

**SCHOOL DISTRICT OF  
WARREN HILLS REGIONAL**

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

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

**Comprehensive Annual  
Financial Report**

**of the**

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

**Washington, New Jersey**

**For the Fiscal Year Ended June 30, 2017**

**Prepared by**

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

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INTRODUCTORY SECTION

# WARREN HILLS REGIONAL SCHOOL DISTRICT

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Washington, New Jersey 07882

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Earl C. Clymer III  
Superintendent of Schools

Estrella M. Molinet  
Business Administrator

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November 7, 2017

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

Dear Board Members:

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

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to this single audit, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and questioned costs, are included in the single audit section of this report.

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

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

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**2) ECONOMIC CONDITION AND OUTLOOK:** During the 2016-17 school year, we were able to maintain the economic condition of the District. Taxpayers benefit by the fact that our budget can only increase by the maximum allowable percent permitted by the state. Because these increases are at or below the cost of living and state aid increases are comparable, each year we are in a position whereby we must continue to find ways to make the revenue we currently have go further. Since our major expenditures are fixed costs such as salaries and health benefits, and health benefits increases are beyond the cost of living, we are forced to reach into the budget and cut other items. These cuts typically affect our program negatively.

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

**3) MAJOR INITIATIVES AND ACCOMPLISHMENTS:** One of the largest initiatives of the 2016-2017 school year was the district administrators' and teachers' Phase I of establishing Professional Learning Communities (PLC's) within departments, along with creating a PLC Core Team. Several different stakeholders of the PLC Core Team traveled to Phoenix, Arizona for a *PLC Summit* sponsored by Solution Tree wherein they networked with national and international attendees regarding the many facets of PLC's. The PLC Core Team presented to the faculty at large, along with sharing the professional learning resources, such as the *Global PD Library*.

Both the middle school and the high school utilized three after school meetings per month for departmental PLC teams to establish norms, unpack essential curriculum standards, and to plan the development of a common assessment. Additionally, with the district shifting its Student Information System (SIS) to *Genesis*, many professional development sessions were dedicated to learning the features of this new technology tool.

Other professional learning sessions included *IEP Direct*, CPR Certification, mandated Safe Schools trainings, technology in the classroom, and specialized workshops revolving around data analysis for PARCC results and evidence statements, along with the creation of a Math Action Plan to target improvement in mathematical instruction. The district supported additional workshops that were content specific, also, be it the Basic Self-Defense Program's teacher re-certification, ELL workshops, and Apps to use in the math classroom, for example.

Of notable distinction was the middle school's adopted gifted and talented program model, the *Schoolwide Enrichment Model (SEM)* by Renzulli. The budget supported many enrichment opportunities for students, be it the Veterans' Day assembly, the Martin's Guitar trip, or the sponsorship of a national gifted and talented presenter from the University of Connecticut for a faculty professional development session and for a gifted and talented parent night. As a framework for learning extensions, an English Language Arts (ELA) Enrichment Pilot Cluster was developed in order to integrate more self-directed inquiry learning for all students and two professional development sessions were offered to establish this new enrichment group.

As for the *Five-Year Curriculum Renewal Plan 2016-2021*, the district continued its fiscal commitment to curricula review. In general, the renewal plan describes the district's policies that relate to the curriculum content, development, course adoption, course guides, and textbook adoption; describes the five phases of the curriculum renewal process; delineates a specific action plan; provides a Curricula Master Plan 2016-2021 by departments and by courses; and explains the tools in ATLAS [the online curriculum mapping software management system] and their utilization in the curriculum revision process. As a result of the plan, by June 2017, teachers, administrators, and board of education members reviewed and approved new textbooks for several courses for the upcoming 2017-2018 school year. Many of the new materials included online editions, along with ancillary materials for teachers and students. Additionally, the budget supported curricular revisions for these twenty-seven courses with many teachers collaborating on several content area curricula development.

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During the 2016-2017 school year, our district conducted a total of sixteen articulation meetings with our sending districts in the subjects of Fine Arts, Health & Physical Education, Language Arts Literacy/English, Mathematics, Science, Social Studies, World Languages/ESL, along with meetings regarding effective use of educational technology.

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

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

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

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

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

As for the district's strategic planning model, Excellence by Design Committees continued to develop several EBD proposals, and these were shared as suggestions to improve student achievement, communication, 21<sup>st</sup> century, and/or technology. Internal coordinators at both our middle school and our high school were the facilitators of the process.

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In the area of technology, we transitioned to a new student management system *Genesis* and faculty utilize web pages to communicate specific assignments, resources, and study guides, along with teachers having more access to more interactive white boards in the classrooms. During the school year, several teachers continued to investigate and integrate computer-based skills needed for the upcoming PARCC assessments, and the district was researching the feasibility of a 1:1 initiative for the middle school.

As for the district's Advanced Placement courses, Warren Hills offered 15 Advanced Placements (AP) courses, more than any other high school in Warren County. The Director of Curriculum and Instruction created an AP PLC, along with the establishment of an action plan, to enhance student achievement. Professional development included learning a new AP resource, *Albert.io*, wherein AP teachers assigned levels of difficulty and simulated AP questions. If a student missed a question, this resource identified why each selection was wrong and why the one selected was the best answer.

At every Board of Education meeting during the Superintendent's Report, Superintendent Earl C. Clymer, III presented the "Good News" that summarizes the major accomplishments of students and staff. Afterwards, the report is posted on the district's website, [www.warrenhills.org](http://www.warrenhills.org), wherein the school community and the public can review the achievements in all areas, be it music, athletics, computer science, FFA, theater, film, debate, literacy, and more. [Please refer to the Superintendent's Report for a more thorough overview.]

In summary, at the Warren Hills Regional School District, the teachers are talented, the students excel, and the programs are exemplary.

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

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

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

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

**5) BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by a vote of the Board of Education. 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.

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

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

7) CASH MANAGEMENT: The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Basic Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

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

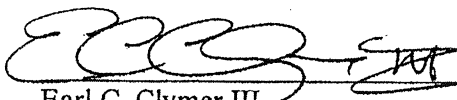
The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members.

9) OTHER INFORMATION:

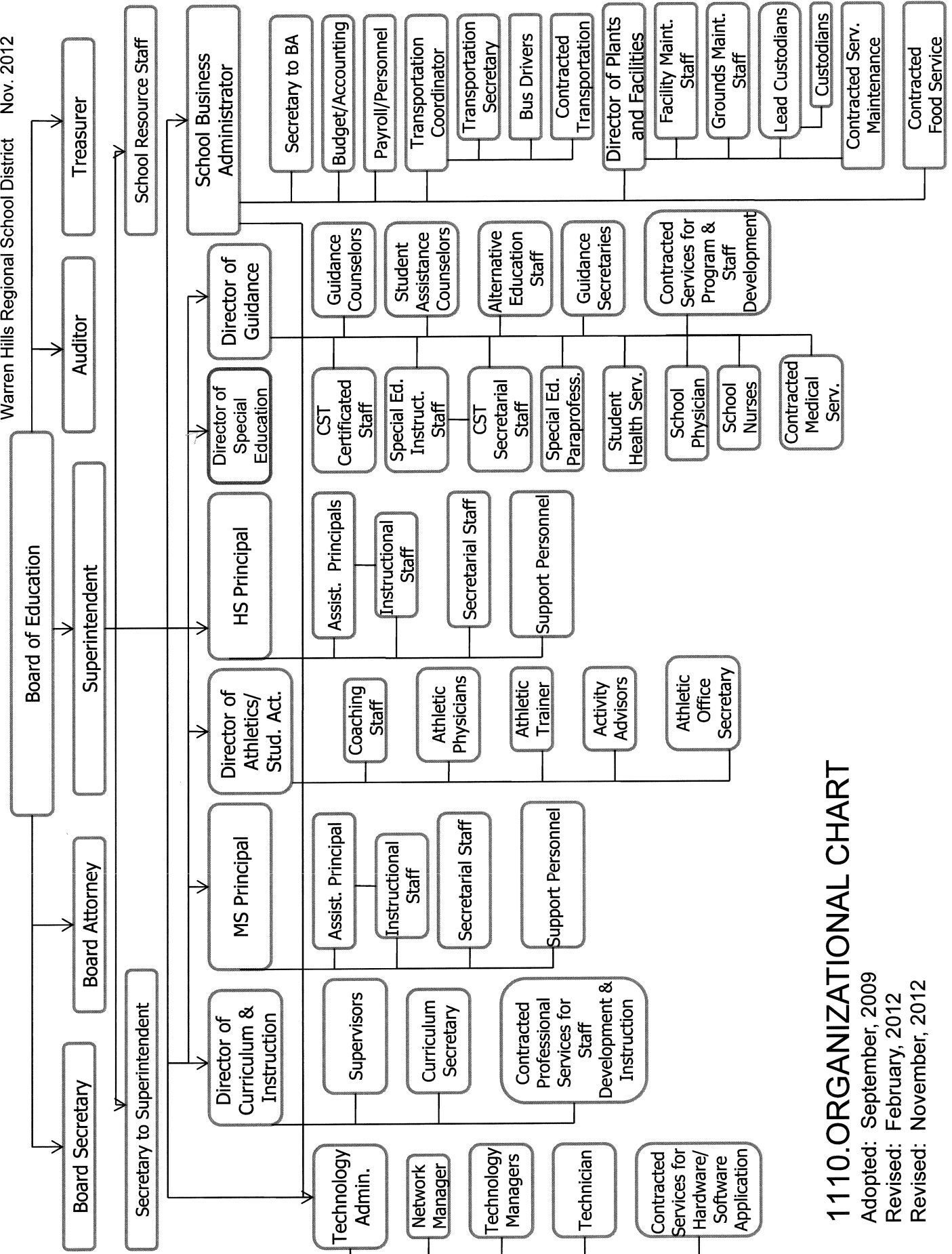
Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP, CPAs, was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors' report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors' reports related specifically to the single audit and *Government Auditing Standards* are included in the single audit section of this report.

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

Respectfully submitted,

  
Earl C. Clymer III  
Superintendent

  
Estrella Molinet  
Business Administrator/Board Secretary



# 1110.ORGANIZATIONAL CHART

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



**WARREN HILLS REGIONAL SCHOOL DISTRICT  
 ROSTER OF OFFICIALS  
 JUNE 30, 2017**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lisa Marshall, President	2017
Kathleen M. Halpin, Vice President	2017
Daniel Brundage ( to 8/30/16)	2018
Linda Feller	2019
Donna Golda (to 12/31/16)	2016
Christopher Hamler	2017
Richard Havrisko	2017
Patrick O'Malley (to 5/2/17)	2019
Richard Young	2018
Paula Merrill (from 1/1/17)	2019
Jennifer Knittel (from 10/4/16)	2018
Joseph Bodenschatz (from 6/20/17)	2017

Other Officers

Earl C. Clymer III, Superintendent  
 Estrella Molinet, Board Secretary/School Business Administrator  
 James Miller, Treasurer (to 8/26/16)  
 Judith Favino, Treasurer (from 9/26/16)

**WARREN HILLS REGIONAL SCHOOL DISTRICT**

**Consultants and Advisors**

**June 30, 2017**

**Audit Firm**

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Mount Arlington Corporate Center  
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Whippany, NJ 07981

**Official Depositories**

PNC Bank  
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Washington, NJ 07882

Investors Savings Bank  
388 State Route 57  
Washington, NJ 07882

FINANCIAL SECTION

## Independent Auditors' Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren Hills Regional School District (the "District") in the County of Warren, as of and for the fiscal year ended June 30, 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.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension schedules in Exhibits L-1 through L-4 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary schedules such as the combining and individual non-major fund financial statements and the schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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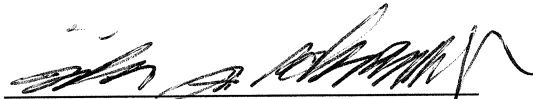
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

November 7, 2017  
Mount Arlington, NJ

NISIVOCCIA LLP



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

REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2017  
(Unaudited)**

This section of Warren Hills Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2017. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

**Financial Highlights**

- The District's financial status declined on a District-wide basis by \$639,537.
- Overall revenue was \$47.49 million.
- Overall expense was \$48.13 million.
- Enrollment in the District declined during the fiscal year while cost per pupil increased.

**Overview of the Financial Statements**

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

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

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

**Figure A-1**

**Organization of the School District's Financial Report**

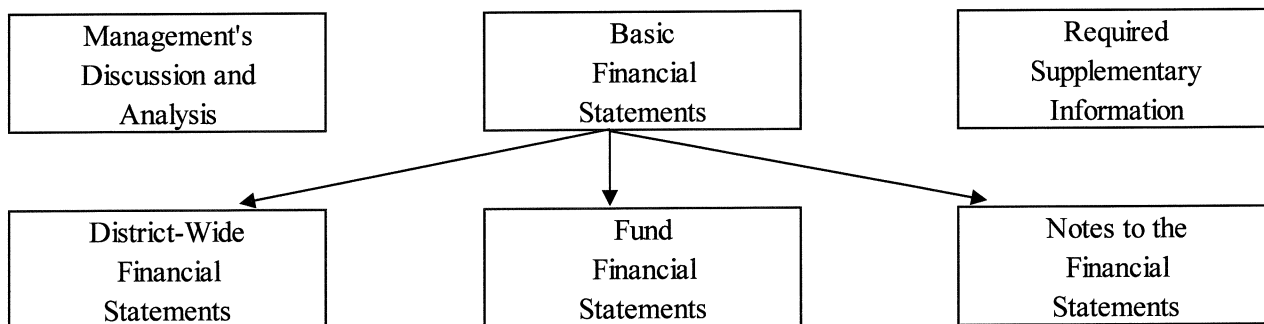


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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



**Figure A-2**

***Major Features of the District-Wide and Fund Financial Statements***

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

## ***District-wide Statements***

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

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

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

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

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

## ***Fund Financial Statements***

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

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

The District has three kinds of funds:

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

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

**Financial Analysis of the District as a Whole**

*Net Position.* The net position from governmental activities decreased by \$635,804 and the net position from business-type activities decreased by \$3,733. Total combined net investment in capital assets increased by \$1,523,605, restricted net position decreased by \$3,934,787, and unrestricted net position increased by \$1,771,645.

**Figure A-3**

**Condensed Statement of Net Position**

	Government Activities		Business-Type Activities		Total School District		Percentage
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	Change 2016/17
Current and							
Other Assets	\$ 10,705,218	\$ 9,366,823	\$ 175,251	\$ 187,053	\$ 10,880,469	\$ 9,553,876	-12.19%
Capital Assets, Net	48,218,721	48,913,119	207,992	188,880	48,426,713	49,101,999	1.39%
Total Assets	<u>58,923,939</u>	<u>58,279,942</u>	<u>383,243</u>	<u>375,933</u>	<u>59,307,182</u>	<u>58,655,875</u>	-1.10%
Deferred Outflows of Resources	1,841,147	4,211,027			1,841,147	4,211,027	128.72%
Other Liabilities	676,496	782,751	25,195	21,618	701,691	804,369	14.63%
Long-Term Liabilities	30,481,908	32,908,259			30,481,908	32,908,259	7.96%
Total Liabilities	<u>31,158,404</u>	<u>33,691,010</u>	<u>25,195</u>	<u>21,618</u>	<u>31,183,599</u>	<u>33,712,628</u>	8.11%
Deferred Inflows of Resources	295,146	124,227			295,146	124,227	-57.91%
Net Position:							
Net Investment in Capital Assets	28,369,778	29,912,495	207,992	188,880	28,577,770	30,101,375	5.33%
Restricted	9,918,463	5,983,676			9,918,463	5,983,676	-39.67%
Unrestricted/(Deficit)	(8,976,705)	(7,220,439)	150,056	165,435	(8,826,649)	(7,055,004)	20.07%
Total Net Position	<u>\$ 29,311,536</u>	<u>\$ 28,675,732</u>	<u>\$ 358,048</u>	<u>\$ 354,315</u>	<u>\$ 29,669,584</u>	<u>\$ 29,030,047</u>	-2.16%

*Changes in Net Position.* The District's combined net position was \$29,030,047 on June 30, 2017, \$639,537 or 2.16% less than it was the year before (see Figure A-4). The increase in net investment in capital assets is due to the maturity of \$1,365,000 of serial bonds payable, a paydown in capital lease principal of \$803,765 and \$2,860,418 in capital assets additions; offset by the issuance of \$1,320,446 in capital leases and \$2,185,132 in depreciation expense. The increase in unrestricted net position is due primarily to a decrease of \$165,648 in unamortized bond premium, an increase of \$2,607,456 of General Fund encumbrances at year end, an increase in investment gains in pensions of \$594,540, an increase in changes in pension assumptions of \$1,564,155 and an increase in changes in proportion in pensions of \$304,386; offset by an increase in net pension liability of \$3,431,851. The decrease in restricted net position is due to a decrease in Capital Reserve of \$2,466,744, a decrease of \$450,887 in Maintenance Reserve, a decrease in Emergency Reserve of \$168,975 and a decrease in current year excess surplus of \$856,811; offset by an increase in excess surplus designated for the subsequent year of \$8,630.

**Figure A-4**

**Changes in Net Position from Operating Results**

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	Change 2016/17
<b>Revenue:</b>							
<b>Program Revenue:</b>							
Charges for Services	\$ 1,845,927	\$ 1,752,657	\$ 333,333	\$ 337,333	\$ 2,179,260	\$ 2,089,990	-4.10%
Operating Grants and Contributions	9,461,362	12,349,618	169,880	169,184	9,631,242	12,518,802	29.98%
Capital Grants and Contributions		470,444				470,444	100.00%
<b>General Revenue:</b>							
Property Taxes	21,811,862	22,802,508			21,811,862	22,802,508	4.54%
State Formula Aid	9,380,077	9,461,106			9,380,077	9,461,106	0.86%
Other	88,840	143,315	512	840	89,352	144,155	61.33%
<b>Total Revenue</b>	<b>42,588,068</b>	<b>46,979,648</b>	<b>503,725</b>	<b>507,357</b>	<b>43,091,793</b>	<b>47,487,005</b>	<b>10.20%</b>
<b>Expenses:</b>							
Instruction	24,125,459	27,013,280			24,125,459	27,013,280	11.97%
Pupil and Instruction Services	7,409,818	7,820,917			7,409,818	7,820,917	5.55%
Administrative and Business	4,138,792	4,284,567			4,138,792	4,284,567	3.52%
Maintenance and Operations	3,583,254	3,831,444			3,583,254	3,831,444	6.93%
Transportation	2,416,108	2,134,332			2,416,108	2,134,332	-11.66%
Other	1,707,005	2,530,912	507,071	511,090	2,214,076	3,042,002	37.39%
<b>Total Expenses</b>	<b>43,380,436</b>	<b>47,615,452</b>	<b>507,071</b>	<b>511,090</b>	<b>43,887,507</b>	<b>48,126,542</b>	<b>9.66%</b>
<b>Increase/(Decrease) in Net Position</b>	<b>\$ (792,368)</b>	<b>\$ (635,804)</b>	<b>\$ (3,346)</b>	<b>\$ (3,733)</b>	<b>\$ (795,714)</b>	<b>\$ (639,537)</b>	<b>-19.63%</b>

*Revenue Sources.* The District’s total revenue for the 2016/2017 school year was \$47,487,005. (See Figure A-4). Property taxes accounted for approximately 48.02 percent of the total revenue. (See Figure A-5). Another 47.27 percent came from state formula aid and state and federal aid for specific programs and the remainder from charges for services, including tuition and other miscellaneous sources.

**Figure A-5**

**Sources of Revenue for Fiscal Year 2017**

	Amount	Percentage
<b>Sources of Income:</b>		
State Formula Aid	\$ 9,461,106	19.92%
Property Taxes	22,802,508	48.02%
Federal and State Categorical Grants	12,989,246	27.35%
Charges for Services	2,089,990	4.40%
Other	144,155	0.31%
	<b>\$ 47,487,005</b>	<b>100.00%</b>

The total cost of all programs and services was \$48,126,542. The District’s expenses are predominantly related to instructing, caring for (pupil services) and transporting students (76.82 percent). (See Figure A-6). The District’s administrative and business activities accounted for 8.90 percent of total costs. The most significant contributor to the costs of Maintenance and Operations was fuel costs. It is important to remember that depreciation is included in expenses for the year; expenses therefore include \$2,185,132 of depreciation expense.

**Figure A-6**

**Expenses for Fiscal Year 2017**

	<u>Amount</u>	<u>Percentage</u>
Expense Category:		
Instruction	\$ 27,013,280	56.13%
Pupil and Instruction Services	7,820,917	16.25%
Administrative and Business	4,284,567	8.90%
Maintenance and Operations	3,831,444	7.96%
Transportation	2,134,332	4.44%
Other	3,042,002	6.32%
	<u>\$ 48,126,542</u>	<u>100.00%</u>

***Governmental Activities***

The net position of the governmental activities decreased \$635,804 due to numerous factors. Net Investment in Capital Assets increased \$1,542,717 combining additions, depreciation expense, a decrease in serial bonds payable and an increase in capital leases payable. Restricted Net Position decreased by \$3,934,787 primarily due to a decrease in excess surplus of \$848,181, a budgeted withdrawal from Capital Reserve for \$1,388,000, a board approved transfer to Capital Outlay of \$2,416,775 from Capital Reserve and \$168,975 from Emergency Reserve and a board approved transfer to Required Maintenance of School Facilities of \$451,000 from Maintenance Reserve; offset by a board approved deposit of \$300,000 into the Capital Reserve, \$412,610 of unexpended project balances returned to Capital Reserve from the Capital Projects Fund and \$610,684 of unexpended project balances returned to Capital Reserve from Capital Outlay. Unrestricted Net Position increased by \$1,756,266 which is primarily due to the net effect of the elements described previously within the district wide net position section. But, as always, maintaining existing programs with stable pupil enrollment, providing a multitude of electives and new curricular offerings as well as special programs and services for disabled pupils place great demands on the District's resources. During the past few years, several veteran teachers have retired and have been replaced by teachers of less experience. Such changes have generated some salary savings, but these have been offset by the need to increase staff due to special education mandates and scheduling of classes as well as contracted salary increases.

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

- Contracting transportation services and increasing shared services with other districts.
- Applying for and receiving e-rate funds to offset the cost of internet and phone services.
- Receiving School Alliance Insurance Fund Safety Award incentive resulting in decreasing insurance rates.
- Contracting special education aides and transportation through Warren County Special Services District.
- Initiating new Special Education Program in lieu of out of district placement/ transportation.
- Sharing curriculum writing costs with constituent districts.
- Consolidating administrative responsibilities to reduce salary costs.
- Sharing costs of the new teacher and school leader evaluation system and required training with the constituent districts in our region.

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

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

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

**Figure A-7**

**Net Cost of Governmental Activities**

Expense Category:	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2015/16	2015/16	2016/17	2016/17
Instruction	\$ 24,125,459	\$ 14,609,110	\$ 27,013,280	\$ 15,154,848
Pupil and Instruction Services	7,409,818	6,640,333	7,820,917	6,871,952
Administrative and Business	4,138,792	3,511,257	4,284,567	3,420,391
Maintenance and Operations	3,583,254	3,583,254	3,831,444	3,361,000
Transportation	2,416,108	2,022,188	2,134,332	1,703,630
Other	1,707,005	1,707,005	2,530,912	2,530,912
	<u>\$ 43,380,436</u>	<u>\$ 32,073,147</u>	<u>\$ 47,615,452</u>	<u>\$ 33,042,733</u>

- The cost of all governmental activities this year was \$47.62 million.
- The federal and state governments subsidized certain programs with grants and contributions (\$12.82 million).
- Slightly more than half of the District’s costs (\$22.80 million) were financed by District taxpayers.
- A significant portion of governmental activities was financed with \$9.46 million in state and federal aid based on the SFRA formula.
- The remainder of the funding came from charges for services, including tuition and other (\$1.90 million).

***Business-Type Activities***

Net position from the District’s business-type activity decreased by \$3,733. (Refer to Figure A-4). The primary factor contributing to this result was the following:

- An increase in depreciation expense.

**Financial Analysis of the District’s Funds**

The District’s financial position declined due to difficult economic times and a decreases in tuition revenue. Special education costs continue to rise as we move to control outside placements as well as mandated services to in-house students.

A major concern for the community is that the burden of the rising cost of education is focused on taxpayers to support their local schools. Despite these concerns, the Warren Hills Regional Board of Education is committed to maintaining fiscal responsibility as well as achieving educational excellence for all the students of the District.

To maintain a stable financial position, the District must continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs and seeking additional sources of revenue.

## General Fund Budgetary Highlights

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

## Capital Asset and Long-Term Liabilities

Figure A-8

	Capital Assets (Net of Depreciation)						Percentage Change 2016/17
	Governmental Activities		Business-Type Activities		Total School District		
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	
Sites	\$ 443,166	\$ 443,166			\$ 443,166	\$ 443,166	0.00%
Site Improvements	697,115	884,495			697,115	884,495	26.88%
Construction in Progress	1,142,348				1,142,348		-100.00%
Buildings and Building Improvements	44,791,481	45,991,721			44,791,481	45,991,721	2.68%
Furniture, Machinery and Equipment	1,144,611	1,593,737	\$ 207,992	\$ 188,880	1,352,603	1,782,617	31.79%
Total Capital Assets (Net of Depreciation)	<u>\$ 48,218,721</u>	<u>\$ 48,913,119</u>	<u>\$ 207,992</u>	<u>\$ 188,880</u>	<u>\$ 48,426,713</u>	<u>\$ 49,101,999</u>	1.39%

During the fiscal year, the District acquired or constructed \$2,860,418 in capital additions from its governmental activities (which included security lease equipment and capital outlay expenses for high school and middle school toilet renovations, bleachers and partial roof replacements) and had \$2,185,132 in depreciation expense (\$2,166,020 from its governmental activities and \$19,112 from its business-type activities).

## Long-term Liabilities

At year-end, the District had \$17,494,000 in serial bonds. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-9

	Long-Term Liabilities		
	Total School District		Percentage Change 2016/17
	2015/16	2016/17	
Serial Bonds (Financed with Property Taxes)	\$ 18,859,000	\$ 17,494,000	-7.24%
Unamortized Bond Issuance Premium	1,822,128	1,656,480	-9.09%
Net Pension Liability	8,553,579	11,985,430	40.12%
Other Long Term Liabilities	1,247,201	1,772,349	42.11%
	<u>\$ 30,481,908</u>	<u>\$ 32,908,259</u>	7.96%

The District continued to pay down its debt, retiring \$1,365,000 of serial bonds.

- The District amortized \$165,648 of bond issuance premium related to its bonded debt.
- Compensated absences increased by a net amount of \$8,467.
- The District entered into three lease purchase agreements totaling \$1,320,446 for various vehicles, technology equipment and security upgrades and paid down \$803,765 in capital lease payable.
- Net pension liability increased by \$3,431,851.

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

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

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

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

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



**BASIC FINANCIAL STATEMENTS**

DISTRICT-WIDE FINANCIAL STATEMENTS

WARREN HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,099,941	\$ 174,020	\$ 4,273,961
Interfund Receivable - Student Activity Agency Fund	6,215		6,215
Tax Levy Receivable	1,410,285		1,410,285
Receivables from State Government	425,600	193	425,793
Receivables from Federal Government	52,160	6,274	58,434
Receivables from Other Governments	60,145		60,145
Other Receivables	2,572		2,572
Inventories		6,566	6,566
Restricted Assets:			
Capital Reserve Account - Cash and Cash Equivalents	2,841,361		2,841,361
Maintenance Reserve - Cash and Cash Equivalents	319,113		319,113
Emergency Reserve - Cash and Cash Equivalents	149,431		149,431
Capital Assets, Net:			
Sites (Land) and Construction in Progress	443,166		443,166
Depreciable Site Improvements, Buildings and Building Improvements and Furniture, Machinery and Equipment	48,469,953	188,880	48,658,833
Total Assets	<u>58,279,942</u>	<u>375,933</u>	<u>58,655,875</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Changes in Assumptions - Pensions	2,482,741		2,482,741
Changes in Proportion - Pensions	663,378		663,378
Difference Between Expected and Actual Experience - Pensions	222,893		222,893
Investment Gains - Pensions	457,015		457,015
District Contribution Subsequent to the Measurement Date - Pensions	385,000		385,000
Total Deferred Outflows of Resources	<u>4,211,027</u>		<u>4,211,027</u>
<u>LIABILITIES</u>			
Accrued Interest Payable	87,153		87,153
Accounts Payable	683,989	12,609	696,598
Payable to State Government	10,263		10,263
Unearned Revenue	1,346	9,009	10,355
Noncurrent Liabilities:			
Due Within One Year	2,488,579		2,488,579
Due Beyond One Year	30,419,680		30,419,680
Total Liabilities	<u>33,691,010</u>	<u>21,618</u>	<u>33,712,628</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Changes in Proportion - Pensions	124,227		124,227
Total Deferred Inflows of Resources	<u>124,227</u>		<u>124,227</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	29,912,495	188,880	30,101,375
Restricted for:			
Capital Projects	2,841,361		2,841,361
Debt Service	47,322		47,322
Maintenance Reserve	319,113		319,113
Emergency Reserve	149,431		149,431
Excess Surplus	2,626,449		2,626,449
Unrestricted/(Deficit)	(7,220,439)	165,435	(7,055,004)
Total Net Position	<u>\$ 28,675,732</u>	<u>\$ 354,315</u>	<u>\$ 29,030,047</u>

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
Instruction:							
Regular	\$ 19,221,023	\$ 1,335,945	\$ 6,779,373		\$ (11,105,705)		\$ (11,105,705)
Special Education	6,295,881	139,012	3,604,102		(2,552,767)		(2,552,767)
Other Special Instruction	1,394				(1,394)		(1,394)
Other Instruction	1,494,982				(1,494,982)		(1,494,982)
Support Services:							
Tuition	1,980,295				(1,980,295)		(1,980,295)
Student & Instruction Related Services	5,840,622		948,965		(4,891,657)		(4,891,657)
General Administrative Services	936,556		112,313		(824,243)		(824,243)
School Administrative Services	2,366,439		645,541		(1,720,898)		(1,720,898)
Central Services	612,895		106,322		(506,573)		(506,573)
Administrative Information Technology	368,677				(368,677)		(368,677)
Plant Operations and Maintenance	3,831,444			470,444	(3,361,000)		(3,361,000)
Pupil Transportation	2,134,332	277,700	153,002		(1,703,630)		(1,703,630)
Interest on Long-Term Debt	634,505				(634,505)		(634,505)
Unallocated Depreciation	1,896,407				(1,896,407)		(1,896,407)
Total Governmental Activities	47,615,452	1,752,657	12,349,618	470,444	(33,042,733)		(33,042,733)
Business-Type Activities:							
Food Service	511,090	337,333	169,184			\$ (4,573)	(4,573)
Total Business-Type Activities	511,090	337,333	169,184			(4,573)	(4,573)
Total Primary Government	\$ 48,126,542	\$ 2,089,990	\$ 12,518,802	\$ 470,444	(33,042,733)	(4,573)	(33,047,306)

WARREN HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 20,646,591		\$ 20,646,591
Taxes Levied for Debt Service	2,155,917		2,155,917
Federal and State Aid not Restricted	9,461,106		9,461,106
Investment Earnings	48,474	\$ 840	49,314
Miscellaneous Income	94,773		94,773
Transfers	<u>68</u>		<u>68</u>
Total General Revenue and Transfers	32,406,929	840	32,407,769
Change in Net Position	(635,804)	(3,733)	(639,537)
Net Position - Beginning	29,311,536	358,048	29,669,584
Net Position - Ending	<u>\$ 28,675,732</u>	<u>\$ 354,315</u>	<u>\$ 29,030,047</u>

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

FUND FINANCIAL STATEMENTS

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,052,619			\$ 47,322	\$ 4,099,941
Interfund Receivable	14,231				14,231
Tax Levy Receivable	1,410,285				1,410,285
Receivables From State Government	425,600				425,600
Receivables From Federal Government		\$ 52,160			52,160
Receivables From Other Governments	60,145				60,145
Other Receivables	2,572				2,572
Restricted Cash and Cash Equivalents	3,309,905				3,309,905
<b>Total Assets</b>	<u>\$ 9,275,357</u>	<u>\$ 52,160</u>	<u>\$ -0-</u>	<u>\$ 47,322</u>	<u>\$ 9,374,839</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Interfund Payable		\$ 8,016			\$ 8,016
Accounts Payable	\$ 266,454	32,535			298,989
Payable to State Government		10,263			10,263
Unearned Revenue		1,346			1,346
<b>Total Liabilities</b>	<u>266,454</u>	<u>52,160</u>			<u>318,614</u>
<b>Fund Balances:</b>					
<b>Restricted:</b>					
Capital Reserve	2,841,361				2,841,361
Maintenance Reserve	319,113				319,113
Emergency Reserve	149,431				149,431
Excess Surplus - 2018-2019	884,819				884,819
Excess Surplus - 2017-2018	1,741,630				1,741,630
Debt Service Fund				\$ 47,322	47,322
<b>Assigned:</b>					
For Subsequent Year's Expenditures	1,726				1,726
For Year-End Encumbrances	3,070,823				3,070,823
Unassigned/(Deficit)					
<b>Total Fund Balances</b>	<u>9,008,903</u>			<u>47,322</u>	<u>9,056,225</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 9,275,357</u>	<u>\$ 52,160</u>	<u>\$ -0-</u>	<u>\$ 47,322</u>	<u>\$ 9,374,839</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017

Amounts Reported for <i>Governmental Activities</i> in the Statement of Net Position (A-1) are Different Because:	
Total Fund Balances from previous page	\$ 9,056,225
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds. The Cost of the Assets is \$65,018,656 and the Accumulated Depreciation is \$16,105,537.	48,913,119
Bond Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold. The Amount is \$2,484,721 and the Accumulated Amortization is \$828,241.	(1,656,480)
Interest on Long-Term Debt is not Accrued in the Governmental Funds but Rather is Recognized as an Expenditure When Due.	(87,153)
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds	(19,266,349)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(11,985,430)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	2,482,741
Changes in Proportions - Pensions	663,378
Difference Between Expected and Actual Experience - Pensions	222,893
Investment Gains - Pensions	457,015
Changes in Proportions - Pensions	(124,227)
Net Position of Governmental Activities	<u>\$ 28,675,732</u>

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



WARREN HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 20,646,591			\$ 2,155,917	\$ 22,802,508
Tuition from Other LEAs	1,474,957				1,474,957
Transportation Fees from Other LEAs	277,700				277,700
Interest Earned on Capital Reserve Funds	14,737				14,737
Other Restricted Miscellaneous Revenue	10,931				10,931
Unrestricted Miscellaneous Revenue	117,579	\$ 773			118,352
Total - Local Sources	22,542,495	773		2,155,917	24,699,185
State Sources	14,746,205	4,605	\$ 470,444	17,092	15,238,346
Federal Sources	30,890	620,269			651,159
Total Revenues	37,319,590	625,647	470,444	2,173,009	40,588,690
EXPENDITURES:					
Current:					
Regular Instruction	10,334,515	120,243			10,454,758
Special Education Instruction	3,142,796	415,852			3,558,648
Other Special Instruction	1,394				1,394
School-Sponsored/Other Instruction	1,223,820				1,223,820
Support Services and Undistributed Costs:					
Tuition	1,980,295				1,980,295
Student and Other Instruction Related Services	3,983,327	89,552			4,072,879
General Administration Services	715,768				715,768
School Administration Services	1,264,949				1,264,949
Central Services	384,207				384,207
Administrative Information Technology	381,695				381,695
Plant Operations and Maintenance	3,343,597				3,343,597
Student Transportation	1,895,355				1,895,355
Unallocated Benefits	8,746,167				8,746,167
Debt Service:					
Principal				1,365,000	1,365,000
Interest and Other Charges				808,009	808,009
Capital Outlay	3,139,680				3,139,680
Total Expenditures	40,537,565	625,647		2,173,009	43,336,221
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(3,217,975)		470,444		(2,747,531)
OTHER FINANCING SOURCES/(USES):					
Capital Leases (Non-Budgeted)	1,320,446				1,320,446
Transfers	412,678		(412,610)		68
Total Other Financing Sources/Uses	1,733,124		(412,610)		1,320,514
Net Change in Fund Balances	(1,484,851)		57,834		(1,427,017)
Fund Balance/(Deficit) - July 1	10,493,754		(57,834)	47,322	10,483,242
Fund Balance - June 30	\$ 9,008,903	\$ -0-	\$ -0-	\$ 47,322	\$ 9,056,225

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ (1,427,017)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation and deleted assets, net of accumulated depreciation in the period.		
Depreciation expense	\$ (2,166,020)	
Capital outlays	<u>2,860,418</u>	694,398
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(8,467)
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)		
		165,648
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		7,856
Repayment of serial bonds payable is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		1,365,000
Leases entered into by the District are an other financing source in the Governmental Funds, but the acquisition increases Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		(1,320,446)
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		803,765
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability		(3,431,851)
Change in Deferred Outflows:		
Changes in Assumptions	1,564,155	
Changes in Proportion	304,386	
Difference Between Expected and Actual Experience - Pensions	18,835	
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	594,540	
Change in Deferred Inflows:		
Changes in Proportion	<u>33,394</u>	
Change in Net Position of Governmental Activities (A-2)		<u>\$ (635,804)</u>

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017

	Business-type Activities - Enterprise Funds <u>Food Service</u>
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 174,020
Intergovernmental Accounts Receivable:	
State	193
Federal	6,274
Inventories	<u>6,566</u>
Total Current Assets	<u>187,053</u>
Non-Current Assets:	
Capital Assets	454,082
Less: Accumulated Depreciation	<u>(265,202)</u>
Total Non-Current Assets	<u>188,880</u>
Total Assets	<u>375,933</u>
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	12,609
Unearned Revenue - Prepaid Sales	2,973
Unearned Revenue - Donated Commodities	<u>6,036</u>
Total Liabilities	<u>21,618</u>
<u>NET POSITION:</u>	
Investment in Capital Assets	188,880
Unrestricted	<u>165,435</u>
Total Net Position	<u><u>\$ 354,315</u></u>

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 195,577
Non-Reimbursable Programs	141,726
Miscellaneous Revenue	30
	337,333
Total Operating Revenue	337,333
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	182,151
Non-Reimbursable Programs	70,836
Salaries	164,950
Benefits and Payroll Taxes	41,148
Supplies, Insurance & Other Costs	19,018
Management Fee	13,875
Depreciation Expense	19,112
	511,090
Total Operating Expenses	511,090
Operating Loss	(173,757)
Non-Operating Income:	
Local Sources:	
Interest Income	840
State Sources:	
State School Lunch Program	4,508
Federal Sources:	
National School Lunch Program	144,079
School Breakfast Program	2,029
Food Distribution Program	18,568
	170,024
Total Non-Operating Income	170,024
Change in Net Position	(3,733)
Net Position - Beginning of Year	358,048
Net Position - End of Year	\$ 354,315

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 337,445
Payments to Food Service Contractor	(447,982)
Payments to Suppliers	(29,661)
	(140,198)
Net Cash Used for Operating Activities	
Cash Flows from Investing Activities:	
Interest Income	840
	840
Net Cash Provided by Investing Activities	
Cash Flows from Noncapital Financing Activities:	
State Sources	4,520
Federal Sources	146,519
	151,039
Net Cash Provided by Noncapital Financing Activities	
Net Increase in Cash and Cash Equivalents	11,681
Cash and Cash Equivalents, July 1	162,339
Cash and Cash Equivalents, June 30	\$ 174,020
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (173,757)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	19,112
Food Distribution Program	18,568
Changes in Assets and Liabilities:	
(Decrease) in Unearned Revenue	(628)
(Decrease) in Accounts Payable	(2,949)
Decrease in Accounts Receivable	112
(Increase) in Inventory	(636)
(Decrease) in Interfund Payable	(20)
	(140,198)
Net Cash Used for Operating Activities	\$ (140,198)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$17,516 and utilized U.S.D.A. Commodities valued at \$18,568.

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2017

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 247,443	\$ 143,486	\$ 11,401	\$ 4,458
Investments				372,393
Interfund Receivable - Payroll Agency		27,367	100	
Other Accounts Receivable			3,242	
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	247,443	170,853	14,743	376,851
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	49,086			
Due to Student Groups	170,890			
Interfund Payable				
General Fund			6,215	
Unemployment Compensation Trust	27,367			
Flexible Spending Trust	100			
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	247,443		6,215	
	<hr/>	<hr/>	<hr/>	<hr/>
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		170,853		
Flexible Spending Claims			8,528	
Restricted for Scholarships				376,851
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Position	\$ -0-	\$ 170,853	\$ 8,528	\$ 376,851
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 31,535	\$ 34,690	
Donations			\$ 950
Total Contributions	<u>31,535</u>	<u>34,690</u>	<u>950</u>
Investment Earnings:			
Interest			1,046
Net Investment Earnings			<u>1,046</u>
Total Additions	<u>31,535</u>	<u>34,690</u>	<u>1,996</u>
DEDUCTIONS:			
Unemployment Claims	66,773		
Flexible Spending Claims		33,598	
Scholarships Awarded			5,750
Total Deductions	<u>66,773</u>	<u>33,598</u>	<u>5,750</u>
Change in Net Position Before Other Item	(35,238)	1,092	(3,754)
OTHER ITEM:			
Transfer to General Fund		(68)	
Change in Net Position	(35,238)	1,024	(3,754)
Net Position - Beginning of the Year	<u>206,091</u>	<u>7,504</u>	<u>380,605</u>
Net Position - End of the Year	<u>\$ 170,853</u>	<u>\$ 8,528</u>	<u>\$ 376,851</u>

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3). The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements.



WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenue identifies the extent to which each government function or business segment is self-financing or draws from the general revenue of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expenses by board resolution.

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

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

B. Basis of Presentation (Cont'd)

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

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

Additionally, the District reports the following fund type:

Fiduciary Funds: The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, the Private Purpose Scholarships Trust, Flexible Spending Trust, the Payroll Agency Fund and the Unemployment Compensation Insurance Trust Fund.

C. Measurement Focus and Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	<u>Capital Projects Fund</u>	
	<u>Revenue</u>	<u>Fund Balance</u>
Revenue and Other Financing Sources / Committed Fund Balance	\$ -0-	\$ -0-
Reconciliation to Governmental Funds Statements (GAAP):		
SDA Revenue Recognized on a GAAP Basis	<u>470,444</u>	<u>                    </u>
Revenue and Other Financing Sources/Fund Balance per Governmental Funds (GAAP)	<u>\$ 470,444</u>	<u>\$ -0-</u>
	<u>General</u>	<u>Special</u>
	<u>Fund</u>	<u>Revenue</u>
		<u>Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 37,308,585	\$ 626,991
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not:		
Prior Year Encumbrances		2,204
Cancellation of Prior Year Encumbrances		(2,204)
Current Year Encumbrances		(1,344)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	999,869	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(988,864)</u>	<u>                    </u>
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 37,319,590</u>	<u>\$ 625,647</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	General Fund	Special Revenue Fund
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 40,537,565	\$ 626,991
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		2,204
Cancellation of Prior Year Encumbrances		(2,204)
Current Year Encumbrances		(1,344)
	\$ 40,537,565	\$ 625,647
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 40,537,565	\$ 625,647

E. Cash and Cash Equivalents and Investments

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

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

New Jersey school districts are limited as to the type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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

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

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenue. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenue/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

G. Allowance for Uncollectible Accounts:

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2017.

K. Capital Assets:

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

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

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

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year, therefore, there are no accrued salaries and wages as of June 30, 2017.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

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

N. Compensated Absences

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

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

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

O. Unearned Revenue

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

P. Fund Balance Appropriated

General Fund: Of the \$9,008,903 General Fund fund balance at June 30, 2017, \$2,841,361 is restricted in the capital reserve account; \$319,113 is restricted in the maintenance reserve account; \$149,431 is restricted in the emergency reserve account; \$2,626,449 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (the \$1,741,630 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018 and the current year excess surplus of \$884,819 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019); \$3,070,823 is assigned for year end encumbrances; \$1,726 of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2018, which is \$235,439 less than the budgetary assigned fund balance, on a GAAP basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2018; and \$-0- is unassigned, which is \$753,425 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2018.

Debt Service Fund: The \$47,322 fund balance in the Debt Service Fund at June 30, 2017 is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, c.73 (S1701), the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted above.



WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)

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

P. Fund Balance Appropriated (Cont'd)

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

Q. Deficit Net Position/Fund Balance

The District had a deficit in unrestricted net position from governmental activities in the amount of \$7,220,439. This is primarily due to \$3,070,823 of General Fund encumbrances at year end, changes in pension assumptions of \$2,482,741, changes in proportion in pensions of \$663,378 and the difference between expected and actual pension experience of \$222,893; offset by net pension liability of \$11,985,430 and \$1,656,480 in unamortized bond premium. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

R. Net Position

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources for changes in assumptions in pensions, changes in proportion in pensions, difference between expected and actual pension experience, net difference between projected and actual investment earnings on pension plan investments and the District contribution subsequent to the measurement date related to pensions at June 30, 2017. The District had deferred inflows of resources at June 30, 2017 for the changes in proportion in pensions.

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

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has \$-0- of committed resources at June 30, 2017 in the capital projects fund.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for subsequent year's expenditures in the General Fund at June 30, 2017.

T. Revenue - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

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.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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

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

U. Operating Revenue and Expenses

Operating revenue are those revenue that are generated directly from the primary activity of the Enterprise Fund. For the School District, these 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.

V. Management Estimates

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

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

Custodial Credit Risk – The District’s policy with respect to custodial credit risk requires that the District ensures that District funds are only deposited in financial institutions in which NJ school districts are permitted to invest their funds.

Deposits:

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

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Local Government Services in the Department of Community Affairs for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

Investments: (Cont'd)

- (7) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
  - (b) the custody of collateral is transferred to a third party;
  - (c) the maturity of the agreement is not more than 30 days;
  - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
  - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

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

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents			Investments	Total
		Capital Reserve	Maintenance Reserve	Emergency Reserve		
Checking and Savings Accounts	\$4,680,749	\$2,841,361	\$ 319,113	\$ 149,431		\$ 7,990,654
Certificates of Deposit					\$ 372,393	372,393
	<u>\$4,680,749</u>	<u>\$2,841,361</u>	<u>\$ 319,113</u>	<u>\$ 149,431</u>	<u>\$ 372,393</u>	<u>\$ 8,363,047</u>

During the period ended June 30, 2017, the District did not hold any investments other than certificate of deposits. The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2017, was \$8,363,047 and the bank balance was \$8,778,905.

NOTE 4. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the District by inclusion of \$500,000 in the original 1999-2000 annual budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the State Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line item appropriation amount or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 4. CAPITAL RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2016	\$ 5,308,105
Add:	
Interest Earnings	14,737
Transfer from Unassigned Fund Balance per Board Resolution - June 20, 2017	300,000
Unexpended Project Balance Returned from Capital Projects Fund	412,610
Unexpended Project Balance Returned from Capital Outlay	610,684
Less:	
Withdrawal - Capital Outlay per Board Resolutions	(2,416,775)
Budgeted Withdrawal	<u>(1,388,000)</u>
Ending Balance, June 30, 2017	<u>\$ 2,841,361</u>

The June 30, 2017 balance of local support costs of uncompleted capital projects in the District's LRFP exceeds the balance in the capital reserve account at June 30, 2017. The withdrawals from the capital reserve were for use in DOE approved facilities project consistent with the District's LRFP.

NOTE 5. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2017, the District transferred \$3,973,750 to the capital outlay accounts. Of the total, \$1,388,000 was a budgeted withdrawal. The \$2,416,775 transfer from Capital Reserve and the \$168,975 transfer from Emergency Reserve to facilities acquisition and construction services was approved through Board Resolution. Additionally, \$610,684 was returned from Capital Outlay to Capital Reserve for unexpended project balances.

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 443,166			\$ 443,166
Construction in Progress	1,142,348		\$ (1,142,348)	
Total Capital Assets Not Being Depreciated	<u>1,585,514</u>		<u>(1,142,348)</u>	<u>443,166</u>
Capital Assets Being Depreciated:				
Site Improvements	1,398,620	\$ 254,688		1,653,308
Buildings and Building Improvements	56,844,806	1,872,816	1,142,348	59,859,970
Machinery and Equipment	2,399,598	732,914	(70,300)	3,062,212
Total Capital Assets Being Depreciated	<u>60,643,024</u>	<u>2,860,418</u>	<u>1,072,048</u>	<u>64,575,490</u>
Governmental Activities Capital Assets	<u>62,228,538</u>	<u>2,860,418</u>	<u>(70,300)</u>	<u>65,018,656</u>
Less Accumulated Depreciation for:				
Site Improvements	(701,505)	(67,308)		(768,813)
Buildings and Building Improvements	(12,053,325)	(1,814,924)		(13,868,249)
Machinery and Equipment	(1,254,987)	(283,788)	70,300	(1,468,475)
	<u>(14,009,817)</u>	<u>(2,166,020)</u>	<u>70,300</u>	<u>(16,105,537)</u>
Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 48,218,721</u>	<u>\$ 694,398</u>	<u>\$ -0-</u>	<u>\$ 48,913,119</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 347,850		\$ (25,200)	\$ 322,650
Buildings and Building Improvements	131,432			131,432
	<u>479,282</u>		<u>(25,200)</u>	<u>454,082</u>
Less Accumulated Depreciation for:				
Furniture and Equipment	(260,775)	\$ (16,483)	25,200	(252,058)
Buildings and Building Improvements	(10,515)	(2,629)		(13,144)
	<u>(271,290)</u>	<u>(19,112)</u>	<u>25,200</u>	<u>(265,202)</u>
Business Type Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 207,992</u>	<u>\$ (19,112)</u>	<u>\$ -0-</u>	<u>\$ 188,880</u>

The District transferred \$1,142,348 of completed capital projects to depreciable capital assets during the fiscal year. As of June 30, 2017, the District expended \$2,860,418 from its current year capital budget, and depreciated \$2,166,020 from its governmental activities. The District depreciated \$19,112 from its business-type activities during the fiscal year.

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 64,137
Special Education Instruction	14,079
Support Services	3,346
General Administration	6,693
School Administrative	46,852
Central Services	6,693
Administrative Information Technology	3,346
Operations and Maintenance of Plant	33,370
Pupil Transportation	91,097
Unallocated	<u>1,896,407</u>
	<u>\$ 2,166,020</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2017, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2016	Accrued	Retired	Balance 6/30/2017
Serial Bonds Payable	\$ 18,859,000		\$ 1,365,000	\$ 17,494,000
Unamortized Bond Issuance Premium	1,822,128		165,648	1,656,480
Compensated Absences Payable	257,258	\$ 30,537	22,070	265,725
Capital Leases Payable	989,943	1,320,446	803,765	1,506,624
Net Pension Liability	8,553,579	3,431,851		11,985,430
	<u>\$ 30,481,908</u>	<u>\$ 4,782,834</u>	<u>\$ 2,356,483</u>	<u>\$ 32,908,259</u>

A. Bonds Payable:

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

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

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

The District had bonds outstanding as of June 30, 2017 as follows:

Purpose	<u>Serial Bonds</u>			Amount
	Final Maturity Date	Interest Rates		
2009 School Bonds	02/15/24	3.75%-4.13%	\$	3,049,000
2012 Refunding Bonds	02/15/27	4.00%-5.00%		14,445,000
			<u>\$</u>	<u>17,494,000</u>



WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

A. Bonds Payable: (Cont'd)

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,500,000	\$ 754,334	\$ 2,254,334
2019	1,565,000	695,296	2,260,296
2020	1,690,000	622,046	2,312,046
2021	1,765,000	552,321	2,317,321
2022	1,855,000	468,421	2,323,421
2023 - 2027	9,119,000	1,082,343	10,201,343
	<u>\$ 17,494,000</u>	<u>\$ 4,174,761</u>	<u>\$ 21,668,761</u>

B. Bonds Authorized But Not Issued:

As of June 30, 2017, the Board had no bonds authorized but not issued.

C. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$38,992 and the long-term liability balance of compensated absences is \$226,733.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2017, no liability existed for compensated absences in the Food Service Fund.

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

D. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$165,648 and is separated from the long-term liability balance of \$1,490,832.

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2017 is \$-0- and the long-term portion is \$11,985,430. See Note 8 for further information on the PERS.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

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

F. Capital Leases Payable

The District is leasing computer networking upgrades, laptops, school buses, maintenance vehicles, maintenance equipment, technology equipment and security equipment under lease purchase agreements valued at \$2,802,404, of which \$1,295,780 has matured and been repaid. The capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2017.

<u>Year Ending</u>	<u>Amount</u>
June 30, 2018	\$ 804,261
June 30, 2019	304,053
June 30, 2020	219,508
June 30, 2021	<u>219,508</u>
	1,547,330
Less: Amount Representing Interest	<u>(40,706)</u>
Present Value Net of Minimum Lease Payments	<u><u>\$ 1,506,624</u></u>

The current portion of capital leases payable at June 30, 2017 is \$783,939 and the long-term portion is \$722,685. The General Fund will be used to liquidate the capital lease payable.

NOTE 8. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$362,047 for fiscal year 2017.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the District reported a liability of \$11,985,430 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 used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was .040%, which was an increase of .002% from its proportion measured as of June 30, 2015.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

For the fiscal year ended June 30, 2017, the District recognized pension expense of \$1,276,032. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferral Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 150,659	
	2015	5.72	615,627	
	2016	5.57	<u>1,716,455</u>	
			<u>2,482,741</u>	
Difference Between Expected and Actual Experience	2015	5.72	170,803	
	2016	5.57	<u>52,090</u>	
			<u>222,893</u>	
Changes in Proportion	2014	6.44	278,138	
	2015	5.72		\$ 124,227
	2016	5.57	<u>385,240</u>	
			<u>663,378</u>	<u>124,227</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(225,765)	
	2015	5.00	144,443	
	2016	5.57	<u>538,337</u>	
			<u>457,015</u>	
Contribution Made Subsequent to the Measurement Date	2016	1.00	<u>385,000</u>	
			<u>\$ 4,211,027</u>	<u>\$ 124,227</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2016	\$ 712,042
2017	712,042
2018	824,924
2019	693,057
2020	220,584
	\$ 3,162,649

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 Rate	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%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

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. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates, the larger the impact on future financial statements.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.65% at June 30, 2016) 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. 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 PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

<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 U.S. 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/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex. U.S.	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 upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their 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 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.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2016 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2016		
	1% Decrease (2.98%)	Current Discount Rate (3.98%)	1% Increase (4.98%)
District's proportionate share of the Net Pension Liability	\$ 14,686,745	\$ 11,985,430	\$ 9,755,260

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

Service retirement benefits of 1/55<sup>th</sup> of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60<sup>th</sup> of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2016, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2017, the State of New Jersey contributed \$1,434,951 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$7,825,841.

The employee contribution rate was 7.20% effective July 1, 2016. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1<sup>st</sup> to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2017, the State's proportionate share of the net pension liability associated with the District was \$104,155,559. The net pension liability was measured as of June 30, 2016, and the total pension liability used 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 District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2016, the District's proportion was 0.132%, which was an increase of 0.003% from its proportion measured as of June 30, 2015.



WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		104,155,559
Total	\$	104,155,559

For the fiscal year ended June 30, 2016, the State recognized pension expense on behalf of the District in the amount of \$7,825,841 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2017 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,691,524,165	
	2015	8.3	4,488,602,746	
	2016	8.3	9,522,623,964	
			15,702,750,875	
Difference Between Expected and Actual Experience	2014	8.3		\$ 16,110,615
	2015	8.5	277,221,464	
	2016	8.3	118,421,979	
			277,221,464	134,532,594
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(870,618,286)	
	2015	5	577,926,182	
	2016	5	1,727,420,767	
			1,434,728,663	
		\$ 17,414,701,002	\$ 134,532,594	

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

Fiscal Year Ending June 30,	Total
2017	\$ 2,538,535,636
2018	2,538,535,636
2019	2,973,844,781
2020	2,781,202,718
2021	2,349,347,527
Thereafter	4,098,702,110
	\$ 17,280,168,408

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 Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	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 years 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 pension plan investments (7.65% at June 30, 2016) 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. 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 PERS' target asset allocation as of June 30, 2016 are summarized in the following table:

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 – TPAF

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 upon the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029. Therefore, the long-term expected rate of return on pension 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 State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2016 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

Sensitivity of the State's Proportionate Share of the Net Pension Liability Associated with the District to Changes in the Discount Rate (Cont'd)

	June 30, 2016		
	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Total Net Pension Liability	\$ 124,385,014	\$ 104,155,559	\$ 87,635,599

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined.

The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$24,565 for the fiscal year ended June 30, 2017. Employee contributions to DCRP amounted to \$33,375 for the fiscal year ended June 30, 2017.

NOTE 9. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 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 Chapter 62, P.L. 1994. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(Continued)

NOTE 9. POST-RETIREMENT BENEFITS (Cont'd)

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$231.2 million toward Chapter 126 benefits for 20,045 eligible retired members in Fiscal Year 2016.

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et.seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code.

The State of New Jersey Division of Pension and Benefits issues a publically available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at <http://www.nj.gov/treasury/pensions/pdf/financial2015combined.pdf>.

The State's on-behalf Post-Retirement Medical Contributions to TPAF for the District amounted to \$1,238,962, \$1,262,237 and \$1,110,778 for 2017, 2016 and 2015, respectively.

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains their health benefits coverage through Horizon Blue Cross/Blue Shield of NJ.

Property, Liability and Health Benefits

The Warren Hills Regional School District is a member of the School Alliance Insurance Fund (the "Fund"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

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

The June 30, 2017 audit report for the fund is not available as of the date of this report. Selected, summarized financial information for the Fund as of June 30, 2016 is as follows:

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 10. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

Total Assets	\$ 38,579,014
Total Net Position	\$ 9,463,015
Total Revenue	\$ 41,445,355
Total Expenses	\$ 39,153,730
Change in Net Position	\$ 2,291,625
Members Dividends	\$ -0-

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

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

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of District contributions, interest earned, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years.

Fiscal Year	District Contributions	Interest Earned	Employee Contributions	Amount Reimbursed	Ending Balance
2016-2017	\$ -0-	\$ -0-	\$ 31,535	\$ 66,773	\$ 170,853
2015-2016	25,000	-0-	46,800	62,355	206,091
2014-2015	25,000	-0-	46,163	43,127	196,646

NOTE 11. ECONOMIC DEPENDENCY

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 12. INTERFUND RECEIVABLES AND PAYABLES

	Interfund Receivable	Interfund Payable
General Fund	\$ 14,231	
Special Revenue Fund		\$ 8,016
Fiduciary Fund - Payroll Agency Fund		27,467
Fiduciary Fund - Unemployment Compensation Trust	27,367	
Fiduciary Fund - Flexible Spending Trust Fund	100	6,215
	\$ 41,698	\$ 41,698

The interfund between the General Fund and the Special Revenue Fund is due to a deficit in cash and cash equivalents in the Special Revenue Fund. The deficit is due to the timing between expenditure and reimbursement of grant funds from the State of New Jersey. The interfund between the General Fund and the Flexible Spending Trust Fund is due to unclaimed funds and an interfund advanced. The interfunds between Payroll Agency Fund and both Unemployment Compensation Trust and Flexible Spending Trust Fund are due to receipts collected and not subsequently turned over.

NOTE 13. ACCOUNTS PAYABLE

Payables as of June 30, 2017 were:

	Governmental Fund		District Contri- bution Subsequent	Total	Business-Type Activities
	General Fund	Special Revenue Fund	to the Measure- ment Date	Governmental Activities	Food Service Fund
Due to State of New Jersey			\$ 385,000	\$ 385,000	
Vendors	\$ 260,262	\$ 32,535		292,797	\$ 12,609
Accrued Salaries and Wages	6,192			6,192	
	\$ 266,454	\$ 32,535	\$ 385,000	\$ 683,989	\$ 12,609

NOTE 14. DEFERRED COMPENSATION

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

The plan administrators are as follows:

- AXA Equitable
- Oppenheimer
- Lincoln Investments

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 15. TAX CALENDAR

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

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

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

NOTE 16. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance or recorded as an encumbrance payable would not materially affect the financial statements of the District.

Encumbrances

At June 30, 2017, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 3,070,823	\$ 1,344	\$ 3,072,167

On the District's Governmental Funds Balance Sheet as of June 30, 2017, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$1,344 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.



WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 17. EMERGENCY RESERVE ACCOUNT

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

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

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

Beginning Balance, July 1, 2016	\$ 318,406
Less:	
Withdrawal - Capital Outlay per Board Resolutions	(168,975)
Ending Balance, June 30, 2017	\$ 149,431

NOTE 18. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account in the amount of \$395,000 was established by the District on June 21, 2011. The funds for the establishment of this reserve were withdrawn from unassigned general fund balance.

These funds are restricted to be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

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

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

If the account exceeds this maximum amount at June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 18. MAINTENANCE RESERVE ACCOUNT (Cont'd)

Beginning Balance, July 1, 2016	\$ 770,000
Add:	
Unexpended Project Balance Returned from Capital Outlay	113
Less:	
Withdrawal - Capital Outlay per Board Resolutions	<u>(451,000)</u>
Ending Balance, June 30, 2017	<u><u>\$ 319,113</u></u>

BUDGETARY COMPARISON SCHEDULES  
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0390962687%	0.0381039760%	4.0467895100%
District's proportionate share of the net pension liability	\$ 7,319,891	\$ 8,553,579	\$ 11,985,430
District's covered employee payroll	\$ 2,566,399	\$ 2,648,044	\$ 2,538,487
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	285.22%	323.01%	472.15%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 322,304	\$ 327,592	\$ 362,047
Contributions in relation to the contractually required contribution	(322,304)	(327,592)	(362,047)
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 2,526,772	\$ 2,566,399	\$ 2,648,044
Contributions as a percentage of covered employee payroll	12.76%	12.76%	13.67%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.1271980757%	0.1294218702%	0.1324016385%
State's proportionate share of the net pension liability attributable to the District	\$ 67,983,232	\$ 81,800,149	\$ 104,155,559
District's covered employee payroll	\$ 12,961,842	\$ 13,384,154	\$ 13,359,708
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	524.49%	611.17%	779.62%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%

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

WARREN HILLS REGIONAL BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES  
SCHEDULE OF STATE CONTRIBUTIONS  
TEACHERS' PENSION AND ANNUITY FUND  
LAST THREE FISCAL YEARS  
UNAUDITED

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 3,658,136	\$ 4,994,636	\$ 7,825,841
Contributions in relation to the contractually required contribution	(699,702)	(1,060,059)	(1,434,951)
Contribution deficiency/(excess)	<u>\$ 2,958,434</u>	<u>\$ 3,934,577</u>	<u>\$ 6,390,890</u>
District's covered employee payroll	\$ 13,384,154	\$ 13,359,708	\$ 14,267,535
Contributions as a percentage of covered employee payroll	5.23%	7.93%	10.06%

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.90% as of June 30, 2015 to 3.98% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.

The inflation rate changed from 3.04% as of June 30, 2015 to 3.08% as of June 30, 2016. The salary increases changed from 2.15% - 4.40% for 2012 – 2021 to 1.65%-4.15% through 2026 and from 3.15%-5.40% thereafter to 2.65%-5.15% thereafter.

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Table for male and female active participants. For local employees, mortality tables are set back 2 years for males and 7 years for females. In addition, the tables provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Post-retirement mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (set back 1 year for males and females) for service retirements and beneficiaries of former members and a one-year static projection based on mortality improvement Scale AA. In addition, the tables for service retirements and beneficiaries of former members provide for future improvements in mortality from the base year of 2013 using a generational approach based on the plan actuary's modified MP-2014 projection scale. Disability retirement rates used to value disabled retirees were based on the RP-2000 Disabled Mortality Table (set back 3 years for males and set forward one year for females).

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.13% as of June 30, 2015 to 3.22% as of June 30, 2016. The municipal bond rate changed from 3.80% to 2.85%. The long-term expected rate of return on pension plan investments changed from 7.90% to 7.65%.



WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

B. TEACHERS PENSION AND ANNUITY FUND (Cont'd)

Changes of Assumptions (Cont'd)

The mortality rates in the July 1, 2014 actuarial valuation were based on the following:

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

The mortality rates in the July 1, 2015 actuarial valuation were based on the following:

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 years average of Social Security data from 1953 to 2013.

**BUDGETARY COMPARISON SCHEDULES**

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 20,646,591		\$ 20,646,591	\$ 20,646,591	
Tuition from Other LEAs	1,640,905		1,640,905	1,474,957	\$ (165,948)
Transportation Fees from Other LEAs	273,673		273,673	277,700	4,027
Interest Earned on Capital Reserve Funds	2,000		2,000	14,737	12,737
Other Restricted Miscellaneous Revenue	18,000		18,000	10,931	(7,069)
Unrestricted Miscellaneous Revenue	77,960		77,960	117,579	39,619
Total - Local Sources	22,659,129		22,659,129	22,542,495	(116,634)
State Sources:					
Special Education Aid	1,041,953		1,041,953	1,041,953	
Equalization Aid	9,299,615		9,299,615	9,299,615	
Categorical Security Aid	46,884		46,884	46,884	
Categorical Transportation Aid	148,391		148,391	148,391	
Extraordinary Special Education Costs Aid	330,000		330,000	368,197	38,197
Reimbursement of Nonpublic School Transportation Costs				6,283	6,283
PARCC Readiness Aid	17,850		17,850	17,850	
Per Pupil Growth Aid	17,850		17,850	17,850	
Professional Learning Community Aid	18,290		18,290	18,290	
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				1,238,962	1,238,962
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,434,951	1,434,951
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				51,992	51,992
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				2,710	2,710
TPAF Social Security (Reimbursed - Non-Budgeted)				1,041,272	1,041,272
Total State Sources	10,920,833		10,920,833	14,735,200	3,814,367
Federal Sources:					
Medicaid Assistance Program	29,278		29,278	30,890	1,612
Total Federal Sources	29,278		29,278	30,890	1,612
<b>TOTAL REVENUES</b>	33,609,240		33,609,240	37,308,585	3,699,345

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	\$ 3,092,099	\$ (219,709)	\$ 2,872,390	\$ 2,857,385	\$ 15,005
Grades 9-12 - Salaries of Teachers	6,121,858	1,701	6,123,559	6,114,027	9,532
Regular Programs - Home Instruction:					
Salaries of Teachers	48,500	51,605	100,105	100,105	
Other Purchased Services	20,000	1,574	21,574	15,153	6,421
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	134,242	(1,041)	133,201	126,890	6,311
Purchased Professional - Educational Services	12,400	400	12,800	12,216	584
Purchased Technical Services	38,917	(3,326)	35,591	31,307	4,284
Other Purchased Services	542,224	95,365	637,589	626,422	11,167
General Supplies	379,157	2,203	381,360	337,747	43,613
Textbooks	93,356	(3,411)	89,945	85,647	4,298
Other Objects	22,055	14,518	36,573	12,766	23,807
<b>Total Regular Programs - Instruction</b>	<b>10,504,808</b>	<b>(60,121)</b>	<b>10,444,687</b>	<b>10,319,665</b>	<b>125,022</b>
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	369,114		369,114	363,319	5,795
Other Salaries for Instruction	3,500		3,500	2,036	1,464
Purchased Professional - Educational Services	56,000	(44,000)	12,000	9,075	2,925
Other Purchased Services	250		250	250	
General Supplies	2,500		2,500	2,273	227
Textbooks	4,000	(2,738)	1,262	1,257	5
Other Objects	100		100	100	
<b>Total Learning and/or Language Disabilities</b>	<b>435,464</b>	<b>(46,738)</b>	<b>388,726</b>	<b>378,310</b>	<b>10,416</b>

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Behavioral Disabilities:					
Salaries of Teachers	\$ 261,068	\$	\$ 261,068	\$ 257,339	\$ 3,729
Purchased Professional - Educational Services	56,000	(45,686)	10,314		10,314
Other Purchased Services	1,100		1,100	100	1,000
General Supplies	200		200		200
Textbooks	200	2,000	2,200	2,070	130
Other Objects	100		100	94	6
Total Behavioral Disabilities	318,668	(43,686)	274,982	259,603	15,379
Multiple Disabilities:					
Salaries of Teachers	376,212	13,127	389,339	389,339	
Other Salaries for Instruction	36,824	434,845	471,669	471,669	
Purchased Professional - Educational Services	96,000	(94,120)	1,880	995	885
Purchased Technical Services	500		500	159	341
Other Purchased Services	1,500		1,500	720	780
General Supplies	7,000	(2,304)	4,696	1,638	3,058
Textbooks	500		500		500
Other Objects	250		250		250
Total Multiple Disabilities	518,786	351,548	870,334	864,520	5,814
Resource Room/Resource Center:					
Salaries of Teachers	1,270,813	88,783	1,359,596	1,357,062	2,534
Other Salaries for Instruction	75,048	2,033	77,081	75,240	1,841
Purchased Professional - Educational Services	115,213	(115,213)			
Other Purchased Services	500		500	250	250
General Supplies	1,000		1,000	533	467
Textbooks	1,000	(338)	662		662
Other Objects	1,500		1,500	910	590
Total Resource Room/Resource Center	1,465,074	(24,735)	1,440,339	1,433,995	6,344

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Autism:					
Salaries of Teachers	\$ 74,900	\$ 4,653	\$ 79,553	\$ 55,131	\$ 24,422
Other Salaries for Instruction	29,524	96,719	126,243	107,173	19,070
Purchased Professional - Educational Services	58,508		58,508	39,895	18,613
Purchased Technical Services	1,000		1,000		1,000
Other Purchased Services	600	25	625	125	500
General Supplies	7,000	(60)	6,940	4,044	2,896
Textbooks	500		500		500
Other Objects	100		100		100
Total Autism	172,132	101,337	273,469	206,368	67,101
Home Instruction:					
Salaries of Teachers	15,000		15,000		15,000
Total Home Instruction	15,000		15,000		15,000
Total Special Education Instruction	2,925,124	337,726	3,262,850	3,142,796	120,054
Bilingual Education - Instruction:					
General Supplies	1,430	1,235	2,665	1,394	1,271
Total Bilingual Education - Instruction	1,430	1,235	2,665	1,394	1,271
School-Sponsored Co/Extra curricular Activities - Instruction:					
Salaries	186,781	16,560	203,341	201,938	1,403
Purchased Services	17,737	(4,074)	13,663	12,125	1,538
Supplies and Materials	9,551	741	10,292	8,712	1,580
Other Objects	500	15,773	16,273	861	15,412
Total School-Sponsored Co curricular Activities - Instruction	214,569	29,000	243,569	223,636	19,933

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
School-Sponsored Co curricular Athletics - Instruction:					
Salaries	\$ 702,441	\$ 74,042	\$ 776,483	\$ 717,279	\$ 59,204
Purchased Services	184,900	(29,619)	155,281	146,528	8,753
Supplies and Materials	131,510	(7,105)	124,405	104,330	20,075
Other Objects	40,690	(1,262)	39,428	32,047	7,381
Total School-Sponsored Co curricular Athletics - Instruction	1,059,541	36,056	1,095,597	1,000,184	95,413
Total Instruction	14,705,472	343,896	15,049,368	14,687,675	361,693
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	650,200	(273,052)	377,148	371,491	5,657
Tuition to County Voc. School Dist. - Regular	266,000	(36,000)	230,000	230,000	
Tuition to County Voc. School Dist. - Special	110,000	(22,705)	87,295	77,000	10,295
Tuition to County Special Services Districts and Regional Day Schools	251,741	(34,008)	217,733	210,785	6,948
Tuition to Private Schools for the Handicapped - Within State	1,422,531	(497,000)	925,531	854,061	71,470
Tuition - State Facilities	197,836	(4,000)	193,836	193,836	
Tuition - Other	20,000	23,122	43,122	43,122	
Total Undistributed Expenditures - Instruction	2,918,308	(843,643)	2,074,665	1,980,295	94,370
Health Services:					
Salaries	284,955	(1,501)	283,454	280,566	2,888
Purchased Professional and Technical Services	24,350	(6,015)	18,335	14,601	3,734
Other Purchased Services	5,190		5,190	3,405	1,785
Supplies and Materials	37,895	(5,048)	32,847	30,131	2,716
Other Objects	485		485		485
Total Health Services	352,875	(12,564)	340,311	328,703	11,608

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Undistributed Expenditures:					
Other Support Services - Students - Extraordinary Services:					
Salaries	\$ 84,586	\$ 4,229	\$ 88,815	\$ 84,713	\$ 4,102
Purchased Professional - Educational Services	314,056	47,893	361,949	331,730	30,219
Supplies and Materials	500	78	578	578	
Total Other Support Services - Students - Extraordinary Services	399,142	52,200	451,342	417,021	34,321
Speech, OT, PT and Related Services:					
Salaries	5,000	146,903	151,903	116,491	35,412
Purchased Professional - Educational Services	723,672	(310,446)	413,226	381,347	31,879
Total Speech, OT, PT and Related Services	728,672	(163,543)	565,129	497,838	67,291
Other Support Services - Guidance:					
Salaries of Other Professional Staff	715,427	21,622	737,049	737,048	1
Salaries of Secretarial and Clerical Assistants	142,071	(3,496)	138,575	138,575	
Other Salaries	44,490	(24,407)	20,083	11,835	8,248
Purchased Professional - Educational Services	10,190	(2,441)	7,749	7,435	314
Other Purchased Services	47,867	609	48,476	48,373	103
Supplies and Materials	10,271	(1,206)	9,065	7,859	1,206
Other Objects	2,905	(1,333)	1,572	1,572	
Total Other Support Services - Guidance	973,221	(10,652)	962,569	952,697	9,872
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	546,939	24,979	571,918	571,918	
Salaries of Secretarial and Clerical Assistants	129,732	(4,754)	124,978	124,978	
Other Salaries	14,865		14,865	9,558	5,307
Purchased Professional - Educational Services	2,500	2,877	5,377	5,032	345
Other Purchased Services (400-500 series)	11,656	17	11,673	11,592	81
Miscellaneous Purchased Services	16,650	(457)	16,193	3,543	12,650



WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Other Support Services - Child Study Teams:					
Supplies and Materials	\$ 10,840	\$ (231)	\$ 10,609	\$ 10,593	\$ 16
Other Objects	2,990	350	3,340	3,340	
Total Other Support Services - Child Study Teams	736,172	22,781	758,953	740,554	18,399
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	478,380		478,380	478,380	
Salaries of Secretarial and Clerical Assistants	54,546	6,259	60,805	60,805	
Purchased Professional-Educational Services	21,500	(2,000)	19,500	10,376	9,124
Other Purchased Services	3,624		3,624	3,624	
Supplies and Materials	3,000	2,000	5,000	4,516	484
Other Objects	4,500		4,500	4,100	400
Total Improvement of Instructional Services	565,550	6,259	571,809	561,801	10,008
Educational Media Services/School Library:					
Salaries	209,120	1,480	210,600	210,600	
Salaries of Technology Coordinators	159,948		159,948	159,948	
Purchased Professional and Technical Services	1,690		1,690	1,145	545
Other Purchased Services	7,216	16	7,232	7,232	
Supplies and Materials	60,049	(1,141)	58,908	55,615	3,293
Other Objects	965		965	920	45
Total Educational Media Services/School Library	438,988	355	439,343	435,460	3,883
Instructional Staff Training Services:					
Other Salaries	50,000	(24,936)	25,064	25,064	
Purchased Professional-Educational Services	11,000		11,000	10,500	500
Other Purchased Services	2,250	11,439	13,689	13,689	
Supplies and Materials	500		500	500	
Total Instructional Staff Training Services	63,750	(13,497)	50,253	49,253	1,000

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Support Services - General Administration:					
Salaries	\$ 393,496	\$ (23,618)	\$ 369,878	\$ 366,111	\$ 3,767
Legal Services	77,137	77,500	154,637	123,149	31,488
Audit Fees	80,490		80,490	39,000	41,490
Architectural/Engineering Services	63,500	(34,068)	29,432	23,552	5,880
Other Purchased Professional Services	58,333	(13,793)	44,540	44,340	200
Purchased Technical Services	1,000		1,000	251	749
Communications/Telephone	57,500	8,510	66,010	24,292	41,718
Board of Education Other Purchased Services	3,700	56	3,756	3,479	277
Miscellaneous Purchased Services	64,990	(14,500)	50,490	40,558	9,932
General Supplies	20,169	(10,902)	9,267	8,988	279
BOE In-House Training/Meeting Supplies	2,800		2,800	2,002	798
Judgments Against The School District	5,000	10,000	10,000	10,000	
Miscellaneous Expenditures	19,000	9,475	14,475	14,475	
Board of Education Membership Dues and Fees		4,485	23,485	15,571	7,914
Total Support Services - General Administration	847,115	13,145	860,260	715,768	144,492
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	898,330	(18,930)	879,400	879,400	
Salaries of Secretarial and Clerical Assistants	272,800	525	273,325	273,325	
Other Salaries	12,700	(5,668)	7,032	4,480	2,552
Purchased Professional and Technical Services	6,000	(2,000)	4,000	537	3,463
Other Purchased Services	84,983	(3,000)	81,983	56,861	25,122
Supplies and Materials	71,090	(2,000)	69,090	43,492	25,598
Other Objects	7,120		7,120	6,854	266
Total Support Services - School Administration	1,353,023	(31,073)	1,321,950	1,264,949	57,001

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Central Services:					
Salaries	\$ 358,956	\$ (412)	\$ 358,544	\$ 358,542	\$ 2
Purchased Technical Services	6,000	(3,295)	2,705	2,124	581
Miscellaneous Purchased Services	12,167	4,145	16,312	16,199	113
Supplies and Materials	5,500		5,500	5,222	278
Miscellaneous Expenditures	2,995		2,995	2,120	875
Total Central Services	385,618	438	386,056	384,207	1,849
Administrative Information Technology:					
Salaries	89,683		89,683	86,683	3,000
Purchased Technical Services	50,916	4,399	55,315	55,045	270
Other Purchased Services	163,632		163,632	162,310	1,322
Supplies and Materials	64,647	12,600	77,247	76,707	540
Other Objects		950	950	950	
Total Administrative Information Technology	368,878	17,949	386,827	381,695	5,132
Required Maintenance of School Facilities:					
Salaries	347,967	(35,991)	311,976	300,618	11,358
Cleaning, Repair and Maintenance Services	246,346	465,651	711,997	242,226	469,771
General Supplies	112,924	(19,518)	93,406	88,332	5,074
Other Objects	1,600	4,402	6,002	5,458	544
Total Required Maintenance of School Facilities	708,837	414,544	1,123,381	636,634	486,747
Custodial Services:					
Salaries	682,593	59,347	741,940	737,347	4,593
Purchased Professional and Technical Services	13,000	10,097	23,097	21,584	1,513
Cleaning, Repair, and Maintenance Services	49,060	1,361	50,421	43,554	6,867
Other Purchased Property Services	57,800	1,861	59,661	56,394	3,267
Insurance	205,916	(3,995)	201,921	199,276	2,645
Miscellaneous Purchased Services	5,800	1,073	6,873	6,305	568

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
Custodial Services:					
General Supplies	\$ 83,084	\$ 11,464	\$ 94,548	\$ 84,775	\$ 9,773
Energy (Natural Gas)	135,000	7,262	142,262	127,331	14,931
Energy (Electricity)	615,750	(39,938)	575,812	532,217	43,595
Energy (Oil)	8,000		8,000	5,110	2,890
Other Objects	275	75	350	250	100
Total Custodial Services	<u>1,856,278</u>	<u>48,607</u>	<u>1,904,885</u>	<u>1,814,143</u>	<u>90,742</u>
Care & Upkeep of Grounds:					
Salaries	122,025	730	122,755	122,630	125
Purchased Professional and Technical Services	1,000		1,000		1,000
Cleaning, Repair, and Maintenance Services	68,850	58,510	127,360	81,340	46,020
General Supplies	39,500	2,962	42,462	34,183	8,279
Total Care & Upkeep of Grounds	<u>231,375</u>	<u>62,202</u>	<u>293,577</u>	<u>238,153</u>	<u>55,424</u>
Security:					
Salaries	312,570	21,841	334,411	328,868	5,543
Purchased Professional and Technical Services	140,768	(1)	140,767	126,290	14,477
Cleaning, Repair, and Maintenance Services	9,500	323,433	332,933	188,148	144,785
General Supplies	15,146	(1,157)	13,989	11,230	2,759
Other Objects		131	131		
Total Security	<u>477,984</u>	<u>344,247</u>	<u>822,231</u>	<u>654,667</u>	<u>167,564</u>
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Special Education	70,000	1,071	71,071	71,071	
Management Fee - ESC & CTSA Transportation Program	19,500	6,829	26,329	21,751	4,578
Cleaning, Repair and Maintenance Services	27,000	35,867	62,867	51,519	11,348

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Student Transportation Services:					
Contracted Services:					
Between Home and School - Vendors	\$ 545,000		\$ 545,000	\$ 540,531	\$ 4,469
Other than Between Home and School - Vendors	56,120	750	56,870	28,645	28,225
Between Home and School - Joint Agreements	305,000	13,814	318,814	318,814	
Special Education Students - Vendors	107,000	66,600	173,600	173,600	
Regular Students - ESCs & CTSA	48,000	38,492	86,492	85,339	1,153
Contracted Services:					
Special Education Students - ESCs & CTSA	530,000	(60,923)	469,077	458,878	10,199
Aid in Lieu of Payments - Nonpublic Students	22,000		22,000	17,680	4,320
Aid in Lieu Payments - Choice School Students	5,000	(1,464)	3,536	3,536	
Miscellaneous Purchased Services - Transportation	120,792	(4,794)	115,998	108,187	7,811
General Supplies	3,000	(100)	2,900	548	2,352
Transportation Supplies	23,000	14	23,014	14,170	8,844
Other Objects	1,000	86	1,086	1,086	
Total Student Transportation Services	1,882,412	96,242	1,978,654	1,895,355	83,299
Unallocated Benefits:					
Social Security Contributions	408,000	30,000	438,000	436,527	1,473
Other Retirement Contributions - PERS	335,000	27,047	362,047	362,047	
Other Retirement Contributions - Regular	10,000	20,000	30,000	24,565	5,435
Unemployment Compensation	25,000		25,000		25,000
Workmen's Compensation	128,417	15,369	143,786	143,785	1
Health Benefits	3,909,124	(70,502)	3,838,622	3,553,399	285,223
Tuition Reimbursement	139,353	(30,001)	109,352	71,019	38,333
Other Employee Benefits	373,328	13,970	387,298	384,938	2,360
Unused Sick Payment to Terminated/Retired Staff	15,000		15,000	14,850	150
Total Unallocated Benefits	5,343,222	5,883	5,349,105	4,991,130	357,975

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>EXPENDITURES:</b>					
<b>CURRENT EXPENSE</b>					
On-Behalf Contributions:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				\$ 1,238,962	\$ (1,238,962)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,434,951	(1,434,951)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				51,992	(51,992)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				2,710	(2,710)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,041,272	(1,041,272)
Total On-Behalf Contributions				3,769,887	(3,769,887)
Total Personal Services - Employee Benefits	\$ 5,343,222	\$ 5,883	\$ 5,349,105	8,761,017	(3,411,912)
Total Undistributed Expenses	20,631,420	9,880	20,641,300	22,710,210	(2,068,910)
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>35,336,892</b>	<b>353,776</b>	<b>35,690,668</b>	<b>37,397,885</b>	<b>(1,707,217)</b>
<b>CAPITAL OUTLAY</b>					
Equipment:					
Regular Programs - Instruction - Grades 9-12	28,354	(12,536)	15,818	15,411	407
Undistributed Expenditures:					
Administrative Information Technology	90,000	(82,998)	7,002	7,000	2
Required Maintenance for School Facilities	111,596	383,833	495,429	92,646	402,783
Care and Upkeep of Grounds	17,200	(17,200)			
Security	186,438	55,100	241,538	157,050	84,488
School Buses - Regular	60,000	(60,000)			
Total Equipment	493,588	266,199	759,787	272,107	487,680
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	72,000	279,800	351,800	192,161	159,639
Construction Services	1,287,297	2,136,975	3,424,272	1,169,111	2,255,161

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>CAPITAL OUTLAY</b>					
Facilities Acquisition and Construction Services (Cont'd):					
Assessment for Debt Service on SDA Funding	\$ 185,855		\$ 185,855	\$ 185,855	
Total Facilities Acquisition and Construction Services	<u>1,545,152</u>	<u>\$ 2,416,775</u>	<u>3,961,927</u>	<u>1,547,127</u>	<u>\$ 2,414,800</u>
Assets Acquired Under Capital Leases:					
School Buses				362,562	(362,562)
Technology Equipment				250,000	(250,000)
Security Equipment				707,884	(707,884)
Total Assets Acquired Under Capital Leases				<u>1,320,446</u>	<u>(1,320,446)</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>2,038,740</u>	<u>2,682,974</u>	<u>4,721,714</u>	<u>3,139,680</u>	<u>1,582,034</u>
<b>TOTAL EXPENDITURES</b>	<u>37,375,632</u>	<u>3,036,750</u>	<u>40,412,382</u>	<u>40,537,565</u>	<u>(125,183)</u>
Excess/(Deficit) of Revenues Over/(Under) Expenditures	<u>(3,766,392)</u>	<u>(3,036,750)</u>	<u>(6,803,142)</u>	<u>(3,228,980)</u>	<u>3,574,162</u>
Other Financing Sources:					
Capital Reserve - Transfer from Capital Projects Fund				412,610	412,610
Transfer from Flexible Spending Trust Fund				68	68
Capital Leases (Non-Budgeted)				1,320,446	1,320,446
Total Other Financing Sources				<u>1,733,124</u>	<u>1,733,124</u>
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	<u>(3,766,392)</u>	<u>(3,036,750)</u>	<u>(6,803,142)</u>	<u>(1,495,856)</u>	<u>5,307,286</u>
Fund Balance, July 1	<u>11,493,623</u>		<u>11,493,623</u>	<u>11,493,623</u>	
Fund Balance, June 30	<u>\$ 7,727,231</u>	<u>\$ (3,036,750)</u>	<u>\$ 4,690,481</u>	<u>\$ 9,997,767</u>	<u>\$ 5,307,286</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS  
GENERAL FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Restricted:					
Excess Surplus - for 2018-2019 School Year	\$ 884,819				
Excess Surplus - for 2017-2018 School Year	1,741,630				
Capital Reserve	2,841,361				
Maintenance Reserve	319,113				
Emergency Reserve	149,431				
Assigned:					
Year End Encumbrances				3,070,823	
For Subsequent Year's Expenditures				237,165	
Unassigned				753,425	
				<u>9,997,767</u>	
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(988,864)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 9,008,903</u>	



WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources		\$ 2,120	\$ 2,120	\$ 2,117	\$ (3)
State Sources	5,753	9,115	14,868	4,605	(10,263)
Federal Sources	541,687	81,667	623,354	620,269	(3,085)
<b>Total Revenues</b>	<b>547,440</b>	<b>92,902</b>	<b>640,342</b>	<b>626,991</b>	<b>(13,351)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	142,320	(25,089)	117,231	117,231	
Purchased Professional and Technical Services		6,675	6,675		6,675
Purchased Professional and Educational Services	100,000	(100,000)			
Tuition	200,000	215,852	415,852	415,852	
General Supplies		2,625	2,625	2,625	
Textbooks		1,499	1,499	1,499	
<b>Total Instruction</b>	<b>442,320</b>	<b>101,562</b>	<b>543,882</b>	<b>537,207</b>	<b>6,675</b>
Support Services:					
Personal Services - Employee Benefits		39,360	39,360	39,360	
Purchased Professional and Technical Services		6,018	6,018	2,430	3,588
Purchased Professional and Educational Services	105,120	(81,978)	23,142	20,057	3,085
Other Purchased Services		25,000	25,000	25,000	
Supplies and Materials		2,940	2,940	2,937	3
<b>Total Support Services</b>	<b>105,120</b>	<b>(8,660)</b>	<b>96,460</b>	<b>89,784</b>	<b>6,676</b>
<b>Total Expenditures</b>	<b>\$ 547,440</b>	<b>\$ 92,902</b>	<b>\$ 640,342</b>	<b>\$ 626,991</b>	<b>\$ 13,351</b>

WARREN HILLS REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 37,308,585	\$ 626,991
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Prior Year Encumbrances		2,204
Cancellation of Prior Year Encumbrances		(2,204)
Current Year Encumbrances		(1,344)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	999,869	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(988,864)</u>	
 Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	 <u>\$ 37,319,590</u>	 <u>\$ 625,647</u>
 Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 40,537,565	\$ 626,991
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		2,204
Cancellation of Prior Year Encumbrances		(2,204)
Current Year Encumbrances		<u>(1,344)</u>
 Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	 <u>\$ 40,537,565</u>	 <u>\$ 625,647</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISION SCHEDULE  
NOTE TO RSI  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2017 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES  
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WARREN HILLS REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Local Donations	Nonpublic Textbooks	Nonpublic Technology Initiative	Nonpublic Nursing
REVENUES:				
Local Sources	2,117			
State Sources		1,499	676	2,430
Federal Sources				
Total Revenues	<u>2,117</u>	<u>1,499</u>	<u>676</u>	<u>2,430</u>
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Tuition				
General Supplies	1,150		676	
Textbooks		1,499		
Total Instruction	<u>1,150</u>	<u>1,499</u>	<u>676</u>	
Support Services:				
Personal Services - Employee Benefits				2,430
Purchased Professional and Technical Services				
Purchased Professional and Educational Services				
Other Purchased Services				
Supplies and Materials	967			
Total Support Services	<u>967</u>			<u>2,430</u>
Total Expenditures	<u>\$ 2,117</u>	<u>\$ 1,499</u>	<u>\$ 676</u>	<u>\$ 2,430</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>No Child Left Behind</u>		<u>Totals</u> <u>2017</u>
	<u>I.D.E.A.</u> <u>Part B, Basic</u>	<u>Title I</u> <u>Title IIA</u>	
<b>REVENUES:</b>			
Local Sources			\$ 2,117
State Sources			4,605
Federal Sources	\$ 421,151	\$ 39,758	620,269
<b>Total Revenues</b>	<b>421,151</b>	<b>39,758</b>	<b>626,991</b>
<b>EXPENDITURES:</b>			
Instruction:			
Salaries of Teachers	117,231		117,231
Tuition			415,852
General Supplies	799		2,625
Textbooks			1,499
<b>Total Instruction</b>	<b>118,030</b>		<b>537,207</b>
Support Services:			
Personal Services - Employee Benefits	39,360		39,360
Purchased Professional and Technical Services		14,758	2,430
Purchased Professional and Educational Services	5,299	25,000	20,057
Other Purchased Services			25,000
Supplies and Materials	1,970		2,937
<b>Total Support Services</b>	<b>41,330</b>	<b>39,758</b>	<b>89,784</b>
<b>Total Expenditures</b>	<b>\$ 421,151</b>	<b>\$ 39,758</b>	<b>\$ 626,991</b>

CAPITAL PROJECTS FUND



WARREN HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Other Financing Uses:	
Cancellation of SDA Grants Receivable	\$ 284,737
Transfer to General Fund:	
Unexpended Balances to Capital Reserve	412,610
Total Other Financing Uses	697,347
Deficit of Revenue and Other Financing Sources	
Under Expenditures and Other Financing Uses	(697,347)
Fund Balance - Beginning of Year	697,347
Fund Balance - End of Year	\$ -0-

WARREN HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
MIDDLE SCHOOL BOILER REPLACEMENT AND HVAC UPGRADES  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Project Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 542,096	\$ (195,034)	\$ 347,062	\$ 347,062
Transfer from Capital Reserve	778,504	(281,263)	497,241	497,241
Total Revenue and Other Financing Sources	<u>1,320,600</u>	<u>(476,297)</u>	<u>844,303</u>	<u>844,303</u>
Expenditures:				
Purchased Professional and Technical Services	13,232		13,232	13,232
Construction Services	831,071		831,071	831,071
Total Expenditures	<u>844,303</u>		<u>844,303</u>	<u>844,303</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 476,297</u>	<u>\$ (476,297)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Additional Project Information:</u>				
Project Numbers	5465-060-13-1004			
Grant Date	3/13/14			
Bond Authorization Date	N/A			
Bonds Authorized	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 1,320,600			
Additional Authorized Cost	-0-			
SDA Grant Receivable Cancelled	(195,034)			
Unexpended Balance Cancelled	<u>(281,263)</u>			
Revised Authorized Cost	<u>\$ 844,303</u>			
Percentage Increase over Original Authorized Cost	0%			
Percentage Completion	100%			
Original Target Completion Date	12/14			
Revised Target Completion Date	06/16			

N/A - Not Available/Applicable

WARREN HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HIGH SCHOOL EXTERIOR DOOR REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Project</u> <u>Authorization</u>
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 72,454	\$ (20,486)	\$ 51,968	\$ 51,968
Transfer from Capital Reserve	<u>104,051</u>	<u>(29,879)</u>	<u>74,172</u>	<u>74,172</u>
Total Revenue and Other Financing Sources	<u>176,505</u>	<u>(50,365)</u>	<u>126,140</u>	<u>126,140</u>
Expenditures:				
Legal Services	652		652	652
Purchased Professional and Technical Services	9,955		9,955	9,955
Construction Services	<u>115,533</u>		<u>115,533</u>	<u>115,533</u>
Total Expenditures	<u>126,140</u>		<u>126,140</u>	<u>126,140</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 50,365</u>	<u>\$ (50,365)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5465-050-13-2001
Grant Date	3/13/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 176,505
Additional Authorized Cost	-0-
SDA Grant Receivable Cancelled	(20,486)
Unexpended Balance Cancelled	<u>(29,879)</u>
Revised Authorized Cost	<u>\$ 126,140</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	12/14
Revised Target Completion Date	06/16

N/A - Not Available/Applicable

WARREN HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
HIGH SCHOOL PARTIAL ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 123,513	\$ (60,847)	\$ 62,666	\$ 62,666
Transfer from Capital Reserve	177,376	(88,526)	88,850	88,850
Total Revenue and Other Financing Sources	<u>300,889</u>	<u>(149,373)</u>	<u>151,516</u>	<u>151,516</u>
Expenditures:				
Purchased Professional and Technical Services	11,430		11,430	11,430
Construction Services	140,086		140,086	140,086
Total Expenditures	<u>151,516</u>		<u>151,516</u>	<u>151,516</u>
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	<u>\$ 149,373</u>	<u>\$ (149,373)</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Additional Project Information:

Project Numbers	5465-050-13-2002
Grant Date	3/13/14
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 300,889
Additional Authorized Cost	-0-
SDA Grant Receivable Cancelled	(60,847)
Unexpended Balance Cancelled	(88,526)
Revised Authorized Cost	<u>\$ 151,516</u>
Percentage Increase over Original Authorized Cost	0%
Percentage Completion	100%
Original Target Completion Date	11/14
Revised Target Completion Date	06/16

N/A - Not Available/Applicable

WARREN HILLS REGIONAL SCHOOL DISTRICT  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE AND PROJECT STATUS -  
BUDGETARY BASIS  
MIDDLE SCHOOL PARTIAL ROOF REPLACEMENT  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Prior Periods	Current Year	Totals	Revised Project Authorization
Revenue and Other Financing Sources:				
State Sources - SDA Grant	\$ 17,118	\$ (8,370)	\$ 8,748	\$ 8,748
Transfer from Capital Reserve	24,584	(12,942)	11,642	11,642
Total Revenue and Other Financing Sources	41,702	(21,312)	20,390	20,390
Expenditures:				
Purchased Professional and Technical Services	1,990		1,990	1,990
Construction Services	18,400		18,400	18,400
Total Expenditures	20,390		20,390	20,390
Excess/(Deficit) of Revenue and Other Financing Sources Over/(Under) Expenditures	\$ 21,312	\$ (21,312)	\$ -0-	\$ -0-

Additional Project Information:

Project Numbers	5465-060-13-1003	
Grant Date	3/13/14	
Bond Authorization Date	N/A	
Bonds Authorized	N/A	
Bonds Issued	N/A	
Original Authorized Cost	\$ 41,702	
Additional Authorized Cost	-0-	
SDA Grant Receivable Cancelled	(8,370)	
Unexpended Balance Cancelled	(12,942)	
Revised Authorized Cost	\$ 20,390	
Percentage Increase over Original Authorized Cost		0%
Percentage Completion		100%
Original Target Completion Date		11/14
Revised Target Completion Date		06/16

N/A - Not Available/Applicable

PROPRIETARY FUNDS

WARREN HILLS REGIONAL SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2017

ASSETS:

## Current Assets:

Cash and Cash Equivalents	\$ 174,020
Intergovernmental Accounts Receivable:	
State	193
Federal	6,274
Inventories	6,566

Total Current Assets	<u>187,053</u>
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## Non-Current Assets:

Capital Assets	454,082
Less: Accumulated Depreciation	<u>(265,202)</u>

Total Non-Current Assets	<u>188,880</u>
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Total Assets	<u>375,933</u>
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LIABILITIES:

## Current Liabilities:

Accounts Payable	12,609
Unearned Revenue - Prepaid Sales	2,973
Unearned Revenue - Donated Commodities	6,036

Total Liabilities	<u>21,618</u>
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NET POSITION:

Investment in Capital Assets	188,880
Unrestricted	165,435

Total Net Position	<u>\$ 354,315</u>
--------------------	-------------------

WARREN HILLS REGIONAL SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 195,577
Non-Reimbursable Programs	141,726
Miscellaneous Revenue	<u>30</u>
Total Operating Revenue	<u>337,333</u>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	182,151
Non-Reimbursable Programs	70,836
Salaries	164,950
Benefits and Payroll Taxes	41,148
Supplies, Insurance and Other Costs	19,018
Management Fee	13,875
Depreciation Expense	<u>19,112</u>
Total Operating Expenses	<u>511,090</u>
Operating Loss	(173,757)
Non-Operating Income:	
Local Sources:	
Interest Income	840
State Sources:	
State School Lunch Program	4,508
Federal Sources:	
National School Lunch Program	144,079
School Breakfast Program	2,029
Food Distribution Program	<u>18,568</u>
Total Non-Operating Income	<u>170,024</u>
Change in Net Position	(3,733)
Net Position - Beginning of Year	<u>358,048</u>
Net Position - End of Year	<u><u>\$ 354,315</u></u>



WARREN HILLS REGIONAL SCHOOL DISTRICT  
FOOD SERVICE ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 337,445
Payments to Food Service Contractor	(447,982)
Payments to Suppliers	(29,661)
	<hr/>
Net Cash Used for Operating Activities	(140,198)
	<hr/>
Cash Flows from Investing Activities:	
Interest Income	840
	<hr/>
Net Cash Provided by Investing Activities	840
	<hr/>
Cash Flows from Noncapital Financing Activities:	
State Sources	4,520
Federal Sources	146,519
	<hr/>
Net Cash Provided by Noncapital Financing Activities	151,039
	<hr/>
Net Increase in Cash and Cash Equivalents	11,681
	<hr/>
Cash and Cash Equivalents, July 1	162,339
	<hr/>
Cash and Cash Equivalents, June 30	\$ 174,020
	<hr/> <hr/>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (173,757)
Adjustment to Reconcile Operating Loss to Net Cash	
Depreciation	19,112
Food Distribution Program	18,568
Changes in Assets and Liabilities:	
(Decrease) in Unearned Revenue	(628)
(Decrease) in Accounts Payable	(2,949)
Decrease in Accounts Receivable	112
(Increase) in Inventory	(636)
(Decrease) in Interfund Payable	(20)
	<hr/>
Net Cash Used for Operating Activities	\$ (140,198)
	<hr/> <hr/>

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$17,516 and utilized U.S.D.A. Commodities valued at \$18,568.

FIDUCIARY FUNDS

WARREN HILLS REGIONAL SCHOOL DISTRICT  
FIDUCIARY FUND  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Agency		Total Agency		Unemployment Compensation Trust		Flexible Spending Trust		Private Purpose Scholarship Trust		Totals	
	Student Activities	Payroll	Total Agency		Unemployment Compensation Trust		Flexible Spending Trust		Private Purpose Scholarship Trust		Totals	
<u>ASSETS:</u>												
Cash and Cash Equivalents	\$ 170,890	\$ 76,553	\$ 247,443		\$ 143,486	\$ 11,401	\$ 4,458	\$ 406,788				
Investments								372,393				
Interfund Receivable - Payroll Agency					27,367	100		27,467				
Other Accounts Receivable						3,242		3,242				
Total Assets	170,890	76,553	247,443		170,853	14,743	376,851	809,890				
<u>LIABILITIES:</u>												
Payroll Deductions and Withholdings Due to Student Groups	170,890	49,086	49,086					49,086				
Interfund Payable					170,890			170,890				
General Fund												
Unemployment Compensation Trust		27,367	27,367					6,215				6,215
Flexible Spending Trust		100	100					100				100
Total Liabilities	170,890	76,553	247,443			6,215	376,851	253,658				
<u>NET POSITION:</u>												
Held in Trust for:												
Unemployment Claims					170,853			170,853				170,853
Flexible Spending Claims							8,528	8,528				8,528
Restricted for Scholarships									376,851			376,851
Total Net Position	\$ -0-	\$ -0-	\$ -0-		\$ 170,853	\$ 8,528	\$ 376,851	\$ 556,232				

WARREN HILLS REGIONAL SCHOOL DISTRICT  
 FIDUCIARY FUND  
 COMBINING STATEMENT OF CHANGES IN NET POSITION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust	Totals
ADDITIONS:				
Contributions:				
Plan Members	\$ 31,535	\$ 34,690		\$ 66,225
Donations			\$ 950	950
Total Contributions	<u>31,535</u>	<u>34,690</u>	<u>950</u>	<u>67,175</u>
Investment Earnings:				
Interest			1,046	1,046
Net Investment Earnings			1,046	1,046
Total Additions	<u>31,535</u>	<u>34,690</u>	<u>1,996</u>	<u>68,221</u>
DEDUCTIONS:				
Unemployment Claims	66,773			66,773
Scholarships Awarded			5,750	5,750
Flexible Spending Claims		33,598		33,598
Total Deductions	<u>66,773</u>	<u>33,598</u>	<u>5,750</u>	<u>106,121</u>
Change in Net Position Before Other Item	(35,238)	1,092	(3,754)	(37,900)
OTHER ITEM:				
Transfer to General Fund		(68)		(68)
Change in Net Position	(35,238)	1,024	(3,754)	(37,968)
Net Position - Beginning of the Year	<u>206,091</u>	<u>7,504</u>	<u>380,605</u>	<u>594,200</u>
Net Position - End of the Year	<u>\$ 170,853</u>	<u>\$ 8,528</u>	<u>\$ 376,851</u>	<u>\$ 556,232</u>



WARREN HILLS REGIONAL SCHOOL DISTRICT  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 44,833	\$ 22,114,741	\$ 22,083,021	\$ 76,553
Total Assets	<u>\$ 44,833</u>	<u>\$ 22,114,741</u>	<u>\$ 22,083,021</u>	<u>\$ 76,553</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 44,833	\$ 22,087,274	\$ 22,083,021	\$ 49,086
Due Unemployment Compensation Trust		27,367		27,367
Due Flexible Spending Trust		100		100
Total Liabilities	<u>\$ 44,833</u>	<u>\$ 22,114,741</u>	<u>\$ 22,083,021</u>	<u>\$ 76,553</u>

LONG-TERM DEBT

WARREN HILLS REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS PAYABLE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Purpose	Date of Issue	Original Issue	Maturities of		Interest Rate	Balance July 1, 2016	Matured	Balance June 30, 2017
			Date	Amount				
2009 School Bonds	03/19/09	\$ 5,494,000	2/15/18	\$ 385,000	3.75%			
			2/15/19	400,000	3.75%			
			2/15/20	420,000	3.75%			
			2/15/21	435,000	4.00%			
			2/15/22	450,000	4.00%			
			2/15/23	470,000	4.00%			
			2/15/24	489,000	4.13%	\$ 3,419,000	\$ 370,000	\$ 3,049,000
2012 Refunding Bonds	06/06/12	17,335,000	2/15/18	1,115,000	4.00%			
			2/15/19	1,165,000	5.00%			
			2/15/20	1,270,000	4.25%			
			2/15/21	1,330,000	5.00%			
			2/15/22	1,405,000	5.00%			
			2/15/23	1,480,000	5.00%			
			2/15/24	1,565,000	4.00%			
			2/15/25	1,635,000	4.00%			
		2/15/26	1,705,000	4.00%				
		2/15/27	1,775,000	4.00%	15,440,000	995,000	14,445,000	
					\$ 18,859,000	\$ 1,365,000	\$ 17,494,000	



WARREN HILLS REGIONAL SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	\$ 2,155,917		\$ 2,155,917	\$ 2,155,917	
State Sources:					
Debt Service Aid - Type II	17,092		17,092	17,092	
Total Revenues	<u>2,173,009</u>		<u>2,173,009</u>	<u>2,173,009</u>	
<b>EXPENDITURES:</b>					
Regular Debt Service:					
Interest on Bonds	808,009		808,009	808,009	
Redemption of Principal	1,365,000		1,365,000	1,365,000	
Total Regular Debt Service	<u>2,173,009</u>		<u>2,173,009</u>	<u>2,173,009</u>	
Total Expenditures	<u>2,173,009</u>		<u>2,173,009</u>	<u>2,173,009</u>	
Deficit of Revenues Under Expenditures					
Fund Balance, July 1	47,322		47,322	47,322	
Fund Balance, June 30	<u>\$ 47,322</u>	<u>\$ -0-</u>	<u>\$ 47,322</u>	<u>\$ 47,322</u>	<u>\$ -0-</u>
<b>Recapitulation:</b>					
Restricted for Subsequent Year's Expenditures			\$ 47,322	\$ 47,322	
			<u>\$ 47,322</u>	<u>\$ 47,322</u>	

WARREN HILLS REGIONAL SCHOOL DISTRICT  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES

Purpose	Interest Rate	Original Issue	Balance July 1, 2016	Issued	Matured	Balance June 30, 2017
Computer Networking Upgrades	2.87%	\$ 360,811	\$ 238,780		\$ 117,678	\$ 121,102
140 iPads, 782 MacBook Pros and 12 iPad Air 2's	0.50%	1,121,147	751,163		377,450	373,713
School Buses, Maintenance Vehicles and Maintenance Equipment	1.47%	362,562		\$ 362,562	74,338	288,224
Technology Equipment	1.36%	250,000		250,000	84,299	165,701
Security Equipment	1.51%	707,884		707,884	150,000	557,884
			<u>\$ 989,943</u>	<u>\$ 1,320,446</u>	<u>\$ 803,765</u>	<u>\$ 1,506,624</u>

**STATISTICAL SECTION**  
**(UNAUDITED)**

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

**Contents**

**Exhibit**

**Financial Trends**

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

J-1 thru J-5

**Revenue Capacity**

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

J-6 thru J-9

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

J-10 thru J-13

**Demographic and Economic Information**

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

J-14 thru J-15

**Operating Information**

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

J-16 thru J-20

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

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 12,115,750	\$ 17,929,501	\$ 20,519,431	\$ 21,898,013	\$ 24,359,855	\$ 26,501,040	\$ 27,224,466	\$ 28,561,105	\$ 28,369,778	\$ 29,912,495
Restricted	6,526,015	6,398,143	5,541,099	6,438,182	9,070,094	10,473,542	10,315,660	10,278,076	9,918,463	5,983,676
Unrestricted/(Deficit)	(463,879)	(719,159)	(503,822)	807,416	(989,884)	(1,301,587)	(7,707,076)	(8,735,277)	(8,976,705)	(7,220,439)
Total Governmental Activities Net Position	\$ 18,177,886	\$ 23,608,485	\$ 25,556,708	\$ 29,143,611	\$ 32,440,065	\$ 35,672,995	\$ 29,833,050	\$ 30,103,904	\$ 29,311,536	\$ 28,675,732
<b>Business-Type Activities</b>										
Investment in Capital Assets	\$ 27,452	\$ 22,657	\$ 84,157	\$ 73,031	\$ 115,682	\$ 102,625	\$ 97,892	\$ 210,733	\$ 207,992	\$ 188,880
Unrestricted	366,860	328,125	348,987	357,548	348,908	316,274	296,984	150,661	150,056	165,435
Total Business-Type Activities Net Position	\$ 394,312	\$ 350,782	\$ 433,144	\$ 430,579	\$ 464,590	\$ 418,899	\$ 394,876	\$ 361,394	\$ 358,048	\$ 354,315
<b>District-Wide</b>										
Net Investment in Capital Assets	\$ 12,143,202	\$ 17,952,158	\$ 20,603,588	\$ 21,971,044	\$ 24,475,537	\$ 26,603,665	\$ 27,322,358	\$ 28,771,838	\$ 28,577,770	\$ 30,101,375
Restricted	6,526,015	6,398,143	5,541,099	6,438,182	9,070,094	10,473,542	10,315,660	10,278,076	9,918,463	5,983,676
Unrestricted/(Deficit)	(97,019)	(391,034)	(154,835)	1,164,964	(640,976)	(985,313)	(7,410,092)	(8,584,616)	(8,826,649)	(7,055,004)
Total District Net Position	\$ 18,572,198	\$ 23,959,267	\$ 25,989,852	\$ 29,574,190	\$ 32,904,655	\$ 36,091,894	\$ 30,227,926	\$ 30,465,298	\$ 29,669,584	\$ 29,030,047

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
<b>Instruction</b>										
Regular	\$ 13,470,250	\$ 12,950,750	\$ 13,404,321	\$ 12,723,928	\$ 13,383,918	\$ 13,498,437	\$ 13,729,532	\$ 16,281,883	\$ 17,809,990	\$ 19,221,023
Special Education	4,116,081	4,260,552	3,811,996	4,276,293	3,802,058	3,746,454	3,915,065	4,160,158	4,929,289	6,295,881
Other Special Education	209,533	279,110	154,162	134,947	143,352	26,765	33,356	41,319	3,096	1,394
Other Instruction	1,289,756	1,251,581	1,344,662	1,212,406	1,359,415	1,327,175	1,382,796	1,488,898	1,383,084	1,494,982
<b>Support Services:</b>										
Tuition	1,551,129	1,791,478	1,709,421	1,206,331	1,073,266	1,801,733	1,908,152	2,237,895	2,008,981	1,980,295
Student & Instruction Related Services	3,948,589	3,803,915	4,151,207	3,539,844	3,945,711	4,477,321	4,659,362	5,446,900	5,400,837	5,840,622
General Administrative Services	757,211	694,896	665,721	676,078	631,931	617,809	760,728	663,082	997,805	936,556
School Administrative Services	2,047,469	1,797,923	1,831,423	1,634,343	1,611,543	1,619,953	1,751,868	2,007,473	2,215,171	2,366,439
Central Services	495,473	490,597	502,350	520,993	528,758	551,688	550,739	658,195	563,814	612,895
Administrative Information Technology	550,227	620,060	602,902	503,682	551,563	469,787	312,120	356,401	362,002	368,677
Plant Operations And Maintenance	3,010,534	3,168,631	3,441,414	3,022,276	2,803,793	2,784,501	3,177,260	3,209,050	3,583,254	3,831,444
Pupil Transportation	1,763,923	1,786,098	1,515,001	1,683,674	1,438,029	1,557,321	1,661,141	1,792,485	2,416,108	2,134,332
Capital Outlay	13,385	2,974	5,707	142,475	316,126	138,098	193,019	196,063	685,332	634,505
Interest On Long-Term Debt	1,027,278	965,859	1,162,752	1,126,169	807,376	648,107	1,004,164	724,466		
Transfer of Funds to Charter School		15,919	20,632							
Unallocated Depreciation	491,430	397,090	445,996	382,320	316,768	240,521	774,735	1,009,753	1,021,673	1,896,407
<b>Total Governmental Activities Expenses</b>	<b>34,742,268</b>	<b>34,277,433</b>	<b>34,769,667</b>	<b>32,785,759</b>	<b>32,713,607</b>	<b>33,505,670</b>	<b>35,814,041</b>	<b>40,274,021</b>	<b>43,380,436</b>	<b>47,615,452</b>
<b>Business-Type Activities:</b>										
Food Service	517,592	561,547	493,355	467,434	509,470	501,943	495,675	505,094	507,071	511,090
<b>Total Business-Type Activities Expense</b>	<b>517,592</b>	<b>561,547</b>	<b>493,355</b>	<b>467,434</b>	<b>509,470</b>	<b>501,943</b>	<b>495,675</b>	<b>505,094</b>	<b>507,071</b>	<b>511,090</b>
<b>Total District Expenses</b>	<b>\$ 35,259,860</b>	<b>\$ 34,838,980</b>	<b>\$ 35,263,022</b>	<b>\$ 33,253,193</b>	<b>\$ 33,223,077</b>	<b>\$ 34,007,613</b>	<b>\$ 36,309,716</b>	<b>\$ 40,779,115</b>	<b>\$ 43,887,507</b>	<b>\$ 48,126,542</b>
<b>Program Revenues</b>										
<b>Governmental Activities:</b>										
<b>Charges For Services:</b>										
<b>Instruction</b>										
Pupil Transportation	\$ 298,409	\$ 272,787	\$ 312,493	\$ 238,177	\$ 1,859,394	\$ 1,423,477	\$ 1,499,897	\$ 1,617,275	\$ 1,584,567	\$ 1,474,957
Operating Grants and Contributions	5,800,953	4,672,964	4,641,021	4,487,590	4,832,765	4,788,921	4,452,207	7,832,917	9,461,362	12,349,618
Capital Grants and Contributions			1,734,177	674,683	90,323	75,616				470,444
<b>Total Governmental Activities Program Revenues</b>	<b>6,099,362</b>	<b>4,945,751</b>	<b>6,687,691</b>	<b>5,400,450</b>	<b>7,007,703</b>	<b>6,547,642</b>	<b>6,218,640</b>	<b>9,708,163</b>	<b>11,307,289</b>	<b>14,572,719</b>

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Program Revenues										
Business-Type Activities:										
Charges for Services										
Food Service	\$ 423,208	\$ 418,037	\$ 392,467	\$ 353,609	\$ 368,653	\$ 317,409	\$ 322,227	\$ 314,224	\$ 333,333	\$ 337,333
Operating Grants and Contributions	90,420	97,610	112,888	111,117	116,226	137,015	148,608	156,602	169,880	169,184
Total Business Type Activities Program Revenues	513,628	515,647	505,355	464,726	484,879	454,424	470,835	470,826	503,213	506,517
Total District Program Revenues	\$ 6,612,990	\$ 5,461,398	\$ 7,193,046	\$ 5,865,176	\$ 7,492,582	\$ 7,002,066	\$ 6,689,475	\$ 10,178,989	\$ 11,810,502	\$ 15,079,236
Net (Expense)/Revenue										
Governmental Activities	\$ (28,642,906)	\$ (29,331,682)	\$ (28,081,976)	\$ (27,385,309)	\$ (25,705,904)	\$ (26,958,028)	\$ (29,595,401)	\$ (30,565,858)	\$ (32,073,147)	\$ (33,042,733)
Business-Type Activities	(3,964)	(45,900)	12,000	(2,708)	(24,591)	(47,519)	(24,840)	(34,268)	(3,858)	(4,573)
Total District-Wide Net Expense	\$ (28,646,870)	\$ (29,377,582)	\$ (28,069,976)	\$ (27,388,017)	\$ (25,730,495)	\$ (27,005,547)	\$ (29,620,241)	\$ (30,600,126)	\$ (32,077,005)	\$ (33,047,306)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 17,601,422	\$ 17,573,824	\$ 18,305,479	\$ 18,537,698	\$ 18,658,452	\$ 19,031,621	\$ 19,031,621	\$ 19,412,253	\$ 19,800,498	\$ 20,646,591
Taxes Levied for Debt Service	1,688,987	1,479,966	1,590,130	1,779,464	1,930,302	2,086,385	2,105,862	1,964,506	2,011,364	2,155,917
Tuition Charges	1,549,381	1,364,420	1,624,904	2,055,177						
Federal and State Aid not Restricted	13,455,627	14,115,507	8,250,862	8,491,627	9,050,371	9,272,508	9,384,348	9,387,427	9,380,077	9,461,106
Investment Earnings	364,990	93,359	32,466	20,223	72,145	55,177	45,826	44,819	39,444	48,474
Miscellaneous Income	63,493	135,205	96,710	88,023	163,141	53,336	138,920	27,650	49,216	94,773
Reappraisal of Assets					438,797					
Contribution for Bond Refunding					(1,500,000)		251	57	180	68
Transfers										
Total Governmental Activities	34,723,900	34,762,281	30,030,199	30,972,212	28,813,208	30,499,027	30,706,828	30,836,712	31,280,779	32,406,929
Business-Type Activities:										
Investment Earnings	10,372	2,370	445	143	2,996	1,828	817	786	512	840
Deletion of Capital Assets, Net of Accumulated Depreciation	(1,920)				(1,580)					
Reappraisal of Assets			69,917		41,186					
Total Business-Type Activities	8,452	2,370	70,362	143	42,602	1,828	817	786	512	840
Total District-Wide	\$ 34,732,352	\$ 34,764,651	\$ 30,100,561	\$ 30,972,355	\$ 28,855,810	\$ 30,500,855	\$ 30,707,645	\$ 30,837,498	\$ 31,281,291	\$ 32,407,769
Change in Net Position:										
Governmental Activities	\$ 6,080,994	\$ 5,430,599	\$ 1,948,223	\$ 3,586,903	\$ 3,107,304	\$ 3,540,999	\$ 1,111,427	\$ 270,854	\$ (792,368)	\$ (635,804)
Business-Type Activities	4,488	(43,530)	82,362	(2,565)	18,011	(45,691)	(24,023)	(33,482)	(3,346)	(3,733)
Total District	\$ 6,085,482	\$ 5,387,069	\$ 2,030,585	\$ 3,584,338	\$ 3,125,315	\$ 3,495,308	\$ 1,087,404	\$ 237,372	\$ (795,714)	\$ (639,537)

Source: School District Financial Reports

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

	June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved/Restricted	\$ 5,597,991	\$ 5,625,897	\$ 4,855,188	\$ 6,174,462	\$ 8,748,012	\$ 10,193,678	\$ 10,035,904	\$ 10,128,625	\$ 9,871,141	\$ 5,936,354
Assigned				1,194,333	1,501,554	1,415,017	824,020	685,570	622,613	3,072,549
Unassigned		57,857	118,800	156,873			21,407			
Unreserved										
Total General Fund	\$ 5,940,203	\$ 5,683,754	\$ 4,973,988	\$ 7,525,668	\$ 10,249,566	\$ 11,608,695	\$ 10,881,331	\$ 10,814,195	\$ 10,493,754	\$ 9,008,903
All Other Governmental Funds										
Reserved/Restricted	\$ 112,915	\$ 25,244	\$ 276,419	\$ 2,116,472	\$ 188,133	\$ 279,864	\$ 279,756	\$ 179,756	\$ 47,322	\$ 47,322
Committed				43,626	133,949		933,263			
Unreserved/Unassigned, Reported In:										
Special Revenue Fund (Deficit)	(2,497)									
Capital Projects Fund (Deficit)	841,772	6,629,505	3,770,753					(30,305)	(57,834)	
Debt Service Fund	1,033,848	772,246	444,515							
Total All Other Governmental Funds	\$ 1,986,038	\$ 7,426,995	\$ 4,491,687	\$ 2,160,098	\$ 322,082	\$ 279,864	\$ 1,213,019	\$ 149,451	\$ (10,512)	\$ 47,322
Total All Funds:										
Reserved/Restricted	\$ 5,710,906	\$ 5,651,141	\$ 5,131,607	\$ 8,290,934	\$ 8,936,145	\$ 10,473,542	\$ 10,315,660	\$ 10,308,381	\$ 9,918,463	\$ 5,983,676
Committed				43,626	133,949		933,263			
Assigned				1,194,333	1,501,554	1,415,017	824,020	685,570	622,613	3,072,549
Unassigned/(Deficit)				156,873			21,407	(30,305)	(57,834)	
Unreserved										
Total All Governmental Funds	\$ 7,926,241	\$ 13,110,749	\$ 9,465,675	\$ 9,685,766	\$ 10,571,648	\$ 11,888,559	\$ 12,094,350	\$ 10,963,646	\$ 10,483,242	\$ 9,056,225

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Tax Levy	\$ 19,290,409	\$ 19,053,790	\$ 19,895,609	\$ 20,317,162	\$ 20,588,754	\$ 21,118,006	\$ 21,137,483	\$ 21,376,759	\$ 21,811,862	\$ 22,802,508
Tuition Charges	1,549,381	1,364,420	1,624,420	2,055,177	1,859,394	1,423,477	1,499,897	1,617,275	1,584,567	1,474,957
Transportation Fees from Other LEAs	298,409	272,787	312,493	238,177	225,221	259,628	266,536	257,971	261,360	277,700
Interest Earnings	38,496	17,557	10,211	5,156	19,538	18,582	18,173	18,003	18,854	14,737
Other Restricted Miscellaneous Revenue	15,775	7,955	11,804	25,319	39,805	16,725	11,131	3,149	12,063	10,931
Unrestricted Miscellaneous Revenue	374,212	203,052	107,161	78,427	177,078	75,140	156,217	54,322	66,603	118,352
State Sources	18,697,381	18,213,635	12,204,734	12,749,581	12,761,047	13,568,276	13,290,259	13,685,984	14,265,030	15,238,346
Federal Sources	559,199	574,836	2,421,326	903,663	1,211,277	566,835	545,521	572,921	632,972	651,159
<b>Total Revenue</b>	<b>40,823,262</b>	<b>39,708,032</b>	<b>36,588,242</b>	<b>36,372,662</b>	<b>36,882,114</b>	<b>37,046,669</b>	<b>36,925,217</b>	<b>37,586,384</b>	<b>38,653,311</b>	<b>40,588,690</b>
<b>Expenditures</b>										
Instruction										
Regular Instruction	9,563,783	9,348,698	9,760,517	8,974,026	9,171,438	9,384,673	9,929,359	10,209,236	10,445,191	10,454,758
Special Education Instruction	3,160,958	3,363,277	3,014,955	3,228,870	2,742,803	2,713,408	2,959,441	2,831,246	2,983,944	3,558,648
Other Special Instruction	141,798	201,510	110,690	92,591	96,085	20,297	26,480	34,344	3,096	1,394
Other Instruction	1,037,461	1,095,397	1,123,489	990,237	1,100,377	1,097,750	1,148,890	1,229,904	1,151,253	1,223,820
Support Services:										
Tuition	1,551,129	1,791,478	1,709,421	1,206,331	1,073,266	1,801,733	1,908,152	2,237,895	2,008,981	1,980,295
Student & Instruction Related Services	2,859,740	2,948,014	3,199,499	2,636,131	3,004,432	3,406,965	3,584,677	3,762,933	4,040,591	4,072,879
General Administration Services	651,119	597,500	557,986	571,634	514,378	506,808	636,191	532,428	717,249	715,768
School Administration Services	1,416,453	1,370,340	1,349,438	1,173,674	1,128,760	1,145,971	1,275,743	1,288,241	1,211,865	1,264,949
Central Services	369,428	371,915	377,222	371,668	377,144	396,222	415,757	468,591	379,234	384,207
Administrative Information Technology	489,991	546,395	516,377	446,849	483,817	426,105	303,709	347,210	319,849	381,695
Plant Operations And Maintenance	2,664,015	2,787,643	3,071,901	2,597,386	2,395,061	2,414,745	2,794,520	2,818,202	2,934,826	3,343,597
Pupil Transportation	1,727,714	1,747,635	1,478,685	1,642,067	1,401,887	1,516,258	1,580,793	1,711,448	1,807,548	1,895,355
Unallocated Benefits	7,444,204	6,648,931	6,895,538	7,145,792	7,710,035	7,581,264	7,174,221	7,668,082	8,065,335	8,746,167
Capital Outlay	12,728,157	4,988,503	4,898,588	3,043,394	1,393,753	1,305,813	858,723	1,495,739	2,408,979	3,139,680
Transfer of Funds to Charter School		15,919	20,632							
Debt Service:										
Principal	1,090,000	1,215,000	1,015,000	905,000	1,005,000	1,250,000	1,180,000	1,185,000	1,285,000	1,365,000
Interest And Other Charges	1,014,712	979,369	1,133,378	1,126,921	1,092,246	761,746	943,021	896,646	858,509	808,009
<b>Total Expenditures</b>	<b>47,910,662</b>	<b>40,017,524</b>	<b>40,233,316</b>	<b>36,152,571</b>	<b>34,690,482</b>	<b>35,729,758</b>	<b>36,719,677</b>	<b>38,717,145</b>	<b>40,621,450</b>	<b>43,336,221</b>
<b>Excess (Deficiency) Of Revenues</b>	<b>(7,087,400)</b>	<b>(309,492)</b>	<b>(3,645,074)</b>	<b>220,091</b>	<b>2,191,632</b>	<b>1,316,911</b>	<b>205,540</b>	<b>(1,130,761)</b>	<b>(1,968,139)</b>	<b>(2,747,531)</b>



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

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Other Financing Sources/(Uses)										
Bond Sale Proceeds		\$ 5,494,000								
Contribution for Bond Refunding					\$ (1,500,000)					
Long Term Debt Issued					17,335,000					
Bond Premium					2,484,721					
Serial Bonds Defeased					(19,625,000)					
Bond Issuance Costs					(165,213)					
Deferred Interest					(1,529,508)					
Debt Service Contribution					1,500,000					
Capital Leases (Non-Budgeted)					194,250					
Transfers In	\$ 230,799	48,031	\$ 366,565	\$ 77,690	1,500,107	\$ 92,604	\$ 1,084,766	\$ 57	\$ 1,487,555	\$ 1,320,446
Transfers Out	(230,799)	(48,031)	(366,565)	(77,690)	(1,500,107)	(92,604)	(1,084,515)		180	68
Total Other Financing Sources/(Uses)		5,494,000			(1,305,750)		251	57	1,487,735	1,320,514
Net Change In Fund Balances	\$ (7,087,400)	\$ 5,184,508	\$ (3,645,074)	\$ 220,091	\$ 885,882	\$ 1,316,911	\$ 205,791	\$ (1,130,704)	\$ (480,404)	\$ (1,427,017)
Debt Service As A Percentage Of Noncapital Expenditures	5.98%	6.26%	6.08%	6.14%	6.30%	5.84%	5.92%	5.59%	5.35%	5.35%

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

Fiscal Year Ending June 30	Tuition	Transportation Fees	Interest on Investments	Use of Facilities/ Rentals	Miscellaneous	Total
2008	\$ 1,549,381	\$ 298,409	\$ 168,629	\$ 15,775	\$ 47,718	\$ 2,079,912
2009	1,364,420	272,787	54,961	7,955	127,250	1,827,373
2010	1,624,904	312,493	26,350	11,804	84,906	2,060,457
2011	2,055,177	238,177	19,644	25,319	62,704	2,401,021
2012	1,859,394	225,221	72,145	39,805	123,229	2,319,794
2013	1,423,477	259,628	55,177	16,725	36,611	1,791,618
2014	1,499,897	266,536	45,826	11,131	127,789	1,951,179
2015	1,617,275	257,971	44,819	3,149	24,501	1,947,715
2016	1,584,567	261,360	39,444	12,063	37,153	1,934,587
2017	1,474,957	277,700	48,474	10,931	83,842	1,895,904

Source: Warren Hills Regional School District records

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

Year Ended Dec. 31,	Vacant Land				Farm		Farm Qualified			Commercial		Industrial		Apartment		Total Assessed Value		Tax-Exempt Property		Public Utilities <sup>a</sup>		Net Valuation Taxable		Total Direct School Tax Rate <sup>b</sup>		Estimated Actual (County Equalized Value)	
					Residential	Regular																					
<u>Franklin Township</u>																											
2007	\$ 6,937,700	\$ 288,425,300	\$ 47,296,000	\$ 5,121,825	\$ 32,616,800	\$ 28,866,100	\$ 306,300	\$ 409,570,025	\$ 36,360,100	\$ 966,940	\$ 410,536,965	\$ 0.75	\$ 462,428,482														
2008	6,012,600	292,976,100	48,390,200	5,110,225	32,985,700	31,274,600	306,300	417,055,725	36,360,100	949,522	418,005,247	0.75	482,869,453														
2009	6,267,600	294,741,100	48,434,700	5,055,805	33,199,300	31,199,800	306,300	419,204,605	37,255,420	969,682	420,174,287	0.80	468,160,765														
2010	5,875,000	294,234,600	51,517,400	5,093,305	33,139,800	31,199,800	306,300	421,366,205	37,813,920	1,010,638	422,376,843	0.87	473,343,816														
2011	6,258,200	291,200,700	53,529,700	5,029,405	32,839,800	31,024,800	306,300	420,188,905	38,584,420	942,686	421,131,591	0.89	444,729,171														
2012	4,438,400	292,209,000	53,550,700	5,053,215	32,503,800	30,969,000	306,300	419,030,415	38,663,220	978,714	420,009,129	0.92	423,287,926														
2013	4,130,400	286,559,100	53,823,900	5,102,815	32,526,600	30,969,000	306,300	413,418,115	39,090,620	914,996	414,333,111	0.94	398,392,069														
2014	4,128,700	287,884,400	52,492,300	5,039,395	32,514,600	30,829,000	306,300	413,194,695	39,090,620	692,328	413,887,023	0.94	413,887,023														
2015	4,181,700	289,296,400	51,344,000	4,894,295	32,364,200	30,829,000	306,300	413,215,895	39,428,320	463,886	413,679,781	0.99	389,508,561														
2016	4,403,700	288,535,000	52,484,600	5,050,195	32,273,800	30,829,000	306,300	413,882,595	39,306,220	440,526	414,323,121	0.97	385,027,582														
<u>Mansfield Township</u>																											
2007	\$ 13,502,500	\$ 429,716,900	\$ 50,595,400	\$ 2,751,200	\$ 89,207,400	\$ 16,054,300	\$ 49,799,900	\$ 651,627,600	\$ 61,385,450	\$ 1,333,868	\$ 652,961,468	\$ 0.87	\$ 876,205,197														
2008	15,458,200	431,684,500	50,829,400	2,668,700	94,972,200	16,094,300	49,799,900	661,507,200	63,116,650	1,304,575	662,811,775	0.86	949,452,468														
2009	13,896,400	431,329,200	51,820,800	3,612,000	94,831,500	16,094,300	49,799,900	661,384,100	63,590,580	1,335,310	662,719,410	0.91	905,107,088														
2010	12,975,500	430,605,100	51,652,000	2,903,275	95,113,500	16,100,300	40,656,000	650,005,675	64,961,380	1,434,922	651,440,597	0.89	891,558,434														
2011	12,083,200	430,604,600	51,652,000	2,959,050	95,234,500	16,100,300	40,656,000	649,289,650	65,924,380	1,262,054	650,551,704	0.90	837,465,335														
2012	11,755,100	425,685,800	55,172,200	2,943,150	95,234,500	16,099,500	40,656,000	647,546,250	67,624,380	1,346,173	648,892,423	0.90	765,722,084														
2013	11,751,900	424,374,700	54,693,000	2,782,050	90,238,000	16,099,500	40,656,000	640,595,150	67,673,180	1,315,776	641,910,926	0.92	725,936,357														
2014	10,220,500	404,138,600	54,345,900	3,544,000	108,831,100	17,129,400	66,001,000	664,210,500	72,990,900	1,017,159	665,227,659	0.87	684,976,372														
2015	10,653,600	404,308,500	54,221,800	3,476,790	108,509,200	17,493,500	66,001,000	664,664,390	72,720,600	954,436	665,618,826	0.90	693,428,255														
2016	9,501,000	408,991,800	52,751,300	4,246,265	116,176,000	17,323,500	66,001,000	674,990,865	68,900,700	862,441	675,853,306	0.96	715,449,372														
<u>Washington Borough</u>																											
2007	\$ 5,960,300	\$ 282,165,460	\$ 437,600	\$ 5,300	\$ 48,804,000	\$ 16,823,900	\$ 23,083,000	\$ 377,279,560	\$ 30,395,825	\$ 2,062,147	\$ 379,341,707	\$ 1.14	\$ 575,868,580														
2008	9,560,900	283,120,160	437,600	5,300	48,586,900	16,823,900	22,783,000	381,317,760	29,975,825	2,045,030	383,362,790	1.10	595,390,516														
2009	8,457,100	278,216,160	437,600	5,300	48,064,100	16,823,900	22,883,000	374,287,160	33,852,325	2,099,466	376,386,626	1.11	583,997,868														
2010	6,827,300	278,559,460	437,600	5,300	47,575,200	16,823,900	21,890,900	372,119,660	32,932,625	2,133,964	374,253,624	1.12	583,927,229														
2011	5,350,500	278,666,860	437,600	5,300	47,429,000	16,323,400	21,890,900	370,103,560	31,906,225	2,045,901	372,149,461	1.14	577,042,195														
2012	5,303,400	278,655,460	437,600	5,300	46,893,500	16,323,400	21,890,900	369,509,560	31,331,625	2,259,339	371,768,899	1.10	521,268,396														
2013	3,861,800	283,660,960	437,600	5,300	45,295,800	16,323,400	19,350,900	368,935,760	30,736,425	1,973,565	370,909,325	1.09	475,996,770														
2014	3,519,500	285,790,960	437,600	5,300	45,255,400	16,323,400	19,350,900	370,683,060	31,893,625	1,807,822	372,490,882	1.12	463,639,899														
2015	2,340,900	290,037,560	437,600	10,100	43,632,300	14,766,600	18,450,900	369,675,960	33,944,425	1,968,788	371,644,748	1.08	443,330,536														
2016	1,792,100	287,893,160	437,600	10,100	44,069,600	13,894,600	18,389,700	366,486,860	33,266,625	1,948,907	368,435,767	1.15	441,651,116														

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

Year Ended Dec. 31,	Vacant Land		Farm		Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>b</sup>	Estimated Actual (County Equalized Value)
	Residential	Regular	Residential	Regular										
2007	\$ 12,837,300	\$ 549,201,899	\$ 22,711,000	\$ 2,359,325	\$ 66,817,300	\$ 3,501,200	\$ 1,880,300	\$ 659,308,324	\$ 58,981,148	\$ 1,609,231	\$ 660,917,555	0.94	\$ 868,978,308	
2008	12,393,800	555,261,299	23,399,000	2,416,625	67,642,300	3,501,200	1,880,300	666,494,524	57,633,148	1,451,823	667,946,347	0.89	916,654,088	
2009	11,825,300	558,724,549	25,067,700	2,221,900	67,930,800	3,501,200	1,880,300	671,151,749	57,381,248	1,532,660	672,684,409	0.94	903,417,149	
2010	11,583,100	559,661,851	25,506,800	2,366,600	68,327,500	3,501,200	1,780,300	672,727,351	57,198,448	1,538,722	674,266,073	0.99	907,913,314	
2011	11,030,400	561,000,051	24,688,300	2,272,900	72,406,800	3,501,200	1,780,300	676,679,951	57,883,448	1,351,053	678,031,004	1.00	870,082,342	
2012	10,920,500	560,621,701	25,051,400	2,290,500	74,188,700	3,495,900	1,780,300	678,349,001	57,795,648	1,405,013	679,754,014	1.07	826,466,429	
2013	10,364,300	558,903,101	26,397,900	2,399,300	75,759,900	3,445,900	1,780,300	679,050,701	57,457,248	1,216,440	680,267,141	1.07	784,880,638	
2014	10,399,600	557,929,101	26,422,900	2,410,900	75,491,100	3,445,900	1,780,300	677,879,801	58,674,448	984,686	678,864,487	1.11	741,130,019	
2015	11,107,000	557,507,301	25,814,400	2,465,700	77,247,900	3,445,900	1,780,300	679,368,501	56,679,148	100	679,368,601	1.14	730,164,989	
2016	10,778,500	557,463,501	26,272,400	2,595,000	77,981,800	3,445,900	1,685,900	680,223,001	59,366,048	930,263	681,153,264	1.18	725,063,215	

Washington Township

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

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

b Tax rates are per \$100 of Assessed Valuation

Source: Municipal Tax Assessors

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

TOWNSHIP OF FRANKLIN

Year Ended December 31,	Warren Hills Regional Board of Education								Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates		Warren County		
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct		Township of Franklin				
2007	\$ 0.68	\$ 0.07	\$ 0.75	\$ 0.91	\$ 0.18	\$ 0.69	\$ 2.52		
2008	0.69	0.06	0.75	0.96	0.20	0.70	2.61		
2009	0.74	0.06	0.80	0.94	0.23	0.69	2.66		
2010	0.80	0.08	0.87	0.95	0.24	0.69	2.75		
2011	0.81	0.08	0.89	0.96	0.24	0.67	2.76		
2012	0.83	0.09	0.92	0.96	0.22	0.68	2.78		
2013	0.85	0.09	0.94	0.94	0.22	0.69	2.79		
2014	0.85	0.09	0.94	0.96	0.25	0.72	2.86		
2015	0.90	0.09	0.99	0.96	0.27	0.73	2.95		
2016	0.87	0.09	0.97	0.95	0.26	0.71	2.89		

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

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

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

Source: Municipal Tax Collector and School Business Administrator

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

TOWNSHIP OF MANSFIELD

Year Ended December 31,	Warren Hills Regional Board of Education						Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates		
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct		Township of Mansfield	Warren County	
2007	\$ 0.79	\$ 0.08	\$ 0.87	\$ 0.74	\$ 0.36	\$ 0.82	\$ 2.78
2008	0.80	0.07	0.86	0.75	0.39	0.87	2.88
2009	0.83	0.07	0.91	0.73	0.45	0.89	2.98
2010	0.81	0.08	0.89	0.78	0.52	0.84	3.03
2011	0.81	0.08	0.90	0.80	0.56	0.82	3.07
2012	0.81	0.09	0.90	0.80	0.58	0.80	3.08
2013	0.83	0.09	0.92	0.79	0.59	0.81	3.10
2014	0.79	0.08	0.87	0.79	0.61	0.79	3.05
2015	0.81	0.08	0.90	0.84	0.61	0.81	3.15
2016	0.87	0.09	0.96	0.83	0.62	0.81	3.22

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

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

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

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

BOROUGH OF WASHINGTON

Year Ended December 31,	Warren Hills Regional Board of Education						Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates		
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct		Borough of Washington	Warren County	
2007	\$ 1.04	\$ 0.10	\$ 1.14	\$ 0.98	\$ 1.00	\$ 0.85	\$ 3.97
2008	1.02	0.09	1.10	1.00	1.05	0.86	4.03
2009	1.02	0.09	1.11	1.06	1.24	0.86	4.27
2010	1.02	0.10	1.12	1.08	1.42	0.87	4.49
2011	1.03	0.11	1.14	1.12	1.50	0.91	4.67
2012	0.99	0.11	1.10	1.15	1.50	0.86	4.60
2013	0.99	0.11	1.09	1.15	1.48	0.85	4.57
2014	1.02	0.10	1.12	1.23	1.46	0.89	4.70
2015	0.98	0.10	1.08	1.26	1.46	0.86	4.66
2016	1.05	0.11	1.15	1.33	1.47	0.85	4.80

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

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

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

Source: Municipal Tax Collector and School Business Administrator

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

TOWNSHIP OF WASHINGTON

Year Ended December 31,	Warren Hills Regional Board of Education								Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates		Warren County		
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct		Township of Washington				
2007	\$ 0.86	\$ 0.08	\$ 0.94	\$ 0.76	\$ 0.42	\$ 0.80	\$ 2.92		
2008	0.82	0.07	0.89	0.73	0.45	0.83	2.91		
2009	0.87	0.08	0.94	0.74	0.47	0.84	3.00		
2010	0.90	0.09	0.99	0.77	0.50	0.83	3.08		
2011	0.91	0.09	1.00	0.78	0.55	0.81	3.15		
2012	0.97	0.11	1.07	0.80	0.57	0.82	3.27		
2013	0.96	0.11	1.07	0.80	0.58	0.82	3.28		
2014	1.01	0.10	1.11	0.86	0.60	0.84	3.41		
2015	1.03	0.10	1.14	0.88	0.61	0.84	3.46		
2016	1.07	0.11	1.18	0.89	0.62	0.81	3.51		

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculation.

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

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



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

Township of Franklin

Taxpayer	2016		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Transcontinental Gas	\$ 17,917,900	1	4.32%
Franklin Realty Group LLC	15,233,300	2	3.68%
ISE America	9,981,100	3	2.41%
Viking Development Company, LLC	2,313,400	4	0.56%
J.W.D. Farms, LLC	2,002,300	5	0.48%
Elizabethtown Gas Company	1,451,700	6	0.35%
Individual Taxpayer #1	1,290,600	7	0.31%
Victaulic Reh, LLC	1,122,300	8	0.27%
Individual Taxpayer #2	1,109,100	9	0.27%
Individual Taxpayer #3	1,106,000	10	0.27%
<b>Total</b>	<b>\$ 53,527,700</b>		<b>12.92%</b>

Taxpayer	2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Transcontinental Gas	\$ 17,917,900	1	4.36%
ISE America	9,981,100	2	2.43%
Franklin Realty Group	12,824,800	3	3.12%
Elizabethtown Gas	1,451,700	4	0.35%
Individual Taxpayer #1	1,290,600	5	0.31%
Asbury Graphite Mills, Inc.	1,200,000	6	0.29%
Apex Victaulic Co. of America	1,122,300	7	0.27%
Individual Taxpayer #2	1,066,000	8	0.26%
Riverview Farms, LLC	977,700	9	0.24%
Carpenter Realty Corp	905,800	10	0.22%
<b>Total</b>	<b>\$ 48,737,900</b>		<b>11.87%</b>

Note: Individual taxpayers in 2016 and 2007 may be different.

Source: Municipal Tax Assessor

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

Township of Mansfield

Taxpayer	2016		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mansfield Plaza, LLC	\$ 68,981,700	1	10.21%
Green Eagle Property	33,190,600	2	4.91%
Middlebury Associates	18,839,000	3	2.79%
Mansfeild Plaza Associates, LLC	15,033,000	4	2.22%
NYK Logistics (Americas) Inc.	6,059,300	5	0.90%
Borealis Compounds LLC	5,768,300	6	0.85%
WH Realty LLC	4,405,000	7	0.65%
The Shoppes at Mansfield, LLC	3,719,300	8	0.55%
Eden Mansfield, LLC	3,486,500	9	0.52%
Mansfield Commons II, LLC	3,319,400	10	0.49%
Total	<u>\$ 162,802,100</u>		<u>24.09%</u>

Taxpayer	2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mansfield Village	\$ 32,248,900	1	4.94%
Green Eagle Property	23,000,000	2	3.52%
Mansfield Plaza, LLC	21,999,800	3	3.37%
Mansfield Plaza Associates	14,149,800	4	2.17%
Middlebury Associates	14,000,000	5	2.14%
Borealis Compounds, LLC	6,553,100	6	1.00%
NYK Logistics Inc.	3,605,800	7	0.55%
Sarva Mangel, LLC (Comfort Inn)	3,077,900	8	0.47%
Eden Mansfield LLC	2,667,600	9	0.41%
Mansfield Self Storage	2,309,200	10	0.35%
Total	<u>\$ 123,612,100</u>		<u>18.93%</u>

Source: Municipal Tax Assessor

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

Borough of Washington

Taxpayer	2016		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Warren Washington Associates	\$ 5,500,000	1	1.49%
Twist Beauty Packaging	4,052,900	2	1.10%
BASF Corporation Tax Dept.	3,050,000	3	0.83%
Washington Plaza Associates	3,000,000	4	0.81%
Bell Atlantic	2,848,907	5	0.77%
Midtown/Limited, Inc.	2,468,000	6	0.67%
Washington Gardens LLC	2,050,000	7	0.56%
Washington Heights LLC	2,000,000	8	0.54%
Individual Taxpayer #1	1,939,800	9	0.53%
Candle Artisans Inc.	1,674,100	10	0.45%
Total	<u>\$ 28,583,707</u>		<u>7.76%</u>

Taxpayer	2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Warren Washington Associates	\$ 7,000,000	1	1.85%
BASF Corporation Tax Dept.	4,722,000	2	1.24%
Pechinery Plastic Packaging	4,520,600	3	1.19%
Washington Plaza Associates	4,400,000	4	1.16%
Washington Gardens LLC	3,990,000	5	1.05%
Washington Heights, LLC	2,300,000	6	0.61%
Warren Lumber Inc.	1,658,000	7	0.44%
Individual Taxpayer #1	1,649,000	8	0.43%
Individual Taxpayer #2	1,620,000	9	0.43%
Candle Artisans, Inc.	1,550,000	10	0.41%
Total	<u>\$ 33,409,600</u>		<u>8.81%</u>

Note: Individual taxpayers in 2016 and 2007 may be different.

Source: Municipal Tax Assessor

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

Township of Washington

Taxpayer	2016		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Asbury Farms (including Golf Course)	\$ 12,468,268	1	1.83%
Washington Shopping Center, Inc.	6,466,700	2	0.95%
Desapio Properties, LLC	3,499,300	3	0.48%
Ed Mark 31 LLC (Rossi)	3,243,900	4	0.46%
Fitzgibbon, Smith & Smith	3,134,900	5	0.39%
Asbury Farms Project 20 LLC	2,659,800	6	0.34%
Washington Realty LLC	2,291,100	7	0.28%
Individual Taxpayer #1	1,934,999	8	0.27%
Individual Taxpayer #2	1,900,000	9	0.28%
I.C. Washington Inc.	1,815,400	10	0.27%
Total	<u>\$ 39,414,367</u>		<u>5.54%</u>

Taxpayer	2007		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Washington Shopping Center	\$ 7,938,700	1	1.20%
Asbury Farms (including Golf Course)	6,675,000	2	1.01%
Desapio Properties #3, LLC (Medical Building)	3,499,300	3	0.53%
Ed Mark 31 LLC (Rossi)	3,243,900	4	0.49%
Fitzgibbon, Smith & Smith	3,134,900	5	0.47%
Drugach Realty Co. (Shoprite)	2,778,200	6	0.42%
I.C. Washington Inc. (Eckerd Drugs)	2,279,400	7	0.34%
Ames Department Store (Ted Gladstone)	2,261,500	8	0.34%
Washington Realty LLC	2,221,700	9	0.34%
Witte Holdings, LLC	1,677,368	10	0.25%
Total	<u>\$ 35,709,968</u>		<u>5.40%</u>

Source: Municipal Tax Assessor

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

Township of Franklin

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2008	\$ 3,071,039	\$ 3,071,039	100.00%	\$ -0-
2009	3,130,894	3,130,894	100.00%	-0-
2010	3,378,514	3,378,514	100.00%	-0-
2011	3,686,607	3,686,607	100.00%	-0-
2012	3,746,238	3,746,238	100.00%	-0-
2013	3,880,347	3,880,347	100.00%	-0-
2014	3,906,105	3,906,105	100.00%	-0-
2015	3,872,361	3,872,361	100.00%	-0-
2016	4,115,045	4,115,045	100.00%	-0-
2017	4,000,955	3,699,065	92.45%	301,890

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

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

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

Township of Mansfield

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2008	\$ 5,688,652	\$ 5,688,652	100.00%	\$ -0-
2009	5,727,042	5,727,042	100.00%	-0-
2010	6,001,719	6,001,719	100.00%	-0-
2011	5,779,107	5,779,107	100.00%	-0-
2012	5,823,492	5,823,492	100.00%	-0-
2013	5,865,301	5,865,301	100.00%	-0-
2014	5,885,165	5,885,165	100.00%	-0-
2015	5,760,359	5,760,359	100.00%	-0-
2016	5,963,789	5,963,789	100.00%	-0-
2017	6,485,164	6,485,164	100.00%	-0-

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

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

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

Borough of Washington

<u>Fiscal Year Ended June 30,</u>	<u>Taxes Levied for the Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy<sup>a</sup></u>		<u>Collections in Subsequent Years</u>
		<u>Amount</u>	<u>Percentage of Levy</u>	
2008	\$ 4,314,983	\$ 4,314,983	100.00%	\$ -0-
2009	4,235,935	4,235,935	100.00%	-0-
2010	4,163,247	4,163,247	100.00%	-0-
2011	4,183,500	4,138,500	98.92%	45,000
2012	4,247,430	4,247,430	100.00%	-0-
2013	4,082,563	4,082,563	100.00%	-0-
2014	4,059,242	4,059,242	100.00%	-0-
2015	4,181,857	4,181,857	100.00%	-0-
2016	3,997,626	3,997,626	100.00%	-0-
2017	4,253,257	4,253,257	100.00%	-0-

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

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

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

Township of Washington

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy<sup>a</sup></u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2008	\$ 6,215,735	\$ 6,215,735	100.00%	\$ -0-
2009	5,959,919	5,959,919	100.00%	-0-
2010	6,352,129	6,352,129	100.00%	-0-
2011	6,667,948	6,667,948	100.00%	-0-
2012	6,771,594	6,771,594	100.00%	-0-
2013	7,289,795	7,289,795	100.00%	-0-
2014	7,286,970	7,286,970	100.00%	-0-
2015	7,562,181	6,532,098	86.38%	1,030,083
2016	7,735,402	6,682,089	86.38%	1,053,313
2017	8,063,132	6,954,737	86.25%	1,108,395

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

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



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

Fiscal Year Ended June 30,	Governmental Activities						Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Business-Type Activities Capital Leases				
2008	\$ 23,275,000	\$ 1,420,000	\$ 44,793	\$ -0-	\$ -0-	\$ 24,739,793	2.38%	\$ 997.09	
2009	28,469,000	505,000	-0-	-0-	-0-	28,974,000	2.66%	1,167.46	
2010	27,959,000	-0-	-0-	-0-	-0-	27,959,000	2.65%	1,130.57	
2011	27,054,000	-0-	-0-	-0-	-0-	27,054,000	2.61%	1,128.14	
2012	23,759,000	-0-	194,250	-0-	-0-	23,953,250	2.24%	1,005.13	
2013	22,509,000	-0-	128,277	-0-	-0-	22,637,277	2.07%	954.15	
2014	21,329,000	-0-	64,742	-0-	-0-	21,393,742	1.95%	908.21	
2015	20,144,000	-0-	-0-	-0-	-0-	20,144,000	1.76%	853.85	
2016	18,859,000	-0-	989,943	-0-	-0-	19,848,943	1.66%	842.45	
2017	17,494,000	-0-	1,506,624	-0-	-0-	19,000,624	1.59%	807.99	

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Net Valuation <sup>a</sup> Taxable	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2008	\$ 23,275,000	\$ -0-	\$ 23,275,000	2.21%	\$ 938.05
2009	28,469,000	-0-	28,469,000	2.67%	1,147.11
2010	27,959,000	-0-	27,959,000	2.62%	1,130.57
2011	27,054,000	-0-	27,054,000	2.55%	1,128.14
2012	23,759,000	-0-	23,759,000	2.24%	996.98
2013	22,509,000	-0-	22,509,000	2.12%	948.75
2014	21,329,000	-0-	21,329,000	2.02%	905.46
2015	20,144,000	-0-	20,144,000	1.89%	853.85
2016	18,859,000	-0-	18,859,000	1.77%	800.43
2017	17,494,000	-0-	17,494,000	2.40%	743.92

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

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
UNAUDITED  
AS OF DECEMBER 31, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Franklin	\$ 2,238,335	100.00%	\$ 2,238,335
Township of Mansfield	2,212,721	100.00%	2,212,721
Borough of Washington	6,784,411	100.00%	6,784,411
Township of Washington	8,850,614	100.00%	8,850,614
Warren County General Obligation Debt (Franklin Township Share)	3,435,000	3.58%	122,940
Warren County General Obligation Debt (Mansfield Township Share)	3,435,000	6.65%	228,444
Warren County General Obligation Debt (Washington Borough Share)	3,435,000	4.11%	141,020
Warren County General Obligation Debt (Washington Township Share)	3,435,000	6.74%	231,514
Subtotal, Overlapping Debt			20,809,999
Warren Hills Regional School District Direct Debt			21,213,943
Total Direct And Overlapping Debt			<u>\$ 42,023,942</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2017						
	Franklin Township	Mansfield Township	Washington Borough	Washington Township	Total	
Equalized valuation basis:						
2014	\$ 386,850,197	\$ 690,375,741	\$ 439,875,472	\$ 726,559,272	\$ 2,243,660,682	
2015	381,829,509	702,085,550	439,883,679	721,274,553	2,245,073,291	
2016	408,087,749	717,007,505	452,956,198	698,165,864	2,276,217,316	
	<u>\$1,176,767,455</u>	<u>\$2,109,468,796</u>	<u>\$1,332,715,349</u>	<u>\$2,145,999,689</u>	<u>\$ 6,764,951,289</u>	
Average Equalized Valuation of Taxable Property						\$ 2,254,983,763
Debt Limit (3.5% of average equalization value <sup>a</sup> )						\$ 78,924,432
Net Bonded School Debt as of June 30, 2017						17,494,000
Legal Debt Margin						<u>\$ 61,430,432</u>

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 80,668,386	\$ 99,875,305	\$ 101,359,179	\$ 99,317,452	\$ 94,342,252	\$ 90,006,596	\$ 83,474,401	\$ 81,113,720	\$ 78,626,732	\$ 78,924,432
Total Net Debt Applicable to Limit	23,275,000	28,469,000	27,959,000	27,054,000	23,759,000	22,509,000	21,329,000	20,144,000	18,859,000	17,494,000
Legal Debt Margin	<u>\$ 57,393,386</u>	<u>\$ 71,406,305</u>	<u>\$ 73,400,179</u>	<u>\$ 72,263,452</u>	<u>\$ 70,583,252</u>	<u>\$ 67,497,596</u>	<u>\$ 62,145,401</u>	<u>\$ 60,969,720</u>	<u>\$ 59,767,732</u>	<u>\$ 61,430,432</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	28.85%	28.50%	27.58%	27.24%	25.18%	25.01%	25.55%	24.83%	23.99%	22.17%

<sup>a</sup> Limit set by NJSA 18A:24-19 for a 6 through 12 district; other % limits would be applicable for other districts

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

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

Township of Franklin

Year	Population <sup>a</sup>	Warren County Per Capita Personal Income <sup>c</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Unemployment Rate <sup>d</sup>
2008	3,128	\$ 43,857	\$ 137,184,696	3.90%
2009	3,120	42,693	133,202,160	6.90%
2010	3,176	43,187	137,161,912	7.20%
2011	3,160	44,917	141,937,720	6.60%
2012	3,137	46,172	144,841,564	6.40%
2013	3,111	46,495	144,645,945	7.40%
2014	3,109	48,645	151,237,305	6.70%
2015	3,096	50,902	157,592,592	5.10%
2016	3,091	50,902 **	157,338,082	4.90%
2017	3,091 *	50,902 **	157,338,082 ***	N/A

\* - Latest population data available (2016) was used for calculation purposes.

\*\* - Latest Warren County per capita personal income available (2015) was used for calculation purposes.

\*\*\* - Latest available population data (2016) and latest available Warren County per capita personal income (2015) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

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

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

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

Township of Mansfield

Year	Population <sup>a</sup>	Warren County Per Capita Personal Income <sup>c</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Unemployment Rate <sup>d</sup>
2008	8,120	\$ 43,857	\$ 356,118,840	5.20%
2009	8,089	42,693	345,343,677	9.20%
2010	7,712	43,187	333,058,144	9.50%
2011	7,658	44,917	343,974,386	8.80%
2012	7,593	46,172	350,583,996	8.60%
2013	7,517	46,495	349,502,915	6.90%
2014	7,512	48,645	365,421,240	5.40%
2015	7,502	50,902	381,866,804	4.80%
2016	7,472	50,902 **	380,339,744	4.10%
2017	7,472 *	50,902 **	380,339,744 ***	N/A

\* - Latest population data available (2016) was used for calculation purposes.

\*\* - Latest Warren County per capita personal income available (2015) was used for calculation purposes.

\*\*\* - Latest available population data (2016) and latest available Warren County per capita personal income (2015) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

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

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

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

Borough of Washington

Year	Population <sup>a</sup>	Warren County Per Capita Personal Income <sup>c</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Unemployment Rate <sup>d</sup>
2008	6,705	\$ 43,857	\$ 294,061,185	4.70%
2009	6,678	42,693	285,103,854	8.30%
2010	6,450	43,187	278,556,150	8.60%
2011	6,420	44,917	288,367,140	7.90%
2012	6,457	46,172	298,132,604	7.70%
2013	6,457	46,495	300,218,215	6.10%
2014	6,500	48,645	316,192,500	6.40%
2015	6,498	50,902	330,761,196	5.70%
2016	6,492	50,902 **	330,455,784	5.30%
2017	6,492 *	50,902 **	330,455,784 ***	N/A

\* - Latest population data available (2016) was used for calculation purposes.

\*\* - Latest Warren County per capita personal income available (2015) was used for calculation purposes.

\*\*\* - Latest available population data (2016) and latest available Warren County per capita personal income (2015) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

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

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

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

Township of Washington

Year	Population <sup>a</sup>	Warren County Per Capita Personal Income <sup>c</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Unemployment Rate <sup>d</sup>
2008	6,865	\$ 43,857	\$ 301,078,305	6.40%
2009	6,843	42,693	292,148,199	11.30%
2010	6,643	43,187	286,891,241	11.60%
2011	6,593	44,917	296,137,781	10.80%
2012	6,538	46,172	301,872,536	10.50%
2013	6,471	46,495	300,869,145	6.00%
2014	6,471	48,645	314,781,795	5.30%
2015	6,465	50,902	329,081,430	4.80%
2016	6,461	50,902 **	328,877,822	3.90%
2017	6,461 *	50,902 **	328,877,822 ***	N/A

\* - Latest population data available (2016) was used for calculation purposes.

\*\* - Latest Warren County per capita personal income available (2015) was used for calculation purposes.

\*\*\* - Latest available population data (2016) and latest available Warren County per capita personal income (2015) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

<sup>b</sup> Personal income has been estimated based upon the municipal population and per capita personal income presented

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

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



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

Employer	2016		Percentage of Total Employment
	Employees	Rank	
Mars Chocolate North America	1,250	1	2.30%
St. Lukes Warren Hospital	1,000	2	1.84%
Hackettstown Medical Center - Atlantic Health Systems	1,000	3	1.84%
Phillipsburg Board of Education	1,000	4	1.84%
County of Warren	1,000	5	1.84%
Centenary College	500	6	0.92%
Genesis Healthcare	500	7	0.92%
Shop Rite of Phillipsburg	500	8	0.92%
Wal-Mart	500	9	0.92%
McWane Ductile	500	10	0.92%
	7,750		14.28%

Total Employment

54,283

Employer	2007		Percentage of Total Employment
	Employees	Rank (Optional)	
Masterfoods USA	1,600	1	2.83%
Warren Hospital	1,000	2	1.77%
County of Warren	836	3	1.48%
Hackettstown Medical Center	794	4	1.41%
Mallinckrodt/ Baker, Inc.	500	5	0.89%
Alcan Packaging	450	6	0.80%
Abilities of Northwest Jersey, Inc.	440	7	0.78%
Genesis Health Center	425	8	0.75%
Shop Rite of Greenwich	365	9	0.65%
Centenary College	350	10	0.62%
	6,760		11.97%

Total Employment

56,460

Source: New Jersey Department of Labor

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

<u>Function/Program</u>	<u>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	134.0	135.0	130.0	130.0	130.0	129.0	129.0	116.5	113.5	118.5
Special Education	21.0	20.0	20.0	20.0	20.0	20.0	20.0	23.0	23.0	51.1
Other Special Education	4.5	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Other Instruction	8.0	8.0	7.0	7.0	7.0	9.0	9.0	6.0	5.0	3.0
Support Services:										
Student and Instruction Related Services	40.0	38.0	33.0	33.0	33.0	35.0	35.0	36.0	34.0	40.5
School Administrative Services	17.0	16.0	15.0	14.0	15.0	15.0	15.0	15.0	15.0	13.0
General and Business Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	9.0
Plant Operations and Maintenance	29.0	30.0	29.0	29.0	29.0	29.0	29.0	29.0	25.0	21.7
Other Support Services	5.6	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	8.5
<b>Total</b>	<b>261.1</b>	<b>258.0</b>	<b>244.0</b>	<b>243.0</b>	<b>244.0</b>	<b>247.0</b>	<b>247.0</b>	<b>235.5</b>	<b>225.5</b>	<b>265.3</b>

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

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil <sup>d</sup>	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Middle School	High School				
2008	2,084	\$ 33,077,793	\$ 15,872.26	16.52%	180	1:10	1:11	2,020	1,971	-5.45%	97.57%
2009	2,037	32,834,652	16,119.12	1.56%	174	1:10	1:11	2,009	1,886	-0.54%	93.88%
2010	1,947	33,186,350	17,044.86	5.74%	172	1:10	1:11	1,955	1,835	-2.69%	93.86%
2011	1,907	31,077,256	16,296.41	-4.39%	170	1:10	1:11	1,907	1,865	-2.46%	97.80%
2012	1,940	31,199,483	16,082.21	-1.31%	167	1:10	1:11	1,880	1,825	-1.42%	97.07%
2013	1,850	32,412,199	17,520.11	8.94%	165	1:10	1:11	1,850	1,797	-1.60%	97.14%
2014	1,856	33,737,933	18,177.77	3.75%	165	1:10	1:11	1,856	1,764	0.32%	95.04%
2015	1,880	35,139,760	18,691.36	2.83%	149	1:10	1:11	1,880	1,779	1.29%	94.63%
2016	1,883	36,068,962	19,155.05	2.48%	145	1:10	1:11	1,873	1,813	-0.37%	96.80%
2017	1,853	38,023,532	20,519.98	7.13%	161	1:10	1:11	1,853	1,752	-1.07%	94.55%

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d The Cost Per Pupil calculated above is the sum of the operating expenditures divided by enrollment.  
This Cost Per Pupil may be different from other Cost Per Pupil calculations.

Source: Warren Hills Regional School District records

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<u>District Building</u>										
Middle School (1931); Additions in 1956/1967/2007										
Square Feet	92,129	92,129	92,129	92,129	92,129	92,129	92,129	92,129	92,129	92,129
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	682	643	604	660	661	615	634	586	589	628
High School (1967); Additions in 1989/2008										
Square Feet	195,137	227,910	227,910	227,910	227,910	227,910	227,910	227,910	227,910	227,910
Capacity (students)	1,209	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591
Enrollment	1,402	1,394	1,343	1,247	1,279	1,235	1,222	1,294	1,294	1,225
Board Office/Project Excel (Unknown)										
Square Feet	18,954	18,954	18,954	18,954	18,954	18,954	18,954	18,954	18,954	18,954
Capacity (students)	98	98	98	98	98	98	98	98	98	98
* Enrollment	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

Number of Schools at June 30, 2017  
 Elementary = 0  
 Middle School = 1  
 High School = 1  
 Other = 1

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

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

Source: Warren Hills Regional School District records

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

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

Fiscal Year Ended June 30,	High School	Middle School	Board Office/ Project Excel	Total
2008	\$ 464,898	\$ 199,883	\$ 90,521	\$ 755,302
2009	456,488	250,286	62,296	769,070
2010	275,077	116,966	85,500	477,543
2011	182,418	77,582	51,138	311,138
2012	227,310	125,120	78,728	431,158
2013	245,406	129,637	55,354	430,397
2014	217,738	161,329	84,885	463,952
2015	321,991	135,317	84,483	541,791
2016	296,551	124,535	103,597	524,683
2017	346,391	156,056	134,187	636,634

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

Source: Warren Hills Regional School District records

WARREN HILLS REGIONAL SCHOOL DISTRICT  
INSURANCE SCHEDULE  
JUNE 30, 2017

	<u>Coverage</u>	<u>Deductible</u>
School Alliance Insurance Fund (SAIF):		
School Package Policy:		
Building & Personal Property	\$ 250,000,000 Fund Aggregate	\$ 2,500
Inland Marine - Auto Physical Damage		
General Liability including Auto, Employee Benefits:		
Per Occurrence	5,000,000	
General Aggregate	50,000,000 Fund Aggregate	
Product/Completed Ops		
Personal Injury		
Fire Damage	2,500,000	
Medical Expenses (excluding students taking part in athletics)	10,000	
Automobile Coverage		
Environmental Impairment Liability	1,000,000 / 25,000,000 Fund Aggregate	5,000
Crime Coverage	50,000 Inside/Outside	1,000
Blanket Dishonesty Bond	500,000	1,000
Boiler and Machinery	100,000,000	1,000
Excess Liability	5,000,000	
School Board Legal Liability	5,000,000 / 5,000,000	5,000
Excess School Board Legal Liability	5,000,000 / 5,000,000	
Workers' Compensation:	Statutory	
Employer's Liability	5,000,000	
Supplemental Indemnity	Statutory	
Public Officials' Bonds - Selective Insurance Company of America:		
Treasurer of School Monies	300,000	None
Business Administrator/Board Secretary	300,000	None

Source: Warren Hills Regional School District records

SINGLE AUDIT



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200 Valley Road, Suite 300  
Mt. Arlington, NJ 07856  
973-328-1825 | 973-328-0507 Fax  
  
Lawrence Business Center  
11 Lawrence Road  
Newton, NJ 07860  
973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren Hills Regional School District, in the County of Warren (the "District") as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

November 7, 2017  
Mount Arlington, NJ

NISIVOCIA LLP



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



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 200 Valley Road, Suite 300  
 Mt. Arlington, NJ 07856  
 973-328-1825 | 973-328-0507 Fax

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Report on Compliance For Each Major Federal and State Program;  
Report on Internal Control Over Compliance

Independent Auditors' Report

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

**Report on Compliance for Each Major Federal and State Program**

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

***Management's Responsibility***

Management is responsible for compliance with federal and state statutes, regulations and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*. Those standards, the Uniform Guidance and New Jersey's 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 federal or state program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal and State Program***

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

**Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance or NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

November 7, 2017  
Mount Arlington, NJ

NISIVOCCIA LLP



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

WARREN HILLS REGIONAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal CFDA Number	Federal Grantor/Pass Through Grantor/Program or Cluster Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Budgetary Expenditures	Cancellation of Prior Year Encumbrances	Balance at June 30, 2017	
					Budgetary Accounts Receivable	Budgetary Unearned Revenue	Cash Received			Budgetary Accounts Receivable	Budgetary Unearned Revenue
U.S. Department of Agriculture:											
Passed-through State Department of Education:											
Child Nutrition Cluster:											
10.555	Food Distribution Program	N/A	7/1/16-6/30/17	\$ 17,516	\$ 17,516	\$ 17,516	\$ (14,543)			\$ 2,973	
10.555	Food Distribution Program	N/A	7/1/15-6/30/16	19,058			(4,025)				
10.553	School Breakfast Program	N/A	7/1/16-6/30/17	2,029		1,902	(2,029)		\$ (127)		
10.553	School Breakfast Program	N/A	7/1/15-6/30/16	3,780	\$ (169)	169					
10.555	National School Lunch Program	N/A	7/1/16-6/30/17	144,079		137,932	(144,079)		(6,147)		
10.555	National School Lunch Program	N/A	7/1/15-6/30/16	143,686		6,516					
	Total Child Nutrition Cluster				(6,685)	4,025	(164,676)		(6,274)		2,973
	Total U.S. Department of Agriculture				(6,685)	4,025	(164,676)		(6,274)		2,973
U.S. Department of Education:											
Passed-through State Department of Education:											
Special Revenue Fund:											
No Child Left Behind:											
84.410	Title I	NCLB546517	7/1/16-6/30/17	159,360		108,275	(159,360)		(51,085)		
84.410	Title I	NCLB546516	7/1/15-6/30/16	167,436	(52,347)	50,144		\$ 2,203			
	Subtotal - Title I				(52,347)	158,419	(159,360)		(51,085)		
84.367	Title IIA	NCLB546517	7/1/16-6/30/17	39,758		39,758	(39,758)				
84.367	Title IIA	NCLB546516	7/1/15-6/30/16	40,500	(3,203)	3,203					
	Subtotal - Title IIA				(3,203)	42,961	(39,758)				
Special Education Cluster:											
84.027	I.D.E.A. Part B, Basic	IDEA546517	7/1/16-6/30/17	424,236		420,076	(421,151)		(1,075)		
84.027	I.D.E.A. Part B, Basic	IDEA546516	7/1/15-6/30/16	438,626	(44,862)	44,862					
	Total Special Education Cluster				(44,862)	464,938	(421,151)		(1,075)		
	Total U.S. Department of Education				(100,412)	666,318	(620,269)		(52,160)		
U.S. Department of Health and Human Services:											
Medicaid Cluster:											
93.778	Medical Assistance Program	N/A	7/1/16-6/30/17	28,601		28,601	(28,601)				
93.778	Medical Assistance Program	N/A	7/1/15-6/30/16	2,289		2,289	(2,289)				
	Total U.S. Department of Health and Human Services/Total Medicaid Cluster					30,890	(30,890)				
	Total Federal Awards				(107,097)	\$ 4,025	\$ (815,835)	\$ -0-	\$ (58,434)	\$ 2,973	\$ -0-

N/A - Not Applicable/Available

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

WARREN HILLS REGIONAL BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016			Repayment of Prior Years' Balances	Balance at June 30, 2017			MEMO Cumulative Total Expenditures	
				Budgetary		Cash Received		Budgetary Expenditures	GAAP Accounts Receivable	Budgetary		
				Accounts Receivable	Due to Grantor					Due to Grantor		Accounts Receivable
<b>State Department of Education:</b>												
<b>General Fund State Aid:</b>												
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 9,299,615			\$ 8,431,312	\$ (9,299,615)				\$ (868,303)	\$ 9,299,615
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	148,391			134,536	(148,391)				(13,855)	148,391
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,041,953			944,666	(1,041,953)				(97,287)	1,041,953
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	46,884			42,507	(46,884)				(4,377)	46,884
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	17,850			16,183	(17,850)				(1,667)	17,850
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	17,850			16,183	(17,850)				(1,667)	17,850
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	18,290			16,582	(18,290)				(1,708)	18,290
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/16-6/30/17	368,197				(368,197)				(368,197)	368,197
Reimbursement of Nonpublic School Transportation Costs	17-495-034-5120-014	7/1/16-6/30/17	6,283				(6,283)				(6,283)	6,283
Reimbursed TPAF Social Security	17-495-034-5094-003	7/1/16-6/30/17	1,041,272			990,152	(1,041,272)				(51,120)	1,041,272
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	1,238,962			1,238,962	(1,238,962)					1,238,962
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	1,434,951			1,434,951	(1,434,951)					1,434,951
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	51,992			51,992	(51,992)					51,992
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	2,710			2,710	(2,710)					2,710
Equalization Aid	16-495-034-5120-078	7/1/15-6/30/16	9,304,549			883,136	\$ (883,136)					9,304,549
Transportation Aid	16-495-034-5120-014	7/1/15-6/30/16	128,360			12,183	(12,183)					128,360
Special Education Aid	16-495-034-5120-089	7/1/15-6/30/16	1,025,435			97,329	(97,329)					1,025,435
Security Aid	16-495-034-5120-084	7/1/15-6/30/16	40,379			3,833	(3,833)					40,379
PARCC Readiness	16-495-034-5120-098	7/1/15-6/30/16	17,850			16,994	(17,850)					17,850
Per Pupil Growth Aid	16-495-034-5120-097	7/1/15-6/30/16	17,850			16,994	(17,850)					17,850
Extraordinary Special Education Costs Aid	16-495-034-5120-044	7/1/15-6/30/16	410,936			410,936	(410,936)					410,936
Reimbursement of Nonpublic School Transportation Costs	16-495-034-5120-014	7/1/15-6/30/16	4,443			4,443	(4,443)					4,443
Reimbursed TPAF Social Security	16-495-034-5094-003	7/1/15-6/30/16	989,402			49,532	(49,532)					989,402
Subtotal - General Fund						14,785,516	(14,735,200)				(425,600)	26,693,236
Debt Service Fund Aid:												
Debt Service Aid - State Support	17-100-034-5120-125	7/1/16-6/30/17	17,092			17,092	(17,092)					17,092
Special Revenue Fund Aid:												
N.J. Nonpublic Textbook Aid	17-100-034-5120-064	7/1/16-6/30/17	1,499			1,499	(1,499)					1,499
N.J. Nonpublic Nursing Services	17-100-034-5120-070	7/1/16-6/30/17	2,430			2,430	(2,430)					2,430
N.J. Nonpublic Technology Initiative	17-100-034-5120-373	7/1/16-6/30/17	676			676	(676)					676
Nonpublic Auxiliary Services:												
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	5,106			5,106				\$ 5,106		5,106
Transportation	16-100-034-5120-067	7/1/15-6/30/16	2,026							(2,026)		
Nonpublic Handicapped Services:												
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	1,569			1,569						1,569
Supplementary Instruction	16-100-034-5120-066	7/1/15-6/30/16	2,970			2,970				(2,970)		
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	2,881			2,881						2,881
Examination and Classification	16-100-034-5120-066	7/1/15-6/30/16	4,601			2,216				(2,216)		2,385
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	707			707						707
Subtotal - Special Revenue Fund						13,388	(4,605)			10,263		7,582

WARREN HILLS REGIONAL BOARD OF EDUCATION  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2016		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2017		MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor		
<u>State Department of Education:</u>												
<u>Food Service Fund:</u>												
State School Lunch Program	17-100-010-33350-023	7/1/16-6/30/17	\$ 4,508		\$ 4,315	\$ (4,508)		\$ (193)	\$ (193)	\$ (193)	\$ 4,508	
State School Lunch Program	16-100-010-33350-023	7/1/15-6/30/16	4,632	(205)	205						4,632	
Subtotal - Food Service Fund				(205)	4,520	(4,508)		(193)	(193)	(193)	9,140	
Total NJ Department of Education				(1,464,985)	14,821,996	(14,761,405)		(13,388)	(425,793)	(1,414,657)	26,727,050	
<u>NJ Schools Development Authority:</u>												
<u>Capital Projects Fund:</u>												
Educational Facilities Construction and Financing Act:												
Middle School Boiler Replacement and HVAC Upgrades	5465-060-13-1004	1/6/14-06/30/16	347,062		347,062	(347,062)					347,062	
High School Exterior Door Replacement	5465-050-13-2001	1/6/14-06/30/16	51,968		51,968	(51,968)					51,968	
High School Partial Roof Replacement	5465-050-13-2002	1/6/14-06/30/16	62,666		62,666	(62,666)					62,666	
Middle School Partial Roof Replacement	5465-060-13-1003	1/6/14-06/30/16	8,748		8,748	(8,748)					8,748	
Total NJ Schools Development Authority					470,444	(470,444)		(13,388)	(15,231,849)	(1,414,657)	27,197,494	
Total State Awards				(1,464,985)	\$ 15,292,440	\$ (15,231,849)		\$ (13,388)	\$ (425,793)	\$ (1,414,657)	\$ 27,197,494	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	17-495-034-5094-001	7/1/16-6/30/17	(1,238,962)		(1,238,962)	1,238,962						
On-Behalf TPAF Pension Contributions	17-495-034-5094-002	7/1/16-6/30/17	(1,434,951)		(1,434,951)	1,434,951						
On-Behalf TPAF Non-Contributory Insurance	17-495-034-5094-004	7/1/16-6/30/17	(51,992)		(51,992)	51,992						
On-Behalf TPAF Long-Term Disability Insurance	17-495-034-5094-004	7/1/16-6/30/17	(2,710)		(2,710)	2,710						
Subtotal - On-Behalf TPAF Pension System Contributions					(2,728,615)	2,728,615						
Total State Awards Subject to Single Audit Major Program Determination					\$ 12,563,825	\$ (12,503,234)						

SEE THE ACCOMPANYING NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Warren Hills Regional Board of Education, under programs of the federal and state governments for the fiscal year ended June 30, 2017. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented on the accrual basis of accounting. These bases of accounting are described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$11,005 for the General Fund, (\$1,344) for the Special Revenue Fund (which includes \$1,344 related local grants) and \$470,444 for the Capital Projects Fund. See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(Continued)

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (Cont'd)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 30,890	\$ 14,746,205	\$ 14,777,095
Special Revenue Fund	620,269	4,605	624,874
Capital Projects Fund		470,444	470,444
Debt Service Fund		17,092	17,092
Food Service Fund	164,676	4,508	169,184
Total Awards	<u>\$ 815,835</u>	<u>\$ 15,242,854</u>	<u>\$ 16,058,689</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2017.

NOTE 7. NJ SCHOOLS DEVELOPMENT AUTHORITY (NJSDA) GRANTS

The District has no active grants from the New Jersey Schools Development Authority (NJSDA) under the Educational Facilities Construction and Financing Act. As of June 30, 2017, all four projects have been completed and \$470,444 of the grant funds have been expended and drawn down on a GAAP basis on these four grants. In the Capital Projects Fund, the District realized the full amount of the grant revenue on a budgetary basis in the year awarded and realizes the grant revenue on a GAAP basis as it is expended and submitted for reimbursement. Expenditures reported under the NJSDA grants on the Schedule of Expenditures of State Awards represent reimbursement requests submitted to the NJSDA.



WARREN HILLS REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District.
- There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- There were no material weaknesses or significant deficiencies in internal control over major federal and state programs disclosed during the audit as reported in the *Independent Auditors' Report on Compliance For Each Major Federal and State Program; Report on Internal Control Over Compliance*.
- The auditor's report on compliance for the major federal and state programs for the District expresses an unmodified opinion on all major federal and state programs.
- The audit did not disclose any audit findings which are required to be reported in accordance with New Jersey's OMB Circular 15-08 or 2 CFR 200.516(a) of the Uniform Guidance.
- The District's programs tested as major federal and state programs for the current fiscal year consisted of the following federal and state awards:

	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>General Fund State Fund:</u>				
<u>State:</u>				
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$9,299,615	\$ 9,299,615
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,041,953	1,041,953
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	46,884	46,884
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	17,850	17,850
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	17,850	17,850
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	18,290	18,290
<u>Federal:</u>				
<u>Special Education Cluster:</u>				
IDEA, Part B, Basic	84.027	7/1/16-6/30/17	424,236	421,151

- The threshold used for distinguishing between federal Type A and Type B programs was \$750,000. The threshold used for distinguishing between state Type A and B programs was \$750,000.
- The District was determined to be a "low-risk" auditee for both state and federal programs.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

Findings and Questioned Costs for Federal Awards:

- The audit did not disclose any findings or questioned costs for federal awards as defined in 2 CFR 200.516(a) of the Uniform Guidance.

Findings and Questioned Costs for State Awards:

- The audit did not disclose any findings or questioned costs for state awards as defined in 2 CFR 200.516(a) of the Uniform Guidance and New Jersey's OMB Circular 15-08.

WARREN HILLS REGIONAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Status of Prior Year Findings:

The District had no prior year audit findings.