

**NORTH WARREN  
REGIONAL SCHOOL DISTRICT**

**North Warren Regional School District  
Board of Education  
Blairstown, Warren County  
New Jersey**

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



# **Comprehensive Annual**

## **Financial Report**

**of the**

**North Warren Regional School District  
Board of Education  
Blairstown, New Jersey  
For the Fiscal Year Ending June 30, 2015**

**Prepared by  
North Warren Regional School District  
Board of Education  
Finance Department**



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# Introductory Section





# NORTH WARREN REGIONAL SCHOOL DISTRICT

Christina Sharkey, School Business Administrator  
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P.O. Box 410, 10 Noe Road, Blairstown, NJ 07825  
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November 16, 2015

Members of the Board of Education  
North Warren Regional School District  
10 Noe Road, P.O. Box 410  
Blairstown, New Jersey 07825

Dear Board Members:

Each year, the District must submit a report entitled the Comprehensive Annual Financial Report (CAFR) reflecting the financial status of the entity as of June 30<sup>th</sup>. This report is basically a synopsis of the fiscal soundness of the North Warren Regional School District. The Comprehensive Annual Financial Report is presented in four sections:

1. Introductory
2. Financial
3. Statistical
4. Single Audit

The introductory section includes this descriptive cover sheet that you are currently reading. Furthermore, this section includes the District's organizational chart and list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report. The statistical section includes selected financial and demographic information which is pertinent to the District. The single audit section of this report is included as per the Single Audit Act of 1996. Additionally, the information related to this single audit, including the auditor's report have been included for your information.

The Comprehensive Annual Financial Report (CAFR) of the North Warren Regional School 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 North Warren Regional Board of Education. 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 financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities are included.

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

1. **REPORTING ENTITY AND ITS SERVICES**

North Warren Regional School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as established by National Council on Governmental Accounting (NCGA) Statement No. 3. All funds and account groups of the District are included in this report.

The District provides a full range of educational and extra-curricular activities and programs for students in grades seven through twelve. These programs and activities are designed for both regular education students as well as special education students. As of October 15, 2014, the District had a total enrollment of 946.

The following details the changes in the student enrollment of the District over the last ten years as of October 15.

FISCAL YEAR	STUDENT ENROLLMENT	PERCENT CHANGE
2004-2005	1077	+3.2%
2005-2006	1113	+3.34%
2006-2007	1115	>.01%
2007-2008	1112	>-.01%
2008-2009	1132	+1.8%
2009-2010	1104	-2.8%
2010-2011	1086	-1.6%
2011-2012	1031	-5.0%
2012-2013	1029	-1.94%
2013-2014	992	-3.5%
2014-2015	946	-4.6

2. **ECONOMIC CONDITION AND OUTLOOK**

The enrollment in the North Warren Regional School District has been decreasing and is not projected to increase in the near future. However, the district must continue to address programmatic needs with little or no increase in budget while staying within the tax levy cap. Moreover, the local taxpayers will continue to feel an additional burden as the school district tries to balance a sound, diversified educational program while still maintaining a responsible financial base with decreased state aid and local tax levies.

The following charts reflect general sources of revenue and areas of expenditures experienced by the District during the current fiscal year.

<b>REVENUES</b>				
<b>SOURCE</b>	<b>AMOUNT</b>	<b>PERCENT OF TOTAL</b>	<b>+/- AMOUNT</b>	<b>+/- PERCENT</b>
Local	\$ 10,858,029	64.10%	\$ 121,568	1.13%
State	5,762,427	34.02%	(668,385)	-10.39%
Federal	317,597	1.88%	(1,620)	-0.51%
<b>TOTAL</b>	<b>16,938,053</b>	<b>100.00%</b>	<b>\$ (548,437)</b>	<b>-3.14%</b>

The District depends on local taxes as the main source of revenue to meet the increased costs of operations. Minimal increases in state aid continue to shift the burden to the local tax base. Federal funding is used but cannot be counted on as a source of revenue.

<b>EXPENDITURES</b>				
<b>CLASSIFICATION</b>	<b>AMOUNT</b>	<b>PERCENT OF TOTAL</b>	<b>+/- AMOUNT</b>	<b>+/- PERCENT</b>
Current Expense:				
Instruction	\$ 6,881,760	39.93%	\$ 27,995	0.41%
Undistributed	9,833,474	57.06%	(506,741)	-4.90%
SUBTOTAL	16,715,234	96.99%	(478,746)	-2.78%
Capital Outlay	183,370	1.06%	19,928	12.19%
Capital Projects	-	-	(33,243)	-100.00%
Debt Service	-	-	-	-
Special Revenue	335,097	1.94%	9,005	2.76%
<b>TOTAL</b>	<b>\$ 17,233,701</b>	<b>100.00%</b>	<b>\$ (483,056)</b>	<b>-2.73%</b>

Expenditures were increased only slightly and the district has made every effort to do more with less so as not to increase the burden on local taxpayers. These increases in the instructional area were reflected in instructional supplies for regular and special education needs. Some savings were recouped in salaries due to several retirements. In the past few years, the District leveraged some additional Federal monies and was able to get a jump start on some major initiatives. In all other areas, the District has made a conscious effort to keep all costs down in order to conserve money to support ongoing capital projects. The District continued to address increased technology needs with the infusion of new computers and Smart boards in instructional areas, as well as increasing infrastructure.

## 1. MAJOR INITIATIVES

Beginning with the 2014-2015 school year, students took the PARCC exams in English and Math. Prior to that students took the High School Proficiency Assessment (HSPA). The scores for the March 2014 administration of the HSPA were as follows:

<i>No. of Students Tested</i>	<i>Language Arts</i>	<i>Mathematics</i>
<b>167</b>	<b>95.8 %</b>	<b>85.1 %</b>

The 2014 NJASK 8 scores were as follows:

<i>Language Arts Literacy</i>	<i>Mathematics</i>
<b>90.9 %</b>	<b>81.8 %</b>

North Warren Regional has redesigned the curricular sequencing in all core subject areas so as to maximize the opportunities for our students to excel and to place themselves in a position to apply to the most competitive colleges in the nation, should that be their desire. In 2014-2015, one student was named a National AP Scholar; thirteen North Warren Students were recognized as AP Scholars, nine as AP Scholars with Distinction and six others were designated AP Scholars with Honor. The number of North Warren recognized students continues to grow as the academic rigor is increased.

Additionally, in 2013, the North Warren Regional Schools established an Academic Hall of Fame. Any student who achieves the “Principal’s List Honor Roll” for all sixteen marking periods of their high school career is named to the Academic Hall of Fame. Nine members of the NWR Class of 2013 earned this distinction; fourteen members of the Class of 2014 earned this distinction and nineteen members of the Class of 2015 earned this distinction.

North Warren Regional School District places academic achievement as the number one District Goal. Professional development this year will focus on continued development of our Professional Learning Community (PLC) and the implementation of the TeachNJ evaluation system for teachers. The function of a PLC is to foster and encourage collaboration and sharing among teachers, students, and parents in order to improve instruction by analyzing appropriate data and to use that information to better focus our instructional efforts. As an adjunct to this process, the North Warren Regional School District continues to infuse more types of instructional technology into our classroom practice, such as digital curricular supplements and interactive computer-based testing, in order to engage our students with 21<sup>st</sup> learning tools, and in preparation for the PARCC Testing that replaced NJASK in 2014-2015.

North Warren Regional Schools are accredited by the Middle States Association of College and Schools through 2019.

The District has completed a technology infrastructure project that increased our bandwidth, allowing for virtualization of our computer environment, moving our school system “to the cloud”, and paving the way for students to “bring their own devices” to use in their learning.

As part of a multi-year security plan, interior cameras and door swipes have been installed throughout the physical plant to compliment the exterior cameras installed several years ago. Planters, which block vehicular access to the doors of the building, have also been installed. This year, the District entered into a shared-services agreement with Blairstown Township to purchase the services of Police Coverage for building security.

The school continues outreach programs to the community. In 2014-2015, as an example, senior citizens were invited to come to school for holiday programs and refreshments, and approximately 150 senior citizens attended a luncheon-matinee performance of our Spring Musical. Local veterans are hosted each year during our “Voices of the Veterans” program. This past year, some 70 veterans came to North Warren to share their experiences protecting our freedoms with groups of students. These programs and more will continue in this school year.

#### 4. **INTERNAL ACCOUNTING CONTROLS**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

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

#### 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 re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2015.

## 6. **ACCOUNTING SYSTEM AND REPORTS**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in Notes to the Financial Statements, Note 1.

## 7. **DEBT ADMINISTRATION**

As of June 30, 2015, the District does not have any outstanding debt issues. The District still maintains payments for multiple lease purchase agreements that addressed improvements to the facility, specifically, updating computer and technology needs.

## 8. **CASH MANAGEMENT**

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

## 9. **RISK MANAGEMENT**

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

## 10. **OTHER INFORMATION**

### **Independent Audit**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co., LLP, was selected by the Board's finance committee. 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 of 1996 and the related OMB Circular A-133 and State Treasury OMB Circular Letter 04-04. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report relates specifically to the single audit included in the single audit section of this report.



## 11. ACKNOWLEDGMENTS

It is our hope that this audit report provides valuable information as it pertains to the North Warren Regional School District. Additionally, we would like to thank the Board and community members for their support and guidance in the development and direction of the finances surrounding NWR. Finally, the acknowledgment of the Business Office staff for all of the time and effort related to this endeavor must be applauded.

Respectfully submitted,



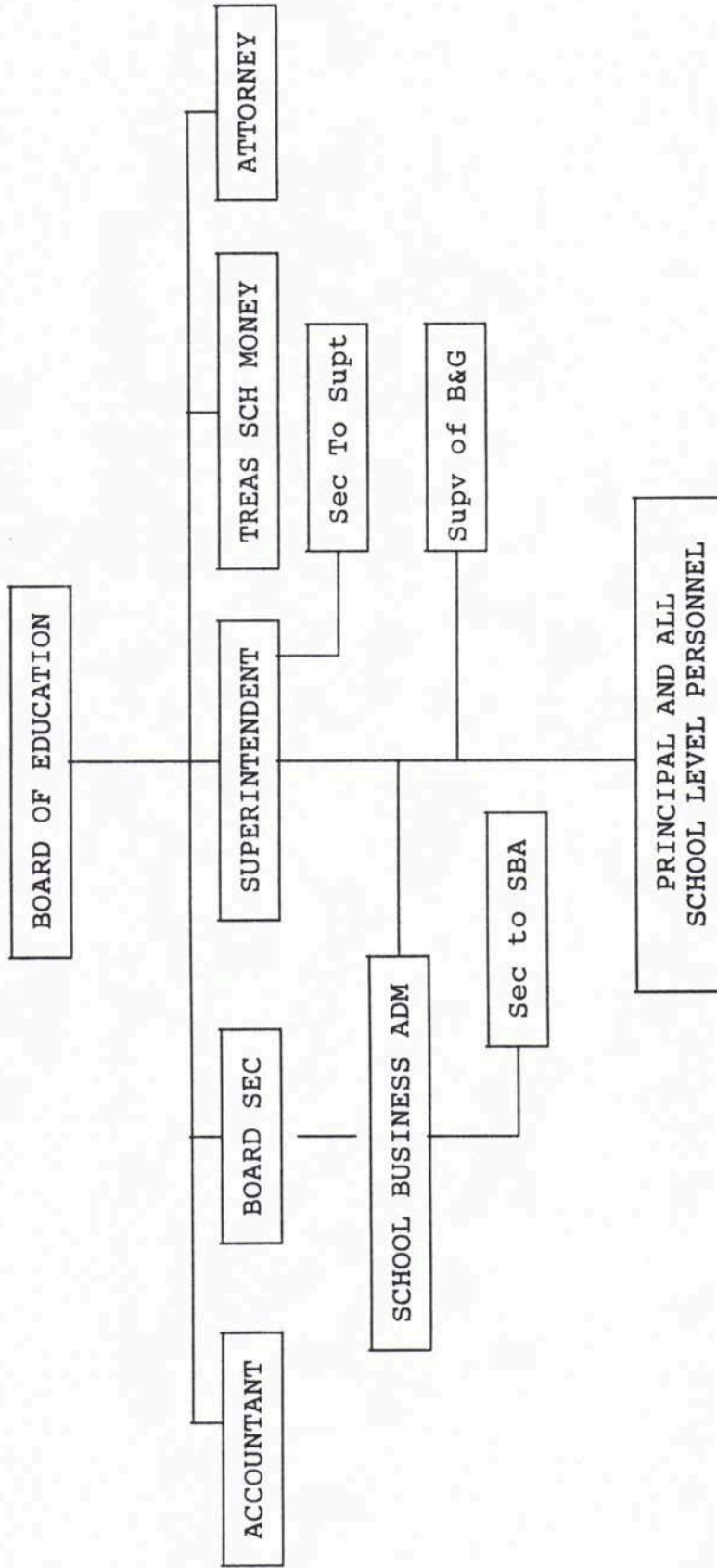
Sarah Bilotti  
Superintendent



Christina Sharkey  
Business Administrator

North Warren Regional School District  
District Office Staff Organization

UNIT CONTROL ORGANIZATIONAL PATTERN



**NORTH WARREN REGIONAL SCHOOL DISTRICT  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**June 30, 2015**

**Members of the Board of Education**

**Term Expires**

Bruce Hanelt, President	2016
Marta S. Rivara, Vice-President	2015
Kevin B. Brennan	2016
Jack Britten	2016
Robert Brandt	2016
Gloria Rivera	2016
Frederick P. Cook	2016
Robert Burns, Jr	2016
Eugene Woznicki	2015

**Other Officials**

Dr. Brian Fogelson, Superintendent  
Christina Sharkey, Board Secretary/School Business Administrator  
Randy Wilson, Treasurer  
James Fox, Esquire, Solicitor

**NORTH WARREN REGIONAL SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**ARCHTECT**

**HQW Architects LLC**  
124 Main Street  
Newton, New Jersey 07860

**AUDIT FIRM**

**Ardito & Co., LLP**  
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**ATTORNEY**

**James Fox, Esquire**  
**Morris, Downing & Sherred**  
One Main Street, P.O. Box 67  
Newton, New Jersey 07860

**BOND COUNSEL**

**Lisa Gorals**  
**Wilentz, Goldman, & Spitzer, P.A.**  
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Woodbridge, New Jersey 07095-0958

**ENGINEERING COUNSEL**

**Applied Wastewater**  
2 Clerico Lane  
Hillsborough, New Jersey 08844

**FINANCIAL ADVISOR**

**Mary Lyons**  
**Capital Finance**  
309 Fellowship Road, Suite 200  
Mount Laurel, New Jersey 08054

**OFFICIAL DEPOSITORIES**

**PNC BANK**

P.O. Box 445  
Blairstown, New Jersey 07825

**Lakeland Bank**

2717 Route 23, P.O. Box 408  
Newfoundland, New Jersey 07435-0408

**First Hope Bank**

P.O. Box 296  
Hope, New Jersey 07844

# Financial Section

# Independent Auditor's Report



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

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

Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA

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

The Honorable President and  
Members of the Board of Education  
North Warren Regional School District  
County of Warren  
Blairstown, New Jersey 07825

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

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

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

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

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

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

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

-Continued-

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

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

### ***Opinions***

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

### ***Other Matters***

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Warren Regional School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, long-term debt schedules, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's Circulars 04-04 and 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are presented for purposes of additional analysis and are not a required part of the basic financial statements.



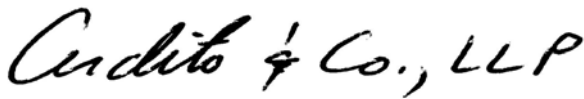
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility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

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


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

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

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



ARDITO & CO., LLP  
November 16, 2015



Licensed Public School Accountant No. 2369



**Required Supplementary Information -  
Part I**

**Management's Discussion and Analysis**



NORTH WARREN REGIONAL SCHOOL DISTRICT

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

The discussion and analysis of North Warren Regional School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- ◆ In total, Net Position decreased \$461,425 which represents a 10.2% decrease from 2014.
- ◆ General revenues accounted for \$10,811,960 in revenue or 54.2% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$9,139,803 or 45.8% of total revenues of \$19,951,763.
- ◆ Total assets of governmental activities decreased by \$528,207, as cash and cash equivalents decreased by \$318,811, receivables increased by \$115,444, and capital assets decreased by \$328,097.
- ◆ The School District had \$20,413,188 in expenses; only \$9,139,803 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$10,811,960 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$17,621,418 in revenues and \$17,917,066 in expenditures. The General Fund's surplus balance decreased \$295,648 over 2014, which compares favorably to the budgeted decrease of \$369,900.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand North Warren Regional School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of North Warren Regional School District, the General Fund is by far the most significant fund.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 26. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**Governmental Funds**

The School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District’s Net Position for 2015 compared to 2014.

	<b>Table 1</b>	
	<b>Net Position</b>	
	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current and Other Assets	\$ 969,101	\$ 1,169,211
Capital Assets	<u>7,656,623</u>	<u>7,984,720</u>
<b>Total Assets</b>	<u>8,625,724</u>	<u>9,153,931</u>
<b>Deferred Outflows of Resources</b>	<u>194,254</u>	<u>113,381</u>
<b>Liabilities</b>		
Long-Term Liabilities	585,860	718,683
Other Liabilities	<u>3,922,551</u>	<u>4,040,603</u>
<b>Total Liabilities</b>	<u>4,508,411</u>	<u>4,759,286</u>
<b>Deferred Inflows of Resources</b>	<u>264,966</u>	<u>-</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	7,376,263	7,557,795
Restricted	152,252	422,104
Unrestricted	<u>(3,481,914)</u>	<u>(3,471,873)</u>
<b>Total Net Position</b>	<u>\$ 4,046,601</u>	<u>\$ 4,508,026</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

Total assets of governmental activities decreased by \$528,207, as cash and cash equivalents decreased by \$318,811, receivables increased by \$115,444, and capital assets decreased by \$328,097.

The cash decrease was mainly due to use of surplus to support budgeted operations, and the decrease in capital assets was due entirely to depreciation expense.

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

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

	<u>2015</u>	<u>2014</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 306,628	\$ 334,638
Operating Grants and Contributions	8,833,175	6,797,581
General Revenues:		
Property Taxes	10,755,574	10,623,032
Federal & State Aid on Capital Asset Projects		
Investment Earnings	2,041	3,022
Other	54,345	38,954
<b>Total Revenues</b>	<u>19,951,763</u>	<u>17,797,227</u>
<b>Program Expenses</b>		
Instruction	10,987,937	9,705,605
Support Services:		
Pupils and Instructional Staff	3,561,720	2,990,804
General Administration, School Administration, Business	2,362,847	2,135,840
Operations and Maintenance of Facilities	1,891,301	1,763,828
Pupil Transportation	1,027,473	1,024,765
Business-Type Activities	305,074	297,957
Interest and Fiscal Charges	276,836	433,018
<b>Total Expenses</b>	<u>20,413,188</u>	<u>18,351,817</u>
Increase in Net Position	<u>\$ (461,425)</u>	<u>\$ (554,590)</u>



NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 53.9% percent of revenues for governmental activities for the North Warren Regional School District for the fiscal year 2015.

Instruction comprises 53.8% of district expenses. Support services expenses make up 43.3% of the expenses.

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

**Table 3**

	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2015</u>	<u>Total Cost of Services 2014</u>	<u>Net Cost of Services 2014</u>
Instruction	10,987,937	5,997,740	\$9,705,605	\$5,870,524
Support Services:				
Pupils and Instructional Staff	3,561,720	2,020,380	2,990,804	1,862,948
General Admin., School Admin., Business	2,362,847	1,354,928	2,135,840	1,356,961
Operation and Maintenance of Facilities	1,891,301	1,084,530	1,763,828	1,120,611
Pupil Transportation	1,027,473	524,978	1,024,765	583,471
Business-Type Activities	305,074	13,993	297,957	(7,935)
Interest and Fiscal Charges	<u>276,836</u>	<u>276,836</u>	<u>433,018</u>	<u>433,018</u>
<b>Total Expenses</b>	<u>\$20,413,188</u>	<u>\$11,273,385</u>	<u>\$18,351,817</u>	<u>\$11,219,598</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 54.6% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 56.4%. The community, as a whole, is the primary support for the North Warren Regional School District.

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

Information about the School District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$17,956,515 and expenditures of \$18,252,163. The General Fund's surplus balance decreased \$295,648 over 2014, which compares favorably to the budgeted decrease of \$369,900.

### **General Fund Budgeting Highlights**

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2015 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$16,054,487, \$90,487 over original budgeted estimates of \$15,964,000. This difference was due primarily to an increase in extraordinary aid over budgeted amounts.

General fund revenues fell short of expenditures by \$301,330. Again this deficit compares to a budgeted deficit of \$369,900, which was due to the budgeted use of surplus and maintenance reserve needed to balance the 2014-2015 budget. The budgeted deficit was reduced due to cost savings in the areas of related services and health benefits.

Overall general fund balance (budget basis) was \$97,939, and amounts ear-marked and reserved for future purposes were \$164,206, creating a deficit in unreserved fund balance of \$66,267. Management believes unreserved fund balance will return to a positive amount at the end of the 2016 fiscal year through budget management.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**Capital Assets**

At the end of the fiscal year 2015, the School District had \$7,627,408 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2015 balances compared to 2014.

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

	<u>2015</u>	<u>2014</u>
Land	\$ 435,000	\$ 435,000
Land Improvements	445,603	481,903
Buildings and Improvements	6,044,093	6,299,830
Machinery and Equipment	<u>702,712</u>	<u>738,644</u>
Totals	<u>\$ 7,627,408</u>	<u>\$ 7,955,377</u>

Overall capital assets decreased \$327,969 from fiscal year 2014 to fiscal year 2015. The decrease in capital assets was due to depreciation expense for the year.

No major capital improvements were purchased during fiscal year 2015.

**Debt Administration**

At June 30, 2015, the School District had \$722,574 as outstanding long term debt. Of this amount, \$442,214 is for compensated absences, and \$280,360 is for capital lease obligations.

At June 30, 2015, the School District's overall legal debt margin was \$45,748,349 and the unvoted debt margin was the same.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**For the Future**

The North Warren Regional School District is in good financial condition presently. A major concern is the lack of enrollment growth of the District with increased reliance on local property taxes. However, future finances are not without challenges as the budget costs continue to grow while state funding is stagnant.

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

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

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

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact Christopher Heagele, School Business Administrator/Board Secretary at North Warren Regional School District, P.O. Box 410, 10 Noe Road, Blairstown, NJ 07825, or E-mail at [cheagele@northwarren.org](mailto:cheagele@northwarren.org).

# Basic Financial Statements

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2015

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 509,526	\$ 140,457	\$ 649,983
Receivables, Net	258,541	2,341	260,882
Inventory		6,126	6,126
Restricted Assets:			
Capital Reserve Account - Cash	46,284		46,284
Maintenance Reserve Account - Cash	5,826		5,826
Capital Assets, Net (Note 5)	7,627,408	29,215	7,656,623
<b>Total Assets</b>	<b>8,447,585</b>	<b>178,139</b>	<b>8,625,724</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	194,254		194,254
<b>LIABILITIES</b>			
Accounts Payable	1,190,364	12,910	1,203,274
Net Pension Liability (Note 7)	2,573,694		2,573,694
Unearned Revenue	4,730	4,139	8,869
Noncurrent Liabilities (Note 6):			
Due Within One Year	136,714		136,714
Due Beyond One Year	585,860		585,860
<b>Total Liabilities</b>	<b>4,491,362</b>	<b>17,049</b>	<b>4,508,411</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	264,966		264,966
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	7,347,048	29,215	7,376,263
Restricted for:			
Capital Projects	24		24
Other Purposes	152,228		152,228
Unrestricted	(3,613,789)	131,875	(3,481,914)
<b>Total Net Position</b>	<b>\$ 3,885,511</b>	<b>\$ 161,090</b>	<b>\$ 4,046,601</b>

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
<b>Functions/Programs</b>						
Governmental Activities:						
Instruction:						
Regular	\$ 7,765,856		\$ 3,615,755		\$ (4,150,101)	\$ (4,150,101)
Special Education	1,862,106		794,318		(1,067,788)	(1,067,788)
Other Special Instruction	249,533		106,443		(143,090)	(143,090)
Other Instruction	1,110,442		473,681		(636,761)	(636,761)
Support Services:						
Tuition	1,023,509		436,598		(586,911)	(586,911)
Student & Instruction Related Serv.	2,538,211		1,104,742		(1,433,469)	(1,433,469)
School Administrative Services	1,172,400		500,110		(672,290)	(672,290)
General and Business Admin. Serv.	1,190,447		507,809		(682,638)	(682,638)
Plant Operations and Maintenance	1,891,301		806,771		(1,084,530)	(1,084,530)
Pupil Transportation	1,027,473	\$ 64,206	438,289		(524,978)	(524,978)
Unallocated Depreciation and Other Fiscal Charges	276,836				(276,836)	(276,836)
Total Governmental Activities	20,108,114	64,206	8,784,516		(11,259,392)	(11,259,392)
Business-Type Activities:						
Food Service	305,074	242,422	48,659		\$ (13,993)	(13,993)
Total Business-Type Activities	305,074	242,422	48,659		(13,993)	(13,993)
<b>Total Primary Government</b>	<b>\$ 20,413,188</b>	<b>\$ 306,628</b>	<b>\$ 8,833,175</b>		<b>\$ (11,259,392)</b>	<b>\$ (13,993)</b>
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 10,755,574		\$ 10,755,574
Investment Earnings				2,041		2,041
Miscellaneous Income				36,208	\$ 18,137	54,345
Total General Revenues, Special Items, Extraordinary Items and Transfers				10,793,823	18,137	10,811,960
Change in Net Position				(465,569)	4,144	(461,425)
Net Position—Beginning , As Restated				4,351,080	156,946	4,508,026
<b>Net Position—Ending</b>				<b>\$ 3,885,511</b>	<b>\$ 161,090</b>	<b>\$ 4,046,601</b>

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



## **FUND FINANCIAL STATEMENTS**

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



NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 561,612		\$ 24	\$ 561,636
Receivables from Other Governments	230,949	\$ 27,592		258,541
Other Receivables				-
Interfund Receivables	27,592	-		27,592
<b>TOTAL ASSETS</b>	<b>\$ 820,153</b>	<b>\$ 27,592</b>	<b>\$ 24</b>	<b>\$ 847,769</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 1,190,364			\$ 1,190,364
Interfund Payable		\$ 27,592		27,592
Deferred Revenue	4,730	-		4,730
<b>Total Liabilities</b>	<b>1,195,094</b>	<b>27,592</b>	<b>-</b>	<b>1,222,686</b>
<b>Fund Balances:</b>				
<u>Restricted for:</u>				
Maintenance Reserve	5,826			5,826
Capital Reserve Account	46,402			46,402
<u>Assigned to:</u>				
Year-End Encumbrances	11,978			11,978
General Fund - Designated for Subsequent Year's Expenditures	100,000			100,000
Capital Projects Fund			\$ 24	24
<u>Unassigned:</u>				
General Fund	(539,147)			(539,147)
<b>Total Fund Balances</b>	<b>(374,941)</b>		<b>24</b>	<b>(374,917)</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 820,153</b>	<b>\$ 27,592</b>	<b>\$ 24</b>	<b>\$ 847,769</b>

Amounts reported for *governmental activities* in the statement of Net Position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$15,197,873 and the accumulated depreciation is \$7,570,465.	\$ 7,627,408
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)	194,254
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)	(264,966)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(2,573,694)
Long-term liabilities, including capital lease obligations payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)	(722,574)
Net Position of governmental activities (Exhibit A-1)	<u>\$ 3,885,511</u>

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
<b>Local sources:</b>				
Local Tax Levy	\$ 10,755,574			\$ 10,755,574
Transportation	64,206			64,206
Interest Earned on Capital Reserve Funds	148		-	148
Miscellaneous	28,101	\$ 10,000		38,101
<b>Total - Local Sources</b>	<b>10,848,029</b>	<b>10,000</b>	<b>-</b>	<b>10,858,029</b>
<b>State Sources</b>	<b>6,773,389</b>	<b>\$ 7,500</b>		<b>6,780,889</b>
<b>Federal Sources</b>		<b>317,597</b>		<b>317,597</b>
<b>Total Revenues</b>	<b>17,621,418</b>	<b>335,097</b>	<b>-</b>	<b>17,956,515</b>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Regular Instruction	4,751,184	313,078		5,064,262
Special Education Instruction	1,231,303			1,231,303
Other Special Instruction	165,002			165,002
Other Instruction	734,271			734,271
Support services and undistributed costs:				
Tuition	1,023,509			1,023,509
Student and Instruction Related Services	1,656,353	22,019		1,678,372
School Administrative Services	775,240			775,240
Other Administrative Services	783,724			783,724
Plant Operations and Maintenance	1,241,547			1,241,547
Pupil Transportation	1,022,895			1,022,895
Unallocated Benefits	4,130,048			4,130,048
Transfer to Charter School	218,620			218,620
<b>Capital Outlay</b>	<b>183,370</b>		<b>-</b>	<b>183,370</b>
<b>Total Expenditures</b>	<b>17,917,066</b>	<b>335,097</b>	<b>-</b>	<b>18,252,163</b>
Excess (Deficiency) of Revenues Over Expend.	(295,648)		-	(295,648)
Net Change in Fund Balances	(295,648)	-	-	(295,648)
Fund Balance—July 1	(79,293)		24	(79,269)
<b>Fund Balance—June 30</b>	<b>\$ (374,941)</b>		<b>\$ 24</b>	<b>\$ (374,917)</b>

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-3

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

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** \$ (295,648)

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

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

Depreciation Expense	\$ (341,827)	
Capital Outlays, Net of Capital Lease Obligations	<u>-</u>	(341,827)

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

1,516

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities.

160,423

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned.

9,967

**Change in Net Position of Governmental Activities (Exhibit A-2)** \$ (465,569)

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

STATEMENT OF PROPRIETARY NET POSITION  
PROPRIETARY FUNDS

June 30, 2015

		<u>Business-Type Activities - Enterprise Funds</u>	
		<u>Food Service</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and Cash Equivalents		\$ 140,457	\$ 140,457
Accounts Receivable		2,341	2,341
Inventories		<u>6,126</u>	<u>6,126</u>
<b>Total Current Assets</b>		<u>148,924</u>	<u>148,924</u>
<b>Noncurrent Assets:</b>			
Furniture, Machinery and Equipment		117,521	117,521
Less Accumulated Depreciation		<u>(88,306)</u>	<u>(88,306)</u>
<b>Total Noncurrent Assets</b>		<u>29,215</u>	<u>29,215</u>
	<b>Total Assets</b>	<u><b>178,139</b></u>	<u><b>178,139</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts Payable		12,910	12,910
Deferred Revenue		<u>4,139</u>	<u>4,139</u>
<b>Total Current Liabilities</b>		<u>17,049</u>	<u>17,049</u>
	<b>Total Liabilities</b>	<u><b>17,049</b></u>	<u><b>17,049</b></u>
<b>NET POSITION</b>			
Invested in Capital Assets Net of Related Debt		29,215	29,215
Unrestricted		<u>131,875</u>	<u>131,875</u>
<b>Total Net Position</b>		<u><b>\$ 161,090</b></u>	<u><b>\$ 161,090</b></u>

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

## NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-5

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

	<b>Business-type Activities - Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable	\$ 146,441	\$ 146,441
Daily Sales - Non-Reimbursable Programs	95,981	95,981
Miscellaneous Income	<u>18,137</u>	<u>18,137</u>
<b>Total Operating Revenues</b>	<u>260,559</u>	<u>260,559</u>
<b>Operating Expenses:</b>		
Cost of Sales	139,111	139,111
Salaries	110,443	110,443
Employee Benefits	30,509	30,509
Purchased Property Service	10,450	10,450
Cleaning, Repair and Maintenance Services	4,932	4,932
General Supplies	4,465	4,465
Depreciation	<u>5,164</u>	<u>5,164</u>
<b>Total Operating Expenses</b>	<u>305,074</u>	<u>305,074</u>
Operating Income (Loss)	<u>(44,515)</u>	<u>(44,515)</u>
<b>Nonoperating Revenues (Expenses):</b>		
State Sources:		
State School Lunch Program	1,824	1,824
Federal Sources:		
National School Lunch Program	37,999	37,999
Food Distribution Program	<u>8,836</u>	<u>8,836</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>48,659</u>	<u>48,659</u>
Income (Loss) Before Contributions and Transfers	4,144	4,144
Transfers In (Out)	<u>-</u>	<u>-</u>
Change in Net Position	4,144	4,144
Total Net Position—Beginning	<u>156,946</u>	<u>156,946</u>
<b>Total Net Position—Ending</b>	<u>\$ 161,090</u>	<u>\$ 161,090</u>

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2015

	<b>Business-Type Activities - Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Total Enterprise</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 255,525	\$ 255,525
Payments to Employees	(110,443)	(110,443)
Payments for Employee Benefits	(30,509)	(30,509)
Payments to Suppliers	<u>(180,419)</u>	<u>(180,419)</u>
<b>Net Cash Provided by (used for) Operating Activities</b>	<u>(65,846)</u>	<u>(65,846)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	1,868	1,868
Federal Sources	<u>37,954</u>	<u>37,954</u>
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<u>39,822</u>	<u>39,822</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Net Book Value of Capital Asset Additions/Deletions	<u>(5,035)</u>	<u>(5,035)</u>
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<u>(5,035)</u>	<u>(5,035)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(31,059)	(31,059)
Balances—Beginning of Year	<u>171,516</u>	<u>171,516</u>
<b>Balances—End of Year</b>	<u>\$ 140,457</u>	<u>\$ 140,457</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (44,515)	\$ (44,515)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by (used for) Operating Activities:		
Depreciation and Net Amortization	5,164	5,164
Federal Commodities	8,836	8,836
(Increase) Decrease in Accounts Receivable	(42)	(42)
(Increase) Decrease in Inventories	(3,258)	(3,258)
Increase (Decrease) in Accounts Payable	<u>(32,031)</u>	<u>(32,031)</u>
Total Adjustments	<u>(21,331)</u>	<u>(21,331)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (65,846)</u>	<u>\$ (65,846)</u>

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



NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-7

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

June 30, 2015

	<b>Unemployment Compensation Trust</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 429,738	\$ 158,462
<b>Total Assets</b>	<u>\$ 429,738</u>	<u>\$ 158,462</u>
<b>LIABILITIES</b>		
Accounts Payable		\$ 75,956
Payable to Student Groups		82,506
Payroll Deductions and Withholdings		
<b>Total Liabilities</b>	<u>-</u>	<u>\$ 158,462</u>
<b>NET POSITION</b>		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 429,738</u>	

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

NORTH WARREN REGIONAL SCHOOL DISTRICT  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**

**Exhibit B-8**

For the Year Ended June 30, 2015

	<b>Unemployment Compensation <u>Trust</u></b>
<b>ADDITIONS</b>	
Contributions:	
Plan Member	\$ 14,812
Other	<u>          -</u>
Total Contributions	<u>14,812</u>
Investment Earnings:	
Interest	<u>          985</u>
Net Investment Earnings	<u>          985</u>
<b>Total Additions</b>	<b><u>15,797</u></b>
<b>DEDUCTIONS</b>	
Unemployment Claims	<u>16,185</u>
<b>Total Deductions</b>	<b><u>16,185</u></b>
Change in Net Position	(388)
Net Position—Beginning of the Year	<u>\$ 430,126</u>
<b>Net Position—End of the Year</b>	<b><u>\$ 429,738</u></b>

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

# Notes to Financial Statements



NORTH WARREN REGIONAL SCHOOL DISTRICT

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

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

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, and GAASB No. 68, Accounting for Pensions, and amendment of GASB No. 27. The implementation of these statements effected net position balances as previously reported for the fiscal year ended June 30, 2014 as noted in Note 20.

**A. Reporting Entity:**

The North Warren Regional School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades 7-12. The North Warren Regional School District had an approximate enrollment at June 30, 2015, of 946 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

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

**B. Basis of Presentation, Basis of Accounting:**

The School District's basic financial statements consist of District-wide statements, including a statement of Net Position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Basis of Presentation**

*District-wide Statements:* The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

*Fund Financial Statements:* During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental, proprietary, and fiduciary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

**General Fund** - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

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

**B. Basis of Presentation, Basis of Accounting (Continued):**

**GOVERNMENTAL FUNDS (Continued)**

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

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

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

**Enterprise (Food Service) Fund** - The Enterprise Fund accounts for all revenues 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 costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

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

**B. Basis of Presentation, Basis of Accounting (Continued):**

Additionally, the District reports the following fund type:

**Fiduciary Funds** - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

*District-wide, Proprietary, and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.



NORTH WARREN REGIONAL SCHOOL DISTRICT

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

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

**C. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. In addition, transfers are also covered by changes in N.J.A.C.6A:23A-2.3, that can require approval through the state department. All budget amendments/transfers must be approved by School Board resolution and are subject to transfer limitations and approvals per P.L. 2004, c.73(S-1701).

All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year). Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not recognize encumbrances as expenditures. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**D. Encumbrance Accounting:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

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

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

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

**Interfund Transactions:**

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Inventories:**

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

**Allowance for Uncollectible Accounts:**

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

**Capital Assets:**

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

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

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

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

**Compensated Absences:**

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

District employees are granted varying amounts of vacation and sick leave with the District's personnel policies. Upon termination, employees are paid accrued vacation. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreements with the various employee unions.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

**Accrued Liabilities and Long-Term Obligations:**

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

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

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

**Net Position:**

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

**Fund Balance Reserves:**

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

**Revenues—Exchange and Nonexchange Transactions**

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

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

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

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

**Operating Revenues and Expenses:**

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

**Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**Management Estimates:**

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2015, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

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

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Checking	\$649,983	\$588,200	\$1,238,183
Maintenance Reserve	5,826		5,826
Capital Reserve	46,284		46,284
	<u>\$702,093</u>	<u>\$588,200</u>	<u>\$1,290,293</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

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

The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$1,290,293 and the bank balance was \$1,409,687. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$1,159,687 was covered by collateral pool.

**NOTE 3: RECEIVABLES**

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

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$230,949	\$231,049
Federal Aid	27,592	29,833
Gross Receivable	<u>\$258,541</u>	<u>\$260,882</u>
Other Receivables	-	-
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$258,541</u></u>	<u><u>\$260,882</u></u>

**NOTE 4: INVENTORY**

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

Food	<u>\$6,126</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 435,000			\$ 435,000
Total Capital Assets Not Being Depreciated	435,000			435,000
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	839,404			839,404
Buildings and Building Improvements	12,069,608			12,069,608
Machinery and Equipment	1,840,003	13,858		1,853,861
Total at Historical Cost	14,749,015	13,858		14,762,873
Less Accumulated Depreciation for:				
Land Improvements	(357,501)	(36,300)		(393,801)
Building and Improvements	(5,769,778)	(255,737)		(6,025,515)
Equipment	(1,101,359)	(49,790)		(1,151,149)
Total Accumulated Depreciation	(7,228,638)	(341,827)		(7,570,465)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	7,520,377	(327,969)		7,192,408
<b>Government Activity Capital Assets, Net</b>	<b>\$ 7,955,377</b>	<b>\$ (327,969)</b>		<b>\$ 7,627,408</b>

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 52,302
Administrative	3,450
Transportation	4,578
Operations/Maintenance	9,061
Unallocated	272,436
Total	\$ 341,827



NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 6: LONG-TERM OBLIGATIONS**

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2015, are as follows:

	<u>Balance</u> <u>7/1/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/15</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Capital Lease Obligations	\$426,925	\$13,858	(160,423)	\$280,360	\$136,714
Compensated Absences Payable	452,181		(9,967)	442,214	
<b>Total</b>	<u>\$879,106</u>	<u>\$13,858</u>	<u>(\$170,390)</u>	<u>\$722,574</u>	<u>\$136,714</u>

Compensated absences and capital leases have been liquidated in the General Fund.

**B. Debt Service Requirements:**

The District has commitments to lease copying equipment, printers, and technology equipment under capital leases which expire on August 15, 2015 through September 25, 2018. Total lease payments made during the year ended June 30, 2015, were \$160,423. This amount was liquidated in the General Fund. Future minimum lease payments are as follows and include interest ranging from 1.54% to 4.9%.

<u>Year</u> <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/16	136,714	3,934	140,648
6/30/17	136,535	1,819	138,354
6/30/18	3,509	703	4,212
6/30/19	<u>3,602</u>	<u>96</u>	<u>3,698</u>
Total Minimum Lease Payments	<u>\$ 280,360</u>	<u>\$ 6,552</u>	<u>\$ 286,912</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 7: PENSION PLANS**

*Description of Plans* - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

*Teachers' Pension and Annuity Fund (TPAF)* - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$38,648,263 as measured on June 30, 2014 and \$36,203,413 as measured on June 30, 2013.

*For the year ended June 30, 2015, the District recognized pension expense of \$2,079,639 and revenue of \$2,079,639 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2015 is based upon changes in the collective net pension liability with a measurement period of June 30, 2013 through June 30, 2014. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2013 and June 30, 2014.*

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 7: PENSION PLANS (Continued)**

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

	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	-	\$2,306,623,861
Collective deferred inflows of resources	-	\$1,763,205,593
Collective net pension liability (Nonemployer-State of New Jersey)	\$50,539,213,484	\$53,446,745,367
State's portion of the net pension liability that was associated with the district	\$36,203,413	\$38,648,263
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.071634%	0.072312%

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

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

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 7: PENSION PLANS (Continued)**

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

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

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* Since the District's has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/pdf/financial/gasb68-tpaf15.pdf>

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 7: PENSION PLANS (Continued)**

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

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

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

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

At June 30, 2015, the District reported a liability of \$2,573,694 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013, which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2014 and 2013. At June 30, 2014, the District's proportion was 0.01375% which was a decrease of 0.00069% from its proportion measured as of June 30, 2013.

*For the year ended June 30, 2015, the District recognized pension expense of \$111,807. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:*

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	-	-
Changes of assumptions	\$ 80,931	
Net difference between projected and actual earnings on pension plan investments		\$ 153,378
Changes in proportion and differences between District contributions and proportionate share of contributions		111,588
District contributions subsequent to the measurement date	113,323	
Total	<u>\$ 194,254</u>	<u>\$ 264,966</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 7: PENSION PLANS (Continued)**

\$113,323 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2015, the plan measurement date is June 30, 2014) will be recognized as a reduction of the net pension liability measured as of June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>	
	2015	(\$59,614)
	2016	(\$59,614)
	2017	(\$59,614)
	2018	(\$59,614)
	2019	\$37,791
	Thereafter	<u>\$16,628</u>
	Total	<u>(\$184,035)</u>
	<u>6/30/2013</u>	<u>6/30/2014</u>
Collective deferred outflows of resources	-	\$ 952,194,675
Collective deferred inflows of resources	-	1,479,224,662
Collective net pension liability (Non State - Local Group)	\$19,111,986,911	\$18,722,735,003
District's portion of net pension liability	\$2,759,303	\$2,573,694
District's proportion %	0.01443755%	0.01374636%

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

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

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 7: PENSION PLANS (Continued)**

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(4.39%)</u>	<u>(5.39%)</u>	<u>(6.39%)</u>
District's proportionate share of the net pension liability	\$ 3,237,795	\$ 2,573,694	\$ 2,016,018

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 7: PENSION PLANS (Continued)**

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

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

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

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

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

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



NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 7: PENSION PLANS (Continued)**

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

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

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

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

Three-Year Trend Information for PERS

Year <u>Funding</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2015	\$113,323	100 %	-0-
6/30/2014	\$108,784	100 %	-0-
6/30/2013	\$110,876	100 %	-0-

Three-Year Trend Information for TPAF (Paid on-behalf of the District)

Year <u>Funding</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
6/30/2015	\$393,609	100 %	-0-
6/30/2014	\$305,908	100 %	-0-
6/30/2013	\$462,868	100 %	-0-

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 7: PENSION PLANS (Continued)**

During the fiscal year ended June 30, 2015, the State of New Jersey did contribute \$1,018,462 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$542,787 during the year ended June 30, 2015, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

**NOTE 8: POST-RETIREMENT BENEFITS**

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

The state is also responsible for the cost attributable to P.L. 1992 c. 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

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

**NOTE 9: 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, permits 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:

- American Express Financial
- American United Life
- Fidelity Group Retiree Plan
- Kemper Systems
- Lincoln Financial

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 10: ACCRUED SALARIES AND WAGES**

Under contractual provisions between the District and the North Warren Regional Education Association, district personnel covered by this agreement are to be paid salaries on a bi-weekly basis over a twelve month period. As of June 30, 2015, the amount earned, but not disbursed, including payroll matching taxes, by ten month employees, was \$1,007,098.

**NOTE 11: COMPENSATED ABSENCES**

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

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

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

**NOTE 12: INTERFUND RECEIVABLES AND PAYABLES**

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$27,592	
Special Revenue Fund		27,592
	<u>\$27,592</u>	<u>\$27,592</u>

The interfund payable in the special revenue fund is due to the general fund for cash advances to cover cash deficit caused by federal grant reimbursements that have not yet been received.

**NOTE 13: RISK MANAGEMENT**

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 13: RISK MANAGEMENT-(Continued)**

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2014-2015	\$985	\$14,812	\$16,185	\$429,738
2013-2014	\$9,331	\$14,187	\$20,163	\$430,126
2012-2013	\$10,878	\$14,409	\$66,532	\$426,771

**NOTE 14: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**LITIGATION**

The Board is involved in a civil claim with one of the district's employees. The district estimates that any material adverse outcome is unlikely. There are no outstanding judgments against the board as of June 30, 2015.

**NOTE 15: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the North Warren Regional School District Board of Education on October 16, 2000, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 15: CAPITAL RESERVE ACCOUNT-(Continued)**

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

Beginning balance July 1, 2014	\$ 46,284
Interest earnings	118
Withdrawals (Budget)	<u>-</u>
Ending balance June 30, 2015	<u>\$ 46,402</u>

**NOTE 16: MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by the North Warren Regional School District Board of Education in fiscal year 2008, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning balance July 1, 2014	\$ 25,796
Interest earnings	30
Withdrawals (Budget)	(20,000)
Deposits (PL 2007 c.62 (A1)) - June Resolution	<u>-</u>
Ending balance June 30, 2015	<u>\$ 5,826</u>

**NOTE 17: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1) - Of the (\$374,941) General Fund fund balance at June 30, 2015, \$100,000 is reserved and has been appropriated and included as anticipated revenue for the year ending June 30, 2016; \$46,402 is reserved in the Capital Reserve Account; \$5,826 is reserved in the Maintenance Reserve Account; \$11,978 is reserved for encumbrances; and (\$539,147) is unreserved and undesignated.

**NOTE 18: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2015 is \$-0-.

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

**NOTE 19: DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$374,941 in the General Fund as of June 30, 2015, as reported in the fund statements (Exhibit B-1 modified accrual GAAP basis). P.L.2003, c.97 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the last state aid payment 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 two state aid payments in the subsequent fiscal year, the school district can not recognize the last state aid payments on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the last state aid payments, the General Fund balance deficit does not alone indicate that the district is facing financial difficulties.

**NOTE 20: RETROACTIVE RESTATEMENT OF NET POSITION**

**Restatement of Prior Period:**

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

As an ongoing process of maintaining records in accordance with GASB#34, the district conducted a physical appraisal of capital assets as of June 30, 2015. The appraisal revealed asset activity that that should be recorded as of June 30, 2014. Accordingly, a restatement of Net Position as of June 30, 2014 was necessary.

<u>Governmental Activities Net Position:</u>	
Net Position (per A-1), June 30, 2014	\$ 7,299,407
Restatement of Capital Assets	(302,405)
Restatement of Net Pension Liability	(2,759,303)
Restatement of Deferred Outflows-Pension	<u>113,381</u>
Net Position (per A-1), June 30, 2015, as Restated	<u>\$ 4,351,080</u>

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**



NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 10,755,574		\$ 10,755,574	\$ 10,755,574	
Transportation	65,000		65,000	64,206	(794)
Interest Earned on Capital Reserve Funds	100	\$ 148	248	148	(100)
Miscellaneous	48,000		48,000	28,101	(19,899)
<b>Total - Local Sources</b>	<b>10,868,674</b>	<b>148</b>	<b>10,868,822</b>	<b>10,848,029</b>	<b>(20,793)</b>
State Sources:					
Equalization Aid	4,073,680		4,073,680	4,073,680	
Transportation Aid	129,381		129,381	129,381	
Special Education Aid	607,635		607,635	607,635	
Security Aid	79,019		79,019	79,019	
Adjustment Aid	66,201		66,201	66,201	
School Choice Aid	20,110		20,110	20,110	
PARCC Readiness Aid	9,650		9,650	9,650	
Per Pupil Growth Aid	9,650		9,650	9,650	
Extraordinary Aid	100,000		100,000	200,781	100,781
Non-Public Transportation Aid				9,104	9,104
Other State Aid				1,247	1,247
TPAF Pension (On-Behalf - Non-Budgeted)				393,609	393,609
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				624,853	624,853
TPAF Social Security (Reimbursed - Non-Budgeted)				542,787	542,787
<b>Total State Sources</b>	<b>5,095,326</b>		<b>5,095,326</b>	<b>6,767,707</b>	<b>1,672,381</b>
<b>TOTAL REVENUES</b>	<b>15,964,000</b>	<b>148</b>	<b>15,964,148</b>	<b>17,615,736</b>	<b>1,651,588</b>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Grades 6-8 - Salaries of Teachers	1,437,136	(26,973)	1,410,163	1,410,161	2
Grades 9-12 - Salaries of Teachers	2,898,368	26,842	2,925,210	2,925,208	2
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	12,880	(2,840)	10,040	10,040	
Purchased Professional-Educational Services	3,000	(1,263)	1,737	1,737	
Other Purchased Services (400-500 series)	500	(212)	288	287	1
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	17,769	(768)	17,001	17,000	1
Purchased Professional-Educational Services	5,250	(1,560)	3,690	3,690	
Purchased Technical Services	169,058	23,050	192,108	192,108	
Other Purchased Services (400-500 series)	26,440	(4,745)	21,695	21,694	1
General Supplies	149,112	(1,131)	147,981	147,963	18
Textbooks	7,446	8,940	16,386	16,385	1
Other Objects	5,395	(483)	4,912	4,911	1
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>4,732,354</b>	<b>18,857</b>	<b>4,751,211</b>	<b>4,751,184</b>	<b>27</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	979,790	39,972	1,019,762	1,019,761	1
Other Salaries for Instruction	203,858	(4,065)	199,793	199,793	
General Supplies	4,557	(1,933)	2,624	2,624	
<b>Total Resource Room/Resource Center</b>	<b>1,188,205</b>	<b>33,974</b>	<b>1,222,179</b>	<b>1,222,178</b>	<b>1</b>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Home Instruction:</b>					
Salaries of Teachers	8,000	(2,940)	5,060	5,060	
Purchased Professional-Educational Services	5,000	(935)	4,065	4,065	
<b>Total Home Instruction</b>	<b>13,000</b>	<b>(3,875)</b>	<b>9,125</b>	<b>9,125</b>	
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>1,201,205</b>	<b>30,099</b>	<b>1,231,304</b>	<b>1,231,303</b>	<b>1</b>
<b>Basic Skills/Remedial - Instruction:</b>					
Salaries of Teachers	173,570	(11,200)	162,370	162,370	
General Supplies	2,940	(307)	2,633	2,632	1
<b>Total Basic Skills/Remedial - Instruction</b>	<b>176,510</b>	<b>(11,507)</b>	<b>165,003</b>	<b>165,002</b>	<b>1</b>
<b>School-Spon. Co/Extra Curricular Actvts. - Inst.:</b>					
Salaries	133,208	(284)	132,924	132,924	
Purchased Services (300-500 series)	16,530	(4,660)	11,870	11,869	1
Sup undistributed	20,046	(2,208)	17,838	17,821	17
Dues / Fees/ Adm	7,229	(2,176)	5,053	4,365	688
<b>Total School-Spon. Cocurricular Actvts. - Inst.</b>	<b>177,013</b>	<b>(9,328)</b>	<b>167,685</b>	<b>166,979</b>	<b>706</b>
<b>School-Spon. Athletics - Instruction:</b>					
Salaries	403,283	16,467	419,750	419,750	
Purchased Services (300-500 series)	98,580	(23,136)	75,444	75,441	3
Sup undistributed	47,832	2,215	50,047	50,025	22
Dues / Fees/ Adm	16,275	5,802	22,077	22,076	1
<b>Total School-Spon. Athletics - Inst.</b>	<b>565,970</b>	<b>1,348</b>	<b>567,318</b>	<b>567,292</b>	<b>26</b>
<b>TOTAL INSTRUCTION</b>	<b>6,853,052</b>	<b>29,469</b>	<b>6,882,521</b>	<b>6,881,760</b>	<b>761</b>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Instruction:</b>					
Tuition to Other LEA's Within the State - Special	382,785	(93,895)	288,890	288,890	
Tuition to County Voc. District - Regular	108,350		108,350	108,350	
Tuition to County Voc. District - Special	65,000		65,000	65,000	
Tuition to CSSD & Regional Day Schools	147,000	(25,825)	121,175	121,175	
Tuition to Private Schools for the Disabled-Within State	247,153	192,942	440,095	440,094	1
<b>Total Instruction</b>	<b>950,288</b>	<b>73,222</b>	<b>1,023,510</b>	<b>1,023,509</b>	<b>1</b>
<b>Attendance and Social Work:</b>					
Salaries	33,370		33,370	33,370	
<b>Total Attendance and Social Work</b>	<b>33,370</b>		<b>33,370</b>	<b>33,370</b>	
<b>Health Services:</b>					
Salaries	68,403	11,419	79,822	79,821	1
Purchased Professional and Technical Services	19,700	(1,598)	18,102	18,101	1
Other Purchased Services (400-500 series)	3,000	(494)	2,506	2,504	2
Supplies and Materials	4,400	2,668	7,068	7,068	
<b>Total Health Services</b>	<b>95,503</b>	<b>11,995</b>	<b>107,498</b>	<b>107,494</b>	<b>4</b>
<b>Other Supp. Services Students-Related Services:</b>					
Salaries	61,585	(61,585)			
Purchased Professional - Educational Services	95,000	(2,564)	92,436	81,145	11,291
Supplies and Materials	633	(110)	523	523	
<b>Total Other Supp. Services Students-Related Services</b>	<b>157,218</b>	<b>(64,259)</b>	<b>92,959</b>	<b>81,668</b>	<b>11,291</b>
<b>Other Supp. Services Students-Extra Services:</b>					
Purchased Professional - Educational Services	192,000	29,680	221,680	221,679	1

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Other Professional Staff	448,856	12,373	461,229	461,228	1
Salaries of Secretarial and Clerical Assistants	35,620		35,620	35,620	
Other Purchased Prof. and Tech. Services	25,750	(2,087)	23,663	23,663	
Supplies and Materials	7,675	(4,226)	3,449	3,443	6
<b>Total Other Supp. Services Students-Regular</b>	<b>517,901</b>	<b>6,060</b>	<b>523,961</b>	<b>523,954</b>	<b>7</b>
<b>Other Supp. Services Students-Special:</b>					
Salaries of Other Professional Staff	245,550	981	246,531	246,531	
Salaries of Secretarial and Clerical Assistants	36,370		36,370	36,370	
Purchased Professional - Educational Services	1,000	1,184	2,184	2,183	1
Misc. Pur Serv (400-500 series O/than Resid Costs)	5,434	210	5,644	5,644	
Supplies and Materials	2,415	2,707	5,122	5,121	1
<b>Total Other Supp. Services Students-Special</b>	<b>290,769</b>	<b>5,082</b>	<b>295,851</b>	<b>295,849</b>	<b>2</b>
<b>Improvement of Instruction Services :</b>					
Salaries of Other Professional Staff	213,662	7,974	221,636	221,636	
Other Objects	9,051	(1,176)	7,875	7,875	
<b>Total Improvement of Instruction Services</b>	<b>222,713</b>	<b>6,798</b>	<b>229,511</b>	<b>229,511</b>	
<b>Educational Media Services/School Library:</b>					
Salaries	97,896		97,896	97,896	
Salaries of Technology Coordinators	33,095		33,095	33,095	
Other Purchased Services (400-500 series)	10,715	671	11,386	11,385	1
Supplies and Materials	6,272	428	6,700	6,699	1
<b>Total Educational Media Services/School Library</b>	<b>147,978</b>	<b>1,099</b>	<b>149,077</b>	<b>149,075</b>	<b>2</b>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Instructional Staff Training Services:</b>					
Purchased Professional-Educational Services	2,000	(2,000)			
Other Purchased Services (400-500 series)	18,585	(4,830)	13,755	13,753	2
<b>Total Instructional Staff Training Services</b>	<b>20,585</b>	<b>(6,830)</b>	<b>13,755</b>	<b>13,753</b>	<b>2</b>
<b>Supp. Services - General Administration:</b>					
Salaries	229,711	(10,493)	219,218	219,217	1
Legal Services	35,000	46,184	81,184	81,183	1
Audit Fees	15,750		15,750	15,750	
Other Purchased Professional Services	16,000	9,802	25,802	25,765	37
Purchased Technical Services	4,700	(565)	4,135	4,135	
Communications/Telephone	35,000	(725)	34,275	34,275	
BOE Other Purchased Services	1,000	(1,000)			
Other Purchased Services (400-500 series)	23,380	(1,049)	22,331	22,326	5
General Supplies	10,500	(3,194)	7,306	7,260	46
BOE In-House Training/Meeting Supplies	500	(500)			
Miscellaneous Expenditures	5,000	(362)	4,638	4,638	
BOE Membership Dues and Fees	12,500	(62)	12,438	12,438	
<b>Total Supp. Services - General Administration</b>	<b>389,041</b>	<b>38,036</b>	<b>427,077</b>	<b>426,987</b>	<b>90</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	256,026		256,026	256,025	1
Salaries of Other Professional Staff	448,092	8,179	456,271	456,271	
Salaries of Secretarial and Clerical Assistants	46,955	1,116	48,071	48,070	1
Purchased Professional and Technical Services	5,000	(1,920)	3,080	3,080	
Other Purchased Services (400-500 series)	7,350	1,735	9,085	8,968	117
Supplies and Materials	2,446	381	2,827	2,826	1
Other Objects	400	(400)			
<b>Total Support Services - School Administration</b>	<b>766,269</b>	<b>9,091</b>	<b>775,360</b>	<b>775,240</b>	<b>120</b>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Central Services:</b>					
Salaries	218,763	(1,099)	217,664	217,663	1
Purchased Professional Services	11,300	11,135	22,435	22,435	
Purchased Technical Services	2,000		2,000	2,000	
Misc. Purchased Services (400-500 series)	1,300	(900)	400	400	
Supplies and Materials	6,000	(1,824)	4,176	4,176	
Interest for Lease Purchase Agreement	15,056	(9,504)	5,552	5,551	1
Miscellaneous Expenditures	1,800	(361)	1,439	1,439	
<b>Central Services</b>	<b>256,219</b>	<b>(2,553)</b>	<b>253,666</b>	<b>253,664</b>	<b>2</b>
<b>Admin. Information Technology:</b>					
Salaries	98,955		98,955	98,954	1
Purchased Professional Services	1,300	(1,181)	119	119	
Purchased Technical Services	4,000		4,000	4,000	
<b>Admin. Information Technology</b>	<b>104,255</b>	<b>(1,181)</b>	<b>103,074</b>	<b>103,073</b>	<b>1</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	84,500	269	84,769	84,769	
Cleaning, Repair, and Maintenance Services	100,030	102,236	202,266	202,265	1
General Supplies	19,500	9,745	29,245	29,245	
Other Objects	535	654	1,189	1,189	
<b>Total Required Maintenance for School Facilities</b>	<b>204,565</b>	<b>112,904</b>	<b>317,469</b>	<b>317,468</b>	<b>1</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	231,544	18,169	249,713	249,712	1
Cleaning, Repair and Maintenance Services	26,728	64,333	91,061	91,060	1
Rental of Land, Building & Other than Lease Purchases	2		2		2
Other Purchased Property Services	4,000		4,000	4,000	
Insurance	44,500	1,434	45,934	45,934	
Miscellaneous Purchased Services	2,000	(2,000)			
General Supplies	30,000	30,400	60,400	60,400	

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
Energy (Electricity)	100,000	45,275	145,275	145,274	1
Energy (Oil)	140,000	1,344	141,344	141,344	
Other Objects	200	(75)	125	125	
<b>Total Other Operations and Maintenance of Plant</b>	<b>578,974</b>	<b>158,880</b>	<b>737,854</b>	<b>737,849</b>	<b>5</b>
<b>Care and Upkeep of Grounds:</b>					
Salaries	111,993	3,076	115,069	115,068	1
Supplies and Materials	21,070	2,308	23,378	23,378	
<b>Total Care and Upkeep of Grounds</b>	<b>133,063</b>	<b>5,384</b>	<b>138,447</b>	<b>138,446</b>	<b>1</b>
<b>Undist. Expend. -Security</b>					
Cleaning, Repair and Maintenance Services	73,430	(25,645)	47,785	47,784	1
<b>Total Undist. Expend. -Security</b>	<b>73,430</b>	<b>(25,645)</b>	<b>47,785</b>	<b>47,784</b>	<b>1</b>
<b>Student Transportation Services</b>					
Salaries of Non-Instructional Aides	1,400	491	1,891	1,890	1
Management Fees - ESC & CTSA Transportation Programs	21,092	(1,154)	19,938	19,938	
Contract Services - Aid in Lieu of Payments-Nonpub.Sch.	32,000	2,579	34,579	34,579	
Contract Services - (Between Home and School) - Vendors	448,312	16,945	465,257	465,257	
Contract Services (Other than Between Home & School)-Vendors	97,985	(3,127)	94,858	94,858	
Contract Services - (Between Home and School) - Joint Agreements	5,000	1,884	6,884	6,883	1
Contract Services - (Spl. Ed. Students) - Vendors	59,000	(940)	58,060	58,059	1
Contract Services - (Regular Students) - ESCs & CTSA's	55,288	(8,732)	46,556	46,555	1
Contract Services - (Special Ed. Students) - ESCs & CTSA's	305,000	(10,124)	294,876	294,876	
<b>Total Student Transportation Services</b>	<b>1,025,077</b>	<b>(2,178)</b>	<b>1,022,899</b>	<b>1,022,895</b>	<b>4</b>



NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	164,000	(3,822)	160,178	160,178	
Other Retirement Contributions - Regular	123,554	(10,231)	113,323	113,323	
Unemployment Compensation	7,000	(7,000)			
Workmen's Compensation	68,007	(1,040)	66,967	66,966	1
Health Benefits	2,332,377	(270,195)	2,062,182	2,055,875	6,307
Tuition Reimbursement	46,100	(1,152)	44,948	44,947	1
Other Employee Benefits	119,661	7,849	127,510	127,510	
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>2,860,699</b>	<b>(285,591)</b>	<b>2,575,108</b>	<b>2,568,799</b>	<b>6,309</b>
On-behalf TPAF pension Contrib. (non-budgeted)				393,609	(393,609)
On-behalf TPAF PRM Contrib. (non-budgeted)				624,853	(624,853)
Reimbursed TPAF Social Security Contributions (non-budgeted)				542,787	(542,787)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>1,561,249</b>	<b>(1,561,249)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>2,860,699</b>	<b>(285,591)</b>	<b>2,575,108</b>	<b>4,130,048</b>	<b>(1,554,940)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>9,019,917</b>	<b>69,994</b>	<b>9,089,911</b>	<b>10,633,316</b>	<b>(1,543,405)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>15,872,969</b>	<b>99,463</b>	<b>15,972,432</b>	<b>17,515,076</b>	<b>(1,542,644)</b>
<b>Facilities Acquisition and Construction Services</b>					
Other Purchased Professional and Technical Services		49,875	49,875	49,874	1
Lease Purchase Agreements - Principal	240,000	(109,904)	130,096	130,096	
Assessment for Debt Service on SDA Funding	3,400		3,400	3,400	
<b>Total Facilities Acquisition and Construction Services</b>	<b>243,400</b>	<b>(60,029)</b>	<b>183,371</b>	<b>183,370</b>	<b>1</b>
<b>TOTAL CAPITAL OUTLAY</b>	<b>243,400</b>	<b>(60,029)</b>	<b>183,371</b>	<b>183,370</b>	<b>1</b>
Transfer of Funds to Charter Schools	217,531	1,089	218,620	218,620	
<b>TOTAL EXPENDITURES</b>	<b>16,333,900</b>	<b>40,523</b>	<b>16,374,423</b>	<b>17,917,066</b>	<b>(1,542,643)</b>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(369,900)	(40,375)	(410,275)	(301,330)	108,945
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(369,900)	(40,375)	(410,275)	(301,330)	108,945
<b>Fund Balance, July 1</b>	399,269		399,269	399,269	
<b>Fund Balance, June 30</b>	<b>\$ 29,369</b>	<b>(40,375)</b>	<b>\$ (11,006)</b>	<b>\$ 97,939</b>	<b>\$ 108,945</b>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				46,402	
Maintenance Reserve				5,826	
<b>Assigned to:</b>					
Year-End Encumbrances				11,978	
Designated for Subsequent Year's Expenditures				100,000	
<b>Unassigned:</b>					
Unrestricted Fund Balance				(66,267)	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				97,939	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				(472,880)	
<b>Fund Balance per Governmental Funds(GAAP Basis B-2)</b>				<u>\$ (374,941)</u>	

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2015

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources	\$ 5,000	\$ 5,000	\$ 10,000	\$ 10,000	-
State Sources	5,010	2,490	7,500	7,500	-
Federal Sources	312,587	5,010	317,597	317,597	-
<b>Total Revenues</b>	<b>322,597</b>	<b>12,500</b>	<b>335,097</b>	<b>335,097</b>	<b>-</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	48,744	(3,305)	45,439	45,439	
Tuition	251,319	(1,288)	250,031	250,031	
General Supplies	7,620	8,788	16,408	16,408	
Other Objects	1,200	-	1,200	1,200	
<b>Total Instruction</b>	<b>308,883</b>	<b>4,195</b>	<b>313,078</b>	<b>313,078</b>	<b>-</b>
<b>Support Services</b>					
Support Salaries		-		-	
Personal Services - Employee Benefits	9,524	(253)	9,271	9,271	
Purchased Professional - Ed. Serv.	3,000	-	3,000	3,000	
Other Purchased Services	1,190	8,558	9,748	9,748	
<b>Total Support Services</b>	<b>13,714</b>	<b>8,305</b>	<b>22,019</b>	<b>22,019</b>	<b>-</b>
Total Expenditures	322,597	12,500	335,097	335,097	-
<b>Total Outflows</b>	<b>\$ 322,597</b>	<b>\$ 12,500</b>	<b>\$ 335,097</b>	<b>\$ 335,097</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				NONE	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				NONE	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>NONE</u>	

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

For the Fiscal Year Ended June 30, 2015

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

	General Fund	Special Revenue Fund
	<u>                    </u>	<u>                    </u>
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$17,615,736	\$335,097
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	N/A	N/A
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	478,562	
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(472,880)</u>	<u>N/A</u>
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	 <u>\$17,621,418</u>	 <u>\$ 335,097</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$17,917,066	\$335,097
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	<u>N/A</u>	<u>N/A</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	 <u>\$17,917,066</u>	 <u>\$ 335,097</u>

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

**Exhibit L-3**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset) **	N/A	N/A								
District's proportionate share of the net pension liability (asset) **	N/A	N/A								
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 38,648,263</u>	<u>\$ 36,203,413</u>								
Total	<u>\$ 38,648,263</u>	<u>\$ 36,203,413</u>								
District's covered employee payroll	\$ 7,926,962	\$ 7,859,596								
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A								
Plan fiduciary net position as a percentage of the total pension liability	33.64%	33.76%								

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

**Exhibit L-1**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
District's proportion of the net pension liability (asset)	0.013746359%	0.014437551%								
District's proportionate share of the net pension liability (asset)	<u>\$ 2,573,694</u>	<u>\$ 2,759,303</u>								
District's covered employee payroll	\$ 1,518,318	\$ 1,383,440								
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	169.51%	199.45%								
Plan fiduciary net position as a percentage of the total pension liability (Local)	52.08%	48.72%								

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

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

**Exhibit L-2**

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution **	N/A	N/A								
Contributions in relation to the contractually required contribution **	N/A	N/A								
Contribution deficiency (excess)	N/A	N/A								
District's covered employee payroll	\$ 7,926,962	\$ 7,859,596								
Contributions as a percentage of covered-employee payroll	N/A	N/A								

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

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Contractually required contribution	\$ 108,784	\$ 110,876								
Contributions in relation to the contractually required contribution	<u>(108,784)</u>	<u>(110,876)</u>								
Contribution deficiency (excess)	<u>-</u>	<u>-</u>								
District's covered employee payroll	\$ 1,518,318	\$ 1,383,440								
Contributions as a percentage of covered-employee payroll	7.16%	8.01%								

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2015

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

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

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

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

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

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





**OTHER SUPPLEMENTARY INFORMATION**

<p style="text-align: center;"><b>SPECIAL REVENUE FUND DETAIL STATEMENTS</b></p>
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The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2015

	<b>Title I</b>	<b>Title II (A)</b>	<b>Federal Perkins</b>	<b>Fed. Res. Perkins</b>	<b>IDEA Part B</b>	<b>CASE Grant</b>	<b>Winter Track</b>	<b>BASF Grant</b>	<b>Totals</b>
<b>REVENUES</b>									
Local Sources							\$ 5,000	\$ 5,000	\$ 10,000
State Source						\$ 7,500			7,500
Federal Sources	\$ 41,887	\$ 19,381	\$ 1,819	\$ 3,191	\$ 251,319				317,597
<b>TOTAL REVENUES</b>	<b>41,887</b>	<b>19,381</b>	<b>1,819</b>	<b>3,191</b>	<b>251,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>335,097</b>
<b>EXPENDITURES:</b>									
<b>Instruction:</b>									
Salaries of Teachers	31,582	13,857							45,439
Tuition					250,031				250,031
General Supplies			659	1,961	1,288	2,500	5,000	5,000	16,408
Other Objects				1,200					1,200
<b>Total Instruction</b>	<b>31,582</b>	<b>13,857</b>	<b>659</b>	<b>3,161</b>	<b>251,319</b>	<b>2,500</b>	<b>5,000</b>	<b>5,000</b>	<b>313,078</b>
<b>Support Services:</b>									
Salaries									-
Personal Services - Employee Benefits	8,211	1,060							9,271
Purchased Professional - Ed. Serv.	2,094	906							3,000
Other Purchased Services		3,558	1,160	30		5,000			9,748
<b>Total Support Services</b>	<b>10,305</b>	<b>5,524</b>	<b>1,160</b>	<b>30</b>		<b>5,000</b>			<b>22,019</b>
<b>TOTAL EXPENDITURES</b>	<b>41,887</b>	<b>19,381</b>	<b>1,819</b>	<b>3,191</b>	<b>251,319</b>	<b>7,500</b>	<b>5,000</b>	<b>5,000</b>	<b>335,097</b>
<b>Total Outflows</b>	<b>41,887</b>	<b>19,381</b>	<b>1,819</b>	<b>3,191</b>	<b>251,319</b>	<b>7,500</b>	<b>5,000</b>	<b>5,000</b>	<b>335,097</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>									

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit F-1

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

For the Fiscal Year Ended June 30, 2015

	<u>Original</u>	<u>Revised</u>	<u>Expenditures to Date</u>		<u>Unexpended</u>	
	<u>Date</u>	<u>Appropriations</u>	<u>Appropriations</u>	<u>Prior</u>	<u>Current</u>	<u>Balance</u>
				<u>Years</u>	<u>Year</u>	<u>June 30, 2015</u>
No Current Projects						
Totals		-	-	-	-	-
					Interest Earnings	\$ <u>24</u>
					Fund Balance, June 30, 2015	\$ <u><u>24</u></u>
					<u>Recapitulation of Fund Balance:</u>	
					Project(s) Fund Balance	\$ <u>24</u>
					Fund Balance, June 30, 2015	\$ <u><u>24</u></u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

**Exhibit F-2**

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

For the Fiscal Year Ended June 30, 2015

Fund Balance - Beginning	<u>\$ 24</u>
Fund Balance - Ending	<u><u>\$ 24</u></u>

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

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

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

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

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

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

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

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

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



NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-1

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

	UNEMPLOYMENT COMPENSATION			AGENCY FUNDS		<u>TOTALS</u>
	<u>INSURANCE TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>			
<b>ASSETS:</b>						
Cash and Cash Equivalents	\$429,738	\$ 82,506	\$ 75,956			\$ 588,200
<b>TOTAL ASSETS</b>	<b>\$429,738</b>	<b>\$ 82,506</b>	<b>\$ 75,956</b>			<b>\$ 588,200</b>
<b>LIABILITIES:</b>						
Liabilities:						
Accounts Payable			\$ 75,956			\$ 75,956
Payroll Deductions and Withholdings			-			-
Payable to Student Groups		\$ 82,506				82,506
<b>Total Liabilities</b>		<b>82,506</b>	<b>75,956</b>			<b>158,462</b>
<b>NET POSITION</b>						
Held in Trust for Unemployment						
Claims and Other Purposes	\$429,738					429,738
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$429,738</b>	<b>\$ 82,506</b>	<b>\$ 75,956</b>			<b>\$ 588,200</b>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-2

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

	<b>UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u></b>	<b><u>TOTALS</u></b>
<b>ADDITIONS</b>		
Contributions:		
Plan Member	\$14,812	\$14,812
Employer	-	-
Total Contributions	<u>14,812</u>	<u>14,812</u>
Investment Earnings:		
Interest	985	985
Net Investment Earnings	<u>985</u>	<u>985</u>
<b>Total Additions</b>	<b><u>15,797</u></b>	<b><u>15,797</u></b>
<b>DEDUCTIONS</b>		
Unemployment Claims	16,185	16,185
<b>Total Deductions</b>	<b><u>16,185</u></b>	<b><u>16,185</u></b>
Change in Net Position	(388)	(388)
Net Position—Beginning of the Year	\$430,126	430,126
<b>Net Position—End of the Year</b>	<b><u>\$429,738</u></b>	<b><u>\$429,738</u></b>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-3

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

ACTIVITY	BALANCE	TRANSFERS		CASH	CASH	BALANCE
	July 1, 2014	TO	FROM	RECEIPTS	DISBURSEMENTS	June 30, 2015
NWR - Clubs	\$ 573	\$ 182		\$ 507	\$ 753	\$ 509
NWR - 40th Annivers	-					-
Interest Reserve	-		263	263		-
Exchange	-		108	3,164	2,539	517
B.O.E. - Fines and Charges	-		400	400		-
B.O.E. - Test Holding	-		26	20,965	20,939	-
B.O.E. Athletics	-		7,604	7,904	300	-
Class of 2009	421					421
Class of 2011	44					44
Class of 2013	196	1			(177)	374
Class of 2014	278	1				279
Class of 2015	2,969		546	28,695	31,108	10
Class of 2016	4,493	6		350	2,815	2,034
Class of 2017	6,371	21		500	-	6,892
Class of 2018	5,742	19		1,484	854	6,391
Class of 2019	5,736	34		18,819	12,856	11,733
Class of 2020		1		2,130	1,956	175
Student Council-High School	447	482		2,269	2,365	833
S.A.D.D.	(1,207)	1		1,569	-	363
Student Council-Middle School	236	22		412	100	570
National Honor Society	1,580	5		3,030	2,725	1,890
National Art Honor Society	547	3		1,063	929	684
Tri M Music Honors	437	-		5,299	5,720	16
Spanish Honor Society	571	5		2,652	1,602	1,626
French Honor Society	1					1
Math Honor Society	46			375	375	46
Peer Leadership	149			184	333	-
Marching Band	353	78		196	627	-
Chorus - Musical	556	17		28,650	23,428	5,795
Stage Lights	-					-
Drama Club - Fall Play	3,587		160	2,819	2,438	3,808
M. S. Play	4,212	16		2,802	1,667	5,363
Athletics	1	7,604		20,000	34,813	(7,208)
Patriot Duals	1,474	2		2,443	3,109	810
Holiday Tournament	137		137	-		-
Football Club	388	1	-	-	-	389
	<u>\$ 40,338</u>	<u>\$ 8,501</u>	<u>\$ 9,244</u>	<u>\$ 158,944</u>	<u>\$ 154,174</u>	<u>\$ 44,365</u>

-Continued on Next Page-

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-3

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

ACTIVITY	BALANCE	TRANSFERS		CASH	CASH	BALANCE
	July 1, 2014	TO	FROM	RECEIPTS	DISBURSEMENTS	June 30, 2015
Baseball Club	\$ 2,135			\$ 3,121	\$ 5,186	\$ 70
Softball Club	235	1		3,834	3,888	182
NWR Golf				500	382	118
Cross Country Club	2,056		83	2,349	4,044	278
Cheerleaders H.S.	225	9		5,809	3,150	2,893
Field Hockey	788	3		3,944	3,588	1,147
Girls Lacrosse	939	2		2,782	2,988	735
Indoor Track and Field Club	152	85		2,205	2,245	197
Patriot Varsity Club	107	137		-	123	121
School Store	628	1		418	765	282
Trift Store	1,600	6		360	-	1,966
TSA/Robotics		1		1,705	1,461	245
Future Business Leaders of America	698	3		1,293	822	1,172
JSA (Mock Trial)	14	14		60	88	-
Future Farmers of America	900	186		8,323	4,519	4,890
Press Club	412	1		-	-	413
Chess Club	51	1		420	127	345
Ski Club	696	2		13,575	13,416	857
Art Show Fund		-		119	-	119
Interact Club	801	3		3,528	3,212	1,120
Leo	210	1		100	-	311
Yearbook	6,466	25		42,565	40,577	8,479
Patriot Coffee Club	591	2		-	-	593
Prom Committee	3,047	306		22,759	25,700	412
Project Graduation	13,083	33	-	10,633	12,553	11,196
	<u>\$ 35,834</u>	<u>\$ 822</u>	<u>\$ 83</u>	<u>\$ 130,402</u>	<u>\$ 128,834</u>	<u>\$ 38,141</u>
TOTALS	\$ 76,172	\$ 9,323	\$ 9,327	\$ 289,346	\$ 283,008	\$ 82,506

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-4

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

	BALANCE <u>July 1, 2014</u>	ADDITIONS	DELETIONS	BALANCE <u>June 30, 2015</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 8,683	\$ 10,358,287	\$ 10,291,014	\$ 75,956
<b>Total Assets</b>	<b>\$ 8,683</b>	<b>\$ 10,358,287</b>	<b>\$ 10,291,014</b>	<b>\$ 75,956</b>
<b>LIABILITIES:</b>				
Accrued Salaries and Wages	\$ 4,855	\$ 4,298,241	\$ 4,231,873	\$ 71,223
Accounts Payable	3,828	905		4,733
Payroll Deductions and Withholdings		6,059,141	6,059,141	-
<b>Total Liabilities</b>	<b>\$ 8,683</b>	<b>\$ 10,358,287</b>	<b>\$ 10,291,014</b>	<b>\$ 75,956</b>

## **LONG-TERM DEBT SCHEDULES**

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit I-2

**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>LEASE TERM</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>AMOUNT OUTSTANDING 7/1/2014</u>	<u>ADDITIONAL OBLIGATIONS INCURRED</u>	<u>RETIRED CURRENT YEAR PRINCIPAL PAYMENTS</u>	<u>AMOUNT OUTSTANDING 6/30/2015</u>
Copier Equipment	4.90%	4 Years	68,386	\$ 17,569		\$ 17,569	-
Copier Equipment - Admin Office	2.66%	4 Years	13,858		\$ 13,858		\$ 13,858
Printers		3 Years	41,274	16,051		13,758	2,293
Technology Equipment	1.54%	3.5 Years	632,000	393,305		129,096	264,209
<b>Total</b>				<b>\$ 426,925</b>	<b>\$ 13,858</b>	<b>\$ 160,423</b>	<b>\$ 280,360</b>

North Warren Regional School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	94-99
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	100-112
<b>Debt Capacity (J-10 thru J-13)</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	113-119
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	120-121
<b>Operating Information (J-16 thru J-20)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	122-126

**Sources:**

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



**North Warren Regional School District  
Net Position by Component,  
Last Ten Fiscal Years**

*(accrual basis of accounting)*

**Exhibit J-1**

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 5,665,355	\$ 5,917,646	\$ 7,069,267	\$ 6,711,196	\$ 6,870,347	\$ 6,870,347	\$ 8,096,471	\$ 8,216,553	\$ 7,830,857	\$ 7,347,048
Restricted	1,136,211	1,342,155	1,765,495	678,768	1,296,708	849,544	1,224,767	480,147	422,104	152,252
Unrestricted	(1,337,250)	(1,244,945)	(2,447,858)	(1,021,771)	(581,816)	340,394	(972,857)	(829,923)	(953,554)	(3,613,789)
<b>Total governmental activities Net Position</b>	<u>\$ 5,464,316</u>	<u>\$ 6,014,856</u>	<u>\$ 6,386,904</u>	<u>\$ 6,368,193</u>	<u>\$ 7,585,239</u>	<u>\$ 8,060,285</u>	<u>\$ 8,348,381</u>	<u>\$ 7,866,777</u>	<u>\$ 7,299,407</u>	<u>\$ 3,885,511</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 38,764	\$ 58,411	\$ 62,104	\$ 66,628	\$ 53,264	\$ 40,068	\$ 55,847	\$ 36,857	\$ 29,343	\$ 29,215
Restricted										-
Unrestricted	70,579	61,054	92,640	97,639	103,398	113,163	99,897	107,309	127,604	131,875
<b>Total business-type activities Net Position</b>	<u>\$ 109,343</u>	<u>\$ 119,465</u>	<u>\$ 154,744</u>	<u>\$ 164,267</u>	<u>\$ 156,662</u>	<u>\$ 153,231</u>	<u>\$ 155,744</u>	<u>\$ 144,166</u>	<u>\$ 156,947</u>	<u>\$ 161,090</u>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 5,704,119	\$ 5,976,057	\$ 7,131,371	\$ 6,777,824	\$ 6,923,611	\$ 6,910,415	\$ 8,152,318	\$ 8,253,410	\$ 7,860,200	\$ 7,376,263
Restricted	1,136,211	1,342,155	1,765,495	678,768	1,296,708	849,544	1,224,767	480,147	422,104	152,252
Unrestricted	(1,266,671)	(1,183,891)	(2,355,218)	(924,132)	(478,418)	453,557	(872,960)	(722,614)	(825,950)	(3,481,914)
<b>Total district Net Position</b>	<u>\$ 5,573,659</u>	<u>\$ 6,134,321</u>	<u>\$ 6,541,648</u>	<u>\$ 6,532,460</u>	<u>\$ 7,741,901</u>	<u>\$ 8,213,516</u>	<u>\$ 8,504,125</u>	<u>\$ 8,010,943</u>	<u>\$ 7,456,354</u>	<u>\$ 4,046,601</u>

Source: CAFR Schedule A-1

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

Exhibit J-2

	2006		2007		2008		2009		Fiscal Year Ending June 30,		2010		2011		2012		2013		2014		2015		
<b>Expenses</b>																							
Governmental activities																							
Instruction																							
Regular	\$	5,930,026	\$	6,328,098	\$	6,404,286	\$	6,386,903	\$	6,713,376	\$	6,781,346	\$	6,770,787	\$	7,173,028	\$	6,883,697	\$	7,765,856			
Special education		964,346		1,000,114		1,096,965		1,129,261		1,201,435		1,316,866		1,395,867		1,510,989		1,619,468		1,862,106			
Other special education		163,801		136,932		280,543		240,920		236,431		274,962		221,458		232,602		233,090		249,533			
Other instruction		675,784		734,195		778,216		851,815		741,758		783,015		853,789		907,049		969,350		1,110,442			
Support Services:																							
Tuition		757,049		884,703		899,222		999,207		581,059		620,666		895,148		861,562		860,130		1,023,509			
Student & instruction related services		1,741,462		1,933,109		1,924,123		2,109,195		1,911,612		2,020,791		2,303,326		2,093,470		2,130,674		2,538,211			
General administrative services		779,547		866,980		1,027,302		967,682		899,595		1,011,328		1,032,936		1,034,288		1,045,811		1,190,447			
School administrative services		994,870		896,302		910,441		912,867		864,048		744,162		790,652		974,748		1,090,029		1,172,400			
Plant operations and maintenance		1,241,650		1,401,237		1,618,815		1,589,191		1,460,651		1,553,519		1,402,301		1,412,499		1,763,828		1,891,301			
Pupil transportation		1,021,472		1,189,106		1,229,631		1,333,763		1,248,827		1,057,823		988,682		989,910		1,024,765		1,027,473			
Interest on long-term debt		55,163		32,014		21,188		15,875		26,673		16,466		3,011		-		-		-			
Unallocated depreciation		188,104		188,104		184,957		184,957		224,735		238,004		258,081		443,839		433,018		276,836			
Total governmental activities expenses		<u>14,513,274</u>		<u>15,590,894</u>		<u>16,375,689</u>		<u>16,721,636</u>		<u>16,110,200</u>		<u>16,418,948</u>		<u>16,916,038</u>		<u>17,633,984</u>		<u>18,053,860</u>		<u>20,108,114</u>			
Business-type activities:																							
Food service		301,463		300,644		326,293		319,117		325,385		322,329		305,578		314,280		297,957		305,074			
Total business-type activities expense		<u>301,463</u>		<u>300,644</u>		<u>326,293</u>		<u>319,117</u>		<u>325,385</u>		<u>322,329</u>		<u>305,578</u>		<u>314,280</u>		<u>297,957</u>		<u>305,074</u>			
Total district expenses		<u>\$ 14,814,737</u>		<u>\$ 15,891,538</u>		<u>\$ 16,701,982</u>		<u>\$ 17,040,753</u>		<u>\$ 16,435,585</u>		<u>\$ 16,741,277</u>		<u>\$ 17,221,616</u>		<u>\$ 17,948,264</u>		<u>\$ 18,351,817</u>		<u>\$ 20,413,188</u>			
<b>Program Revenues</b>																							
Governmental activities:																							
Charges for services:																							
Instruction (regular & special education)	\$	39,881	\$	64,507	\$	120,154	\$	76,331	\$	71,111	\$	83,076	\$	80,304	\$	104,034	\$	76,298	\$	64,206			
Business and other support services																							
Operating grants and contributions		5,810,839		6,271,222		6,335,605		6,617,838		6,485,661		6,187,711		6,768,606		6,908,674		6,750,029		8,784,516			
Capital grants and contributions																							
Total governmental activities program revenues		<u>5,850,720</u>		<u>6,335,729</u>		<u>6,455,759</u>		<u>6,694,169</u>		<u>6,556,772</u>		<u>6,270,787</u>		<u>6,848,910</u>		<u>7,012,708</u>		<u>6,826,327</u>		<u>8,848,722</u>			
Business-type activities:																							
Charges for services																							
Food service		274,572		268,947		276,840		283,982		280,966		271,140		258,649		247,272		258,340		242,422			
Operating grants and contributions		26,856		24,507		67,646		36,839		36,344		45,743		49,437		53,949		47,552		48,659			
Capital grants and contributions		-		-		-		-		-		-		-		-		-		-			
Total business type activities program revenues		<u>301,428</u>		<u>293,454</u>		<u>344,486</u>		<u>320,821</u>		<u>317,310</u>		<u>316,883</u>		<u>308,086</u>		<u>301,221</u>		<u>305,892</u>		<u>291,081</u>			
Total district program revenues		<u>\$ 6,152,148</u>		<u>\$ 6,629,183</u>		<u>\$ 6,800,245</u>		<u>\$ 7,014,990</u>		<u>\$ 6,874,082</u>		<u>\$ 6,587,670</u>		<u>\$ 7,156,996</u>		<u>\$ 7,313,929</u>		<u>\$ 7,132,219</u>		<u>\$ 9,139,803</u>			
<b>Net (Expense)/Revenue</b>																							
Governmental activities	\$	(8,662,554)	\$	(9,255,165)	\$	(9,919,930)	\$	(10,027,467)	\$	(9,553,428)	\$	(10,148,161)	\$	(10,067,128)	\$	(10,621,276)	\$	(11,227,533)	\$	(11,259,392)			
Business-type activities		(35)		(7,190)		18,193		1,704		(8,075)		(5,446)		2,508		(13,059)		7,935		(13,993)			
Total district-wide net expense		<u>\$ (8,662,589)</u>		<u>\$ (9,262,355)</u>		<u>\$ (9,901,737)</u>		<u>\$ (10,025,763)</u>		<u>\$ (9,561,503)</u>		<u>\$ (10,153,607)</u>		<u>\$ (10,064,620)</u>		<u>\$ (10,634,335)</u>		<u>\$ (11,219,598)</u>		<u>\$ (11,273,385)</u>			

-Continued-

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

**Exhibit J-2**

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 8,626,308	\$ 9,322,313	\$ 9,785,766	\$ 9,785,083	\$ 9,980,786	\$ 10,267,275	\$ 10,117,743	\$ 10,117,743	\$ 10,623,032	\$ 10,755,574
Taxes levied for debt service	477,123	325,185	127,499	127,500	290,317	248,648	150,988	-	-	-
Tuition Received										
Investment earnings	79,052	111,886	120,172	35,497	22,704	12,397	7,631	1,755	3,022	2,041
Miscellaneous income	133,898	46,317	457,449	60,676	49,706	53,010	78,862	85,821	34,109	36,208
Federal/State Aid for Capital Assets Projects	(9,462)	-	-	-	223,199	(21,123)	-	-	-	-
Transfers										
Total governmental activities	<u>9,306,919</u>	<u>9,805,701</u>	<u>10,490,886</u>	<u>10,008,756</u>	<u>10,566,712</u>	<u>10,560,207</u>	<u>10,355,224</u>	<u>10,205,319</u>	<u>10,660,163</u>	<u>10,793,823</u>
Business-type activities:										
Miscellaneous Income	16,818	17,312	17,086	7,819	470	2,015	5	1,481	4,845	18,137
Transfers										
Total business-type activities	<u>16,818</u>	<u>17,312</u>	<u>17,086</u>	<u>7,819</u>	<u>470</u>	<u>2,015</u>	<u>5</u>	<u>1,481</u>	<u>4,845</u>	<u>18,137</u>
Total district-wide	<u>\$ 9,323,737</u>	<u>\$ 9,823,013</u>	<u>\$ 10,507,972</u>	<u>\$ 10,016,575</u>	<u>\$ 10,567,182</u>	<u>\$ 10,562,222</u>	<u>\$ 10,355,229</u>	<u>\$ 10,206,800</u>	<u>\$ 10,665,008</u>	<u>\$ 10,811,960</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 644,365	\$ 550,536	\$ 570,956	\$ (18,711)	\$ 1,013,284	\$ 412,046	\$ 288,096	\$ (415,957)	\$ (567,370)	\$ (465,569)
Business-type activities	16,783	10,122	35,279	9,523	(7,605)	(3,431)	2,513	(11,578)	12,780	4,144
Total district	<u>\$ 661,148</u>	<u>\$ 560,658</u>	<u>\$ 606,235</u>	<u>\$ (9,188)</u>	<u>\$ 1,005,679</u>	<u>\$ 408,615</u>	<u>\$ 290,609</u>	<u>\$ (427,535)</u>	<u>\$ (554,590)</u>	<u>\$ (461,425)</u>

Source: CAFR Schedule A-2

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

**Exhibit J-3**

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 1,146,242	\$ 1,091,232	\$ 1,294,788	\$ 1,104,909	\$ 1,018,424	\$ 949,694	\$ 782,902	\$ 446,904	\$ 462,603	\$ 164,206
Unreserved	127,034	151,396	227,411	80,126	(56,660)	(140,959)	(435,813)	(329,149)	(541,896)	(539,147)
Total general fund	<u>\$ 1,273,276</u>	<u>\$ 1,242,628</u>	<u>\$ 1,522,199</u>	<u>\$ 1,185,035</u>	<u>\$ 961,764</u>	<u>\$ 808,735</u>	<u>\$ 347,089</u>	<u>\$ 117,755</u>	<u>\$ (79,293)</u>	<u>\$ (374,941)</u>
All Other Governmental Funds										
Reserved			\$ 370,340	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund										-
Capital projects fund	\$ 19,415	\$ 272,422	\$ 47,678	\$ (506,957)	\$ 303,369	\$ (74,079)	\$ 475,303	\$ 33,243	\$ 24	\$ 24
Debt service fund	1,004	1	-	250	250	-	1			
Total all other governmental funds	<u>\$ 20,419</u>	<u>\$ 272,423</u>	<u>\$ 418,018</u>	<u>\$ (506,707)</u>	<u>\$ 303,619</u>	<u>\$ (74,079)</u>	<u>\$ 475,304</u>	<u>\$ 33,243</u>	<u>\$ 24</u>	<u>\$ 24</u>

Source: CAFR Schedule B-1

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

**Exhibit J-4**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>										
Tax levy	\$ 9,103,431	\$ 9,647,498	\$ 9,913,265	\$ 9,912,583	\$ 10,271,103	\$ 10,515,923	\$ 10,268,731	\$ 10,117,743	\$ 10,623,032	\$ 10,755,574
Tuition charges	2,917	23,385	3,990	29,795	13,841	-	-	21,205	8,706	-
Transportation	36,964	41,122	80,254	46,536	57,270	83,076	80,304	82,829	67,592	64,206
Interest earnings	144	372	216	3,202	1,621	3,400	2,713	904	201	148
Miscellaneous	212,806	157,831	577,405	92,971	70,789	62,007	83,780	86,672	36,930	38,101
State sources	5,558,741	5,994,990	6,104,902	6,349,639	5,957,597	5,797,948	6,247,043	6,572,667	6,430,812	6,780,889
Federal sources	242,636	276,232	230,703	268,199	1,204,692	368,640	521,563	336,007	319,217	317,597
<b>Total revenue</b>	<b>15,157,639</b>	<b>16,141,430</b>	<b>16,910,735</b>	<b>16,702,925</b>	<b>17,576,913</b>	<b>16,830,994</b>	<b>17,204,134</b>	<b>17,218,027</b>	<b>17,486,490</b>	<b>17,956,515</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	4,570,949	4,629,905	4,682,985	4,750,002	5,382,493	5,183,491	5,051,683	5,249,616	5,030,400	5,064,262
Special education instruction	757,482	745,478	821,295	863,965	982,311	1,025,350	1,061,806	1,119,104	1,212,208	1,231,303
Other special instruction	128,664	102,068	210,042	184,321	193,374	214,093	168,458	172,275	174,473	165,002
Other instruction	530,820	547,264	582,649	651,699	606,674	609,678	649,459	671,800	725,580	734,271
<b>Support Services:</b>										
Tuition	757,049	884,703	899,222	999,207	581,059	620,666	895,148	861,562	860,130	1,023,509
Student & instruction related services	1,367,897	1,440,926	1,440,587	1,613,684	1,563,483	1,573,446	1,752,091	1,550,515	1,594,857	1,678,372
School Administrative services	781,458	668,097	681,645	698,408	706,694	579,426	601,432	721,941	815,911	775,240
General administrative services	602,941	643,265	763,656	734,862	730,284	781,966	780,249	760,556	777,330	783,724
Plant operations and maintenance	964,912	1,034,083	1,201,462	1,205,303	1,184,107	1,195,213	1,052,298	1,031,756	1,305,863	1,241,547
Pupil transportation	1,014,195	1,181,829	1,222,354	1,326,486	1,241,550	1,050,546	981,405	982,633	1,017,488	1,022,895
Business and other support services										
Unallocated employee benefits	2,743,037	3,289,784	3,502,038	3,212,337	3,066,164	3,196,320	3,633,382	3,917,365	3,824,044	4,130,048
Charter Schools	76,489	68,099	46,555	44,484	74,439	149,814	77,816	130,528	181,788	218,620
Capital outlay	113,292	257,052	1,899,489	1,838,806	534,115	1,043,745	408,159	719,771	196,685	183,370
<b>Debt service:</b>										
Principal	558,395	391,000	105,000	110,000	371,250	320,000	200,000	-	-	-
Interest and other charges	64,111	36,521	22,500	17,250	28,111	17,967	3,011	-	-	-
<b>Total expenditures</b>	<b>15,031,691</b>	<b>15,920,074</b>	<b>18,081,479</b>	<b>18,250,814</b>	<b>17,246,108</b>	<b>17,561,721</b>	<b>17,316,397</b>	<b>17,889,422</b>	<b>17,716,757</b>	<b>18,252,163</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>125,948</b>	<b>221,356</b>	<b>(1,170,744)</b>	<b>(1,547,889)</b>	<b>330,805</b>	<b>(730,727)</b>	<b>(112,263)</b>	<b>(671,395)</b>	<b>(230,267)</b>	<b>(295,648)</b>
<b>Other Financing Sources (uses)</b>										
Bond proceeds			1,560,000	286,000						
Temporary Note Redemption					256,250	200,000	200,000	-	-	
Transfers in/(out)										
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,560,000</b>	<b>286,000</b>	<b>256,250</b>	<b>200,000</b>	<b>200,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 125,948</b>	<b>\$ 221,356</b>	<b>\$ 389,256</b>	<b>\$ (1,261,889)</b>	<b>\$ 587,055</b>	<b>\$ (530,727)</b>	<b>\$ 87,737</b>	<b>\$ (671,395)</b>	<b>\$ (230,267)</b>	<b>\$ (295,648)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.2%</b>	<b>2.7%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>2.4%</b>	<b>2.0%</b>	<b>1.2%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>

Source: CAFR Schedule B-2

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30.</u>	<u>Interest on</u> <u>Investments</u>	<u>Interest</u> <u>Earned</u> <u>on Capital</u> <u>Reserve</u> <u>Funds</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Transportation</u> <u>Fees</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 78,908	\$ 144	\$ 102,718	\$ 36,964	\$ 1,030	\$ 2,917	\$ 30,141	\$ 252,822
2007	111,507	372	5,735	41,122	1,945	23,385	38,637	222,703
2008	92,900	216	426,156	80,254	2,977	39,900	28,066	670,469
2009	32,295	3,202	22,688	46,536	680	29,795	32,896	168,092
2010	21,083	1,549	23,809	57,270	3,585	13,841	22,312	143,449
2011	8,997	2,953	19,398	83,076	2,353		31,259	148,036
2012	4,918	1,396	22,831	80,304	6,201		44,196	159,846
2013	851	260	40,393	82,829	1,310	21,205	40,454	187,302
2014	2,880	142	2,590	67,592	2,634	8,706	26,986	111,530
2015	1,893	148	1,019	64,206	-	-	25,189	92,455

SOURCE: District Records

**North Warren Regional School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years - Blairstown Township**

**Exhibit J-6**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities <b>a</b>	Net Valuation Taxable	Total Direct School Tax Rate <b>b</b>	Estimated Actual (County Equalized Value)
2006	\$8,851,850	\$357,848,500	\$45,794,100	\$2,214,789	\$38,780,125	\$6,845,900	-	\$519,626,461	\$57,571,820	\$1,719,377	\$462,054,641	\$0.951	\$700,816,547
2007	9,373,550	358,634,694	48,486,200	2,107,600	41,050,750	6,845,900	-	524,834,152	56,895,595	1,439,863	467,938,557	0.968	792,859,299
2008	26,456,500	687,372,600	94,238,400	2,120,200	80,708,800	16,024,600	-	1,025,509,073	116,145,542	2,442,431	909,363,531	0.512	893,383,234
2009	25,805,300	694,003,300	93,679,000	2,071,225	79,884,700	15,768,000	-	1,031,656,704	118,011,242	2,433,937	913,645,462	0.507	961,480,469
2010	31,650,900	695,382,800	95,476,000	2,055,325	74,764,000	8,300,300	-	1,030,112,649	120,340,142	2,143,182	909,772,507	0.541	944,965,252
2011	30,691,900	694,723,800	97,834,200	2,064,325	73,815,850	8,300,300	-	1,032,598,182	122,932,042	2,235,765	909,666,140	0.576	920,130,839
2012	19,587,700	558,981,200	75,042,600	2,097,700	63,314,000	7,525,200	-	825,492,860	96,699,303	2,245,157	728,793,557	0.713	870,135,402
2013	17,560,200	552,802,300	76,294,600	2,133,400	61,280,500	7,526,200	-	815,607,689	95,982,717	2,027,772	719,624,972	0.672	786,160,323
2014	17,324,800	554,018,900	74,566,200	2,146,300	60,606,200	7,426,000	-	814,057,450	95,984,317	1,984,733	718,073,133	0.693	747,038,890
2015	17,534,500	553,802,200	73,824,500	2,129,800	59,922,200	7,506,300	-	812,711,502	95,881,017	2,110,985	716,830,485	0.703	712,612,284

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

**North Warren Regional School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years - Frelinghuysen Township**

**Exhibit J-6**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities <b>a</b>	Net Valuation Taxable	Total Direct School Tax Rate <b>b</b>	Estimated Actual (County Equalized Value)
2006	\$7,422,700	\$180,493,500	\$65,710,900	\$2,488,600	\$8,159,478	-	-	\$287,397,687	\$22,321,040	\$801,469	\$265,076,647	\$0.588	\$252,571,303
2007	8,169,000	182,259,100	66,522,800	2,378,200	8,159,478	-	-	291,672,682	23,460,640	723,464	268,212,042	0.608	278,032,265
2008	7,533,700	186,195,600	69,599,100	2,350,000	8,171,878	-	-	299,278,753	24,775,340	653,135	274,503,413	0.613	314,116,799
2009	7,496,700	189,917,700	68,833,300	2,375,900	8,212,778	-	-	302,963,589	25,470,840	656,371	277,492,749	0.571	313,681,081
2010	8,335,200	189,585,600	72,266,300	2,760,700	14,259,178	-	-	313,738,318	25,905,840	625,500	287,832,478	0.578	324,405,769
2011	6,610,600	189,298,100	73,119,000	2,431,500	19,512,578	-	-	329,446,124	37,813,920	660,426	291,632,204	0.586	325,652,702
2012	6,290,600	190,055,000	73,634,400	2,415,900	19,532,578	-	-	319,977,547	27,399,040	650,029	292,578,507	0.599	310,300,130
2013	5,723,800	190,139,800	74,683,500	2,411,900	19,532,578	-	-	322,262,605	29,125,840	645,187	293,136,765	0.641	319,671,008
2014	5,515,900	191,028,400	74,521,500	2,385,200	19,708,678	-	-	324,444,214	30,688,540	595,996	293,755,674	0.729	328,448,574
2015	5,309,800	190,137,200	74,509,500	2,359,900	19,695,878	-	-	323,297,669	30,688,540	596,851	292,609,129	0.739	295,544,328

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100



**North Warren Regional School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years - Hardwick Township**

**Exhibit J-6**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2006	\$7,246,100	\$107,392,600	\$31,035,800	\$1,093,600	\$1,506,200	\$627,000	-	\$195,297,690	\$45,950,600	\$445,790	\$149,347,090	\$0.840	\$195,059,295
2007	7,008,700	108,637,000	32,495,200	1,074,150	1,506,200	627,000	-	197,703,048	45,976,800	377,998	151,726,248	0.890	214,452,259
2008	6,877,000	110,028,500	33,737,400	1,056,100	1,506,200	627,000	-	200,788,726	46,633,300	323,226	154,155,426	0.902	235,659,901
2009	6,259,400	110,940,300	35,353,200	1,055,300	1,506,200	627,000	-	203,139,974	47,093,500	305,074	156,046,474	0.894	254,599,556
2010	5,583,000	111,826,700	36,823,000	1,027,200	1,533,800	627,000	-	226,476,500	68,766,400	289,400	157,710,100	0.805	245,506,935
2011	5,468,400	110,708,700	37,826,500	1,232,300	839,400	627,000	-	225,348,587	68,282,700	363,587	157,065,887	0.786	232,447,723
2012	5,406,700	110,585,150	38,832,800	1,067,100	839,400	627,000	-	226,584,341	68,822,600	403,591	157,761,741	0.684	226,265,738
2013	5,660,800	110,017,450	39,201,100	1,050,100	705,700	627,000	-	227,338,257	69,620,400	455,707	157,717,857	0.847	210,701,695
2014	5,640,900	111,075,050	38,132,600	1,040,900	705,700	627,000	-	227,339,808	69,638,300	479,358	157,701,508	0.866	194,779,597
2015	5,555,700	112,159,350	37,735,800	1,005,600	705,700	627,000	-	227,917,499	69,638,300	490,049	158,279,199	0.911	186,361,299

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

**North Warren Regional School District  
Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years - Knowlton Township**

**Exhibit J-6**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities <b>a</b>	Net Valuation Taxable	Total Direct School Tax Rate <b>b</b>	Estimated Actual (County Equalized Value)
2006	\$9,306,100	\$176,446,500	\$31,166,700	\$2,990,340	\$20,910,100	-	\$665,700	\$266,621,798	\$24,201,700	\$934,658	\$242,420,098	\$0.784	\$307,433,521
2007	8,668,400	179,653,700	34,141,300	2,882,540	20,910,100	-	665,700	272,130,042	24,388,300	820,002	247,741,742	0.863	343,622,549
2008	7,542,800	188,221,300	33,892,600	2,861,540	21,066,700	-	665,700	280,198,580	25,222,900	725,040	254,975,680	0.860	393,172,896
2009	6,989,700	191,098,100	33,738,600	2,839,240	21,066,700	-	665,700	282,709,906	25,590,700	721,166	257,119,206	0.892	415,241,400
2010	6,937,700	192,927,900	34,386,100	2,797,640	21,143,200	-	665,700	285,095,449	25,649,200	588,009	259,446,249	0.930	424,472,072
2011	6,838,700	193,045,800	35,542,500	2,796,040	20,636,900	-	665,700	285,676,867	25,515,900	635,327	260,160,967	0.896	396,818,747
2012	6,815,100	193,748,800	34,475,500	2,732,840	20,638,000	-	665,700	286,035,174	26,280,800	678,434	259,754,374	0.862	369,513,265
2013	6,627,600	194,646,300	33,953,200	2,734,840	20,642,000	-	665,700	286,246,017	26,280,800	695,577	259,965,217	0.793	356,512,227
2014	6,230,100	195,036,500	33,034,500	2,731,740	20,720,500	-	665,700	285,904,453	26,769,700	715,713	259,134,753	0.827	324,354,292
2015	6,051,000	195,127,800	33,526,200	2,756,940	20,654,700	-	665,700	286,246,112	26,683,700	780,072	259,562,412	0.812	306,839,048

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

**North Warren Regional School District  
Direct and Overlapping Property Tax Rates - Blairstown Township  
Last Ten Fiscal Years**

**Exhibit J-7**

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

Fiscal Year Ended June 30,	North Warren Regional Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Blairstown Township School District	Blairstown Township	Library	Warren County	
2006	\$0.826	\$0.125	\$0.951	\$0.902	\$0.040	\$0.079	\$0.898	\$2.870
2007	\$0.956	\$0.012	\$0.968	\$0.920	\$0.040	\$0.087	\$0.975	\$2.990
2008	\$0.505	\$0.007	\$0.512	\$0.501	\$0.035	\$0.052	\$0.550	\$1.650
2009	\$0.500	\$0.007	\$0.507	\$0.507	\$0.035	\$0.055	\$0.584	\$1.688
2010	\$0.526	\$0.015	\$0.541	\$0.520	\$0.035	\$0.054	\$0.572	\$1.722
2011	\$0.562	\$0.014	\$0.576	\$0.537	\$0.035	\$0.049	\$0.570	\$1.767
2012	\$0.703	\$0.010	\$0.713	\$0.657	\$0.035	\$0.058	\$0.700	\$2.163
2013	\$0.672	\$0.000	\$0.672	\$0.714	\$0.035	\$0.052	\$0.686	\$2.159
2014	\$0.693	\$0.000	\$0.693	\$0.720	\$0.015	\$0.053	\$0.686	\$2.167
2015	\$0.703	\$0.000	\$0.703	\$0.742	\$0.020	\$0.053	\$0.713	\$2.231

Source: District Records and Municipal Tax Collector

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

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

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

**North Warren Regional School District  
Direct and Overlapping Property Tax Rates - Frelinghuysen Township  
Last Ten Fiscal Years**

**Exhibit J-7**

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

Fiscal Year Ended June 30,	North Warren Regional Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Frelinghuysen Township School District	Frelinghuysen Township	Library	Warren County	
2006	\$0.380	\$0.208	\$0.588	\$0.713	\$0.139	\$0.049	\$0.561	\$2.050
2007	\$0.395	\$0.213	\$0.608	\$0.730	\$0.143	\$0.053	\$0.596	\$2.130
2008	\$0.606	\$0.007	\$0.613	\$0.711	\$0.145	\$0.061	\$0.640	\$2.170
2009	\$0.564	\$0.007	\$0.571	\$0.700	\$0.141	\$0.059	\$0.629	\$2.100
2010	\$0.562	\$0.016	\$0.578	\$0.678	\$0.158	\$0.059	\$0.622	\$2.095
2011	\$0.572	\$0.014	\$0.586	\$0.671	\$0.158	\$0.054	\$0.628	\$2.097
2012	\$0.590	\$0.009	\$0.599	\$0.666	\$0.164	\$0.052	\$0.622	\$2.103
2013	\$0.641	\$0.000	\$0.641	\$0.655	\$0.194	\$0.052	\$0.678	\$2.220
2014	\$0.729	\$0.000	\$0.729	\$0.628	\$0.197	\$0.057	\$0.740	\$2.351
2015	\$0.739	\$0.000	\$0.739	\$0.643	\$0.227	\$0.054	\$0.725	\$2.388

Source: District Records and Municipal Tax Collector

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

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

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

**North Warren Regional School District  
Direct and Overlapping Property Tax Rates - Hardwick Township  
Last Ten Fiscal Years**

**Exhibit J-7**

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

Fiscal Year Ended June 30,	North Warren Regional Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Hardwick Township School District	Hardwick Township	Library	Warren County	
2006	\$0.347	\$0.493	\$0.840	\$0.948	\$0.182	\$0.067	\$0.773	\$2.810
2007	\$0.439	\$0.451	\$0.890	\$0.958	\$0.195	\$0.073	\$0.814	\$2.930
2008	\$0.890	\$0.012	\$0.902	\$0.910	\$0.184	\$0.081	\$0.853	\$2.930
2009	\$0.882	\$0.012	\$0.894	\$0.849	\$0.203	\$0.085	\$0.907	\$2.938
2010	\$0.783	\$0.023	\$0.805	\$0.808	\$0.209	\$0.081	\$0.865	\$2.768
2011	\$0.767	\$0.019	\$0.786	\$0.862	\$0.245	\$0.071	\$0.833	\$2.797
2012	\$0.674	\$0.010	\$0.684	\$0.916	\$0.232	\$0.070	\$0.843	\$2.745
2013	\$0.847	\$0.000	\$0.847	\$0.778	\$0.277	\$0.063	\$0.831	\$2.796
2014	\$0.866	\$0.000	\$0.866	\$0.836	\$0.324	\$0.062	\$0.818	\$2.906
2015	\$0.911	\$0.000	\$0.911	\$0.822	\$0.330	\$0.063	\$0.843	\$2.969

Source: District Records and Municipal Tax Collector

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

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

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

**North Warren Regional School District  
Direct and Overlapping Property Tax Rates - Knowlton Township  
Last Ten Fiscal Years**

**Exhibit J-7**

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

Fiscal Year Ended June 30,	North Warren Regional Board of Education			Overlapping Rates				Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Knowlton Township School District	Knowlton Township	Library	Warren County	
2006	\$0.552	\$0.232	\$0.784	\$0.992	\$0.198	\$0.065	\$0.751	\$2.790
2007	\$0.649	\$0.214	\$0.863	\$1.018	\$0.219	\$0.072	\$0.798	\$2.970
2008	\$0.848	\$0.012	\$0.860	\$1.029	\$0.246	\$0.082	\$0.863	\$3.080
2009	\$0.881	\$0.011	\$0.892	\$1.017	\$0.270	\$0.085	\$0.898	\$3.162
2010	\$0.904	\$0.026	\$0.930	\$1.046	\$0.307	\$0.085	\$0.911	\$3.279
2011	\$0.875	\$0.021	\$0.896	\$1.064	\$0.353	\$0.074	\$0.860	\$3.247
2012	\$0.849	\$0.013	\$0.862	\$1.062	\$0.370	\$0.069	\$0.836	\$3.199
2013	\$0.793	\$0.000	\$0.793	\$1.013	\$0.420	\$0.065	\$0.860	\$3.151
2014	\$0.827	\$0.000	\$0.827	\$1.028	\$0.430	\$0.063	\$0.829	\$3.177
2015	\$0.812	\$0.000	\$0.812	\$1.035	\$0.429	\$0.063	\$0.848	\$3.187

Source: District Records and Municipal Tax Collector

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

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

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

**North Warren Regional School District  
Principal Property Tax Payers- Blairstown Township,  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2015			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Public Service Gas & Electric	9,195,500	1	1.28%			
Blairstown Realty Associates, LLC	\$ 8,826,700	2	1.23%	2,078,500	2	0.71%
First National Bank of Hope	2,707,100	3	0.38%	1,360,600	6	0.46%
JD Air, Inc.	2,683,400	4	0.37%			
Rite Aid	2,486,200	5	0.35%			
Embarq	2,432,688	6	0.34%			
Blair Academy	2,045,400	7	0.29%			
Grater, LLC	1,963,500	8	0.27%	1,392,400	5	0.47%
Individual Taxpayer #1	1,705,000	9	0.24%	1,265,446	7	0.43%
Lane Enterprises	1,692,000	10	0.24%			
Individual Taxpayer				789,900	10	0.27%
Great Atlantic & Pacific Co.				6,592,000	1	2.24%
Jersey Central Power & Light				2,078,500	3	0.71%
Blair Air				1,613,000	4	0.55%
Woodborne Lane				1,070,000	8	0.36%
JMS Associates				800,000	9	0.27%
<b>Total</b>	<b>\$ 35,737,488</b>		<b>4.99%</b>	<b>\$ 19,040,346</b>		<b>6.47%</b>

Embarq

Source: District CAFR & Municipal Tax Assessor

**North Warren Regional School District  
Principal Property Tax Payers- Frelinghuysen Township,  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2015			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
TI Properties I LLC	\$ 11,482,000	1	3.92%			
845 Frelinghuysen LLC	1,783,800	2	0.61%			
Individual Taxpayer #1	1,412,100	3	0.48%	859,400	2	0.65%
Individual Taxpayer #2	1,306,100	4	0.45%	612,500	6	0.46%
Individual Taxpayer #3	1,116,300	5	0.38%	519,000	7	0.39%
Individual Taxpayer #4	988,800	6	0.34%			
Weidner Family Partnership LP	928,800	7	0.32%			
Individual Taxpayer #5	856,300	8	0.29%	802,700	3	0.60%
Individual Taxpayer #6	813,300	9	0.28%	462,900	9	0.35%
Individual Taxpayer #7	811,300	10	0.28%	424,600	10	0.32%
Westbrook Realty				969,000	1	0.73%
Terra Co., LLC				735,300	4	0.55%
Homestead Farm Assoc., LLC				671,900	5	0.51%
United Telephone Co. of NJ., Inc.				502,692	8	0.38%
<b>Total</b>	<b>\$ 21,498,800</b>		<b>7.35%</b>	<b>\$ 6,559,992</b>		<b>4.94%</b>

Source: District CAFR & Municipal Tax Assessor



**North Warren Regional School District  
Principal Property Tax Payers- Hardwick Township,  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2015			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Jersey Central Power and Light Co.	\$ 996,100	1	0.63%			
Public Service Gas and Electric	996,100	2	0.63%			
Individual Taxpayer #1	706,300	3	0.45%	834,000	2	0.86%
Individual Taxpayer #2	690,700	4	0.44%	740,300	3	0.77%
Jerome Goodman Revocable Trust	687,700	5	0.43%	643,900	4	0.67%
Individual Taxpayer #3	654,700	6	0.41%	604,400	6	0.63%
Individual Taxpayer #4	627,000	7	0.40%	585,900	7	0.61%
Individual Taxpayer #5	608,300	8	0.38%	536,500	8	0.56%
Individual Taxpayer #6	596,400	9	0.38%	524,800	9	0.54%
United Telephone Co. of NJ, Inc.	587,794	10	0.37%	608,310	10	0.54%
Little Hill Foundation				2,406,100	1	2.49%
<b>Total</b>	<b>\$ 7,151,094</b>		<b>4.52%</b>	<b>\$ 7,484,210</b>		<b>7.67%</b>

Source: District CAFR & Municipal Tax Assessor

**North Warren Regional School District  
Principal Property Tax Payers- Knowlton Township,  
Current Year and Nine Years Ago**

**Exhibit J-8**

Taxpayer	2015			2002		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
TA Operating Corporation	\$ 3,752,200	1	1.45%	\$ 3,562,300	1	2.19%
Gary Gray	1,620,500	2	0.62%			
Taylor Family Limited Partnership	1,450,000	3	0.56%	601,900	6	0.37%
Columbia Associates	1,124,500	4	0.43%			
Triple Brook RV & Camping Resort, LLC	986,800	5	0.38%			
Embarq	925,021	6	0.36%			
Delaware River Family Campground	794,700	7	0.31%	775,000	3	0.61%
Individual Taxpayer #1	787,000	8	0.30%	1,000,000	2	0.61%
Individual Taxpayer #2	774,400	9	0.30%	719,000	4	0.44%
Individual Taxpayer #2	680,300	10	0.26%			
Northwest Farming, Inc.				481,600	7	0.30%
Individual Taxpayer #4				451,100	8	0.28%
Individual Taxpayer #5				442,500	9	0.27%
K.A.K.S.				437,700	10	0.27%
<b>Total</b>	<b>\$ 12,895,421</b>		<b>4.97%</b>	<b>\$ 8,471,100</b>		<b>5.34%</b>

Source: District CAFR & Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2006	\$8,626,308	\$8,626,308	100.00%	-
2007	\$9,322,313	\$9,322,313	100.00%	-
2008	\$9,785,766	\$9,785,766	100.00%	-
2009	\$9,785,083	\$9,785,083	100.00%	-
2010	\$9,980,786	\$9,980,786	100.00%	-
2011	\$10,267,275	\$10,267,275	100.00%	-
2012	\$10,117,743	\$10,117,743	100.00%	-
2013	\$10,117,743	\$10,117,743	100.00%	-
2014	\$10,623,032	\$10,623,032	100.00%	-
2015	\$10,755,574	\$10,755,574	100.00%	-

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

**Note:**

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

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

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>	
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District			
2006	\$ 841,000	-	-	-	-0-	\$ 841,000	0.16%	\$65.52	
2007	\$ 450,000	-	-	-	-0-	\$ 450,000	0.08%	\$34.90	
2008	\$ 345,000	-	-	-	-0-	\$ 345,000	0.06%	\$26.75	
2009	\$ 235,000	-	\$ 1,274,333	\$ 656,250	-0-	\$ 2,165,583	0.38%	\$167.51	
2010	\$ 120,000	-	\$ 816,794	\$ 400,000	-0-	\$ 1,336,794	0.24%	\$103.64	
2011	-	-	\$ 344,616	\$ 200,000	-0-	\$ 544,616	0.09%	\$42.09	
2012	-	-	\$ 52,423	-	-0-	\$ 52,423	0.01%	\$4.07	
2013	-	-	\$ 584,106	-	-0-	\$ 584,106	0.09%	\$45.70	
2014	-	-	\$ 426,925	-	-0-	\$ 426,925	0.07%	\$33.62	*
2015	-	-	\$ 280,360	-	-0-	\$ 280,360	0.05%	\$22.11	*

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

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

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

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

\* Current data unavailable

**North Warren Regional School District  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years - Blairstown Township**

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 841,000	-0-	\$ 841,000	0.18%	\$ 142
2007	\$ 450,000	-0-	\$ 450,000	0.10%	\$ 76
2008	\$ 345,000	-0-	\$ 345,000	0.04%	\$ 58
2009	\$ 235,000	-0-	\$ 235,000	0.03%	\$ 40
2010	\$ 120,000	-0-	\$ 120,000	0.01%	\$ 20
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A
2013	-0-	-0-	-0-	N/A	N/A
2014	-0-	-0-	-0-	N/A	N/A
2015	-0-	-0-	-0-	N/A	N/A

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

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

**R** Revised

\* Current data unavailable

**North Warren Regional School District  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years - Frelinghuysen Township**

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 841,000	-0-	\$ 841,000	0.32%	\$ 388
2007	\$ 450,000	-0-	\$ 450,000	0.17%	\$ 206
2008	\$ 345,000	-0-	\$ 345,000	0.13%	\$ 156
2009	\$ 235,000	-0-	\$ 235,000	0.08%	\$ 105
2010	\$ 120,000	-0-	\$ 120,000	0.04%	\$ 54
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A
2013	-0-	-0-	-0-	N/A	N/A
2014	-0-	-0-	-0-	N/A	N/A
2015	-0-	-0-	-0-	N/A	N/A

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
**a** See Exhibit NJ J-6 for property tax data.  
**b** Population data can be found in Exhibit NJ J-14.  
**R** Revised  
 \* Current data unavailable

**North Warren Regional School District  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years - Hardwick Township**

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 841,000	-0-	\$ 841,000	0.56%	\$ 525
2007	\$ 450,000	-0-	\$ 450,000	0.30%	\$ 279
2008	\$ 345,000	-0-	\$ 345,000	0.22%	\$ 213
2009	\$ 235,000	-0-	\$ 235,000	0.15%	\$ 145
2010	\$ 120,000	-0-	\$ 120,000	0.08%	\$ 74
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A
2013	-0-	-0-	-0-	N/A	N/A
2014	-0-	-0-	-0-	N/A	N/A
2015	-0-	-0-	-0-	N/A	N/A

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
**a** See Exhibit NJ J-6 for property tax data.  
**b** Population data can be found in Exhibit NJ J-14.  
**R** Revised  
 \* Current data unavailable

**North Warren Regional School District  
 Ratios of Net General Bonded Debt Outstanding  
 Last Ten Fiscal Years - Knowlton Township**

**Exhibit J-11**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2006	\$ 841,000	-0-	\$ 841,000	0.35%	\$ 268
2007	\$ 450,000	-0-	\$ 450,000	0.18%	\$ 143
2008	\$ 345,000	-0-	\$ 345,000	0.14%	\$ 110
2009	\$ 235,000	-0-	\$ 235,000	0.09%	\$ 75
2010	\$ 120,000	-0-	\$ 120,000	0.05%	\$ 38
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A
2013	-0-	-0-	-0-	N/A	N/A
2014	-0-	-0-	-0-	N/A	N/A
2015	-0-	-0-	-0-	N/A	N/A

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.  
**a** See Exhibit NJ J-6 for property tax data.  
**b** Population data can be found in Exhibit NJ J-14.  
**R** Revised  
 \* Current data unavailable



**North Warren Regional School District  
Ratios of Overlapping Governmental Activities Debt  
As of June 30, 2015**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Constituent Townships	\$ 7,251,208	100%	\$ 7,251,208
<b>Other debt</b>			
Warren County	5,310,000	14.01%	<u>744,099</u>
Subtotal, overlapping debt			7,995,307
<b>North Warren Regional School District Direct Debt</b>	-	100%	<u>-</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 7,995,307</u></u>

**Sources:** Constituent Townships Finance Officers, Warren County Finance Office and Utility Authorities

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

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

North Warren Regional School District  
 Legal Debt Margin Information,  
 Last Ten Fiscal Years

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2015

	Equalized valuation basis
	2014 \$ 1,493,258,124
	2013 1,493,960,511
	2011 1,587,616,281
	<b>[A]</b> <u>\$ 4,574,834,916</u>
Average equalized valuation of taxable property	<b>[A/3]</b> \$ 1,524,944,972
Debt limit (3 % of average equalization value)	<b>[B]</b> 45,748,349
Net bonded school debt	<b>[C]</b> -
Legal debt margin	<b>[B-C]</b> <u>\$ 45,748,349</u>

	Fiscal Year									
	<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>
Debt limit	\$43,031,715	\$48,075,526	\$53,061,639	\$56,256,181	\$56,970,195	\$55,398,387	\$52,975,509	\$50,239,027	\$47,543,833	\$45,748,349
Total net debt applicable to limit	<u>841,000</u>	<u>450,000</u>	<u>345,000</u>	<u>891,250</u>	<u>520,000</u>	<u>200,000</u>	-	-	-	-
Legal debt margin	<u>\$42,190,715</u>	<u>\$47,625,526</u>	<u>\$52,716,639</u>	<u>\$55,364,931</u>	<u>\$56,450,195</u>	<u>\$55,198,387</u>	<u>\$52,975,509</u>	<u>\$50,239,027</u>	<u>\$47,543,833</u>	<u>\$45,748,349</u>
Total net debt applicable to the limit as a percentage of debt limit	1.95%	0.94%	0.65%	1.58%	0.91%	0.36%	0.00%	0.00%	0.00%	0.00%

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

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

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

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2006	12,836	\$ 521,218,616	\$40,606 R	4.6%
2007	12,893	\$ 552,361,906	\$42,842 R	4.0%
2008	12,895	\$ 568,927,400	\$44,120 R	5.6%
2009	12,928	\$ 567,073,792	\$43,864 R	9.6%
2010	12,898	\$ 567,021,876	\$43,962 R	9.9%
2011	12,940	\$ 596,145,800	\$46,070 R	9.1%
2012	12,873	\$ 619,384,395	\$48,115 R	8.9%
2013	12,781	\$ 626,780,240	\$49,040 R	6.6%
2014	12,699	\$ 622,758,960 *	\$49,040 *	5.9%
2015	12,683	\$ 621,974,320 *	\$49,040 *	*

**Source:**

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

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

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

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

R Revised

P Projected

\* Current data unavailable

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

**Exhibit J-15**

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
Blair Academy	150	1	N/A	-	N/A	
Gary W/ Gray Trucking	150	2		-		
A & P Food Store-Blairstown	100	3		-		
		4		-		
		5		-		
		6		-		
		7		-		
		8		-		
		9		-		
		10		-		
	<hr/>		<hr/>	<hr/>		<hr/>
	<u>400</u>			<u>-</u>		

**Source:** Warren County Chamber of Commerce

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

**Exhibit J-16**

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Instruction										
Regular	68.2	68.2	70.2	70.2	71.0	71.0	73.5	73.0	71.0	70.2
Special education	13.0	14.0	15.0	15.0	15.0	15.0	15.0	15.0	17.0	15.0
Other special education	4.0	4.0	4.0	4.0	4.0	4.0	4.0	10.0	10.0	10.0
Support Services:										
Student & instruction related services	17.8	17.8	18.4	18.4	19.0	19.0	22.0	22.0	22.0	21.0
General administrative services	2.1	2.1	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2.0
School administrative services	9.0	9.0	9.0	9.0	9.0	7.0	7.0	7.0	7.0	7.0
Business administrative services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Plant operations and maintenance	12.0	10.0	11.0	11.0	10.0	10.0	10.0	9.0	9.0	9.0
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	<u>129.1</u>	<u>128.1</u>	<u>132.7</u>	<u>132.7</u>	<u>133.1</u>	<u>131.0</u>	<u>136.5</u>	<u>141.0</u>	<u>141.0</u>	<u>137.2</u>

**Source:** District Personnel Records

North Warren Regional School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2006	1,113	14,295,893	12,844	1.01%	98	11.4:1	1,058.1	987.3	2.26%	93.3%
2007	1,115	15,235,501	13,664	6.38%	98	11.4:1	1,087.4	1,011.4	2.44%	93.0%
2008	1,112	16,054,490	14,437	5.66%	99	11.2:1	1,097.2	1,023.2	1.17%	93.3%
2009	1,122	16,284,758	14,514	0.53%	100	11.2:1	1,112.6	1,037.5	1.40%	93.3%
2010	1,104	16,312,632	14,776	1.80%	100	11.0:1	1,103.0	1,028.7	-0.85%	93.3%
2011	1,086	16,180,009	14,899	0.83%	100	10.5:1	1,051.6	988.0	-3.96%	94.0%
2012	1,031	16,705,227	16,203	8.75%	104.5	9.9:1	995.2	943.6	-5.36%	94.8%
2013	1,029	17,169,651	16,686	2.98%	106.0	9.7:1	993.9	938.4	-0.13%	94.4%
2014	992	17,520,072	17,661	5.85%	106.0	9.4:1	963.8	911.3	-3.03%	94.6%
2015	946	18,068,793	19,100	8.15%	107.0	8.8:1	916.8	873.8	-4.87%	95.3%

**Sources:** District records, ASSA and Schedules J-12, J-14

**Note:** Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- 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)

**North Warren Regional School District  
School Building Information  
Last Ten Fiscal Years**

**Exhibit J-18**

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>District Building</u></b>										
<b><u>High School</u></b>										
Square Feet	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Capacity (Students)	960	960	960	960	960	960	960	960	960	960
Enrollment	1,113	1,094	1,094	1,122	1,104	1,086	1,031	1,029	992	946

Number of Schools at June 30, 2015  
High School = 1

**Source:** District records, ASSA

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

\* Functional Educational Capacity. Fluctuation in capacity based on change in State of New Jersey formula.

NORTH WARREN REGIONAL SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 Last Ten Fiscal Years Ending June 30, 2015

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Total</u>
North Warren Regional School		\$ 211,050	\$ 239,287	\$ 308,975	\$ 432,809	\$ 294,644	\$ 337,089	\$ 258,946	\$ 225,397	\$ 471,136	\$ 317,468	\$ 3,096,801
Total School Facilities		211,050	239,287	308,975	432,809	294,644	337,089	258,946	225,397	471,136	317,468	3,096,801
Other Facilities		<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
<b>Grand Total</b>		<u>\$ 211,050</u>	<u>\$ 239,287</u>	<u>\$ 308,975</u>	<u>\$ 432,809</u>	<u>\$ 294,644</u>	<u>\$ 337,089</u>	<u>\$ 258,946</u>	<u>\$ 225,397</u>	<u>\$ 471,136</u>	<u>\$ 317,468</u>	<u>\$ 3,096,801</u>



NORTH WARREN REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2015

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
<b>PROPERTY SECTION -</b>		
Property-Blanket Building and Contents	\$ 250,000,000	\$ 1,000
Accounts Receivable	In Blanket Amount	1,000
Automobile Physical Damage	In Blanket Amount	1,000
Builders Risk	25,000,000	1,000
Electronic Data Processing Equipment	In Blanket Amount	1,000
Fines Arts Coverage	2,500,000	1,000
<b>LIABILITY SECTION -</b>		
Comprehensive General Liability (Per Occ)	10,000,000	None
Automobile Liability	10,000,000	None
Employee Benefit Liability	10,000,000	1,000
<b>WORKERS' COMPENSATION -</b>		
Employers Liability	5,000,000	None
Supplemental Coverage	Included	None
<b>SCHOOL BOARD LEGAL LIABILITY POLICY -</b>		
First Layer	5,000,000	10,000
Excess Limits	1,000,000	None
<b>CRIME -</b>		
Blanket Employee Dishonesty	400,000	1,000
Forgery	50,000	1,000
<b>ENVIRONMENTAL IMPAIRMENT LIABILITY</b>		
Limit of Liability	1,000,000	Each Claim
<b>INDIVIDUAL BONDS:(Not in SAIF)</b>		
Christina Sharkey(BA)	180,000	None
Randy Wilson(Treasurer of School Monies)	200,000	None

SOURCE: District Records

# Single Audit Section



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

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 Douglas R. Williams, CPA, RMA, PSA

### **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

#### Independent Auditor's Report

Honorable President and  
 Members of the Board of Education  
 North Warren Regional School District  
 County of Warren  
 Blairstown, New Jersey 07825

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Warren Regional School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the North Warren Regional School District Board of Education's basic financial statements, and have issued our report thereon dated November 16, 2015.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

-Continued-

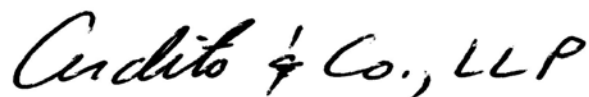
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under ***Government Auditing Standards*** or audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

### *Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and for New Jersey Department of Education use, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ARDITO & CO., LLP  
November 16, 2015



Licensed Public School Accountant No.2369



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

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 Douglas R. Williams, CPA, RMA, PSA

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

#### Independent Auditor's Report

Honorable President and  
 Members of the Board of Education  
 North Warren Regional School District  
 County of Warren  
 Blairstown, New Jersey 07825

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

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

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

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

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

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

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

-Continued-

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

**Opinion on Each Major state Program**

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

**Report on Internal Control Over Compliance**

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

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

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

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

*ARDITO & Co., LLP*

ARDITO & CO., LLP  
November 16, 2015

*Carmen Corder*

Licensed Public School Accountant No.2369

NORTH WARREN REGIONAL SCHOOL DISTRICT

K-4

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

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2014	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2015			MEMO			
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.		
<b>State Department of Education:</b>																
<b>General Fund:</b>																
Equalization Aid	15-495-034-5120-078	7/1/14-6/30/15	\$ 4,073,680			\$ 4,073,680	\$ (4,073,680)							\$	385,633	\$ 4,073,680
Transportation Aid	15-495-034-5120-014	7/1/14-6/30/15	129,381			129,381	(129,381)							*	12,248	129,381
Special Education Aid	15-495-034-5120-089	7/1/14-6/30/15	607,635			607,635	(607,635)							*	57,521	607,635
Security Aid	15-495-034-5120-084	7/1/14-6/30/15	79,019			79,019	(79,019)							*	7,480	79,019
Adjustment Aid	15-495-034-5120-085	7/1/14-6/30/15	66,201			66,201	(66,201)							*	6,266	66,201
School Choice Aid	15-495-034-5120-068	7/1/14-6/30/15	20,110			20,110	(20,110)							*	1,904	20,110
PARCC Readiness Aid	15-495-034-5120-098	7/1/14-6/30/15	9,650			9,650	(9,650)							*	914	9,650
Per Pupil Growth Aid	15-495-034-5120-097	7/1/14-6/30/15	9,650			9,650	(9,650)							*	914	9,650
Extra-Ordinary Aid	15-495-034-5120-044	7/1/14-6/30/15	200,781				(200,781)			\$ (200,781)				*		200,781
Extra-Ordinary Aid	14-495-034-5120-044	7/1/13-6/30/14	144,134	\$ (119,577)		119,577								*		
Non-Public Transportation Aid	15-100-034-5120-068	7/1/14-6/30/15	9,104				(9,104)			(9,104)				*		9,104
Non-Public Transportation Aid	14-100-034-5120-068	7/1/13-6/30/14		(12,414)		12,414								*		-
Anti-Bullying Aid	N/A	7/1/14-6/30/15	1,247			1,247	(1,247)							*		1,247
TPAF Pension	15-495-034-5094-006	7/1/14-6/30/15	393,609			393,609	(393,609)							*		393,609
Reimb.TPAF Soc.Sec.Contrib.	15-495-034-5094-003	7/1/14-6/30/15	542,787			521,723	(542,787)			(21,064)				*		542,787
<b>Total General Fund</b>				<b>(131,991)</b>		<b>6,043,896</b>	<b>(6,142,854)</b>			<b>(230,949)</b>				*	<b>472,880</b>	<b>6,142,854</b>
<b>Special Revenue Fund</b>																
Curriculum for Agricultural Science Education (CASE) program	N/A	7/1/15-6/30/15	7,500			7,500	(7,500)							*		7,500
<b>Total Special Revenue Fund</b>				<b>-</b>	<b>-</b>	<b>7,500</b>	<b>(7,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	*	<b>-</b>	<b>7,500</b>
<b>State Department of Agriculture:</b>																
<b>Enterprise Fund:</b>																
Nat. School Lunch Prog. (State Share)	15-100-010-3350-023	7/1/14-6/30/15	1,824			1,724	(1,824)			(100)				*		1,824
Nat. School Lunch Prog. (State Share)	14-100-010-3350-023	7/1/13-6/30/14	1,830			102								*		1,830
<b>Total Enterprise Fund</b>				<b>(102)</b>		<b>1,826</b>	<b>(1,824)</b>			<b>(100)</b>				*		<b>3,654</b>
<b>Total State Financial Assistance</b>				<b>\$ (132,093)</b>	<b>-</b>	<b>\$ 6,053,222</b>	<b>\$ (6,152,178)</b>	<b>-</b>	<b>-</b>	<b>\$ (231,049)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>\$ 472,880</b>	<b>\$ 6,154,008</b>

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2015

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

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

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

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$5,682 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:



NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2015

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 6,773,389	\$ 6,773,389
Special Revenue Fund	\$ 317,597	7,500	325,097
Food Service Fund	<u>46,835</u>	<u>1,824</u>	<u>48,659</u>
Total Financial Assistance	<u>\$ 364,432</u>	<u>\$ 6,782,713</u>	<u>\$ 7,147,145</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2015. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2015.

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

Part I - Summary of Auditor's Results

**Financial Statement Section**

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

**Federal Awards Section**

N/A

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

**CFDA NUMBER(S)**

**NAME OF FEDERAL PROGRAM OR CLUSTER**

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

Part I - Summary of Auditor's Results

**State Financial Assistance Section**

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

**GMIS Number(s)**

**Name of State Program**

15-495-034-5120-014

Transportation Aid

15-495-034-5120-078

Equalization Aid

\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

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

**Section II-Financial Statement Findings**

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

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

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

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

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