

**Gateway Regional High School Board of Education
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016**

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
WOODBURY HEIGHTS, NEW JERSEY**

**Gateway Regional High School Board of Education
Woodbury Heights, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2016**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

of the

Gateway Regional High School Board of Education
Woodbury Heights, New Jersey

For the Fiscal Year Ended June 30, 2016

Prepared by:

Gateway Regional High School Board of Education Administration

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INTRODUCTORY SECTION

Gateway Regional High School District

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November 11, 2016

Honorable President and
Members of the Board of Education
Gateway Regional High School District
Woodbury Heights, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Gateway Regional High School District for the fiscal year ended June 30, 2016, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. 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 have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general-purpose financial statements and schedules, as well as the auditors report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, the Uniform Guidance and New Jersey State OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. REPORTING ENTITY AND ITS SERVICES: Gateway Regional High School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Gateway Regional High School District Board of Education and its one school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels 7 through 12. The District completed the 2015-2016 fiscal year with an enrollment of 958 students, which is an increase of 12 students from the previous year's enrollment. The following details the changes in the student enrollment and growth of the District over the last ten years:

| <u>Fiscal Year</u> | <u>Student Enrollment</u> | <u>Percent Change</u> |
|--------------------|---------------------------|-----------------------|
| 2015-16 | 958 | +1.27% |
| 2014-15 | 946 | +5.94% |
| 2013-14 | 893 | +0.45% |
| 2012-13 | 889 | (0.22%) |
| 2011-12 | 891 | +5.69% |
| 2010-11 | 843 | (0.71%) |
| 2009-10 | 849 | (6.08%) |
| 2008-09 | 904 | (5.14%) |
| 2007-08 | 953 | (5.17%) |
| 2006-07 | 1005 | (4.38%) |

2. ECONOMIC CONDITION AND OUTLOOK: The service area is experiencing a period of minimal development. District enrollments have remained stable the last few years. There was a significant increase in 2014-15 due to a large incoming 7th grade population and small graduating senior class the prior year. The district has seen a rise in the number of students considered homeless as families are forced to relocate out of district due to economic necessity. The state and national economy are reflected in the employment base of the area and continues to affect each of the communities. The State imposed 2% CAP on the district tax levy was passed to provide relief to the taxpayers of New Jersey. The Gateway Board of Education has been cognizant of the struggles of its taxpayers and adopted budgets at or below the CAP until the 2015-16 school year, to maintain staff and programs, due to flat funding from the State.

3. MAJOR INITIATIVES:

A. Current Year Accomplishments:

District goals continue to emphasize improvement of students' academic skills and preparing them for college and career readiness. All programs are focused on skills needed to demonstrate proficiency in the New Jersey Student Learning Standards for both Mathematics and Language Arts subtests of the PARCC. These objectives address specified subgroups (total, white, special education and economically disadvantaged populations) that were below State PARCC performance targets. The District continues to strive to show improvement in test score passing rates and have added programs and revised curriculum. Mathematics curricula continues to be revised to provide instruction that is differentiated, engaging and supports inquiry. The district has outlined a plan to increase middle school math classes' instructional time from 43 to 86 minutes. Rigorous course sequences have encouraged students to take additional math courses, so new courses are being developed to meet needs of students and to provide additional learning opportunities. In both language arts and math, teachers meet to discuss and revise common assessment, pacing guides and plan instruction. Instruction for

3. MAJOR INITIATIVES (CONTINUED):

high school disabled and economically disadvantaged students in supplemental language arts and math classes follow the mainstream curriculum with modifications. Programs to support ELL, at-risk and disabled students include academic support classes and push-in support. Additionally, after school help and extended year programs were provided through Title funds to support at-risk populations.

Each of these objectives had multi-step action plans that were reflective of the District's data assessment team's review of test scores and recommendations. The District's implementation of the committee's recommendations reflects the commitment of the District to assist all students achieve to their optimal level and collaborate with staff members to support achievement.

The District continues to collaborate with the New Jersey Center for Teaching and Learning and EIRC to provide professional development to math and science teachers to assist them in implementing the NJSL standards and implementing technology and ELA NJSL. Inquiry, cooperative learning, and technology are embedded into everyday instruction. In addition, the District provided Advanced Placement training in several content areas to prepare for the realization of new AP courses.

Emphasis will remain on the improvement of achievement for the above populations and to include all student populations' achievement on the Mathematics and Language Arts subtests of the NJ PARCC assessments, with the District adoption of math and language arts objectives. Professional development and purchased supplemental materials will continue to be available to all District teachers in the areas identified above with the intent of improving achievement of all students.

To provide students instruction in 21st Century skills, the District continues to incorporate technology across the curricula and into the everyday operation of the District. The District has completed the implementation of a 1:1 initiative. Students are able to enhance learning through the use of technological tools and the ability to interact with courses, assessments, and activities online. Students use Google Docs, Google Classroom, and Gmail accounts for additional educational opportunities through the use of Google Docs. Several online classes on coding and health are in the process of implementation. Administrators use iPads to utilize the McREL Power Walkthrough program. In addition to technology, instruction is focused on cooperation, collaboration, critical thinking, and creativity.

To provide structured learning experiences, the District has launched the "Gateway to Careers" program. This program provides students the ability to secure internships throughout the community to attain workplace skills. The District has partnered with NJ Talent Network and other organizations to assist in providing students the best experiences possible.

During this past school year, the District has worked with teachers to create a Career Technical Education program (CTE). The District has completed a five-year plan, curriculum, articulation agreements with local colleges, and has set up an advisory board. The Technology Education program will be the District's first CTE program.

The District continues to be a Choice School. The program is focused on increasing the minority populations, so that the community can benefit from other perspectives. A total of 80 students attended grades 7-12. Many of the students resided in another county, but still chose to attend Gateway. The district will continue the program and will strive to fill all available seats.

As a part of the District's special election held on December 9, 2003, taxpayers approved a capital project in the amount of \$15,153,985 for the (a) construction of an addition to the existing High School totaling approximately 15,921 square feet, and the completion of various other improvements and renovations,

3. MAJOR INITIATIVES (CONTINUED):

including improvements to athletic facilities, site work, and the replacement and/or upgrading of the building structure and operating systems, including the electric, plumbing and heating, ventilating and air conditioning systems; (b) acquire furniture, fixtures and equipment for said additions, improvements, and renovations. These expenditures were funded in part with a grant from the State. The District issued bonds in the amount of \$8,865,000 to fund its share of the project cost. Construction and renovation began in June of 2004 and closure of the project occurred in the Spring of 2007. In May 2012, the District was able to refinance the remaining amount of outstanding bonds on this issue at a savings of approximately \$278,600.

Site work that was not able to be completed as a part of the 2003 Referendum Project was evaluated and prioritized. A contract for \$482,750 was awarded to construct six tennis courts in the Fall of 2007. The courts were completed in the Summer of 2008.

Renovation and replacement of the school running track and main athletic field (Stadium Project) began in the Summer of 2009. A contract was issued in the amount of \$1,243,750.00 to replace the existing natural grass field with a synthetic surface. This project was completed in October 2010.

Over the last five years the District has renovated the middle school science labs, family and consumer science rooms, the media center, lecture hall, and art rooms. Floor tile and light fixtures have been replaced in the cafeteria as well as new lighting in the gymnasiums. The concession stand was being renovated in the Summer of 2016 as well as a partial roof replacement and elevator refurbishment.

B. Future and Continuing Projects:

The Board continues to focus its efforts on reducing costs to the District and community by increasing shared services with the four municipal school systems. During the audit year, Gateway continued to provide business office services to three of the four elementary sending districts. In May 2011, the District entered into an agreement with the Westville School District for shared Superintendent services and in September 2011, signed an agreement with the National Park School District. Gateway continues to share many other auxiliary services in purchasing, food service, transportation, Child Study Team, and Curriculum with the constituent districts.

There is a strong commitment to advance technology both in classroom instruction and after school student access, as well as internal student management areas including attendance, scheduling, grade reporting, and other administrative functions. Infrastructure, hardware and software have been purchased to allow greater record access both internally as well as provide the links necessary for increased community/parent interaction with their students' records. Departments continually plan for resources that are Online or technology based.

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 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.

4. INTERNAL ACCOUNTING CONTROLS (CONTINUED):

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

As part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that position 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 municipalities. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service 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, 2016.

6. ACCOUNTING SYSTEM AND REPORTS: The District's accounting records reflect accounting principles generally accepted in the United States of America, 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 Financial Statements," Note 1.

7. DEBT ADMINISTRATION: The District entered into 25-year indebtedness with the passage of a \$8.9 million bond issue in March of 2004. Building renovations and additions as well as site reconstruction were completed in 2004. The District took advantage of state share funding in the amount of \$6.3 million dollars through the Educational Development Council. The District was able to refinance the issue in May 2012, for additional savings to the taxpayers. As of June 30, 2016, the District's outstanding debt issues were \$5,500,000.

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 maintains liquid cash funds on deposit 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. Being one of the Charter Districts in 1998, forming the Gloucester, Cumberland, Salem School District (GCSSD) Joint Insurance Fund, the District has benefited greatly from higher levels of coverage and stability in rising insurance industry premium costs.

10. OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Petroni & Associates LLC is the appointed District auditor. 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 1984, the Single Audit Act Amendments of 1996 and the related Uniform Guidance, and New Jersey OMB's Circular 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

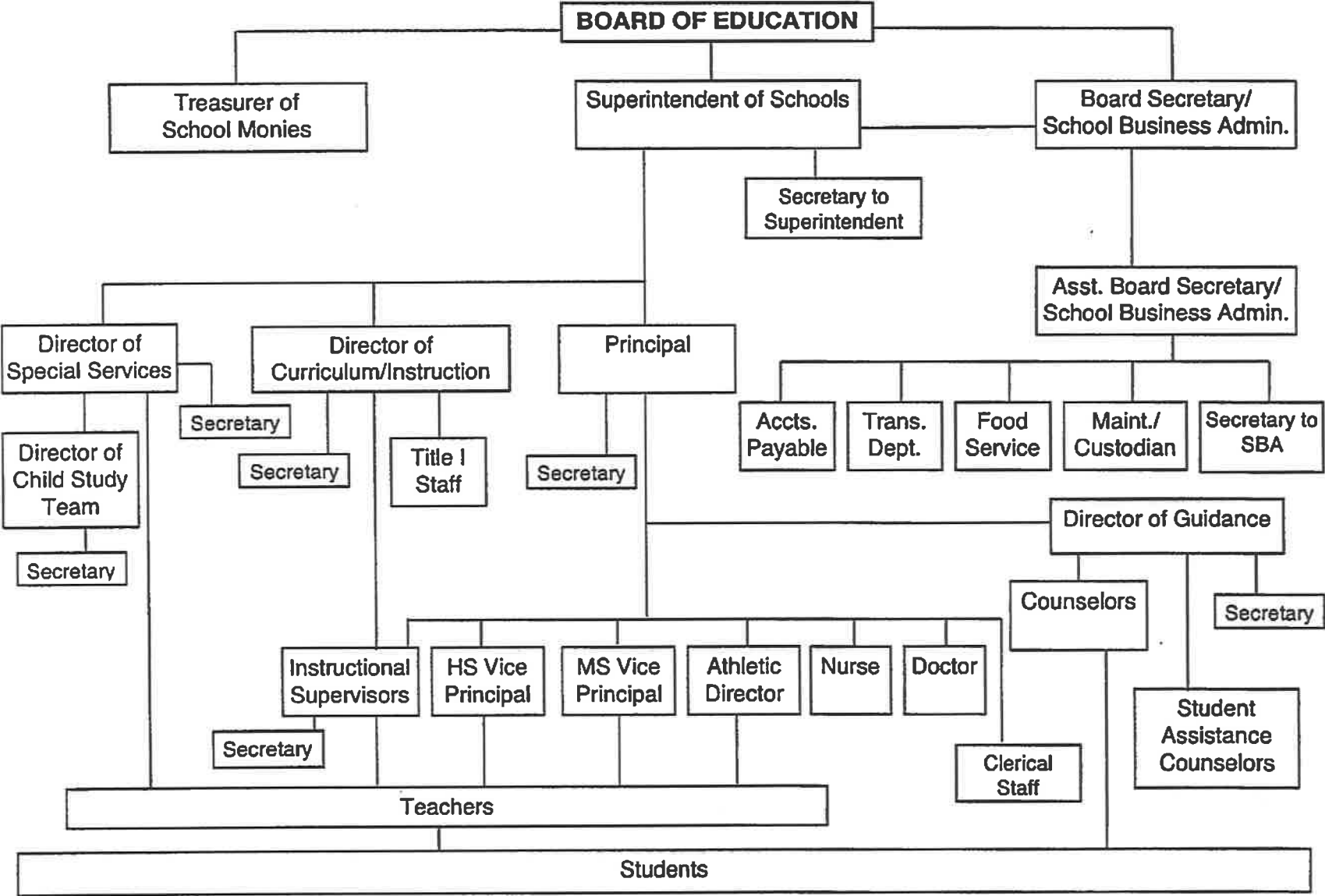
11. ACKNOWLEDGMENTS: We would like to express our appreciation to the members of the Gateway Regional Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,

Dr. Shannon M. Whalen
Dr. Shannon M. Whalen
Superintendent

Donna J. Contrevo
Donna J. Contrevo
School Business Administrator/Board Secretary

ORGANIZATIONAL CHART GATEWAY REGIONAL HIGH SCHOOL DISTRICT



GATEWAY REGIONAL HIGH SCHOOL BOARD OF EDUCATION
Woodbury Heights, NJ 08096

ROSTER OF OFFICIALS

June 30, 2016

MEMBERS OF THE BOARD OF EDUCATION

Term Expires

| | |
|--------------------------------|------|
| Robert Miller, President | 2018 |
| Tamela Spissel, Vice President | 2017 |
| Harry Bush | 2017 |
| Juliana Delany | 2016 |
| Michelle Edmund | 2016 |
| Judi Pye | 2017 |
| Tamar Shelov | 2018 |
| Paula Trapuzzano | 2018 |
| Charles D. Ziesloft | 2016 |

OTHER OFFICIALS

Dr. Shannon M. Whalen, Superintendent
Donna J. Contrevo, Business Administrator/Board Secretary
Christopher Rodia, Assistant Business Administrator/Assistant Board Secretary
Charles J. Owens, Treasurer

**GATEWAY REGIONAL HIGH SCHOOL BOARD OF EDUCATION
Woodbury Heights, NJ 08096**

CONSULTANTS AND ADVISORS

ARCHITECTS

Garrison Architects
713 Creek Road
Bellmawr, NJ 08031

AUDIT FIRM

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102 West High Street, Suite 100
Glassboro, NJ 08028

ATTORNEY

Joseph F. Betley, Esq.
Capehart & Scatchard
8000 Midlantic Drive, Suite 3000
Mt. Laurel, NJ 08054

OFFICIAL DEPOSITORIES

TD Bank
State of New Jersey Cash Management
Fulton Bank of NJ
Cape Bank
NJ/ARM

FINANCIAL SECTION

PETRONI & ASSOCIATES LLC

Certified Public Accountants • Registered Municipal Accountants
102 West High Street, Suite 100 • P.O. Box 279 • Glassboro, NJ 08028
(856) 881-1600 • Fax (856) 881-6860

MEMBER: AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Mary A. Carey, RMA
Wendy G. Fama, CPA
Denise R. Nevico, CPA
Jeffrey T. Ridgway, CPA
Deanna L. Roller, CPA, RMA

INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Gateway Regional High School District
775 Tanyard Road
Woodbury Heights, New Jersey 08096

Report on the Financial Statements

We have audited the accompanying financial statements of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Gateway Regional High School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2016, 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 from material misstatement.

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

considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Gateway Regional High Board of Education, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 Gateway Regional High Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is the responsibility of Management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2016, on our consideration of the Gateway Regional High Board of Education's internal control over financial reporting and our test 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 our audit performed in accordance with *Government Auditing Standards* in considering Gateway Regional High School Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 15, 2016

REQUIRED SUPPLEMENTARY INFORMATION – PART I

Gateway Regional High School District
Woodbury Heights, New Jersey

Management's Discussion and Analysis
For The Fiscal Year Ended June 30, 2016
Unaudited

The discussion and analysis of Gateway Regional High School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. 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 basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB's) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2015-2016) and the prior year (2014-2015) is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2016 are as follows:

- * General revenues accounted for \$21,813,950 in revenue or 91 percent of all revenues.
- * Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,294,271 or 9 percent of total revenues of \$24,108,221.
- * The School District had \$23,746,303 in expenses; only \$2,294,271 of these expenses were offset by program specific charges for services, grants or contributions.
- * Among Governmental Funds, the General Fund had \$20,822,882 in revenues and the General Fund's fund balance increased \$297,501 over 2015.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Gateway Regional High 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 Gateway Regional High School District, the General Fund is by far the most significant fund.

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

Gateway Regional High School District
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Statement of Net Position and the Statement of Activities (Continued)

transactions and ask the question, "How did we do financially during 2016?" 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 businesses. 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 that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position 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. Non-financial 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.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's funds. The School District uses many funds to account for a multitude of financial transactions. The School District's governmental funds are the General Fund, Special Revenue Fund, Capital Projects Fund, and Debt Service Fund.

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 the reader 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.

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Enterprise Fund

The Enterprise Fund uses the same basis of accounting as Business-type Activities; therefore, these statements are essentially the same.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

The School District as a Whole

The Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

Table 1 provides a summary of the School District's net position for 2016 with comparative data from 2015.

Table I - Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------------|-------------------------|---------------------|--------------------------|-------------------|---------------------|---------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| ASSETS | | | | | | |
| Current & other assets | \$ 4,416,668 | \$ 3,256,471 | \$ 427,312 | \$ 342,324 | \$ 4,843,980 | \$ 3,598,795 |
| Capital assets | 15,167,272 | 15,538,422 | 12,566 | 15,400 | 15,179,838 | 15,553,822 |
| Total assets | <u>19,583,940</u> | <u>18,794,893</u> | <u>439,878</u> | <u>357,724</u> | <u>20,023,818</u> | <u>19,152,617</u> |
| DEFERRED OUTFLOWS OF RESOURCES | <u>11,719,199</u> | <u>428,447</u> | | | <u>11,719,199</u> | <u>428,447</u> |
| LIABILITIES | | | | | | |
| Long-term liabilities | 6,135,749 | 6,391,375 | | | 6,135,749 | 6,391,375 |
| Other liabilities | 898,826 | 375,966 | 219,949 | 169,234 | 1,118,775 | 545,200 |
| Net pension liability | 7,559,893 | 5,676,558 | | | 7,559,893 | |
| Total liabilities | <u>14,594,468</u> | <u>12,443,899</u> | <u>219,949</u> | <u>169,234</u> | <u>14,814,417</u> | <u>6,936,575</u> |
| DEFERRED INFLOWS OF RESOURCES | <u>36,976</u> | <u>438,225</u> | | | <u>36,976</u> | <u>438,225</u> |
| NET POSITION | | | | | | |
| Invested in capital assets, | | | | | | |
| Net of debt | 9,667,272 | 9,678,422 | 12,566 | 15,400 | 9,679,838 | 9,693,822 |
| Restricted | 3,760,309 | 3,145,944 | | | 3,760,309 | 3,145,944 |
| Unrestricted | (6,755,886) | (6,483,150) | 207,363 | 173,090 | (6,548,523) | (6,310,060) |
| Total net position | <u>\$ 6,671,695</u> | <u>\$ 6,341,216</u> | <u>\$ 219,929</u> | <u>\$ 188,490</u> | <u>\$ 6,891,624</u> | <u>\$ 6,529,706</u> |

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The School District as a Whole (Continued)

The District's combined net position was \$6,891,624 on June 30, 2016. This was an increase from the prior year of \$361,918.

Table 2 shows changes in net position for fiscal year 2016 with comparative data from 2015.

Table 2 - Changes in Net Position

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|-------------------------|---------------------|--------------------------|--------------------|-------------------|---------------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| REVENUES: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | | | \$ 1,343,769 | \$ 1,358,620 | \$ 1,343,769 | \$ 1,358,620 |
| Operating grants & contributions | \$ 512,440 | \$ 610,881 | 438,062 | 438,762 | 950,502 | 1,049,643 |
| General revenues: | | | | | | |
| Property taxes | 10,417,760 | 9,955,998 | | | 10,417,760 | 9,955,998 |
| Federal & state aid | 9,967,851 | 9,157,806 | | | 9,967,851 | 9,157,806 |
| Other | 1,427,665 | 1,307,866 | 674 | 681 | 1,428,339 | 1,308,547 |
| Total revenues | 22,325,716 | 21,032,551 | 1,782,505 | 1,798,063 | 24,108,221 | 22,830,614 |
| EXPENSES: | | | | | | |
| Instruction | 8,152,223 | 8,222,508 | | | 8,152,223 | 8,222,508 |
| Support services | 13,300,475 | 12,619,058 | | | 13,300,475 | 12,619,058 |
| Interest on debt | 207,838 | 222,837 | | | 207,838 | 222,837 |
| Capital outlay | 334,701 | 109,576 | | | 334,701 | 109,576 |
| Food service | | | 793,660 | 822,659 | 793,660 | 822,659 |
| Child study team | | | 704,043 | 733,364 | 704,043 | 733,364 |
| Business services | | | 195,012 | 197,476 | 195,012 | 197,476 |
| Chief school administrator | | | 58,351 | 56,627 | 58,351 | 56,627 |
| Total expenses | 21,995,237 | 21,173,979 | 1,751,066 | 1,810,126 | 23,746,303 | 22,984,105 |
| Change in net position | \$ 330,479 | \$ (141,428) | \$ 31,439 | \$ (12,063) | \$ 361,918 | \$ (153,491) |

Governmental Activities

Property taxes made up 47 percent of revenues for Governmental Activities for the Gateway Regional High School District for fiscal year 2016. The District's total revenues were \$22,325,716 for the year ended June 30, 2016. Federal, state, and local grants accounted for another 47 percent of revenue.

The total cost of all programs and services was \$21,995,237. Instruction comprises 36 percent of District expenses.

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Business-Type Activities

Revenues for the District's Business-type Activities was comprised of charges for services and federal and state reimbursements.

- * Income exceeded expenditures by \$31,439.
- * Charges for services represent \$1,343,769 of revenue.
- * Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$438,062.

Statement of Activities

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 for the year 2016, with comparative data for 2015. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

| | Total Cost of Services | | Net Cost of Services | |
|--|------------------------|----------------------|----------------------|----------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Instruction | \$ 8,152,223 | \$ 8,222,508 | \$ 7,719,169 | \$ 7,717,357 |
| Support services: | | | | |
| Pupil & instructional staff | 3,897,265 | 3,944,510 | 3,817,879 | 3,838,780 |
| General administration, school administration & business operation | 1,142,862 | 1,082,653 | 1,142,862 | 1,082,653 |
| Operation & maintenance of facilities | 1,454,688 | 1,507,795 | 1,454,688 | 1,507,795 |
| Pupil transportation | 1,468,449 | 1,466,549 | 1,468,449 | 1,466,549 |
| Interest | 207,838 | 222,837 | 207,838 | 222,837 |
| Other | 5,671,912 | 4,727,127 | 5,671,912 | 4,727,127 |
| | <u>\$ 21,995,237</u> | <u>\$ 21,173,979</u> | <u>\$ 21,482,797</u> | <u>\$ 20,563,098</u> |

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

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

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

Operation and maintenance of facilities 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.

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Management's Discussion and Analysis
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Statement of Activities (Continued)

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

“Other” includes unallocated depreciation, Capital Outlay, and Business-type Activities.

The School District's Funds

All Governmental Funds (i.e., General Fund, Special Revenue Fund, Capital Projects, and Debt Service Fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$22,326,282 and expenditures were \$21,784,048.

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. The major amendment made to the original budget was the inclusion of additional state aid received during the year.

Capital Assets

At the end of the fiscal year 2016, the School District had \$15,179,838 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2016 balances compared to 2015.

Table 4 - Capital Assets (Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------|-------------------------|---------------|--------------------------|-----------|---------------|---------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Land & construction in progress | \$ 375,758 | \$ 159,975 | | | \$ 375,758 | \$ 159,975 |
| Site improvements | 2,796,305 | 3,050,685 | | | 2,796,305 | 3,050,685 |
| Buildings & improvements | 11,324,863 | 11,587,873 | | | 11,324,863 | 11,587,873 |
| Machinery & equipment | 670,346 | 739,889 | \$ 12,566 | \$ 15,400 | 682,912 | 755,289 |
| Total | \$ 15,167,272 | \$ 15,538,422 | \$ 12,566 | \$ 15,400 | \$ 15,179,838 | \$ 15,553,822 |

Overall capital assets decreased \$373,984 from fiscal year 2015 to fiscal year 2016. For more detailed information, please refer to the Notes to the Financial Statements.

Debt Administration

At June 30, 2016, the School District had \$6,135,749 of outstanding debt. Of this amount, \$560,080 is for compensated absences, \$75,669 is for obligations under capital lease, and \$5,500,000 is for serial bonds for school construction.

For more detailed information, please refer to the Notes to the Financial Statements.

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Unaudited

For the Future

Gateway Regional High School District, receiving students from four sending districts that are all primarily residential communities with very few industrial ratable, relies heavily on homeowners to support their school.

The District continues to be creative and find ways to make ends meet. Gateway became a "Choice School" in 2011-12 allowing pupils from the other districts to attend on a non-tuition basis. The District receives additional state aid for this status based on the number of out of district students enrolled.

In May 2011 and September 2011, the District entered into agreements with Westville & National Park Elementary School Districts to provide Superintendent services. These shared services agreements have provided administrative cost savings to all taxpayers.

In conclusion, the Gateway Regional High 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 Donna J. Contrevo, Board Secretary/School Business Administrator at Gateway Regional Board of Education, 775 Tanyard Road, Woodbury Heights, New Jersey 08096 or e-mail at: dcontrevo@gatewayhs.com.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,574,396 | \$ 284,378 | \$ 2,858,774 |
| Due from other funds | 55 | | 55 |
| Receivables, net | 1,171,750 | 116,094 | 1,287,844 |
| Inventory | | 26,840 | 26,840 |
| Restricted assets: | | | |
| Cash and cash equivalents | 670,467 | | 670,467 |
| Land & construction in progress | 375,758 | | 375,758 |
| Other capital assets, net | 14,791,514 | 12,566 | 14,804,080 |
| Total assets | 19,583,940 | 439,878 | 20,023,818 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pension | 1,719,199 | | 1,719,199 |
| LIABILITIES | | | |
| Accounts payable | 662,354 | 211,667 | 874,021 |
| Payable to state government | 5,518 | | 5,518 |
| Deferred revenue | 230,954 | 8,282 | 239,236 |
| Noncurrent liabilities: | | | |
| Due within one year | 388,361 | | 388,361 |
| Due beyond one year | 5,747,388 | | 5,747,388 |
| Net pension liability | 7,559,893 | | 7,559,893 |
| Total liabilities | 14,594,468 | 219,949 | 14,814,417 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pension | 36,976 | | 36,976 |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 9,667,272 | 12,566 | 9,679,838 |
| Restricted for: | | | |
| Debt service | 15,142 | | 15,142 |
| Capital projects | 339,855 | | 339,855 |
| Other purposes | 3,405,312 | | 3,405,312 |
| Unrestricted | (6,755,886) | 207,363 | (6,548,523) |
| Total net position | \$ 6,671,695 | \$ 219,929 | \$ 6,891,624 |

See accompanying notes to the basic financial statements.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | Total |
|---|----------------------|-------------------------|--|--|-----------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-type Activities | |
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 5,520,080 | | | \$ (5,520,080) | | \$ (5,520,080) |
| Special education | 1,750,519 | | \$ 433,054 | (1,317,465) | | (1,317,465) |
| Other special instruction | 234,488 | | | (234,488) | | (234,488) |
| School sponsored activities | 647,136 | | | (647,136) | | (647,136) |
| Support services: | | | | | | |
| Tuition | 1,280,647 | | | (1,280,647) | | (1,280,647) |
| Student & instructional related services | 2,616,618 | | 79,386 | (2,537,232) | | (2,537,232) |
| General administration | 405,275 | | | (405,275) | | (405,275) |
| School administrative services | 424,739 | | | (424,739) | | (424,739) |
| Central services | 312,848 | | | (312,848) | | (312,848) |
| Plant operations & maintenance | 1,454,688 | | | (1,454,688) | | (1,454,688) |
| Pupil transportation | 1,468,449 | | | (1,468,449) | | (1,468,449) |
| Unallocated benefits | 5,337,211 | | | (5,337,211) | | (5,337,211) |
| Capital outlay | 334,701 | | | (334,701) | | (334,701) |
| Interest on long-term debt | 207,838 | | | (207,838) | | (207,838) |
| Total governmental activities | <u>21,995,237</u> | | <u>512,440</u> | <u>(21,482,797)</u> | | <u>(21,482,797)</u> |
| Business-type activities: | | | | | | |
| Food service | 793,660 | \$ 375,002 | 438,062 | | \$ 19,404 | 19,404 |
| Child study team | 704,043 | 696,367 | | | (7,676) | (7,676) |
| Business services | 195,012 | 205,400 | | | 10,388 | 10,388 |
| Chief school administrator services | 58,351 | 67,000 | | | 8,649 | 8,649 |
| Total business-type activities | <u>1,751,066</u> | <u>1,343,769</u> | <u>438,062</u> | | <u>30,765</u> | <u>30,765</u> |
| Total primary government | <u>\$ 23,746,303</u> | <u>\$ 1,343,769</u> | <u>\$ 950,502</u> | <u>\$ (21,482,797)</u> | <u>\$ 30,765</u> | <u>\$ (21,452,032)</u> |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes levied for general purposes | | | | \$ 9,849,922 | | \$ 9,849,922 |
| Taxes levied for debt service | | | | 567,838 | | 567,838 |
| Federal and state aid not restricted | | | | 9,967,851 | | 9,967,851 |
| Transportation fees | | | | 1,174,765 | | 1,174,765 |
| Investment earnings | | | | 15,800 | \$ 674 | 16,474 |
| Miscellaneous income | | | | 237,666 | | 237,666 |
| Prior year payable canceled | | | | 930 | | 930 |
| Prior year receivable canceled | | | | (1,496) | | (1,496) |
| Total general revenues, special items, extraordinary items, and transfers | | | | <u>21,813,276</u> | <u>674</u> | <u>21,813,950</u> |
| Change in net position | | | | 330,479 | 31,439 | 361,918 |
| Net position - beginning | | | | 6,341,216 | 188,490 | 6,529,706 |
| Net position - end | | | | <u>\$ 6,671,695</u> | <u>\$ 219,929</u> | <u>\$ 6,891,624</u> |

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

| | Major Funds | | | | | Total Governmental Funds |
|---|---------------------|----------------------------|----------------------------|-------------------------|-------------------|--------------------------------|
| | General Fund | Special Revenue Fund | Capital Project Fund | Debt Service Fund | Permanent Fund | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 2,574,396 | | | \$ 15,142 | \$ 11,341 | \$ 2,600,879 |
| Receivables from other governments | 146,393 | \$ 179,461 | \$ 423,036 | | | 748,890 |
| Due from other funds | 55 | | | | | 55 |
| Other - transportation | 306,054 | | | | | 306,054 |
| Other receivables | 116,806 | | | | | 116,806 |
| Restricted cash and cash equivalents: | 791,488 | | | | | 791,488 |
| Total assets | \$ 3,935,192 | \$ 179,461 | \$ 423,036 | \$ 15,142 | \$ 11,341 | 4,564,172 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Cash deficit | | \$ 138,953 | \$ 8,551 | | | \$ 147,504 |
| Accounts payable | \$ 552,805 | 34,919 | 74,630 | | | 662,354 |
| Payable to state government | | 5,518 | | | | 5,518 |
| Deferred revenue | 230,883 | 71 | | | | 230,954 |
| Total liabilities | 783,688 | 179,461 | 83,181 | | | 1,046,330 |
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Permanent fund principal | | | | | \$ 10,797 | 10,797 |
| Restricted for: | | | | | | |
| Excess surplus - designated for subsequent year's expenditures | 970,392 | | | | | 970,392 |
| Excess surplus | 1,572,827 | | | | | 1,572,827 |
| Capital reserve | 731,835 | | | | | 731,835 |
| Capital reserve - designated for subsequent year's expenditures | 59,653 | | | | | 59,653 |
| Capital projects | | | 339,855 | | | 339,855 |
| Other purposes | | | | | 544 | 544 |
| Assigned to: | | | | | | |
| Debt service fund | | | | \$ 15,142 | | 15,142 |
| Designated for subsequent year's expenditures | 26,134 | | | | | 26,134 |
| Year-end encumbrances | 33,130 | | | | | 33,130 |
| Unassigned: | | | | | | |
| General fund | (242,467) | | | | | (242,467) |
| Total fund balances | 3,151,504 | | 339,855 | 15,142 | 11,341 | 3,517,842 |
| Total liabilities and fund balances | \$ 3,935,192 | \$ 179,461 | \$ 423,036 | \$ 15,142 | \$ 11,341 | |

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 assets is \$28,148,784 and the accumulated depreciation is \$12,981,512 (See Note 7). | 15,167,272 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 8). | (6,135,749) |
| Net pension liability adjustment | (5,877,670) |
| Net position of Governmental Activities | \$ 6,671,695 |

See accompanying notes to the basic financial statements.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

| | Major Funds | | | | Total Governmental Funds |
|---|---------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | |
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 9,849,922 | | | \$ 567,838 | \$ 10,417,760 |
| Transportation fees | 1,174,765 | | | | 1,174,765 |
| Interest earned on capital reserve funds | 1,638 | | | | 1,638 |
| Miscellaneous | 251,742 | \$ 1,929 | | | 253,757 |
| | <u>11,278,067</u> | <u>1,929</u> | | <u>567,838</u> | <u>11,847,920</u> |
| State sources | 9,501,078 | 80,245 | \$ 423,036 | | 10,004,359 |
| Federal sources | 43,737 | 430,266 | | | 474,003 |
| Total revenues | <u>20,822,882</u> | <u>512,440</u> | <u>423,036</u> | <u>567,838</u> | <u>22,326,282</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Regular instruction | 5,016,645 | | | | 5,016,645 |
| Special education instruction | 1,317,465 | 433,054 | | | 1,750,519 |
| Other special instruction | 234,488 | | | | 234,488 |
| School sponsored activities | 647,136 | | | | 647,136 |
| Support: | | | | | |
| Tuition | 1,280,647 | | | | 1,280,647 |
| Student & instruction related services | 2,443,235 | 79,386 | | 105 | 2,522,726 |
| General administration | 319,918 | | | | 319,918 |
| School administrative services | 432,049 | | | | 432,049 |
| Central services | 312,848 | | | | 312,848 |
| Plant operations and maintenance | 1,386,403 | | | | 1,386,403 |
| Pupil transportation | 1,331,879 | | | | 1,331,879 |
| Unallocated benefits | 5,143,837 | | | | 5,143,837 |
| Debt Service: | | | | | |
| Principal | | | | 360,000 | 360,000 |
| Interest | | | | 207,838 | 207,838 |
| Capital outlay | 221,367 | | 615,748 | | 837,115 |
| Total expenditures | <u>20,087,917</u> | <u>512,440</u> | <u>615,748</u> | <u>567,838</u> | <u>21,784,048</u> |
| Excess (deficiency) of revenues over expenditures | <u>734,965</u> | | <u>(192,712)</u> | | <u>542,234</u> |
| Other financing sources (uses): | | | | | |
| Transfers for capital projects | (532,567) | | 532,567 | | |
| Prior year payable canceled | 930 | | | | 930 |
| Prior year receivable canceled | (1,496) | | | | (1,496) |
| Capital leases (non-budgeted) | 95,669 | | | | 95,669 |
| Total other financing sources (uses) | <u>(437,464)</u> | | <u>532,567</u> | | <u>95,103</u> |
| Net change in fund balances | 297,501 | | 339,855 | (19) | 637,337 |
| Fund balance - July 1 | 2,854,003 | | | 15,142 | 2,880,505 |
| Fund balance - June 30 | <u>\$ 3,151,504</u> | | <u>\$ 339,855</u> | <u>\$ 15,142</u> | <u>\$ 3,517,842</u> |

See accompanying notes to the basic financial statements.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 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, 2016

| | | |
|---|----|-----------------------|
| Total net change in fund balances - Governmental Funds (from B-2) | \$ | 637,337 |
| 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 | \$ | (853,564) |
| Capital outlays | | <u>482,414</u> |
| | | (371,150) |
| Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities. | | |
| Bond principal | | 360,000 |
| Capital lease obligation principal | | 20,000 |
| Proceeds from debt issues are a financing source in the Governmental Funds. They are not revenue in the Statement of Activities; issuing debt increases long-term liabilities in the Statement of Net Position. | | |
| Capital lease proceeds | | (95,669) |
| In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation. | | |
| | | (28,705) |
| Pension contributions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments. | | |
| | | <u>(191,334)</u> |
| Change in net position of Governmental Activities | \$ | <u><u>330,479</u></u> |

See accompanying notes to the basic financial statements.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

| | Enterprise Funds | | | | Total Enterprise Fund |
|---|-------------------|------------------------|----------------------|---|-----------------------------|
| | Major Fund | Child Study Team | Business Services | Chief School Administrator Services | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 178,712 | \$ 35,991 | | \$ 74,150 | \$ 288,853 |
| Receivables, net | 116,094 | | | | 116,094 |
| Inventory | 26,840 | | | | 26,840 |
| Capital assets, net | 12,566 | | | | 12,566 |
| Total assets | <u>334,212</u> | <u>35,991</u> | | <u>\$ 74,150</u> | <u>444,353</u> |
| LIABILITIES | | | | | |
| Deficit in cash | | | \$ 4,475 | | 4,475 |
| Accounts payable | 205,963 | 5,704 | | | 211,667 |
| Deferred revenue | 8,282 | | | | 8,282 |
| Total liabilities | <u>214,245</u> | <u>5,704</u> | <u>4,475</u> | | <u>224,424</u> |
| NET POSITION | | | | | |
| Investment in capital assets, net of related debt | 12,566 | | | | 12,566 |
| Unrestricted | 107,401 | 30,287 | (4,475) | \$ 74,150 | 207,363 |
| Total net position | <u>\$ 119,967</u> | <u>\$ 30,287</u> | <u>\$ (4,475)</u> | <u>\$ 74,150</u> | <u>\$ 219,929</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2016

| | Enterprise Funds | | | | Total Enterprise Fund |
|---|-------------------|------------------------|----------------------|---|-----------------------------|
| | Major Fund | Child Study Team | Business Services | Chief School Administrator Services | |
| Operating revenues: | | | | | |
| Charges for services: | | | | | |
| Daily sales - reimbursable programs | \$ 177,608 | | | | \$ 177,608 |
| Daily sales - non-reimbursable programs | 162,573 | | | | 162,573 |
| Special functions | 25,168 | | | | 25,168 |
| Prior year management fee returned | 9,653 | | | | 9,653 |
| Services provided to other entities | | \$ 696,367 | \$ 205,400 | \$ 67,000 | 968,767 |
| Total operating revenue | <u>375,002</u> | <u>696,367</u> | <u>205,400</u> | <u>67,000</u> | <u>1,343,769</u> |
| Operating expenses | | | | | |
| Cost of sales - reimburseable programs | 278,270 | | | | 278,270 |
| Cost of sales - non-reimburseable programs | 74,037 | | | | 74,037 |
| Salaries | 280,495 | 556,806 | 192,698 | 52,388 | 1,082,387 |
| Employee benefits | 67,853 | 124,817 | | 5,177 | 197,847 |
| Purchased professional - educational services | | 244 | | | 244 |
| Other purchased services | 7,073 | 5,588 | 380 | 529 | 13,570 |
| Contracted services | 34,575 | | | | 34,575 |
| Operations and maintenance | 3,948 | | | | 3,948 |
| Supplies and materials | 32,571 | 15,232 | 1,707 | 102 | 49,612 |
| Miscellaneous expenditures | 12,004 | 1,356 | 227 | 155 | 13,742 |
| Depreciation | 2,834 | | | | 2,834 |
| Total operating expenses | <u>793,660</u> | <u>704,043</u> | <u>195,012</u> | <u>58,351</u> | <u>1,751,066</u> |
| Operating income (loss) | <u>(418,658)</u> | <u>(7,676)</u> | <u>10,388</u> | <u>8,649</u> | <u>(407,297)</u> |
| Non-operating revenues (expenses): | | | | | |
| Interest earned | 674 | | | | 674 |
| State sources: | | | | | |
| State school lunch program | 6,521 | | | | 6,521 |
| Federal sources: | | | | | |
| School breakfast program | 109,947 | | | | 109,947 |
| National school lunch program | 255,975 | | | | 255,975 |
| Special milk program | 359 | | | | 359 |
| After school snack program | 2,542 | | | | 2,542 |
| Food distribution program commodities | 62,718 | | | | 62,718 |
| Total non-operating revenues (expenses) | <u>438,736</u> | | | | <u>438,736</u> |
| Change in net position | 20,078 | (7,676) | 10,388 | 8,649 | 31,439 |
| Total net position - beginning | <u>99,889</u> | <u>37,963</u> | <u>(14,863)</u> | <u>65,501</u> | <u>188,490</u> |
| Total net position - ending | <u>\$ 119,967</u> | <u>\$ 30,287</u> | <u>\$ (4,475)</u> | <u>\$ 74,150</u> | <u>\$ 219,929</u> |

See accompanying notes to the basic financial statements.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

| | Enterprise Funds | | | | Total Enterprise Fund |
|---|---------------------------------------|------------------------|----------------------|---|-----------------------------|
| | Major Fund Food Service Fund | Child Study Team | Business Services | Chief School Administrator Services | |
| Cash flows from operating activities: | | | | | |
| Receipts from customers | \$ 381,695 | \$ 696,367 | \$ 205,400 | \$ 67,000 | \$ 1,350,462 |
| Payments to employees | (280,495) | (556,806) | (192,698) | (52,388) | (1,082,387) |
| Payments for employee benefits | (67,853) | (124,817) | | (5,177) | (197,847) |
| Payments to suppliers | (349,812) | (21,575) | (2,392) | (786) | (374,565) |
| Net cash provided by (used for) operating activities | <u>(316,465)</u> | <u>(6,831)</u> | <u>10,310</u> | <u>8,649</u> | <u>(304,337)</u> |
| Cash flows from non-capital financing activities: | | | | | |
| State sources | 6,836 | | | | 6,836 |
| Federal sources | 370,420 | | | | 370,420 |
| Net cash provided by non-capital financing activities | <u>377,256</u> | | | | <u>377,256</u> |
| Cash flows from investing activities | | | | | |
| Interest earned | 674 | | | | 674 |
| Net cash provided by investing activities | <u>674</u> | | | | <u>674</u> |
| Net increase (decrease) in cash and cash equivalents | 61,465 | (6,831) | 10,310 | 8,649 | 73,593 |
| Balance - beginning of year | 117,247 | 42,822 | (14,785) | 65,501 | 210,785 |
| Balance - end of year | <u>\$ 178,712</u> | <u>\$ 35,991</u> | <u>\$ (4,475)</u> | <u>\$ 74,150</u> | <u>\$ 284,378</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ (418,658) | \$ (7,676) | \$ 10,388 | \$ 8,649 | \$ (407,297) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | 2,834 | | | | 2,834 |
| Food distribution program | 62,718 | | | | 62,718 |
| (Increase) decrease in accounts receivable | (24,540) | | | | (24,540) |
| (Increase) decrease in inventory | 11,233 | | | | 11,233 |
| Increase (decrease) in accounts payable | 49,948 | 845 | (78) | | 50,715 |
| Net cash provided by (used for) operating activities | <u>\$ (316,465)</u> | <u>\$ (6,831)</u> | <u>\$ 10,310</u> | <u>\$ 8,649</u> | <u>\$ (304,337)</u> |

See accompanying notes to the basic financial statements.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2016

| | Trust | | Agency | | Total 2016 |
|---------------------------------------|------------------------------|--------------------|---------------------|-------------------|------------------|
| | Unemployment Compensation | Private Purpose | Student Activity | Payroll | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 21,799 | \$ 13,371 | \$ 222,291 | \$ 114,888 | \$ 372,349 |
| Interfund receivable | 5,794 | | | | 5,794 |
| Total assets | \$ 27,593 | \$ 13,371 | \$ 222,291 | \$ 114,888 | 378,143 |
| LIABILITIES | | | | | |
| Payroll deductions and withholdings | | | | \$ 109,039 | 109,039 |
| Due to student groups | | | \$ 222,291 | | 222,291 |
| Interfund payable | | | | 5,849 | 5,849 |
| Total liabilities | | | \$ 222,291 | \$ 114,888 | 337,179 |
| NET POSITION | | | | | |
| Held in trust for unemployment claims | \$ 27,593 | | | | 27,593 |
| Reserved for scholarships | | \$ 13,371 | | | 13,371 |
| Total net position | \$ 27,593 | \$ 13,371 | | | \$ 40,964 |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

| | Unemployment Compensation | Private Purpose | Total 2016 |
|---------------------------|------------------------------|--------------------|------------------|
| ADDITIONS: | | | |
| Contributions | \$ 16,142 | | \$ 16,142 |
| Interest earned | 100 | \$ 137 | 237 |
| Total additions | 16,242 | 137 | 16,379 |
| DEDUCTIONS: | | | |
| Unemployment claims | 26,531 | | 26,531 |
| Transfer for scholarships | | 500 | 500 |
| Total deductions | 26,531 | 500 | 27,031 |
| Change in net position | (10,289) | (363) | (10,652) |
| Net position - beginning | 37,882 | 13,734 | 51,616 |
| Net position - end | \$ 27,593 | \$ 13,371 | \$ 40,964 |

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

The Gateway Regional High School District is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials who are responsible for the fiscal control of the District. A Superintendent is appointed by the Board and is responsible for the administrative control of the District.

The financial statements of the Board of Education of Gateway Regional High School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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. In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB). The more significant accounting policies established in (GAAP) and used by the District are discussed below.

A. Reporting Entity

The Gateway Regional High School District is a Type II District located in the County of Gloucester, 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 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.

B. Basic Financial Statements – District-Wide Statements

The District's basic financial statements include both District-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the District-wide and fund financial statements categorize primary activities as either governmental or business-type. The District's general, special revenue, capital projects, and debt service are classified as Governmental Activities. The District's food service, child study team service, business service, and chief school administrator service programs are classified as Business-type Activities. Fiduciary Funds are excluded from the government-wide financial statements.

In the district-wide Statement of Net Position, both the Governmental and Business-type Activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts:

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basic Financial Statements – District-Wide Statements (Continued)

invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities.

The District-wide Statement of Activities reports both the gross and net costs of each of the District's functions and Business-type Activities. The functions are also supported by general government revenues (property taxes, tuition, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, operating, and capital grants. Program revenues must be directly associated with the function (regular instruction, special education, student and instruction related services, etc.) or Business-type Activities. Operating grants include operating specific and discretionary (either operating or capital) grants while the capital grants column reflects capital specific grants.

The net costs (by function or Business-type Activity) are normally covered by general revenue (property taxes, tuition, interest income, etc.).

The District does not allocate indirect costs such as on-behalf TPAF Pension contributions and reimbursed TPAF Social Security Contributions.

The District-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

C. Basic Financial Statements - Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The emphasis in fund financial statements is on the major funds in either the Governmental or Business-type Activities categories. Non-major Funds by category are summarized into a single column. GASB 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of Major Funds. The Non-major Funds are combined in a column in the fund financial statements. The State of 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 in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District's Fiduciary Funds are presented in the Fiduciary Fund financial statement by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the District-wide statements.

The District reports the following Governmental Funds:

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUNDS

The focus of the Governmental Funds' measurement (in the fund statements) is upon determination of financial position and change in financial position (sources, uses and balances of financial resources) rather than upon net income. The following is a description of the Governmental Funds of the District:

General Fund - The General Fund is the General Operating Fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay Subfund.

As required by the New Jersey State Department of Education, the District included 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 governments, (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 focus of the Proprietary Funds' measurement is upon the determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following are descriptions of the Proprietary Funds of the District:

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPRIETARY FUNDS (CONTINUED)

Enterprise Funds - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e. expenses including depreciation and indirect costs) of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

The District's Enterprise Fund is comprised of the Food Service Fund, Child Study Team Fund, Business Services Fund, and Chief School Administrator Fund.

FIDUCIARY FUNDS

The Fiduciary Fund category is comprised of Trust and Agency Funds. Trust Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and therefore are not available to support District's programs. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported on the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Both Governmental and Business-type Activities in the District-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both 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. Revenue from federal, state, or other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recorded when due.

E. 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 approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgets/Budgetary Control (Continued)

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 NJAC 6:23-2(g). Budget amendments/transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and, under certain circumstances, require approval by the County Superintendent of Schools. 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).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payments 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 grants 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. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

F. Encumbrances

Under encumbrance accounting purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in Governmental Funds, other than 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.

G. Cash and Cash Equivalents

Cash and cash equivalents include petty cash, change funds, cash in banks, money market accounts, and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

For purposes of determining cash equivalents the District considers all investments with an original maturity of three months or less as cash equivalents.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Cash Equivalents (Continued)

New Jersey School Districts are limited to the types of investments and types of financial institutions they may invest in. New Jersey statute (NJSA 18A:20-37) provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of 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.

NJSA 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks), and savings banks, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least 5% of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the governmental units.

H. Inventories

Inventories, other than those recorded in the Enterprise Fund, are recorded as expenditures during the year of purchase. Inventories in the Enterprise Fund are recorded at cost, computed on a first-in, first-out method. In the fund based financial statements, commodities received from the U.S. Department of Agriculture are recorded as deferred revenue until consumed.

I. Interfund Transactions

Transfers between Governmental and Business-type Activities on the District-wide statements are reported in the same manner as general revenues. 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. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the Statement of Net Position, except for amounts due between Governmental and Business-type Activities or Governmental and Agency Funds, which are presented as internal balances.

J. 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 at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets' lives are not capitalized. 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.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Depreciation is computed using the straight-line method over the estimated useful lives;

| Asset Class | Estimated Useful Lives |
|-------------------------|---------------------------|
| Site improvements | 20 |
| Building & improvements | 20-50 |
| Machinery & equipment | 7-20 |

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and underground pipes. Such items are considered to be part of the cost of buildings or other improvable property.

K. Compensated Absences

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Government 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 District and its employees, is accrued as the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and negotiated agreement 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 School District's past experience of making termination payments. Salary-based payments for the employer's share of social security and Medicare taxes 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.

L. Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

M. 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

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Accrued Liabilities and Long-term Obligations (Continued)

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.

N. 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. Funds 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 Funds are available.

O. Fund Balance

The School District reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The School District's classifications, and policies for determining such classifications, are as follows:

Non-spendable - The Non-spendable Fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted - The Restricted Fund balance classification includes amounts that are restricted to specific purposes. Such restrictions, or constraints, are placed on the use of resources either by being (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed - The Committed Fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, which, for the School District, is the Board of Education. Such formal action consists of an affirmative vote by the Board of Education, memorialized by the adoption of a resolution. Once committed, amounts cannot be used for any other purpose unless the Board of Education removes, or changes, the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Assigned - The Assigned Fund balance classification includes amounts that are constrained by the School District's *intent* to be used for specific purposes but are neither restricted nor committed. *Intent* is expressed by either the Board of Education or by the business administrator, to which the Board of Education has delegated the authority to assign amounts to be used for specific purposes.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balance (Continued)

Unassigned - The Unassigned Fund balance classification is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive Unassigned Fund balance amount. In other funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative Unassigned Fund balance.

When an expenditure is incurred for purposes for which both Restricted and Unrestricted Fund balances are available, the District considers Restricted Funds to have been spent first. When an expenditure is incurred for which Committed, Assigned, or Unassigned Fund balance are available, the District considers amounts to have been spent first out of Committed Funds, then Assigned Funds, and finally Unassigned Funds, as needed.

P. Revenues

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State 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 moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

Q. Expenditures

Expenses are recognized when the Related Fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

R. 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.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. 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.

T. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

U. Recent Accounting Pronouncements Not Yet Effective

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." This statement, which is effective for fiscal periods beginning after June 15, 2016, is anticipated to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." This statement, which is effective for fiscal periods beginning after June 15, 2016, is anticipated to have an effect on the District's financial reporting.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This statement, which is effective for fiscal periods beginning after June 15, 2017, is anticipated to have an effect on the District's financial reporting.

In August 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 77, "Tax Abatement Disclosures." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 78, "Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In December 2015, The Governmental Accounting Standards Board (GASB) issued Statement No. 79, "Certain External Investment Pools and Pool Participants." This statement, which is effective for fiscal periods beginning after December 15, 2015, will not have any effect on the District's financial reporting.

In January 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 80, "Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14." This statement, which is effective for fiscal periods beginning after June 15, 2016, will not have any effect on the District's financial reporting.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. Recent Accounting Pronouncements Not Yet Effective (Continued)

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 81, "Irrevocable Split-Interest Agreements." This statement, which is effective for fiscal periods beginning after December 15, 2016, will not have any effect on the District's financial reporting.

In March 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 82, "Pension Issues and amendment of GASB Statements No. 67, No. 68, and No. 73." This statement is effective for fiscal periods beginning after June 15, 2016. The impact of this statement on the net position of the district is not anticipated to be significant.

NOTE 2: CASH AND CASH EQUIVALENTS

Custodial Credit Risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA), or in qualified investments established in NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2016 and 2015, was \$3,901,590 and \$3,063,157. As of June 30, 2016 and 2015, \$0 of the District's bank balance of \$4,180,628 and \$3,377,095, respectively, was exposed to Custodial Credit Risk.

NOTE 3: INVESTMENTS

As of June 30, 2016, the District did not have any investments.

Interest Rate Risk - The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, NJSA 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk - NJSA 18A:20-37 limits District investments to those specified in the Statutes. The type of allowable investments are: Bonds of the United States of America or of the District or the local units in which the District is located; obligations of federal agencies not exceeding 397 days; Government Money Market Mutual Funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 4: RECEIVABLES

Receivables at June 30, 2016, consisted of Intergovernmental and other receivables. All receivables are considered collectible in full. A summary of the principal items of the receivables are as follows:

| | Governmental Activities | Business- Type Activities |
|-------------|----------------------------|---------------------------------|
| State aid | \$ 554,809 | \$ 1,170 |
| Federal aid | 194,081 | 69,015 |
| Other | 422,860 | 45,909 |
| | <u>\$ 1,171,750</u> | <u>\$ 116,094</u> |

NOTE 5: INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances remained on the balance sheet at June 30, 2016:

| | Interfund Receivable | Interfund Payable |
|--------------|-------------------------|----------------------|
| General Fund | \$ 55 | |
| Trust Fund | 5,794 | |
| Agency Fund | | \$ 5,849 |
| | <u>\$ 5,849</u> | <u>\$ 5,849</u> |

NOTE 6: INVENTORY

Inventory in the Food Service Fund at June 30, 2016, consisted of the following:

| | |
|----------|------------------|
| Food | \$ 22,992 |
| Supplies | 3,848 |
| | <u>\$ 26,840</u> |

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

| | Balance July 1, 2015 | Additions | Disposals | Balance June 30, 2016 |
|---|-------------------------|---------------------|----------------|--------------------------|
| Governmental activities: | | | | |
| Sites | \$ 159,975 | | | \$ 159,975 |
| Construction in progress | | \$ 215,783 | | 215,783 |
| Site improvements | 5,650,153 | | | 5,650,153 |
| Building & building improvements | 18,910,891 | 146,744 | | 19,057,635 |
| Machinery & equipment | 3,099,351 | 119,887 | \$ 154,000 | 3,065,238 |
| Totals at historical cost | <u>27,820,370</u> | <u>482,414</u> | <u>154,000</u> | <u>28,148,784</u> |
| Less: accumulated depreciation for: | | | | |
| Site improvements | 2,599,468 | 254,380 | | 2,853,848 |
| Building & building improvements | 7,323,018 | 409,754 | | 7,732,772 |
| Machinery & equipment | 2,359,462 | 189,430 | 154,000 | 2,394,892 |
| Total accumulated depreciation | <u>12,281,948</u> | <u>853,564</u> | <u>154,000</u> | <u>12,981,512</u> |
| Governmental activities capital assets, net | <u>\$ 15,538,422</u> | <u>\$ (371,150)</u> | | <u>\$ 15,167,272</u> |
| Business-type activities: | | | | |
| Machinery & equipment | \$ 134,270 | | | \$ 134,270 |
| Less: accumulated depreciation | 118,870 | \$ 2,834 | | 121,704 |
| Business-type capital assets, net | <u>\$ 15,400</u> | <u>\$ (2,834)</u> | | <u>\$ 12,566</u> |

Depreciation was charged to governmental functions as follows:

| | |
|--------------------------------------|-------------------|
| Instruction | \$ 469,460 |
| Student instruction related services | 93,892 |
| General administration | 85,357 |
| Operations & maintenance | 68,285 |
| Transportation | 136,570 |
| | <u>\$ 853,564</u> |

NOTE 8: GENERAL LONG-TERM DEBT

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are General Obligation Bonds.

Permanently funded debt as of June 30, 2016, consisted of the following:

\$6,275,000 General Obligation Refunding Bonds dated May 13, 2012, payable in annual installments through March 1, 2029. Interest is paid semi-annually at the rates of 3% to 4% per annum. The balance remaining at June 30, 2016, was \$5,500,000.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

Long-Term Obligation Activity

Changes in long-term obligations for the fiscal year ended June 30, 2016, are as follows:

| | Balance July 1, 2015 | Additions | Deductions | Balance June 30, 2016 | Due Within One Year |
|-------------------------|-------------------------|-------------------|-------------------|--------------------------|------------------------|
| Bonds payable | \$ 5,860,000 | | \$ 360,000 | \$ 5,500,000 | \$ 370,000 |
| Capital leases | | \$ 95,669 | 20,000 | 75,669 | 18,361 |
| Compensated absences | 531,375 | 39,723 | 11,018 | 560,080 | |
| | <u>\$ 6,391,375</u> | <u>\$ 135,392</u> | <u>\$ 391,018</u> | <u>\$ 6,135,749</u> | <u>\$ 388,361</u> |

Bonds Payable

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

| Year Ended June 30, | Principal | Interest | Total |
|------------------------|---------------------|---------------------|---------------------|
| 2017 | \$ 370,000 | \$ 201,688 | \$ 571,688 |
| 2018 | 390,000 | 190,587 | 580,587 |
| 2019 | 400,000 | 178,888 | 578,888 |
| 2020 | 420,000 | 162,887 | 582,887 |
| 2021 | 440,000 | 146,088 | 586,088 |
| 2022-2026 | 2,195,000 | 467,538 | 2,662,538 |
| 2027-2029 | 1,285,000 | 82,563 | 1,367,563 |
| | <u>\$ 5,500,000</u> | <u>\$ 1,430,239</u> | <u>\$ 6,930,239</u> |

Bonds Authorized but Not Issued

As of June 30, 2016, the Board had no authorized but not issued debt.

Other

Interest paid on debt issued by the District is exempt from federal income tax. Because of this, bond holders are willing to accept a lower interest rate than they would on taxable debt. The District temporarily reinvests the proceeds of such debt in higher-yielding taxable securities, especially during construction projects. The federal tax code refers to this as arbitrage.

Earnings in excess of the yield on the debt issue are rebated to the federal government based on the requirements in the Internal Revenue Code. Arbitrage rebate payable represents amounts due to the Internal Revenue Service for interest earned on unspent bond proceeds that exceeds legally allowable returns.

Rebatable arbitrage liabilities related to District debt are not recorded in Governmental Funds. There is no recognition in the balance sheet or income statement until rebatable amounts are due and payable to the federal government. Thus, rebatable arbitrage liabilities related to governmental debt will be accrued as incurred at least annually (at fiscal year-end) on the District-wide financial statements.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)

For the year ended June 30, 2016, it is not necessary for the Board to establish a liability for arbitrage rebate.

Capital Lease Payable

The District has entered into a lease purchase agreement for the acquisition of a school bus. The lease agreement is for five years and carries an interest rate of 1.5%. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments, as of June 30, 2016:

| Year Ended | | | |
|------------|------------------|-----------------|------------------|
| June 30, | Principal | Interest | Total |
| 2017 | \$ 18,361 | \$ 1,701 | \$ 20,062 |
| 2018 | 18,635 | 1,427 | 20,062 |
| 2019 | 19,099 | 963 | 20,062 |
| 2020 | 19,574 | 487 | 20,061 |
| | <u>\$ 75,669</u> | <u>\$ 4,578</u> | <u>\$ 80,247</u> |

NOTE 9: PENSION FUNDS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System, (PERS) or the Teachers' Pension and Annuity Fund (TPAF), cost-sharing, multiple-employer defined benefit pension plans, which have been established by state statute and is 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 Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of NJSA 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, all 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.

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955, under the provisions of NJSA 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,

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: PENSION FUNDS (CONTINUED)

Public Employees' Retirement System (PERS) (Continued) - 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.

Funding Policy - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for TPAF and PERS increased from 5.5% of employee's annual compensation, as defined, to 6.5%. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The current TPAF and PERS rate is 7.06% of covered payroll. The District's contributions to PERS for the years ending June 30, 2016, 2015, and 2014, were \$289,535, \$249,946, and \$233,112, respectively, equal to the required contributions for each year.

During the fiscal year ended June 30, 2016, the State of New Jersey contributed \$1,385,228 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the District \$585,535 during the year ended June 30, 2016, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the financial statements, and the Combining and Individual Fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

The District's total payroll for the years ended June 30, 2016, 2015, and 2014 was \$12,066,950, \$11,990,613, and \$11,399,865, respectively. Covered payroll was \$2,398,070, \$2,481,480, and \$2,245,391 for PERS and \$8,716,365, \$8,796,248, and \$8,406,865 for TPAF, for the same years.

For the year ended June 30, 2016, The District recognized pension expense of \$480,869. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 180,352 | |
| Changes of assumptions | 779,059 | |
| Net difference between projected and actual earning on pension plan investments | | \$ 36,976 |
| Changes in proportion and differences between District contributions and proportionate share of contributions | 470,253 | |
| Employer contributions subsequent to the measurement date | 289,535 | |
| | <u>\$ 1,719,199</u> | <u>\$ 36,976</u> |

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 9: PENSION FUNDS (CONTINUED)

Funding Policy (Continued) - \$289,535 reported as deferred outflows of resources related to pensions resulting from School District project contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | Amount |
|------------------------|---------------------|
| 2017 | \$ 273,365 |
| 2018 | 273,365 |
| 2019 | 273,365 |
| 2020 | 357,937 |
| 2021 | 214,656 |
| | <u>\$ 1,392,688</u> |

Additional Information – Collective balances at June 30, 2014 and 2015, are as follows:

| | June 30, 2014 | June 30, 2015 |
|---|-----------------------|-----------------------|
| Collective deferred outflows of resources | \$ 952,194,675 | \$ 3,578,755,666 |
| Collective deferred inflows of resources | 1,479,224,662 | 993,410,455 |
| Collective net pension liability | <u>18,722,735,003</u> | <u>22,447,996,119</u> |
| District's proportion | 0.0303190651% | 0.0336773629% |

Defined Contribution Retirement Program - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution Pension Fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et. seq.). 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 provision are established by NJSA 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 the current law, to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial, not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions for the years ending June 30, 2016, 2015, and 2014, were \$11,564, \$11,364, and \$9,215 for covered employees.

NOTE 10: 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

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10: POST-RETIREMENT BENEFITS (CONTINUED)

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, 2015, there were 107,314 retirees eligible for post-retirement medical benefits and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,055 eligible retired members in fiscal year 2015.

NOTE 11: DEFERRED COMPENSATION

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

| | | |
|-----------------------------------|---------------------------|------------------|
| Lincoln Investment Planning, Inc. | Siracusa Benefits Program | Midland National |
| Metropolitan Life Insurance | AXA Equitable | |

NOTE 12: 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 that are not contingent on a specific event that is outside the control of the employer and employee, is accrued as the employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy and negotiated agreements with the various employee unions.

The liability for vested compensated absences is recorded in the District-wide *Statement of Net Position*. The current portion of the compensated absence balance is not considered material to the Governmental Funds total liabilities and, is therefore not shown separately from the amount due in more than one year.

NOTE 13: LABOR CONTRACTS

As of June 30, 2016, the District has a total of approximately 274 employees. Of this total, approximately 101 employees are represented by the Gateway Regional Education Association. The union agreement will expire on June 30, 2017.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 14: 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 accidents, and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. Any potential liability of the District, with respect to loss claims, would be equal to the deductibles associated with policies and events which may exceed coverage limits. There have been no significant reductions in insurance coverage amounts.

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. This 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:

| Year Ended June 30, | District Contribution | Employee Contribution | Amount Reimbursed | Ending Balance |
|------------------------|--------------------------|--------------------------|----------------------|-------------------|
| 2016 | None | \$ 16,142 | \$ 26,531 | \$ 27,593 |
| 2015 | None | 19,408 | 14,972 | 37,882 |
| 2014 | None | 18,703 | 25,074 | 30,328 |

NOTE 15: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Gateway Regional High School Board of Education by inclusion of \$200,000 on October 11, 2001, 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 NJSA 19:60-2. Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity in the capital reserve for the June 30, 2016, fiscal year is as follows:

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 15: CAPITAL RESERVE ACCOUNT (CONTINUED)

| | |
|---------------------------------|-------------------|
| Beginning balance, July 1, 2015 | \$ 1,043,199 |
| Interest earned | 1,638 |
| Deposits approved by resolution | 250,000 |
| Budgeted withdrawals | (532,567) |
| Prior year encumbrances | 29,218 |
| Ending balance, June 30, 2016 | <u>\$ 791,488</u> |

The June 30, 2016, LRFPP balance of local support costs of uncompleted capital projects at June 30, 2016, is \$970,919. Of the \$791,488 balance at year-end, \$59,653 was designated for use in the 2016-2017 budget leaving a balance of \$731,835.

NOTE 16: FUND BALANCE APPROPRIATED

Restrictions of fund balances of Governmental Funds are established to either (1) satisfy legal covenants that require a portion of the fund balance to be segregated or (2) identify the portion of the fund balance that is not appropriate for future expenditures.

The District follows the State of New Jersey's minimum fund balance policy for New Jersey Public School Districts (NJSA 18A:7F-7). Pursuant to that policy, an undesignated fund balance of 2% of the General Fund budget or \$250,000, whichever is greater may be maintained.

Specific classifications of fund balance are summarized below:

Nonspendable

Permanent Fund - On May 5, 1993, the District was the beneficiary of a distribution from the estate of Ernest R. Myers and on June 12, 1992, the District received funds from the trustees of the Wenonah-Westville Building and Loan Association. In accordance with the terms of the distributions, the principal is to be invested upon good security, and the income only, derived there from, is to be used solely for a scholarship to benefit a graduation student of Gateway Regional High School. As of June 30, 2016, the Nonspendable Fund balance was \$10,797.

Restricted

General Fund - In accordance with NJSA 18A:7F-7, \$2,543,219 is restricted as excess surplus (\$970,392 of the total restricted amount has been appropriated and included as anticipated revenue for the year ending June 30, 2017).

Capital Projects Fund – The Capital Projects Fund balance as of June 30, 2016, was \$339,855.

Permanent Fund - The Permanent Fund has a restricted fund balance in the amount of \$544 as of June 30, 2016. The funds are to be solely used for a scholarship to benefit a graduating student of Gateway Regional High School.

Assigned

General Fund - The District has appropriated and included as an anticipated revenue for the year ending June 30, 2017, \$26,134 of General Fund balance as of June 30, 2016. As of June 30, 2016, the District had \$33,130 of encumbrances outstanding for purchase orders and contracts signed by the District, but not completed, as of the close of the fiscal year.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)

Assigned (Continued)

Debt Service - The Debt Service Fund balance as of June 30, 2016, was \$15,142.

Unassigned

General Fund - As of June 30, 2016, a deficit of \$242,467 of fund balance was unassigned.

NOTE 17: CALCULATION OF EXCESS SURPLUS

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 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, 2016, is \$2,543,219.

NOTE 18: DEFICIT FUND BALANCES

The District has a deficit fund balance of \$242,467 in the General Fund as of June 30, 2016, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the state is recording the June state aid payment(s) in the subsequent fiscal year, the School District cannot recognize the June state aid payment(s) on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to NJSA 18A:22-44.2, any negative unassigned general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP statements of \$265,439 is less than the last state aid payments.

NOTE 19: CONTINGENT LIABILITIES

The District participates in federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for 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.

It is the opinion of the administration and legal counsel, that there exists no litigation or contingent liability that may be pending against the Gateway Regional High School District that would have a material or adverse effect on the Board or the financial position of the District.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 20: ECONOMIC DEPENDENCY

The District is heavily reliant on state aid and local tax levy to fund the District's operations. State sources accounted for approximately 46% of the District's 2015-2016 General Fund revenue, while local tax levy accounted for approximately 48%.

NOTE 21: SUBSEQUENT EVENTS

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2016 and November 15, 2016, the date that the financial statements were available to be issued and no items have come to the attention of the District that would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|----------------------|---------------------|----------------------|----------------------|-----------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 9,849,922 | | \$ 9,849,922 | \$ 9,849,922 | |
| Transportation fees | 1,000,000 | | 1,000,000 | 1,174,765 | \$ 174,765 |
| Interest earned on capital reserve funds | 500 | | 500 | 1,638 | 1,138 |
| Miscellaneous | 43,000 | | 43,000 | 251,742 | 208,742 |
| Total - local sources | <u>10,893,422</u> | | <u>10,893,422</u> | <u>11,278,067</u> | <u>384,645</u> |
| State sources: | | | | | |
| School choice aid | 570,240 | | 570,240 | 570,240 | |
| Extraordinary aid | | | | 59,162 | 59,162 |
| Categorical special education aid | 483,199 | | 483,199 | 483,199 | |
| Equalization aid | 5,835,868 | | 5,835,868 | 5,835,868 | |
| Categorical security aid | 115,019 | | 115,019 | 115,019 | |
| Categorical transportation aid | 448,258 | | 448,258 | 448,258 | |
| PARCC readiness aid | 9,350 | | 9,350 | 9,350 | |
| Per pupil growth aid | 9,350 | | 9,350 | 9,350 | |
| Reimbursed nonpublic school transportation costs | | | | 9,671 | 9,671 |
| TPAF - post retirement medical (on-behalf non-budgeted) | | | | 752,913 | 752,913 |
| Teachers' pension & annuity fund (on-behalf non-budgeted) | | | | 632,315 | 632,315 |
| Reimbursed TPAF social security contributions (non-budgeted) | | | | 585,535 | 585,535 |
| Total - state sources | <u>7,471,284</u> | | <u>7,471,284</u> | <u>9,510,880</u> | <u>2,039,596</u> |
| Federal sources: | | | | | |
| Medical assistance program | 25,252 | | 25,252 | 43,737 | 18,485 |
| Total - federal sources | <u>25,252</u> | | <u>25,252</u> | <u>43,737</u> | <u>18,485</u> |
| Total revenues | <u>\$ 18,389,958</u> | | <u>\$ 18,389,958</u> | <u>\$ 20,832,684</u> | <u>\$ 2,442,726</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| EXPENDITURES: | | | | | |
| Current expense: | | | | | |
| Regular programs - instruction: | | | | | |
| Grades 6-8 - salaries of teachers | \$ 1,927,665 | | \$ 1,927,665 | \$ 1,880,206 | \$ 47,459 |
| Grades 9-12 - salaries of teachers | 2,835,172 | \$ (3,738) | 2,831,434 | 2,746,853 | 84,581 |
| Regular programs - home instruction: | | | | | |
| Salaries of teachers | 25,250 | (4,358) | 20,892 | 20,570 | 322 |
| Purchased professional - educational services | 14,500 | 8,096 | 22,596 | 22,596 | |
| Regular programs - undistributed instruction: | | | | | |
| Purchased professional - educational services | 2,300 | | 2,300 | 1,600 | 700 |
| Purchased technical services | 102,000 | | 102,000 | 33,896 | 68,104 |
| Other purchased services | 93,065 | | 93,065 | 62,303 | 30,762 |
| General supplies | 322,977 | | 322,977 | 234,221 | 88,756 |
| Textbooks | 18,693 | | 18,693 | 13,582 | 5,111 |
| Other objects | 1,711 | | 1,711 | 818 | 893 |
| Total regular programs - instruction | <u>5,343,333</u> | | <u>5,343,333</u> | <u>5,016,645</u> | <u>326,688</u> |
| Special education instruction: | | | | | |
| Learning and/or language disabilities: | | | | | |
| Salaries of teachers | 60,976 | 4,752 | 65,728 | 63,559 | 2,169 |
| Other salaries for instruction | 26,111 | 2,286 | 28,397 | 28,397 | |
| General supplies | 5,000 | (1,320) | 3,680 | 1,694 | 1,986 |
| Other objects | 2,000 | | 2,000 | 127 | 1,873 |
| Total learning and/or language disabilities | <u>94,087</u> | <u>5,718</u> | <u>99,805</u> | <u>93,777</u> | <u>6,028</u> |
| Resource room/resource center: | | | | | |
| Salaries of teachers | 981,312 | (5,632) | 975,680 | 955,200 | 20,480 |
| Other salaries for instruction | 259,748 | 8,714 | 268,462 | 241,585 | 26,877 |
| General supplies | 14,000 | (8) | 13,992 | 6,277 | 7,715 |
| Textbooks | 1,000 | 8 | 1,008 | 1,007 | 1 |
| Other objects | 1,500 | | 1,500 | 221 | 1,279 |
| Total resource room/resource center | <u>1,257,560</u> | <u>3,082</u> | <u>1,260,642</u> | <u>1,204,290</u> | <u>56,352</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|-----------|-----------------------------|
| Home instruction: | | | | | |
| Salaries of teachers | 27,000 | (15,150) | 11,850 | 2,679 | 9,171 |
| Purchased professional - educational services | 16,000 | 4,150 | 20,150 | 16,719 | 3,431 |
| Total home instruction | 43,000 | (11,000) | 32,000 | 19,398 | 12,602 |
| Total special education - instruction | 1,394,647 | (2,200) | 1,392,447 | 1,317,465 | 74,982 |
| Basic skills/remedial - instruction: | | | | | |
| Salaries of teachers | 236,137 | | 236,137 | 232,488 | 3,649 |
| General supplies | 150 | | 150 | | 150 |
| Total basic skills/remedial - instruction | 236,287 | | 236,287 | 232,488 | 3,799 |
| Bilingual education - instruction: | | | | | |
| Salaries of teachers | 2,500 | | 2,500 | 2,000 | 500 |
| General supplies | 275 | | 275 | | 275 |
| Total bilingual education - instruction | 2,775 | | 2,775 | 2,000 | 775 |
| School-sponsored co-curricular activities - instruction: | | | | | |
| Salaries | 105,474 | 20,979 | 126,453 | 125,240 | 1,213 |
| Purchased services | 15,225 | | 15,225 | 10,453 | 4,772 |
| Supplies and materials | 22,384 | (4,005) | 18,379 | 14,504 | 3,875 |
| Other objects | 4,500 | 4,005 | 8,505 | 8,504 | 1 |
| Total school-sponsored co-curricular activities - instruction | 147,583 | 20,979 | 168,562 | 158,701 | 9,861 |
| School-sponsored co-curricular athletics - instruction: | | | | | |
| Salaries | 357,734 | | 357,734 | 351,491 | 6,243 |
| Purchased services | 92,454 | (24,164) | 68,290 | 48,803 | 19,487 |
| Supplies and materials | 78,576 | 685 | 79,261 | 66,619 | 12,642 |
| Other objects | 27,705 | | 27,705 | 21,522 | 6,183 |
| Total school-sponsored co-curricular athletics - instruction: | 556,469 | (23,479) | 532,990 | 488,435 | 44,555 |
| Total instruction and at-risk programs | 7,681,094 | (4,700) | 7,676,394 | 7,215,734 | 460,660 |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| Undistributed expenditures - instruction: | | | | | |
| Tuition to other LEA's within the state - special | 120,750 | (25,729) | 95,021 | 39,166 | 55,855 |
| Tuition to county voc. school district - regular | 136,710 | | 136,710 | 122,873 | 13,837 |
| Tuition to CSSD & regional day schools | 492,760 | 25,729 | 518,489 | 509,749 | 8,740 |
| Tuition to private schools for the disabled - within state | 619,720 | (2,200) | 617,520 | 571,234 | 46,286 |
| Tuition - state facilities | 35,465 | 2,200 | 37,665 | 37,625 | 40 |
| Total undistributed expenditures - instruction | 1,405,405 | | 1,405,405 | 1,280,647 | 124,758 |
| Undistributed expenditures - attendance and social work: | | | | | |
| Salaries | 24,309 | 235 | 24,544 | 24,544 | |
| Purchased professional - technical services | 6,362 | (235) | 6,127 | 3,783 | 2,344 |
| Total undistributed expenditures - attendance and social work | 30,671 | | 30,671 | 28,327 | 2,344 |
| Undistributed expenditures - health services: | | | | | |
| Salaries | 117,553 | | 117,553 | 114,972 | 2,581 |
| Purchased professional - technical services | 3,300 | | 3,300 | 899 | 2,401 |
| Other purchased services | 3,100 | | 3,100 | 1,455 | 1,645 |
| Supplies and materials | 5,800 | | 5,800 | 1,809 | 3,991 |
| Other objects | 175 | | 175 | | 175 |
| Total undistributed expenditures - health services | 129,928 | | 129,928 | 119,135 | 10,793 |
| Undistributed expenditures - speech, OT, PT & related services: | | | | | |
| Salaries | 31,233 | 5,592 | 36,825 | 36,825 | |
| Purchased professional - educational services | 19,500 | (3,392) | 16,108 | 14,500 | 1,608 |
| Supplies and materials | 750 | | 750 | 550 | 200 |
| Total undistributed expenditures - speech, OT, PT & related services | 51,483 | 2,200 | 53,683 | 51,875 | 1,808 |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|-----------------------------|
| Undistributed expenditures - guidance: | | | | | |
| Salaries of other professional staff | 463,440 | (663) | 462,777 | 443,221 | 19,556 |
| Salaries of secretarial and clerical assistants | 38,484 | 719 | 39,203 | 39,198 | 5 |
| Other salaries | 118,880 | (56) | 118,824 | 118,766 | 58 |
| Purchased professional - educational services | 25,830 | | 25,830 | 13,097 | 12,733 |
| Purchased professional - technical services | 14,574 | (693) | 13,881 | 12,459 | 1,422 |
| Other purchased services | 6,609 | | 6,609 | 5,017 | 1,592 |
| Supplies and materials | 13,200 | | 13,200 | 6,964 | 6,236 |
| Other objects | 1,340 | 693 | 2,033 | 924 | 1,109 |
| Total undistributed expenditures - guidance | <u>682,357</u> | | <u>682,357</u> | <u>639,646</u> | <u>42,711</u> |
| Undistributed expenditures - child study team: | | | | | |
| Salaries of other professional staff | 158,101 | (4,898) | 153,203 | 148,495 | 4,708 |
| Salaries of secretarial and clerical assistants | 36,416 | | 36,416 | 36,346 | 70 |
| Other salaries | 27,000 | | 27,000 | 25,081 | 1,919 |
| Purchased professional - educational services | 416,640 | | 416,640 | 411,179 | 5,461 |
| Purchased professional - technical services | 61,800 | (149) | 61,651 | 17,520 | 44,131 |
| Miscellaneous purchased services | 5,071 | 958 | 6,029 | 6,029 | |
| Supplies and materials | 2,500 | (893) | 1,607 | 633 | 974 |
| Total undistributed expenditures - child study team | <u>707,528</u> | <u>(4,982)</u> | <u>702,546</u> | <u>645,283</u> | <u>57,263</u> |
| Undistributed expenditures - improvement of inst. services: | | | | | |
| Salaries of supervisors of instruction | 380,695 | | 380,695 | 374,763 | 5,932 |
| Salaries of secretaries and clerical assistants | 54,078 | | 54,078 | 51,476 | 2,602 |
| Other salaries | 101,553 | | 101,553 | 100,338 | 1,215 |
| Purchased professional - educational services | 52,780 | | 52,780 | 41,449 | 11,331 |
| Purchased professional - technical services | 9,770 | | 9,770 | 6,696 | 3,074 |
| Other purchased services | 25,600 | | 25,600 | 10,109 | 15,491 |
| Supplies and materials | 13,400 | | 13,400 | 6,131 | 7,269 |
| Other objects | 14,650 | | 14,650 | 11,187 | 3,463 |
| Total undistributed expenditures - improvement of inst. services | <u>652,526</u> | | <u>652,526</u> | <u>602,149</u> | <u>50,377</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|-----------------------------|
| Undistributed expenditures - edu. media serv./sch. library: | | | | | |
| Salaries | 121,144 | 8,309 | 129,453 | 123,411 | 6,042 |
| Salaries of technical coordinators | 205,396 | (3,411) | 201,985 | 200,279 | 1,706 |
| Purchased professional - technical services | 8,000 | 288 | 8,288 | 8,287 | 1 |
| Other purchased services | 11,327 | (288) | 11,039 | 10,217 | 822 |
| Supplies and materials | 12,492 | (365) | 12,127 | 10,770 | 1,357 |
| Other objects | 250 | 2 | 252 | 252 | |
| Total Undistributed expenditures - edu. media serv./sch. library | 358,609 | 4,535 | 363,144 | 353,216 | 9,928 |
| Undistributed expenditures - instructional staff training | | | | | |
| Other purchased services | 13,515 | | 13,515 | 3,604 | 9,911 |
| Total undistributed expenditures - instructional staff training | 13,515 | | 13,515 | 3,604 | 9,911 |
| Undistributed expenditures - supp. serv. - general administration: | | | | | |
| Salaries | 174,193 | | 174,193 | 174,193 | |
| Legal services | 11,000 | | 11,000 | 9,948 | 1,052 |
| Audit fees | 29,500 | | 29,500 | 25,500 | 4,000 |
| Architectural/engineering services | 10,500 | | 10,500 | | 10,500 |
| Other purchased professional services | 1,500 | | 1,500 | | 1,500 |
| Communications/telephone | 48,500 | | 48,500 | 30,033 | 18,467 |
| BOE other purchased services | 150 | | 150 | | 150 |
| Other purchased services | 81,650 | | 81,650 | 69,526 | 12,124 |
| General supplies | 4,750 | | 4,750 | 1,457 | 3,293 |
| Miscellaneous expenditures | 2,500 | | 2,500 | 168 | 2,332 |
| BOE membership dues and fees | 10,200 | | 10,200 | 9,093 | 1,107 |
| Total undistributed expenditures - supp. serv. - general administration | 374,443 | | 374,443 | 319,918 | 54,525 |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|--|--------------------|---------------------|-----------------|----------------|-----------------------------|
| Undistributed expenditures - supp. serv. - school administration: | | | | | |
| Salaries of principals/assistant principals/program directors | 329,274 | 261 | 329,535 | 329,534 | 1 |
| Salaries of secretarial and clerical assistants | 78,700 | (261) | 78,439 | 70,985 | 7,454 |
| Purchased professional - technical services | 3,300 | (2,086) | 1,214 | 1,000 | 214 |
| Other purchased services | 1,300 | | 1,300 | 755 | 545 |
| Supplies and materials | 18,520 | 2,801 | 21,321 | 21,127 | 194 |
| Other objects | 11,750 | (715) | 11,035 | 8,648 | 2,387 |
| Total undistributed expenditures - supp. serv. - school administration: | 442,844 | | 442,844 | 432,049 | 10,795 |
| Undistributed expenditures - central services: | | | | | |
| Salaries | 291,566 | (4,425) | 287,141 | 282,331 | 4,810 |
| Purchased professional services | 15,750 | 4,425 | 20,175 | 20,175 | |
| Purchased technical services | 1,500 | | 1,500 | | 1,500 |
| Miscellaneous purchased services | 5,736 | | 5,736 | 5,314 | 422 |
| Supplies and materials | 4,500 | | 4,500 | 3,688 | 812 |
| Miscellaneous expenditures | 2,000 | | 2,000 | 1,340 | 660 |
| Total undistributed expenditures - central services | 321,052 | | 321,052 | 312,848 | 8,204 |
| Undistributed expenditures - required maintenance for school facilities: | | | | | |
| Salaries | 88,188 | | 88,188 | 72,774 | 15,414 |
| Cleaning, repair, and maintenance services | 114,572 | 8,180 | 122,752 | 115,749 | 7,003 |
| General supplies | 58,500 | (8,525) | 49,975 | 41,250 | 8,725 |
| Total undistributed expenditures - required maintenance for school facilities | 261,260 | (345) | 260,915 | 229,773 | 31,142 |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|------------------|------------------|-----------------------------|
| Undistributed expenditures - custodial services: | | | | | |
| Salaries | 575,410 | | 575,410 | 571,812 | 3,598 |
| Purchased professional - technical services | 7,590 | | 7,590 | 4,800 | 2,790 |
| Cleaning, repair, and maintenance services | 28,350 | | 28,350 | 17,113 | 11,237 |
| Other purchased property services | 73,550 | 12 | 73,562 | 61,101 | 12,461 |
| Insurance | 156,700 | (12) | 156,688 | 150,760 | 5,928 |
| General supplies | 70,034 | 2,710 | 72,744 | 71,430 | 1,314 |
| Energy (natural gas) | 114,359 | (2,365) | 111,994 | 75,340 | 36,654 |
| Energy (electricity) | 306,450 | | 306,450 | 201,497 | 104,953 |
| Other objects | 3,080 | | 3,080 | 2,777 | 303 |
| Total undistributed expenditures - custodial services | <u>1,335,523</u> | <u>345</u> | <u>1,335,868</u> | <u>1,156,630</u> | <u>179,238</u> |
| Total undistributed expenditures - oper. & maint. of plant services | <u>1,596,783</u> | | <u>1,596,783</u> | <u>1,386,403</u> | <u>210,380</u> |
| Undistributed expenditures - student transportation services: | | | | | |
| Salaries for pupils trans. (bet. home & school) - regular | 265,032 | (4,525) | 260,507 | 247,674 | 12,833 |
| Salaries for pupils trans. (bet. home & school) - special | 650,260 | (2,400) | 647,860 | 603,543 | 44,317 |
| Salaries for pupils trans. (bet. home & school) - nonpublic school | 145,398 | 6,925 | 152,323 | 151,061 | 1,262 |
| Cleaning, repair and maintenance services | 29,950 | 1,679 | 31,629 | 31,629 | |
| Contract services - aid in lieu of payments | 32,708 | (1,679) | 31,029 | 30,498 | 531 |
| Contract services (special ed. students) joint agreements | 127,000 | | 127,000 | 119,680 | 7,320 |
| Miscellaneous purchased services - transportation | 3,000 | | 3,000 | | 3,000 |
| General supplies | 232,250 | | 232,250 | 140,632 | 91,618 |
| Other objects | 12,500 | | 12,500 | 7,162 | 5,338 |
| Total undistributed expenditures - student transportation services: | <u>1,498,098</u> | | <u>1,498,098</u> | <u>1,331,879</u> | <u>166,219</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| Unallocated benefits - employee benefits: | | | | | |
| Social security contributions | 277,450 | 7,255 | 284,705 | 284,700 | 5 |
| Other retirement contributions - PERS | 306,208 | | 306,208 | 304,668 | 1,540 |
| Unemployment compensation | 1,500 | | 1,500 | | 1,500 |
| Workmen's compensation | 136,240 | | 136,240 | 134,934 | 1,306 |
| Health benefits | 2,474,975 | (24,555) | 2,450,420 | 2,279,766 | 170,654 |
| Tuition reimbursement | 42,000 | (7,255) | 34,745 | 21,527 | 13,218 |
| Other employee benefits | 122,925 | 24,555 | 147,480 | 147,479 | 1 |
| Total unallocated benefits - employee benefits | <u>3,361,298</u> | | <u>3,361,298</u> | <u>3,173,074</u> | <u>188,224</u> |
| On-behalf contributions: | | | | | |
| On-behalf TPAF pensions contributions (non-budgeted) | | | | 632,315 | (632,315) |
| On-behalf TPAF OPEB (postretirement medical) contributions (non-budgeted) | | | | 752,913 | (752,913) |
| Reimbursed TPAF social security contributions (non-budgeted) | | | | 585,535 | (585,535) |
| Total on-behalf contributions | | | | <u>1,970,763</u> | <u>(1,970,763)</u> |
| Total personal services - employee benefits | <u>3,361,298</u> | | <u>3,361,298</u> | <u>5,143,837</u> | <u>(1,782,539)</u> |
| Total undistributed expenditures | <u>11,626,540</u> | <u>1,753</u> | <u>11,628,293</u> | <u>12,650,816</u> | <u>(1,022,523)</u> |
| Total general current expense | <u>19,307,634</u> | <u>(2,947)</u> | <u>19,304,687</u> | <u>19,866,550</u> | <u>(561,863)</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-----------------|------------|-----------------------------|
| Capital outlay: | | | | | |
| Interest deposited to capital reserve | 500 | | 500 | | 500 |
| Non-instructional equipment - athletics | | 2,500 | 2,500 | 2,495 | 5 |
| Equipment: | | | | | |
| Undistributed - instruction | 5,900 | 363 | 6,263 | 3,862 | 2,401 |
| Undistributed - support services | 5,100 | (4,972) | 128 | | 128 |
| Undistributed - child study team | 2,501 | 84 | 2,585 | 2,585 | |
| Undistributed - custodial services | 12,600 | 4,972 | 17,572 | 12,581 | 4,991 |
| School buses - regular | 40,000 | | 40,000 | 20,000 | 20,000 |
| Total equipment | 66,101 | 447 | 66,548 | 39,028 | 27,520 |
| Facilities acquisition and construction services: | | | | | |
| Assessment for debt service on SDA funding | 84,175 | | 84,175 | 84,175 | |
| Total facilities acquisition and construction services | 84,175 | | 84,175 | 84,175 | |
| Assets acquired under capital leases (non-budgeted): | | | | | |
| Undistributed expenditures: | | | | | |
| School buses | | | | 95,669 | (95,669) |
| Total capital outlay | 150,776 | 2,947 | 153,723 | 221,367 | (67,644) |
| Total expenditures | 19,458,410 | | 19,458,410 | 20,087,917 | (629,507) |
| Excess (deficiency) of revenues over (under) expenditures | (1,068,452) | | (1,068,452) | 744,767 | 1,813,219 |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|---------------------|-------------------------------------|
| Other financing sources: | | | | | |
| Operating transfer in/(out): | | | | | |
| Capital reserve - transfer for capital projects | (662,774) | | (662,774) | (532,567) | (130,207) |
| Prior year payable canceled | | | | 930 | (930) |
| Prior year receivable canceled | | | | (1,496) | 1,496 |
| Capital leases (non-budgeted) | | | | 95,669 | (95,669) |
| Total other financing sources | <u>(662,774)</u> | | <u>(662,774)</u> | <u>(437,464)</u> | <u>(225,310)</u> |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses) | (1,731,226) | | (1,731,226) | 307,303 | 1,587,909 |
| Fund balance, July 1 | <u>3,526,582</u> | | <u>3,526,582</u> | <u>3,526,582</u> | |
| Fund balance, June 30 | <u>\$ 1,795,356</u> | | <u>\$ 1,795,356</u> | <u>\$ 3,833,885</u> | <u>\$ 1,587,909</u> |
| Recapitulation: | | | | | |
| Restricted fund balance: | | | | | |
| Excess surplus designated for subsequent year's expenditures | | | | \$ 970,392 | |
| Excess surplus - current year | | | | 1,572,827 | |
| Capital reserve | | | | 731,835 | |
| Capital reserve designated for subsequent year expenditures | | | | 59,653 | |
| Assigned fund balance: | | | | | |
| Designated for subsequent year's expenditures | | | | 26,134 | |
| Year-end encumbrances | | | | 33,130 | |
| Unassigned fund balance | | | | 439,914 | |
| | | | | <u>3,833,885</u> | |
| Reconciliation to governmental fund statements (GAAP): | | | | | |
| Last state aid payment not recognized on GAAP basis | | | | (682,381) | |
| Fund balance per governmental funds (GAAP) | | | | <u>\$ 3,151,504</u> | |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Special Revenue Fund
 For the Fiscal Year Ended June 30, 2016

| | Original Budget | Budget Transfers | Final Budget | Actual | Variance Final to Actual |
|---|--------------------|---------------------|-------------------|-------------------|-----------------------------|
| REVENUES: | | | | | |
| Local sources | \$ 2,000 | | \$ 2,000 | \$ 1,929 | \$ (71) |
| State sources | 85,763 | | 85,763 | 80,245 | (5,518) |
| Federal sources | 453,720 | | 453,720 | 430,040 | (23,680) |
| Total revenues | \$ 541,483 | | \$ 541,483 | \$ 512,214 | \$ (29,269) |
| EXPENDITURES: | | | | | |
| Instruction: | | | | | |
| Salaries of teachers | \$ 84,543 | \$ 21,438 | \$ 105,981 | \$ 104,347 | \$ 1,634 |
| Purchased professional - technical services | 7,351 | | 7,351 | 7,351 | |
| Purchased professional - educational services | 22,877 | | 22,877 | 20,492 | 2,385 |
| Other purchased services | 48,797 | | 48,797 | 45,664 | 3,133 |
| Tuition | 238,659 | | 238,659 | 238,659 | |
| General supplies | 19,794 | (3,600) | 16,194 | 9,803 | 6,391 |
| Textbooks | 6,738 | | 6,738 | 6,738 | |
| Total instruction | 428,759 | 17,838 | 446,597 | 433,054 | 13,543 |
| Support services: | | | | | |
| Salaries | 14,762 | (3,642) | 11,120 | 4,794 | 6,326 |
| Personal services - employee benefits | 30,726 | (12,358) | 18,368 | 18,368 | |
| Purchased professional - technical services | 6,644 | (2,500) | 4,144 | 4,144 | |
| Purchased professional - educational services | 46,076 | (90) | 45,986 | 36,737 | 9,249 |
| Other purchased services | 1,992 | 1,008 | 3,000 | 3,000 | |
| Supplies and materials | 12,524 | (256) | 12,268 | 12,117 | 151 |
| Total support services | 112,724 | (17,838) | 94,886 | 79,160 | 15,726 |
| Total expenditures | \$ 541,483 | | \$ 541,483 | \$ 512,214 | \$ 29,269 |

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Required Supplementary Information
 Budget-to-GAAP Reconciliation
 Note to RSI
 For the Fiscal Year Ended June 30, 2016

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

| | General Fund | Special Revenue Fund |
|---|----------------------|----------------------|
| Sources/inflows of resources: | | |
| Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule. | \$ 20,832,684 | \$ 512,214 |
| Difference - budget to GAAP: | | |
| Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized. | | 226 |
| State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes. | 672,579 | |
| State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the following year. | (682,381) | |
| | <u>\$ 20,822,882</u> | <u>\$ 512,440</u> |
| Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds. | | |
| Uses/outflows of resources: | | |
| Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule. | \$ 20,087,917 | \$ 512,214 |
| Difference - budget to GAAP: | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | | 226 |
| | <u>\$ 20,087,917</u> | <u>\$ 512,440</u> |
| Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds. | | |

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR PENSIONS (GASB 68)

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - PERS
Last Two Fiscal Years

| | Fiscal Year Ended | |
|---|-------------------|---------------|
| | June 30, 2015 | June 30, 2016 |
| District's proportion of the net pension liability (asset) | 0.0303190651% | 0.0336773629% |
| District's proportionate share of the net pension liability (asset) | \$ 5,676,558 | \$ 7,559,893 |
| District's covered-employee payroll | 2,010,231 | 2,177,425 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 282.38% | 347.19% |
| Plan fiduciary net position as a percentage of the total pension liability | 52.08% | 47.93% |
| Measurement date | June 30, 2014 | June 30, 2015 |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Schedule of District Contributions - PERS
 Last Two Fiscal Years

| | Fiscal Year Ended | |
|--|----------------------|----------------------|
| | <u>June 30, 2015</u> | <u>June 30, 2016</u> |
| Contractually required contribution | \$ 249,946 | \$ 289,535 |
| Contributions in relation to the contractually required contribution | <u>249,946</u> | <u>289,535</u> |
| Contribution deficiency (excess) | <u>None</u> | <u>None</u> |
| District's covered-employee payroll | \$ 2,010,231 | \$ 2,177,425 |
| Contributions as a percentage of covered-employee payroll | 12.43% | 13.30% |
| Measurement date | June 30, 2014 | June 30, 2015 |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Schedule of the District's Proportionate Share of the Net Pension Liability - TPAF
 Last Two Fiscal Years

| | Fiscal Year Ended | |
|---|-------------------|---------------|
| | June 30, 2015 | June 30, 2016 |
| District's proportion of the net pension liability (asset) | 0.0781414459% | 0.0765392131% |
| District's proportionate share of the net pension liability (asset) | \$ 41,764,060 | \$ 48,376,051 |
| District's covered-employee payroll | 7,835,258 | 8,147,501 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 533.03% | 593.75% |
| Plan fiduciary net position as a percentage of the total pension liability | 33.64% | 28.71% |
| Measurement date | June 30, 2014 | June 30, 2015 |

The data in the above schedule represents the allocation of the State of New Jersey's obligation *on behalf* of the District.

The Teachers' Pension and Annuity Fund (TPAF) On-behalf Payments is a Cost Sharing, Multi-Employer Defined Benefit Plan with a Special Funding Situation - 100% Legal Obligation of the State of New Jersey (State).

Since the State is the only entity with a legal obligation, the District's proportionate share percentage determined under paragraph 48 of GASB No. 68 is zero percent. Accordingly, the District did not recognize any portion of the TPAF collective net pension liability on the Statement of Net Position (A-1). Also on the A-1, and for the same reasons, the District did not recognize any portion of TPAF collective deferred outflows of resources and TPAF deferred inflows of resources.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART III

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART III
JUNE 30, 2016**

NOTE 1: CONTRIBUTIONS

The contribution policy for PERS is set by NJSA 15A and requires contributions by active members and contributing employers. The District's contribution amount was based on an actuarially determined rate which includes the normal cost and unfunded accrued liability.

NOTE 2: ACTUARIAL ASSUMPTIONS

The total pension liability for the June 30, 2015, measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|---------------------------|
| Inflation rate | 3.04% |
| Salary increases: | |
| 2012-2021 | 2.15 – 4.40% based on age |
| Thereafter | 3.15 – 5.40% based on age |
| Investment rate of return | 7.90% |

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for males and females) for service retirement and beneficiaries of form members with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA. The RP-2000 Disabled Mortality Tables (setback 3 years for males and setback 1 year for females) are used to value disabled retirees.

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

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

OTHER SUPPLEMENTARY INFORMATION

SPECIAL REVENUE FUND

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

| | Total Brought Forward (Exhibit E-1a) | Title I | Title II Part A | IDEA Basic | IIS Competitive | Total |
|---|---|--------------------------|-------------------------|--------------------------|-------------------------|--------------------------|
| REVENUES: | | | | | | |
| Federal sources | | \$ 137,994 | \$ 14,976 | \$ 266,694 | \$ 10,376 | \$ 430,040 |
| State sources | \$ 80,245 | | | | | 80,245 |
| Local sources | 1,929 | | | | | 1,929 |
| Total revenues | <u>\$ 82,174</u> | <u>\$ 137,994</u> | <u>\$ 14,976</u> | <u>\$ 266,694</u> | <u>\$ 10,376</u> | <u>\$ 512,214</u> |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Salaries of teachers | | \$ 104,347 | | | | \$ 104,347 |
| Purchased professional - technical services | \$ 7,351 | | | | | 7,351 |
| Purchased professional - educational services | 20,492 | | | | | 20,492 |
| Other purchased services | 45,664 | | | | | 45,664 |
| Tuition | | | | \$ 238,659 | | 238,659 |
| General supplies | 1,929 | 3,844 | | 598 | \$ 3,432 | 9,803 |
| Textbooks | 6,738 | | | | | 6,738 |
| Total instruction | <u>82,174</u> | <u>108,191</u> | | <u>239,257</u> | <u>3,432</u> | <u>433,054</u> |
| Support services: | | | | | | |
| Salaries | | 4,794 | | | | 4,794 |
| Personal services-employees benefits | | 18,368 | | | | 18,368 |
| Purchased professional - technical services | | 2,500 | | | 1,644 | 4,144 |
| Purchased professional - educational services | | | 9,300 | 27,437 | | 36,737 |
| Other purchased services | | 3,000 | | | | 3,000 |
| Supplies and materials | | 1,141 | 5,676 | | 5,300 | 12,117 |
| Total support services | | <u>29,803</u> | <u>14,976</u> | <u>27,437</u> | <u>6,944</u> | <u>79,160</u> |
| Total expenditures | <u>\$ 82,174</u> | <u>\$ 137,994</u> | <u>\$ 14,976</u> | <u>\$ 266,694</u> | <u>\$ 10,376</u> | <u>\$ 512,214</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

| | Total Brought Forward (Exhibit E-1b) | Nonpublic Textbook | Nonpublic Nursing Services | Nonpublic Technology | Exxon Mobil | Total Carried Forward |
|---|---|-----------------------|----------------------------------|-------------------------|-----------------|-----------------------------|
| REVENUES: | | | | | | |
| State sources | \$ 59,819 | \$ 6,738 | \$ 10,620 | \$ 3,068 | | \$ 80,245 |
| Local sources | | | | | \$ 1,929 | 1,929 |
| Total revenues | <u>\$ 59,819</u> | <u>\$ 6,738</u> | <u>\$ 10,620</u> | <u>\$ 3,068</u> | <u>\$ 1,929</u> | <u>\$ 82,174</u> |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Purchased professional - technical services | \$ 7,351 | | | | | \$ 7,351 |
| Purchased professional - educational services | 9,872 | | \$ 10,620 | | | 20,492 |
| Other purchased services | 42,596 | | | \$ 3,068 | | 45,664 |
| General supplies | | | | | \$ 1,929 | 1,929 |
| Textbooks | | \$ 6,738 | | | | 6,738 |
| Total instruction | <u>59,819</u> | <u>6,738</u> | <u>10,620</u> | <u>3,068</u> | <u>1,929</u> | <u>82,174</u> |
| Total expenditures | <u>\$ 59,819</u> | <u>\$ 6,738</u> | <u>\$ 10,620</u> | <u>\$ 3,068</u> | <u>\$ 1,929</u> | <u>\$ 82,174</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

| | <u>Nonpublic Handicapped Services</u> | | | <u>Nonpublic Auxiliary Services</u> | | <u>Total Carried Forward</u> |
|---|---------------------------------------|-------------------------|------------------|-------------------------------------|-----------------|--------------------------------------|
| | <u>Corr Speech</u> | <u>Exam & Class</u> | <u>Supp Inst</u> | <u>Comp Ed</u> | <u>Transp</u> | |
| REVENUES: | | | | | | |
| State sources | \$ 836 | \$ 9,036 | \$ 7,351 | \$ 40,016 | \$ 2,580 | \$ 59,819 |
| Total revenues | <u>\$ 836</u> | <u>\$ 9,036</u> | <u>\$ 7,351</u> | <u>\$ 40,016</u> | <u>\$ 2,580</u> | <u>\$ 59,819</u> |
| EXPENDITURES: | | | | | | |
| Instruction: | | | | | | |
| Purchased professional - technical services | | | \$ 7,351 | | | \$ 7,351 |
| Purchased professional - educational services | \$ 836 | \$ 9,036 | | | | 9,872 |
| Other purchased services | | | | \$ 40,016 | \$ 2,580 | 42,596 |
| Total instruction | <u>836</u> | <u>9,036</u> | <u>7,351</u> | <u>40,016</u> | <u>2,580</u> | <u>59,819</u> |
| Total expenditures | <u>\$ 836</u> | <u>\$ 9,036</u> | <u>\$ 7,351</u> | <u>\$ 40,016</u> | <u>\$ 2,580</u> | <u>\$ 59,819</u> |

CAPITAL PROJECTS FUND

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Capital Projects Fund
 Summary Schedule of Project Expenditures
 For the Fiscal Year Ended June 30, 2016

| <u>Project Title/Issue</u> | <u>Approval Date</u> | <u>Revised Budgetary Appropriations</u> | <u>GAAP Expenditures to Date</u> | | <u>Unexpended Appropriations June 30, 2016</u> |
|--|----------------------|---|--------------------------------------|-------------------------|--|
| | | | <u>Prior Years</u> | <u>Current Year</u> | |
| Replacing Existing Roof System and Refurbishing the 300 Wing Elevator | 11/30/2015 | <u>\$ 423,036</u> | | <u>\$ 83,181</u> | <u>\$ 339,855</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budgetary Basis
 for the Year Ended June 30, 2016

Revenues and other financing sources:

| | |
|---|----------------|
| Capital reserve - transfer for capital projects | \$ 532,567 |
| State sources - ROD grant | 423,036 |
| | <hr/> |
| Total revenues and other financing sources | <u>955,603</u> |

Expenditures and other financing uses:

| | |
|---|--------------------------|
| Purchased professional and technical services | 8,551 |
| Construction services | 607,197 |
| | <hr/> |
| Total expenditures and other financing uses | <u>615,748</u> |
| Excess (deficiency) of revenues over (under) expenditures | 339,855 |
| Fund balance - beginning | None |
| | <hr/> |
| Fund balance - ending | <u><u>\$ 339,855</u></u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
 Replacing Existing Roof System and Refurbishing the 300 Wing Elevator
 From Inception and for the Year Ended June 30, 2016

| | Current Period | Totals | Revised Authorized Costs |
|--|-------------------|---------------------|--------------------------------|
| Revenues and other financing sources: | | | |
| State sources - ROD grant | \$ 423,036 | \$ 423,036 | \$ 423,036 |
| Total revenues | <u>423,036</u> | <u>423,036</u> | <u>423,036</u> |
| Expenditures and other financing uses: | | | |
| Purchased professional and technical services | 8,551 | 8,551 | 84,607 |
| Construction services | 74,630 | 74,630 | 338,429 |
| Total expenditures | <u>83,181</u> | <u>83,181</u> | <u>423,036</u> |
| Excess (deficiency) of revenues over (under) expenses | <u>\$ 339,855</u> | <u>\$ 339,855</u> | |
| Additional project information: | | | |
| Project Number | | SP#1715-050-14-1001 | |
| Grant Date/Letter of Notification | | 11/30/2015 | |
| Original project authorized cost | \$ 423,036 | | |
| Percentage completion | | 20% | |
| Original target completion date | | 9/30/2016 | |

PROPRIETARY FUNDS

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Net Position
For the Fiscal Year Ended June 30, 2016

| | Food Service Fund | Child Study Team | Business Services | Chief School Administrator Services | Total Enterprise Fund |
|---|-------------------------|------------------------|----------------------|---|-----------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 178,712 | \$ 35,991 | | \$ 74,150 | \$ 288,853 |
| Receivables, net | 116,094 | | | | 116,094 |
| Inventory | 26,840 | | | | 26,840 |
| Capital assets, net | 12,566 | | | | 12,566 |
| Total assets | <u>334,212</u> | <u>35,991</u> | | <u>\$ 74,150</u> | <u>444,353</u> |
| LIABILITIES | | | | | |
| Deficit in cash | | | \$ 4,475 | | 4,475 |
| Accounts payable | 205,963 | 5,704 | | | 211,667 |
| Deferred revenue | 8,282 | | | | 8,282 |
| Total liabilities | <u>214,245</u> | <u>5,704</u> | <u>4,475</u> | | <u>224,424</u> |
| NET POSITION | | | | | |
| Investment in capital assets, net of related debt | 12,566 | | | | 12,566 |
| Unrestricted | 107,401 | 30,287 | (4,475) | \$ 74,150 | 207,363 |
| Total net position | <u>\$ 119,967</u> | <u>\$ 30,287</u> | <u>\$ (4,475)</u> | <u>\$ 74,150</u> | <u>\$ 219,929</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Revenues, Expenses,
and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2016

| | Food Service Fund | Child Study Team | Business Services | Chief School Administrator Services | Total Enterprise Fund |
|---|-------------------------|------------------------|----------------------|---|-----------------------------|
| Operating revenues: | | | | | |
| Charges for services: | | | | | |
| Daily sales - reimbursable programs | \$ 177,608 | | | | \$ 177,608 |
| Daily sales - non-reimbursable programs | 162,573 | | | | 162,573 |
| Special functions | 25,168 | | | | 25,168 |
| Prior year management fee returned | 9,653 | | | | 9,653 |
| Services provided to other entities | | \$ 696,367 | \$ 205,400 | \$ 67,000 | 968,767 |
| Total operating revenue | <u>375,002</u> | <u>696,367</u> | <u>205,400</u> | <u>67,000</u> | <u>1,343,769</u> |
| Operating expenses | | | | | |
| Cost of sales - reimbursable programs | 278,270 | | | | 278,270 |
| Cost of sales - non-reimbursable programs | 74,037 | | | | 74,037 |
| Salaries | 280,495 | 556,806 | 192,698 | 52,388 | 1,082,387 |
| Employee benefits | 67,853 | 124,817 | | 5,177 | 197,847 |
| Purchased professional/educational services | | 244 | | | 244 |
| Other purchased services | 7,073 | 5,588 | 380 | 529 | 13,570 |
| Contracted services | 34,575 | | | | 34,575 |
| Operations and maintenance | 3,948 | | | | 3,948 |
| Supplies and materials | 32,571 | 15,232 | 1,707 | 102 | 49,612 |
| Miscellaneous expenditures | 12,004 | 1,356 | 227 | 155 | 13,742 |
| Depreciation | 2,834 | | | | 2,834 |
| Total operating expenses | <u>793,660</u> | <u>704,043</u> | <u>195,012</u> | <u>58,351</u> | <u>1,751,066</u> |
| Operating income (loss) | <u>(418,658)</u> | <u>(7,676)</u> | <u>10,388</u> | <u>8,649</u> | <u>(407,297)</u> |
| Non-operating revenues (expenses): | | | | | |
| Interest earned | 674 | | | | 674 |
| State sources: | | | | | |
| State school lunch program | 6,521 | | | | 6,521 |
| Federal sources: | | | | | |
| School breakfast program | 109,947 | | | | 109,947 |
| National school lunch program | 255,975 | | | | 255,975 |
| Special milk program | 359 | | | | 359 |
| After school snack program | 2,542 | | | | 2,542 |
| Food distribution program commodities | 62,718 | | | | 62,718 |
| Total non-operating revenues (expenses) | <u>438,736</u> | | | | <u>438,736</u> |
| Change in net position | 20,078 | (7,676) | 10,388 | 8,649 | 31,439 |
| Total net position - beginning | 99,889 | 37,963 | (14,863) | 65,501 | 188,490 |
| Total net position - ending | <u>\$ 119,967</u> | <u>\$ 30,287</u> | <u>\$ (4,475)</u> | <u>\$ 74,150</u> | <u>\$ 219,929</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Enterprise Funds
Combining Schedule of Cash Flows
For the Fiscal Year Ended June 30, 2016

| | Food Service Fund | Child Study Team | Business Services | Chief School Administrator Services | Total Enterprise Fund |
|---|-------------------------|------------------------|----------------------|---|-----------------------------|
| Cash flows from operating activities: | | | | | |
| Receipts from customers | \$ 381,695 | \$ 696,367 | \$ 205,400 | \$ 67,000 | \$ 1,350,462 |
| Payments to employees | (280,495) | (556,806) | (192,698) | (52,388) | (1,082,387) |
| Payments for employee benefits | (67,853) | (124,817) | | (5,177) | (197,847) |
| Payments to suppliers | (349,812) | (21,575) | (2,392) | (786) | (374,565) |
| Net cash provided by (used for) operating activities | <u>(316,465)</u> | <u>(6,831)</u> | <u>10,310</u> | <u>8,649</u> | <u>(304,337)</u> |
| Cash flows from non-capital financing activities: | | | | | |
| State sources | 6,836 | | | | 6,836 |
| Federal sources | 370,420 | | | | 370,420 |
| Net cash provided by non-capital financing activities | <u>377,256</u> | | | | <u>377,256</u> |
| Cash flows from investing activities | | | | | |
| Interest earned | 674 | | | | 674 |
| Net cash provided by investing activities | <u>674</u> | | | | <u>674</u> |
| Net increase (decrease) in cash and cash equivalents | 61,465 | (6,831) | 10,310 | 8,649 | 73,593 |
| Balance - beginning of year | 117,247 | 42,822 | (14,785) | 65,501 | 210,785 |
| Balance - end of year | <u>\$ 178,712</u> | <u>\$ 35,991</u> | <u>\$ (4,475)</u> | <u>\$ 74,150</u> | <u>\$ 284,378</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ (418,658) | \$ (7,676) | \$ 10,388 | \$ 8,649 | \$ (407,297) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | 2,834 | | | | 2,834 |
| Food distribution program | 62,718 | | | | 62,718 |
| (Increase) decrease in accounts receivable | (24,540) | | | | (24,540) |
| (Increase) decrease in inventory | 11,233 | | | | 11,233 |
| Increase (decrease) in accounts payable | 49,948 | 845 | (78) | | 50,715 |
| Net cash provided by (used for) operating activities | <u>\$ (316,465)</u> | <u>\$ (6,831)</u> | <u>\$ 10,310</u> | <u>\$ 8,649</u> | <u>\$ (304,337)</u> |

FIDUCIARY FUNDS

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

| | Trust | | Agency | | Total 2016 |
|---------------------------------------|------------------------------|--------------------|---------------------|-------------------|------------------|
| | Unemployment Compensation | Private Purpose | Student Activity | Payroll | |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 21,799 | \$ 13,371 | \$ 222,291 | \$ 114,888 | \$ 372,349 |
| Interfund receivable | 5,794 | | | | 5,794 |
| Total assets | <u>\$ 27,593</u> | <u>\$ 13,371</u> | <u>\$ 222,291</u> | <u>\$ 114,888</u> | <u>378,143</u> |
| LIABILITIES | | | | | |
| Payroll deductions and withholdings | | | | \$ 109,039 | 109,039 |
| Due to student groups | | | \$ 222,291 | | 222,291 |
| Interfund payable | | | | 5,849 | 5,849 |
| Total liabilities | | | <u>\$ 222,291</u> | <u>\$ 114,888</u> | <u>337,179</u> |
| NET POSITION | | | | | |
| Held in trust for unemployment claims | \$ 27,593 | | | | 27,593 |
| Reserved for scholarships | | \$ 13,371 | | | 13,371 |
| Total net position | <u>\$ 27,593</u> | <u>\$ 13,371</u> | | | <u>\$ 40,964</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended June 30, 2016

| | Unemployment Compensation | Private Purpose | Total 2016 |
|---------------------------|------------------------------|--------------------|------------------|
| ADDITIONS: | | | |
| Contributions | \$ 16,142 | | \$ 16,142 |
| Interest earned | 100 | \$ 137 | 237 |
| Total additions | <u>16,242</u> | <u>137</u> | <u>16,379</u> |
| DEDUCTIONS: | | | |
| Unemployment claims | 26,531 | | 26,531 |
| Transfer for scholarships | | 500 | 500 |
| Total deductions | <u>26,531</u> | <u>500</u> | <u>27,031</u> |
| Change in net position | (10,289) | (363) | (10,652) |
| Net position - beginning | 37,882 | 13,734 | 51,616 |
| Net position - end | <u>\$ 27,593</u> | <u>\$ 13,371</u> | <u>\$ 40,964</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

| | <u>Balance July 1, 2015</u> | <u>Cash Receipts</u> | <u>Cash Disbursements</u> | <u>Balance June 30, 2016</u> |
|------------------|---------------------------------|--------------------------|-------------------------------|----------------------------------|
| ACTIVITIES: | | | | |
| Gateway Regional | <u>\$ 267,839</u> | <u>\$ 455,281</u> | <u>\$ 500,829</u> | <u>\$ 222,291</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Payroll Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016

| | <u>Balance July 1, 2015</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2016</u> |
|--|---------------------------------|----------------------|----------------------|----------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 111,280 | \$ 13,254,862 | \$ 13,251,254 | \$ 114,888 |
| Total assets | <u>\$ 111,280</u> | <u>\$ 13,254,862</u> | <u>\$ 13,251,254</u> | <u>\$ 114,888</u> |
| LIABILITIES | | | | |
| Net pay | | \$ 7,310,919 | \$ 7,310,919 | |
| Payroll deductions and withholdings | \$ 105,527 | 5,924,228 | 5,920,716 | \$ 109,039 |
| Interfund payable | | | | |
| General fund | 58 | 573 | 576 | 55 |
| Unemployment trust | 5,695 | 19,142 | 19,043 | 5,794 |
| Total liabilities | <u>\$ 111,280</u> | <u>\$ 13,254,862</u> | <u>\$ 13,251,254</u> | <u>\$ 114,888</u> |

LONG-TERM DEBT

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Schedule of Serial Bonds
 June 30, 2016

| Issue | Date of Issue | Amount of Issue | Annual Maturities | | Interest Rate | Balance July 1, 2015 | Retired | Balance June 30, 2016 |
|-------------------------------------|---------------|-----------------|-------------------|------------|---------------------|----------------------|---------------------|-----------------------|
| | | | Date | Amount | | | | |
| Refunding School Bonds, Series 2012 | 5/13/12 | \$ 6,275,000 | 3/1/17 | \$ 370,000 | 3.000% | | | |
| | | | 3/1/18 | 390,000 | 3.000% | | | |
| | | | 3/1/19 | 400,000 | 4.000% | | | |
| | | | 3/1/20 | 420,000 | 4.000% | | | |
| | | | 3/1/21-24 | 440,000 | 4.000% | | | |
| | | | 3/1/25 | 440,000 | 3.750% | | | |
| | | | 3/1/26-27 | 435,000 | 3.750% | | | |
| | | | 3/1/28 | 430,000 | 3.125% | | | |
| | | | 3/1/29 | 420,000 | 3.125% | | | |
| | | | | | \$ 5,860,000 | \$ 360,000 | \$ 5,500,000 | |
| | | | | | <u>\$ 5,860,000</u> | <u>\$ 360,000</u> | <u>\$ 5,500,000</u> | |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Schedule of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2016

| <u>Purpose</u> | <u>Date of Lease</u> | <u>Term of Lease</u> | <u>Amount of Original Lease</u> | | <u>Interest Rate</u> | <u>Issued</u> | <u>Retired</u> | <u>Balance June 30, 2016</u> |
|----------------|----------------------|----------------------|---------------------------------|-----------------|----------------------|------------------|------------------|------------------------------|
| | | | <u>Principal</u> | <u>Interest</u> | | | | |
| School bus | 12/10/15 | 5 Years | \$ 95,669 | 4,579 | 1.58% | <u>\$ 95,669</u> | <u>\$ 20,000</u> | <u>\$ 75,669</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Debt Service Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2016

| | <u>Original Budget</u> | <u>Budget Transfers</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Final to Actual</u> |
|--|----------------------------|-----------------------------|-------------------------|------------------|-------------------------------------|
| REVENUES: | | | | | |
| Local sources: | | | | | |
| Local tax levy | \$ 567,838 | | \$ 567,838 | \$ 567,838 | |
| Total revenues | <u>567,838</u> | | <u>567,838</u> | <u>567,838</u> | |
| EXPENDITURES: | | | | | |
| Regular debt service: | | | | | |
| Interest | 207,838 | | 207,838 | 207,838 | |
| Redemption of principal | 360,000 | | 360,000 | 360,000 | |
| Total expenditures | <u>567,838</u> | | <u>567,838</u> | <u>567,838</u> | |
| Excess (deficiency) of revenue over (under) expenditures | | | | | |
| Fund balance, July 1 | 15,142 | | 15,142 | 15,142 | |
| Fund balance, June 30 | <u>\$ 15,142</u> | | <u>\$ 15,142</u> | <u>\$ 15,142</u> | |

**STATISTICAL SECTION
(Unaudited)**

**Gateway Regional High School District
Statistical Section**

| Contents | Page |
|--|-------------|
| Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time. | 104-109 |
| Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax. | 110-117 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future. | 118-124 |
| Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place. | 125-127 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs. | 128-132 |

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

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years

Fiscal Year Ending June 30

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| Governmental activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 9,248,471 | \$ 9,846,870 | \$ 9,635,820 | \$ 10,661,908 | \$ 10,288,712 | \$ 10,082,430 | \$ 9,910,437 | \$ 9,928,469 | \$ 9,678,422 | \$ 9,667,272 |
| Restricted | 1,994,798 | 2,291,233 | 2,226,750 | 1,190,223 | 1,639,229 | 2,679,114 | 3,035,257 | 3,105,499 | 3,145,944 | 3,760,309 |
| Unrestricted | (331,236) | (322,539) | (103,071) | (835,574) | (681,102) | (584,397) | (831,752) | (871,557) | (6,483,150) | (6,755,886) |
| Total governmental activities net position | \$ 10,912,033 | \$ 11,815,564 | \$ 11,759,499 | \$ 11,016,557 | \$ 11,246,839 | \$ 12,177,147 | \$ 12,113,942 | \$ 12,162,411 | \$ 6,341,216 | \$ 6,671,695 |
| Business-type activities: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 81,427 | \$ 67,257 | \$ 67,910 | \$ 57,796 | \$ 47,908 | \$ 39,291 | \$ 30,702 | \$ 22,733 | \$ 15,400 | \$ 12,566 |
| Unrestricted | 93,489 | 77,942 | 82,658 | 102,985 | 96,122 | 87,968 | 149,740 | 177,820 | 173,090 | 207,363 |
| Total business-type activities net position | \$ 174,916 | \$ 145,199 | \$ 150,568 | \$ 160,781 | \$ 144,030 | \$ 127,259 | \$ 180,442 | \$ 200,553 | \$ 188,490 | \$ 219,929 |
| District-wide: | | | | | | | | | | |
| Invested in capital assets, net of related debt | \$ 9,329,898 | \$ 9,914,127 | \$ 9,703,730 | \$ 10,719,704 | \$ 10,336,620 | \$ 10,121,721 | \$ 9,941,139 | \$ 9,951,202 | \$ 9,693,822 | \$ 9,679,838 |
| Restricted | 1,994,798 | 2,291,233 | 2,226,750 | 1,190,223 | 1,639,229 | 2,679,114 | 3,035,257 | 3,105,499 | 3,145,944 | 3,760,309 |
| Unrestricted | (237,747) | (244,597) | (20,413) | (732,589) | (584,980) | (496,429) | (682,012) | (693,737) | (6,310,060) | (6,548,523) |
| Total district-wide net position | \$ 11,086,949 | \$ 11,960,763 | \$ 11,910,067 | \$ 11,177,338 | \$ 11,390,869 | \$ 12,304,406 | \$ 12,294,384 | \$ 12,362,964 | \$ 6,529,706 | \$ 6,891,624 |

Source: District records

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

| | Fiscal Year Ending June 30 | | | | | | | | | |
|--|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| EXPENSES: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular | \$ 5,393,621 | \$ 5,599,864 | \$ 5,641,051 | \$ 5,684,631 | \$ 5,410,739 | \$ 5,542,377 | \$ 5,469,950 | \$ 5,269,382 | \$ 5,537,714 | \$ 5,520,080 |
| Special education | 1,046,335 | 1,107,489 | 1,077,954 | 1,067,291 | 1,111,749 | 1,175,624 | 1,560,121 | 1,567,448 | 1,807,084 | 1,750,519 |
| Other special instruction | 270,539 | 248,892 | 300,853 | 317,491 | 289,413 | 210,324 | 221,101 | 212,750 | 221,276 | 234,488 |
| Other instruction | 552,279 | 606,498 | 642,625 | 619,369 | 568,644 | 586,662 | 602,544 | 644,010 | 656,434 | 647,136 |
| Support services: | | | | | | | | | | |
| Tuition | 870,122 | 969,649 | 1,244,874 | 1,209,425 | 1,178,737 | 918,211 | 1,106,724 | 1,291,133 | 1,333,312 | 1,280,647 |
| Student & instruction related services | 1,850,559 | 1,876,395 | 1,868,809 | 2,043,977 | 2,085,929 | 2,161,401 | 2,296,122 | 2,478,507 | 2,611,198 | 2,616,618 |
| School administrative services | 316,163 | 386,522 | 428,163 | 461,517 | 449,881 | 458,842 | 394,566 | 405,517 | 395,346 | 405,275 |
| General and business administrative services | 713,403 | 756,936 | 715,527 | 717,471 | 673,057 | 602,198 | 707,759 | 712,571 | 687,307 | 737,587 |
| Plant operations and maintenance | 1,342,540 | 1,606,663 | 1,508,894 | 1,602,784 | 1,416,703 | 1,431,505 | 1,452,207 | 1,603,274 | 1,507,795 | 1,454,688 |
| Pupil transportation | 1,279,273 | 1,216,793 | 1,331,853 | 1,347,211 | 1,302,595 | 1,447,177 | 1,474,172 | 1,477,332 | 1,466,549 | 1,468,449 |
| Employee benefits | 3,557,673 | 3,511,578 | 3,112,202 | 3,415,971 | 3,331,965 | 3,622,456 | 4,192,442 | 4,264,262 | 4,617,551 | 5,337,211 |
| Special schools | | | | 3 | | | | | | |
| Interest on long-term debt | 331,771 | 323,225 | 313,850 | 303,975 | 293,727 | 225,717 | 200,523 | 126,155 | 109,576 | 207,838 |
| Capital outlay | | | 137,554 | | 293,727 | | 186,903 | 235,038 | 222,837 | 334,701 |
| Amortization of bond issuance costs | 2,305 | 2,305 | 2,305 | 2,305 | 2,305 | 2,502 | | | | |
| Total governmental activities expenses | <u>17,526,583</u> | <u>18,212,809</u> | <u>18,326,512</u> | <u>18,793,421</u> | <u>18,115,444</u> | <u>18,384,996</u> | <u>19,865,134</u> | <u>20,287,379</u> | <u>21,173,979</u> | <u>21,995,237</u> |
| Business-type activities: | | | | | | | | | | |
| Food service | 612,764 | 629,535 | 606,103 | 656,395 | 677,374 | 734,613 | 705,123 | 752,797 | 822,659 | 793,660 |
| Child study team | 509,529 | 534,705 | 536,886 | 555,153 | 641,418 | 683,029 | 685,861 | 726,137 | 733,364 | 704,043 |
| Business services | 211,152 | 163,407 | 173,305 | 174,457 | 170,841 | 190,054 | 200,375 | 195,071 | 197,476 | 195,012 |
| Chief school administrator services | | | | 76,332 | 106,734 | 71,967 | 55,865 | 51,866 | 56,627 | 58,351 |
| Total business-type activities expense | <u>1,333,445</u> | <u>1,327,647</u> | <u>1,316,294</u> | <u>1,462,337</u> | <u>1,596,367</u> | <u>1,679,663</u> | <u>1,647,224</u> | <u>1,725,871</u> | <u>1,810,126</u> | <u>1,751,066</u> |
| Total district expenses | <u>\$ 18,860,028</u> | <u>\$ 19,540,456</u> | <u>\$ 19,642,806</u> | <u>\$ 20,255,758</u> | <u>\$ 19,711,811</u> | <u>\$ 20,064,659</u> | <u>\$ 21,512,358</u> | <u>\$ 22,013,250</u> | <u>\$ 22,984,105</u> | <u>\$ 23,746,303</u> |
| PROGRAM REVENUES: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Pupil transportation | \$ 1,019,453 | \$ 991,780 | \$ 1,080,396 | \$ 1,060,387 | \$ 1,064,193 | \$ 1,193,026 | | | | |
| Operating grants and contributions | 2,151,054 | 2,223,258 | 1,540,260 | 1,561,497 | 1,608,393 | 1,766,640 | 422,755 | 468,416 | 610,881 | 512,440 |
| Total governmental activities program revenues | <u>3,170,507</u> | <u>3,215,038</u> | <u>2,620,657</u> | <u>2,621,884</u> | <u>2,672,586</u> | <u>2,959,666</u> | <u>422,755</u> | <u>468,416</u> | <u>610,881</u> | <u>512,440</u> |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year Ending June 30 | | | | | | | | | |
|--|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Food service | 346,007 | 352,861 | 378,108 | 388,645 | 382,810 | 381,686 | 394,822 | 399,861 | 368,619 | 375,002 |
| Child study team | 513,829 | 528,883 | 532,000 | 555,859 | 615,489 | 683,929 | 712,116 | 712,197 | 725,171 | 696,367 |
| Business services | 212,000 | 157,000 | 172,931 | 172,450 | 177,475 | 181,026 | 185,560 | 192,060 | 197,830 | 205,400 |
| Chief school administrator | | | | 86,750 | 115,042 | 82,250 | 67,000 | 67,000 | 67,000 | 67,000 |
| Operating grants and contributions | 203,029 | 225,090 | 230,814 | 259,068 | 291,669 | 330,624 | 340,107 | 376,592 | 438,762 | 438,062 |
| Total business type activities program revenues | 1,274,865 | 1,263,834 | 1,313,853 | 1,462,772 | 1,582,485 | 1,659,515 | 1,699,605 | 1,747,710 | 1,797,382 | 1,781,831 |
| Total district program revenues | \$ 4,445,372 | \$ 4,478,872 | \$ 3,934,510 | \$ 4,084,656 | \$ 4,255,071 | \$ 4,619,181 | \$ 2,122,360 | \$ 2,216,126 | \$ 2,408,263 | \$ 2,294,271 |
| NET (EXPENSE)/REVENUE: | | | | | | | | | | |
| Governmental activities | \$ (14,356,076) | \$ (14,997,771) | \$ (15,705,856) | \$ (16,171,537) | \$ (15,442,858) | \$ (15,425,330) | \$ (19,442,379) | \$ (19,818,963) | \$ (20,563,098) | \$ (21,482,797) |
| Business-type activities | (58,580) | (63,813) | (2,441) | 435 | (13,882) | (20,148) | 52,381 | 21,839 | (12,744) | 30,765 |
| Total district-wide net expense | \$ (14,414,656) | \$ (15,061,584) | \$ (15,708,297) | \$ (16,171,102) | \$ (15,456,740) | \$ (15,445,478) | \$ (19,389,998) | \$ (19,797,124) | \$ (20,575,842) | \$ (21,452,032) |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Property taxes levied for general purposes, net | \$ 7,601,816 | \$ 7,905,889 | \$ 8,146,697 | \$ 8,504,383 | \$ 8,764,558 | \$ 8,890,249 | \$ 9,023,605 | \$ 9,204,077 | \$ 9,388,159 | \$ 9,849,922 |
| Taxes levied for debt service | 568,540 | 571,288 | 577,099 | 577,350 | 577,225 | 581,725 | 570,128 | 565,038 | 567,839 | 567,838 |
| Unrestricted grants and contributions | 6,695,774 | 6,884,039 | 6,843,741 | 6,216,819 | 6,467,153 | 7,016,136 | 8,617,306 | 8,869,396 | 9,157,806 | 9,967,851 |
| Transportation fees | | | | | | | 1,120,850 | 1,160,762 | 1,091,460 | 1,174,765 |
| Tuition received | 25,247 | 35,911 | 36,763 | 76,251 | 43,978 | 64,230 | 38,900 | 32,319 | 135,626 | 186,710 |
| Investment earnings | | 16,667 | 27,104 | | | | 28,058 | 16,108 | 15,373 | 15,800 |
| Miscellaneous income | 89,228 | 76,659 | 63,153 | 74,568 | 86,507 | 130,491 | 40,282 | 20,805 | 65,407 | 50,956 |
| Transfers | (15,926) | (20,781) | | | | | | | | |
| Cancellation of prior year receivables/payables | | | (5,357) | | (12,400) | | 13,697 | (1,073) | | (566) |
| Prior year issuance costs/accrued interest payable | | | | | | | (62,434) | | | |
| Prior year capital asset transactions | | | | | | | (11,217) | | | |
| Purchase (sale) of capital assets | | 104,503 | (22,917) | (63,642) | (253,879) | (324,943) | | | | |
| Gain/(loss) on disposal of capital assets | (202,689) | 327,129 | (16,492) | 42,863 | | (2,250) | | | | |
| Total governmental activities | 14,761,990 | 15,901,304 | 15,649,791 | 15,428,592 | 15,673,142 | 16,355,638 | 19,379,175 | 19,867,432 | 20,421,670 | 21,813,276 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 123 | 2,067 | 911 | 540 | 726 | 1,031 | 884 | 782 | 681 | 674 |
| Miscellaneous income | 25,737 | 11,980 | 7,474 | 9,238 | 4,047 | 2,495 | | | | |
| Transfers | 15,926 | 20,781 | | | | | | | | |
| Gain/(loss) on disposal of capital assets | (9,771) | | | | | | | | | |
| Cancellation of prior year receivables/payables | | (732) | (576) | | (7,643) | (150) | (83) | (2,510) | | |
| Total business-type activities | 32,015 | 34,096 | 7,809 | 9,778 | (2,870) | 3,376 | 801 | (1,728) | 681 | 674 |
| Total district-wide | \$ 14,794,005 | \$ 15,935,400 | \$ 15,657,600 | \$ 15,438,370 | \$ 15,670,272 | \$ 16,359,014 | \$ 19,379,976 | \$ 19,865,704 | \$ 20,422,351 | \$ 21,813,950 |
| CHANGES IN NET POSITION: | | | | | | | | | | |
| Governmental activities | \$ 405,914 | \$ 903,533 | (56,065) | \$ (742,945) | \$ 230,284 | \$ 930,308 | \$ (63,204) | \$ 48,469 | \$ (141,428) | \$ 330,479 |
| Business-type activities | (26,565) | (29,717) | 5,368 | 10,213 | (16,752) | (16,772) | 53,182 | 20,111 | (12,063) | 31,439 |
| Total district | \$ 379,349 | \$ 873,816 | (50,697) | \$ (732,732) | \$ 213,532 | \$ 913,536 | \$ (10,022) | \$ 68,580 | \$ (153,491) | \$ 361,918 |

Source: District records

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Fund Balances - Governmental Funds
 Last Ten Years
 (Modified Accrual Basis of Accounting)

| | Fiscal Year Ending June 30 | | | | | | | | | |
|------------------------------------|----------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| General fund | | | | | | | | | | |
| Restricted | | | | | \$ 1,471,635 | \$ 2,432,857 | \$ 2,755,328 | \$ 2,586,994 | \$ 2,965,796 | \$ 3,334,707 |
| Assigned | | | | | 139,412 | 217,920 | 253,440 | 492,015 | 153,646 | 59,264 |
| Unrestricted | | | | | (209,411) | (245,179) | (256,546) | (286,702) | (265,439) | (242,467) |
| Reserved | \$ 1,968,072 | \$ 2,263,949 | \$ 2,199,094 | \$ 1,187,347 | | | | | | |
| Unreserved | 9,168 | 18,794 | 321,071 | (332,567) | | | | | | |
| Total general fund | <u>\$ 1,977,240</u> | <u>\$ 2,282,743</u> | <u>\$ 2,520,165</u> | <u>\$ 854,780</u> | <u>\$ 1,401,636</u> | <u>\$ 2,405,598</u> | <u>\$ 2,752,222</u> | <u>\$ 2,792,307</u> | <u>\$ 2,854,003</u> | <u>\$ 3,151,504</u> |
| All other governmental funds | | | | | | | | | | |
| Restricted, reported in | | | | | | | | | | |
| Capital projects fund | | | | | \$ 15,535 | \$ 15,535 | | | | \$ 339,855 |
| Debt service fund | | | | | | | \$ 15,140 | \$ 15,140 | \$ 15,142 | 15,142 |
| Permanent fund | | | | | 1,298 | 1,444 | 552 | 553 | 563 | 544 |
| Nonspendable, reported in | | | | | | | | | | |
| Permanent fund | | | | | 11,349 | 11,357 | 10,797 | 10,797 | 10,797 | 10,797 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue fund | \$ (1,250) | \$ (6,438) | | | | | | | | |
| Capital projects fund | 15,535 | 15,535 | \$ 15,535 | \$ 15,535 | | | | | | |
| Debt service fund | 1 | 1 | | | | | | | | |
| Permanent fund | 11,191 | 11,749 | 12,121 | 12,416 | | | | | | |
| Total all other governmental funds | <u>\$ 25,477</u> | <u>\$ 20,847</u> | <u>\$ 27,656</u> | <u>\$ 27,951</u> | <u>\$ 28,182</u> | <u>\$ 28,336</u> | <u>\$ 26,489</u> | <u>\$ 26,490</u> | <u>\$ 26,502</u> | <u>\$ 366,338</u> |

Source: District records

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

| | Fiscal Year Ending June 30 | | | | | | | | | |
|---|----------------------------|-------------------|-------------------|-----------------------|-------------------|---------------------|-------------------|-------------------|-------------------|-------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| REVENUES: | | | | | | | | | | |
| Tax levy | \$ 8,170,356 | \$ 8,477,177 | \$ 8,723,796 | \$ 9,081,733 | \$ 9,341,783 | \$ 9,471,974 | \$ 9,593,733 | \$ 9,769,115 | \$ 9,955,998 | \$ 10,417,760 |
| Tuition charges | 25,247 | 35,911 | 36,763 | 76,251 | 43,978 | 64,230 | 38,900 | 32,319 | 135,626 | 186,710 |
| Transportation fees | 1,019,453 | 991,780 | 1,080,396 | 1,060,387 | 1,064,193 | 1,193,026 | 1,120,850 | 1,160,762 | 1,091,460 | 1,174,765 |
| Miscellaneous | 89,228 | 93,326 | 123,884 | 74,568 | 86,507 | 130,491 | 68,340 | 36,913 | 80,780 | 68,685 |
| State sources | 8,461,964 | 8,697,496 | 7,906,441 | 6,285,044 | 7,582,665 | 8,131,195 | 8,656,302 | 8,907,627 | 9,200,431 | 10,004,359 |
| Federal sources | 384,863 | 409,801 | 443,933 | 1,493,272 | 492,880 | 651,580 | 383,759 | 430,185 | 568,256 | 474,003 |
| Total revenue | 18,151,111 | 18,705,491 | 18,315,213 | 18,071,255 | 18,612,006 | 19,642,496 | 19,861,884 | 20,336,921 | 21,032,551 | 22,326,282 |
| EXPENDITURES: | | | | | | | | | | |
| Instruction: | | | | | | | | | | |
| Regular instruction | 4,616,832 | 5,051,223 | 5,078,858 | 5,271,184 | 4,967,366 | 5,075,850 | 4,873,532 | 4,800,278 | 5,103,280 | 5,016,645 |
| Special education instruction | 1,046,335 | 1,107,489 | 1,077,954 | 1,067,291 | 1,111,749 | 1,175,624 | 1,560,121 | 1,567,448 | 1,807,084 | 1,750,519 |
| Other special instruction | 270,539 | 248,892 | 300,853 | 317,491 | 289,413 | 210,324 | 22,101 | 212,750 | 221,276 | 234,488 |
| Other instruction | 552,279 | 606,498 | 642,625 | 619,369 | 568,644 | 586,662 | 602,544 | 644,010 | 656,434 | 647,136 |
| Support services: | | | | | | | | | | |
| Tuition | 870,122 | 969,649 | 1,244,874 | 1,209,425 | 1,178,737 | 918,211 | 1,106,724 | 1,291,133 | 1,333,312 | 1,280,647 |
| Student & instruction related services | 1,843,359 | 1,848,480 | 1,840,261 | 1,961,287 | 1,997,255 | 2,068,096 | 2,205,201 | 2,386,313 | 2,520,172 | 2,522,726 |
| School administrative services | 294,734 | 346,615 | 387,455 | 386,344 | 369,267 | 374,019 | 372,055 | 402,390 | 424,329 | 432,049 |
| Other administrative service | 713,403 | 756,936 | 715,527 | 717,471 | 673,057 | 602,198 | 625,104 | 628,759 | 604,556 | 632,766 |
| Plant operations and maintenance | 1,294,150 | 1,548,484 | 1,493,880 | 1,542,647 | 1,352,212 | 1,363,647 | 1,386,083 | 1,536,224 | 1,441,594 | 1,386,403 |
| Pupil transportation | 1,134,416 | 1,202,102 | 1,270,200 | 1,226,936 | 1,173,614 | 1,311,460 | 1,341,925 | 1,343,232 | 1,334,148 | 1,331,879 |
| Employee benefits | 3,560,043 | 3,515,078 | 3,062,616 | 3,376,008 | 3,453,894 | 3,708,742 | 4,186,216 | 4,263,363 | 4,614,783 | 5,143,837 |
| Capital outlay: | | | | | | | | | | |
| Debt service: | | | | | | | | | | |
| Principal | 235,000 | 245,000 | 260,000 | 270,000 | 280,000 | 295,000 | 370,000 | 330,000 | 345,000 | 360,000 |
| Interest and other charges | 334,513 | 326,288 | 317,100 | 307,350 | 297,225 | 286,725 | 200,523 | 235,038 | 222,837 | 207,838 |
| Total expenditures | 16,846,827 | 18,383,836 | 18,203,180 | 19,836,271 | 18,052,520 | 18,833,864 | 19,334,804 | 20,292,762 | 20,970,843 | 21,784,048 |
| Excess (deficiency) of revenues over (under) expenditures | 1,304,284 | 321,655 | 112,033 | (1,765,016) | 559,486 | 808,632 | 527,080 | 44,159 | 61,708 | 542,234 |
| OTHER FINANCING SOURCES (USES): | | | | | | | | | | |
| Transfers to enterprise fund | (15,926) | (20,781) | | | | | | | | |
| Capital leases (non-budgeted) | | | 137,554 | 57,063 | | 195,481 | | | | 95,669 |
| Cancellation of prior year receivables/payables | | | (5,357) | 42,863 | (12,400) | | 13,697 | (1,073) | | (566) |
| Total other financing sources (uses) | (15,926) | (20,781) | 132,197 | 99,926 | (12,400) | 195,481 | 13,697 | (1,073) | | 95,103 |
| Net change in fund balances | \$ 1,288,358 | \$ 300,874 | \$ 244,230 | \$ (1,665,090) | \$ 547,086 | \$ 1,004,113 | \$ 540,777 | \$ 43,086 | \$ 61,708 | \$ 637,337 |
| Debt service as a percentage of noncapital expenditures | 3.4% | 3.2% | 3.3% | 3.2% | 3.3% | 3.2% | 3.0% | 2.9% | 2.8% | 2.7% |

Source: District records

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 General Fund Other Local Revenue by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|------------------|------------------|-------------------|------------------|------------------|-------------------|-------------------|------------------|-------------------|-------------------|
| Refunds of prior year expenses | \$ 4,264 | \$ 5,492 | | \$ 2,525 | | \$ 5,762 | | | \$ 16,127 | \$ 37,513 |
| Advisor stipend | | | \$ 1,500 | | | | | | | |
| Use of facilities fees | | | 600 | 1,839 | \$ 500 | 4,385 | \$ 12,875 | \$ 3,225 | 1,388 | 3,800 |
| State of NJ SL - Other | | | | | | 355 | | | | |
| Seminar/class fees | | | 1,500 | | | 2,250 | | | | |
| Sale of obsolete equipment | 700 | | | | | 9,903 | | | 13,088 | 7,011 |
| Homeless tuition | | | | 25,640 | | | | | | |
| Tuition refunds | 3,881 | | | | 37,870 | 66,070 | 38,900 | 32,319 | 135,626 | 186,710 |
| Transfer from special revenue fund | | | 33,627 | | | | | | | |
| COBRA reimbursement | | | | | | 1,164 | | | | |
| Athletic events | | | 25,585 | 10,610 | | | | | | |
| Cafeteria/student activity fines | | | | | | 630 | | | | |
| State of NJ FEMA | | | | | 18,851 | | | | | |
| Legal settlement | | | | | | 3,680 | | | | |
| JIF legal fee reimbursement | | | | | | 1,500 | | | | |
| JIF safety incentive prior year | | | | | | 500 | | | | 1,500 |
| State of NJ SY11/12 NJDA comm survey | | | | | | 250 | | | | |
| Interest earned on deposits | 77,606 | 16,667 | 27,104 | 28,611 | 20,261 | 24,221 | 27,261 | 15,358 | 15,373 | 14,129 |
| Bond refinancing | | | | | | 3,470 | | | | |
| Proceeds from sale of bid specifications | | | 500 | | | | | | | |
| Miscellaneous | 2,187 | 70,609 | 32,842 | 5,343 | 8,793 | 6,198 | 27,320 | 17,531 | 18,343 | 1,079 |
| Insurance claims | | | | | | | | | 13,088 | |
| Transportation refund | | | 254 | | | | | | | |
| | <u>\$ 88,638</u> | <u>\$ 92,768</u> | <u>\$ 123,512</u> | <u>\$ 74,568</u> | <u>\$ 86,275</u> | <u>\$ 130,338</u> | <u>\$ 106,356</u> | <u>\$ 68,433</u> | <u>\$ 213,033</u> | <u>\$ 251,742</u> |

Source: District records

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

NATIONAL PARK

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities ^a | Net Valuation Taxable | Estimated Actual (County Equalized Value) | Total Direct School Tax Rate ^b |
|----------------------------------|-------------|-------------|-----------|-------|------------|------------|-----------|-------------------------|----------------------------------|--------------------------|---|---|
| 2007 | 1,552,100 | 91,099,000 | | | 4,382,300 | | 635,800 | 97,669,200 | 90,719 | 97,759,919 | 159,435,740 | 1.670 |
| 2008 | 1,548,900 | 91,349,500 | | | 4,365,000 | | 635,800 | 97,899,200 | 84,532 | 97,983,732 | 188,533,425 | 1.712 |
| 2009 | 1,533,500 | 91,800,100 | | | 4,392,100 | | 635,800 | 98,361,500 | 89,176 | 98,450,676 | 189,654,615 | 1.772 |
| 2010 | 1,584,200 | 91,932,900 | | | 4,366,500 | | 635,800 | 98,519,400 | 306,438 | 98,825,838 | 186,272,217 | 1.892 |
| 2011 | 3,334,200 | 166,522,300 | | | 7,963,500 | | 607,300 | 178,427,300 | 368,601 | 178,795,901 | 181,023,553 | 1.074 |
| 2012 | 3,262,900 | 165,757,700 | | | 7,676,900 | 209,400 | 607,300 | 177,514,200 | 337,422 | 177,851,622 | 182,564,425 | 1.110 |
| 2013 | 3,301,600 | 165,387,600 | | | 7,532,000 | 209,400 | 607,300 | 177,037,900 | 393,301 | 177,431,201 | 174,814,968 | 1.077 |
| 2014 | 2,238,000 | 149,817,400 | | | 5,876,700 | 166,300 | 579,800 | 158,678,200 | 356,578 | 159,034,778 | 162,601,818 | 1.139 |
| 2015 | 2,195,500 | 149,475,000 | | | 6,232,100 | 166,300 | 745,600 | 158,814,500 | 359,196 | 159,173,696 | 158,100,720 | 1.138 |
| 2016 | 2,195,500 | 149,215,800 | | | 6,169,400 | 166,300 | 745,600 | 158,492,600 | 361,232 | 158,853,832 | 150,386,319 | 1.159 |

WENONAH

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities ^a | Net Valuation Taxable | Estimated Actual (County Equalized Value) | Total Direct School Tax Rate ^b |
|----------------------------------|-------------|-------------|-----------|-------|------------|------------|-----------|-------------------------|----------------------------------|--------------------------|---|---|
| 2007 | 1,147,100 | 133,534,800 | | | 2,205,800 | | | 136,887,700 | 142,900 | 137,030,600 | 254,911,918 | 1.531 |
| 2008 | 2,545,000 | 292,122,000 | | | 5,407,000 | | | 300,074,000 | 280,585 | 300,354,585 | 284,872,770 | 1.531 |
| 2009 | 2,320,000 | 289,447,000 | | | 5,407,000 | | | 297,174,000 | 294,323 | 297,468,323 | 280,289,188 | 0.719 |
| 2010 | 2,456,000 | 288,484,000 | | | 5,614,000 | | | 296,554,000 | 287,077 | 296,841,077 | 280,496,538 | 0.745 |
| 2011 | 2,349,000 | 284,308,500 | | | 5,614,000 | | | 292,271,500 | 249,581 | 292,521,081 | 276,746,941 | 0.789 |
| 2012 | 1,957,800 | 251,261,700 | | | 7,374,400 | | | 260,593,900 | 243,037 | 260,836,937 | 230,528,596 | 0.964 |
| 2013 | 1,841,700 | 247,267,300 | | | 6,924,300 | | | 256,033,300 | 243,865 | 256,277,165 | 240,884,196 | 0.874 |
| 2014 | 1,751,700 | 244,644,600 | | | 7,274,300 | | | 253,670,600 | | 253,670,600 | 240,495,923 | 1.007 |
| 2015 | 1,707,700 | 216,444,800 | | | 6,486,700 | | | 224,639,200 | | 224,639,200 | 232,947,471 | 1.212 |
| 2016 | 1,382,800 | 216,886,900 | | | 6,159,100 | | | 224,428,800 | | 224,428,800 | 226,253,146 | 1.276 |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

WESTVILLE

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities ^a | Net Valuation Taxable | Estimated Actual (County Equalized Value) | Total Direct School Tax Rate ^b |
|----------------------------|-------------|-------------|-----------|-------|------------|------------|------------|----------------------|-------------------------------|-----------------------|---|---|
| 2007 | 1,349,900 | 121,303,300 | | | 21,150,400 | 11,120,000 | 6,317,700 | 161,241,300 | 242,563 | 161,483,863 | 260,554,783 | 1.124 |
| 2008 | 1,366,600 | 121,349,500 | | | 16,897,500 | 15,245,800 | 6,317,700 | 161,177,100 | 229,196 | 161,406,296 | 288,148,274 | 1.125 |
| 2009 | 1,389,900 | 121,518,000 | | | 13,909,100 | 18,484,800 | 6,317,700 | 161,619,500 | 236,623 | 161,856,123 | 290,464,342 | 1.117 |
| 2010 | 1,340,600 | 121,692,200 | | | 14,557,500 | 17,044,800 | 6,285,200 | 160,920,300 | 223,436 | 161,143,736 | 298,263,290 | 1.238 |
| 2011 | 1,317,300 | 121,462,400 | | | 14,532,000 | 17,044,800 | 6,210,200 | 160,566,700 | 197,031 | 160,763,731 | 288,284,470 | 1.356 |
| 2012 | 2,753,600 | 191,459,070 | | | 27,124,600 | 35,202,400 | 11,642,400 | 268,182,070 | 347,069 | 268,529,139 | 261,684,269 | 0.838 |
| 2013 | 2,267,400 | 190,951,470 | | | 25,496,700 | 33,368,400 | 11,034,600 | 263,118,570 | 328,424 | 263,446,994 | 244,656,105 | 0.968 |
| 2014 | 2,376,800 | 190,783,271 | | | 25,951,100 | 31,439,400 | 10,579,100 | 261,129,671 | 227,089 | 261,356,760 | 242,260,296 | 0.977 |
| 2015 | 2,260,300 | 174,483,200 | | | 23,193,200 | 26,906,600 | 10,172,500 | 237,015,800 | 227,783 | 237,243,583 | 251,787,293 | 1.096 |
| 2016 | 2,145,800 | 174,631,100 | | | 22,918,300 | 26,787,600 | 10,143,100 | 236,625,900 | 214,936 | 236,840,836 | 250,163,793 | 1.183 |

WOODBURY HEIGHTS

| Fiscal Year Ended June 30, | Vacant Land | Residential | Farm Reg. | Qfarm | Commercial | Industrial | Apartment | Total Assessed Value | Public Utilities ^a | Net Valuation Taxable | Estimated Actual (County Equalized Value) | Total Direct School Tax Rate ^b |
|----------------------------|-------------|-------------|-----------|-------|------------|------------|-----------|----------------------|-------------------------------|-----------------------|---|---|
| 2007 | 3,095,900 | 151,837,500 | | | 29,895,900 | 8,911,800 | 507,200 | 194,248,300 | 325,845 | 194,574,145 | 266,239,446 | 0.894 |
| 2008 | 2,826,400 | 153,152,000 | | | 28,829,500 | 8,911,800 | 507,200 | 194,226,900 | 313,049 | 194,539,949 | 307,100,128 | 0.894 |
| 2009 | 2,494,600 | 153,800,500 | | | 28,775,200 | 8,911,800 | 507,200 | 194,489,300 | 309,055 | 194,798,355 | 308,981,124 | 0.941 |
| 2010 | 2,494,600 | 153,772,100 | | | 30,547,000 | 8,911,800 | 507,200 | 196,232,700 | 675,090 | 196,907,790 | 298,878,493 | 1.011 |
| 2011 | 2,492,600 | 153,714,000 | | | 32,844,000 | 7,411,800 | 507,200 | 196,969,600 | 483,976 | 197,453,576 | 305,915,129 | 1.076 |
| 2012 | 2,492,600 | 153,714,000 | | | 32,844,000 | 7,411,800 | 507,200 | 196,969,600 | 483,976 | 197,453,576 | 207,405,227 | 1.143 |
| 2013 | 7,361,400 | 191,765,800 | | | 54,773,000 | 6,158,500 | 300,000 | 260,358,700 | 730,428 | 261,089,128 | 266,680,441 | 1.160 |
| 2014 | 7,266,700 | 191,390,700 | | | 50,974,700 | 6,167,800 | 300,000 | 256,099,900 | 657,377 | 256,757,277 | 260,980,707 | 1.189 |
| 2015 | 7,163,100 | 191,274,400 | | | 47,745,100 | 7,163,700 | 300,000 | 253,646,300 | 663,967 | 254,310,267 | 261,697,959 | 1.234 |
| 2016 | 7,078,400 | 191,407,600 | | | 47,045,400 | 7,234,700 | 300,000 | 253,066,100 | 661,277 | 253,727,377 | 264,568,430 | 1.273 |

Source: District records & Municipal/County Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County. Reassessment occurs when ordered by the County Board of Taxation.

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

b Tax rates are per \$100 of assessed value.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

NATIONAL PARK

| Fiscal Year Ended June 30, | District Direct Rate | | | Overlapping Rates | | | Total Direct and Overlapping Tax Rate |
|----------------------------------|----------------------|---------------------------------------|-----------------|-------------------------------------|---------|--------|--|
| | Basic Rate | General Obligation Debt Service | Total Direct | Regional High School District | Borough | County | |
| 2007 | 1.508 | 0.162 | 1.670 | 1.423 | 1.061 | 0.968 | 5.122 |
| 2008 | 1.546 | 0.166 | 1.712 | 1.525 | 1.225 | 1.107 | 5.569 |
| 2009 | 1.607 | 0.165 | 1.772 | 1.551 | 1.434 | 1.139 | 5.896 |
| 2010 | 1.728 | 0.164 | 1.892 | 1.697 | 1.454 | 1.114 | 6.157 |
| 2011 | 0.982 | 0.092 | 1.074 | 0.953 | 0.82 | 0.591 | 3.438 |
| 2012 | 1.004 | 0.106 | 1.110 | 1.101 | 0.844 | 0.608 | 3.663 |
| 2013 | 1.016 | 0.116 | 1.132 | 1.077 | 0.844 | 0.639 | 3.692 |
| 2014 | 1.165 | 0.130 | 1.295 | 1.139 | 0.901 | 0.676 | 4.011 |
| 2015 | 1.184 | 0.128 | 1.312 | 1.138 | 0.873 | 0.699 | 4.022 |
| 2016 | 1.216 | 0.123 | 1.339 | 1.159 | 0.883 | 0.683 | 4.064 |

WENONAH

| Fiscal Year Ended June 30, | District Direct Rate | | | Overlapping Rates | | | Total Direct and Overlapping Tax Rate |
|----------------------------------|----------------------|---------------------------------------|-----------------|-------------------------------------|---------|--------|--|
| | Basic Rate | General Obligation Debt Service | Total Direct | Regional High School District | Borough | County | |
| 2007 | 1.381 | 0.150 | 1.531 | 1.403 | 1.073 | 1.027 | 5.034 |
| 2008 | 0.652 | 0.067 | 0.719 | 0.605 | 0.545 | 0.504 | 2.373 |
| 2009 | 0.677 | 0.068 | 0.745 | 0.655 | 0.581 | 0.518 | 2.499 |
| 2010 | 0.723 | 0.066 | 0.789 | 0.672 | 0.608 | 0.519 | 2.588 |
| 2011 | 0.778 | 0.059 | 0.837 | 0.654 | 0.651 | 0.503 | 2.645 |
| 2012 | 0.896 | 0.069 | 0.965 | 0.802 | 0.679 | 0.468 | 2.914 |
| 2013 | 0.941 | 0.075 | 1.016 | 0.874 | 0.706 | 0.564 | 3.160 |
| 2014 | 0.976 | 0.074 | 1.050 | 1.007 | 0.711 | 0.582 | 3.350 |
| 2015 | 1.123 | 0.086 | 1.210 | 1.212 | 0.802 | 0.678 | 3.902 |
| 2016 | 1.148 | 0.085 | 1.233 | 1.276 | 0.799 | 0.679 | 3.987 |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

WESTVILLE

| Fiscal Year Ended June 30, | District Direct Rate | | | Overlapping Rates | | | Total Direct and Overlapping Tax Rate |
|----------------------------------|----------------------|---------------------------------------|-----------------|-------------------------------------|---------|--------|--|
| | Basic Rate | General Obligation Debt Service | Total Direct | Regional High School District | Borough | County | |
| 2007 | 1.033 | 0.091 | 1.124 | 1.549 | 1.411 | 0.895 | 4.979 |
| 2008 | 1.038 | 0.087 | 1.125 | 1.643 | 1.537 | 2.102 | 6.407 |
| 2009 | 1.028 | 0.089 | 1.117 | 1.690 | 1.536 | 0.987 | 5.330 |
| 2010 | 1.146 | 0.092 | 1.238 | 1.730 | 1.537 | 1.019 | 5.524 |
| 2011 | 1.245 | 0.111 | 1.356 | 1.723 | 1.558 | 0.969 | 5.606 |
| 2012 | 0.766 | 0.072 | 0.838 | 0.978 | 0.983 | 0.537 | 3.336 |
| 2013 | 0.811 | 0.075 | 0.886 | 0.968 | 1.063 | 0.561 | 3.478 |
| 2014 | 0.853 | 0.075 | 0.928 | 0.977 | 1.096 | 0.569 | 3.570 |
| 2015 | 1.018 | 0.086 | 1.104 | 1.096 | 1.254 | 0.692 | 4.146 |
| 2016 | 1.066 | 0.079 | 1.145 | 1.183 | 1.288 | 0.711 | 4.327 |

WOODBURY HEIGHTS

| Fiscal Year Ended June 30, | District Direct Rate | | | Overlapping Rates | | | Total Direct and Overlapping Tax Rate |
|----------------------------------|----------------------|---------------------------------------|-----------------|-------------------------------------|---------|--------|--|
| | Basic Rate | General Obligation Debt Service | Total Direct | Regional High School District | Borough | County | |
| 2007 | 0.925 | | 0.925 | 1.234 | 0.881 | 0.764 | 3.804 |
| 2008 | 0.894 | | 0.894 | 1.311 | 0.976 | 0.819 | 4.000 |
| 2009 | 0.941 | | 0.941 | 1.355 | 1.075 | 0.888 | 4.259 |
| 2010 | 1.011 | | 1.011 | 1.423 | 1.151 | 0.938 | 4.523 |
| 2011 | 1.076 | | 1.076 | 1.447 | 1.206 | 0.897 | 4.626 |
| 2012 | 1.134 | 0.009 | 1.143 | 1.514 | 1.232 | 0.900 | 4.789 |
| 2013 | 0.852 | 0.054 | 0.906 | 1.160 | 1.021 | 0.659 | 3.746 |
| 2014 | 0.931 | 0.013 | 0.944 | 1.189 | 1.065 | 0.673 | 3.871 |
| 2015 | 0.975 | 0.013 | 0.988 | 1.234 | 1.103 | 0.72 | 4.045 |
| 2016 | N/A | N/A | 1.029 | 1.273 | 1.133 | 0.752 | 4.187 |

N/A = Not Available

Source: Respective School District's CAFR's

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago

NATIONAL PARK

| Taxpayer | 2016 | | | 2007 | | |
|-----------------------|------------------------|-----------------|--|------------------------|-----------------|--|
| | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value |
| Individual Taxpayer 1 | 599,500 | 1 | 0.40% | \$ 373,200 | 3 | 0.38% |
| Individual Taxpayer 2 | 564,200 | 2 | 0.38% | 355,700 | 4 | 0.36% |
| The Bank | 493,800 | 3 | 0.33% | 395,400 | 2 | 0.40% |
| Individual Taxpayer 3 | 454,100 | 4 | 0.30% | 317,600 | 5 | 0.32% |
| Individual Taxpayer 4 | 421,500 | 5 | 0.28% | 298,000 | 6 | 0.30% |
| Individual Taxpayer 5 | 380,600 | 6 | 0.25% | 282,600 | 7 | 0.29% |
| PSE&G Power LLC | 373,800 | 7 | 0.25% | 552,800 | 1 | 0.57% |
| Verizon New Jersey | 361,232 | 8 | 0.24% | | | |
| Individual Taxpayer 6 | 359,900 | 9 | 0.24% | 274,200 | 9 | 0.28% |
| J&B LP LLC | 346,000 | 10 | 0.23% | 274,700 | 8 | 0.28% |
| Individual Taxpayer 7 | | | | 256,500 | 10 | 0.26% |
| Total | 4,354,632 | | 2.90% | \$ 3,380,700 | | 3.44% |

WENONAH

| Taxpayer | 2016 | | | 2007 | | |
|---------------------------|------------------------|-----------------|--|------------------------|-----------------|--|
| | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value |
| First Union National Bank | 975,700 | 1 | 0.43% | | | |
| Individual Taxpayer 1 | 947,800 | 2 | 0.42% | | | |
| Individual Taxpayer 2 | 944,900 | 3 | 0.42% | | | |
| Individual Taxpayer 3 | 834,800 | 4 | 0.37% | | | |
| Individual Taxpayer 4 | 811,200 | 5 | 0.36% | | | |
| Individual Taxpayer 5 | 775,800 | 6 | 0.35% | | | |
| Individual Taxpayer 6 | 749,800 | 7 | 0.33% | | | Not Available |
| Wenonah Swimming Club | 747,500 | 8 | 0.33% | | | |
| Individual Taxpayer 7 | 745,200 | 9 | 0.33% | | | |
| Individual Taxpayer 8 | 719,500 | 10 | 0.32% | | | |
| Total | 8,252,200 | | 3.66% | | | |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago

WESTVILLE

| Taxpayer | 2016 | | | 2007 | | |
|--------------------------------|------------------------|-----------------|--|------------------------|-----------------|--|
| | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value |
| Sunoco Inc. | 6,153,700 | 1 | 2.46% | | | |
| 712 Broadway LLC | 2,997,500 | 2 | 1.20% | | | |
| Pelligrino Enterprises LLC | 2,350,000 | 3 | 0.94% | | | |
| Woodbine Norse LLC | 2,150,100 | 4 | 0.86% | | | |
| Westville Norse LLC | 2,013,500 | 5 | 0.80% | | | |
| Arber Properties LLC | 2,000,000 | 6 | 0.80% | | | |
| SMS Financial XXIX LLC | 1,827,500 | 7 | 0.73% | | | Not Available |
| FRZ Commercial Real Estate LLC | 1,766,800 | 8 | 0.71% | | | |
| Brown's Westville LLC | 1,750,000 | 9 | 0.70% | | | |
| RAAB Family Partnership LP | 1,659,500 | 10 | 0.66% | | | |
| Total | 24,668,600 | | 9.86% | | | |

WOODBURY HEIGHTS

| Taxpayer | 2016 | | | 2007 | | |
|------------------------------------|------------------------|-----------------|--|------------------------|-----------------|--|
| | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value | Taxable Assessed Value | Rank [Optional] | % of Total District Net Assessed Value |
| Oak Valley Plaza Inc. | 11,938,000 | 1 | 4.71% | | | |
| Woodbury Heights Development Inc. | 3,300,000 | 2 | 1.30% | | | |
| WaWa Inc. | 2,555,500 | 3 | 1.01% | | | |
| HCD Realty LLC | 2,112,200 | 4 | 0.83% | | | |
| Balducci Inc. | 1,830,000 | 5 | 0.72% | | | |
| Dellapolla Properties LLC | 1,557,600 | 6 | 0.61% | | | Not Available |
| Heights Plaza LLC | 1,362,500 | 7 | 0.54% | | | |
| McDonalds Real Estate Company | 1,357,500 | 8 | 0.54% | | | |
| Jonathan Advisors Ltd. Partnership | 1,341,800 | 9 | 0.53% | | | |
| American Paper Box LLC | 1,322,400 | 10 | 0.52% | | | |
| Total | 16,739,500 | | 6.60% | | | |

Source: Municipal Tax Assessor

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years

NATIONAL PARK

| 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 | |
| 2007 | \$ 1,581,756 | \$ 1,581,756 | 100.00% | |
| 2008 | 1,631,982 | 1,631,982 | 100.00% | |
| 2009 | 1,676,853 | 1,676,853 | 100.00% | |
| 2010 | 1,744,987 | 1,744,987 | 100.00% | |
| 2011 | 1,870,710 | 1,870,710 | 100.00% | |
| 2012 | 1,920,953 | 1,920,953 | 100.00% | |
| 2013 | 1,975,179 | 1,975,179 | 100.00% | |
| 2014 | 2,010,109 | 2,010,109 | 100.00% | |
| 2015 | 2,059,875 | 2,059,875 | 100.00% | |
| 2016 | 1,811,650 | 1,811,650 | 100.00% | |

WENONAH

| 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 | |
| 2007 | \$ 2,066,028 | \$ 2,066,028 | 100.00% | |
| 2008 | 2,128,973 | 2,128,973 | 100.00% | |
| 2009 | 2,189,928 | 2,189,928 | 100.00% | |
| 2010 | 2,240,433 | 2,240,433 | 100.00% | |
| 2011 | 2,442,549 | 2,442,549 | 100.00% | |
| 2012 | 2,453,812 | 2,453,812 | 100.00% | |
| 2013 | 2,572,213 | 2,572,213 | 100.00% | |
| 2014 | 2,632,370 | 2,632,370 | 100.00% | |
| 2015 | 2,691,806 | 2,691,806 | 100.00% | |
| 2016 | 2,722,130 | 2,722,130 | 100.00% | |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years

WESTVILLE

| 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 | |
| 2007 | \$ 1,776,554 | \$ 1,776,554 | 100.00% | |
| 2008 | 1,853,052 | 1,853,052 | 100.00% | |
| 2009 | 1,776,554 | 1,776,554 | 100.00% | |
| 2010 | 1,837,049 | 1,837,049 | 100.00% | |
| 2011 | 2,152,822 | 2,144,822 | 99.63% | |
| 2012 | 2,204,640 | 2,204,640 | 100.00% | |
| 2013 | 2,293,650 | 2,293,650 | 100.00% | |
| 2014 | 2,371,975 | 2,371,975 | 100.00% | |
| 2015 | 2,467,322 | 2,467,322 | 100.00% | |
| 2015 | 2,467,322 | 2,467,322 | 100.00% | |
| 2016 | 2,678,833 | 2,678,833 | 100.00% | |

WOODBURY HEIGHTS

| 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 | |
| 2007 | \$ 1,844,810 | \$ 1,844,810 | 100.00% | |
| 2008 | 1,740,439 | 1,740,439 | 100.00% | |
| 2009 | 1,919,233 | 1,919,233 | 100.00% | |
| 2010 | 2,016,745 | 2,016,745 | 100.00% | |
| 2011 | 2,220,314 | 2,220,314 | 100.00% | |
| 2012 | 2,299,254 | 2,299,254 | 100.00% | |
| 2013 | 2,343,779 | 2,343,779 | 100.00% | |
| 2014 | 2,389,204 | 2,389,204 | 100.00% | |
| 2015 | 2,460,268 | 2,460,268 | 100.00% | |
| 2016 | 3,209,797 | 3,209,797 | 100.00% | |

Source: Respective School District's CAFR's

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

NATIONAL PARK

| Fiscal Year Ended June 30, | Governmental Activities | | | Total District | Percentage of Personal Income | Per Capita |
|----------------------------------|--------------------------------|-----------|-------------------|----------------|-------------------------------------|------------|
| | General Obligation Bonds | EDA Loans | Capital Leases | | | |
| 2007 | \$ 3,410,000 | | \$ 3,447 | \$ 3,413,447 | 2.70% | 1,055 |
| 2008 | 3,245,000 | | | 3,245,000 | 2.43% | 1,003 |
| 2009 | 3,075,000 | | | 3,075,000 | 2.32% | 951 |
| 2010 | 2,900,000 | | | 2,900,000 | 2.30% | 954 |
| 2011 | 3,081,450 | | | 3,081,450 | 2.35% | 1,016 |
| 2012 | 2,871,450 | | | 2,871,450 | 2.14% | 951 |
| 2013 | 2,651,450 | | | 2,651,450 | 1.96% | 882 |
| 2014 | 2,426,450 | | | 2,426,450 | 1.73% | 809 |
| 2015 | 2,201,450 | | | 2,201,450 | N/A | 734 |
| 2016 | 1,981,450 | | | 1,981,450 | N/A | N/A |

WENONAH

| Fiscal Year Ended June 30, | Governmental Activities | | | Total District | Percentage of Personal Income | Per Capita |
|----------------------------------|--------------------------------|-----------|-------------------|----------------|-------------------------------------|------------|
| | General Obligation Bonds | EDA Loans | Capital Leases | | | |
| 2007 | \$ 2,436,000 | | | \$ 2,436,000 | 2.75% | 1,045 |
| 2008 | 2,331,000 | | | 2,331,000 | 2.54% | 994 |
| 2009 | 2,226,000 | | \$ 34,566 | 2,260,566 | 2.32% | 959 |
| 2010 | 2,116,000 | | 33,144 | 2,149,144 | 2.22% | 912 |
| 2011 | 2,001,000 | | 7,789 | 2,008,789 | 2.12% | 882 |
| 2012 | 1,881,000 | | | 1,881,000 | 1.91% | 827 |
| 2013 | 1,825,000 | | 56,586 | 1,881,586 | 1.81% | 804 |
| 2014 | 1,680,000 | | | 1,680,000 | 1.65% | 743 |
| 2015 | 1,530,000 | | | 1,530,000 | 1.46% | 678 |
| 2016 | 1,375,000 | | | 1,375,000 | N/A | N/A |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

WESTVILLE

| Fiscal Year Ended June 30, | Governmental Activities | | | Total District | Percentage of Personal Income | Per Capita |
|----------------------------------|--------------------------------|-----------|-------------------|----------------|-------------------------------------|------------|
| | General Obligation Bonds | EDA Loans | Capital Leases | | | |
| 2007 | \$ 1,503,000 | | | \$ 1,503,000 | 0.86% | 336 |
| 2008 | 1,348,000 | | | 1,348,000 | 0.74% | 301 |
| 2009 | 1,188,000 | | | 1,188,000 | 0.68% | 266 |
| 2010 | 1,029,000 | | | 1,029,000 | 0.58% | 240 |
| 2011 | 874,000 | | | 874,000 | 0.47% | 204 |
| 2012 | 714,000 | | | 714,000 | 0.38% | 168 |
| 2013 | 544,000 | | | 544,000 | 0.28% | 128 |
| 2014 | 369,000 | | | 369,000 | 0.19% | 87 |
| 2015 | 189,000 | | | 189,000 | N/A | 45 |
| 2016 | None | | | None | N/A | N/A |

WOODBURY HEIGHTS

| Fiscal Year Ended June 30, | Governmental Activities | | | Total District | Percentage of Personal Income | Per Capita |
|----------------------------------|--------------------------------|-----------|-------------------|----------------|-------------------------------------|------------|
| | General Obligation Bonds | EDA Loans | Capital Leases | | | |
| 2007 | | | \$ 1,869 | \$ 1,869 | 0.00% | 1 |
| 2008 | | | | | | |
| 2009 | | | | | | |
| 2010 | | | | | | |
| 2011 | \$ 377,516 | | | 377,516 | 0.30% | 123 |
| 2012 | 357,516 | | 21,278 | 378,794 | 0.29% | 124 |
| 2013 | 337,516 | | 14,643 | 352,159 | 0.26% | 116 |
| 2014 | 317,516 | | 7,561 | 325,077 | 0.24% | 108 |
| 2015 | 297,516 | | | 297,516 | N/A | 99 |
| 2016 | N/A | | | N/A | N/A | N/A |

Source: Respective School District CAFR's
N/A - Information not available

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

NATIONAL PARK

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value of Property | Per Capita |
|----------------------------------|---------------------------------|------------|---|--|------------|
| | General Obligation Bonds | Deductions | | | |
| 2007 | \$ 3,410,000 | | \$ 3,410,000 | 3.49% | 1,053 |
| 2008 | 3,245,000 | | 3,245,000 | 3.31% | 1,003 |
| 2009 | 3,075,000 | | 3,075,000 | 3.12% | 951 |
| 2010 | 2,900,000 | | 2,900,000 | 2.93% | 954 |
| 2011 | 3,081,450 | | 3,081,450 | 1.72% | 1,016 |
| 2012 | 2,871,450 | | 2,871,450 | 1.61% | 951 |
| 2013 | 2,651,450 | | 2,651,450 | 1.49% | 882 |
| 2014 | 2,426,450 | | 2,426,450 | 1.53% | 809 |
| 2015 | 2,201,450 | | 2,201,450 | 1.38% | 734 |
| 2016 | 1,981,450 | | 1,981,450 | 1.25% | N/A |

WENONAH

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding | | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value of Property | Per Capita |
|----------------------------------|---------------------------------|------------|---|--|------------|
| | General Obligation Bonds | Deductions | | | |
| 2007 | \$ 2,436,000 | | \$ 2,436,000 | 1.78% | 1,039 |
| 2008 | 2,331,000 | | 2,331,000 | 0.78% | 989 |
| 2009 | 2,226,000 | | 2,226,000 | 0.75% | 944 |
| 2010 | 2,116,000 | | 2,116,000 | 0.71% | 929 |
| 2011 | 2,001,000 | | 2,001,000 | 0.68% | 880 |
| 2012 | 1,881,000 | | 1,881,000 | 0.72% | 828 |
| 2013 | 1,825,000 | | 1,825,000 | 0.71% | 807 |
| 2014 | 1,680,000 | | 1,680,000 | 0.66% | 745 |
| 2015 | 1,530,000 | | 1,530,000 | 0.68% | 679 |
| 2016 | 1,375,000 | | 1,375,000 | 0.61% | N/A |

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

WESTVILLE

| General Bonded Debt Outstanding | | | | | |
|---------------------------------|--------------------------|------------|-------------------------------------|--|------------|
| Fiscal Year Ended June 30, | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value of Property | Per Capita |
| 2007 | \$ 1,503,000 | | \$ 1,503,000 | 0.93% | 336 |
| 2008 | 1,348,000 | | 1,348,000 | 0.84% | 301 |
| 2009 | 1,188,000 | | 1,188,000 | 0.73% | 266 |
| 2010 | 1,029,000 | | 1,029,000 | 0.64% | 240 |
| 2011 | 874,000 | | 874,000 | 0.54% | 204 |
| 2012 | 714,000 | | 714,000 | 0.27% | 168 |
| 2013 | 544,000 | | 544,000 | 0.21% | 128 |
| 2014 | 369,000 | | 369,000 | 0.14% | 87 |
| 2015 | 189,000 | | 189,000 | 0.80% | 45 |
| 2016 | None | | None | 0.00% | N/A |

WOODBURY HEIGHTS

| General Bonded Debt Outstanding | | | | | |
|---------------------------------|--------------------------|------------|-------------------------------------|--|------------|
| Fiscal Year Ended June 30, | General Obligation Bonds | Deductions | Net General Bonded Debt Outstanding | Percentage of Actual Taxable Value of Property | Per Capita |
| 2007 | | | | | |
| 2008 | | | | | |
| 2009 | | | | | |
| 2010 | | | | | |
| 2011 | \$ 377,516 | | \$ 377,516 | 0.19% | 123 |
| 2012 | 357,516 | | 357,516 | 0.18% | 117 |
| 2013 | 337,516 | | 337,516 | 0.13% | 111 |
| 2014 | 317,516 | | 317,516 | 0.12% | 105 |
| 2015 | 297,516 | | 297,516 | 0.12% | N/A |
| 2016 | N/A | | N/A | N/A | N/A |

Source: Respective School District CAFR's

N/A: Information not available

Gateway Regional High School District
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

| Governmental Unit - National Park | Debt Outstanding | Estimated Percentage Applicable ^a | Estimated Share of Overlapping Debt |
|---|------------------|--|--|
| Debt repaid with property taxes | | | |
| National Park Borough | \$ 205,212 | 100.00% | \$ 205,212 |
| Gateway Regional High School | 5,860,000 | 17.37% | 1,018,033 |
| Gloucester County | 238,819,322 | 0.59% | 1,409,034 |
| Subtotal, overlapping debt | | | 2,632,279 |
| National Park District direct debt | | | 1,981,450 |
| Total direct and overlapping debt | | | \$ 4,613,729 |

Source: Respective School District's CAFR's

- 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.

Gateway Regional High School District
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

| Governmental Unit - Wenonah | Debt Outstanding | Estimated Percentage Applicable ^a | Estimated Share of Overlapping Debt |
|--|------------------|--|--|
| Debt repaid with property taxes | | | |
| Wenonah Borough | \$ 2,450,468 | 100.00% | \$ 2,405,468 |
| Gateway Regional High School | 5,500,000 | 14.87% | 1,428,657 |
| Gloucester County | 239,760,175 | 0.88% | 2,121,192 |
| Subtotal, overlapping debt | | | 5,955,317 |
| Wenonah District direct debt | | | 1,375,000 |
| Total direct and overlapping debt | | | \$ 7,330,317 |

Source: Respective School District's CAFR's

- 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.

Gateway Regional High School District
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

| Governmental Unit - Westville | Debt Outstanding | Estimated Percentage Applicable ^a | Estimated Share of Overlapping Debt |
|--|------------------|--|-------------------------------------|
| Debt repaid with property taxes | | | |
| Westville Borough | \$ 4,641,329 | 100.00% | \$ 4,641,329 |
| Gateway Regional High School | 5,860,000 | 27.47% | 1,609,859 |
| Gloucester County | 239,760,175 | 0.97% | 2,335,709 |
| Subtotal, overlapping debt | | | 8,586,897 |
| Westville District direct debt | | | None |
| Total direct and overlapping debt | | | <u>\$ 8,586,897</u> |

Source: Respective School District's CAFR's

- 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.

Gateway Regional High School District
Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

| Governmental Unit - Woodbury Heights | Debt Outstanding | Estimated Percentage Applicable ^a | Estimated Share of Overlapping Debt |
|--|------------------|--|-------------------------------------|
| Debt repaid with property taxes | | | |
| Woodbury Heights Borough | | | |
| Gateway Regional High School | | | |
| Gloucester County | | | |
| Subtotal, overlapping debt | | Not Available | |
| Woodbury Heights District direct debt | | | |
| Total direct and overlapping debt | | | |

Source: Respective School District's CAFR's

- 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.

Gateway Regional High School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years

Legal Debt Margin Calculation

| | Equalized Valuation Basis | | | | |
|---|---------------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| | National Park | Wenonah | Westville | Woodbury Heights | Combined |
| 2013 | \$ 162,375,401 | \$ 242,616,602 | \$ 242,662,151 | \$ 263,494,282 | \$ 911,148,436 |
| 2014 | 157,434,468 | 233,733,161 | 251,327,883 | 262,451,220 | 904,946,732 |
| 2015 | 150,164,996 | 226,359,532 | 251,787,293 | 263,446,510 | 891,758,331 |
| | <u>\$ 469,974,865</u> | <u>\$ 702,709,295</u> | <u>\$ 745,777,327</u> | <u>\$ 789,392,012</u> | <u>\$ 2,707,853,499</u> |
| Average equalized valuation of taxable property | \$ 156,658,288 | \$ 234,236,432 | \$ 248,592,442 | \$ 263,130,671 | \$ 902,617,833 |
| Debt limit (3% of average equalized valuation) | | | | | a 27,078,535 |
| Net bonded school debt | | | | | 5,500,000 |
| Legal debt margin | | | | | <u>\$ 21,578,535</u> |

| | Fiscal Year | | | | | | | | | |
|---|-------------|---------------|------|------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Debt limit | | | | | \$ 23,878,666 | \$ 25,678,487 | \$ 29,617,517 | \$ 28,264,500 | \$ 27,546,777 | \$ 27,078,535 |
| Total net debt applicable to limit | | Not Available | | | 7,130,000 | 6,905,000 | 6,535,000 | 6,205,000 | 5,860,000 | 5,500,000 |
| Legal debt margin | | | | | <u>\$ 16,748,666</u> | <u>\$ 18,773,487</u> | <u>\$ 23,082,517</u> | <u>\$ 22,059,500</u> | <u>\$ 21,686,777</u> | <u>\$ 21,578,535</u> |
| Total net debt applicable to the limit as a percentage of debt limit | | | | | 29.86% | 26.89% | 22.06% | 21.95% | 21.27% | 20.31% |

Source: Abstract of Ratables and District Records

a Limit set by NJSA 18A:24-19 for a 7 through 12 regional district; other % limits would be applicable for other districts.

Gateway Regional High School District
Demographic and Economic Statistics
Last Ten Fiscal Years

National Park

| Fiscal Year Ended June 30, | Population ^a | Personal Income (thousands of dollars) ^b | Per Capita Personal Income ^c | Unemployment Rate ^d |
|----------------------------------|-------------------------|---|--|-----------------------------------|
| 2007 | 3,237 | \$ 126,599,070 | \$ 39,110 | 6.5% |
| 2008 | 3,235 | 133,624,910 | 41,306 | 7.6% |
| 2009 | 3,235 | 132,605,885 | 40,991 | 31.1% |
| 2010 | 3,039 | 126,154,968 | 41,512 | 11.8% |
| 2011 | 3,034 | 131,174,990 | 43,235 | 11.5% |
| 2012 | 3,019 | 134,019,448 | 44,392 | 11.8% |
| 2013 | 3,006 | 135,303,066 | 45,011 | 12.6% |
| 2014 | 3,001 | 139,855,603 | 46,603 | 9.3% |
| 2015 | 2,999 | N/A | N/A | 8.0% |
| 2016 | N/A | N/A | N/A | N/A |

Wenonah

| Fiscal Year Ended June 30, | Population ^a | Personal Income (thousands of dollars) ^b | Per Capita Personal Income ^c | Unemployment Rate ^d |
|----------------------------------|-------------------------|---|--|-----------------------------------|
| 2007 | 2,344 | \$ 91,673,840 | \$ 39,110 | 4.6% |
| 2008 | 2,358 | 97,399,548 | 41,306 | 5.9% |
| 2009 | 2,357 | 96,615,787 | 40,991 | 8.7% |
| 2010 | 2,278 | 94,564,336 | 41,512 | 9.2% |
| 2011 | 2,275 | 98,359,625 | 43,235 | 9.0% |
| 2012 | 2,271 | 100,814,232 | 44,392 | 9.2% |
| 2013 | 2,261 | 101,769,871 | 45,011 | 3.9% |
| 2014 | 2,255 | 105,089,765 | 46,603 | 4.9% |
| 2015 | 2,254 | N/A | N/A | 4.6% |
| 2016 | N/A | N/A | N/A | N/A |

Gateway Regional High School District
Demographic and Economic Statistics
Last Ten Fiscal Years

Westville

| Fiscal Year Ended June 30, | Population ^a | Personal Income (thousands of dollars) ^b | Per Capita Personal Income ^c | Unemployment Rate ^d |
|----------------------------------|-------------------------|---|--|-----------------------------------|
| 2007 | 4,479 | \$ 174,040,503 | \$ 38,857 | 5.4% |
| 2008 | 4,474 | 182,047,060 | 40,690 | 7.0% |
| 2009 | 4,466 | 182,440,566 | 40,851 | 10.3% |
| 2010 | 4,285 | 177,446,135 | 41,411 | 10.9% |
| 2011 | 4,274 | 185,867,712 | 43,488 | 11.3% |
| 2012 | 4,258 | 190,898,914 | 44,833 | 10.9% |
| 2013 | 4,244 | 191,697,236 | 45,169 | 13.2% |
| 2014 | 4,224 | 196,851,072 | 46,603 | 9.4% |
| 2015 | 4,224 | N/A | N/A | 7.8% |
| 2016 | N/A | N/A | N/A | N/A |

Woodbury Heights

| Fiscal Year Ended June 30, | Population ^a | Personal Income (thousands of dollars) ^b | Per Capita Personal Income ^c | Unemployment Rate ^d |
|----------------------------------|-------------------------|---|--|-----------------------------------|
| 2007 | 3,042 | \$ 113,560,902 | \$ 37,331 | 3.6% |
| 2008 | 3,052 | 119,150,080 | 39,040 | 4.6% |
| 2009 | 3,053 | 120,871,323 | 39,591 | 6.9% |
| 2010 | 3,058 | 126,408,546 | 41,337 | 7.3% |
| 2011 | 3,063 | 129,344,364 | 42,228 | 7.1% |
| 2012 | 3,029 | 135,905,172 | 44,868 | 7.3% |
| 2013 | 3,020 | 136,410,380 | 45,169 | 5.5% |
| 2014 | 3,002 | N/A | N/A | 4.8% |
| 2015 | N/A | N/A | N/A | N/A |
| 2016 | N/A | N/A | N/A | N/A |

Source: Respective School District CAFR's

- a** Population information provided by the NJ Department of Labor and Workforce Development.
 - b** Personal income has been estimated based upon the municipal population and per capita income presented.
 - c** Per Capita personal income by municipality estimated based upon the Census published by the U.S. Bureau of Economic Analysis.
 - d** Unemployment data provided by the NJ Department of Labor and Workforce Development.
- N/A - Information not available

Gateway Regional High School District
Principal Employers
Current Year and Nine Years Ago

| Employer | 2016 | | | 2007 | | |
|-------------------------------------|---------------|--------------------|--------------------------------------|-----------|--------------------|--------------------------------------|
| | Employees | Rank (Optional) | Percentage of Total Employment | Employees | Rank (Optional) | Percentage of Total Employment |
| Inspira Health | 1,825 | 1 | N/A | | | |
| Kennedy Memorial Hospital | 1,675 | 2 | N/A | | | |
| Washington Township School District | 1,592 | 3 | N/A | | | |
| Rowan University | 1,483 | 4 | N/A | | | |
| County of Gloucester | 1,354 | 5 | N/A | | | |
| Missa Bay, LLC | 950 | 6 | N/A | | | Information Not Available |
| Monroe Township School District | 806 | 7 | N/A | | | |
| U.S. Foodservices | 725 | 8 | N/A | | | |
| ExxonMobil Research & Engineering | 540 | 9 | N/A | | | |
| LaBrea Bakery | 525 | 10 | N/A | | | |
| | <u>11,475</u> | | | | | |

Source: Gloucester County Department of Economic Development

Note: The information provided is for the County of Gloucester, information at the municipal level is not readily available.

N/A - Information not available

Gateway Regional High School District
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

| Function/Program | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--|------------|------------|------------|------------|------------|------------|------------|--------------|------------|------------|
| Instruction: | | | | | | | | | | |
| Regular | 78 | 77 | 71 | 71 | 71 | 68 | 68 | 67.5 | 66.5 | 66 |
| Special education | 15 | 15 | 15 | 14 | 11 | 13 | 14 | 16.5 | 16.5 | 18 |
| Other special instruction | 8 | 8 | 7 | 8 | 8 | 9 | 9 | 8 | 8 | 9 |
| Support Services: | | | | | | | | | | |
| Student & instruction related services | | | 11 | 11 | 11 | 11 | 11 | 12 | 12 | 14 |
| General administrative services | 5 | 5 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 |
| School administrative services | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Other administrative services | | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Central services | 3 | 3 | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Administrative information technology | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3.5 | 4 | 4 |
| Plant operations and maintenance | 14 | 14 | 12 | 12 | 12 | 12 | 12 | 14 | 13 | 14 |
| Pupil transportation | 41 | 41 | 41 | 42 | 43 | 41 | 41 | 40 | 40 | 41 |
| Other support services | 22 | 22 | 21 | 22 | 21 | 14 | 13 | 14 | 14 | 14 |
| Total | <u>195</u> | <u>194</u> | <u>193</u> | <u>194</u> | <u>190</u> | <u>181</u> | <u>181</u> | <u>185.5</u> | <u>184</u> | <u>190</u> |

Source: District personnel records

Gateway Regional High School District
 Operating Statistics
 Last Ten Fiscal Years

Pupil/Teacher Ratio

| Fiscal Year | Enrollment | Operating Expenditures (a) | Cost Per Pupil | Percentage Change | Teaching Staff (b) | Middle School | High School | Average Daily Enrollment (ADE) c | Average Daily Attendance (ADA) c | % Change in Average Daily Enrollment | Student Attendance Percentage |
|-------------|------------|----------------------------|----------------|-------------------|--------------------|---------------|-------------|----------------------------------|----------------------------------|--------------------------------------|-------------------------------|
| 2007 | 1,005 | 16,196,212 | 16,116 | 5.55% | 103 | N/A | 1:10 | 1,018 | 941 | -2.30% | 92.4% |
| 2008 | 953 | 17,201,445 | 18,050 | 12.00% | 100 | N/A | 1:10 | 952 | 894 | -6.48% | 93.9% |
| 2009 | 904 | 17,115,103 | 18,933 | 4.89% | 104 | N/A | 1:9 | 904 | 748 | -5.04% | 82.7% |
| 2010 | 849 | 17,695,453 | 20,843 | 10.09% | 104 | N/A | 1:9 | 849 | 792 | -6.08% | 93.3% |
| 2011 | 843 | 16,950,762 | 20,108 | -3.53% | 103 | N/A | 1:9 | 832 | 786 | -2.00% | 94.5% |
| 2012 | 891 | 17,794,643 | 19,972 | -0.68% | 101 | N/A | 1:9 | 880 | 828 | 5.77% | 94.1% |
| 2013 | 889 | 18,281,606 | 20,564 | 2.97% | 102 | N/A | 1:9 | 879 | 818 | -0.11% | 93.1% |
| 2014 | 893 | 19,075,900 | 21,362 | 3.88% | 104 | N/A | 1:9 | 877 | 805 | -0.23% | 91.8% |
| 2015 | 946 | 20,060,968 | 21,206 | -0.73% | 103 | N/A | 1:9 | 926 | 847 | 5.59% | 91.5% |
| 2016 | 958 | 20,379,095 | 21,273 | 0.31% | 107 | N/A | 1:9 | 915 | 839 | -1.19% | 91.7% |

Source: District records

- Note:** Enrollment based on annual October district count.
- a** Operating expenditures equal total expenditures less debt service and capital outlay.
 - b** Teaching staff includes only full-time equivalents of certificated staff.
 - c** Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

Gateway Regional High School Distric
School Building Informatior
Last Ten Fiscal Years

| District Building | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| High School | | | | | | | | | | |
| Square Feet | 185,647 | 185,647 | 185,647 | 185,647 | 185,647 | 185,647 | 185,647 | 185,647 | 185,647 | 185,647 |
| Capacity (students) | 1,040 | 1,040 | 1,040 | 1,040 | 1,040 | 1,040 | 1,040 | 1,040 | 1,040 | 1,040 |
| Enrollment | 1,005 | 953 | 904 | 849 | 843 | 891 | 889 | 893 | 946 | 958 |
| Other | | | | | | | | | | |
| Maintenance Garage (1996) | | | | | | | | | | |
| Square Feet | 2,760 | 2,760 | 2,760 | 2,760 | 2,760 | 2,760 | 2,760 | 2,760 | 2,760 | 2,760 |
| Central Administration (1999) | | | | | | | | | | |
| Square Feet | 8,266 | 8,266 | 8,266 | 8,266 | 8,266 | 8,266 | 8,266 | 8,266 | 8,266 | 8,266 |
| Generator Building (1995) | | | | | | | | | | |
| Square Feet | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 | 480 |
| Athletic Storage (1971) | | | | | | | | | | |
| Square Feet | 864 | 864 | 864 | 864 | 864 | 864 | 864 | 864 | 864 | 864 |
| Ticket Booth (1995) | | | | | | | | | | |
| Square Feet | 154 | 154 | 154 | 154 | 154 | 154 | 154 | 154 | 154 | 154 |
| Press Box (1995) | | | | | | | | | | |
| Square Feet | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| Fieldhouse (1971) | | | | | | | | | | |
| Square Feet | 1,380 | 1,380 | 1,380 | 1,380 | 1,380 | 1,380 | 1,380 | 1,380 | 1,380 | 1,380 |

Number of Schools at June 30, 2016

 High School = 1

 Other = 7

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 additions. Enrollment is based on the annual October district count.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 General Fund
 Schedule of Required Maintenance Expenditures by School Facility
 Last Ten Fiscal Years

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

| * School Facilities: | Project Numbers: | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Totals |
|----------------------|------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| High School | N/A | \$ 106,637 | \$ 162,681 | \$ 179,410 | \$ 184,630 | \$ 152,512 | \$ 147,100 | \$ 170,266 | \$ 203,942 | \$ 182,510 | \$ 229,773 | \$ 1,719,461 |

Source: District records

Gateway Regional High School District
Insurance Schedule

| | <u>Coverage</u> | <u>Deductible</u> |
|--|-----------------|-------------------|
| School Package Policy: | | |
| Property - blanket building & contents | \$ 150,000,000 | |
| Comprehensive general and automobile liability | 20,000,000 | |
| Boiler and machinery | 125,000,000 | \$ 1,000 |
| Educator's legal liability | 20,000,000 | |
| Pollution legal liability | 3,000,000 | 25,000 |
| Crime | 500,000 | 500 |
| Cyber liability | 1,000,000 | 25,000 |
| Workmen's compensation | Statutory | |
| Violent malicious acts | 1,000,000 | 15,000 |
| | | |
| Surety Bond Coverage | | |
| Treasurer | 225,000 | |
| Business Administrator/Board Secretary | 10,000 | |

Source: District records

SINGLE AUDIT SECTION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

Honorable President and
Members of the Board of Education
Gateway Regional High School District
775 Tanyard Road
Woodbury Heights, New Jersey 08096

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 Gateway Regional High School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Gateway Regional High School District's basic financial statements, and have issued our report thereon dated November 15, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Gateway Regional High School District's 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 Gateway Regional High School 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.

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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies 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 Gateway Regional High School 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* and 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 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.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 15, 2016

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND NEW JERSEY OMB'S CIRCULAR 15-08

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Gateway Regional High School District
775 Tanyard Road
Woodbury Heights, New Jersey 08096

Report on Compliance for Each Major Federal and State Program

We have audited the Gateway Regional High School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Gateway Regional High School District's major federal and state programs for the year ended June 30, 2016. Gateway Regional High School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Gateway Regional High School District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; the audit requirements of Title 2 U.S. Code of Federal Regulations Part-200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance), and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and*

State Aid. Those standards, the Uniform Guidance and New Jersey OMB's Circular 15-08, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Gateway Regional High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal and State Program

In our opinion, the Gateway Regional High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and 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 the Uniform Guidance and New Jersey OMB's Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedules of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and New Jersey OMB's Circular 15-08

We have audited the financial statements of Gateway Regional High School District as of and for the year ended June 30, 2016, and have issued our report thereon dated November 15, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



Nick L. Petroni
Certified Public Accountant
Licensed Public School Accountant #542
Glassboro, New Jersey

November 15, 2016

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2016

| Federal Grantor/Pass-Through Grantor/Program Title | Federal CFDA Number | Federal FAIN Number | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance June 30, 2015 | Carryover (Walkover) Amount | Cash Received | Budgetary Expenditures | Adjustments | Repayment of Prior Years' Balances | Balance at June 30, 2016 | | | Cumulative Total Expenditures |
|--|---------------------|---------------------|-------------------------------|-------------------------|--------------|----------|-----------------------|-----------------------------|---------------|------------------------|-------------|------------------------------------|--------------------------|------------------|----------------|-------------------------------|
| | | | | | From | To | | | | | | | Accounts Receivable | Deferred Revenue | Due to Grantor | |
| U.S. Department of Education | | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | | |
| Medical Assistance Program | 93.778 | 1605NJSMAP | N/A | \$ 43,737 | 7/1/15 | 6/30/16 | | | \$ 29,117 | \$ (43,737) | | | \$ (14,620) | | | \$ 43,737 |
| Medical Assistance Program | 93.778 | 1605NJSMAP | N/A | 22,126 | 7/1/14 | 6/30/15 | \$ (9,344) | | 9,344 | | | | | | | 22,126 |
| Total General Fund | | | | | | | (9,344) | | 38,461 | (43,737) | | | (14,620) | | | 65,863 |
| U.S. Department of Education | | | | | | | | | | | | | | | | |
| Passed-through State Department of Education | | | | | | | | | | | | | | | | |
| Special Revenue Fund: | | | | | | | | | | | | | | | | |
| Title I, Part A | 84.010 | 5010A150030 | NCLB171516 | 147,129 | 7/1/15 | 6/30/16 | | | 73,592 | (137,994) | | | (64,402) | | | 137,994 |
| Title I, Part A | 84.010 | 5010A150030 | NCLB171515 | 145,758 | 7/1/14 | 6/30/15 | (131,328) | | 131,328 | | | | | | | 131,328 |
| IDEA Part B, Basic Regular | 84.027 | H027A150100 | FT171516 | 279,516 | 7/1/15 | 6/30/16 | | | 156,601 | (266,694) | | | (110,093) | | | 266,694 |
| IDEA Part B, Basic Regular | 84.027 | H027A150100 | FT171515 | 255,531 | 7/1/14 | 6/30/15 | (91,207) | | 91,207 | | | | | | | 247,537 |
| Title II Part A | 84.367 | S367A150029 | NCLB171516 | 16,699 | 7/1/15 | 6/30/16 | | | 10,009 | (14,976) | | | (4,967) | | | 14,976 |
| Title II Part A | 84.367 | S367A150029 | NCLB171515 | 17,165 | 7/1/14 | 6/30/15 | (17,165) | | 17,165 | | | | | | | 17,165 |
| Race to the Top | 84.413A | B413A120008 | N/A | 9,523 | 9/1/11 | 11/30/15 | (1,321) | | 1,321 | | | | | | | 9,520 |
| Improvement Instructional System | 84.395 | N/A | N/A | 149,895 | 7/1/14 | 11/30/15 | (139,519) | | 149,895 | (10,376) | | | | | | 149,895 |
| Total Special Revenue Fund | | | | | | | (380,540) | | 631,118 | (430,040) | | | (179,462) | | | 975,109 |
| U.S. Department of Agriculture | | | | | | | | | | | | | | | | |
| Passed-through State Department of Education: | | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | | |
| Food Distribution Program | 10.550 | N/A | N/A | 67,582 | 7/1/15 | 6/30/16 | | | 67,582 | (59,582) | | | \$ 8,000 | | | 59,582 |
| Food Distribution Program | 10.550 | N/A | N/A | 54,358 | 7/1/14 | 6/30/15 | 3,136 | | | (3,136) | | | | | | 54,358 |
| School Breakfast Program | 10.553 | 16161NJ304N1099 | N/A | 109,947 | 7/1/15 | 6/30/16 | | | 87,339 | (109,947) | | | (22,608) | | | 109,947 |
| School Breakfast Program | 10.553 | 16161NJ304N1099 | N/A | 111,569 | 7/1/14 | 6/30/15 | (21,101) | | 21,101 | | | | | | | 111,569 |
| National School Lunch Program | 10.555 | 16161NJ304N1099 | N/A | 255,975 | 7/1/15 | 6/30/16 | | | 209,766 | (255,975) | | | (46,209) | | | 255,975 |
| National School Lunch Program | 10.555 | 16161NJ304N1099 | N/A | 262,951 | 7/1/14 | 6/30/15 | (49,242) | | 49,242 | | | | | | | 262,951 |
| Special Milk Program | 10.556 | 16161NJ304N1099 | N/A | 359 | 7/1/15 | 6/30/16 | | | 301 | (359) | | | (58) | | | 359 |
| Special Milk Program | 10.556 | 16161NJ304N1099 | N/A | 424 | 7/1/14 | 6/30/15 | (83) | | 83 | | | | | | | 424 |
| After School Snack Program | 10.558 | 16161NJ304N1099 | N/A | 2,542 | 7/1/15 | 6/30/16 | | | 2,402 | (2,542) | | | (140) | | | 2,542 |
| After School Snack Program | 10.558 | 16161NJ304N1099 | N/A | 2,015 | 7/1/14 | 6/30/15 | (188) | | 188 | | | | | | | 2,015 |
| Total Enterprise Fund | | | | | | | (67,478) | | 438,004 | (431,541) | | | (69,015) | 8,000 | | 859,722 |
| Total Federal Financial Awards | | | | | | | \$ (457,362) | | \$ 1,107,583 | \$ (905,318) | | | \$ (263,097) | \$ 8,000 | | \$ 1,900,694 |

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

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2016

| State Grantor/Program Title | Grant or State Project Number | Program or Award Amount | Grant Period | | Balance June 30, 2015 | | | Cash Received | Budgetary Expenditures | Adjustments/ Repayment of Prior Years' Balances | Balance June 30, 2016 | | | MEMO | |
|---|-------------------------------|-------------------------|--------------|---------|--|------------------|-----------------------------|-----------------------|------------------------|---|-----------------------|-------------------------------------|----------------------|----------------------|-------------------------------|
| | | | From | To | Deferred Revenue (Accounts Receivable) | Due to Grantor | Carryover (Walkover) Amount | | | | Accounts Receivable | Deferred Revenue/ Interfund Payable | Due to Grantor | Budgetary Receivable | Cumulative Total Expenditures |
| State Department of Education | | | | | | | | | | | | | | | |
| General Fund: | | | | | | | | | | | | | | | |
| Extraordinary Aid | 16-100-034-5120-473 | \$ 59,162 | 7/1/15 | 6/30/16 | | | | \$ (59,162) | | | \$ (59,162) | | | \$ 59,162 | |
| Extraordinary Aid | 15-100-034-5120-473 | 33,682 | 7/1/14 | 6/30/15 | \$ (33,682) | | \$ 33,682 | | | | | | | 33,682 | |
| Special Education Categorical Aid | 16-495-034-5120-089 | 483,199 | 7/1/15 | 6/30/16 | | | 483,199 | (483,199) | | | | | | \$ 48,320 | 483,199 |
| Equalization Aid | 16-495-034-5120-078 | 5,835,868 | 7/1/15 | 6/30/16 | | | 5,835,868 | (5,835,868) | | | | | | 518,839 | 5,835,868 |
| Security Aid | 16-495-034-5120-084 | 115,019 | 7/1/15 | 6/30/16 | | | 115,019 | (115,019) | | | | | | 11,502 | 115,019 |
| School Choice Aid | 16-495-034-5120-068 | 570,240 | 7/1/15 | 6/30/16 | | | 570,240 | (570,240) | | | | | | 57,024 | 570,240 |
| Transportation Aid | 16-495-034-5120-014 | 448,258 | 7/1/15 | 6/30/16 | | | 448,258 | (448,258) | | | | | | 44,826 | 448,258 |
| PARCC Readiness | 16-495-034-5120-098 | 9,350 | 7/1/15 | 6/30/16 | | | 9,350 | (9,350) | | | | | | 935 | 9,350 |
| Per Pupil Growth Aid | 16-495-034-5120-097 | 9,350 | 7/1/15 | 6/30/16 | | | 9,350 | (9,350) | | | | | | 935 | 9,350 |
| Reimbursement of Nonpublic Transportation | N/A | 9,671 | 7/1/15 | 6/30/16 | | | | (9,671) | | | (9,671) | | | | 9,671 |
| Reimbursement of Nonpublic Transportation | N/A | 10,921 | 7/1/14 | 6/30/15 | (10,921) | | 10,921 | | | | | | | | 10,921 |
| On-behalf TPAF Pension Contribution | 16-495-034-5094-006 | 632,315 | 7/1/15 | 6/30/16 | | | 632,315 | (632,315) | | | | | | | 632,315 |
| On-behalf TPAF Postretirement Contribution | 16-495-034-5094-001 | 752,913 | 7/1/15 | 6/30/16 | | | 752,913 | (752,913) | | | | | | | 752,913 |
| Reimbursed TPAF Social Security Aid | 16-495-034-5094-003 | 585,535 | 7/1/15 | 6/30/16 | | | 585,806 | (585,535) | | | (28,279) | | | | 585,535 |
| Reimbursed TPAF Social Security Aid | 15-495-034-5094-003 | 594,489 | 7/1/14 | 6/30/15 | (29,213) | | 29,213 | | | | | | | | 594,489 |
| Total General Fund | | | | | (73,816) | | 9,487,134 | (9,510,880) | | | (97,562) | | | 682,381 | 10,149,972 |
| Special Revenue Fund: | | | | | | | | | | | | | | | |
| NJ Nonpublic Aid: | | | | | | | | | | | | | | | |
| Textbook Aid | 16-100-034-5120-064 | 6,738 | 7/1/15 | 6/30/16 | | | 6,738 | (6,738) | | | | | | | 6,738 |
| Textbook Aid | 15-100-034-5120-064 | 6,673 | 7/1/14 | 6/30/15 | | \$ 362 | | | | \$ (362) | | | | | 6,311 |
| Auxiliary Services: | | | | | | | | | | | | | | | |
| Compensatory Education | 16-100-034-5120-067 | 43,148 | 7/1/15 | 6/30/16 | | | 43,148 | (40,016) | | | | \$ 3,132 | | | 40,016 |
| Compensatory Education | 15-100-034-5120-067 | 41,207 | 7/1/14 | 6/30/15 | | 1,881 | | | | (1,881) | | | | | 39,326 |
| Transportation | 16-100-034-5120-067 | 2,581 | 7/1/15 | 6/30/16 | | | 2,581 | (2,580) | | | | | 1 | | 2,580 |
| Transportation | 15-100-034-5120-067 | 2,740 | 7/1/14 | 6/30/15 | | 1 | | | | (1) | | | | | 2,739 |
| Handicapped Services: | | | | | | | | | | | | | | | |
| Corrective Speech | 16-100-034-5120-066 | 836 | 7/1/15 | 6/30/16 | | | 836 | (836) | | | | | | | 836 |
| Corrective Speech | 15-100-034-5120-066 | 2,651 | 7/1/14 | 6/30/15 | | 1,767 | | | | (1,767) | | | | | 884 |
| Examination and Classification | 16-100-034-5120-066 | 11,421 | 7/1/15 | 6/30/16 | | | 11,421 | (9,036) | | | | 2,385 | | | 9,036 |
| Examination and Classification | 15-100-034-5120-066 | 8,649 | 7/1/14 | 6/30/15 | | 1,981 | | | | (1,981) | | | | | 6,668 |
| Supplementary Instruction | 16-100-034-5120-066 | 7,351 | 7/1/15 | 6/30/16 | | | 7,351 | (7,351) | | | | | | | 7,351 |
| Supplementary Instruction | 15-100-034-5120-066 | 7,062 | 7/1/14 | 6/30/15 | | 1,648 | | | | (1,648) | | | | | 5,414 |
| Nursing Services Aid | 16-100-034-5120-070 | 10,620 | 7/1/15 | 6/30/16 | | | 10,620 | (10,620) | | | | | | | 10,620 |
| Technology | 16-100-034-5120-373 | 3,068 | 7/1/15 | 6/30/16 | | | 3,068 | (3,068) | | | | | | | 3,068 |
| Technology | 15-100-034-5120-373 | 3,584 | 7/1/14 | 6/30/15 | | 2,713 | | | | (2,713) | | | | | 871 |
| Total Special Revenue Fund | | | | | 10,353 | | 85,763 | (80,245) | | (10,353) | | 5,518 | | 142,458 | |
| Capital Project Fund | | | | | | | | | | | | | | | |
| ROD Grant | SP-1715-050-14-10001 | 423,036 | N/A | N/A | | | | (83,181) | | | (423,036) | | | | 83,181 |
| State Department of Agriculture | | | | | | | | | | | | | | | |
| Enterprise Fund: | | | | | | | | | | | | | | | |
| National School Lunch Program (State Share) | 16-100-010-3350-023 | 6,521 | 7/1/15 | 6/30/16 | | | 5,351 | (6,521) | | | (1,170) | | | | 6,521 |
| National School Lunch Program (State Share) | 15-100-010-3350-023 | 7,445 | 7/1/14 | 6/30/15 | (1,484) | | 1,484 | | | | | | | | 7,445 |
| Total Enterprise Fund | | | | | (1,484) | | 6,835 | (6,521) | | | (1,170) | | | 13,966 | |
| Total State Financial Assistance | | | | | \$ (75,300) | \$ 10,353 | \$ 9,579,732 | \$ (9,680,827) | \$ (10,353) | \$ (521,768) | \$ 5,518 | \$ 682,381 | \$ 10,389,577 | | |
| Less: On-behalf TPAF Pension System Contributions | | | | | | | | | | | | | | | |
| (1,385,228) | | | | | | | | | | | | | | | |
| Total for State Financial Assistance - Major Program Determination | | | | | | | | | | | | | | | |
| (8,295,599) | | | | | | | | | | | | | | | |

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

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 1: GENERAL

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

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These basis of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of 2 CFR 200 - *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. 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 BASIC FINANCIAL STATEMENTS

The basic financial statements present the General Fund and Special Revenue Fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the General Fund and Special Revenue 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 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the one or more state aid June payments in the current budget year, consistent with NJSA 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$9,802 for the General Fund and \$226 for the Special Revenue Fund. See the Notes to Required Supplementary Information 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 follows:

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF AWARDS
AND FINANCIAL ASSISTANCE
JUNE 30, 2016

NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)

| | <u>Federal</u> | <u>State</u> | <u>Total</u> |
|-------------------------------------|-------------------|----------------------|----------------------|
| General Fund | \$ 43,737 | \$ 9,501,078 | \$ 9,544,815 |
| Special Revenue Fund | 430,266 | 80,245 | 510,511 |
| Capital Projects Fund | | 423,036 | 423,036 |
| Food Service Fund | 431,541 | 6,521 | 438,062 |
| Total awards & financial assistance | <u>\$ 905,544</u> | <u>\$ 10,010,880</u> | <u>\$ 10,916,424</u> |

NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5: OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2016.

NOTE 6: ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT MAJOR PROGRAM DETERMINATION

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are excluded from State single audit major program determination. The Schedule of State Financial Assistance provides a reconciliation of State Financial assistance reported in the District's financial statements and the amounts subject to State single audit and major program determination.

NOTE 7: INDIRECT COST RATE

The Gateway Regional High School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

 1) Material weakness(es) identified? yes X no

 2) Significant deficiencies identified? yes X none reported

Noncompliance material to basic financial statements noted? yes X no

Federal Awards

Internal Control over major programs:

 1) Material weakness(es) identified? yes X no

 2) Significant deficiencies identified? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 SECTION .516(a)? yes X no

Identification of major programs:

| CFDA Number (s) | Name of Federal Program or Cluster |
|-----------------|------------------------------------|
| | Child Nutrition Cluster: |
| 10.550 | Food Distribution Program |
| 10.553 | School Breakfast Program |
| 10.555 | National School Lunch Program |
| 10.556 | Special Milk Program |
| 10.558 | After School Snack Program |

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

Auditee qualified as low-risk auditee? X yes no

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results (continued)

State Awards

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

Auditee qualified as low-risk auditee? X yes no

Internal Control over major programs:

1) Material weakness(es) identified? yes X no

2) Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB's Circular 15-08? yes X no

Identification of major programs:

GMSI Number(s)

495-034-5120-089
495-034-5120-078
495-034-5120-084
495-034-5120-068
495-034-5120-098
495-034-5120-097

Name of State Program

State Aid Public Cluster:
Special Education Categorical Aid
Equalization Aid
Security Aid
School Choice Aid
PARCC Readiness
Per Pupil Growth Aid

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

No matters were reported.

***Section III – Federal Awards and State Financial Assistance Findings and
Questioned Costs***

FEDERAL AWARDS

No matters were reported.

STATE AWARDS

No matters were reported.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR-YEAR FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

No matters were reported.