

**NORTH WARREN
REGIONAL SCHOOL DISTRICT**

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

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2017**

Comprehensive Annual

Financial Report

of the

**North Warren Regional School District
Board of Education
Blairstown, New Jersey
For the Fiscal Year Ending June 30, 2017**

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

OUTLINE OF CAFR

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Introductory Section



NORTH WARREN REGIONAL SCHOOL DISTRICT

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October 9, 2016

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

Dear Board Members:

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

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

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

The Comprehensive Annual Financial Report (CAFR) of the North Warren Regional School District for the fiscal year ended June 30, 2017, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the North Warren Regional Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities are included.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget "Uniform Guidance", Audits of State and Local Governments, and the State Treasury Circular Letter 15-08 OMB, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES**

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

The District provides a full range of educational and extra-curricular activities and programs for students in grades seven through twelve. These programs and activities are designed for both regular education students as well as special education students. As of October 15, 2016, the District had a total enrollment of 911.

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

FISCAL YEAR	STUDENT ENROLLMENT	PERCENT CHANGE
2006-2007	1115	+0.2%
2007-2008	1112	-0.3%
2008-2009	1132	+1.8%
2009-2010	1104	-2.8%
2010-2011	1086	-1.6%
2011-2012	1031	-5.0%
2012-2013	1029	-1.9%
2013-2014	992	-3.5%
2014-2015	946	-4.6%
2015-2016	925	-2.2%
2016-2017	911	-1.5%

2. **ECONOMIC CONDITION AND OUTLOOK**

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

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

REVENUES				
SOURCE	AMOUNT	PERCENT OF TOTAL	+/- AMOUNT	+/- PERCENT
Local	\$11,726,267	61.10%	\$322,889	2.83%
State	7,139,987	37.20%	180,413	2.59%
Federal	326,453	1.70%	(14,792)	-4.33%
TOTAL	19,192,707	100.00%	488,510	2.61%

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

EXPENDITURES				
CLASSIFICATION	AMOUNT	PERCENT OF TOTAL	+/- AMOUNT	+/- PERCENT
Current Expense:				
Instruction	\$6,485,476	34.77%	(\$116,806)	-1.77%
Undistributed	11,636,394	62.39%	626,138	5.69%
SUBTOTAL	18,121,870	97.16%	509,332	2.89%
Capital Outlay	201,140	1.08%	51,809	34.69%
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Special Revenue	327,753	1.76%	(13,492)	-3.95%
TOTAL	\$ 18,650,763	100.00%	\$547,649	3.03%

Expenditures were increased, but the district has made every effort to do more with less so as not to increase the burden on local taxpayers. Some operational savings were recouped in salaries due to several staff resignations. The current District Leadership Team has established a practice to right size through staff attrition. In addition, the District Leadership Team shifted health care coverage to the School Employees Health Benefit Plan (SEHBP) to realize significant savings to both the District and its employees as employees share in the cost of health insurance premiums.

In the past few years, the District leveraged some additional Federal monies (such as additional Perkins Grants) and State monies (such as School Choice) and was able to get a jump-start on some major initiatives. In all other areas, the District has made a conscious effort to keep all costs down in order to conserve money to add to the District's Net Position. The District plans to identify uses for these funds as directed by the Board of Education.

3. **MAJOR INITIATIVES**

North Warren Regional School District prides itself on its focus on student achievement. During in the 2016-2017 school year, North Warren Regional conducted a Strategic Planning Process and recently presented the completed plan to the community.

In addition to strategic planning, the district is working to increase its average AP testing score through a series of student-focused initiatives including formative testing, summative feedback, course prerequisites, enrollment in Warren County Community College's Dual Enrollment Program, and other measures aimed at helping our students shine.

The district has completed a technology infrastructure update that increased our bandwidth, provided for upgraded classroom resources such as new tables, updated wiring, additional access points for Wi-Fi, and five additional Chrome Book laptop carts for student use and to meet our testing needs. Our student-focused bring your own device initiative has paved the way for a 1:1 goal for all students. This goal began implementation with our incoming 7th grade class in September of 2017 and will continue to increase each year with each incoming 7th grade class.

The school continues outreach programs to the community. Students invite our local senior citizens to attend three major events throughout the school year. Students cater these events, create performances for the senior citizens, and help organize a culminating history activity, "Voices of the Veterans." Each year more than 75 veterans come to North Warren to share their experiences with our students.

Our staff also actively applies for and is awarded grants – with the singular goal of improving the educational experience for our students without the use of district resources. Most notably, the District was awarded a grant during the 2017/2018 school year, which will provide for an exchange teacher from China to become actively engaged as a part of our North Warren community. Not only will this teacher provide instruction to our students, but she will also be a resource for community organizations throughout of District.

4. **INTERNAL ACCOUNTING CONTROLS**

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

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

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

5. BUDGETARY CONTROLS

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2017.

6. ACCOUNTING SYSTEM AND REPORTS

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

7. DEBT ADMINISTRATION

As of June 30, 2017, the District does not have any outstanding debt issues. The District still maintains payments for multiple lease purchase agreements that addressed improvements to the facility, specifically, updating computer and technology needs.

8. CASH MANAGEMENT

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

9. RISK MANAGEMENT

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

10. OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co., LLP, was selected by the Board's finance committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB "Uniform Guidance" and State Treasury OMB Circular Letter 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report. The auditor's report relates specifically to the single audit included in the single audit section of this report.

11. ACKNOWLEDGMENTS

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

Respectfully submitted,



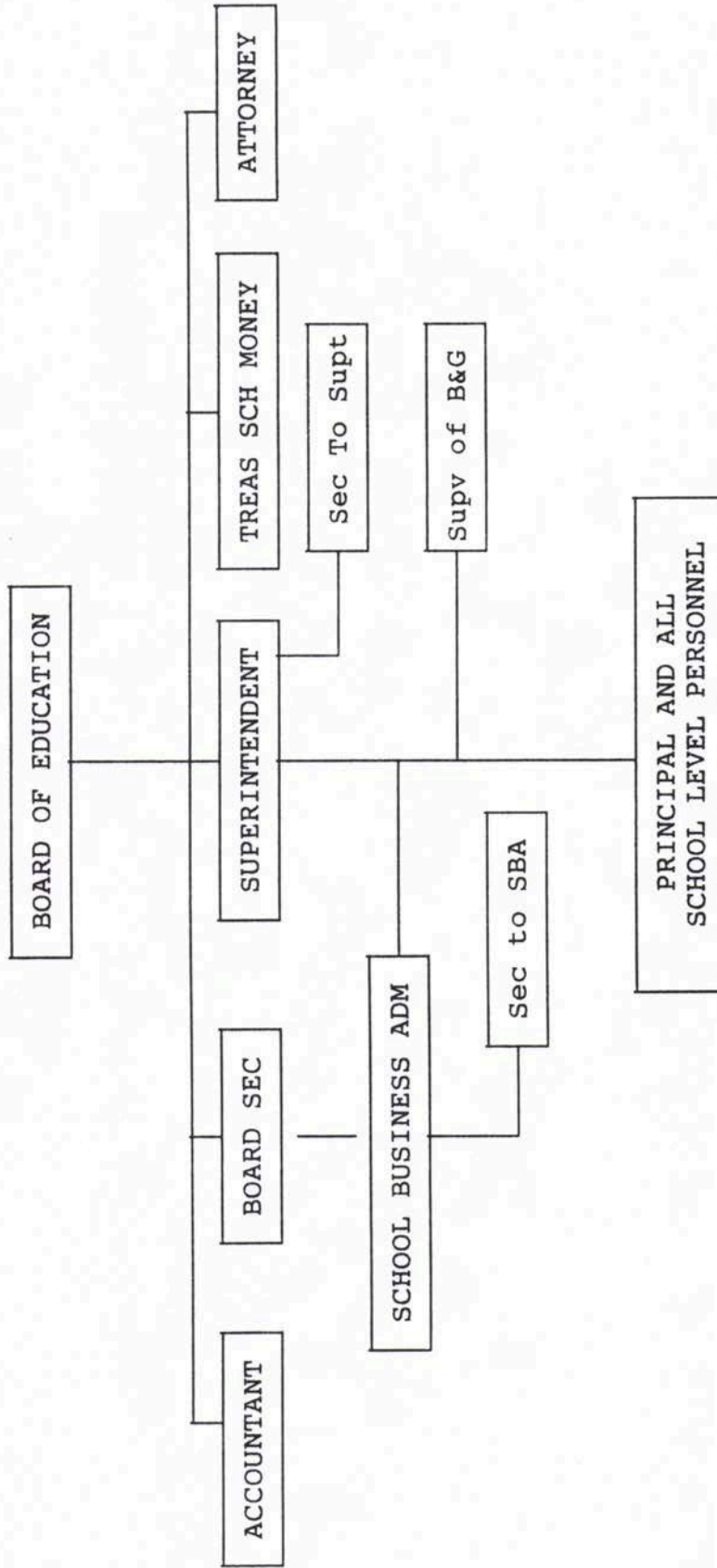
Sarah Bilotti
Superintendent



Chris Heagele
Business Administrator

North Warren Regional School District
District Office Staff Organization

UNIT CONTROL ORGANIZATIONAL PATTERN



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

ROSTER OF OFFICIALS

June 30, 2017

Members of the Board of Education

Term Expires

Eugene Woznicki, President	2017
Bethany Summers, Vice-President	2018
Grace Acosta	2017
Robert Brandt	2019
Kevin B. Brennan	2019
Frederick P. Cook	2018
Anne Drescher	2018
John Nause	2017
Eric Erickson	2019

Other Officials

Sarah Bilotti, Superintendent

Chris Heagele, Board Secretary/School Business Administrator

Randy Wilson, Treasurer

James Fox, Esquire, Solicitor

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

CONSULTANTS AND ADVISORS

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Financial Section

Independent Auditor's Report



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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the North Warren Regional School District Board of Education, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

-Continued-

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the North Warren Regional School District Board of Education, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

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

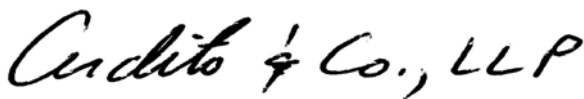
The combining and individual fund financial statement information, long-term debt schedules, and the schedule of state financial assistance, as required by New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are the responsibility of management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

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

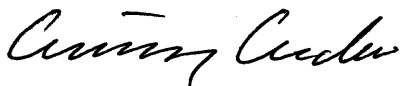
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2017, on our consideration of the North Warren Regional School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP
August 31, 2017



Licensed Public School Accountant No. 2369

**Required Supplementary Information -
Part I**

Management's Discussion and Analysis

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

The discussion and analysis of North Warren Regional School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- ◆ In total, Net Position increased \$117,489 which represents a 2.6% increase from 2016.
- ◆ General revenues accounted for \$11,689,490 in revenue or 50.8% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$11,318,785 or 49.2% of total revenues of \$23,008,275.
- ◆ Total assets of governmental activities increased by \$275,965, as cash and cash equivalents increased by \$232,386, receivables increased by \$285,392, and capital assets decreased by \$243,678.
- ◆ The School District had \$22,890,786 in expenses; only \$11,318,785 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$11,689,490 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$18,864,954 in revenues and \$18,323,010 in expenditures. The General Fund's surplus balance increased \$541,944 over 2016, which compares favorably to the budgeted decrease of \$99,976.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District’s Net Position for 2017 compared to 2016.

	Table 1	
	Net Position	
	<u>2017</u>	<u>2016</u>
Assets		
Current and Other Assets	\$ 1,812,969	\$ 1,293,326
Capital Assets	<u>7,102,167</u>	<u>7,345,845</u>
Total Assets	<u>8,915,136</u>	<u>8,639,171</u>
Deferred Outflows of Resources	<u>1,665,437</u>	<u>734,562</u>
Liabilities		
Long-Term Liabilities	242,965	303,120
Other Liabilities	<u>5,657,670</u>	<u>4,434,163</u>
Total Liabilities	<u>5,900,635</u>	<u>4,737,283</u>
Deferred Inflows of Resources	<u>70,565</u>	<u>144,566</u>
Net Position		
Invested in Capital Assets, Net of Debt	7,095,056	7,202,199
Restricted	748,072	136,194
Unrestricted	<u>(3,233,755)</u>	<u>(2,846,509)</u>
Total Net Position	<u>\$ 4,609,373</u>	<u>\$ 4,491,884</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Total assets of governmental activities increased by \$275,965, as cash and cash equivalents increased by \$232,386, receivables increased by \$285,392, and capital assets decreased by \$243,678.

The cash increase was mainly due to revenue and expenditure performance against budgeted operations, receivables increased due to federal grants not being collected until fiscal year 2018, and the decrease in capital assets was due entirely to depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2016.

Table 2
Changes in Net Position

	<u>2017</u>	<u>2016</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 278,656	\$ 295,857
Operating Grants and Contributions	11,040,129	9,573,058
General Revenues:		
Property Taxes	11,654,305	11,317,236
Federal & State Aid on Capital Asset Projects	-	-
Investment Earnings	10,448	3,294
Other	<u>24,737</u>	<u>27,494</u>
Total Revenues	<u>23,008,275</u>	<u>21,216,939</u>
Program Expenses		
Instruction	12,288,993	11,267,195
Support Services:		
Pupils and Instructional Staff	4,208,730	3,788,698
General Administration, School Administration, Business	2,387,889	2,432,614
Operations and Maintenance of Facilities	2,218,579	1,629,739
Pupil Transportation	1,180,055	1,075,286
Business-Type Activities	304,455	301,571
Interest and Fiscal Charges	<u>302,085</u>	<u>276,553</u>
Total Expenses	<u>22,890,786</u>	<u>20,771,656</u>
Increase in Net Position	<u>\$ 117,489</u>	<u>\$ 445,283</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 50.7% percent of revenues for governmental activities for the North Warren Regional School District for the fiscal year 2017.

Instruction comprises 53.7% of district expenses. Support services expenses make up 43.7% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2017</u>	<u>Net Cost of Services 2017</u>	<u>Total Cost of Services 2016</u>	<u>Net Cost of Services 2016</u>
Instruction	12,288,993	6,124,622	\$11,267,195	\$5,852,347
Support Services:				
Pupils and Instructional Staff	4,208,730	2,163,200	3,788,698	2,015,361
General Admin., School Admin., Business	2,387,889	1,246,834	2,432,614	1,326,338
Operation and Maintenance of Facilities	2,218,579	1,158,430	1,629,739	888,586
Pupil Transportation	1,180,055	570,377	1,075,286	530,528
Business-Type Activities	304,455	6,453	301,571	13,028
Interest and Fiscal Charges	<u>302,085</u>	<u>302,085</u>	<u>276,553</u>	<u>276,553</u>
Total Expenses	<u>\$22,890,786</u>	<u>\$11,572,001</u>	<u>\$20,771,656</u>	<u>\$10,902,741</u>

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

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

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

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

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

The dependence upon tax revenues is apparent. Over 49.8% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 51.4%. The community, as a whole, is the primary support for the North Warren Regional School District.

The School District's Funds

Information about the School District's major funds starts on page 26. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$19,192,707 and expenditures of \$18,650,763. The General Fund's surplus balance increased \$541,944 over 2016, which compares favorably to the budgeted decrease of \$99,976.

General Fund Budgeting Highlights

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

During the course of the fiscal 2017 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$16,928,386, \$164,740 over original budgeted estimates of \$16,763,646. This difference was due primarily to an increase in extraordinary aid over budgeted amounts.

General fund revenues exceeded expenditures by \$531,470. Again this surplus compares to a budgeted deficit of \$99,976, which was due to the budgeted use of surplus and capital reserve needed to balance the 2016-2017 budget. The budgeted deficit was reduced due to continuing attention to managing expenses.

Overall general fund balance (budget basis) was \$1,239,491, and amounts ear-marked and reserved for future purposes were \$748,048, creating a surplus in unreserved fund balance of \$491,443. Management believes unreserved fund balance at or near 2% statutory levels will provide adequate working capital for the district.

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

Capital Assets

At the end of the fiscal year 2017, the School District had \$7,015,021 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2017 balances compared to 2016.

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

	<u>2017</u>	<u>2016</u>
Land	\$ 435,000	\$ 435,000
Land Improvements	373,003	409,303
Buildings and Improvements	5,532,619	5,788,356
Machinery and Equipment	<u>674,399</u>	<u>661,018</u>
Totals	<u>\$ 7,015,021</u>	<u>\$ 7,293,677</u>

Overall capital assets decreased \$278,656 from fiscal year 2016 to fiscal year 2017. The decrease in capital assets was due to depreciation expense for the year.

Capital improvements were purchased during fiscal year 2017 and consisted of chromebooks, copiers, and a maintenance truck.

Debt Administration

At June 30, 2017, the School District had \$246,474 as outstanding long term debt. Of this amount, \$239,363 is for compensated absences, and \$7,111 is for capital lease obligations.

At June 30, 2017, the School District's overall legal debt margin was \$44,521,045 and the unvoted debt margin was the same.

NORTH WARREN REGIONAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

For the Future

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

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

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

Contacting the School District's Financial Management

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

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2017

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 1,127,095	\$ 98,022	\$ 1,225,117
Receivables, Net	492,479	1,879	494,358
Inventory		7,785	7,785
Restricted Assets:			
Capital Reserve Account - Cash	79,829		79,829
Maintenance Reserve Account - Cash	5,880		5,880
Capital Assets, Net (Note 5)	7,015,021	87,146	7,102,167
Total Assets	8,720,304	194,832	8,915,136
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	1,665,437		1,665,437
LIABILITIES			
Accounts Payable	937,172	39,151	976,323
Net Pension Liability (Note 7)	4,673,174		4,673,174
Unearned Revenue	1	4,663	4,664
Noncurrent Liabilities (Note 6):			
Due Within One Year	3,509		3,509
Due Beyond One Year	242,965		242,965
Total Liabilities	5,856,821	43,814	5,900,635
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	70,565		70,565
NET POSITION			
Invested in Capital Assets, Net of Related Debt	7,007,910	87,146	7,095,056
Restricted for:			
Capital Projects	24		24
Other Purposes	748,048		748,048
Unrestricted	(3,297,627)	63,872	(3,233,755)
Total Net Position	\$ 4,458,355	\$ 151,018	\$ 4,609,373

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Functions/Programs						
Governmental Activities:						
Instruction:						
Regular	\$ 8,781,821		\$ 4,488,466		\$ (4,293,355)	\$ (4,293,355)
Special Education	2,034,902		972,379		(1,062,523)	(1,062,523)
Other Special Instruction	153,916		73,549		(80,367)	(80,367)
Other Instruction	1,318,354		629,977		(688,377)	(688,377)
Support Services:						
Tuition	1,303,086		622,681		(680,405)	(680,405)
Student & Instruction Related Serv.	2,905,644		1,422,849		(1,482,795)	(1,482,795)
School Administrative Services	1,073,217		512,838		(560,379)	(560,379)
General and Business Admin. Serv.	1,314,672		628,217		(686,455)	(686,455)
Plant Operations and Maintenance	2,218,579		1,060,149		(1,158,430)	(1,158,430)
Pupil Transportation	1,180,055	\$ 45,788	563,890		(570,377)	(570,377)
Unallocated Depreciation and Other Fiscal Charges	302,085				(302,085)	(302,085)
Total Governmental Activities	22,586,331	45,788	10,974,995		(11,565,548)	(11,565,548)
Business-Type Activities:						
Food Service	304,455	232,868	65,134		\$ (6,453)	(6,453)
Total Business-Type Activities	304,455	232,868	65,134		(6,453)	(6,453)
Total Primary Government	\$ 22,890,786	\$ 278,656	\$ 11,040,129		\$ (11,565,548)	\$ (6,453)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 11,654,305		\$ 11,654,305
Investment Earnings				10,448		10,448
Miscellaneous Income				15,726	\$ 9,011	24,737
Total General Revenues, Special Items, Extraordinary Items and Transfers				11,680,479	9,011	11,689,490
Change in Net Position				114,931	2,558	117,489
Net Position—Beginning				4,343,424	148,460	4,491,884
Net Position—Ending				\$ 4,458,355	\$ 151,018	\$ 4,609,373

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

FUND FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2017

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>CAPITAL PROJECTS FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,212,780		\$ 24	\$ 1,212,804
Receivables from Other Governments	294,671	\$ 197,808		492,479
Interfund Receivables	197,807			197,807
TOTAL ASSETS	<u>\$ 1,705,258</u>	<u>\$ 197,808</u>	<u>\$ 24</u>	<u>\$ 1,903,090</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 937,172			\$ 937,172
Interfund Payable		\$ 197,807		197,807
Deferred Revenue		1		1
Total Liabilities	<u>937,172</u>	<u>197,808</u>	<u>-</u>	<u>1,134,980</u>
Fund Balances:				
<u>Restricted for:</u>				
Maintenance Reserve	5,880			5,880
Capital Reserve Account	79,829			79,829
Excess Surplus - Designated for Subs Yrs	30,304			30,304
<u>Assigned to:</u>				
General Fund - Designated for Subsequent Year's Expenditures	632,035			632,035
Capital Projects Fund			\$ 24	24
<u>Unassigned:</u>				
General Fund	20,038			20,038
Total Fund Balances	<u>768,086</u>		<u>24</u>	<u>768,110</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,705,258</u>	<u>\$ 197,808</u>	<u>\$ 24</u>	<u>\$ 1,903,090</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$15,302,975 and the accumulated depreciation is \$8,287,954.	\$ 7,015,021
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not report in the fund statements. (See Note 7)	1,665,437
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)	(70,565)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(4,673,174)
Long-term liabilities, including capital lease obligations payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)	<u>(246,474)</u>
Net Position of governmental activities (Exhibit A-1)	<u>\$ 4,458,355</u>

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017

Exhibit B-2

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 11,654,305			\$ 11,654,305
Transportation	45,788			45,788
Interest Earned on Capital Reserve Funds	-		-	-
Miscellaneous	24,874	\$ 1,300		26,174
Total - Local Sources	11,724,967	1,300	-	11,726,267
State Sources	7,139,987			7,139,987
Federal Sources		326,453		326,453
Total Revenues	18,864,954	327,753	-	19,192,707
EXPENDITURES				
Current:				
Regular Instruction	4,544,448	293,368		4,837,816
Special Education Instruction	1,126,207			1,126,207
Other Special Instruction	85,184			85,184
Other Instruction	729,637			729,637
Support services and undistributed costs:				
Tuition	1,303,086			1,303,086
Student and Instruction Related Services	1,573,730	34,385		1,608,115
School Administrative Services	593,967			593,967
Other Administrative Services	723,817			723,817
Plant Operations and Maintenance	1,217,928			1,217,928
Pupil Transportation	1,175,036			1,175,036
Unallocated Benefits	4,815,865			4,815,865
Transfer to Charter School	232,965			232,965
Capital Outlay	201,140		-	201,140
Total Expenditures	18,323,010	327,753	-	18,650,763
Excess (Deficiency) of Revenues Over Expend.	541,944		-	541,944
Net Change in Fund Balances	541,944	-	-	541,944
Fund Balance—July 1	226,142		24	226,166
Fund Balance—June 30	\$ 768,086		\$ 24	\$ 768,110

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 541,944

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	\$ (374,762)	
Capital Outlays, Net of Capital Lease Obligations	<u>96,106</u>	(278,656)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (341,538)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the statement of activities. 136,535

In the statement of activities, compensated absences is accrued regardless of when paid. In the governmental funds, compensated absences are reported when paid. This is the amount by which the current year's compensated absence payments exceed the current year's amount earned. 56,646

Change in Net Position of Governmental Activities (Exhibit A-2) \$ 114,931

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

STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS

June 30, 2017

		<u>Business-Type Activities - Enterprise Funds</u>	
		<u>Food Service</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and Cash Equivalents		\$ 98,022	\$ 98,022
Accounts Receivable		1,879	1,879
Inventories		<u>7,785</u>	<u>7,785</u>
Total Current Assets		<u>107,686</u>	<u>107,686</u>
Noncurrent Assets:			
Furniture, Machinery and Equipment		147,389	147,389
Less Accumulated Depreciation		<u>(60,243)</u>	<u>(60,243)</u>
Total Noncurrent Assets		<u>87,146</u>	<u>87,146</u>
	Total Assets	<u>194,832</u>	<u>194,832</u>
LIABILITIES			
Current liabilities:			
Accounts Payable		39,151	39,151
Deferred Revenue		<u>4,663</u>	<u>4,663</u>
Total Current Liabilities		<u>43,814</u>	<u>43,814</u>
	Total Liabilities	<u>43,814</u>	<u>43,814</u>
NET POSITION			
Invested in Capital Assets Net of Related Debt		87,146	87,146
Unrestricted		<u>63,872</u>	<u>63,872</u>
	Total Net Position	<u>\$ 151,018</u>	<u>\$ 151,018</u>

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable	\$ 153,166	\$ 153,166
Daily Sales - Non-Reimbursable Programs	79,702	79,702
Miscellaneous Income	<u>9,011</u>	<u>9,011</u>
Total Operating Revenues	<u>241,879</u>	<u>241,879</u>
 Operating Expenses:		
Cost of Sales - Reimbursable Programs	81,281	81,281
Cost of Sales - Non-reimbursable Programs	44,378	44,378
Salaries	113,130	113,130
Employee Benefits	26,435	26,435
Purchased Property Service	10,554	10,554
Cleaning, Repair and Maintenance Services	11,171	11,171
General Supplies	11,413	11,413
Depreciation	<u>6,093</u>	<u>6,093</u>
Total Operating Expenses	<u>304,455</u>	<u>304,455</u>
 Operating Income (Loss)	<u>(62,576)</u>	<u>(62,576)</u>
 Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,810	1,810
Federal Sources:		
National School Lunch Program	45,545	45,545
Food Distribution Program	<u>17,779</u>	<u>17,779</u>
Total Nonoperating Revenues (Expenses)	<u>65,134</u>	<u>65,134</u>
 Income (Loss) Before Contributions and Transfers	2,558	2,558
 Transfers In (Out)	<u>-</u>	<u>-</u>
Change in Net Position	2,558	2,558
Total Net Position—Beginning	<u>148,460</u>	<u>148,460</u>
 Total Net Position—Ending	<u>\$ 151,018</u>	<u>\$ 151,018</u>

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit B-6

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2017

	Business-Type Activities - Enterprise Funds	
	<u>Food Service</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 241,879	\$ 241,879
Payments to Employees	(113,130)	(113,130)
Payments for Employee Benefits	(26,435)	(26,435)
Payments to Suppliers	<u>(103,349)</u>	<u>(103,349)</u>
Net Cash Provided by (used for) Operating Activities	<u>(1,035)</u>	<u>(1,035)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	2,017	2,017
Federal Sources	<u>50,333</u>	<u>50,333</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>52,350</u>	<u>52,350</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Net Book Value of Capital Asset Additions/Deletions	<u>(41,070)</u>	<u>(41,070)</u>
Net Cash Provided by (used for) Non-Capital Financing Activities	<u>(41,070)</u>	<u>(41,070)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,245	10,245
Balances—Beginning of Year	<u>87,777</u>	<u>87,777</u>
Balances—End of Year	<u>\$ 98,022</u>	<u>\$ 98,022</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (62,576)	\$ (62,576)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided		
by (used for) Operating Activities:		
Depreciation and Net Amortization	6,093	6,093
Federal Commodities	17,779	17,779
(Increase) Decrease in Accounts Receivable	-	-
(Increase) Decrease in Inventories	(1,865)	(1,865)
Increase (Decrease) in Accounts Payable	<u>39,534</u>	<u>39,534</u>
Total Adjustments	<u>61,541</u>	<u>61,541</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (1,035)</u>	<u>\$ (1,035)</u>

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

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2017

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 412,807	\$ 118,627
Total Assets	<u>\$ 412,807</u>	<u>\$ 118,627</u>
LIABILITIES		
Accounts Payable		\$ 10,740
Payable to Student Groups		107,887
Payroll Deductions and Withholdings		
Total Liabilities		<u>- \$ 118,627</u>
NET POSITION		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 412,807</u>	

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

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

Exhibit B-8

For the Year Ended June 30, 2017

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Contributions:	
Plan Member	\$ 14,347
Other	<u>-</u>
Total Contributions	<u>14,347</u>
Investment Earnings:	
Interest	<u>1,400</u>
Net Investment Earnings	<u>1,400</u>
Total Additions	<u>15,747</u>
DEDUCTIONS	
Unemployment Claims	<u>36,945</u>
Total Deductions	<u>36,945</u>
Change in Net Position	(21,198)
Net Position—Beginning of the Year	<u>\$ 434,005</u>
Net Position—End of the Year	<u>\$ 412,807</u>

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

Notes to Financial Statements

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, and GASB No. 68, Accounting for Pensions, and amendment of GASB No. 27. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2015.

A. Reporting Entity:

The North Warren Regional School District is a Type II district located in the County of Warren, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades 7-12. The North Warren Regional School District had an approximate enrollment at June 30, 2017, of 911 students.

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

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

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

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Additionally, the District reports the following fund type:

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

Basis of Accounting

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

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

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

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

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

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

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

D. Encumbrance Accounting:

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

Inventories:

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

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Compensated Absences:

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

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

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

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

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred revenue.

Accrued Liabilities and Long-Term Obligations:

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

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

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2017, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2017, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Checking	\$1,225,117	\$531,434	\$1,756,551
Maintenance Reserve	5,880		5,880
Capital Reserve	79,829		79,829
	<u>\$1,310,826</u>	<u>\$531,434</u>	<u>\$1,842,260</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 2: CASH AND CASH EQUIVALENTS (Continued)

The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was \$1,842,260 and the bank balance was \$3,069,206. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$2,819,206 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2017, consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$294,671	\$294,746
Federal Aid	197,808	199,612
Gross Receivable	<u>\$492,479</u>	<u>\$494,358</u>
Other Receivables	-	-
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$492,479</u></u>	<u><u>\$494,358</u></u>

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2017, consisted of the following:

Food	<u>\$7,785</u>
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The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 435,000			\$ 435,000
Total Capital Assets Not Being Depreciated	435,000			435,000
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	839,404			839,404
Buildings and Building Improvements	12,069,608			12,069,608
Machinery and Equipment	1,862,857	\$ 96,106		1,958,963
Total at Historical Cost	14,771,869	96,106		14,867,975
Less Accumulated Depreciation for:				
Land Improvements	(430,101)	(36,300)		(466,401)
Building and Improvements	(6,281,252)	(255,737)		(6,536,989)
Equipment	(1,201,839)	(82,725)		(1,284,564)
Total Accumulated Depreciation	(7,913,192)	(374,762)		(8,287,954)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	6,858,677	(278,656)		6,580,021
Government Activity Capital Assets, Net	\$ 7,293,677	\$ (278,656)		\$ 7,015,021

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

Depreciation expense was charged to functions as follows:

Regular Instruction	\$ 57,342
Administrative	3,782
Transportation	5,019
Operations/Maintenance	9,934
Unallocated	298,685
Total	\$ 374,762

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6: LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2017, are as follows:

	<u>Balance</u> <u>7/1/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>6/30/17</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Capital Lease Obligations	\$143,646		(136,535)	\$7,111	\$3,509
Compensated Absences Payable	296,009	\$45,953	(102,599)	239,363	
Total	\$439,655	\$45,953	(\$239,134)	\$246,474	\$3,509

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

B. Debt Service Requirements:

The District has commitments to lease copying equipment, printers, and technology equipment under capital leases which expire on August 15, 2017 through September 25, 2018. Total lease payments made during the year ended June 30, 2017, were \$160,423. This amount was liquidated in the General Fund. Future minimum lease payments are as follows and include interest ranging from 1.54% to 4.9%.

<u>Year</u> <u>Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
6/30/18	\$ 3,509	\$ 703	\$ 4,212
6/30/19	3,602	96	3,698
Total Minimum Lease Payments	\$ 7,111	\$ 799	\$ 7,910

NOTE 7: PENSION PLANS

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

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

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$57,564,524 as measured on June 30, 2016 and \$46,015,696 as measured on June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$4,325,173 and revenue of \$4,325,173 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2015 and June 30, 2016.

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

	<u>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$7,521,378,257	\$17,440,003,201
Collective deferred inflows of resources	\$554,399,005	\$195,027,919
Collective net pension liability (Nonemployer-State of New Jersey)	\$63,204,270,305	\$78,666,367,052
State's portion of the net pension liability that was associated with the district	\$46,015,696	\$57,564,524
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.072805%	0.073176%

Actuarial assumptions - The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases:	
Through 2021	Varies based on experience
Therafter	Varies based on experience
Investment Rate of Return:	7.65%

Pre-retirement, post-retirement and disabled mortality rates were based on the experience of TPAF members reflecting mortality improvement on a generational basis based on a 60-year average of Social Security data from 1953 to 2013.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2016 are summarized in the following table:

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

Discount rate - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey at <http://www.state.nj.us/treasury/pensions/annrpts.shtml>.

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

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

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

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

At June 30, 2017, the District reported a liability of \$4,673,174 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2016 and 2015. At June 30, 2016, the District's proportion was 0.01578% which was an increase of 0.00096% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of \$495,962. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 86,907	-
Changes of assumptions	968,032	
Net difference between projected and actual earnings on pension plan investments	178,192	
Changes in proportion and differences between District contributions and proportionate share of contributions	290,638	\$ 70,565
District contributions subsequent to the measurement date	141,668	
Total	<u>\$ 1,665,437</u>	<u>\$ 70,565</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

\$141,668 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2017, the plan measurement date is June 30, 2016) will be recognized as a reduction of the net pension liability measured as of June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2017	\$327,176
2018	327,176
2019	379,044
2020	318,452
2021	<u>101,356</u>
Total	<u>\$1,453,204</u>

	<u>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$3,578,755,666	\$8,685,338,380
Collective deferred inflows of resources	993,410,455	870,133,595
Collective net pension liability (Non State - Local Group)	\$22,447,996,119	\$29,617,131,759
District's portion of net pension liability	\$3,326,760	\$4,673,174
District's proportion %	0.01481985%	0.01577862%

Actuarial assumptions. The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation:	3.08%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Thereafter	2.65%-5.15% based on age
Investment Rate of Return:	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds I Absolute	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

Discount rate. The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate. The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.98%)</u>	<u>(3.98%)</u>	<u>(4.98%)</u>
District's proportionate share of the net pension liability	\$ 5,726,429	\$4,673,174	\$ 3,803,620

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

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

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

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

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

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

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

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

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

Three-Year Trend Information for PERS

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2017	\$141,668	100 %	-0-
6/30/2016	\$127,411	100 %	-0-
6/30/2015	\$113,323	100 %	-0-

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

<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2017	\$816,618	100 %	-0-
6/30/2016	\$585,872	100 %	-0-
6/30/2015	\$393,609	100 %	-0-

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7: PENSION PLANS (Continued)

During the fiscal year ended June 30, 2017, the State of New Jersey did contribute \$1,495,291 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$430,803 during the year ended June 30, 2017, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

NOTE 8: POST-RETIREMENT BENEFITS

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 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 \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

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

NOTE 9: DEFERRED COMPENSATION

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10: ACCRUED SALARIES AND WAGES

Under contractual provisions between the District and the North Warren Regional Education Association, district personnel covered by this agreement are to be paid salaries on a bi-weekly basis over a twelve month period. As of June 30, 2017, the amount earned, but not disbursed, including payroll matching taxes, by ten month employees, was \$950,816.

NOTE 11: COMPENSATED ABSENCES

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

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

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

NOTE 12: INTERFUND RECEIVABLES AND PAYABLES

No interfund balances remained on the balance sheet at June 30, 2017.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$197,807	
Special Revenue Fund		\$197,807
	<u>\$197,807</u>	<u>\$197,807</u>

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

NOTE 13: RISK MANAGEMENT

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 13: RISK MANAGEMENT-(Continued)

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016-2017	\$1,400	\$14,347	\$36,945	\$412,807
2015-2016	\$988	\$13,420	\$10,141	\$434,005
2014-2015	\$985	\$14,812	\$16,185	\$429,738

NOTE 14: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The Board is not involved in any know claims or lawsuits. There are no outstanding judgments against the board as of June 30, 2017.

NOTE 15: CAPITAL RESERVE ACCOUNT

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15: CAPITAL RESERVE ACCOUNT-(Continued)

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

The activity of the capital reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance July 1, 2016	\$ 46,547
Deposits (PL 2007 c.62 (A1)): Board Resolution June 19, 2017	33,000
Interest earnings	<u>282</u>
Ending balance June 30, 2017	<u><u>\$ 79,829</u></u>

NOTE 16: MAINTENANCE RESERVE ACCOUNT

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

The activity of the maintenance reserve for the July 1, 2016 to June 30, 2017 fiscal year is as follows:

Beginning balance July 1, 2016	\$ 5,845
Interest earnings	<u>35</u>
Ending balance June 30, 2017	<u><u>\$ 5,880</u></u>

NOTE 17: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$768,086 General Fund fund balance at June 30, 2017, \$30,304 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$30,304 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2018); \$632,035 is reserved and has been appropriated and included as anticipated revenue for the year ending June 30, 2018; \$79,829 is reserved in the Capital Reserve Account; \$5,880 is reserved in the Maintenance Reserve Account; and \$20,038 is unreserved and undesignated.

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 18: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2017 is -0-.

NOTE 19: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 11,654,305		\$ 11,654,305	\$ 11,654,305	
Transportation	60,000		60,000	45,788	(14,212)
Miscellaneous	10,000		10,000	24,874	14,874
Total - Local Sources	11,724,305	-	11,724,305	11,724,967	662
State Sources:					
Equalization Aid	4,073,680		4,073,680	4,073,680	
Transportation Aid	129,381		129,381	129,381	
Special Education Aid	607,635		607,635	607,635	
Security Aid	79,019		79,019	79,019	
Adjustment Aid	66,201		66,201	66,201	
School Choice Aid	30,165		30,165	30,165	
PARCC Readiness Aid	9,650		9,650	9,650	
Per Pupil Growth Aid	9,650		9,650	9,650	
Prof. Learning Comm Aid	8,960		8,960	8,960	
Extraordinary Aid	25,000		25,000	181,248	156,248
Non-Public Transportation Aid				7,830	7,830
TPAF Pension (On-Behalf - Non-Budgeted)				814,510	814,510
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				678,673	678,673
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				2,108	2,108
TPAF Social Security (Reimbursed - Non-Budgeted)				430,803	430,803
Total State Sources	5,039,341		5,039,341	7,129,513	2,090,172
TOTAL REVENUES	16,763,646		16,763,646	18,854,480	2,090,834

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	1,316,797	(54,716)	1,262,081	1,256,070	6,011
Grades 9-12 - Salaries of Teachers	2,828,336	(74,823)	2,753,513	2,745,411	8,102
Regular Programs - Home Instruction:					
Salaries of Teachers	13,000	33,733	46,733	46,733	
Purchased Professional-Educational Services	15,000	(2,252)	12,748	12,748	
Other Purchased Services (400-500 series)	550	514	1,064	1,064	
Regular Programs - Undistributed Instruction:					
Purchased Professional-Educational Services	5,250	2,084	7,334	7,334	
Purchased Technical Services	297,397	4,433	301,830	294,689	7,141
Other Purchased Services (400-500 series)	19,354	(9,901)	9,453	9,424	29
General Supplies	161,428	14,358	175,786	158,189	17,597
Textbooks	21,171		21,171	10,556	10,615
Other Objects	3,565		3,565	2,230	1,335
TOTAL REGULAR PROGRAMS - INSTRUCTION	4,681,848	(86,570)	4,595,278	4,544,448	50,830
SPECIAL EDUCATION - INSTRUCTION					
Resource Room/Resource Center:					
Salaries of Teachers	921,810	26,500	948,310	948,310	
Other Salaries for Instruction	190,681	(554)	190,127	172,200	17,927
General Supplies	2,287	2,290	4,577	4,577	
Total Resource Room/Resource Center	1,114,778	28,236	1,143,014	1,125,087	17,927
Home Instruction:					
Salaries of Teachers	8,000		8,000		8,000
Purchased Professional-Educational Services	5,000	(234)	4,766	1,120	3,646
Total Home Instruction	13,000	(234)	12,766	1,120	11,646
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,127,778	28,002	1,155,780	1,126,207	29,573

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Basic Skills/Remedial - Instruction:					
Salaries of Teachers	128,370	(44,442)	83,928	83,928	
General Supplies	2,569	(1,313)	1,256	1,256	
Total Basic Skills/Remedial - Instruction	130,939	(45,755)	85,184	85,184	
School-Spon. Co/Extra Curricular Actvts. - Inst.:					
Salaries	130,000	34,234	164,234	164,234	
Purchased Services (300-500 series)	14,380		14,380	9,365	5,015
Sup undistributed	19,555		19,555	14,879	4,676
Dues / Fees/ Adm	7,567		7,567	6,427	1,140
Total School-Spon. Cocurricular Actvts. - Inst.	171,502	34,234	205,736	194,905	10,831
School-Spon. Athletics - Instruction:					
Salaries	405,000	2,129	407,129	393,538	13,591
Purchased Services (300-500 series)	138,133	(4,555)	133,578	87,347	46,231
Sup undistributed	33,635	2,915	36,550	33,887	2,663
Dues / Fees/ Adm	17,065	2,895	19,960	19,960	
Total School-Spon. Athletics - Inst.	593,833	3,384	597,217	534,732	62,485
TOTAL INSTRUCTION	6,705,900	(66,705)	6,639,195	6,485,476	153,719
UNDISTRIBUTED EXPENDITURES					
Instruction:					
Tuition to Other LEAs Within the State - Regular	30,000	(26,575)	3,425		3,425
Tuition to Other LEA's Within the State - Special	338,701	705	339,406	339,406	
Tuition to County Voc. District - Regular	209,880	(38,817)	171,063	155,850	15,213
Tuition to County Voc. District - Special	66,000	4,000	70,000	70,000	
Tuition to CSSD & Regional Day Schools	165,935	(31,255)	134,680	134,680	
Tuition to Private Schools for the Disabled-Within State	473,138	116,494	589,632	589,632	
Tuition - Other		13,563	13,563	13,518	45
Total Instruction	1,283,654	38,115	1,321,769	1,303,086	18,683

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Attendance and Social Work:					
Salaries	35,635	(2,238)	33,397	33,338	59
Supplies and Materials		109	109	109	
Total Attendance and Social Work	35,635	(2,129)	33,506	33,447	59
Health Services:					
Salaries	82,335	420	82,755	78,771	3,984
Purchased Professional and Technical Services	20,000		20,000	18,044	1,956
Other Purchased Services (400-500 series)	2,000	(236)	1,764	1,138	626
Supplies and Materials	4,400	(184)	4,216	4,216	
Total Health Services	108,735		108,735	102,169	6,566
Other Supp. Services Students-Related Services:					
Purchased Professional - Educational Services	169,289	(58,451)	110,838	101,892	8,946
Supplies and Materials	601		601	69	532
Total Other Supp. Services Students-Related Services	169,890	(58,451)	111,439	101,961	9,478
Other Supp. Services Students-Extra Services:					
Purchased Professional - Educational Services	265,818	39,304	305,122	305,088	34
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	377,351	18,522	395,873	395,873	
Salaries of Secretarial and Clerical Assistants	38,585	158	38,743	38,743	
Other Purchased Prof. and Tech. Services	28,380	(20,836)	7,544	3,504	4,040
Supplies and Materials	4,515	1,683	6,198	6,037	161
Total Other Supp. Services Students-Regular	448,831	(473)	448,358	444,157	4,201
Other Supp. Services Students-Special:					
Salaries of Other Professional Staff	248,435	(8,980)	239,455	239,455	
Salaries of Secretarial and Clerical Assistants	38,845		38,845	38,845	
Misc. Pur Serv (400-500 series O/than Resid Costs)	5,941	12,979	18,920	18,920	
Supplies and Materials	4,023	2,722	6,745	6,235	510
Total Other Supp. Services Students-Special	297,244	6,721	303,965	303,455	510

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Improvement of Instruction Services :					
Salaries of Other Professional Staff	151,612	(297)	151,315	151,315	
Supplies and Materials		932	932	932	
Other Objects	9,539	(2,684)	6,855	4,865	1,990
Total Improvement of Instruction Services	161,151	(2,049)	159,102	157,112	1,990
Educational Media Services/School Library:					
Salaries	49,868		49,868	49,868	
Salaries of Technology Coordinators	33,823	6,445	40,268	40,268	
Other Purchased Services (400-500 series)	9,950	(521)	9,429	8,497	932
Supplies and Materials	6,908		6,908		6,908
Total Educational Media Services/School Library	100,549	5,924	106,473	98,633	7,840
Instructional Staff Training Services:					
Purchased Professional-Educational Services	2,000	(2,000)			
Other Purchased Services (400-500 series)	23,790	9,089	32,879	27,708	5,171
Total Instructional Staff Training Services	25,790	7,089	32,879	27,708	5,171
Supp. Services - General Administration:					
Salaries	271,605	(67,517)	204,088	192,706	11,382
Legal Services	75,000	6,380	81,380	42,187	39,193
Audit Fees	16,710	1,671	18,381	16,710	1,671
Other Purchased Professional Services	10,000	1,000	11,000	2,647	8,353
Purchased Technical Services	5,500	550	6,050	4,725	1,325
Communications/Telephone	40,000	6,425	46,425	36,145	10,280
BOE Other Purchased Services	1,000	528	1,528	1,528	
Other Purchased Services (400-500 series)	33,100	4,354	37,454	2,859	34,595
General Supplies	10,500	(628)	9,872	8,955	917
BOE In-House Training/Meeting Supplies	500	(366)	134		134
Miscellaneous Expenditures	7,500	(1,885)	5,615	2,942	2,673
BOE Membership Dues and Fees	12,500	3,202	15,702	14,772	930
Total Supp. Services - General Administration	483,915	(46,286)	437,629	326,176	111,453

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	249,115	(22,978)	226,137	221,000	5,137
Salaries of Other Professional Staff	286,374	23,671	310,045	308,507	1,538
Salaries of Secretarial and Clerical Assistants	67,256	7,936	75,192	50,761	24,431
Purchased Professional and Technical Services	5,000	(1,598)	3,402		3,402
Other Purchased Services (400-500 series)	7,450	1,365	8,815	8,656	159
Supplies and Materials	3,241	1,802	5,043	5,043	
Other Objects	400	40	440		440
Total Support Services - School Administration	618,836	10,238	629,074	593,967	35,107
Central Services:					
Salaries	224,735	14,784	239,519	239,519	
Purchased Professional Services	12,500	9,781	22,281	22,281	
Purchased Technical Services	2,000	(2,000)			
Misc. Purchased Services (400-500 series)	1,300	(1,300)			
Supplies and Materials	6,000	144	6,144	6,144	
Interest for Lease Purchase Agreement	1,540	(1,540)			
Miscellaneous Expenditures	1,800	1,635	3,435	3,435	
Central Services	249,875	21,504	271,379	271,379	
Admin. Information Technology:					
Salaries	101,619	14,014	115,633	115,048	585
Purchased Professional Services	1,300	(796)	504	376	128
Purchased Technical Services	10,000	(320)	9,680	9,510	170
Supplies and Materials		1,328	1,328	1,328	
Admin. Information Technology	112,919	14,226	127,145	126,262	883

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Required Maintenance for School Facilities:					
Salaries	88,914	10,223	99,137	99,137	
Cleaning, Repair, and Maintenance Services	161,500	19,695	181,195	175,297	5,898
General Supplies	18,600	16,040	34,640	34,554	86
Other Objects	1,200	(31)	1,169	1,169	
Total Required Maintenance for School Facilities	270,214	45,927	316,141	310,157	5,984
Other Operations and Maintenance of Plant:					
Salaries	229,978	2,711	232,689	232,543	146
Cleaning, Repair and Maintenance Services	69,000	(17,470)	51,530	51,530	
Rental of Land, Building & Other than Lease Purchases	2		2		2
Other Purchased Property Services	4,000	(4,000)			
Insurance	55,000	6,743	61,743	61,743	
Miscellaneous Purchased Services	2,000	(1,533)	467		467
General Supplies	41,000	4,592	45,592	44,078	1,514
Energy (Electricity)	150,000	(2,375)	147,625	136,785	10,840
Energy (Oil)	130,000	(55,536)	74,464	73,834	630
Other Objects	200	(21)	179		179
Total Other Operations and Maintenance of Plant	681,180	(66,889)	614,291	600,513	13,778
Care and Upkeep of Grounds:					
Salaries	117,099	2,040	119,139	119,139	
Supplies and Materials	30,000	1,570	31,570	31,297	273
Total Care and Upkeep of Grounds	147,099	3,610	150,709	150,436	273
Undist. Expend. -Security					
Salaries	120,000	33,191	153,191	153,191	
Cleaning, Repair and Maintenance Services		3,631	3,631	3,631	
Total Undist. Expend. -Security	120,000	36,822	156,822	156,822	

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual Favorable/ (Unfavorable)</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	1,400	(1,400)			
Management Fees - ESC & CTSA Transportation Programs	20,000	638	20,638	20,638	
Contract Services - Aid in Lieu of Payments-Nonpub.Sch.	32,000	6,896	38,896	38,896	
Contract Services - (Between Home and School) - Vendors	473,844	75,843	549,687	549,685	2
Contract Services (Other than Between Home & School)-Vendors	97,900	16,108	114,008	105,570	8,438
Contract Services - (Between Home and School) - Joint Agreements	6,500	(1,470)	5,030	5,030	
Contract Services - (Spl. Ed. Students) - Vendors	82,600	(25,239)	57,361	54,106	3,255
Contract Services - (Regular Students) - ESCs & CTSA	50,000	(24,084)	25,916	25,357	559
Contract Services - (Special Ed. Students) - ESCs & CTSA	297,466	78,288	375,754	375,754	
Total Student Transportation Services	1,061,710	125,580	1,187,290	1,175,036	12,254
UNALLOCATED BENEFITS					
Social Security Contributions	164,000	28,455	192,455	192,455	
Other Retirement Contributions - Regular	136,962	5,520	142,482	142,079	403
Workmen's Compensation	76,102	(3,163)	72,939	72,343	596
Health Benefits	2,476,368	(256,122)	2,220,246	2,220,246	
Tuition Reimbursement	60,000	2,465	62,465	61,001	1,464
Other Employee Benefits	140,000	(40,952)	99,048	99,048	
Unused Sick Payments to Terminated/Retired Staff	35,000	67,599	102,599	102,599	
TOTAL UNALLOCATED BENEFITS	3,088,432	(196,198)	2,892,234	2,889,771	2,463
On-behalf TPAF pension Contrib. (non-budgeted)				814,510	(814,510)
On-behalf TPAF PRM Contrib. (non-budgeted)				678,673	(678,673)
On-behalf TPAF pension Non-contributory Ins. (non-budgeted)				2,108	(2,108)
Reimbursed TPAF Social Security Contributions (non-budgeted)				430,803	(430,803)
TOTAL ON-BEHALF CONTRIBUTIONS				1,926,094	(1,926,094)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	3,088,432	(196,198)	2,892,234	4,815,865	(1,923,631)

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
TOTAL UNDISTRIBUTED EXPENDITURES	9,731,477	(17,415)	9,714,062	11,403,429	(1,689,367)
TOTAL GENERAL CURRENT EXPENSE	16,437,377	(84,120)	16,353,257	17,888,905	(1,535,648)
Equipment					
Regular Programs - Instruction:					
Grades 7-8		12,471	12,471	12,471	
Grades 9-12		16,593	16,593	16,593	
Undist. Expend - Care and Upkeep of Grounds		34,039	34,039	34,039	
Total Equipment		63,103	63,103	63,103	
Facilities Acquisition and Construction Services					
Other Purchased Professional and Technical Services	10,000	(286)	9,714		9,714
Construction Services	99,976		99,976		99,976
Lease Purchase Agreements - Principal	133,119	1,518	134,637	134,637	
Assessment for Debt Service on SDA Funding	3,400		3,400	3,400	
Total Facilities Acquisition and Construction Services	246,495	1,232	247,727	138,037	109,690
TOTAL CAPITAL OUTLAY	246,495	64,335	310,830	201,140	109,690
Transfer of Funds to Charter Schools	179,750	80,353	260,103	232,965	27,138
TOTAL EXPENDITURES	16,863,622	60,568	16,924,190	18,323,010	(1,398,820)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(99,976)	(60,568)	(160,544)	531,470	692,014

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(99,976)	(60,568)	(160,544)	531,470	692,014
Fund Balance, July 1	<u>708,021</u>		<u>708,021</u>	<u>708,021</u>	
Fund Balance, June 30	<u>\$ 608,045</u>	<u>(60,568)</u>	<u>\$ 547,477</u>	<u>\$ 1,239,491</u>	<u>\$ 692,014</u>
Recapitulation:					
Restricted for:					
Capital Reserve				79,829	
Maintenance Reserve				5,880	
Excess Surplus - Designated for Subsequent Year's Expenditures				30,304	
Assigned to:					
Designated for Subsequent Year's Expenditures				632,035	
Unassigned:					
Unrestricted Fund Balance				<u>491,443</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				1,239,491	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(471,405)</u>	
Fund Balance per Governmental Funds(GAAP Basis B-2)				<u>\$ 768,086</u>	

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 1,300	\$ 1,300	\$ 1,300	-
Federal Sources	\$ 282,957	43,496	326,453	326,453	-
Total Revenues	282,957	44,796	327,753	327,753	-
EXPENDITURES:					
Instruction					
Salaries of Teachers	38,672	534	39,206	39,206	
Other Purchased Prof. and Tech Services		4,097	4,097	4,097	
Tuition	217,819	24,238	242,057	242,057	
General Supplies		6,958	6,958	6,958	
Other Objects		1,050	1,050	1,050	
Total Instruction	256,491	36,877	293,368	293,368	-
Support Services					
Personal Services - Employee Benefits	10,206	(80)	10,126	10,126	
Other Purchased Services	16,260	(2,205)	14,055	14,055	
Supplies and Materials		10,204	10,204	10,204	
Total Support Services	26,466	7,919	34,385	34,385	-
Total Expenditures	282,957	44,796	327,753	327,753	-
Total Outflows	\$ 282,957	\$ 44,796	\$ 327,753	\$ 327,753	-
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)				NONE	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				NONE	
Fund Balance per Governmental Funds(GAAP Basis)				<u>NONE</u>	

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

For the Fiscal Year Ended June 30, 2017

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$18,854,480	\$327,753
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.	N/A	N/A
Adjustment for: Prior Year Final State Aid Payment not included in Budgetary State Source Revenues and is considered a revenue for GAAP reporting purposes	481,879	N/A
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(471,405)</u>	<u>N/A</u>
 Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	 <u>\$18,864,954</u>	 <u>\$ 327,753</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$18,323,010	\$327,753
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.	<u>N/A</u>	<u>N/A</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	 <u>\$18,323,010</u>	 <u>\$ 327,753</u>

**North Warren Regional School District
Required Supplementary Information - Part III
Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years ***

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A						
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A						
State's proportionate share of the net pension liability (asset) associated with the District	<u>\$ 57,564,524</u>	<u>\$ 46,015,696</u>	<u>\$ 38,648,263</u>	<u>\$ 36,203,413</u>						
Total	<u>\$ 57,564,524</u>	<u>\$ 46,015,696</u>	<u>\$ 38,648,263</u>	<u>\$ 36,203,413</u>						
District's covered employee payroll	\$ 6,301,664	\$ 7,583,124	\$ 7,926,962	\$ 7,859,596						
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A						
Plan fiduciary net position as a percentage of the total pension liability	22.33%	28.71%	33.64%	33.76%						

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

Exhibit L-1

Public Employees' Retirement System (PERS)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
District's proportion of the net pension liability (asset)	0.015778619%	0.157786193%	0.013746359%	0.014437551%						
District's proportionate share of the net pension liability (asset)	<u>\$ 4,673,174</u>	<u>\$ 3,326,760</u>	<u>\$ 2,573,694</u>	<u>\$ 2,759,303</u>						
District's covered employee payroll	\$ 982,965	\$ 1,447,595	\$ 1,518,318	\$ 1,383,440						
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	475.42%	229.81%	169.51%	199.45%						
Plan fiduciary net position as a percentage of the total pension liability (Local)	40.14%	47.92%	52.08%	48.72%						

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

**North Warren Regional School District
Required Supplementary Information - Part III
Schedule of District Contributions
Last Ten Fiscal Years ***

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution **	N/A	N/A	N/A	N/A						
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A						
Contribution deficiency (excess)	N/A	N/A	N/A	N/A						
District's covered employee payroll	\$ 6,301,664	\$ 7,583,124	\$ 7,926,962	\$ 7,859,596						
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A						

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

Public Employees' Retirement System (PERS)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 141,668	\$ 127,411	\$ 113,323	\$ 108,784						
Contributions in relation to the contractually required contribution	<u>(141,668)</u>	<u>(127,411)</u>	<u>(113,323)</u>	<u>(108,784)</u>						
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>						
District's covered employee payroll	\$ 982,965	\$ 1,447,595	\$ 1,518,318	\$ 1,383,440						
Contributions as a percentage of covered-employee payroll	14.41%	8.80%	7.46%	7.86%						

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension Schedules

For the Fiscal Year Ended June 30, 2017

Teachers' Pension and Annuity Fund (TPAF)

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

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

Public Employees' Retirement System (PERS)

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

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

OTHER SUPPLEMENTARY INFORMATION

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2017

	Title I	Title II (A)	Federal Perkins	IDEA Part B	NJ SAIG Safety Grant	Totals
REVENUES						
Local Sources					\$ 1,300	\$ 1,300
Federal Sources	\$ 57,133	\$ 17,872	\$ 9,391	\$ 242,057		326,453
TOTAL REVENUES	57,133	17,872	9,391	242,057	1,300	327,753
EXPENDITURES:						
Instruction:						
Salaries of Teachers	38,838		368			39,206
Other Purchased Prof. and Tech Services	3,697		400			4,097
Tuition				242,057		242,057
General Supplies	2,000		4,958			6,958
Other Objects			1,050			1,050
Total Instruction	44,535		6,776	242,057		293,368
Support Services:						
Personal Services - Employee Benefits	10,098		28			10,126
Other Purchased Services	2,500	8,968	2,587			14,055
Supplies and Materials		8,904			1,300	10,204
Total Support Services	12,598	17,872	2,615		1,300	34,385
TOTAL EXPENDITURES	57,133	17,872	9,391	242,057	1,300	327,753
Total Outflows	57,133	17,872	9,391	242,057	1,300	327,753
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)						

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit F-1

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

For the Fiscal Year Ended June 30, 2017

	<u>Original</u>	<u>Revised</u>	<u>Expenditures to Date</u>		<u>Unexpended</u>
	<u>Date</u>	<u>Appropriations</u>	<u>Appropriations</u>	<u>Prior</u>	<u>Current</u>
				<u>Years</u>	<u>Year</u>
					<u>Balance</u>
					<u>June 30, 2017</u>
No Current Projects					
Totals		-	-	-	-
					Interest Earnings \$ <u>24</u>
					Fund Balance, June 30, 2017 \$ <u><u>24</u></u>
					<u>Recapitulation of Fund Balance:</u>
					Project(s) Fund Balance \$ <u>24</u>
					Fund Balance, June 30, 2017 \$ <u><u>24</u></u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit F-2

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

For the Fiscal Year Ended June 30, 2017

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

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

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

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

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

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

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

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

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2017**

	UNEMPLOYMENT COMPENSATION			AGENCY FUNDS		<u>TOTALS</u>
	<u>INSURANCE TRUST</u>	<u>STUDENT ACTIVITY</u>	<u>PAYROLL AGENCY</u>			
ASSETS:						
Cash and Cash Equivalents	\$412,807	\$ 107,887	\$ 10,740			\$ 531,434
TOTAL ASSETS	\$412,807	\$ 107,887	\$ 10,740			\$ 531,434
LIABILITIES:						
Liabilities:						
Accounts Payable			\$ 10,740			\$ 10,740
Payroll Deductions and Withholdings			-			-
Payable to Student Groups		\$ 107,887				107,887
Total Liabilities		107,887	10,740			118,627
NET POSITION						
Held in Trust for Unemployment						
Claims and Other Purposes	\$412,807					412,807
TOTAL LIABILITIES AND NET POSITION	\$412,807	\$ 107,887	\$ 10,740			\$ 531,434

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-2

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEARS ENDED JUNE 30, 2017**

	UNEMPLOYMENT COMPENSATION INSURANCE <u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Plan Member	\$14,347	\$14,347
Employer	-	-
Total Contributions	<u>14,347</u>	<u>14,347</u>
Investment Earnings:		
Interest	1,400	1,400
Net Investment Earnings	<u>1,400</u>	<u>1,400</u>
Total Additions	<u>15,747</u>	<u>15,747</u>
DEDUCTIONS		
Unemployment Claims	36,945	36,945
Total Deductions	<u>36,945</u>	<u>36,945</u>
Change in Net Position	(21,198)	(21,198)
Net Position—Beginning of the Year	\$434,005	434,005
Net Position—End of the Year	<u>\$412,807</u>	<u>\$412,807</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-3

**STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ACTIVITY	BALANCE	TRANSFERS		CASH	CASH	BALANCE
	July 1, 2016	TO	FROM	RECEIPTS	DISBURSEMENTS	June 30, 2017
NWR - Clubs/Princ	\$ 583	\$ 38	\$ 298	\$ 649	\$ 889	\$ 83
Interest Reserve	(139)			20,522	189	20,194
Exchange	25		2,000	3,471	1,315	181
B.O.E. - Fines and Charges	394			213		607
B.O.E. - Test Holding	1,661			14,841	15,666	836
B.O.E. Athletics	-	7,267		7,075	7,667	6,675
Class of 2009	421					421
Class of 2011	44					44
Class of 2013	374					374
Class of 2014	279					279
Class of 2015	20					20
Class of 2016	64		64			-
Class of 2017	3,175	64		24,795	25,721	2,313
Class of 2018	7,337			-	500	6,837
Class of 2019	5,399			220	576	5,043
Class of 2020	4,025		2,000	539		2,564
Class of 2021	2,327	2,298		25,184	21,392	8,417
Class of 2022	-			8,296	6,922	1,374
Student Council-High School	1,184			1,871	1,565	1,490
S.A.D.D.	363			188	251	300
Student Council-Middle School	1,429			1,768	1,562	1,635
National Honor Society	2,146			1,711	2,715	1,142
National Art Honor Society	1,202			2,242	2,811	633
Tri M Music Honors	139			3,950	3,846	243
Spanish Honor Society	2,621			2,151	2,387	2,385
French Honor Society	1					1
Math Honor Society	36			330	330	36
Gay/Straight Alliance	-			135	60	75
Marching Band	-			290	300	(10)
Chorus - Musical	5,467			22,016	20,588	6,895
Drama Club - Fall Play	2,886			2,894	1,291	4,489
M. S. Play	8,616			3,505	3,436	8,685
Athletics	1		7,267	9,124	20,539	(18,681)
Football Club	389	-	-	-	-	389
	<u>\$ 52,469</u>	<u>\$ 9,667</u>	<u>\$ 11,629</u>	<u>\$ 157,980</u>	<u>\$ 142,518</u>	<u>\$ 65,969</u>

-Continued on Next Page-

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-3

**STUDENT ACTIVITY AGENCY FUND
STATEMENT OF ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ACTIVITY	BALANCE	TRANSFERS		CASH	CASH	BALANCE
	July 1, 2016	TO	FROM	RECEIPTS	DISBURSEMENTS	June 30, 2017
Baseball Club	\$ 1,324			\$ 3,688	\$ 3,890	\$ 1,122
Softball Club	125			6,369	6,412	82
NWR Golf	98			500		598
Girls Basketball	-	1,000		1,140	715	1,425
Boys Basketball	-	1,000		1,140	943	1,197
Cross Country Club	280			3,176	2,988	468
Cheerleaders H.S.	2,077			11,716	12,153	1,640
Field Hockey	498			3,905	2,002	2,401
Girls Lacrosse	922				1,424	(502)
Indoor Track and Field Club	15			1,430	1,121	324
Patriot Varsity Club	90				20	70
School Store	655			207	50	812
Trift Store	1,989					1,989
TSA/Robotics	77			2,663	1,763	977
Future Business Leaders of America	1,328			1,537	2,003	862
JSA (Mock Trial)	53		38	5,498	6,153	(640)
Future Farmers of America	5,424			7,740	5,028	8,136
Press Club	413					413
Chess Club	345			204	257	292
Ski Club	(11)			5,074	2,276	2,787
Art Show Fund	119					119
Interact Club	896			2,982	3,318	560
Leo	1,034			492	320	1,206
Yearbook	3,976			32,735	33,615	3,096
Patriot Coffee Club	593			1	53	541
Prom Committee	3,989			25,755	21,816	7,928
Project Graduation	7,713		-	-	3,698	4,015
	<u>\$ 34,022</u>	<u>\$ 2,000</u>	<u>\$ 38</u>	<u>\$ 117,952</u>	<u>\$ 112,018</u>	<u>\$ 41,918</u>
TOTALS	<u>\$ 86,491</u>	<u>\$ 11,667</u>	<u>\$ 11,667</u>	<u>\$ 275,932</u>	<u>\$ 254,536</u>	<u>\$ 107,887</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>BALANCE</u> July 1, 2016	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> June 30, 2017
ASSETS:				
Cash and Cash Equivalents	\$ 9,038	\$ 9,654,694	\$ 9,652,992	\$ 10,740
Total Assets	\$ 9,038	\$ 9,654,694	\$ 9,652,992	\$ 10,740
LIABILITIES:				
Accrued Salaries and Wages	\$ (367)	\$ 4,110,310	\$ 4,109,943	-
Accounts Payable	9,405	1,335		\$ 10,740
Payroll Deductions and Withholdings		5,543,049	5,543,049	-
Total Liabilities	\$ 9,038	\$ 9,654,694	\$ 9,652,992	\$ 10,740

LONG-TERM DEBT SCHEDULES

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

NORTH WARREN REGIONAL SCHOOL DISTRICT

Exhibit I-2

**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<u>SERIES</u>	<u>INTEREST RATE PAYABLE</u>	<u>LEASE TERM</u>	<u>AMOUNT OF ORIGINAL ISSUE</u>	<u>AMOUNT OUTSTANDING 7/1/2016</u>	<u>ADDITIONAL OBLIGATIONS INCURRED</u>	<u>RETIRED CURRENT YEAR PRINCIPAL PAYMENTS</u>	<u>AMOUNT OUTSTANDING 6/30/2017</u>
Copier Equipment - Admin Office	2.66%	4 Years	13,858	\$ 10,529		\$ 3,418	\$ 7,111
Technology Equipment	1.54%	3.5 Years	632,000	133,117		133,117	-
Total				\$ 143,646	\$ -	\$ 136,535	\$ 7,111

North Warren Regional School District
Statistical Section

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Sources:

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

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

(accrual basis of accounting)

Exhibit J-1

	2008		2009		2010		2011		Fiscal Year Ending June 30,		2014		2015		2016		2017	
									2012	2013								
Governmental activities																		
Invested in capital assets, net of related debt	\$ 7,069,267	\$ 6,711,196	\$ 6,870,347	\$ 6,870,347	\$ 8,096,471	\$ 8,216,553	\$ 7,830,857	\$ 7,347,048	\$ 7,150,031	\$ 7,007,910								
Restricted	1,765,495	678,768	1,296,708	849,544	1,224,767	480,147	422,104	152,252	136,194	748,072								
Unrestricted	(2,447,858)	(1,021,771)	(581,816)	340,394	(972,857)	(829,923)	(953,554)	(3,613,789)	(2,942,801)	(3,297,627)								
Total governmental activities Net Position	\$ 6,386,904	\$ 6,368,193	\$ 7,585,239	\$ 8,060,285	\$ 8,348,381	\$ 7,866,777	\$ 7,299,407	\$ 3,885,511	\$ 4,343,424	\$ 4,458,355								
Business-type activities																		
Invested in capital assets, net of related debt	\$ 62,104	\$ 66,628	\$ 53,264	\$ 40,068	\$ 55,847	\$ 36,857	\$ 29,343	\$ 29,215	\$ 52,168	\$ 87,146								
Restricted																		
Unrestricted	92,640	97,639	103,398	113,163	99,897	107,309	127,604	131,875	96,292	63,872								
Total business-type activities Net Position	\$ 154,744	\$ 164,267	\$ 156,662	\$ 153,231	\$ 155,744	\$ 144,166	\$ 156,947	\$ 161,090	\$ 148,460	\$ 151,018								
District-wide																		
Invested in capital assets, net of related debt	\$ 7,131,371	\$ 6,777,824	\$ 6,923,611	\$ 6,910,415	\$ 8,152,318	\$ 8,253,410	\$ 7,860,200	\$ 7,376,263	\$ 7,202,199	\$ 7,095,056								
Restricted	1,765,495	678,768	1,296,708	849,544	1,224,767	480,147	422,104	152,252	136,194	748,072								
Unrestricted	(2,355,218)	(924,132)	(478,418)	453,557	(872,960)	(722,614)	(825,950)	(3,481,914)	(2,846,509)	(3,233,755)								
Total district Net Position	\$ 6,541,648	\$ 6,532,460	\$ 7,741,901	\$ 8,213,516	\$ 8,504,125	\$ 8,010,943	\$ 7,456,354	\$ 4,046,601	\$ 4,491,884	\$ 4,609,373								

Source: CAFR Schedule A-1

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

Exhibit J-2

	2008		2009		2010		2011		Fiscal Year Ending June 30,		2014		2015		2016		2017	
Expenses																		
Governmental activities																		
Instruction																		
Regular	\$ 6,404,286	\$ 6,386,903	\$ 6,713,376	\$ 6,781,346	\$ 6,770,787	\$ 7,173,028	\$ 6,883,697	\$ 7,765,856	\$ 8,062,619	\$ 8,781,821								
Special education	1,096,965	1,129,261	1,201,435	1,316,866	1,395,867	1,510,989	1,619,468	1,862,106	1,866,507	2,034,902								
Other special education	280,543	240,920	236,431	274,962	221,458	232,602	233,090	249,533	126,032	153,916								
Other instruction	778,216	851,815	741,758	783,015	853,789	907,049	969,350	1,110,442	1,212,037	1,318,354								
Support Services:																		
Tuition	899,222	999,207	581,059	620,666	895,148	861,562	860,130	1,023,509	1,257,307	1,303,086								
Student & instruction related services	1,924,123	2,109,195	1,911,612	2,020,791	2,303,326	2,093,470	2,130,674	2,538,211	2,531,391	2,905,644								
General administrative services	1,027,302	967,682	899,595	1,011,328	1,032,936	1,034,288	1,045,811	1,190,447	1,285,934	1,314,672								
School administrative services	910,441	912,867	864,048	744,162	790,652	974,748	1,090,029	1,172,400	1,146,680	1,073,217								
Plant operations and maintenance	1,618,815	1,589,191	1,460,651	1,553,519	1,402,301	1,412,499	1,763,828	1,891,301	1,629,739	2,218,579								
Pupil transportation	1,229,631	1,333,763	1,248,827	1,057,823	988,682	989,910	1,024,765	1,027,473	1,075,286	1,180,055								
Interest on long-term debt	21,188	15,875	26,673	16,466	3,011	-	-	-	-	-								
Unallocated depreciation	184,957	184,957	224,735	238,004	258,081	443,839	433,018	276,836	276,553	302,085								
Total governmental activities expenses	<u>16,375,689</u>	<u>16,721,636</u>	<u>16,110,200</u>	<u>16,418,948</u>	<u>16,916,038</u>	<u>17,633,984</u>	<u>18,053,860</u>	<u>20,108,114</u>	<u>20,470,085</u>	<u>22,586,331</u>								
Business-type activities:																		
Food service	326,293	319,117	325,385	322,329	305,578	314,280	297,957	305,074	301,571	304,455								
Total business-type activities expense	<u>326,293</u>	<u>319,117</u>	<u>325,385</u>	<u>322,329</u>	<u>305,578</u>	<u>314,280</u>	<u>297,957</u>	<u>297,957</u>	<u>301,571</u>	<u>304,455</u>								
Total district expenses	<u>\$ 16,701,982</u>	<u>\$ 17,040,753</u>	<u>\$ 16,435,585</u>	<u>\$ 16,741,277</u>	<u>\$ 17,221,616</u>	<u>\$ 17,948,264</u>	<u>\$ 18,351,817</u>	<u>\$ 20,406,071</u>	<u>\$ 20,771,656</u>	<u>\$ 22,890,786</u>								
Program Revenues																		
Governmental activities:																		
Charges for services:																		
Instruction (regular & special education)	\$ 120,154	\$ 76,331	\$ 71,111	\$ 83,076	\$ 80,304	\$ 104,034	\$ 76,298	\$ 64,206	\$ 55,752	\$ 45,788								
Business and other support services																		
Operating grants and contributions	6,335,605	6,617,838	6,485,661	6,187,711	6,768,606	6,908,674	6,750,029	8,784,516	9,524,620	10,974,995								
Capital grants and contributions																		
Total governmental activities program revenues	<u>6,455,759</u>	<u>6,694,169</u>	<u>6,556,772</u>	<u>6,270,787</u>	<u>6,848,910</u>	<u>7,012,708</u>	<u>6,826,327</u>	<u>8,848,722</u>	<u>9,580,372</u>	<u>11,020,783</u>								
Business-type activities:																		
Charges for services																		
Food service	276,840	283,982	280,966	271,140	258,649	247,272	258,340	242,422	240,105	232,868								
Operating grants and contributions	67,646	36,839	36,344	45,743	49,437	53,949	47,552	48,659	48,438	65,134								
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-								
Total business type activities program revenues	<u>344,486</u>	<u>320,821</u>	<u>317,310</u>	<u>316,883</u>	<u>308,086</u>	<u>301,221</u>	<u>305,892</u>	<u>291,081</u>	<u>288,543</u>	<u>298,002</u>								
Total district program revenues	<u>\$ 6,800,245</u>	<u>\$ 7,014,990</u>	<u>\$ 6,874,082</u>	<u>\$ 6,587,670</u>	<u>\$ 7,156,996</u>	<u>\$ 7,313,929</u>	<u>\$ 7,132,219</u>	<u>\$ 9,139,803</u>	<u>\$ 9,868,915</u>	<u>\$ 11,318,785</u>								
Net (Expense)/Revenue																		
Governmental activities	\$ (9,919,930)	\$(10,027,467)	\$ (9,553,428)	\$(10,148,161)	\$(10,067,128)	\$(10,621,276)	\$(11,227,533)	\$(11,259,392)	\$(10,889,713)	\$(11,565,548)								
Business-type activities	18,193	1,704	(8,075)	(5,446)	2,508	(13,059)	7,935	(13,993)	(13,028)	(6,453)								
Total district-wide net expense	<u>\$ (9,901,737)</u>	<u>\$(10,025,763)</u>	<u>\$ (9,561,503)</u>	<u>\$(10,153,607)</u>	<u>\$(10,064,620)</u>	<u>\$(10,634,335)</u>	<u>\$(11,219,598)</u>	<u>\$(11,273,385)</u>	<u>\$(10,902,741)</u>	<u>\$(11,572,001)</u>								

-Continued-

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

Exhibit J-2

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 9,785,766	\$ 9,785,083	\$ 9,980,786	\$ 10,267,275	\$ 10,117,743	\$ 10,117,743	\$ 10,623,032	\$ 10,755,574	\$ 11,317,236	\$ 11,654,305
Taxes levied for debt service	127,499	127,500	290,317	248,648	150,988	-	-	-	-	-
Tuition Received										
Investment earnings	120,172	35,497	22,704	12,397	7,631	1,755	3,022	2,041	3,294	10,448
Miscellaneous income	457,449	60,676	49,706	53,010	78,862	85,821	34,109	36,208	27,096	15,726
Federal/State Aid for Capital Assets Projects	-	-	223,199	(21,123)	-	-	-	-	-	-
Transfers										
Total governmental activities	<u>10,490,886</u>	<u>10,008,756</u>	<u>10,566,712</u>	<u>10,560,207</u>	<u>10,355,224</u>	<u>10,205,319</u>	<u>10,660,163</u>	<u>10,793,823</u>	<u>11,347,626</u>	<u>11,680,479</u>
Business-type activities:										
Miscellaneous Income	17,086	7,819	470	2,016	5	1,481	4,845	18,137	398	9,011
Transfers										
Total business-type activities	<u>17,086</u>	<u>7,819</u>	<u>470</u>	<u>2,016</u>	<u>5</u>	<u>1,481</u>	<u>4,845</u>	<u>18,137</u>	<u>398</u>	<u>9,011</u>
Total district-wide	<u>\$ 10,507,972</u>	<u>\$ 10,016,575</u>	<u>\$ 10,567,182</u>	<u>\$ 10,562,223</u>	<u>\$ 10,355,229</u>	<u>\$ 10,206,800</u>	<u>\$ 10,665,008</u>	<u>\$ 10,811,960</u>	<u>\$ 11,348,024</u>	<u>\$ 11,689,490</u>
Change in Net Position										
Governmental activities	\$ 570,956	\$ (18,711)	\$ 1,013,284	\$ 412,046	\$ 288,096	\$ (415,957)	\$ (567,370)	\$ (465,569)	\$ 457,913	\$ 114,931
Business-type activities	35,279	9,523	(7,605)	(3,430)	2,513	(11,578)	12,780	4,144	(12,630)	2,558
Total district	<u>\$ 606,235</u>	<u>\$ (9,188)</u>	<u>\$ 1,005,679</u>	<u>\$ 408,616</u>	<u>\$ 290,609</u>	<u>\$ (427,535)</u>	<u>\$ (554,590)</u>	<u>\$ (461,425)</u>	<u>\$ 445,283</u>	<u>\$ 117,489</u>

Source: CAFR Schedule A-2

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

Exhibit J-3

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	\$ 1,294,788	\$ 1,104,909	\$ 1,018,424	\$ 949,694	\$ 782,902	\$ 446,904	\$ 462,603	\$ 164,206	\$ 194,638	\$ 748,048
Unreserved	227,411	80,126	(56,660)	(140,959)	(435,813)	(329,149)	(541,896)	(539,147)	31,504	20,038
Total general fund	<u>\$ 1,522,199</u>	<u>\$ 1,185,035</u>	<u>\$ 961,764</u>	<u>\$ 808,735</u>	<u>\$ 347,089</u>	<u>\$ 117,755</u>	<u>\$ (79,293)</u>	<u>\$ (374,941)</u>	<u>\$ 226,142</u>	<u>\$ 768,086</u>
All Other Governmental Funds										
Reserved	\$ 370,340	\$ -	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue fund										
Capital projects fund	\$ 47,678	\$ (506,957)	\$ 303,369	\$ (74,079)	\$ 475,303	\$ 33,243	\$ 24	\$ 24	\$ 24	\$ 24
Debt service fund	-	250	250	-	1					
Total all other governmental funds	<u>\$ 418,018</u>	<u>\$ (506,707)</u>	<u>\$ 303,619</u>	<u>\$ (74,079)</u>	<u>\$ 475,304</u>	<u>\$ 33,243</u>	<u>\$ 24</u>	<u>\$ 24</u>	<u>\$ 24</u>	<u>\$ 24</u>

Source: CAFR Schedule B-1

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

Exhibit J-4

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues										
Tax levy	\$ 9,913,265	\$ 9,912,583	\$ 10,271,103	\$ 10,515,923	\$ 10,268,731	\$ 10,117,743	\$ 10,623,032	\$ 10,755,574	\$ 11,317,236	\$ 11,654,305
Tuition charges	3,990	29,795	13,841	-	-	21,205	8,706	-	-	-
Transportation	80,254	46,536	57,270	83,076	80,304	82,829	67,592	64,206	55,752	45,788
Interest earnings	216	3,202	1,621	3,400	2,713	904	201	148	145	-
Miscellaneous	577,405	92,971	70,789	62,007	83,780	86,672	36,930	38,101	30,245	26,174
State sources	6,104,902	6,349,639	5,957,597	5,797,948	6,247,043	6,572,667	6,430,812	6,780,889	6,959,574	7,139,987
Federal sources	230,703	268,199	1,204,692	368,640	521,563	336,007	319,217	317,597	341,245	326,453
Total revenue	16,910,735	16,702,925	17,576,913	16,830,994	17,204,134	17,218,027	17,486,490	17,956,515	18,704,197	19,192,707
Expenditures										
Instruction										
Regular Instruction	4,682,985	4,750,002	5,382,493	5,183,491	5,051,683	5,249,616	5,030,400	5,064,262	4,917,661	4,837,816
Special education instruction	821,295	863,965	982,311	1,025,350	1,061,806	1,119,104	1,212,208	1,231,303	1,150,636	1,126,207
Other special instruction	210,042	184,321	193,374	214,093	168,458	172,275	174,473	165,002	77,694	85,184
Other instruction	582,649	651,699	606,674	609,678	649,459	671,800	725,580	734,271	747,178	729,637
Support Services:										
Tuition	899,222	999,207	581,059	620,666	895,148	861,562	860,130	1,023,509	1,257,307	1,303,086
Student & instruction related services	1,440,587	1,613,684	1,563,483	1,573,446	1,752,091	1,550,515	1,594,857	1,678,372	1,560,514	1,608,115
School Administrative services	681,645	698,408	706,694	579,426	601,432	721,941	815,911	775,240	706,888	593,967
General administrative services	763,656	734,862	730,284	781,966	780,249	760,556	777,330	783,724	789,274	723,817
Plant operations and maintenance	1,201,662	1,205,303	1,184,107	1,195,213	1,052,298	1,031,756	1,305,863	1,241,547	995,592	1,217,928
Pupil transportation	1,222,354	1,326,486	1,241,550	1,050,546	981,405	982,633	1,017,488	1,022,895	1,070,696	1,175,036
Business and other support services										
Unallocated employee benefits	3,502,038	3,212,337	3,066,164	3,196,320	3,633,382	3,917,365	3,824,044	4,130,048	4,522,847	4,815,865
Charter Schools	46,555	44,484	74,439	149,814	77,816	130,528	181,788	218,620	157,496	232,965
Capital outlay	1,899,489	1,838,806	534,115	1,043,745	408,159	719,771	196,685	183,370	149,331	201,140
Debt service:										
Principal	105,000	110,000	371,250	320,000	200,000	-	-	-	-	-
Interest and other charges	22,500	17,250	28,111	17,967	3,011	-	-	-	-	-
Total expenditures	18,081,679	18,250,814	17,246,108	17,561,721	17,316,397	17,889,422	17,716,757	18,252,163	18,103,114	18,650,763
Excess (Deficiency) of revenues over (under) expenditures	(1,170,944)	(1,547,889)	330,805	(730,727)	(112,263)	(671,395)	(230,267)	(295,648)	601,083	541,944
Other Financing Sources (uses)										
Bond proceeds	1,560,000	286,000								
Temporary Note Redemption			256,250	200,000	200,000	-	-	-		
Transfers in/(out)										
Total other financing sources (uses)	1,560,000	286,000	256,250	200,000	200,000	-	-	-	-	-
Net change in fund balances	\$ 389,056	\$ (1,261,889)	\$ 587,055	\$ (530,727)	\$ 87,737	\$ (671,395)	\$ (230,267)	\$ (295,648)	\$ 601,083	\$ 541,944
Debt service as a percentage of noncapital expenditures	0.8%	0.8%	2.4%	2.0%	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: CAFR Schedule B-2

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

Exhibit J-5

<u>Fiscal Year Ended June 30.</u>	<u>Interest on Investments</u>	<u>Interest Earned on Capital Reserve Funds</u>	<u>Refund Prior Year Expenditures</u>	<u>Transportation Fees</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 92,900	\$ 216	\$ 426,156	\$ 80,254	\$ 2,977	\$ 39,900	\$ 28,066	\$ 670,469
2009	32,295	3,202	22,688	46,536	680	29,795	32,896	168,092
2010	21,083	1,549	23,809	57,270	3,585	13,841	22,312	143,449
2011	8,997	2,953	19,398	83,076	2,353		31,259	148,036
2012	4,918	1,396	22,831	80,304	6,201		44,196	159,846
2013	851	260	40,393	82,829	1,310	21,205	40,454	187,302
2014	2,880	142	2,590	67,592	2,634	8,706	26,986	111,530
2015	1,893	148	1,019	64,206	-	-	25,189	92,455
2016	3,294	145	450	55,752	-	-	26,501	86,142
2017	10,166	282	11,291	45,788			3,135	70,662

SOURCE: District Records

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

Exhibit J-6

<u>Fiscal Year Ended June 30.</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2008	\$26,456,500	\$687,372,600	\$94,238,400	\$2,120,200	\$80,708,800	\$16,024,600	-	\$1,025,509,073	\$116,145,542	\$2,442,431	\$909,363,531	\$0.512	\$893,383,234
2009	25,805,300	694,003,300	93,679,000	2,071,225	79,884,700	15,768,000	-	1,031,656,704	118,011,242	2,433,937	913,645,462	0.507	961,480,469
2010	31,650,900	695,382,800	95,476,000	2,055,325	74,764,000	8,300,300	-	1,030,112,649	120,340,142	2,143,182	909,772,507	0.541	944,965,252
2011	30,691,900	694,723,800	97,834,200	2,064,325	73,815,850	8,300,300	-	1,032,598,182	122,932,042	2,235,765	909,666,140	0.576	920,140,839
2012	19,587,700	558,981,200	75,042,600	2,097,700	63,314,000	7,525,200	-	825,492,860	96,699,303	2,245,157	728,793,557	0.713	870,135,402
2013	17,560,200	552,802,300	76,294,600	2,133,400	61,280,500	7,526,200	-	815,607,689	95,982,717	2,027,772	719,624,972	0.672	786,160,323
2014	17,324,800	554,018,900	74,566,200	2,146,300	60,606,200	7,426,000	-	814,057,450	95,984,317	1,984,733	718,073,133	0.693	747,038,890
2015	17,534,500	553,802,200	73,824,500	2,129,800	59,922,200	7,506,300	-	812,711,502	95,881,017	2,110,985	716,830,485	0.703	712,612,284
2016	16,459,000	553,436,700	74,089,900	2,161,200	58,825,700	7,506,300	-	810,249,679	95,338,017	2,432,862	714,911,662	0.755	719,403,395
2017	16,383,200	554,080,200	73,348,600	2,154,600	58,811,400	7,406,800	-	811,128,643	96,664,417	2,279,426	714,464,226	0.778	721,829,604

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-6

<u>Fiscal Year Ended June 30.</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Req.</u>	<u>Qfarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2008	\$7,533,700	\$186,195,600	\$69,599,100	\$2,350,000	\$8,171,878	-	-	\$299,278,753	\$24,775,340	\$653,135	\$274,503,413	\$0.571	\$314,116,799
2009	7,496,700	189,917,700	68,833,300	2,375,900	8,212,778	-	-	302,963,589	25,470,840	656,371	277,492,749	0.578	313,681,081
2010	8,335,200	189,585,600	72,266,300	2,760,700	14,259,178	-	-	313,738,318	25,905,840	625,500	287,832,478	0.586	324,405,769
2011	6,610,600	189,298,100	73,119,000	2,431,500	19,512,578	-	-	329,446,124	37,813,920	660,426	291,632,204	0.599	325,652,702
2012	6,290,600	190,055,000	73,634,400	2,415,900	19,532,578	-	-	319,977,547	27,399,040	650,029	292,578,507	0.641	310,300,130
2013	5,723,800	190,139,800	74,683,500	2,411,900	19,532,578	-	-	322,262,605	29,125,840	645,187	293,136,765	0.729	319,671,008
2014	5,515,900	191,028,400	74,521,500	2,385,200	19,708,678	-	-	324,444,214	30,688,540	595,996	293,755,674	0.739	328,448,574
2015	5,309,800	190,137,200	74,509,500	2,359,900	19,695,878	-	-	323,297,669	30,688,540	596,851	292,609,129	0.755	295,544,328
2016	5,725,100	189,281,500	74,232,400	2,348,200	19,375,178	-	-	323,025,633	31,577,140	486,115	291,448,493	0.755	291,646,351
2017	5,132,100	129,084,000	71,205,900	2,319,300	19,375,178	-	-	260,128,524	32,544,540	467,506	290,583,984	0.718	276,619,093

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Req.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2008	\$6,877,000	\$110,028,500	\$33,737,400	\$1,056,100	\$1,506,200	\$627,000	-	\$200,788,726	\$46,633,300	\$323,226	\$154,155,426	\$0.902	\$235,659,901
2009	6,259,400	110,940,300	35,353,200	1,055,300	1,506,200	627,000	-	203,139,974	47,093,500	305,074	156,046,474	0.894	254,599,556
2010	5,583,000	111,826,700	36,823,000	1,027,200	1,533,800	627,000	-	226,476,500	68,766,400	289,400	157,710,100	0.805	245,506,935
2011	5,468,400	110,708,700	37,826,500	1,232,300	839,400	627,000	-	225,348,587	68,282,700	363,587	157,065,887	0.786	232,447,723
2012	5,406,700	110,585,150	38,832,800	1,067,100	839,400	627,000	-	226,584,341	68,822,600	403,591	157,761,741	0.684	226,265,738
2013	5,660,800	110,017,450	39,201,100	1,050,100	705,700	627,000	-	227,338,257	69,620,400	455,707	157,717,857	0.847	210,701,695
2014	5,640,900	111,075,050	38,132,600	1,040,900	705,700	627,000	-	227,339,808	69,638,300	479,358	157,701,508	0.866	194,779,597
2015	5,555,700	112,159,350	37,735,800	1,005,600	705,700	627,000	-	227,917,499	69,638,300	490,049	158,279,199	0.911	186,361,299
2016	5,894,900	113,171,150	37,252,000	916,650	705,700	627,000	-	229,741,582	70,571,100	603,082	159,170,482	1.019	187,209,847
2017	5,384,300	112,005,350	37,710,800	1,002,050	705,700	627,000	-	228,536,194	70,571,100	529,894	157,965,094	1.133	185,060,822

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Req.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2008	\$7,542,800	\$188,221,300	\$33,892,600	\$2,861,540	\$21,066,700	-	\$665,700	\$280,198,580	\$25,222,900	\$725,040	\$254,975,680	\$0.860	\$393,172,896
2009	6,989,700	191,098,100	33,738,600	2,839,240	21,066,700	-	665,700	282,709,906	25,590,700	721,166	257,119,206	0.892	415,241,400
2010	6,937,700	192,927,900	34,386,100	2,797,640	21,143,200	-	665,700	285,095,449	25,649,200	588,009	259,446,249	0.930	424,472,072
2011	6,838,700	193,045,800	35,542,500	2,796,040	20,636,900	-	665,700	285,676,867	25,515,900	635,327	260,160,967	0.896	396,818,747
2012	6,815,100	193,748,800	34,475,500	2,732,840	20,638,000	-	665,700	286,035,174	26,280,800	678,434	259,754,374	0.862	369,513,265
2013	6,627,600	194,646,300	33,953,200	2,734,840	20,642,000	-	665,700	286,246,017	26,280,800	695,577	259,965,217	0.793	356,512,227
2014	6,230,100	195,036,500	33,034,500	2,731,740	20,720,500	-	665,700	285,904,453	26,769,700	715,713	259,134,753	0.827	324,354,292
2015	6,051,000	195,127,800	33,526,200	2,756,940	20,654,700	-	665,700	286,246,112	26,683,700	780,072	259,562,412	0.812	306,839,048
2016	5,722,900	194,371,100	34,050,200	2,766,640	20,003,800	-	665,700	285,246,159	26,737,500	928,319	258,508,659	0.908	300,125,043
2017	5,934,500	194,680,700	33,861,300	2,749,640	20,093,900	-	665,700	285,796,298	26,940,600	869,958	304,702,339	0.945	300,125,043

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	North Warren Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Blairstown Township School District	Blairstown Township	Warren County	
2008	\$0.505	\$0.007	\$0.512	\$0.501	\$0.035	\$0.602	\$1.650
2009	\$0.500	\$0.007	\$0.507	\$0.507	\$0.035	\$0.639	\$1.688
2010	\$0.526	\$0.015	\$0.541	\$0.520	\$0.035	\$0.626	\$1.722
2011	\$0.562	\$0.014	\$0.576	\$0.537	\$0.035	\$0.619	\$1.767
2012	\$0.703	\$0.010	\$0.713	\$0.657	\$0.035	\$0.758	\$2.163
2013	\$0.672	\$0.000	\$0.672	\$0.714	\$0.035	\$0.738	\$2.159
2014	\$0.693	\$0.000	\$0.693	\$0.720	\$0.015	\$0.739	\$2.167
2015	\$0.703	\$0.000	\$0.703	\$0.742	\$0.020	\$0.766	\$2.231
2016	\$0.755	\$0.000	\$0.755	\$0.720	\$0.020	\$0.781	\$2.276
2017	\$0.755	\$0.000	\$0.778	\$0.747	\$0.020	\$0.770	\$2.315

Source: District Records and Municipal Tax Collector

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

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

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

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	North Warren Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Frelinghuysen Township School District	Frelinghuysen Township	Warren County	
2008	\$0.606	\$0.007	\$0.613	\$0.711	\$0.145	\$0.701	\$2.170
2009	\$0.564	\$0.007	\$0.571	\$0.700	\$0.141	\$0.688	\$2.100
2010	\$0.562	\$0.016	\$0.578	\$0.678	\$0.158	\$0.681	\$2.095
2011	\$0.572	\$0.014	\$0.586	\$0.671	\$0.158	\$0.682	\$2.097
2012	\$0.590	\$0.009	\$0.599	\$0.666	\$0.164	\$0.674	\$2.103
2013	\$0.641	\$0.000	\$0.641	\$0.655	\$0.194	\$0.730	\$2.220
2014	\$0.729	\$0.000	\$0.729	\$0.628	\$0.197	\$0.797	\$2.351
2015	\$0.739	\$0.000	\$0.739	\$0.643	\$0.227	\$0.779	\$2.388
2016	\$0.755	\$0.000	\$0.755	\$0.666	\$0.242	\$0.777	\$2.440
2017	\$0.755	\$0.000	\$0.718	\$0.668	\$0.247	\$0.724	\$2.357

Source: District Records and Municipal Tax Collector

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

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

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

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	North Warren Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Hardwick Township School District	Hardwick Township	Warren County	
2008	\$0.890	\$0.012	\$0.902	\$0.910	\$0.184	\$0.934	\$2.930
2009	\$0.882	\$0.012	\$0.894	\$0.849	\$0.203	\$0.992	\$2.938
2010	\$0.783	\$0.023	\$0.805	\$0.808	\$0.209	\$0.946	\$2.768
2011	\$0.767	\$0.019	\$0.786	\$0.862	\$0.245	\$0.904	\$2.797
2012	\$0.674	\$0.010	\$0.684	\$0.916	\$0.232	\$0.913	\$2.745
2013	\$0.847	\$0.000	\$0.847	\$0.778	\$0.277	\$0.894	\$2.796
2014	\$0.866	\$0.000	\$0.866	\$0.836	\$0.324	\$0.880	\$2.906
2015	\$0.911	\$0.000	\$0.911	\$0.822	\$0.330	\$0.906	\$2.969
2016	\$1.019	\$0.000	\$1.019	\$0.705	\$0.417	\$0.913	\$3.054
2017	\$1.019	\$0.000	\$1.133	\$0.608	\$0.458	\$0.895	\$3.094

Source: District Records and Municipal Tax Collector

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

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

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

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

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	North Warren Regional Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Knowlton Township School District	Knowlton Township	Warren County	
2008	\$0.848	\$0.012	\$0.860	\$1.029	\$0.246	\$0.945	\$3.080
2009	\$0.881	\$0.011	\$0.892	\$1.017	\$0.270	\$0.983	\$3.162
2010	\$0.904	\$0.026	\$0.930	\$1.046	\$0.307	\$0.996	\$3.279
2011	\$0.875	\$0.021	\$0.896	\$1.064	\$0.353	\$0.934	\$3.247
2012	\$0.849	\$0.013	\$0.862	\$1.062	\$0.370	\$0.905	\$3.199
2013	\$0.793	\$0.000	\$0.793	\$1.013	\$0.420	\$0.925	\$3.151
2014	\$0.827	\$0.000	\$0.827	\$1.028	\$0.430	\$0.892	\$3.177
2015	\$0.812	\$0.000	\$0.812	\$1.035	\$0.429	\$0.911	\$3.187
2016	\$0.908	\$0.000	\$0.908	\$1.060	\$0.431	\$0.901	\$3.300
2017	\$0.908	\$0.000	\$0.945	\$1.079	\$0.418	\$0.899	\$3.341

Source: District Records and Municipal Tax Collector

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

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

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

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

Exhibit J-8

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Public Service Gas & Electric	\$ 9,195,500	1	1.29%			
Blairstown Realty Associates, LLC	8,826,700	2	1.24%	\$ 2,078,500	2	0.71%
First National Bank of Hope	2,707,100	3	0.38%	1,360,600	6	0.46%
JD Air, Inc.	2,683,400	4	0.38%			
Rite Aid	2,486,200	5	0.35%			
Embarq	2,432,688	6	0.34%			
Blair Academy	2,045,400	7	0.29%			
Grater, LLC	1,963,500	8	0.27%	1,392,400	5	0.47%
Individual Taxpayer #1	1,705,000	9	0.24%	1,265,446	7	0.43%
Lane Enterprises	1,692,000	10	0.24%			
Individual Taxpayer				789,900	10	0.27%
Great Atlantic & Pacific Co.				6,592,000	1	2.24%
Jersey Central Power & Light				2,078,500	3	0.71%
Blair Air				1,613,000	4	0.55%
Woodborne Lane				1,070,000	8	0.36%
JMS Associates				800,000	9	0.27%
Total	\$ 35,737,488		5.00%	\$ 19,040,346		6.47%

Embarq

Source: District CAFR & Municipal Tax Assessor

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

Exhibit J-8

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
TI Properties I LLC	\$ 11,482,000	1	3.95%			
845 Frelinghuysen LLC	1,783,800	2	0.61%			
Individual Taxpayer #1	1,412,100	3	0.49%	\$ 859,400	2	0.65%
Individual Taxpayer #2	1,306,100	4	0.45%	612,500	6	0.46%
Individual Taxpayer #3	1,116,300	5	0.38%	519,000	7	0.39%
Individual Taxpayer #4	988,800	6	0.34%			
Weidner Family Partnership LP	928,800	7	0.32%			
Individual Taxpayer #5	856,300	8	0.29%	802,700	3	0.60%
Individual Taxpayer #6	813,300	9	0.28%	462,900	9	0.35%
Individual Taxpayer #7	811,300	10	0.28%	424,600	10	0.32%
Westbrook Realty				969,000	1	0.73%
Terra Co., LLC				735,300	4	0.55%
Homestead Farm Assoc., LLC				671,900	5	0.51%
United Telephone Co. of NJ., Inc.				502,692	8	0.38%
Total	\$ 21,498,800		7.40%	\$ 6,559,992		4.94%

Source: District CAFR & Municipal Tax Assessor

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

Exhibit J-8

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Jersey Central Power and Light Co.	\$ 996,100	1	0.63%			
Public Service Gas and Electric	996,100	2	0.63%			
Individual Taxpayer #1	706,300	3	0.45%	\$ 834,000	2	0.86%
Individual Taxpayer #2	690,700	4	0.44%	740,300	3	0.77%
Jerome Goodman Revocable Trust	687,700	5	0.44%	643,900	4	0.67%
Individual Taxpayer #3	654,700	6	0.41%	604,400	6	0.63%
Individual Taxpayer #4	627,000	7	0.40%	585,900	7	0.61%
Individual Taxpayer #5	608,300	8	0.39%	536,500	8	0.56%
Individual Taxpayer #6	596,400	9	0.38%	524,800	9	0.54%
United Telephone Co. of NJ, Inc.	587,794	10	0.37%	608,310	10	0.54%
Little Hill Foundation				2,406,100	1	2.49%
Total	\$ 7,151,094		4.53%	\$ 7,484,210		7.67%

Source: District CAFR & Municipal Tax Assessor

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

Exhibit J-8

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
TA Operating Corporation	\$ 3,752,200	1	1.23%	\$ 3,562,300	1	2.19%
Gary Gray	1,620,500	2	0.53%			
Taylor Family Limited Partnership	1,450,000	3	0.48%	601,900	6	0.37%
Columbia Associates	1,124,500	4	0.37%			
Triple Brook RV & Camping Resort, LLC	986,800	5	0.32%			
Embarq	925,021	6	0.30%			
Delaware River Family Campground	794,700	7	0.26%	775,000	3	0.61%
Individual Taxpayer #1	787,000	8	0.26%	1,000,000	2	0.61%
Individual Taxpayer #2	774,400	9	0.25%	719,000	4	0.44%
Individual Taxpayer #2	680,300	10	0.22%			
Northwest Farming, Inc.				481,600	7	0.30%
Individual Taxpayer #4				451,100	8	0.28%
Individual Taxpayer #5				442,500	9	0.27%
K.A.K.S.				437,700	10	0.27%
Total	<u>\$ 12,895,421</u>		<u>4.23%</u>	<u>\$ 8,471,100</u>		<u>5.34%</u>

Source: District CAFR & Municipal Tax Assessor

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

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$9,785,766	\$9,785,766	100.00%	-
2009	\$9,785,083	\$9,785,083	100.00%	-
2010	\$9,980,786	\$9,980,786	100.00%	-
2011	\$10,267,275	\$10,267,275	100.00%	-
2012	\$10,117,743	\$10,117,743	100.00%	-
2013	\$10,117,743	\$10,117,743	100.00%	-
2014	\$10,623,032	\$10,623,032	100.00%	-
2015	\$10,755,574	\$10,755,574	100.00%	-
2016	\$11,317,236	\$11,317,236	100.00%	-
2017	\$11,654,305	\$11,654,305	100.00%	-

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

Note:

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

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

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2008	\$ 345,000	-	-	-	-0-	\$ 345,000	0.06%	\$26.75	
2009	\$ 235,000	-	\$ 1,274,333	\$ 656,250	-0-	\$ 2,165,583	0.39%	\$167.51	
2010	\$ 120,000	-	\$ 816,794	\$ 400,000	-0-	\$ 1,336,794	0.23%	\$103.64	
2011	-	-	\$ 344,616	\$ 200,000	-0-	\$ 544,616	0.09%	\$42.33	
2012	-	-	\$ 52,423	-	-0-	\$ 52,423	0.01%	\$4.10	
2013	-	-	\$ 584,106	-	-0-	\$ 584,106	0.09%	\$46.15	
2014	-	-	\$ 426,925	-	-0-	\$ 426,925	0.07%	\$33.73	
2015	-	-	\$ 280,360	-	-0-	\$ 280,360	0.05%	\$22.15	
2016	-	-	\$ 143,646	-	-0-	\$ 143,646	0.02%	\$2.82	*
2017	-	-	\$ 7,111	-	-0-	\$ 7,111	0.00%	\$0.14	*

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

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

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

b Includes Early Retirement Incentive Plan (ERIP) refunding

* Current data unavailable

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2008	\$ 345,000	-0-	\$ 345,000	0.04%	\$ 58
2009	\$ 235,000	-0-	\$ 235,000	0.03%	\$ 40
2010	\$ 120,000	-0-	\$ 120,000	0.01%	\$ 20
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A
2013	-0-	-0-	-0-	N/A	N/A
2014	-0-	-0-	-0-	N/A	N/A
2015	-0-	-0-	-0-	N/A	N/A
2016	-0-	-0-	-0-	N/A	N/A
2017	-0-	-0-	-0-	N/A	N/A

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

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

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

R Revised

* Current data unavailable

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 345,000	-0-	\$ 345,000	0.13%	\$ 159
2008	\$ 235,000	-0-	\$ 235,000	0.08%	\$ 107
2009	\$ 120,000	-0-	\$ 120,000	0.04%	\$ 54
2010	-0-	-0-	-0-	N/A	N/A
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A
2013	-0-	-0-	-0-	N/A	N/A
2014	-0-	-0-	-0-	N/A	N/A
2016	-0-	-0-	-0-	N/A	N/A
2017	-0-	-0-	-0-	N/A	N/A

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

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 345,000	-0-	\$ 345,000	0.22%	\$ 215
2008	\$ 235,000	-0-	\$ 235,000	0.15%	\$ 146
2009	\$ 120,000	-0-	\$ 120,000	0.08%	\$ 74
2010	-0-	-0-	-0-	N/A	N/A
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A
2013	-0-	-0-	-0-	N/A	N/A
2014	-0-	-0-	-0-	N/A	N/A
2016	-0-	-0-	-0-	N/A	N/A
2017	-0-	-0-	-0-	N/A	N/A

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

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

Exhibit J-11

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	\$ 345,000	-0-	\$ 345,000	0.14%	\$ 110
2008	\$ 235,000	-0-	\$ 235,000	0.09%	\$ 75
2009	\$ 120,000	-0-	\$ 120,000	0.05%	\$ 38
2010	-0-	-0-	-0-	N/A	N/A
2011	-0-	-0-	-0-	N/A	N/A
2012	-0-	-0-	-0-	N/A	N/A
2013	-0-	-0-	-0-	N/A	N/A
2014	-0-	-0-	-0-	N/A	N/A
2016	-0-	-0-	-0-	N/A	N/A
2017	-0-	-0-	-0-	N/A	N/A

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

**North Warren Regional School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2017**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Constituent Townships	\$ 6,646,042	100%	\$ 6,646,042
Other debt			
Warren County	3,435,000	13.83%	<u>475,111</u>
Subtotal, overlapping debt			7,121,153
North Warren Regional School District Direct Debt	-	100%	<u>-</u>
Total direct and overlapping debt			<u><u>\$ 7,121,153</u></u>

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

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

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

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

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2017

	Equalized valuation basis
	2014 \$ 1,493,258,124
	2015 1,481,692,759
	2016 1,477,153,611
	[A] <u>\$ 4,452,104,494</u>
Average equalized valuation of taxable property	[A/3] \$ 1,484,034,831
Debt limit (3 % of average equalization value)	[B] 44,521,045
Net bonded school debt	[C] -
Legal debt margin	[B-C] <u>\$ 44,521,045</u>

	Fiscal Year									
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Debt limit	\$53,061,639	\$56,256,181	\$56,970,195	\$55,398,387	\$52,975,509	\$50,239,027	\$47,543,833	\$45,748,349	\$44,689,114	\$44,521,045
Total net debt applicable to limit	<u>345,000</u>	<u>891,250</u>	<u>520,000</u>	<u>200,000</u>	-	-	-	-	-	-
Legal debt margin	<u>\$52,716,639</u>	<u>\$55,364,931</u>	<u>\$56,450,195</u>	<u>\$55,198,387</u>	<u>\$52,975,509</u>	<u>\$50,239,027</u>	<u>\$47,543,833</u>	<u>\$45,748,349</u>	<u>\$44,689,114</u>	<u>\$44,521,045</u>
Total net debt applicable to the limit as a percentage of debt limit	0.65%	1.58%	0.91%	0.36%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2008	12,893	\$ 565,448,301	\$43,857 R	5.6%
2009	12,895	\$ 550,526,235	\$42,693 R	9.6%
2010	12,928	\$ 558,321,536	\$43,187 R	9.9%
2011	12,898	\$ 579,339,466	\$44,917 R	9.1%
2012	12,866	\$ 594,048,952	\$46,172 R	8.9%
2013	12,775	\$ 593,973,625	\$46,495 R	6.6%
2014	12,658	\$ 615,748,410	\$48,645 R	5.9%
2015	12,657	\$ 615,699,765 *	\$50,902 R	5.1%
2016	12,658	\$ 615,748,410 *	\$50,902 *	4.5%
2017	12,618	\$ 642,281,436 *	\$50,902 *	*

Source:

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

^b Personal income provided by US Dept Commerce

^c Per Capita provided by NJ Dept of Labor

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

R Revised

P Projected

* Current data unavailable

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

Exhibit J-15

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank (Optional)</u>	<u>Percentage of Total Employment</u>
Blair Academy	150	1	N/A	-	N/A	
Gary W/ Gray Trucking	150	2		-		
A & P Food Store-Blairstown	100	3		-		
		4		-		
		5		-		
		6		-		
		7		-		
		8		-		
		9		-		
		10		-		
	<u>400</u>			<u>-</u>		

Source: Warren County Chamber of Commerce

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

Exhibit J-16

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Regular	70.2	70.2	71.0	71.0	73.5	73.0	71.0	70.2	60.0	60.2
Special education	15.0	15.0	15.0	15.0	15.0	15.0	17.0	15.0	13.0	13.0
Other special education	4.0	4.0	4.0	4.0	4.0	10.0	10.0	10.0	8.0	8.0
Support Services:										
Student & instruction related services	18.4	18.4	19.0	19.0	22.0	22.0	22.0	21.0	20.4	20.8
General administrative services	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2.0	1.5	1.5
School administrative services	9.0	9.0	9.0	7.0	7.0	7.0	7.0	7.0	7.0	6.8
Business administrative services	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.5
Plant operations and maintenance	11.0	11.0	10.0	10.0	10.0	9.0	9.0	9.0	8.0	8.0
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	<u>132.7</u>	<u>132.7</u>	<u>133.1</u>	<u>131.0</u>	<u>136.5</u>	<u>141.0</u>	<u>141.0</u>	<u>137.2</u>	<u>120.4</u>	<u>120.8</u>

Source: District Personnel Records

North Warren Regional School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio	Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
2008	1,112	16,054,490	14,437	5.66%	99	11.2:1	1,097.2	1,023.2	0.90%	93.3%
2009	1,122	16,284,758	14,514	0.53%	100	11.2:1	1,112.6	1,037.5	1.40%	93.3%
2010	1,104	16,312,632	14,776	1.80%	100	11.0:1	1,103.0	1,028.7	-0.86%	93.3%
2011	1,086	16,180,009	14,899	0.83%	100	10.5:1	1,051.6	988.0	-4.66%	94.0%
2012	1,031	16,705,227	16,203	8.75%	105	9.9:1	995.2	943.6	-5.36%	94.8%
2013	1,029	17,169,651	16,686	2.98%	106.0	9.7:1	993.9	938.4	-0.13%	94.4%
2014	992	17,520,072	17,661	5.85%	106.0	9.4:1	963.8	911.3	-3.03%	94.6%
2015	946	18,068,793	19,100	8.15%	107.0	8.8:1	916.8	873.8	-4.87%	95.3%
2016	925	17,953,783	19,409	1.62%	101.4	9.1:1	884.1	839.6	-3.57%	95.0%
2017	911	18,449,623	20,252	4.34%	102.0	8.9:1	873.7	825.3	-1.18%	94.5%

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

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS)

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

Exhibit J-18

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>District Building</u>										
<u>High School</u>										
Square Feet	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Capacity (Students)	960	960	960	960	960	960	960	960	960	960
Enrollment	1,094	1,122	1,104	1,086	1,031	1,029	992	946	925	911

Number of Schools at June 30, 2017
High School = 1

Source: District records, ASSA

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

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

NORTH WARREN REGIONAL SCHOOL DISTRICT
 GENERAL FUND
SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
Last Ten Fiscal Years Ending June 30, 2017

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>Total</u>
North Warren Regional School		\$ 308,975	\$ 432,809	\$ 294,644	\$ 337,089	\$ 258,946	\$ 225,397	\$ 471,136	\$ 317,468	\$ 241,595	\$ 310,157	\$ 3,198,216
Total School Facilities		308,975	432,809	294,644	337,089	258,946	225,397	471,136	317,468	241,595	310,157	3,198,216
Other Facilities		<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>	<u>NONE</u>
Grand Total		<u>\$ 308,975</u>	<u>\$ 432,809</u>	<u>\$ 294,644</u>	<u>\$ 337,089</u>	<u>\$ 258,946</u>	<u>\$ 225,397</u>	<u>\$ 471,136</u>	<u>\$ 317,468</u>	<u>\$ 241,595</u>	<u>\$ 310,157</u>	<u>\$ 3,198,216</u>

NORTH WARREN REGIONAL SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2017

UNAUDITED

Exhibit J-20

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

SOURCE: District Records

Single Audit Section



ARDITO & Co., LLP

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

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Warren Regional School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the North Warren Regional School District Board of Education's basic financial statements, and have issued our report thereon dated August 31, 2017.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

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

Purpose of this Report

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

Ardito & Co., LLP

ARDITO & CO., LLP
August 31, 2017

Anthony Ardito

Licensed Public School Accountant No.2369



ARDITO & Co., LLP

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the North Warren Regional School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2017. The North Warren Regional School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

-Continued-

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

Opinion on Each Major state Program

In our opinion, the North Warren Regional School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

ARDITO & Co., LLP

ARDITO & CO., LLP
August 31, 2017

Carmen Corder

Licensed Public School Accountant No.2369

NORTH WARREN REGIONAL SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2017

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2016	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2017			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE/ INTERFUND PAYABLE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPEND.	
State Department of Education:													*		
General Fund:													*		
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 4,073,680			\$ 4,073,680	\$ (4,073,680)						\$	382,972	\$ 4,073,680
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	129,381			129,381	(129,381)						*	12,163	129,381
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	607,635			607,635	(607,635)						*	57,125	607,635
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	79,019			79,019	(79,019)						*	7,429	79,019
Adjustment Aid	17-495-034-5120-085	7/1/16-6/30/17	66,201			66,201	(66,201)						*	6,224	66,201
School Choice Aid	17-495-034-5120-068	7/1/16-6/30/17	30,165			30,165	(30,165)						*	2,836	30,165
PARCC Readiness Aid	17-495-034-5120-098	7/1/16-6/30/17	9,650			9,650	(9,650)						*	907	9,650
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	9,650			9,650	(9,650)						*	907	9,650
Prof. Learning Comm Aid	17-495-034-5120-101	7/1/16-6/30/17	8,960			8,960	(8,960)						*	842	8,960
Extra-Ordinary Aid	17-495-034-5120-044	7/1/16-6/30/17	181,248				(181,248)			\$ (181,248)			*		181,248
Extra-Ordinary Aid	16-495-034-5120-044	7/1/15-6/30/16	184,218	\$ (184,219)		184,219							*		184,218
Non-Public Transportation Aid	17-100-034-5120-068	7/1/16-6/30/17	7,830				(7,830)			(7,830)			*		7,830
Non-Public Transportation Aid	16-100-034-5120-068	7/1/15-6/30/16	9,517	(9,517)		9,517							*		9,517
On-behalf TPAF Pension	17-495-034-5094-002	7/1/16-6/30/17	814,510			814,510	(814,510)						*		814,510
On-behalf TPAF Pension PMR	17-495-034-5094-001	7/1/16-6/30/17	678,673			678,673	(678,673)						*		678,673
On-Behalf TPAF Pension LTD Ins	17-495-034-5094-004	7/1/16-6/30/17	2,108			2,108	(2,108)						*		2,108
Reimb.TPAF Soc.Sec.Contrib.	17-495-034-5094-003	7/1/16-6/30/17	430,803			325,210	(430,803)			(105,593)			*		430,803
Total General Fund				(193,736)		7,028,578	(7,129,513)						*	471,405	7,323,248
State Department of Agriculture:													*		
Enterprise Fund:													*		
Nat. School Lunch Prog. (State Share)	17-100-010-3350-023	7/1/16-6/30/17	1,810			1,735	(1,810)			(75)			*		1,810
Nat. School Lunch Prog. (State Share)	16-100-010-3350-023	7/1/15-6/30/16	1,661	(283)		283							*		1,661
Total Enterprise Fund				(283)		2,018	(1,810)			(75)			*		3,471
Total State Financial Assistance				\$ (194,019)		\$ 7,030,596	\$ (7,131,323)			\$ (294,746)			*	\$ 471,405	\$ 7,326,719
Less: On-behalf TPAF Pension Amounts														1,495,291	
Total State Expenditures Subject to Major Program Determination														\$ (5,636,032)	

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2017

NOTE 1. GENERAL

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

NOTE 2. BASIS OF ACCOUNTING

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

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$10,474 for the general fund and \$-0- for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
 JUNE 30, 2017

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	-	\$ 7,139,987	\$ 7,139,987
Special Revenue Fund	\$ 326,453	-	326,453
Food Service Fund	<u>63,324</u>	<u>1,810</u>	<u>65,134</u>
Total Financial Assistance	<u>\$ 389,777</u>	<u>\$ 7,141,797</u>	<u>\$ 7,531,574</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2017. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2017.

NORTH WARREN REGIONAL
SCHOOL DISTRICT

K-6

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___ Yes x No

2) Were significant deficiencies identified
that were not considered to be material
weaknesses? ___ Yes
x None

Reported

Noncompliance material to financial
statements noted? ___ Yes x No

Federal Awards

N/A

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

2) Were significant deficiencies identified
that were not considered to be material
weaknesses? ___ Yes
___ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR 200 section .516(a) of ? ___ Yes ___ No

Identification of major programs:

CFDA Number(s) **FEIN Number(s)** **Name of Federal Program or Cluster**

N/A _____ _____

Dollar threshold used to distinguish between Type A and
Type B programs: N/A

Auditee qualified as low-risk auditee? ___ yes ___ no

NORTH WARREN REGIONAL
SCHOOL DISTRICT

K-6

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x yes no

Internal Control over major programs:

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

2) Were significant deficiencies identified
that were not considered to be material
weaknesses? yes x none

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

Any audit findings disclosed that are
required to be reported in accordance with
NJ OMB Circular letter 15-08 as applicable? yes x no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

17-495-034-5120-078

Equilization Aid

17-495-034-5094-003

TPAF On-behalf Social Security Tax

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Section II-Financial Statement Findings

N/A

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

Section III - State Financial Assistance Findings and Questioned Costs

N/A

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATUS OF PRIOR YEAR FINDINGS

N/A

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