1,089,206	1,075,034	\$ 97,892	\$ 210,733	1,187,098	1,285,767	8.31%
Total Capital Assets (Net of Depreciation)	<u>\$ 48,618,208</u>	<u>\$ 48,705,105</u>	<u>\$ 97,892</u>	<u>\$ 210,733</u>	<u>\$ 48,716,100</u>	<u>\$ 48,915,838</u>	0.41%

During the fiscal year, the District acquired or constructed \$1,304,316 in capital additions from its governmental activities (which included construction in progress expenses for the high school and middle school partial re-roofing projects, boiler/HVAC upgrades, high school exterior door replacement and capital outlay expenses for the purchase of one new school bus and a district-wide security upgrade) and \$131,432 from its business-type activities for HVAC and ventilation renovation at the high school and middle school kitchens and \$1,236,010 in depreciation (\$1,217,419 from its governmental activities and \$18,591 from its business-type activities).

Long-term Debt

At year-end, the District had \$20,144,000 in serial bonds. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9

Outstanding Long-Term Debt

	Total School District		Percentage
	2013/14*	2014/15	Change 2014/15
Serial Bonds (Financed with Property Taxes)	\$ 21,329,000	\$ 20,144,000	-5.56%
Net Pension Liability	6,951,372	7,319,891	5.30%
Other Long Term Liabilities	336,642	244,441	-27.39%
	<u>\$ 28,617,014</u>	<u>\$ 27,708,332</u>	-3.18%

* Restated

- The District continued to pay down its debt, retiring \$1,185,000 of serial bonds.
- Compensated absences decreased by a net amount of \$27,459 as a result of the retirement of two district administrators.
- The District paid down \$64,742 in capital lease principal during the fiscal year.

Factors Bearing on the District's Future Revenue/Expense Changes

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Negotiated salary increases.
- Rising health benefit costs.
- Increasing costs of special education students and outside placements.
- Impact of accountability regulations.
- Impact of the fiscal crisis upon the state treasury affected state aid paid to the district.
- Unfunded state mandates such as Achieve NJ which place demands on the staff and finances of the district and statewide.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 89 Bowerstown Road, Washington, NJ 07882.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 3,352,691	\$ 293,528	\$ 3,646,219
Internal Balances	131,432	(131,432)	
Interfund Receivable - Flexible Spending Trust	571		571
Tax Levy Receivable	1,030,083		1,030,083
Receivables from State Government	387,270	241	387,511
Receivables from Federal Government	113,932	7,365	121,297
Receivables from Other Governments	351,766		351,766
Other Receivables	3,052		3,052
Inventories		4,235	4,235
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	5,103,651		5,103,651
Maintenance Reserve - Cash and Cash Equivalents	645,000		645,000
Emergency Reserve - Cash and Cash Equivalents	318,406		318,406
Capital Assets, Net:			
Sites (Land) and Construction in Progress	6,987,165		6,987,165
Depreciable Site Improvements, Buildings and Building Improvements and Machinery and Equipment	41,717,940	210,733	41,928,673
Total Assets	60,142,959	384,670	60,527,629
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Changes in Assumptions - Pensions	230,177		230,177
Changes in Proportion - Pensions	439,848		439,848
Total Deferred Outflows of Resources	670,025		670,025
<u>LIABILITIES</u>			
Accrued Interest Payable	102,538		102,538
Accounts Payable	444,329	20,528	464,857
Payable to State Government	14,220		14,220
Payable to Other Government	9,875		9,875
Unearned Revenue	5,784	2,748	8,532
Unamortized Bond Premium	1,987,776		1,987,776
Noncurrent Liabilities:			
Due Within One Year	1,302,733		1,302,733
Due Beyond One Year	26,405,599		26,405,599
Total Liabilities	30,272,854	23,276	30,296,130
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Investment Gains - Pensions	436,226		436,226
Total Deferred Inflows of Resources	436,226		436,226
<u>NET POSITION</u>			
Net Investment in Capital Assets	28,561,105	210,733	28,771,838
Restricted for:			
Capital Projects	5,138,167		5,138,167
Debt Service	114,935		114,935
Other Purposes	5,024,974		5,024,974
Unrestricted/(Deficit)	(8,735,277)	150,661	(8,584,616)
Total Net Position	\$ 30,103,904	\$ 361,394	\$ 30,465,298

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental Activities:						
Instruction:						
Regular	\$ 16,281,883	\$ 1,457,875	\$ 3,733,018	\$ (11,090,990)		\$ (11,090,990)
Special Education	4,160,158	159,400	2,414,124	(1,586,634)		(1,586,634)
Other Special Instruction	41,319			(41,319)		(41,319)
Other Instruction	1,488,898			(1,488,898)		(1,488,898)
Support Services:						
Tuition	2,237,895			(2,237,895)		(2,237,895)
Student & Instruction Related Services	5,446,900		1,051,045	(4,395,855)		(4,395,855)
General Administrative Services	663,082		70,064	(593,018)		(593,018)
School Administrative Services	2,007,473		360,711	(1,646,762)		(1,646,762)
Central Services	658,195		69,374	(588,821)		(588,821)
Administrative Information Technology	356,401			(356,401)		(356,401)
Plant Operations and Maintenance	3,209,050			(3,209,050)		(3,209,050)
Pupil Transportation	1,792,485	257,971	134,581	(1,399,933)		(1,399,933)
Interest on Long-Term Debt	724,466			(724,466)		(724,466)
Capital Outlay	196,063			(196,063)		(196,063)
Unallocated Depreciation	1,009,753			(1,009,753)		(1,009,753)
Total Governmental Activities	40,274,021	1,875,246	7,832,917	(30,565,858)		(30,565,858)
Business-Type Activities:						
Food Service	505,094	314,224	156,602		\$ (34,268)	(34,268)
Total Business-Type Activities	505,094	314,224	156,602		(34,268)	(34,268)
Total Primary Government	\$ 40,779,115	\$ 2,189,470	\$ 7,989,519	(30,565,858)	(34,268)	(30,600,126)

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 19,412,253		\$ 19,412,253
Taxes Levied for Debt Service	1,964,506		1,964,506
Federal and State Aid not Restricted	9,387,427		9,387,427
Investment Earnings	44,819	\$ 786	45,605
Miscellaneous Income	27,650		27,650
Transfers	57		57
Total General Revenue and Transfers	30,836,712	786	30,837,498
Change in Net Position	270,854	(33,482)	237,372
Net Position - Beginning (Restated)	29,833,050	394,876	30,227,926
Net Position - Ending	\$ 30,103,904	\$ 361,394	\$ 30,465,298

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

FUND FINANCIAL STATEMENTS

WARREN HILLS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 3,203,240		\$ 34,516	\$ 114,935	\$ 3,352,691
Interfund Receivable	199,668				199,668
Tax Levy Receivable	1,030,083				1,030,083
Receivables From State Government	387,270				387,270
Receivables From Federal Government		\$ 113,932			113,932
Receivables From Other Governments	351,766				351,766
Other Receivables	3,052				3,052
Restricted Cash and Cash Equivalents	6,067,057				6,067,057
Total Assets	\$ 11,242,136	\$ 113,932	\$ 34,516	\$ 114,935	\$ 11,505,519
LIABILITIES AND FUND BALANCES					
Liabilities:					
Interfund Payable		\$ 67,665			\$ 67,665
Accounts Payable	\$ 418,066	26,263			444,329
Payable to State Government		14,220			14,220
Payable to Other Government	9,875				9,875
Unearned Revenue		5,784			5,784
Total Liabilities	427,941	113,932			541,873
Fund Balances:					
Restricted:					
Capital Reserve	5,103,651				5,103,651
Maintenance Reserve	645,000				645,000
Emergency Reserve	318,406				318,406
Excess Surplus - 2016-2017	1,733,000				1,733,000
Excess Surplus - 2015-2016	2,328,568				2,328,568
Capital Projects Fund			\$ 64,821		64,821
Debt Service Fund				\$ 114,935	114,935
Assigned:					
For Subsequent Year's Expenditures	203,728				203,728
Other Purposes	481,842				481,842
Unassigned/(Deficit)			(30,305)		(30,305)
Total Fund Balances	10,814,195		34,516	114,935	10,963,646
Total Liabilities and Fund Balances	\$ 11,242,136	\$ 113,932	\$ 34,516	\$ 114,935	\$ 11,505,519

WARREN HILLS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Total Fund Balances from previous page	\$ 10,963,646
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$61,789,045 and the Accumulated Depreciation is \$13,083,940.	48,705,105
Bond Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold. The Amount is \$2,484,721 and the Accumulated Amortization is \$496,945.	(1,987,776)
Interest on Long-Term Debt is not Accrued in the Governmental Funds but Rather is Recognized as an Expenditure When Due.	(102,538)
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds	(20,388,441)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(7,319,891)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	230,177
Changes in Proportions - Pensions	439,848
Investment Gains - Pensions	<u>(436,226)</u>
Net Position of Governmental Activities	<u>\$ 30,103,904</u>

Exhibit B-2

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 19,412,253			\$ 1,964,506	\$ 21,376,759
Tuition from Other LEAs	1,617,275				1,617,275
Transportation Fees from Other LEAs	257,971				257,971
Interest Earned on Capital Reserve Funds	18,003				18,003
Other Restricted Miscellaneous Revenue	3,149				3,149
Unrestricted Miscellaneous Revenue	51,317	\$ 3,005			54,322
Total - Local Sources	21,359,968	3,005		1,964,506	23,327,479
State Sources	13,660,395	8,449		17,140	13,685,984
Federal Sources		572,921			572,921
Total Revenues	35,020,363	584,375		1,981,646	37,586,384
EXPENDITURES:					
Current:					
Regular Instruction	10,078,338	130,898			10,209,236
Special Education Instruction	2,531,246	300,000			2,831,246
Other Special Instruction	34,344				34,344
School-Sponsored/Other Instruction	1,229,904				1,229,904
Support Services and Undistributed Costs:					
Tuition	2,237,895				2,237,895
Student and Other Instruction Related Services	3,609,456	153,477			3,762,933
General Administration Services	532,428				532,428
School Administration Services	1,288,241				1,288,241
Central Services	468,591				468,591
Administrative Information Technology	347,210				347,210
Plant Operations and Maintenance	2,818,202				2,818,202
Student Transportation	1,711,448				1,711,448
Unallocated Benefits	7,668,082				7,668,082
Debt Service:					
Principal				1,185,000	1,185,000
Interest and Other Charges				896,646	896,646
Capital Outlay	532,171		\$ 963,568		1,495,739
Total Expenditures	35,087,556	584,375	963,568	2,081,646	38,717,145
Deficit of Revenue Under Expenditures	(67,193)		(963,568)	(100,000)	(1,130,761)
OTHER FINANCING SOURCES:					
Transfers In	57				57
Total Other Financing Sources	57				57
Net Change in Fund Balances	(67,136)		(963,568)	(100,000)	(1,130,704)
Fund Balance - July 1	10,881,331		998,084	214,935	12,094,350
Fund Balance - June 30	\$ 10,814,195	\$ -0-	\$ 34,516	\$ 114,935	\$ 10,963,646

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

WARREN HILLS REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ (1,130,704)
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 differs from depreciation in the period.		
Depreciation expense	\$ (1,217,419)	
Capital outlays	<u>1,304,316</u>	86,897
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		27,459
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)		
		165,648
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		6,532
Repayment of serial bonds payable 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.		
		1,185,000
Repayment of capital leases 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.		
		64,742
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		(368,519)
Deferred Outflows:		
Changes in Assumptions		230,177
Changes in Proportion		439,848
Deferred Inflows:		
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		<u>(436,226)</u>
Change in Net Position of Governmental Activities (A-2)		<u>\$ 270,854</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-4

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 293,528
Intergovernmental Accounts Receivable:	
State	241
Federal	7,365
Inventories	4,235
	305,369
Total Current Assets	305,369
Non-Current Assets:	
Capital Assets	461,782
Less: Accumulated Depreciation	(251,049)
	210,733
Total Non-Current Assets	210,733
Total Assets	516,102
<u>LIABILITIES:</u>	
Current Liabilities:	
Interfund Payable - General Fund	131,432
Accounts Payable	20,528
Unearned Revenue	2,748
	154,708
Total Liabilities	154,708
<u>NET POSITION:</u>	
Net Investment in Capital Assets	210,733
Unrestricted	150,661
	361,394
Total Net Position	\$ 361,394

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-5

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds Food Service
Operating Revenue:	
Local Sources:	
Daily Sales	\$ 313,960
Miscellaneous Revenue	264
Total Operating Revenue	314,224
Operating Expenses:	
Cost of Sales	228,262
Salaries, Benefits & Payroll Taxes	214,188
Supplies, Insurance & Other Costs	30,308
Management Fee	13,745
Depreciation Expense	18,591
Total Operating Expenses	505,094
Operating Loss	(190,870)
Non-Operating Income:	
Local Sources:	
Interest Income	786
State Sources:	
State School Lunch Program	4,555
Federal Sources:	
National School Lunch Program	134,102
School Breakfast Program	1,719
Food Distribution Program	16,226
Total Non-Operating Income	157,388
Change in Net Position	(33,482)
Net Position - Beginning of Year	394,876
Net Position - End of Year	\$ 361,394

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 314,224
Payments to Food Service Contractor	(421,015)
Payments to Suppliers	(29,782)
	(136,573)
Net Cash Used for Operating Activities	
Cash Flows from Investing Activities:	
Interest Income	786
	786
Net Cash Provided by Investing Activities	
Cash Flows from Noncapital Financing Activities:	
State Sources	4,533
Federal Sources	134,650
	139,183
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	3,396
Cash and Cash Equivalents, July 1	290,132
Cash and Cash Equivalents, June 30	\$ 293,528
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (190,870)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	18,591
Food Distribution Program	16,226
Changes in Assets and Liabilities:	
Increase in Unearned Revenue	1,453
Increase in Accounts Payable	19,078
(Increase) in Inventory	(1,051)
	(136,573)
Net Cash Used for Operating Activities	\$ (136,573)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$17,680 and Utilized Commodities Valued at \$16,226.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-7

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2015

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 302,780	\$ 196,646	\$ 11,169	\$ 4,414
Investments				380,056
Total Assets	<u>302,780</u>	<u>196,646</u>	<u>11,169</u>	<u>384,470</u>
<u>LIABILITIES:</u>				
Interfund Payable - General Fund			571	
Payroll Deductions and Withholdings	66,540			
Due to Student Groups	<u>236,240</u>			
Total Liabilities	<u>302,780</u>		<u>571</u>	
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		196,646		
Flexible Spending Claims			10,598	
Restricted for Scholarships				<u>384,470</u>
Total Net Position	<u>\$ -0-</u>	<u>\$ 196,646</u>	<u>\$ 10,598</u>	<u>\$ 384,470</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

Exhibit B-8

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust
ADDITIONS:			
Contributions:			
Plan Members	\$ 46,163	\$ 28,300	
Budget Appropriation	25,000		
Donations			\$ 1,338
Total Contributions	<u>71,163</u>	<u>28,300</u>	<u>1,338</u>
Investment Earnings:			
Interest			1,118
Net Investment Earnings			<u>1,118</u>
Total Additions	<u>71,163</u>	<u>28,300</u>	<u>2,456</u>
DEDUCTIONS:			
Quarterly Contribution Reports	19,497		
Unemployment Claims	23,630		
Flexible Spending Claims		20,825	
Scholarships Awarded			6,528
Total Deductions	<u>43,127</u>	<u>20,825</u>	<u>6,528</u>
Change in Net Position Before Other Items	28,036	7,475	(4,072)
OTHER ITEMS:			
Transfer to General Fund		(57)	
Change in Net Position	28,036	7,418	(4,072)
Net Position - Beginning of the Year	<u>168,610</u>	<u>3,180</u>	<u>388,542</u>
Net Position - End of the Year	<u>\$ 196,646</u>	<u>\$ 10,598</u>	<u>\$ 384,470</u>

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE 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 (the "Board") of Warren Hills Regional School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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.

A. Reporting Entity

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The combined financial statements include all funds of the District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenue identifies the extent to which each government function or business segment is self-financing or draws from the general revenue of the District.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

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.

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 and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states 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 revenue. 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 expenses by board resolution.

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (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, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service 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 cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation (Cont'd)

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, the Private Purpose Scholarships Trust, Flexible Spending Trust, the Payroll Agency Fund and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. 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. 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.

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. 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. All budget amendments/transfers must be made by School Board resolution. All budgetary 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 budget during the year).

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Formal budgetary integration into the accounting system is employed as a management control device during the 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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

School Development Authority (SDA) grants in the Capital Projects Fund are recognized on the budgetary basis when awarded; while on a GAAP basis, revenue is recognized based on actual expenditures and when funds are requested for reimbursement.

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures:

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 35,031,571	\$ 582,310
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not:		
Prior Year Encumbrances		6,209
Current Year Encumbrances		(4,144)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	968,714	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(979,922)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 35,020,363</u>	<u>\$ 584,375</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control (Cont'd)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenue and Expenditures (Cont'd):

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 35,087,556	\$ 582,310
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		6,209
Current Year Encumbrances		(4,144)
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 35,087,556	\$ 584,375
		Capital Projects Fund
Restricted		\$ 47,321
Restricted - Year End Encumbrances		17,500
Committed		646,563
Committed - Year End Encumbrances		78,313
Total Fund Balance - Budgetary Basis		789,697
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Grant Receivable not Recognized on GAAP Basis		(755,181)
Fund Balance per Governmental Funds (GAAP)		\$ 34,516

E. Cash and Cash Equivalents and Investments

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

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that 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.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments (Cont'd)

N.J.S.A 17:9-41et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

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

F. Interfund Transactions:

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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 restricted, committed and/or assigned 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 unearned revenue 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.

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary charges necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the District-wide statements and proprietary funds are as follows:

	<u>Estimated Useful Life</u>
Buildings	50 years
Site Improvements	20 years
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

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

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premium and discounts, are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year, therefore, there are no accrued salaries and wages as of June 30, 2015.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. 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 in accordance with the District's various employee agreements/contracts. Upon termination, employees are paid for accrued vacation. The District's various employee agreements/contracts 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 agreements/contracts.

In the district-wide *Statement of Net Position*, 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.

O. Unearned Revenue

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned.

P. Fund Balance Appropriated

General Fund: Of the \$10,814,195 General Fund fund balance at June 30, 2015, \$5,103,651 is restricted in the capital reserve account; \$645,000 is restricted in the maintenance reserve account; \$318,406 is restricted in the emergency reserve account; \$4,061,568 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (the \$2,328,568 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016 and the current year excess surplus of \$1,733,000 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2017); \$481,842 is assigned for year end encumbrances; \$203,728 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2016, which is \$95,845 less than the budgetary assigned fund balance, on a GAAP basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2016; and \$-0- is unassigned, which is \$884,077 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2016.

Capital Projects Fund: Of the \$34,516 Capital Projects Fund fund balance at June 30, 2015, \$64,821 is restricted fund balance. The \$-0- committed fund balance and \$30,305 deficit unassigned fund balance is \$724,876 and \$30,305, respectively, less than the balance on a budgetary basis due to SDA grant receivable not being recognized on a GAAP basis until the District submits reimbursement requests to the SDA.

Debt Service Fund: The \$114,935 restricted fund balance at June 30, 2015 has been appropriated and included as anticipated revenue for the fiscal year ending June, 30 2016.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict 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 year's budget. The District had excess surplus as noted above.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

P. Fund Balance Appropriated (Cont'd)

The District's unassigned fund balance in the General Fund is less on a GAAP basis than the budgetary basis as reported in the fund statement (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last state aid payments in the subsequent fiscal year, the school district cannot recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the last state aid payments, and not the fund balance reported on the fund statement which excludes the last state aid payments.

Q. Deficit Net Position/Fund Balance

The District had a deficit in unrestricted net position from governmental activities in the amount of \$8,735,277. This is due to the accrual of \$244,441 of compensated absences payable, \$102,538 of accrued interest payable on bonds and \$1,987,776 in unamortized bond premium, investment gains in pensions of \$436,226 and net pension liability of \$7,319,891; offset by changes in pension assumptions of \$230,177, changes in proportion in pensions of \$439,848, \$481,842 of General Fund encumbrances at year end and \$203,728 of fund balance assigned for subsequent year's expenditures. The District also has a \$30,305 deficit in unassigned Capital Projects Fund fund balance due to SDA grant receivable not being recognized on the GAAP basis until the reimbursement request is submitted to the State. These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources for changes in assumptions in pensions and changes in proportion in pensions at June 30, 2015. The District had deferred inflows of resources at June 30, 2015 for the net difference between projected and actual investment earnings on pension plan investments.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

R. Net Position (Cont'd)

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for excess surplus, a capital reserve, a maintenance reserve, an emergency reserve, the capital projects fund and the debt service fund.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$724,876 of committed resources at June 30, 2015 in the capital projects fund on a budgetary basis.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for subsequent year's expenditures in the General Fund at June 30, 2015.

T. Revenue - 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, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Revenue - Exchange and Nonexchange Transactions (Cont'd)

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, interest and tuition.

U. Operating Revenue and Expenses

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

V. Management Estimates

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

W. Pensions

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 State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

GASB Statement No. 40 requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

Interest Rate Risk - In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk - The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed below.

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, or by any other agency of the United States that insures deposits or 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, the Federal Home Loan Bank Board, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

As of June 30, 2015, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents			Investments	Total
		Capital Reserve	Maintenance Reserve	Emergency Reserve		
Checking and Savings Accounts	\$4,161,228	\$5,103,651	\$ 645,000	\$ 318,406		\$10,228,285
Certificates of Deposit					\$ 380,056	380,056
	<u>\$4,161,228</u>	<u>\$5,103,651</u>	<u>\$ 645,000</u>	<u>\$ 318,406</u>	<u>\$ 380,056</u>	<u>\$10,608,341</u>

During the period ended June 30, 2015, the District did not hold any investments other than certificate of deposits. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2015, was \$10,608,341 and the bank balance was \$11,008,482.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$500,000 in the original 1999-2000 annual budget 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 State Department of Education, 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 amount 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. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2014	\$ 4,542,193
Add:	
Interest Earnings	18,003
Budgeted Increase	543,455
Ending Balance, June 30, 2015	\$ 5,103,651

The June 30, 2015 balance of local support costs of uncompleted capital projects in the District's LRFP exceeds the balance in the capital reserve account at June 30, 2015.

NOTE 5. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2015, the District made transfers to the capital outlay accounts, all of which related to equipment and therefore did not require approval from the County Superintendent.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 443,166			\$ 443,166
Construction in Progress	5,580,431	\$ 963,568		6,543,999
Total Capital Assets Not Being Depreciated	6,023,597	963,568		6,987,165
Capital Assets Being Depreciated:				
Site Improvements	1,371,589	27,031		1,398,620
Buildings and Building Improvements	50,888,374	105,928		50,994,302
Machinery and Equipment	2,201,169	207,789		2,408,958
Total Capital Assets Being Depreciated	54,461,132	340,748		54,801,880
Governmental Activities Capital Assets	60,484,729	1,304,316		61,789,045
Less Accumulated Depreciation for:				
Site Improvements	(586,266)	(57,046)		(643,312)
Buildings and Building Improvements	(10,168,292)	(938,412)		(11,106,704)
Machinery and Equipment	(1,111,963)	(221,961)		(1,333,924)
	(11,866,521)	(1,217,419)		(13,083,940)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 48,618,208	\$ 86,897	\$ -0-	\$ 48,705,105

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 330,350			\$ 330,350
Buildings and Building Improvements		\$ 131,432		131,432
	<u>330,350</u>	<u>131,432</u>		<u>461,782</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	(232,458)	(13,334)		(245,792)
Buildings and Building Improvements		(5,257)		(5,257)
	<u>(232,458)</u>	<u>(18,591)</u>		<u>(251,049)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 97,892</u>	<u>\$ 112,841</u>	<u>\$ -0-</u>	<u>\$ 210,733</u>

The District had active construction projects totaling \$789,697 as of June 30, 2015. These projects include new construction and renovations of the District's schools.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 46,810
Special Education Instruction	10,275
Support Services	3,272
School Administrative	45,809
General Administration	6,544
Central Services	6,544
Administrative Information Technology	3,272
Operations and Maintenance of Plant	26,588
Pupil Transportation	58,552
Unallocated	1,009,753
	<u>\$ 1,217,419</u>

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the District-wide financial statements:

	<u>(Restated) Balance 6/30/2014</u>	<u>Accrued</u>	<u>Retired</u>	<u>Balance 6/30/2015</u>
Serial Bonds Payable	\$ 21,329,000		\$ 1,185,000	\$ 20,144,000
Compensated Absences Payable	271,900	\$ 2,071	29,530	244,441
Capital Leases Payable	64,742		64,742	
Net Pension Liability	6,951,372	368,519		7,319,891
	<u>\$ 28,617,014</u>	<u>\$ 370,590</u>	<u>\$ 1,279,272</u>	<u>\$ 27,708,332</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

A. Bonds Payable:

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.

On June 6, 2012, the District issued refunding bonds of \$17,335,000 with interest rates ranging from 3.0% to 5.0% to advance refund \$19,625,000 school bonds with interest rate ranging from 4.0% to 4.50%. The bonds mature on February 12, 2013 through 2027 and February 15, 2023 is the first optional redemption date at 100% at par. The net proceeds from the issuance of the general obligation bonds were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the school bonds were called on February 15, 2014. The advance refunding met the requirements of an in-substance debt defeasance and the school bonds were removed from the School's government-wide financial statements.

As a result of the advance refunding, the District will realize a total of \$3,166,745 in debt service savings through fiscal year ending June 30, 2027. On a present value basis, the savings equated to \$1,139,179 (net of all costs of issuing the bonds and prior funds on hand), or 5.80% of the bonds refunded.

The District had bonds outstanding as of June 30, 2015 as follows:

<u>Final Maturity Date</u>	<u>Serial Bonds Interest Rates</u>	<u>Amount</u>
02/15/24	3.75%-4.13%	\$ 3,779,000
02/15/27	3.00%-5.00%	16,365,000
		<u>\$ 20,144,000</u>

Principal and interest due on serial bonds outstanding are as follows:

<u>Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,285,000	\$ 858,509	\$ 2,143,509
2017	1,365,000	808,009	2,173,009
2018	1,500,000	754,334	2,254,334
2019	1,565,000	695,296	2,260,296
2020	1,690,000	622,046	2,312,046
2021 - 2025	9,259,000	1,892,885	11,151,885
2026 - 2027	3,480,000	210,200	3,690,200
	<u>\$ 20,144,000</u>	<u>\$ 5,841,279</u>	<u>\$ 25,985,279</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2015, the Board had no bonds authorized but not issued.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. LONG-TERM LIABILITIES (Cont'd)

C. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$17,733 and the long-term liability balance of compensated absences is \$226,708.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2015, no liability existed for compensated absences in the Food Service Fund.

The General Fund will be used to liquidate Compensated Absences Payable. The Debt Service Fund will be used to liquidate the Serial Bonds Payable.

D. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$7,319,891. See Note 8 for further information on the PERS.

NOTE 8. PENSION PLANS

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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. The following represents the membership tiers for PERS:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a members retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 50 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$322,304 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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 \$16,458,785 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 used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.039%, which was an increase of 0.002% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$458,617. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 230,177	
Changes in Proportion	439,848	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		\$ 436,226
	<u>\$ 670,025</u>	<u>\$ 436,226</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts including changes in proportion) related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	\$ (66,745)
2016	(66,744)
2017	(66,745)
2018	(66,744)
2019	42,312
Thereafter	18,617
	<u>\$ (206,049)</u>

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 Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	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.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Actuarial Assumptions (Cont'd)

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 pension 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' target asset allocation as of June 30, 2014 are summarized in the following table:

<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 U.S. 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 Return	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% as of June 30, 2014. 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% as of June 30, 2014 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 upon 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 pension 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 pension 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.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)A. Public Employees' Retirement System (PERS) (Cont'd)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 collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 9,208,672	\$ 7,319,891	\$ 5,733,795

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's Comprehensive Annual Financial Report (CAFR) which can be found at www.state.nj.us/treasury/pensions/annrpts.shtml.

Benefits Provided

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. The following represents the membership tiers for TPAF:

Tier	Definition
1	Members who were enrolled prior to July 1, 2007
2	Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members who were eligible to enroll on or after June 28, 2011

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are 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 local participating employers do 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 local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$699,702 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$3,658,136.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$67,983,232. The net pension liability was measured as of June 30, 2014, and the total pension liability used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.127%, which was an increase of 0.000% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>67,983,232</u>
Total	<u><u>\$ 67,983,232</u></u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$3,658,136 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	\$ 2,306,623,861	\$ 1,763,205,593

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as deferred outflows of resources related to pensions resulting from differences between expected and actual experience will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

Fiscal Year Ending June 30,	Total
2016	\$ (130,688,498)
2017	(130,688,498)
2018	(130,688,498)
2019	(130,688,496)
2020	304,620,646
Thereafter	761,551,612
	\$ 543,418,268

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 Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables 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 pension 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 is summarized in the following table:

<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-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. 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 Return	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%

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. 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% as of June 30, 2014 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 upon the average of the last five years. Based on those assumptions, the pension 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 pension 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 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 net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 11. PENSION PLANS (Cont'd)

C. Defined Contribution Retirement Program (DCRP) (Cont'd)

For DCRP, the District recognized pension expense of \$2,962 for the fiscal year ended June 30, 2015. Employee contributions to DCRP amounted to \$6,364 for the fiscal year ended June 30, 2015.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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 eligible for post-retirement medical benefits. The cost of these benefits is funded through contributions by the State in accordance with Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding 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 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.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$1,110,778, \$882,281 and \$927,566 for 2015, 2014 and 2013, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 10. 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. The District obtains their health benefits coverage through Horizon Blue Cross/Blue Shield of NJ.

Property, Liability and Health Benefits

The Warren Hills Regional School District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund's liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

The June 30, 2015 audit report for the fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2014 is as follows:

Total Assets	\$ 33,508,569
Total Net Position	\$ 5,114,269
Total Revenue	\$ 34,091,773
Total Expenses	\$ 37,253,827
Change in Net Position	\$ (3,162,054)
Members Dividends	\$ -0-

Financial statements for the Fund are available at the Fund's Executive Director's Office:

Public Entity Group Administrative Services
51 Everett Drive
Suite B-40
West Windsor, NJ 08550

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, interest earned, 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>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$ 25,000	\$ -0-	\$ 46,163	\$ 43,127	\$ 196,646
2013-2014	50,000	-0-	45,394	60,697	168,610
2012-2013	75,000	-0-	44,045	64,825	133,913

NOTE 11. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 199,668	
Special Revenue Fund		\$ 67,665
Enterprise Fund		131,432
Fiduciary Fund - Flexible Spending Trust		571
	<u>\$ 199,668</u>	<u>\$ 199,668</u>

The interfund between the General Fund and the Special Revenue Fund is due to a deficit in cash and cash equivalents in the Special Revenue Fund. The deficit is due to the timing between expenditure and reimbursement from the State of New Jersey. The interfund payable in the Enterprise Fund is Food Service Fund expenses paid by the General Fund on behalf of the Food Service Fund. The interfund payable in the Flexible Spending Trust comprised of \$1,100 interfund advanced from the General Fund in a prior year and \$309 of unclaimed employee contributions for 2013 and 2014 plan years, net of \$838 in service charges paid by the Flexible Spending Trust on-behalf of the General Fund.

NOTE 13. ACCOUNTS PAYABLE

Payables as of June 30, 2015 were:

	<u>Governmental Activities</u>		<u>Total</u>	<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Governmental Funds</u>	<u>Food Service Fund</u>
Due to State of New Jersey		\$ 25,182	\$ 25,182	
Vendors	\$ 269,990	1,081	271,071	\$ 20,528
Accrued Salaries and Wages	148,076		148,076	
	<u>\$ 418,066</u>	<u>\$ 26,263</u>	<u>\$ 444,329</u>	<u>\$ 20,528</u>

NOTE 14. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency.

The plan administrators are as follows:

AXA Equitable
Oppenheimer

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 15. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1.

A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipalities and are remitted to the regional school district on predetermined agreed-upon schedules.

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to 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 District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance or recorded as an encumbrance payable would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2015, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
\$ 481,842	\$ 4,144	\$ 95,813	\$ 581,799

On the District's Governmental Funds Balance Sheet as of June 30, 2015, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$4,144 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue. Of the \$95,813 of year-end encumbrances in the Capital Projects Fund on a budgetary basis, \$17,500 is included in the \$64,821 restricted fund balance on a GAAP basis as of June 30, 2015 and \$78,313 is included in \$30,305 deficit unassigned fund balance on a GAAP basis at June 30, 2015, which is less than the committed fund balance on a budgetary basis due to the SDA grant receivable not being recognized on the GAAP basis until the reimbursement request has been submitted to the State.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 17. EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by Board resolution on June 21, 2011 by inclusion of \$250,000 for the accumulation of funds for use as unanticipated general fund expenditures in subsequent fiscal years. The emergency reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

The emergency reserve is restricted to be used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated General Fund expenditures required for a through and efficient education. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the General Fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution between June 1st and June 30th of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the Commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2014 to June 30, 2015 fiscal year is as follows:

Beginning Balance, July 1, 2014	\$ 318,406
Ending Balance, June 30, 2015	<u>\$ 318,406</u>

NOTE 18. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$395,000 was established by the District on June 21, 2011. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance. These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the district by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes.

Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end. At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the district's school facilities. If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Beginning Balance, July 1, 2014	\$ 645,000
Ending Balance, June 30, 2015	<u>\$ 645,000</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 19. SUBSEQUENT EVENTS

In July of 2015, the District entered into two lease purchase agreements in the amounts of \$360,811 and \$1,121,147 for district-wide computer networking upgrades and the purchase of various computer and related equipment, respectively. The capital leases are for a three-year term with the first lease payments due in fiscal year 2015-2016 totaling \$497,612 in principal and \$2,597 in interest. The General Fund will be used to liquidate the capital leases payable.

NOTE 20. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The District also made an adjustment to the capital assets in its Governmental activities as of June 30, 2014 to record the disposals of older equipment in prior years.

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
<u>Statement of Net Assets:</u>			
<u>Governmental Activities:</u>			
Statement of Net Position:			
Liabilities:			
Non-Current Liabilities	\$ 21,665,642	\$ 6,951,372	\$ 28,617,014
Total Liabilities	24,112,460	6,951,372	31,063,832
Net Position:			
Unrestricted/(Deficit)	(755,704)	(6,951,372)	(7,707,076)
Total Net Position	36,784,422	(6,951,372)	29,833,050

BUDGETARY COMPARISON SCHEDULES
SUPPLEMENTARY INFORMATION

WARREN HILLS REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
District's proportion of the net pension liability	0.0363717888%	0.0390962687%
District's proportionate share of the net pension liability	\$ 6,951,372	\$ 7,319,891
District's covered employee payroll	\$ 2,566,399	\$ 2,648,044
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	270.86%	276.43%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WARREN HILLS REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 274,054	\$ 322,304
Contributions in relation to the contractually required contribution	<u>(274,054)</u>	<u>(322,304)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,566,399	\$ 2,648,044
Contributions as a percentage of covered employee payroll	10.68%	12.17%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WARREN HILLS REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.1269529069%	0.1271980757%
State's proportionate share of the net pension liability attributable to the District	\$ 64,161,001	\$ 67,983,232
District's covered employee payroll	\$ 12,961,842	\$ 13,384,154
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	495.00%	507.94%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

Note: This schedule does not contain ten years of information as GASB No. 68 was implemented during the fiscal year ended June 30, 2015.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 19,412,253		\$ 19,412,253	\$ 19,412,253	
Tuition from Other LEAs	1,619,750		1,619,750	1,617,275	\$ (2,475)
Transportation Fees from Other LEAs	256,031		256,031	257,971	1,940
Interest Earned on Capital Reserve Funds	2,000		2,000	18,003	16,003
Other Restricted Miscellaneous Revenue	27,000		27,000	3,149	(23,851)
Unrestricted Miscellaneous Revenue	78,000		78,000	51,317	(26,683)
Total - Local Sources	<u>21,395,034</u>		<u>21,395,034</u>	<u>21,359,968</u>	<u>(35,066)</u>
State Sources:					
Special Education Aid	1,025,435		1,025,435	1,025,435	
Equalization Aid	9,304,549		9,304,549	9,304,549	
Categorical Security Aid	40,379		40,379	40,379	
Categorical Transportation Aid	128,360		128,360	128,360	
Other State Aids	35,700		35,700	35,700	
Extraordinary Special Education Costs Aid	100,000		100,000	331,986	231,986
Reimbursement of Nonpublic School Transportation Costs				6,317	6,317
TPAF On-Behalf Pension Contributions (Non-Budgeted)				699,702	699,702
TPAF Post Retirement Contributions (On-Behalf - Non-Budgeted)				1,110,778	1,110,778
TPAF Social Security (Reimbursed - Non-Budgeted)				988,397	988,397
Total State Sources	<u>10,634,423</u>		<u>10,634,423</u>	<u>13,671,603</u>	<u>3,037,180</u>
TOTAL REVENUES	<u>32,029,457</u>		<u>32,029,457</u>	<u>35,031,571</u>	<u>3,002,114</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	\$ 2,708,442	\$ 121,939	\$ 2,830,381	\$ 2,823,814	\$ 6,567
Grades 9-12 - Salaries of Teachers	5,840,973	24,222	5,865,195	5,863,538	1,657
Regular Programs - Home Instruction:					
Salaries of Teachers	40,000	44,944	84,944	84,943	1
Other Salaries for Instruction		343	343		343
Other Purchased Services	26,377	9,345	35,722	35,476	246
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	134,719	(260)	134,459	128,212	6,247
Purchased Professional - Educational Services	9,800	1,702	11,502	10,838	664
Purchased Technical Services	31,662	10,420	42,082	39,617	2,465
Other Purchased Services	12,866	(1,438)	11,428	8,855	2,573
General Supplies	776,929	144,669	921,598	825,813	95,785
Textbooks	418,142	(96,284)	321,858	246,800	75,058
Other Objects	17,889	(3,305)	14,584	10,432	4,152
Total Regular Programs - Instruction	<u>10,017,799</u>	<u>256,297</u>	<u>10,274,096</u>	<u>10,078,338</u>	<u>195,758</u>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	253,394	86,433	339,827	339,827	
Purchased Professional - Educational Services	36,750		36,750	36,750	
Other Purchased Services	500		500	489	11
General Supplies	9,274	(8,882)	392	133	259
Textbooks	1,000	5,208	6,208	5,660	548
Other Objects	100		100		100
Total Learning and/or Language Disabilities	<u>301,018</u>	<u>82,759</u>	<u>383,777</u>	<u>382,859</u>	<u>918</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Behavioral Disabilities:					
Salaries of Teachers	\$ 182,335	\$ 3,450	\$ 185,785	\$ 185,777	\$ 8
Purchased Professional - Educational Services	36,750		36,750	36,750	
Other Purchased Services	600		600	600	
General Supplies	250	(250)			
Textbooks	250	(250)			
Other Objects	100	(100)			
Total Behavioral Disabilities	<u>220,285</u>	<u>2,850</u>	<u>223,135</u>	<u>223,127</u>	<u>8</u>
Multiple Disabilities:					
Salaries of Teachers	207,981	(5,018)	202,963	202,963	
Other Salaries for Instruction	16,338	6,957	23,295	23,233	62
Purchased Professional - Educational Services	41,250	(4,500)	36,750	36,750	
Other Purchased Services	625	500	1,125	726	399
General Supplies	4,000		4,000	2,985	1,015
Textbooks	500		500		500
Other Objects	125		125	70	55
Total Multiple Disabilities	<u>270,819</u>	<u>(2,061)</u>	<u>268,758</u>	<u>266,727</u>	<u>2,031</u>
Resource Room/Resource Center:					
Salaries of Teachers	1,340,896	(244,991)	1,095,905	1,095,746	159
Other Salaries for Instruction	104,991	(300)	104,691	104,691	
Purchased Professional - Educational Services	191,400		191,400	191,400	
Other Purchased Services	750	(100)	650	240	410
General Supplies	2,000	(1,000)	1,000	973	27

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Resource Room/Resource Center (Continued):					
Textbooks	\$ 3,000	\$ (2,100)	\$ 900	\$ 432	\$ 468
Other Objects	2,000		2,000	553	1,447
Total Resource Room/Resource Center	<u>1,645,037</u>	<u>(248,491)</u>	<u>1,396,546</u>	<u>1,394,035</u>	<u>2,511</u>
Autism:					
Salaries of Teachers	146,480	5,401	151,881	151,880	1
Other Salaries for Instruction	19,338		19,338	19,337	1
Purchased Professional - Educational Services	81,000	(7,500)	73,500	73,500	
Purchased Technical Services	500	1,000	1,500	1,150	350
Other Purchased Services	625	1,270	1,895	1,525	370
General Supplies	10,000	(5,770)	4,230	2,729	1,501
Other Objects	125		125		125
Total Autism	<u>258,068</u>	<u>(5,599)</u>	<u>252,469</u>	<u>250,121</u>	<u>2,348</u>
Home Instruction:					
Salaries of Teachers	20,000	(5,020)	14,980	14,377	603
Total Home Instruction	<u>20,000</u>	<u>(5,020)</u>	<u>14,980</u>	<u>14,377</u>	<u>603</u>
Total Special Education Instruction	<u>2,715,227</u>	<u>(175,562)</u>	<u>2,539,665</u>	<u>2,531,246</u>	<u>8,419</u>
Basic Skills/Remedial - Instruction:					
Other Salaries for Instruction	16,500	8,843	25,343	25,342	1
Total Basic Skills/Remedial - Instruction	<u>16,500</u>	<u>8,843</u>	<u>25,343</u>	<u>25,342</u>	<u>1</u>
Bilingual Education - Instruction:					
General Supplies	2,928	6,090	9,018	9,002	16
Total Bilingual Education - Instruction	<u>2,928</u>	<u>6,090</u>	<u>9,018</u>	<u>9,002</u>	<u>16</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Co/Extra curricular Activities - Instruction:					
Salaries	\$ 180,097	\$ (5,050)	\$ 175,047	\$ 175,047	
Purchased Services	15,498	1,710	17,208	13,892	\$ 3,316
Supplies and Materials	13,025	(618)	12,407	11,570	837
Total School-Sponsored Co curricular Activities - Instruction	<u>208,620</u>	<u>(3,958)</u>	<u>204,662</u>	<u>200,509</u>	<u>4,153</u>
School-Sponsored Co curricular Athletics - Instruction:					
Salaries	729,288	(7,890)	721,398	720,219	1,179
Purchased Services	227,255	(53,216)	174,039	140,561	33,478
Supplies and Materials	150,846	3,001	153,847	146,229	7,618
Other Objects	32,140	(2,936)	29,204	22,386	6,818
Total School-Sponsored Co curricular Athletics - Instruction	<u>1,139,529</u>	<u>(61,041)</u>	<u>1,078,488</u>	<u>1,029,395</u>	<u>49,093</u>
Total Instruction	<u>14,100,603</u>	<u>30,669</u>	<u>14,131,272</u>	<u>13,873,832</u>	<u>257,440</u>
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Regular	55,000	(29,000)	26,000	23,415	2,585
Tuition to Other LEAs Within the State - Special	75,000	192,000	267,000	266,746	254
Tuition to County Voc. School Dist. - Regular	183,000	12,199	195,199	195,199	
Tuition to County Voc. School Dist. - Special	85,000	118,801	203,801	193,425	10,376
Tuition to County Special Services Districts and Regional Day School	620,822	(455,210)	165,612	165,394	218
Tuition to Private Schools for the Handicapped - Within State	831,346	168,410	999,756	988,345	11,411
Tuition - State Facilities	405,371		405,371	405,371	
Tuition - Other	18,151	(8,000)	10,151		10,151
Total Undistributed Expenditures - Instruction	<u>2,273,690</u>	<u>(800)</u>	<u>2,272,890</u>	<u>2,237,895</u>	<u>34,995</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Health Services:					
Salaries	\$ 268,555	\$ 19,620	\$ 288,175	\$ 286,256	\$ 1,919
Purchased Professional and Technical Services	24,435	820	25,255	11,718	13,537
Other Purchased Services	3,700	(583)	3,117	2,231	886
Supplies and Materials	10,780		10,780	8,214	2,566
Other Objects	485		485	224	261
Total Health Services	<u>307,955</u>	<u>19,857</u>	<u>327,812</u>	<u>308,643</u>	<u>19,169</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	83,298		83,298	83,298	
Purchased Professional - Educational Services	240,845	(19,730)	221,115	55,949	165,166
Supplies and Materials	1,000		1,000		1,000
Total Other Support Services - Students - Extraordinary Services	<u>325,143</u>	<u>(19,730)</u>	<u>305,413</u>	<u>139,247</u>	<u>166,166</u>
Speech, OT, PT and Related Services:					
Salaries of Other Professional Staff	2,500	15,000	17,500	11,861	5,639
Purchased Professional - Educational Services	656,096	12,731	668,827	623,239	45,588
Total Speech, OT, PT and Related Services	<u>658,596</u>	<u>27,731</u>	<u>686,327</u>	<u>635,100</u>	<u>51,227</u>
Other Support Services - Guidance:					
Salaries of Other Professional Staff	694,362	4,050	698,412	698,412	
Salaries of Secretarial and Clerical Assistants	140,433	1,400	141,833	141,738	95
Other Salaries	20,715	3,704	24,419	24,418	1
Purchased Professional - Educational Services	14,850	(4,170)	10,680	10,677	3
Other Purchased Services	33,743	(4,204)	29,539	28,210	1,329

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Other Support Services - Guidance (Cont'd):					
Supplies and Materials	\$ 9,921	\$ (1,470)	\$ 8,451	\$ 7,525	\$ 926
Other Objects	2,015	620	2,635	1,985	650
Total Other Support Services - Guidance	<u>916,039</u>	<u>(70)</u>	<u>915,969</u>	<u>912,965</u>	<u>3,004</u>
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	490,633	(4,000)	486,633	483,331	3,302
Salaries of Secretarial and Clerical Assistants	123,830	(1,500)	122,330	121,932	398
Other Salaries	12,285	(1,000)	11,285	10,688	597
Purchased Professional - Educational Services	3,118		3,118	2,288	830
Other Purchased Services (400-500 series)	18,190		18,190	10,800	7,390
Miscellaneous Purchased Services	6,500	1,141	7,641	6,588	1,053
Supplies and Materials	12,320	300	12,620	10,104	2,516
Other Objects	1,145		1,145	920	225
Total Other Support Services - Child Study Teams	<u>668,021</u>	<u>(5,059)</u>	<u>662,962</u>	<u>646,651</u>	<u>16,311</u>
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	436,790	10	436,800	436,798	2
Salaries of Secretarial and Clerical Assistants	52,275	(10)	52,265	52,020	245
Purchased Professional-Educational Services	15,250	20,385	35,635	19,230	16,405
Other Purchased Services	5,400	315	5,715	5,715	
Supplies and Materials	3,000		3,000	2,902	98
Other Objects	4,500	(200)	4,300	4,300	
Total Improvement of Instructional Services	<u>517,215</u>	<u>20,500</u>	<u>537,715</u>	<u>520,965</u>	<u>16,750</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Educational Media Services/School Library:					
Salaries	\$ 207,919	\$ (700)	\$ 207,219	\$ 194,959	\$ 12,260
Salaries of Technology Coordinators	180,650	(30,000)	150,650	141,039	9,611
Purchased Professional and Technical Services	1,690		1,690	1,145	545
Other Purchased Services	11,200		11,200	11,104	96
Supplies and Materials	49,346	85	49,431	45,210	4,221
Other Objects	650	(85)	565		565
Total Educational Media Services/School Library	<u>451,455</u>	<u>(30,700)</u>	<u>420,755</u>	<u>393,457</u>	<u>27,298</u>
Instructional Staff Training Services:					
Other Salaries	51,600	(4,000)	47,600	45,292	2,308
Purchased Professional-Educational Services	6,330	(6,000)	330	330	
Other Purchased Services	3,031	5,500	8,531	6,539	1,992
Supplies and Materials	500		500	267	233
Total Instructional Staff Training Services	<u>61,461</u>	<u>(4,500)</u>	<u>56,961</u>	<u>52,428</u>	<u>4,533</u>
Support Services - General Administration:					
Salaries	282,638		282,638	263,139	19,499
Legal Services	74,773		74,773	57,635	17,138
Audit Fees	76,000		76,000	37,255	38,745
Architectural/Engineering Services	25,000	(2,625)	22,375	1,000	21,375
Other Purchased Professional Services	29,000		29,000	18,755	10,245
Purchased Technical Services	1,000		1,000	600	400
Communications/Telephone	85,000	(2,896)	82,104	39,991	42,113
Board of Education Other Purchased Services	6,330	5,064	11,394	11,393	1

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration (Cont'd):					
Miscellaneous Purchased Services	\$ 75,807	\$ 9,361	\$ 85,168	\$ 76,342	\$ 8,826
General Supplies	25,278	(9,000)	16,278	5,084	11,194
BOE In-House Training/Meeting Supplies	2,800		2,800	1,853	947
Miscellaneous Expenditures	8,000		8,000	3,811	4,189
Board of Education Membership Dues and Fees	19,000		19,000	15,570	3,430
Total Support Services - General Administration	<u>710,626</u>	<u>(96)</u>	<u>710,530</u>	<u>532,428</u>	<u>178,102</u>
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	894,065	(12,500)	881,565	880,598	967
Salaries of Secretarial and Clerical Assistants	258,550	1,600	260,150	260,111	39
Other Salaries		3,300	3,300	2,809	491
Purchased Professional and Technical Services	11,800	(3,000)	8,800	5,594	3,206
Other Purchased Services	71,205	8,897	80,102	67,982	12,120
Supplies and Materials	83,465	2,700	86,165	64,195	21,970
Other Objects	7,875	(300)	7,575	6,952	623
Total Support Services - School Administration	<u>1,326,960</u>	<u>697</u>	<u>1,327,657</u>	<u>1,288,241</u>	<u>39,416</u>
Central Services:					
Salaries	413,500	37,904	451,404	451,404	
Purchased Technical Services	1,000		1,000		1,000
Miscellaneous Purchased Services	10,900	27	10,927	10,276	651
Supplies and Materials	6,000		6,000	4,732	1,268
Miscellaneous Expenditures	3,000		3,000	2,179	821
Total Central Services	<u>434,400</u>	<u>37,931</u>	<u>472,331</u>	<u>468,591</u>	<u>3,740</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Administrative Information Technology:					
Salaries	\$ 82,666	\$ 2	\$ 82,668	\$ 82,667	\$ 1
Purchased Technical Services	40,746	5,208	45,954	45,954	
Other Purchased Services	139,712	26,670	166,382	165,881	501
Supplies and Materials	90,420	(31,879)	58,541	52,708	5,833
Total Administrative Information Technology	<u>353,544</u>	<u>1</u>	<u>353,545</u>	<u>347,210</u>	<u>6,335</u>
Required Maintenance of School Facilities:					
Salaries	243,141	11,661	254,802	245,660	9,142
Cleaning, Repair and Maintenance Services	201,011	31,012	232,023	216,811	15,212
General Supplies	61,374	23,100	84,474	76,674	7,800
Other Objects	1,900	2,746	4,646	2,646	2,000
Total Required Maintenance of School Facilities	<u>507,426</u>	<u>68,519</u>	<u>575,945</u>	<u>541,791</u>	<u>34,154</u>
Custodial Services:					
Salaries	732,038	(20,131)	711,907	711,671	236
Purchased Professional and Technical Services	12,000	(800)	11,200	7,661	3,539
Cleaning, Repair, and Maintenance Services	51,770	(11,400)	40,370	39,792	578
Other Purchased Property Services	64,199	(1,753)	62,446	61,915	531
Insurance	162,800	15,156	177,956	177,911	45
Miscellaneous Purchased Services	3,400	(700)	2,700	2,208	492
General Supplies	96,758	(25,240)	71,518	71,118	400
Energy (Natural Gas)	198,075	(36,019)	162,056	161,815	241
Energy (Electricity)	395,000	40,020	435,020	427,750	7,270
Energy (Oil)	13,000	(4,900)	8,100	8,030	70
Other Objects	275		275	175	100
Total Custodial Services	<u>1,729,315</u>	<u>(45,767)</u>	<u>1,683,548</u>	<u>1,670,046</u>	<u>13,502</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Care & Upkeep of Grounds:					
Salaries	\$ 101,713	\$ 8,485	\$ 110,198	\$ 99,012	\$ 11,186
Purchased Professional and Technical Services	5,000	(4,160)	840		840
Cleaning, Repair, and Maintenance Services	58,500	16,100	74,600	72,509	2,091
General Supplies	22,000	(125)	21,875	16,650	5,225
Other Objects	500		500		500
Total Care & Upkeep of Grounds	<u>187,713</u>	<u>20,300</u>	<u>208,013</u>	<u>188,171</u>	<u>19,842</u>
Security:					
Salaries	251,698	11,460	263,158	262,194	964
Purchased Professional and Technical Services	171,584	(19,000)	152,584	117,592	34,992
Cleaning, Repair, and Maintenance Services	39,250	(5,460)	33,790	30,990	2,800
General Supplies	5,582	2,899	8,481	7,418	1,063
Total Security	<u>468,114</u>	<u>(10,101)</u>	<u>458,013</u>	<u>418,194</u>	<u>39,819</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Special Education	90,000	(1,640)	88,360	87,286	1,074
Management Fee - ESC & CTSA Transportation Program	16,000	3,367	19,367	19,367	
Cleaning, Repair and Maintenance Services	49,000	(26,850)	22,150	21,704	446
Contracted Services:					
Between Home and School - Vendors	543,000	(11,500)	531,500	531,111	389
Other than Between Home and School - Vendors	18,472	28,200	46,672	46,618	54
Between Home and School - Joint Agreements	295,500	(711)	294,789	294,550	239
Special Education Students - Vendors	105,000	(20,650)	84,350	84,348	2
Regular Students - ESCs & CTSAAs	25,000	9,920	34,920	33,708	1,212

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services (Cont'd):					
Contracted Services:					
Special Education Students - ESCs & CTSA's	\$ 395,000	\$ 55,500	\$ 450,500	\$ 450,466	\$ 34
Aid in Lieu of Payments - Nonpublic Students	36,000	(12,806)	23,194	22,105	1,089
Aid in Lieu Payments - Choice School Students	3,000	3,250	6,250	6,237	13
Miscellaneous Purchased Services - Transportation	96,800	(6,000)	90,800	89,919	881
General Supplies	8,097	(1,500)	6,597	5,353	1,244
Transportation Supplies	27,000	(6,700)	20,300	18,617	1,683
Other Objects	1,500	(1,020)	480	59	421
Total Student Transportation Services	<u>1,709,369</u>	<u>10,860</u>	<u>1,720,229</u>	<u>1,711,448</u>	<u>8,781</u>
Unallocated Benefits:					
Social Security Contributions	405,000		405,000	366,534	38,466
Other Retirement Contributions - PERS	390,000		390,000	327,049	62,951
Other Retirement Contributions - Regular	8,000		8,000	2,962	5,038
Unemployment Compensation	100,000	(10,750)	89,250	25,000	64,250
Workmen's Compensation	255,000	(62,365)	192,635	118,923	73,712
Health Benefits	4,633,546	(105,011)	4,528,535	3,852,373	676,162
Tuition Reimbursement	176,505	(837)	175,668	83,781	91,887
Other Employee Benefits	86,000	6,583	92,583	92,583	
Total Unallocated Benefits	<u>6,054,051</u>	<u>(172,380)</u>	<u>5,881,671</u>	<u>4,869,205</u>	<u>1,012,466</u>
On-Behalf Contributions:					
TPAF On-Behalf Pension Contributions (non-budgeted)				699,702	(699,702)
TPAF Post Retirement Contributions (non-budgeted)				1,110,778	(1,110,778)
Reimbursed TPAF Social Security Contributions (non-budgeted)				988,397	(988,397)
Total On-Behalf Contributions				<u>2,798,877</u>	<u>(2,798,877)</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE					
Total Personal Services - Employee Benefits	\$ 6,054,051	\$ (172,380)	\$ 5,881,671	\$ 7,668,082	\$ (1,786,411)
Total Undistributed Expenses	19,661,093	(82,807)	19,578,286	20,681,553	(1,103,267)
TOTAL GENERAL CURRENT EXPENSE	<u>33,761,696</u>	<u>(52,138)</u>	<u>33,709,558</u>	<u>34,555,385</u>	<u>(845,827)</u>
CAPITAL OUTLAY					
Equipment:					
Regular Programs - Instruction - Grades 9-12	4,239	(2,185)	2,054	2,054	
Undistributed Expenditures:					
School-Sponsored Co curricular Athletics	34,747	54,323	89,070	89,070	
School Administration	2,299		2,299		2,299
Administrative Information Technology	28,200		28,200	27,472	728
Custodial Services	35,298	27,619	62,917	57,113	5,804
Security	60,275		60,275	60,275	
School Buses - Regular	139,000		139,000	51,000	88,000
Total Equipment	<u>304,058</u>	<u>79,757</u>	<u>383,815</u>	<u>286,984</u>	<u>96,831</u>
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	20,000		20,000		20,000
Construction Services	238,150	(27,619)	210,531	59,332	151,199
Assessment for Debt Service on SDA Funding	185,855		185,855	185,855	
Total Facilities Acquisition and Construction Services	<u>444,005</u>	<u>(27,619)</u>	<u>416,386</u>	<u>245,187</u>	<u>171,199</u>
TOTAL CAPITAL OUTLAY	<u>748,063</u>	<u>52,138</u>	<u>800,201</u>	<u>532,171</u>	<u>268,030</u>
TOTAL EXPENDITURES	<u>34,509,759</u>		<u>34,509,759</u>	<u>35,087,556</u>	<u>(577,797)</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Excess/(Deficit) of Revenues Over/(Under) Expenditures	\$ (2,480,302)		\$ (2,480,302)	\$ (55,985)	\$ 2,424,317
Other Financing Sources:					
Transfer from Flexible Spending Trust Fund				57	57
Total Other Financing Sources				57	57
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(2,480,302)		(2,480,302)	(55,928)	2,424,374
Fund Balance, July 1	11,850,045		11,850,045	11,850,045	
Fund Balance, June 30	\$ 9,369,743	\$ -0-	\$ 9,369,743	\$ 11,794,117	\$ 2,424,374
Recapitulation:					
Restricted:					
Excess Surplus - for 2016-2017 School Year				\$ 1,733,000	
Excess Surplus - for 2015-2016 School Year				2,328,568	
Capital Reserve				5,103,651	
Maintenance Reserve				645,000	
Emergency Reserve				318,406	
Assigned:					
Year End Encumbrances				481,842	
For Subsequent Year's Expenditures				299,573	
Unassigned				884,077	
				11,794,117	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(979,922)	
Fund Balance per Governmental Funds (GAAP)				\$ 10,814,195	

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 8,789	\$ 8,789	\$ 7,149	\$ (1,640)
State Sources		22,669	22,669	8,449	(14,220)
Federal Sources	\$ 483,500	100,831	584,331	566,712	(17,619)
Total Revenues	483,500	132,289	615,789	582,310	(33,479)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	130,000	(13,418)	116,582	116,582	
Purchased Professional and Technical Services		15,569	15,569	5,208	10,361
Tuition	200,000	100,000	300,000	300,000	
General Supplies		8,939	8,939	2,124	6,815
Textbooks		775	775	775	
Total Instruction	330,000	111,865	441,865	424,689	17,176
Support Services:					
Personal Services - Employee Benefits		30,311	30,311	30,311	
Purchased Professional and Technical Services		5,584	5,584	2,050	3,534
Purchased Professional and Educational Services	153,500	(39,297)	114,203	104,609	9,594
Other Purchased Services		14,391	14,391	14,066	325
Supplies and Materials		2,850	2,850	1,356	1,494
Other Objects		1,085	1,085	1,085	
Total Support Services	153,500	14,924	168,424	153,477	14,947
Facilities Acquisition and Construction Services:					
Instructional Equipment		5,500	5,500	4,144	1,356
Total Facilities Acquisition and Construction Services		5,500	5,500	4,144	1,356
Total Expenditures	\$ 483,500	\$ 132,289	\$ 615,789	\$ 582,310	\$ 33,479

WARREN HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 35,031,571	\$ 582,310
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Prior Year Encumbrances		6,209
Current Year Encumbrances		(4,144)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	968,714	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	(979,922)	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	\$ 35,020,363	\$ 584,375
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 35,087,556	\$ 582,310
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		6,209
Current Year Encumbrances		(4,144)
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 35,087,556	\$ 584,375

WARREN HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. 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. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the 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 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 revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The general fund budgetary revenue differs from the GAAP revenue due to a difference in the recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WARREN HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Nonpublic Auxiliary Services Compensatory Education</u>	<u>Nonpublic Handicapped Services Supplementary Instruction</u>	<u>Examination and Classification</u>	<u>I.D.E.A. Part B, Basic</u>
REVENUES:				
Local Sources				
State Sources	\$ 4,031	\$ 1,177	\$ 722	
Federal Sources				\$ 403,514
Total Revenues	<u>4,031</u>	<u>1,177</u>	<u>722</u>	<u>403,514</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional and Technical Services	4,031	1,177		
Tuition				300,000
General Supplies				
Textbooks				
Total Instruction	<u>4,031</u>	<u>1,177</u>		<u>300,000</u>
Support Services:				
Personal Services - Employee Benefits				
Purchased Professional and Technical Services			722	
Purchased Professional and Educational Services				103,514
Other Purchased Services				
Supplies and Materials				
Other Objects				
Total Support Services			<u>722</u>	<u>103,514</u>
Facilities Acquisition and Construction Services:				
Instructional Equipment				
Total Facilities Acquisition and Construction Services				
Total Expenditures	<u>\$ 4,031</u>	<u>\$ 1,177</u>	<u>\$ 722</u>	<u>\$ 403,514</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Local Donations</u>	<u>Nonpublic Textbooks</u>	<u>Nonpublic Technology Initiative</u>	<u>Nonpublic Nursing</u>
REVENUES:				
Local Sources	\$ 7,149			
State Sources		\$ 775	\$ 416	\$ 1,328
Federal Sources				
Total Revenues	<u>7,149</u>	<u>775</u>	<u>416</u>	<u>1,328</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional and Technical Services				
Tuition				
General Supplies	1,649		416	
Textbooks		775		
Total Instruction	<u>1,649</u>	<u>775</u>	<u>416</u>	
Support Services:				
Personal Services - Employee Benefits				
Purchased Professional and Technical Services				1,328
Purchased Professional and Educational Services				
Other Purchased Services				
Supplies and Materials	1,356			
Other Objects				
Total Support Services	<u>1,356</u>			<u>1,328</u>
Facilities Acquisition and Construction Services:				
Instructional Equipment	4,144			
Total Facilities Acquisition and Construction Services	<u>4,144</u>			
Total Expenditures	<u>\$ 7,149</u>	<u>\$ 775</u>	<u>\$ 416</u>	<u>\$ 1,328</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>No Child Left Behind</u>		<u>Totals</u>
	<u>Title I</u>	<u>Title IIA</u>	<u>2015</u>
REVENUES:			
Local Sources			\$ 7,149
State Sources			8,449
Federal Sources	\$ 118,994	\$ 44,204	566,712
Total Revenues	<u>118,994</u>	<u>44,204</u>	<u>582,310</u>
EXPENDITURES:			
Instruction:			
Salaries of Teachers	94,393	22,189	116,582
Purchased Professional and Technical Services			5,208
Tuition			300,000
General Supplies	59		2,124
Textbooks			775
Total Instruction	<u>94,452</u>	<u>22,189</u>	<u>424,689</u>
Support Services:			
Personal Services - Employee Benefits	24,542	5,769	30,311
Purchased Professional and Technical Services			2,050
Purchased Professional and Educational Services		1,095	104,609
Other Purchased Services		14,066	14,066
Supplies and Materials			1,356
Other Objects		1,085	1,085
Total Support Services	<u>24,542</u>	<u>22,015</u>	<u>153,477</u>
Facilities Acquisition and Construction Services:			
Instructional Equipment			4,144
Total Facilities Acquisition and Construction Services			<u>4,144</u>
Total Expenditures	<u>\$ 118,994</u>	<u>\$ 44,204</u>	<u>\$ 582,310</u>

CAPITAL PROJECTS FUND

Exhibit F-1

WARREN HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Expenditures:	
Purchased Professional and Technical Services	\$ 23,375
Construction Services	940,193
	<hr/>
Total Expenditures	963,568
	<hr/>
Deficit of Revenue Under Expenditures	(963,568)
	<hr/>
Fund Balance - Beginning of Year	1,753,265
	<hr/>
Fund Balance - End of Year	\$ 789,697
	<hr/> <hr/>
<u>Recapitulation:</u>	
Restricted	\$ 47,321
Restricted - Year End Encumbrances	17,500
Committed	646,563
Committed - Year End Encumbrances	78,313
	<hr/>
Total Fund Balance - Budgetary Basis	789,697
	<hr/>
Reconciliation to Governmental Funds Statements (GAAP):	
SDA Grant Receivable not Recognized on the GAAP Basis	(755,181)
	<hr/>
Fund Balance per Governmental Funds (GAAP)	\$ 34,516
	<hr/> <hr/>

Exhibit F-1A

WARREN HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
ATHLETIC FIELD COMPLEX
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
Bond Sale Proceeds	\$ 5,494,000		\$ 5,494,000	\$ 5,494,000
Total Revenue and Other Financing Sources	<u>5,494,000</u>		<u>5,494,000</u>	<u>5,494,000</u>
Expenditures:				
Legal Services	44,592		44,592	47,000
Purchased Professional and Technical Services	612,823		612,823	762,000
Construction Services	4,767,236		4,767,236	4,680,000
Other Objects	4,528		4,528	5,000
Total Expenditures	<u>5,429,179</u>		<u>5,429,179</u>	<u>5,494,000</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 64,821</u>	<u>\$ -0-</u>	<u>\$ 64,821</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5465-050-08-2000
Bond Authorization Date	2/17/09
Bonds Authorized	\$ 5,494,000
Bonds Issued	5,494,000
Original Authorized Cost	5,494,000
Additional Authorized Cost	-0-
Revised Authorized Cost	5,494,000
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	98.8%
Original Target Completion Date	06/10
Revised Target Completion Date	10/15

Exhibit F-1B

WARREN HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
MIDDLE SCHOOL BOILER REPLACEMENT AND HVAC UPGRADES
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 542,096		\$ 542,096	\$ 542,096
Transfer from Capital Reserve	778,504		778,504	778,504
Total Revenue and Other Financing Sources	<u>1,320,600</u>		<u>1,320,600</u>	<u>1,320,600</u>
Expenditures:				
Legal Services				10,000
Purchased Professional and Technical Services				114,600
Construction Services	31,850	\$ 791,746	823,596	1,040,000
Other Objects				156,000
Total Expenditures	<u>31,850</u>	<u>791,746</u>	<u>823,596</u>	<u>1,320,600</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 1,288,750</u>	<u>\$ (791,746)</u>	<u>\$ 497,004</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5465-060-13-1004
Grant Date	3/13/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 1,320,600
Additional Authorized Cost	-0-
Revised Authorized Cost	1,320,600
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	62.4%
Original Target Completion Date	12/14
Revised Target Completion Date	10/15

N/A - Not Available/Applicable

Exhibit F-1C

WARREN HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL EXTERIOR DOOR REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 72,454		\$ 72,454	\$ 72,454
Transfer from Capital Reserve	104,051		104,051	104,051
Total Revenue and Other Financing Sources	<u>176,505</u>		<u>176,505</u>	<u>176,505</u>
Expenditures:				
Legal Services	652		652	2,500
Purchased Professional and Technical Services		\$ 9,955	9,955	17,605
Construction Services		108,711	108,711	136,000
Other Objects				20,400
Total Expenditures	<u>652</u>	<u>118,666</u>	<u>119,318</u>	<u>176,505</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 175,853</u>	<u>\$ (118,666)</u>	<u>\$ 57,187</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5465-050-13-2001
Grant Date	3/13/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 176,505
Additional Authorized Cost	-0-
Revised Authorized Cost	176,505
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	67.60%
Original Target Completion Date	12/14
Revised Target Completion Date	10/15

N/A - Not Available/Applicable

Exhibit F-1D

WARREN HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
HIGH SCHOOL PARTIAL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 123,513		\$ 123,513	\$ 123,513
Transfer from Capital Reserve	177,376		177,376	177,376
Total Revenue and Other Financing Sources	300,889		300,889	300,889
Expenditures:				
Legal Services				2,500
Purchased Professional and Technical Services		\$ 11,430	11,430	28,944
Construction Services	115,900	24,186	140,086	234,300
Other Objects				35,145
Total Expenditures	115,900	35,616	151,516	300,889
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 184,989</u>	<u>\$ (35,616)</u>	<u>\$ 149,373</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5465-050-13-2002
Grant Date	3/13/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 300,889
Additional Authorized Cost	-0-
Revised Authorized Cost	300,889
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	50.36%
Original Target Completion Date	11/14
Revised Target Completion Date	06/15

N/A - Not Available/Applicable

Exhibit F-1E

WARREN HILLS REGIONAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -
BUDGETARY BASIS
MIDDLE SCHOOL PARTIAL ROOF REPLACEMENT
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 17,118		\$ 17,118	\$ 17,118
Transfer from Capital Reserve	24,584		24,584	24,584
Total Revenue and Other Financing Sources	<u>41,702</u>		<u>41,702</u>	<u>41,702</u>
Expenditures:				
Legal Services				1,000
Purchased Professional and Technical Services		\$ 1,990	1,990	5,370
Construction Services	2,850	15,550	18,400	32,120
Other Objects				3,212
Total Expenditures	<u>2,850</u>	<u>17,540</u>	<u>20,390</u>	<u>41,702</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 38,852</u>	<u>\$ (17,540)</u>	<u>\$ 21,312</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5465-060-13-1003
Grant Date	3/13/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 41,702
Additional Authorized Cost	-0-
Revised Authorized Cost	41,702
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	48.89%
Original Target Completion Date	11/14
Revised Target Completion Date	06/15

N/A - Not Available/Applicable

PROPRIETARY FUNDS

Exhibit G-1

WARREN HILLS REGIONAL SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 293,528
Intergovernmental Accounts Receivable:	
State	241
Federal	7,365
Inventories	4,235

Total Current Assets	<u>305,369</u>
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Non-Current Assets:

Capital Assets	461,782
Less: Accumulated Depreciation	<u>(251,049)</u>

Total Non-Current Assets	<u>210,733</u>
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Total Assets	<u>516,102</u>
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LIABILITIES:

Current Liabilities:

Interfund Payable - General Fund	131,432
Accounts Payable	20,528
Unearned Revenue	2,748

Total Liabilities	<u>154,708</u>
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NET POSITION:

Net Investment in Capital Assets	210,733
Unrestricted	<u>150,661</u>

Total Net Position	<u><u>\$ 361,394</u></u>
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Exhibit G-2

WARREN HILLS REGIONAL SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenue:	
Local Sources:	
Daily Sales	\$ 313,960
Miscellaneous Revenue	264
	<hr/>
Total Operating Revenue	314,224
	<hr/>
Operating Expenses:	
Cost of Sales	228,262
Salaries, Benefits and Payroll Taxes	214,188
Supplies, Insurance and Other Costs	30,308
Management Fee	13,745
Depreciation Expense	18,591
	<hr/>
Total Operating Expenses	505,094
	<hr/>
Operating Loss	(190,870)
	<hr/>
Non-Operating Income:	
Local Sources:	
Interest Income	786
State Sources:	
State School Lunch Program	4,555
Federal Sources:	
National School Lunch Program	134,102
School Breakfast Program	1,719
Food Distribution Program	16,226
	<hr/>
Total Non-Operating Income	157,388
	<hr/>
Change in Net Position	(33,482)
	<hr/>
Net Position - Beginning of Year	394,876
	<hr/>
Net Position - End of Year	\$ 361,394
	<hr/> <hr/>

Exhibit G-3

WARREN HILLS REGIONAL SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 314,224
Payments to Food Service Contractor	(421,015)
Payments to Suppliers	(29,782)
	<hr/>
Net Cash Used for Operating Activities	(136,573)
	<hr/>
Cash Flows from Investing Activities:	
Interest Income	786
	<hr/>
Net Cash Provided by Investing Activities	786
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources	4,533
Federal Sources	134,650
	<hr/>
Net Cash Provided by Noncapital Financing Activities	139,183
	<hr/>
Net Increase in Cash and Cash Equivalents	3,396
	<hr/>
Cash and Cash Equivalents, July 1	290,132
	<hr/>
Cash and Cash Equivalents, June 30	\$ 293,528
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (190,870)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	18,591
Food Distribution Program	16,226
Changes in Assets and Liabilities:	
Increase in Unearned Revenue	1,453
Increase in Accounts Payable	19,078
(Increase) in Inventory	(1,051)
	<hr/>
Net Cash Used for Operating Activities	\$ (136,573)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund Received U.S.D.A. Donated Commodities Through the Food Distribution Program Valued at \$17,680 and Utilized Commodities Valued at \$16,226.

FIDUCIARY FUNDS

WARREN HILLS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Agency</u>		<u>Total Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Flexible Spending Trust</u>	<u>Totals</u>
	<u>Student Activities</u>	<u>Payroll</u>					
<u>ASSETS:</u>							
Cash and Cash Equivalents	\$ 236,240	\$ 66,540	\$ 302,780	\$ 196,646	\$ 4,414	\$ 11,169	\$ 817,789
Investments					380,056		380,056
Total Assets	<u>236,240</u>	<u>66,540</u>	<u>302,780</u>	<u>196,646</u>	<u>384,470</u>	<u>11,169</u>	<u>1,197,845</u>
<u>LIABILITIES:</u>							
Interfund Payable - General Fund						571	571
Payroll Deductions and Withholdings		66,540	66,540				133,080
Due to Student Groups	<u>236,240</u>		<u>236,240</u>				<u>472,480</u>
Total Liabilities	<u>236,240</u>	<u>66,540</u>	<u>302,780</u>			<u>571</u>	<u>606,131</u>
<u>NET POSITION:</u>							
Restricted for Scholarships Held in Trust for:					384,470		384,470
Unemployment Claims				196,646			196,646
Flexible Spending Claims						10,598	10,598
Total Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 196,646</u>	<u>\$ 384,470</u>	<u>\$ 10,598</u>	<u>\$ 591,714</u>

Exhibit H-2

WARREN HILLS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Unemployment Compensation Trust	Private Purpose Scholarship Trust	Flex Spending Trust	Totals
ADDITIONS:				
Contributions:				
Plan Members	\$ 46,163		\$ 28,300	\$ 74,463
Budget Appropriation	25,000			25,000
Donations		\$ 1,338		1,338
Total Contributions	<u>71,163</u>	<u>1,338</u>	<u>28,300</u>	<u>100,801</u>
Investment Earnings:				
Interest		1,118		1,118
Net Investment Earnings		1,118		1,118
Total Additions	<u>71,163</u>	<u>2,456</u>	<u>28,300</u>	<u>101,919</u>
DEDUCTIONS:				
Quarterly Contribution Reports	19,497			19,497
Unemployment Claims	23,630			23,630
Scholarships Awarded		6,528		6,528
Flex Spending Claims			20,825	20,825
Total Deductions	<u>43,127</u>	<u>6,528</u>	<u>20,825</u>	<u>70,480</u>
Change in Net Position Before Other Items	28,036	(4,072)	7,475	31,439
OTHER ITEMS:				
Transfer to General Fund			(57)	(57)
Change in Net Position	28,036	(4,072)	7,418	31,382
Net Position - Beginning of the Year	<u>168,610</u>	<u>388,542</u>	<u>3,180</u>	<u>560,332</u>
Net Position - End of the Year	<u>\$ 196,646</u>	<u>\$ 384,470</u>	<u>\$ 10,598</u>	<u>\$ 591,714</u>

Exhibit H-3

WARREN HILLS REGIONAL SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
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>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 207,710	\$ 602,958	\$ 574,428	\$ 236,240
Total Assets	<u>\$ 207,710</u>	<u>\$ 602,958</u>	<u>\$ 574,428</u>	<u>\$ 236,240</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 207,710	\$ 602,958	\$ 574,428	\$ 236,240
Total Liabilities	<u>\$ 207,710</u>	<u>\$ 602,958</u>	<u>\$ 574,428</u>	<u>\$ 236,240</u>

Exhibit H-4

WARREN HILLS REGIONAL SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
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>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 44,096	\$ 20,155,885	\$ 20,133,441	\$ 66,540
Total Assets	<u>\$ 44,096</u>	<u>\$ 20,155,885</u>	<u>\$ 20,133,441</u>	<u>\$ 66,540</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 44,096	\$ 20,155,885	\$ 20,133,441	\$ 66,540
Total Liabilities	<u>\$ 44,096</u>	<u>\$ 20,155,885</u>	<u>\$ 20,133,441</u>	<u>\$ 66,540</u>

LONG-TERM DEBT

WARREN HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Purpose	Date of Issue	Original Issue	Maturities of Bonds Outstanding June 30, 2015		Interest Rate	Balance July 1, 2014	Matured	Balance June 30, 2015
			Date	Amount				
2009 School Bonds	03/19/09	\$ 5,494,000	2/15/16	\$ 360,000	3.75%			
			2/15/17	370,000	3.75%			
			2/15/18	385,000	3.75%			
			2/15/19	400,000	3.75%			
			2/15/20	420,000	3.75%			
			2/15/21	435,000	4.00%			
			2/15/22	450,000	4.00%			
			2/15/23	470,000	4.00%			
			2/15/24	489,000	4.13%			
2012 Refunding Bonds	06/06/12	17,335,000	2/15/16	925,000	4.00%			
			2/15/17	995,000	4.00%			
			2/15/18	1,115,000	4.00%			
			2/15/19	1,165,000	5.00%			
			2/15/20	1,270,000	4.25%			
			2/15/21	1,330,000	5.00%			
			2/15/22	1,405,000	5.00%			
			2/15/23	1,480,000	5.00%			
			2/15/24	1,565,000	4.00%			
			2/15/25	1,635,000	4.00%			
			2/15/26	1,705,000	4.00%			
			2/15/27	1,775,000	4.00%			
					17,205,000	840,000	16,365,000	
					<u>\$ 21,329,000</u>	<u>\$ 1,185,000</u>	<u>\$ 20,144,000</u>	

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 1,964,507		\$ 1,964,507	\$ 1,964,506	
State Sources:					
Debt Service Aid - Type II	17,140		17,140	17,140	
Total Revenues	<u>1,981,647</u>		<u>1,981,647</u>	<u>1,981,646</u>	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	896,647		896,647	896,646	\$ 1
Redemption of Principal	1,185,000		1,185,000	1,185,000	
Total Regular Debt Service	<u>2,081,647</u>		<u>2,081,647</u>	<u>2,081,646</u>	<u>1</u>
Total Expenditures	<u>2,081,647</u>		<u>2,081,647</u>	<u>2,081,646</u>	<u>1</u>
Deficit of Revenues Under Expenditures	(100,000)		(100,000)	(100,000)	1
Fund Balance, July 1	<u>214,935</u>		<u>214,935</u>	<u>214,935</u>	
Fund Balance, June 30	<u>\$ 114,935</u>	<u>\$ -0-</u>	<u>\$ 114,935</u>	<u>\$ 114,935</u>	<u>\$ 1</u>
<u>Recapitulation:</u>					
Restricted for Subsequent Year's Expenditures				<u>\$ 114,935</u>	

Exhibit I-3

WARREN HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Purpose	Interest Rate	Original Issue	Balance July 1, 2014	Matured	Balance June 30, 2015
175 MacBooks Pro 5-pack with Apple Care	2.97%	\$ 194,250	\$ 64,742	\$ 64,742	\$ -0-
			<u>\$ 64,742</u>	<u>\$ 64,742</u>	<u>\$ -0-</u>

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

Exhibit

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

J-1 thru J-5

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the District's ability to generate its property taxes.

J-6 thru J-9

Debt Capacity

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.

J-10 thru J-13

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.

J-14 thru J-15

Operating Information

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.

J-16 thru J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 3,027,096	\$ 6,075,999	\$ 12,115,750	\$ 17,929,501	\$ 20,519,431	\$ 21,898,013	\$ 24,359,855	\$ 26,501,040	\$ 27,224,466	\$ 28,561,105
Restricted	5,711,870	6,649,177	6,526,015	6,398,143	5,541,099	6,438,182	9,070,094	10,473,542	10,315,660	10,278,076
Unrestricted/(Deficit)	(314,832)	(628,284)	(463,879)	(719,159)	(503,822)	807,416	(989,884)	(1,301,587)	(7,707,076)	(8,735,277)
Total Governmental Activities Net Position	<u>\$ 8,424,134</u>	<u>\$ 12,096,892</u>	<u>\$ 18,177,886</u>	<u>\$ 23,608,485</u>	<u>\$ 25,556,708</u>	<u>\$ 29,143,611</u>	<u>\$ 32,440,065</u>	<u>\$ 35,672,995</u>	<u>\$ 29,833,050</u>	<u>\$ 30,103,904</u>
Business-Type Activities										
Net Investment in Capital Assets	\$ 31,599	\$ 35,202	\$ 27,452	\$ 22,657	\$ 84,157	\$ 73,031	\$ 115,682	\$ 102,625	\$ 97,892	\$ 210,733
Unrestricted	289,912	354,622	366,860	328,125	348,987	357,548	348,908	316,274	296,984	150,661
Total Business-Type Activities Net Position	<u>\$ 321,511</u>	<u>\$ 389,824</u>	<u>\$ 394,312</u>	<u>\$ 350,782</u>	<u>\$ 433,144</u>	<u>\$ 430,579</u>	<u>\$ 464,590</u>	<u>\$ 418,899</u>	<u>\$ 394,876</u>	<u>\$ 361,394</u>
District-Wide										
Net Investment in Capital Assets	\$ 3,058,695	\$ 6,111,201	\$ 12,143,202	\$ 17,952,158	\$ 20,603,588	\$ 21,971,044	\$ 24,475,537	\$ 26,603,665	\$ 27,322,358	\$ 28,771,838
Restricted	5,711,870	6,649,177	6,526,015	6,398,143	5,541,099	6,438,182	9,070,094	10,473,542	10,315,660	10,278,076
Unrestricted/(Deficit)	(24,920)	(273,662)	(97,019)	(391,034)	(154,835)	1,164,964	(640,976)	(985,313)	(7,410,092)	(8,584,616)
Total District Net Position	<u>\$ 8,745,645</u>	<u>\$ 12,486,716</u>	<u>\$ 18,572,198</u>	<u>\$ 23,959,267</u>	<u>\$ 25,989,852</u>	<u>\$ 29,574,190</u>	<u>\$ 32,904,655</u>	<u>\$ 36,091,894</u>	<u>\$ 30,227,926</u>	<u>\$ 30,465,298</u>

* Restated

WARREN HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
Instruction										
Regular	\$ 12,050,096	\$ 12,995,756	\$ 13,470,250	\$ 12,950,750	\$ 13,404,321	\$ 12,723,928	\$ 13,383,918	\$ 13,498,437	\$ 13,729,532	\$ 16,281,883
Special Education	3,378,132	3,772,154	4,116,081	4,260,552	3,811,996	4,276,293	3,802,058	3,746,454	3,915,065	4,160,158
Other Special Education	225,677	230,263	209,533	279,110	154,162	134,947	143,352	26,765	33,356	41,319
Other Instruction	1,145,488	1,129,375	1,289,756	1,251,581	1,344,662	1,212,406	1,359,415	1,327,175	1,382,796	1,488,898
Support Services:										
Tuition	1,300,367	1,326,291	1,551,129	1,791,478	1,709,421	1,206,331	1,073,266	1,801,733	1,908,152	2,237,895
Student & Instruction Related Services	3,749,059	3,742,207	3,948,589	3,803,915	4,151,207	3,539,844	3,945,711	4,477,321	4,659,362	5,446,900
General Administrative Services	649,594	1,896,154	757,211	694,896	665,721	676,078	631,931	617,809	760,728	663,082
School Administrative Services	1,716,694	1,302,829	2,047,469	1,797,923	1,831,423	1,634,343	1,611,543	1,619,953	1,751,868	2,007,473
Central Services	475,084	471,231	495,473	490,597	502,350	520,993	528,758	551,688	550,739	658,195
Administrative Information Technology	404,328	566,610	550,227	620,060	602,902	503,682	551,563	469,787	312,120	356,401
Plant Operations And Maintenance	2,527,513	2,594,126	3,010,534	3,168,631	3,441,414	3,022,276	2,803,793	2,784,501	3,177,264	3,209,050
Pupil Transportation	1,679,466	1,633,993	1,763,923	1,786,098	1,515,001	1,683,674	1,438,029	1,557,321	1,661,141	1,792,485
Capital Outlay		99,148	13,385	2,974	5,707	142,475	316,126	138,098	193,019	196,063
Interest On Long-Term Debt	1,085,432	1,057,518	1,027,278	965,859	1,162,752	1,126,169	807,376	648,107	1,004,164	724,466
Transfer of Funds to Charter School	8,638	20,499		15,919	20,632					
Unallocated Depreciation	281,972	297,852	491,430	397,090	445,996	382,320	316,768	240,521	774,735	1,009,753
Total Governmental Activities Expenses	30,677,540	33,136,006	34,742,268	34,277,433	34,769,667	32,785,759	32,713,607	33,505,670	35,814,041	40,274,021
Business-Type Activities:										
Food Service	569,724	502,077	517,592	561,547	493,355	467,434	509,470	501,943	495,675	505,094
Total Business-Type Activities Expense	569,724	502,077	517,592	561,547	493,355	467,434	509,470	501,943	495,675	505,094
Total District Expenses	\$ 31,247,264	\$ 33,638,083	\$ 35,259,860	\$ 34,838,980	\$ 35,263,022	\$ 33,253,193	\$ 33,223,077	\$ 34,007,613	\$ 36,309,716	\$ 40,779,115
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction										
Pupil Transportation	\$ 318,991	\$ 304,198	\$ 298,409	\$ 272,787	\$ 312,493	\$ 238,177	\$ 1,859,394	\$ 1,423,477	\$ 1,499,897	\$ 1,617,275
Operating Grants and Contributions	4,728,881	5,758,983	5,800,953	4,672,964	4,641,021	4,487,590	225,221	259,628	266,536	257,971
Capital Grants and Contributions					1,734,177	674,683	4,832,765	4,788,921	4,452,207	7,832,917
							90,323	75,616		
Total Governmental Activities Program Revenues	5,047,872	6,063,181	6,099,362	4,945,751	6,687,691	5,400,450	7,007,703	6,547,642	6,218,640	9,708,163

WARREN HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues										
Business-Type Activities:										
Charges for Services										
Food Service	\$ 482,276	\$ 456,713	\$ 423,208	\$ 418,037	\$ 392,467	\$ 353,609	\$ 368,653	\$ 317,409	\$ 322,227	\$ 314,224
Operating Grants and Contributions	89,743	91,243	90,420	97,610	112,888	111,117	116,226	137,015	148,608	156,602
Total Business Type Activities Program Revenues	<u>572,019</u>	<u>547,956</u>	<u>513,628</u>	<u>515,647</u>	<u>505,355</u>	<u>464,726</u>	<u>484,879</u>	<u>454,424</u>	<u>470,835</u>	<u>470,826</u>
Total District Program Revenues	<u>\$ 5,619,891</u>	<u>\$ 6,611,137</u>	<u>\$ 6,612,990</u>	<u>\$ 5,461,398</u>	<u>\$ 7,193,046</u>	<u>\$ 5,865,176</u>	<u>\$ 7,492,582</u>	<u>\$ 7,002,066</u>	<u>\$ 6,689,475</u>	<u>\$ 10,178,989</u>
Net (Expense)/Revenue										
Governmental Activities	\$ (25,629,668)	\$ (27,072,825)	\$ (28,642,906)	\$ (29,331,682)	\$ (28,081,976)	\$ (27,385,309)	\$ (25,705,904)	\$ (26,958,028)	\$ (29,595,401)	\$ (30,565,858)
Business-Type Activities	2,295	45,879	(3,964)	(45,900)	12,000	(2,708)	(24,591)	(47,519)	(24,840)	(34,268)
Total District-Wide Net Expense	<u>\$ (25,627,373)</u>	<u>\$ (27,026,946)</u>	<u>\$ (28,646,870)</u>	<u>\$ (29,377,582)</u>	<u>\$ (28,069,976)</u>	<u>\$ (27,388,017)</u>	<u>\$ (25,730,495)</u>	<u>\$ (27,005,547)</u>	<u>\$ (29,620,241)</u>	<u>\$ (30,600,126)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 15,192,140	\$ 16,916,300	\$ 17,601,422	\$ 17,573,824	\$ 18,305,479	\$ 18,537,698	\$ 18,658,452	\$ 19,031,621	\$ 19,031,621	\$ 19,412,253
Taxes Levied for Debt Service	1,503,655	1,466,725	1,688,987	1,479,966	1,590,130	1,779,464	1,930,302	2,086,385	2,105,862	1,964,506
Tuition Charges	1,217,868	1,316,884	1,549,381	1,364,420	1,624,904	2,055,177				
Federal and State Aid not Restricted	8,325,165	9,470,598	13,455,627	14,115,507	8,250,862	8,491,627	9,050,371	9,272,508	9,384,348	9,387,427
Investment Earnings	925,911	1,102,621	364,990	93,359	32,466	20,223	72,145	55,177	45,826	44,819
Miscellaneous Income	220,351	122,353	63,493	135,205	96,710	88,023	163,141	53,336	138,920	27,650
Reappraisal of Assets	272,899				129,648		438,797			
Contribution for Bond Refunding							(1,500,000)			
Transfers									251	57
Total Governmental Activities	<u>27,657,989</u>	<u>30,395,481</u>	<u>34,723,900</u>	<u>34,762,281</u>	<u>30,030,199</u>	<u>30,972,212</u>	<u>28,813,208</u>	<u>30,499,027</u>	<u>30,706,828</u>	<u>30,836,712</u>
Business-Type Activities:										
Investment Earnings	9,594	13,956	10,372	2,370	445	143	2,996	1,828	817	786
Deletion of Capital Assets, Net of Accumulated Depreciation			(1,920)				(1,580)			
Reappraisal of Assets					69,917		41,186			
Total Business-Type Activities	<u>9,594</u>	<u>13,956</u>	<u>8,452</u>	<u>2,370</u>	<u>70,362</u>	<u>143</u>	<u>42,602</u>	<u>1,828</u>	<u>817</u>	<u>786</u>
Total District-Wide	<u>\$ 27,667,583</u>	<u>\$ 30,409,437</u>	<u>\$ 34,732,352</u>	<u>\$ 34,764,651</u>	<u>\$ 30,100,561</u>	<u>\$ 30,972,355</u>	<u>\$ 28,855,810</u>	<u>\$ 30,500,855</u>	<u>\$ 30,707,645</u>	<u>\$ 30,837,498</u>
Change in Net Position:										
Governmental Activities	\$ 2,028,321	\$ 3,322,656	\$ 6,080,994	\$ 5,430,599	\$ 1,948,223	\$ 3,586,903	\$ 3,107,304	\$ 3,540,999	\$ 1,111,427	\$ 270,854
Business-Type Activities	11,889	59,835	4,488	(43,530)	82,362	(2,565)	18,011	(45,691)	(24,023)	(33,482)
Total District	<u>\$ 2,040,210</u>	<u>\$ 3,382,491</u>	<u>\$ 6,085,482</u>	<u>\$ 5,387,069</u>	<u>\$ 2,030,585</u>	<u>\$ 3,584,338</u>	<u>\$ 3,125,315</u>	<u>\$ 3,495,308</u>	<u>\$ 1,087,404</u>	<u>\$ 237,372</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved/Restricted	\$ 5,377,148	\$ 5,809,890	\$ 5,597,991	\$ 5,625,897	\$ 4,855,188	\$ 6,174,462	\$ 8,748,012	\$ 10,193,678	\$ 10,035,904	\$ 10,128,625
Assigned						1,194,333	1,501,554	1,415,017	824,020	685,570
Unassigned						156,873			21,407	
Unreserved	<u>519,738</u>	<u>128,356</u>	<u>342,212</u>	<u>57,857</u>	<u>118,800</u>					
Total General Fund	<u>\$ 5,896,886</u>	<u>\$ 5,938,246</u>	<u>\$ 5,940,203</u>	<u>\$ 5,683,754</u>	<u>\$ 4,973,988</u>	<u>\$ 7,525,668</u>	<u>\$ 10,249,566</u>	<u>\$ 11,608,695</u>	<u>\$ 10,881,331</u>	<u>\$ 10,814,195</u>
All Other Governmental Funds										
Reserved/Restricted	\$ 2,568,344	\$ 63,418	\$ 112,915	\$ 25,244	\$ 276,419	\$ 2,116,472	\$ 188,133	\$ 279,864	\$ 279,756	\$ 179,756
Committed						43,626	133,949		933,263	
Unreserved/Unassigned, Reported In:										
Special Revenue Fund (Deficit)		(1,305)	(2,497)							
Capital Projects Fund (Deficit)	17,736,823	8,112,063	841,772	6,629,505	3,770,753					(30,305)
Debt Service Fund	178,388	901,219	1,033,848	772,246	444,515					
Total All Other Governmental Funds	<u>\$ 20,483,555</u>	<u>\$ 9,075,395</u>	<u>\$ 1,986,038</u>	<u>\$ 7,426,995</u>	<u>\$ 4,491,687</u>	<u>\$ 2,160,098</u>	<u>\$ 322,082</u>	<u>\$ 279,864</u>	<u>\$ 1,213,019</u>	<u>\$ 149,451</u>
Total All Funds:										
Reserved/Restricted	\$ 7,945,492	\$ 5,873,308	\$ 5,710,906	\$ 5,651,141	\$ 5,131,607	\$ 8,290,934	\$ 8,936,145	\$ 10,473,542	\$ 10,315,660	\$ 10,308,381
Committed						43,626	133,949		933,263	
Assigned						1,194,333	1,501,554	1,415,017	824,020	685,570
Unassigned/(Deficit)						156,873			21,407	(30,305)
Unreserved	<u>18,434,949</u>	<u>9,140,333</u>	<u>2,215,335</u>	<u>7,459,608</u>	<u>4,334,068</u>					
Total All Governmental Funds	<u>\$ 26,380,441</u>	<u>\$ 15,013,641</u>	<u>\$ 7,926,241</u>	<u>\$ 13,110,749</u>	<u>\$ 9,465,675</u>	<u>\$ 9,685,766</u>	<u>\$ 10,571,648</u>	<u>\$ 11,888,559</u>	<u>\$ 12,094,350</u>	<u>\$ 10,963,646</u>

Source: School District Financial Reports

WARREN HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Tax Levy	\$ 16,695,795	\$ 18,383,025	\$ 19,290,409	\$ 19,053,790	\$ 19,895,609	\$ 20,317,162	\$ 20,588,754	\$ 21,118,006	\$ 21,137,483	\$ 21,376,759
Tuition Charges	1,217,868	1,316,884	1,549,381	1,364,420	1,624,904	2,055,177	1,859,394	1,423,477	1,499,897	1,617,275
Transportation Fees from Other LEAs	318,991	304,198	298,409	272,787	312,493	238,177	225,221	259,628	266,536	257,971
Interest Earnings	54,756	56,946	38,496	17,557	10,211	5,156	19,538	18,582	18,173	18,003
Other Restricted Miscellaneous Revenue	14,965	13,680	15,775	7,955	11,804	25,319	39,805	16,725	11,131	3,149
Unrestricted Miscellaneous Revenue	1,076,541	1,154,348	374,212	203,052	107,161	78,427	177,078	75,140	156,217	54,322
State Sources	12,470,059	14,597,571	18,697,381	18,213,635	12,204,734	12,749,581	12,761,047	13,568,276	13,290,259	13,685,984
Federal Sources	583,987	632,010	559,199	574,836	2,421,326	903,663	1,211,277	566,835	545,521	572,921
Total Revenue	32,432,962	36,458,662	40,823,262	39,708,032	36,588,242	36,372,662	36,882,114	37,046,669	36,925,217	37,586,384
Expenditures										
Instruction										
Regular Instruction	9,026,560	9,029,694	9,563,783	9,348,698	9,760,517	8,974,026	9,171,438	9,384,673	9,929,359	10,209,236
Special Education Instruction	2,699,273	2,881,192	3,160,958	3,363,277	3,014,955	3,228,870	2,742,803	2,713,408	2,959,441	2,831,246
Other Special Instruction	172,743	157,472	141,798	201,510	110,690	92,591	96,085	20,297	26,480	34,344
Other Instruction	899,950	949,776	1,037,461	1,095,397	1,123,489	990,237	1,100,377	1,097,750	1,148,890	1,229,904
Support Services:										
Tuition	1,300,367	1,326,291	1,551,129	1,791,478	1,709,421	1,206,331	1,073,266	1,801,733	1,908,152	2,237,895
Student & Instruction Related Services	2,892,450	2,831,081	2,859,740	2,948,014	3,199,499	2,636,131	3,004,432	3,406,965	3,584,677	3,762,933
General Administration Services	555,969	1,193,104	651,119	597,500	557,986	571,634	514,378	506,808	636,191	532,428
School Administration Services	1,266,392	1,362,502	1,416,453	1,370,340	1,349,438	1,173,674	1,128,760	1,145,971	1,275,743	1,288,241
Central Services	345,273	353,454	369,428	371,915	377,222	371,668	377,144	396,222	415,757	468,591
Administrative Information Technology	313,549	451,549	489,991	546,395	516,377	446,849	483,817	426,105	303,709	347,210
Plant Operations And Maintenance	2,077,878	2,266,840	2,664,015	2,787,643	3,071,901	2,597,386	2,395,061	2,414,745	2,794,520	2,818,202
Pupil Transportation	1,652,425	1,605,453	1,727,714	1,747,635	1,478,685	1,642,067	1,401,887	1,516,258	1,580,793	1,711,448
Unallocated Benefits	5,938,913	7,297,301	7,444,204	6,648,931	6,895,538	7,145,792	7,710,035	7,581,264	7,174,221	7,668,082
Capital Outlay	2,502,782	14,040,135	12,728,157	4,988,503	4,898,588	3,043,394	1,393,753	1,305,813	858,723	1,495,739
Transfer of Funds to Charter School	8,638	20,499		15,919	20,632					
Debt Service:										
Principal	845,000	1,015,000	1,090,000	1,215,000	1,015,000	905,000	1,005,000	1,250,000	1,180,000	1,185,000
Interest And Other Charges	1,029,538	1,044,119	1,014,712	979,369	1,133,378	1,126,921	1,092,246	761,746	943,021	896,646
Total Expenditures	33,527,700	47,825,462	47,910,662	40,017,524	40,233,316	36,152,571	34,690,482	35,729,758	36,719,677	38,717,145
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(1,094,738)	(11,366,800)	(7,087,400)	(309,492)	(3,645,074)	220,091	2,191,632	1,316,911	205,540	(1,130,761)

WARREN HILLS REGIONAL SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS,
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources/(Uses)										
Bond Sale Proceeds				\$ 5,494,000						
Contribution for Bond Refunding							\$ (1,500,000)			
Long Term Debt Issued							17,335,000			
Bond Premium							2,484,721			
Serial Bonds Defeased							(19,625,000)			
Bond Issuance Costs							(165,213)			
Deferred Interest							(1,529,508)			
Debt Service Contribution							1,500,000			
Capital Leases (Non-Budgeted)							194,250			
Transfers In	\$ 870,946	\$ 900,103	\$ 230,799	48,031	\$ 366,565	\$ 77,690	1,500,107	\$ 92,604	\$ 1,084,766	\$ 57
Transfers Out	(870,946)	(900,103)	(230,799)	(48,031)	(366,565)	(77,690)	(1,500,107)	(92,604)	(1,084,515)	
Total Other Financing Sources/(Uses)				5,494,000			(1,305,750)		251	57
Net Change In Fund Balances	<u>\$ (1,094,738)</u>	<u>\$ (11,366,800)</u>	<u>\$ (7,087,400)</u>	<u>\$ 5,184,508</u>	<u>\$ (3,645,074)</u>	<u>\$ 220,091</u>	<u>\$ 885,882</u>	<u>\$ 1,316,911</u>	<u>\$ 205,791</u>	<u>\$ (1,130,704)</u>
Debt Service As A Percentage Of Noncapital Expenditures	<u>6.04%</u>	<u>6.09%</u>	<u>5.98%</u>	<u>6.26%</u>	<u>6.08%</u>	<u>6.14%</u>	<u>6.30%</u>	<u>5.84%</u>	<u>5.92%</u>	<u>5.59%</u>

Source: School District Financial Reports

WARREN HILLS REGIONAL SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
UNAUDITED

Fiscal Year Ending June 30	Tuition	Transportation Fees	Interest on Investments	Use of Facilities/ Rentals	Miscellaneous	Total
2006	\$ 1,217,868	\$ 318,991	\$ 205,712	\$ 14,965	\$ 54,430	\$ 1,811,966
2007	1,316,884	304,198	202,389	13,680	108,673	1,945,824
2008	1,549,381	298,409	168,629	15,775	47,718	2,079,912
2009	1,364,420	272,787	54,961	7,955	127,250	1,827,373
2010	1,624,904	312,493	26,350	11,804	84,906	2,060,457
2011	2,055,177	238,177	19,644	25,319	62,704	2,401,021
2012	1,859,394	225,221	72,145	39,805	123,229	2,319,794
2013	1,423,477	259,628	55,177	16,725	36,611	1,791,618
2014	1,499,897	266,536	45,826	11,131	127,789	1,951,179
2015	1,617,275	257,971	44,819	3,149	24,501	1,947,715

Source: Warren Hills Regional School District records

WARREN HILLS REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY, LAST TEN YEARS
UNAUDITED

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
<u>Franklin Township</u>													
2005	\$ 6,415,300	\$282,125,400	\$ 45,366,500	\$ 5,195,405	\$ 32,808,300	\$ 26,257,900	\$ 306,300	\$ 398,475,105	\$ 36,158,800	\$ 1,081,481	\$ 399,556,586	\$ 0.65	\$ 376,241,297
2006	6,750,600	284,086,600	46,589,100	5,198,525	32,616,800	28,866,100	306,300	404,414,025	35,866,000	1,053,317	405,467,342	0.67	415,037,931
2007	6,937,700	288,425,300	47,296,000	5,121,825	32,616,800	28,866,100	306,300	409,570,025	36,360,100	966,940	410,536,965	0.75	462,428,482
2008	6,012,600	292,976,100	48,390,200	5,110,225	32,985,700	31,274,600	306,300	417,055,725	36,360,100	949,522	418,005,247	0.75	482,869,453
2009	6,267,600	294,741,100	48,434,700	5,055,805	33,199,300	31,199,800	306,300	419,204,605	37,255,420	969,682	420,174,287	0.80	468,160,765
2010	5,875,000	294,234,600	51,517,400	5,093,305	33,139,800	31,199,800	306,300	421,366,205	37,813,920	1,010,638	422,376,843	0.87	473,343,816
2011	6,258,200	291,200,700	53,529,700	5,029,405	32,839,800	31,024,800	306,300	420,188,905	38,584,420	942,686	421,131,591	0.89	444,729,171
2012	4,438,400	292,209,000	53,550,700	5,053,215	32,503,800	30,969,000	306,300	419,030,415	38,663,220	978,714	420,009,129	0.92	423,287,926
2013	4,130,400	286,559,100	53,823,900	5,102,815	32,526,600	30,969,000	306,300	413,418,115	39,090,620	914,996	414,333,111	0.94	398,392,069
2014	4,128,700	287,884,400	52,492,300	5,039,395	32,514,600	30,829,000	306,300	413,194,695	39,090,620	692,328	413,887,023	0.94	413,887,023
<u>Mansfield Township</u>													
2005	\$ 15,322,700	\$424,186,900	\$ 48,128,800	\$ 2,825,200	\$ 83,240,900	\$ 16,513,100	\$ 49,489,900	\$ 639,707,500	\$ 58,113,350	\$ 1,825,320	\$ 641,532,820	\$ 0.80	\$ 710,780,165
2006	15,310,000	425,474,200	50,163,600	2,759,200	83,783,000	16,101,700	49,489,900	643,081,600	59,999,250	1,413,210	644,494,810	0.89	809,886,920
2007	13,502,500	429,716,900	50,595,400	2,751,200	89,207,400	16,054,300	49,799,900	651,627,600	61,385,450	1,333,868	652,961,468	0.87	876,205,197
2008	15,458,200	431,684,500	50,829,400	2,668,700	94,972,200	16,094,300	49,799,900	661,507,200	63,116,650	1,304,575	662,811,775	0.86	949,452,468
2009	13,896,400	431,329,200	51,820,800	3,612,000	94,831,500	16,094,300	49,799,900	661,384,100	63,590,580	1,335,310	662,719,410	0.91	905,107,088
2010	12,975,500	430,605,100	51,652,000	2,903,275	95,113,500	16,100,300	40,656,000	650,005,675	64,961,380	1,434,922	651,440,597	0.89	891,558,434
2011	12,083,200	430,604,600	51,652,000	2,959,050	95,234,500	16,100,300	40,656,000	649,289,650	65,924,380	1,262,054	650,551,704	0.90	837,465,335
2012	11,755,100	425,685,800	55,172,200	2,943,150	95,234,500	16,099,500	40,656,000	647,546,250	67,624,380	1,346,173	648,892,423	0.90	765,722,084
2013	11,751,900	424,374,700	54,693,000	2,782,050	90,238,000	16,099,500	40,656,000	640,595,150	67,675,180	1,315,776	641,910,926	0.92	725,936,357
2014	10,220,500	404,138,600	54,345,900	3,544,000	108,831,100	17,129,400	66,001,000	664,210,500	72,990,900	1,017,159	665,227,659	0.87	684,976,372
<u>Washington Borough</u>													
2005	\$ 3,672,800	\$276,846,160	\$ 437,600	\$ 5,300	\$ 49,158,100	\$ 16,803,900	\$ 23,983,000	\$ 370,906,860	\$ 29,519,425	\$ 3,148,433	\$ 374,055,293	\$ 1.00	\$ 456,296,267
2006	3,297,700	279,454,560	437,600	5,300	49,213,100	16,803,900	23,983,000	373,195,160	29,951,425	2,732,758	375,927,918	1.08	511,173,796
2007	5,960,300	282,165,460	437,600	5,300	48,804,000	16,823,900	23,083,000	377,279,560	30,395,825	2,062,147	379,341,707	1.14	575,868,580
2008	9,560,900	283,120,160	437,600	5,300	48,586,900	16,823,900	22,783,000	381,317,760	29,975,825	2,045,030	383,362,790	1.10	595,390,516
2009	8,457,100	278,216,160	437,600	5,300	48,064,100	16,823,900	22,283,000	374,287,160	33,852,325	2,099,466	376,386,626	1.11	583,997,868
2010	6,827,300	278,559,460	437,600	5,300	47,575,200	16,823,900	21,890,900	372,119,660	32,932,625	2,133,964	374,253,624	1.12	583,927,229
2011	5,350,500	278,666,860	437,600	5,300	47,429,000	16,323,400	21,890,900	370,103,560	31,906,225	2,045,901	372,149,461	1.14	577,042,195
2012	5,303,400	278,655,460	437,600	5,300	46,893,500	16,323,400	21,890,900	369,509,560	31,331,625	2,259,339	371,768,899	1.10	521,268,396
2013	3,861,800	283,660,960	437,600	5,300	45,295,800	16,323,400	19,350,900	368,935,760	30,736,425	1,973,565	370,909,325	1.09	475,996,770
2014	3,519,500	285,790,960	437,600	5,300	45,255,400	16,323,400	19,350,900	370,683,060	31,893,625	1,807,822	372,490,882	1.12	463,639,899

WARREN HILLS REGIONAL SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY, LAST TEN YEARS
UNAUDITED

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
<u>Washington Township</u>													
2005	\$ 19,982,500	\$ 508,931,299	\$ 21,757,600	\$ 2,527,750	\$ 66,999,100	\$ 3,807,200	\$ 1,880,300	\$ 625,885,749	\$ 54,149,448	\$ 1,775,614	\$ 627,661,363	\$ 0.84	\$ 683,634,930
2006	14,628,800	536,884,999	22,414,900	2,476,950	64,846,300	3,501,200	1,880,300	646,633,449	55,711,348	1,583,521	648,216,970	0.91	775,005,637
2007	12,837,300	549,201,899	22,711,000	2,359,325	66,817,300	3,501,200	1,880,300	659,308,324	58,981,148	1,609,231	660,917,555	0.94	868,978,308
2008	12,393,800	555,261,299	23,399,000	2,416,625	67,642,300	3,501,200	1,880,300	666,494,524	57,633,148	1,451,823	667,946,347	0.89	916,654,088
2009	11,825,300	558,724,549	25,067,700	2,221,900	67,930,800	3,501,200	1,880,300	671,151,749	57,381,248	1,532,660	672,684,409	0.94	903,417,149
2010	11,583,100	559,661,851	25,506,800	2,366,600	68,327,500	3,501,200	1,780,300	672,727,351	57,198,448	1,538,722	674,266,073	0.99	907,913,314
2011	11,030,400	561,000,051	24,688,300	2,272,900	72,406,800	3,501,200	1,780,300	676,679,951	57,883,448	1,351,053	678,031,004	1.00	870,082,342
2012	10,920,500	560,621,701	25,051,400	2,290,500	74,188,700	3,495,900	1,780,300	678,349,001	57,795,648	1,405,013	679,754,014	1.07	826,466,429
2013	10,364,300	558,903,101	26,397,900	2,399,300	75,759,900	3,445,900	1,780,300	679,050,701	57,457,248	1,216,440	680,267,141	1.07	784,880,638
2014	10,399,600	557,929,101	26,422,900	2,410,900	75,491,100	3,445,900	1,780,300	677,879,801	58,674,448	984,686	678,864,487	1.11	741,130,019

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 of Assessed Valuation

Source: Municipal Tax Assessors

WARREN HILLS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

TOWNSHIP OF FRANKLIN

Year Ended December 31,	Warren Hills Regional Board of Education						Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates		
	Basic Rate ^a	Debt Service ^b	Total Direct		Township of Franklin	Warren County	
2005	\$ 0.59	\$ 0.06	\$ 0.65	\$ 0.80	\$ 0.17	\$ 0.61	\$ 2.23
2006	0.62	0.05	0.67	0.86	0.18	0.64	2.35
2007	0.68	0.07	0.75	0.91	0.18	0.69	2.52
2008	0.69	0.06	0.75	0.96	0.20	0.70	2.61
2009	0.74	0.06	0.80	0.94	0.23	0.69	2.66
2010	0.80	0.08	0.87	0.95	0.24	0.69	2.75
2011	0.81	0.08	0.89	0.96	0.24	0.67	2.76
2012	0.83	0.09	0.92	0.96	0.22	0.68	2.78
2013	0.85	0.09	0.94	0.94	0.22	0.69	2.79
2014	0.85	0.09	0.94	0.96	0.25	0.72	2.86

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 calculation.

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.

WARREN HILLS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

TOWNSHIP OF MANSFIELD

Year Ended December 31,	Warren Hills Regional Board of Education							Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct		Township of Mansfield	Warren County		
2005	\$ 0.72	\$ 0.07	\$ 0.80	\$ 0.70	\$ 0.33	\$ 0.70	\$ 2.54	
2006	0.82	0.07	0.89	0.75	0.34	0.78	2.76	
2007	0.79	0.08	0.87	0.74	0.36	0.82	2.78	
2008	0.80	0.07	0.86	0.75	0.39	0.87	2.88	
2009	0.83	0.07	0.91	0.73	0.45	0.89	2.98	
2010	0.81	0.08	0.89	0.78	0.52	0.84	3.03	
2011	0.81	0.08	0.90	0.80	0.56	0.82	3.07	
2012	0.81	0.09	0.90	0.80	0.58	0.80	3.08	
2013	0.83	0.09	0.92	0.79	0.59	0.81	3.10	
2014	0.79	0.08	0.87	0.79	0.61	0.79	3.05	

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 calculation.

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.

WARREN HILLS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

BOROUGH OF WASHINGTON

Year Ended December 31,	Warren Hills Regional Board of Education							Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates			
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct		Borough of Washington	Warren County		
2005	\$ 0.91	\$ 0.09	\$ 1.00	\$ 0.94	\$ 0.85	\$ 0.72	\$ 3.51	
2006	0.99	0.09	1.08	0.94	0.93	0.78	3.72	
2007	1.04	0.10	1.14	0.98	1.00	0.85	3.97	
2008	1.02	0.09	1.10	1.00	1.05	0.86	4.03	
2009	1.02	0.09	1.11	1.06	1.24	0.86	4.27	
2010	1.02	0.10	1.12	1.08	1.42	0.87	4.49	
2011	1.03	0.11	1.14	1.12	1.50	0.91	4.67	
2012	0.99	0.11	1.10	1.15	1.50	0.86	4.60	
2013	0.99	0.11	1.09	1.15	1.48	0.85	4.57	
2014	1.02	0.10	1.12	1.23	1.46	0.89	4.70	

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 calculation.

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.

Source: Municipal Tax Collector and School Business Administrator

WARREN HILLS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN YEARS
UNAUDITED
(rate per \$100 of assessed value)

TOWNSHIP OF WASHINGTON

Year Ended December 31,	Warren Hills Regional Board of Education							Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates			
	Basic Rate ^a	Debt Service ^b	Total Direct		Township of Washington	Warren County		
2005	\$ 0.76	\$ 0.08	\$ 0.84	\$ 0.70	\$ 0.38	\$ 0.70	\$ 2.62	
2006	0.84	0.07	0.91	0.74	0.40	0.74	2.78	
2007	0.86	0.08	0.94	0.76	0.42	0.80	2.92	
2008	0.82	0.07	0.89	0.73	0.45	0.83	2.91	
2009	0.87	0.08	0.94	0.74	0.47	0.84	3.00	
2010	0.90	0.09	0.99	0.77	0.50	0.83	3.08	
2011	0.91	0.09	1.00	0.78	0.55	0.81	3.15	
2012	0.97	0.11	1.07	0.80	0.57	0.82	3.27	
2013	0.96	0.11	1.07	0.80	0.58	0.82	3.28	
2014	1.01	0.10	1.11	0.86	0.60	0.84	3.41	

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 calculation.

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.

Source: Municipal Tax Collector and School Business Administrator

WARREN HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Township of Franklin

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Transcontinental Gas	\$ 17,917,900	1	4.33%
ISE America	9,981,100	2	2.41%
Franklin Realty Group LLC	9,275,200	3	2.24%
The Franklin Realty Group LLC	5,958,100	4	1.44%
Viking Development Company, LLC	2,313,400	5	0.56%
J.W.D. Farms, LLC	2,002,300	6	0.48%
Elizabethtown Gas Company	1,451,700	7	0.35%
Individual Taxpayer #1	1,290,600	8	0.31%
ELB Farm, LLC	1,169,600	9	0.28%
Victaulic Reh, LLC	1,122,300	10	0.27%
Total	<u>\$ 52,482,200</u>		<u>12.68%</u>

Taxpayer	2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Transcontinental Gas	\$ 18,061,900	1	4.52%
ISE America	10,187,800	2	2.55%
Franklin Realty Group	5,958,100	3	1.49%
Individual Taxpayer #1	1,814,900	4	0.45%
Elizabethtown Gas	1,451,700	5	0.36%
Merill Creek	1,148,800	6	0.29%
Individual Taxpayer #2	1,072,100	7	0.27%
Carpenter Realty	964,000	8	0.24%
Riverview Farms	876,200	9	0.22%
Buster LLC	840,200	10	0.21%
Total	<u>\$ 42,375,700</u>		<u>10.61%</u>

Note: Individual taxpayers in 2014 and 2005 may be different.

Source: Municipal Tax Assessor

WARREN HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Township of Mansfield

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mansfield Plaza, LLC	\$ 68,981,700	1	10.75%
Green Eagle Property	33,190,600	2	5.17%
Middlebury Associates	18,839,000	3	2.94%
Mansfield Plaza Associates, LLC	15,033,000	4	2.34%
NYK Logistics (Americas) Inc	5,976,300	5	0.93%
Borealis Compounds, LLC	5,768,300	6	0.90%
The Shoppes at Mansfield, LLC	3,719,300	7	0.58%
Eden Mansfield, LLC	3,486,500	8	0.54%
Mansfield Commons II, LLC	3,379,400	9	0.53%
Sarva Mangal, LLC	2,849,600	10	0.44%
Total	\$ 161,223,700		25.13%

Taxpayer	2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mansfield Village	\$ 32,248,900	1	5.03%
Green Eagle Property	22,000,000	2	3.43%
Mansfield Plaza, LLC	21,999,800	3	3.43%
Middlebury Associates	13,769,800	4	2.15%
Mansfield Plaza Associates	13,690,000	5	2.13%
Nova Borealis	6,462,000	6	1.01%
NYK Logistics Inc.	4,136,500	7	0.64%
JNC Realty	3,135,600	8	0.49%
Mansfield Self Storage	2,809,200	9	0.44%
Mian Realty	2,098,700	10	0.33%
Total	\$ 122,350,500		19.07%

WARREN HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Borough of Washington

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Warren Washington Associates	\$ 5,500,000	1	1.48%
BASF Corporation Tax Dept.	4,722,000	2	1.27%
Twist Beauty Packaging	4,052,900	3	1.09%
Washington Plaza Associates	3,400,000	4	0.91%
Bell Atlantic	3,266,765	5	0.88%
Washington Gardens LLC	2,950,000	6	0.79%
Washington Heights LLC	2,000,000	7	0.54%
Individual Taxpayer #1	1,939,800	8	0.52%
Midtown/Limited, Inc.	1,755,200	9	0.47%
Candle Artisans Inc.	1,550,000	10	0.42%
Total	<u>\$ 31,136,665</u>		<u>8.36%</u>

Taxpayer	2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Warren Washington Associates	\$ 7,000,000	1	1.87%
BASF Corporation Tax Dept.	4,722,000	2	1.26%
Pechinery Plastic Packaging	4,520,600	3	1.21%
Washington Plaza Associates	4,400,000	4	1.18%
Washington Gardens LOC	3,990,000	5	1.07%
Washington Heights, LLC	2,300,000	6	0.61%
Warren Lumber Inc.	1,658,000	7	0.44%
Individual Taxpayer #1	1,649,000	8	0.44%
Individual Taxpayer #2	1,620,000	9	0.43%
Candle Artisans, Inc.	1,550,000	10	0.41%
Total	<u>\$ 33,409,600</u>		<u>8.93%</u>

Note: Individual taxpayers in 2014 and 2005 may be different.

Source: Municipal Tax Assessor

WARREN HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS,
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Township of Washington

Taxpayer	2014		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Asbury Farms (including Golf Course)	\$ 12,649,400	1	1.86%
Washington Shopping Center, Inc.	6,465,900	2	0.95%
Desapio Properties, LLC	3,499,300	3	0.52%
Ed Mark 31 LLC (Rossi)	3,243,900	4	0.48%
Fitzgibbon, Smith & Smith	3,134,900	5	0.46%
Village Super Market (Shop Rite)	2,778,200	6	0.41%
Washington Realty LLC	2,221,700	7	0.33%
Individual Taxpayer #1	1,934,999	8	0.29%
Individual Taxpayer #2	1,900,000	9	0.28%
I.C. Washington Inc.	1,875,400	10	0.28%
Total	\$ 39,703,699		5.85%

Taxpayer	2005		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Asbury Farms (including Golf Course)	\$ 8,750,600	1	1.39%
Pinnacle Hawk Pointe LLC	7,938,700	2	1.26%
Washington Shopping Center	4,975,600	3	0.79%
Fitzgibbon, Smith & Smith	3,556,700	4	0.57%
Desapio Properties #3, LLC (Medical Building)	3,499,300	5	0.56%
Drugach Realty Co. (Shoprite)	2,778,200	6	0.44%
I.C. Washington Inc. (Eckerd Drugs)	2,279,400	7	0.36%
Ames Department Store (Ted Gladstone)	2,261,500	8	0.36%
Washington Storage LLC	2,221,700	9	0.35%
Witte Holdings, LLC	1,677,368	10	0.27%
Total	\$ 39,939,068		6.36%

Note: Individual taxpayers in 2014 and 2005 may be different.

Source: Municipal Tax Assessor

WARREN HILLS REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Township of Franklin

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 2,616,791	\$ 2,616,791	100.00%	\$ -0-
2007	2,729,487	2,729,487	100.00%	-0-
2008	3,071,039	3,071,039	100.00%	-0-
2009	3,130,894	3,130,894	100.00%	-0-
2010	3,378,514	3,378,514	100.00%	-0-
2011	3,686,607	3,686,607	100.00%	-0-
2012	3,746,238	3,746,238	100.00%	-0-
2013	3,880,347	3,880,347	100.00%	-0-
2014	3,906,105	3,906,105	100.00%	-0-
2015	3,872,362	3,872,362	100.00%	-0-

Source: Warren Hills Regional School District records including the Certificate and Report of School Taxes (A4F form)

- a. 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 the amount voted upon or certified prior to the end of the school year.

WARREN HILLS REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Township of Mansfield

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy ^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2006	\$ 5,104,554	\$ 5,104,554	100.00%	\$ -0-
2007	5,733,461	5,733,461	100.00%	-0-
2008	5,688,652	5,688,652	100.00%	-0-
2009	5,727,042	5,727,042	100.00%	-0-
2010	6,001,719	6,001,719	100.00%	-0-
2011	5,779,107	5,779,107	100.00%	-0-
2012	5,823,492	5,823,492	100.00%	-0-
2013	5,865,301	5,865,301	100.00%	-0-
2014	5,885,165	5,885,165	100.00%	-0-
2015	5,760,359	5,760,359	100.00%	-0-

Source: Warren Hills Regional School District records including the Certificate and Report of School Taxes (A4F form)

- a. 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 the amount voted upon or certified prior to the end of the school year.

WARREN HILLS REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Borough of Washington

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$ 3,737,817	\$ 3,737,817	100.00%	\$ -0-
2007	4,038,864	4,038,864	100.00%	-0-
2008	4,314,983	4,314,983	100.00%	-0-
2009	4,235,935	4,235,935	100.00%	-0-
2010	4,163,247	4,163,247	100.00%	-0-
2011	4,183,500	4,138,500	98.92%	45,000
2012	4,247,430	4,247,430	100.00%	-0-
2013	4,082,563	4,082,563	100.00%	-0-
2014	4,059,242	4,059,242	100.00%	-0-
2015	4,181,857	4,181,857	100.00%	-0-

Source: Warren Hills Regional School District records including the Certificate and Report of School Taxes (A4F form)

- a. 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 the amount voted upon or certified prior to the end of the school year.

WARREN HILLS REGIONAL SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS,
LAST TEN FISCAL YEARS
UNAUDITED

Township of Washington

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy ^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2006	\$ 5,236,633	\$ 5,236,633	100.00%	\$ -0-
2007	5,881,212	5,881,212	100.00%	-0-
2008	6,215,735	6,215,735	100.00%	-0-
2009	5,959,919	5,959,919	100.00%	-0-
2010	6,352,129	6,352,129	100.00%	-0-
2011	6,667,948	6,667,948	100.00%	-0-
2012	6,771,594	6,771,594	100.00%	-0-
2013	7,289,795	7,289,795	100.00%	-0-
2014	7,286,970	7,286,970	100.00%	-0-
2015	7,562,181	6,532,098	86.38%	1,030,083

Source: Warren Hills Regional School District records including the Certificate and Report of School Taxes (A4F form)

- a. 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 the amount voted upon or certified prior to the end of the school year.

WARREN HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities Capital Leases	Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)				
2006	\$ 23,625,000	\$ 3,175,000	\$ 127,359	\$ -0-	\$ -0-	\$ 26,927,359	2.83%	\$ 1,076.53
2007	23,475,000	2,310,000	87,175	-0-	-0-	25,872,175	2.55%	1,036.55
2008	23,275,000	1,420,000	44,793	-0-	-0-	24,739,793	2.33%	997.09
2009	28,469,000	505,000	-0-	-0-	-0-	28,974,000	2.65%	1,167.46
2010	27,959,000	-0-	-0-	-0-	-0-	27,959,000	2.58%	1,130.57
2011	27,054,000	-0-	-0-	-0-	-0-	27,054,000	2.56%	1,127.34
2012	23,759,000	-0-	194,250	-0-	-0-	23,953,250	2.18%	1,004.46
2013	22,509,000	-0-	128,277	-0-	-0-	22,637,277	1.98%	954.23
2014	21,329,000	-0-	64,742	-0-	-0-	21,393,742	1.85%	907.44
2015	20,144,000	-0-	-0-	-0-	-0-	20,144,000	1.74%	853.74

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 23,625,000	\$ -0-	\$ 23,625,000	2.31%	\$ 944.51
2007	23,475,000	-0-	23,475,000	2.26%	940.50
2008	23,275,000	-0-	23,275,000	2.21%	938.05
2009	28,469,000	-0-	28,469,000	2.67%	1,147.11
2010	27,959,000	-0-	27,959,000	2.62%	1,130.57
2011	27,054,000	-0-	27,054,000	2.55%	1,127.34
2012	23,759,000	-0-	23,759,000	2.24%	996.31
2013	22,509,000	-0-	22,509,000	2.12%	948.83
2014	21,329,000	-0-	21,329,000	2.02%	904.69
2015	20,144,000	-0-	20,144,000	1.89%	853.74

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

a See Exhibit J-6 for property tax data. This ratio is calculated using valuation data for the prior calendar year.

b Population data can be found in Exhibit J-14. This ratio is calculated using population for the prior calendar year.

WARREN HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2014

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Franklin	\$ 1,790,601	100.00%	\$ 1,790,601
Township of Mansfield	2,425,640	100.00%	2,425,640
Borough of Washington	8,016,007	100.00%	8,016,007
Township of Washington	9,893,678	100.00%	9,893,678
Warren County General Obligation Debt (Franklin Township Share)	5,310,000	3.89%	206,719
Warren County General Obligation Debt (Mansfield Township Share)	5,310,000	6.44%	342,116
Warren County General Obligation Debt (Washington Borough Share)	5,310,000	4.36%	231,568
Warren County General Obligation Debt (Washington Township Share)	5,310,000	6.97%	370,163
Subtotal, Overlapping Debt			23,276,492
Warren Hills Regional School District Direct Debt			21,329,000
Total Direct And Overlapping Debt			<u>\$ 44,605,492</u>

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 Franklin, Mansfield, Washington Borough and Washington Township. This process recognizes that, when considering the District's ability to issue and repay long-term, 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 unit.

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

Sources: Assessed value data used to estimate applicable percentages provided by the Warren County Board of Taxation; debt outstanding data provided by each governmental unit.

WARREN HILLS REGIONAL SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED

Legal Debt Margin Calculation for Fiscal Year 2015					
	Franklin Township	Mansfield Township	Washington Borough	Washington Township	Total
Equalized valuation basis:					
2012	\$ 400,411,290	\$ 730,617,455	\$ 515,823,777	\$ 780,193,765	\$ 2,427,046,287
2013	380,925,196	674,310,684	471,072,871	739,143,029	2,265,451,780
2014	386,850,197	690,375,741	456,321,286	726,559,272	2,260,106,496
	<u>\$1,168,186,683</u>	<u>\$2,095,303,880</u>	<u>\$1,443,217,934</u>	<u>\$2,245,896,066</u>	<u>\$ 6,952,604,563</u>
Average Equalized Valuation of Taxable Property					<u>\$ 2,317,534,854</u>
Debt Limit (3.5% of average equalization value ^a)					\$ 81,113,720
Net Bonded School Debt as of June 30, 2015					20,144,000
Legal Debt Margin					<u>\$ 60,969,720</u>

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	\$ 87,427,018	\$ 98,020,864	\$ 80,668,386	\$ 99,875,305	\$ 101,359,179	\$ 99,317,452	\$ 94,342,252	\$ 90,006,596	\$ 83,474,401	\$ 81,113,720
Total Net Debt Applicable to Limit	<u>23,625,000</u>	<u>23,475,000</u>	<u>23,275,000</u>	<u>28,469,000</u>	<u>27,959,000</u>	<u>27,054,000</u>	<u>23,759,000</u>	<u>22,509,000</u>	<u>21,329,000</u>	<u>20,144,000</u>
Legal Debt Margin	<u>\$ 63,802,018</u>	<u>\$ 74,545,864</u>	<u>\$ 57,393,386</u>	<u>\$ 71,406,305</u>	<u>\$ 73,400,179</u>	<u>\$ 72,263,452</u>	<u>\$ 70,583,252</u>	<u>\$ 67,497,596</u>	<u>\$ 62,145,401</u>	<u>\$ 60,969,720</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	27.02%	23.95%	28.85%	28.50%	27.58%	27.24%	25.18%	25.01%	25.55%	24.83%

^a Limit set by NJSIA 18A:24-19 for a 6 through 12 district; other % limits would be applicable for other districts

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

WARREN HILLS REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Township of Franklin

Year	Population ^a	Warren County Per Capita Personal Income ^c	Personal Income (thousands of dollars) ^b	Unemployment Rate ^d
2006	3,149	\$ 40,606	\$ 127,868,294	3.10%
2007	3,135	42,842	134,309,670	2.90%
2008	3,128	44,120	138,007,360	3.90%
2009	3,120	43,864	136,855,680	6.90%
2010	3,176	43,962	139,623,312	7.20%
2011	3,159	46,070	145,535,130	6.60%
2012	3,139	48,115	151,032,985	6.40%
2013	3,116	49,040	152,808,640	7.40%
2014	3,112	49,040 **	152,612,480	6.70%
2015	3,112 *	49,040 **	152,612,480 ***	N/A

* - Latest population data available (2014) was used for calculation purposes.

** - Latest Warren County per capita personal income available (2013) was used for calculation purposes.

*** - Latest available population data (2014) and latest available Warren County per capita personal income (2013) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Township of Mansfield

Year	Population ^a	Warren County Per Capita Personal Income ^c	Personal Income (thousands of dollars) ^b	Unemployment Rate ^d
2006	8,168	\$ 40,606	\$ 331,669,808	4.20%
2007	8,124	42,842	348,048,408	3.90%
2008	8,120	44,120	358,254,400	5.20%
2009	8,089	43,864	354,815,896	9.20%
2010	7,721	43,962	339,430,602	9.50%
2011	7,672	46,070	353,449,040	8.80%
2012	7,608	48,115	366,058,920	8.60%
2013	7,546	49,040	370,055,840	6.90%
2014	7,535	49,040 **	369,516,400	5.40%
2015	7,535 *	49,040 **	369,516,400 ***	N/A

* - Latest population data available (2014) was used for calculation purposes.

** - Latest Warren County per capita personal income available (2013) was used for calculation purposes.

*** - Latest available population data (2014) and latest available Warren County per capita personal income (2013) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Borough of Washington

Year	Population ^a	Warren County Per Capita Personal Income ^c	Personal Income (thousands of dollars) ^b	Unemployment Rate ^d
2006	6,757	\$ 40,606	\$ 274,374,742	3.80%
2007	6,702	42,842	287,127,084	3.50%
2008	6,705	44,120	295,824,600	4.70%
2009	6,678	43,864	292,923,792	8.30%
2010	6,456	43,962	283,818,672	8.60%
2011	6,420	46,070	295,769,400	7.90%
2012	6,432	48,115	309,475,680	7.70%
2013	6,424	49,040	315,032,960	6.10%
2014	6,466	49,040 **	317,092,640	6.40%
2015	6,466 *	49,040 **	317,092,640 ***	N/A

* - Latest population data available (2014) was used for calculation purposes.

** - Latest Warren County per capita personal income available (2013) was used for calculation purposes.

*** - Latest available population data (2014) and latest available Warren County per capita personal income (2013) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Township of Washington

Year	Population ^a	Warren County Per Capita Personal Income ^c	Personal Income (thousands of dollars) ^b	Unemployment Rate ^d
2006	6,886	\$ 40,606	\$ 279,612,916	5.20%
2007	6,851	42,842	293,510,542	2.60%
2008	6,865	44,120	302,883,800	6.40%
2009	6,843	43,864	300,161,352	11.30%
2010	6,645	43,962	292,127,490	11.60%
2011	6,596	46,070	303,877,720	10.80%
2012	6,544	48,115	314,864,560	10.50%
2013	6,490	49,040	318,269,600	6.00%
2014	6,482	49,040 **	317,877,280	5.30%
2015	6,482 *	49,040 **	317,877,280 ***	N/A

* - Latest population data available (2014) was used for calculation purposes.

** - Latest Warren County per capita personal income available (2013) was used for calculation purposes.

*** - Latest available population data (2014) and latest available Warren County per capita personal income (2013) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

^c Per capita personal income by municipality estimated based upon the 2000 Census published by the US Bureau of Economic Analysis.

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

Exhibit J-15

WARREN HILLS REGIONAL SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF WARREN
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	Employees	2014 Rank	Percentage of Total Employment
----------	-----------	--------------	--------------------------------------

Information is not available

Employer	Employees	2005 Rank (Optional)	Percentage of Total Employment
----------	-----------	----------------------------	--------------------------------------

Information is not available

N/A - Information is not available

Source: New Jersey Department of Labor

WARREN HILLS REGIONAL SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM,
LAST TEN FISCAL YEARS
UNAUDITED

<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	135.0	131.0	134.0	135.0	130.0	130.0	130.0	129.0	129.0	116.5
Special Education	22.0	21.0	21.0	20.0	20.0	20.0	20.0	20.0	20.0	23.0
Other Special Education	4.5	4.5	4.5	4.0	3.0	3.0	3.0	3.0	3.0	3.0
Other Instruction	8.0	8.0	8.0	8.0	7.0	7.0	7.0	9.0	9.0	6.0
Support Services:										
Student and Instruction Related Services	41.0	40.0	40.0	38.0	33.0	33.0	33.0	35.0	35.0	36.0
School Administrative Services	18.0	18.0	17.0	16.0	15.0	14.0	15.0	15.0	15.0	15.0
General and Business Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Plant Operations and Maintenance	29.0	29.0	29.0	30.0	29.0	29.0	29.0	29.0	29.0	29.0
Other Support Services	5.6	5.6	5.6	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Total	<u>265.1</u>	<u>259.1</u>	<u>261.1</u>	<u>258.0</u>	<u>244.0</u>	<u>243.0</u>	<u>244.0</u>	<u>247.0</u>	<u>247.0</u>	<u>235.5</u>

Source: District Personnel Records

WARREN HILLS REGIONAL SCHOOL DISTRICT
OPERATING STATISTICS.
LAST TEN FISCAL YEARS
UNAUDITED

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Middle School	High School				
2006	2,203	\$ 29,150,380	\$ 13,232.13	-1.22%	181	1:10	1:11	2,109	2,041	1.20%	96.78%
2007	2,329	31,726,208	13,622.24	2.95%	180	1:10	1:11	2,137	1,994	1.30%	93.33%
2008	2,084	33,077,793	15,872.26	16.52%	180	1:10	1:11	2,020	1,971	-5.45%	97.57%
2009	2,037	32,834,652	16,119.12	1.56%	174	1:10	1:11	2,009	1,886	-0.54%	93.88%
2010	1,947	33,186,350	17,044.86	5.74%	172	1:10	1:11	1,955	1,835	-2.69%	93.86%
2011	1,907	31,077,256	16,296.41	-4.39%	170	1:10	1:11	1,907	1,865	-2.46%	97.80%
2012	1,940	31,199,483	16,082.21	-1.31%	167	1:10	1:11	1,880	1,825	-1.42%	97.07%
2013	1,850	32,412,199	17,520.11	8.94%	165	1:10	1:11	1,850	1,797	-1.60%	97.14%
2014	1,856	33,737,933	18,177.77	3.75%	165	1:10	1:11	1,856	1,764	0.32%	95.04%
2015	1,880	35,139,760	18,691.36	2.83%	149	1:10	1:11	1,880	1,779	1.29%	94.63%

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- 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).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment.
 This Cost Per Pupil may be different from other Cost Per Pupil calculations.

Source: Warren Hills Regional School District records

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Building</u>										
Middle School (1931); Additions in 1956/1967/2007										
Square Feet	84,729	92,129	92,129	92,129	92,129	92,129	92,129	92,129	92,129	92,129
Capacity (students)	650	750	750	750	750	750	750	750	750	750
Enrollment	711	695	682	643	604	660	661	615	634	586
High School (1967); Additions in 1989/2008										
Square Feet	195,137	195,137	195,137	227,910	227,910	227,910	227,910	227,910	227,910	227,910
Capacity (students)	1,209	1,209	1,209	1,591	1,591	1,591	1,591	1,591	1,591	1,591
Enrollment	1,402	1,431	1,402	1,394	1,343	1,247	1,279	1,235	1,222	1,294
Board Office/Project Excel (Unknown)										
Square Feet	18,954	18,954	18,954	18,954	18,954	18,954	18,954	18,954	18,954	18,954
Capacity (students)	98	98	98	98	98	98	98	98	98	98
* Enrollment	90	203	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

Number of Schools at June 30, 2015

- Elementary = 0
- Middle School = 1
- High School = 1
- Other = 1

* - These are high school students included in enrollment count for high school noted above

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

Source: Warren Hills Regional School District records

Exhibit J-19

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF REQUIRED MAINTENANCE
LAST TEN FISCAL YEARS

Undistributed Expenditures - Required
Maintenance For School Facilities
11-000-261-xxx

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>High School</u>	<u>Middle School</u>	<u>Board Office/ Project Excel</u>	<u>Total</u>
2006	\$ 273,847	\$ 168,300	\$ 154,431	\$ 596,578
2007	340,987	188,448	112,600	642,035
2008	464,898	199,883	90,521	755,302
2009	456,488	250,286	62,296	769,070
2010	275,077	116,966	85,500	477,543
2011	182,418	77,582	51,138	311,138
2012	227,310	125,120	78,728	431,158
2013	245,406	129,637	55,354	430,397
2014	217,738	161,329	84,885	463,952
2015	321,991	135,317	84,483	541,791

* School facilities as defined under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: Warren Hills Regional School District records

Exhibit J-20

WARREN HILLS REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015

	<u>Coverage</u>		<u>Deductible</u>
School Alliance Insurance Fund (SAIF):			
School Package Policy:			
Building & Personal Property	\$ 250,000,000	Fund Aggregate	\$ 2,500
Inland Marine - Auto Physical Damage			
General Liability including Auto, Employee Benefits:			
Per Occurrence	5,000,000		
General Aggregate	50,000,000	Fund Aggregate	
Product/Completed Ops			
Personal Injury			
Fire Damage	2,500,000		
Medical Expenses (excluding students taking part in athletics)	10,000		
Automobile Coverage			
Environmental Impairment Liability	1,000,000 / 25,000,000	Fund Aggregate	5,000
Crime Coverage	50,000	Inside/Outside	1,000
Blanket Dishonesty Bond	500,000		1,000
Boiler and Machinery	100,000,000		1,000
Excess Liability	5,000,000		
School Board Legal Liability	5,000,000 / 5,000,000		5,000
Excess School Board Legal Liability	5,000,000 / 5,000,000		
Workers' Compensation:	Statutory		
Employer's Liability	5,000,000		
Supplemental Indemnity	Statutory		
Public Officials' Bonds - Selective Insurance Company of America:			
Treasurer of School Monies	250,000		None
Business Administrator/Board Secretary	250,000		None

SINGLE AUDIT



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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 Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren Hills Regional School District, in the County of Warren (the "District") as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 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 District'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.

Our consideration of the 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.

The Honorable President and Members
of the Board of Education
Warren Hills Regional School District
Page 2

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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 2, 2015
Mount Arlington, NJ

NISIVOCCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant



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Report on Compliance For Each Major Federal and State Program;
 Report on Internal Control Over Compliance Required by OMB Circular A-133
 and New Jersey's OMB Circulars 04-04 and 15-08

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Warren Hills Regional School District's (the "District's") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *New Jersey State Aid/ Grant Compliance Supplement* that could have a direct and material effect on each of the District's major federal and state programs for the fiscal year ended June 30, 2015. The District's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, OMB Circular A-133 and New Jersey's 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

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

The Honorable President and Members
of the Board of Education
Warren Hills Regional School District
Page 2

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJOMB 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 District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or 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 federal or 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 federal or 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 OMB Circular A-133 or NJOMB 04-04 and 15-08. Accordingly, this report is not suitable for any other purpose.

December 2, 2015
Mount Arlington, NJ

NISIVOCCIA LLP



William F. Schroeder
Licensed Public School Accountant #2112
Certified Public Accountant

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014		Cash Received	Budgetary Expendi- tures	Adjustment	Balance at June 30, 2015	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue
U.S. Department of Agriculture:											
Passed-through State Department of Education:											
Child Nutrition Cluster:											
Food Distribution Program	10.555	N/A	7/1/14-6/30/15	\$ 17,680			\$ 17,680	\$ (14,931)			\$ 2,749
Food Distribution Program	10.555	N/A	7/1/13-6/30/14	14,151		\$ 1,295		(1,295)			
School Breakfast Program	10.553	N/A	7/1/14-6/30/15	1,719			1,543	(1,719)		\$ (176)	
National School Lunch Program	10.555	N/A	7/1/14-6/30/15	134,102			126,913	(134,102)		(7,189)	
National School Lunch Program	10.555	N/A	7/1/13-6/30/14	129,561	\$ (6,194)		6,194				
Total Child Nutrition Cluster					(6,194)	1,295	152,330	(152,047)		(7,365)	2,749
Total U.S. Department of Agriculture					(6,194)	1,295	152,330	(152,047)		(7,365)	2,749
U.S. Department of Education:											
Passed-through State Department of Education:											
Special Revenue Fund:											
No Child Left Behind:											
Title I	84.410	NCLB546515	7/1/14-6/30/15	127,019			85,759	(118,994)		(33,235)	
Title I	84.410	NCLB546514	7/1/13-6/30/14	160,406	(43,156)		43,156				
Subtotal - Title I					(43,156)		128,915	(118,994)		(33,235)	
Title IIA	84.367	NCLB546515	7/1/14-6/30/15	44,204			13,487	(44,204)		(30,717)	
Title IIA	84.367	NCLB546514	7/1/13-6/30/14	60,301	(9,637)		9,637				
Subtotal - Title IIA					(9,637)		23,124	(44,204)		(30,717)	
Special Education Cluster:											
I.D.E.A. Part B, Basic	84.027	IDEA546515	7/1/14-6/30/15	413,108			353,534	(403,514)		(49,980)	
Total Special Education Cluster							353,534	(403,514)		(49,980)	
ARRA - Race-to-the-Top	84.395	N/A	7/1/12-11/30/15	12,041	(601)				\$ 601		
Total U.S. Department of Education					(53,394)		505,573	(566,712)	601	(113,932)	
Total Federal Awards					\$ (59,588)	\$ 1,295	\$ 657,903	\$ (718,759)	\$ 601	\$ (121,297)	\$ 2,749

N/A - Not Applicable/Available

WARREN HILLS REGIONAL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2015			MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	
<u>State Department of Education:</u>												
General Fund State Aid:												
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 9,304,549			\$ 8,439,031	\$ (9,304,549)			\$ (865,518)		\$ 9,304,549
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	128,360			116,420	(128,360)			(11,940)		128,360
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	1,025,435			930,048	(1,025,435)			(95,387)		1,025,435
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	40,379			36,623	(40,379)			(3,756)		40,379
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	17,850			16,190	(17,850)			(1,660)		17,850
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	17,850			16,189	(17,850)			(1,661)		17,850
Extraordinary Special Education Costs Aid	15-100-034-5120-473	7/1/14-6/30/15	331,986				(331,986)		\$ (331,986)		(331,986)	331,986
Reimbursement of Nonpublic School												
Transportation Costs	15-495-034-5120-014	7/1/14-6/30/15	6,317				(6,317)		(6,317)		(6,317)	6,317
Reimbursed TPAF Social Security	15-495-034-5095-002	7/1/14-6/30/15	988,397			939,430	(988,397)		(48,967)		(48,967)	988,397
Equalization Aid	14-495-034-5120-078	7/1/13-6/30/14	9,304,549	\$ (858,528)		858,528						9,304,549
Transportation Aid	14-495-034-5120-014	7/1/13-6/30/14	128,360	(11,844)		11,844						128,360
Special Education Aid	14-495-034-5120-089	7/1/13-6/30/14	1,025,435	(94,616)		94,616						1,025,435
Security Aid	14-495-034-5120-084	7/1/13-6/30/14	40,379	(3,726)		3,726						40,379
Extraordinary Special Education Costs Aid	14-100-034-5120-473	7/1/13-6/30/14	330,257	(330,257)		330,257						330,257
Reimbursement of Nonpublic School												
Transportation Costs	14-495-034-5120-014	7/1/13-6/30/14	8,417	(8,417)		8,417						8,417
Reimbursed TPAF Social Security	14-495-034-5095-002	7/1/13-6/30/14	978,524	(48,811)		48,811						978,524
Subtotal - General Fund				(1,356,199)		11,850,130	(11,861,123)		(387,270)		(1,367,192)	23,695,876
Debt Service Fund Aid:												
Debt Service Aid - State Support	15-100-034-5120-125	7/1/14-6/30/15	17,140			17,140	(17,140)					17,140
Special Revenue Fund Aid:												
N.J. Nonpublic Textbook Aid	15-100-034-5120-064	7/1/14-6/30/15	775			775	(775)					775
N.J. Nonpublic Nursing Services	15-100-034-5120-070	7/1/14-6/30/15	1,328			1,328	(1,328)					1,328
N.J. Nonpublic Technology Initiative	15-100-034-5120-373	7/1/14-6/30/15	416			416	(416)					416
Nonpublic Auxiliary Services:												
Compensatory Education	15-100-034-5120-067	7/1/14-6/30/15	11,645			11,645	(4,031)			\$ 7,614		4,031
Compensatory Education	14-100-034-5120-067	7/1/13-6/30/14	8,560		\$ 3,167			\$ (3,167)				5,393
Transportation	15-100-034-5120-067	7/1/14-6/30/15	325			325				325		
Nonpublic Handicapped Services:												
Supplementary Instruction	15-100-034-5120-066	7/1/14-6/30/15	3,924			3,924	(1,177)			2,747		1,177
Supplementary Instruction	14-100-034-5120-066	7/1/13-6/30/14	2,775		555			(555)				2,220
Examination and Classification	15-100-034-5120-066	7/1/14-6/30/15	722			722	(722)					722
Examination and Classification	14-100-034-5120-066	7/1/13-6/30/14	2,391		545			(545)				1,846
Corrective Speech	15-100-034-5120-066	7/1/14-6/30/15	3,534			3,534				3,534		
Subtotal - Special Revenue Fund					4,267	22,669	(8,449)	(4,267)		14,220		17,908

WARREN HILLS REGIONAL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2014			Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2015			MEMO Cumulative Total Expenditures
				Budgetary Accounts Receivable	Due to Grantor	Cash Received			GAAP Accounts Receivable	Due to Grantor	Budgetary Accounts Receivable	
<u>State Department of Education:</u>												
Food Service Fund:												
State School Lunch Program	15-100-010-3350-023	7/1/14-6/30/15	\$ 4,555			\$ 4,314	\$ (4,555)		\$ (241)		\$ (241)	\$ 4,555
State School Lunch Program	14-100-010-3350-023	7/1/13-6/30/14	4,443	\$ (219)		219						4,443
Subtotal - Food Service Fund				(219)		4,533	(4,555)		(241)		(241)	8,998
Total NJ Department of Education				(1,356,418)	\$ 4,267	11,894,472	(11,891,267)	\$ (4,267)	(387,511)	\$ 14,220	(1,367,433)	23,739,922
Total State Awards				\$ (1,356,418)	\$ 4,267	\$11,894,472	\$ (11,891,267)	\$ (4,267)	\$ (387,511)	\$ 14,220	\$ (1,367,433)	\$ 23,739,922

N/A - Not Available

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Warren Hills Regional School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported 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 these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC 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 funds 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 payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes those payments are not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payments 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 revenue, whereas the GAAP basis does not. The capital projects fund is presented in the accompanying schedules on the budgetary basis with the exception of the revenue recognition of the Educational Facilities Construction and Financing Act grants which are realized as revenue upon their award, whereas the GAAP basis recognizes the revenue to the extent of actual expenditures and when funds are submitted for reimbursement.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is (\$11,208) for the General Fund and \$2,065 for the Special Revenue Fund (which includes \$4,144 related local grants). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Additionally, the schedule of expenditures of state awards does not include the on-behalf TPAF Pension Contribution revenue of \$699,702 or the \$1,110,778 of on-behalf TPAF Post Retirement Contributions. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 13,660,395	\$ 13,660,395
Special Revenue Fund	\$ 572,921	8,449	581,370
Debt Service Fund		17,140	17,140
Food Service Fund	<u>152,047</u>	<u>4,555</u>	<u>156,602</u>
Total Awards	<u>\$ 724,968</u>	<u>\$ 13,690,539</u>	<u>\$ 14,415,507</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

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2015.

NOTE 6. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

The District has four active grants in the amount of \$755,181 from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2015, these projects have not been completed and \$-0- of the grant funds have been expended and drawn down on a GAAP basis on these four grants. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA grants on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' 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*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance Required by OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circulars 04-04 and 15-08 or Section 510(a) of Federal OMB Circular A-133.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following federal and state awards:

	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>General Fund State Fund:</u>				
<u>State:</u>				
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$9,304,549	\$ 9,304,549
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	1,025,435	1,025,435
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	40,379	40,379
PARCC Readiness	15-495-034-5120-098	7/1/14-6/30/15	17,850	17,850
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	17,850	17,850
<u>Federal:</u>				
<u>Special Education Cluster:</u>				
IDEA, Part B, Basic	84.027	7/1/14-6/30/15	413,108	403,514

- The threshold used for distinguishing between federal Type A and Type B programs was \$300,000. The threshold used for distinguishing between state Type A and B programs was \$356,738.
- The District was determined to be a "low-risk" auditee under the provisions of section 530 of the Federal Circular for both state and federal programs.

Findings Relating to the Financial Statements which are required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- The audit did not disclose any findings required to be reported under Generally Accepted Government Auditing Standards.

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs as defined in section 510(a) of the federal Circular.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in section 510(a) of the federal Circular and New Jersey's OMB Circulars 04-04 and 15-08.

WARREN HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

The District had no prior year audit findings.