

**Gateway Regional High School Board of Education  
Comprehensive Annual Financial Report  
For the Year Ended June 30, 2018**

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

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

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2018**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

of the

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

**For the Fiscal Year Ended June 30, 2018**

Prepared by:

**Gateway Regional High School  
Board of Education Administration**

<b>OUTLINE OF CAFR</b>		<b>Page</b>
<b>INTRODUCTORY SECTION</b>		
Letter of Transmittal		1
Organizational Chart		2-7
Roster of Officials		8
Consultants and Advisors		9
		10
<b>FINANCIAL SECTION</b>		
		11
<b>Independent Auditor's Report</b>		12-14
<b>Required Supplementary Information – Part I</b>		15
Management's Discussion and Analysis		16-23
<b>Basic Financial Statements</b>		24
A. District-Wide Financial Statements:		25
A-1 Statement of Net Position		26
A-2 Statement of Activities		27
B. Fund Financial Statements:		28
Governmental Funds:		
B-1 Balance Sheet		29
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances		30
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities		31
Proprietary Funds:		
B-4 Statement of Net Position		32
B-5 Statement of Revenues, Expenses, and Changes in Fund Net Position		33
B-6 Statement of Cash Flows		34
Fiduciary Funds:		
B-7 Statement of Fiduciary Net Position		35
B-8 Statement of Changes in Fiduciary Net Position		35
<b>Notes to the Financial Statements</b>		36-61
<b>Required Supplementary Information – Part II</b>		62
C. Budgetary Comparison Schedules:		63
C-1 Budgetary Comparison Schedule - General Fund		64-74
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (if applicable)		N/A
C-1b Community Development Block Grant - Budget and Actual (if applicable)		N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund		75
<b>Notes to the Required Supplementary Information – Part II</b>		76
C-3 Budget-to-GAAP Reconciliation – Note to RSI		77

	<b>Page</b>
<b>Required Supplementary Information – Part III</b>	<b>78</b>
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	79
L-1 Schedule of the District’s Proportionate Share of the Net Pension Liability - PERS	80
L-2 Schedule of District Contributions - PERS	81
L-3 Schedule of the District’s Proportionate Share of the Net Pension Liability - TPAF	82
M. Schedules Related to Accounting and Reporting for Postemployment Benefits Other Than Pensions	83
M-1 Schedule of Changes in the Total OPEB Liability and Related Ratios	84
<b>Notes to the Required Supplementary Information – Part III</b>	<b>85-87</b>
<b>Other Supplementary Information</b>	<b>88</b>
D. School Based Budget Schedules (if applicable):	N/A
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund - Schedule of Expenditures Allocated by Resource Type - Actual	N/A
D-3 Blended Resource Fund - Schedule of Blended Expenditures - Budget and Actual	N/A
E. Special Revenue Fund:	89
E-1 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	90-92
E-2 Preschool Education Aid Schedule(s) of Expenditures - Budgetary Basis	N/A
F. Capital Projects Fund:	93
F-1 Summary Schedule of Project Expenditures	94
F-2 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budgetary Basis	95
F-2(x) Schedule(s) of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis	96
G. Proprietary Funds:	97
Enterprise Fund:	
G-1 Combining Schedule of Net Position	98
G-2 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	99
G-3 Combining Schedule of Cash Flows	100

	<b>Page</b>
G. Proprietary Funds (Continued):	
Internal Service Fund:	
G-4 Combining Schedule of Net Position	N/A
G-5 Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	N/A
G-6 Combining Schedule of Cash Flows	N/A
H. Fiduciary Funds:	101
H-1 Combining Statement of Fiduciary Net Position	102
H-2 Combining Statement of Changes in Fiduciary Net Position	102
H-3 Student Activity Agency Fund Schedule of Receipts and Disbursements	103
H-4 Payroll Agency Fund Schedule of Receipts and Disbursements	104
I. Long-Term Debt:	105
I-1 Schedule of Serial Bonds	106
I-2 Schedule of Obligations Under Capital Leases	107
I-3 Debt Service Fund Budgetary Comparison Schedule	108
<b>STATISTICAL SECTION (Unaudited)</b>	109
<b>Introduction to the Statistical Section</b>	110
<b>Financial Trends</b>	
J-1 Net Position by Component	111
J-2 Changes in Net Position	112-113
J-3 Fund Balances - Governmental Funds	114
J-4 Changes in Fund Balances - Governmental Funds	115
J-5 General Fund Other Local Revenue by Source	116
<b>Revenue Capacity</b>	
J-6 Assessed Value and Estimated Actual Value of Taxable Property	117-118
J-7 Direct and Overlapping Property Tax Rates	119-120
J-8 Principal Property Taxpayers	121-122
J-9 Property Tax Levies and Collections	123-124
<b>Debt Capacity</b>	
J-10 Ratios of Outstanding Debt by Type	125-126
J-11 Ratios of General Bonded Debt Outstanding	127-128
J-12 Direct and Overlapping Governmental Activities Debt	129-130
J-13 Legal Debt Margin Information	131
<b>Demographic and Economic Information</b>	
J-14 Demographic and Economic Statistics	132-133
J-15 Principal Employers	134
<b>Operating Information</b>	
J-16 Full-time Equivalent District Employees by Function/Program	135
J-17 Operating Statistics	136
J-18 School Building Information	137

	<b>Page</b>
<b>Operating Information (Continued)</b>	
J-19 Schedule of Required Maintenance Expenditures by School Facility	138
J-20 Insurance Schedule	139
J-21 Charter School Performance Framework, Financial Performance, Fiscal Ratios/Renaissance School Project Framework, Financial Performance, Fiscal Ratios	N/A
<b>SINGLE AUDIT SECTION</b>	140
K-1 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	141-142
K-2 Report on Compliance for Each Major Federal and State Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and New Jersey OMB's Circular 15-08	143-145
K-3 Schedule of Expenditures of Federal Awards - Schedule A	146
K-4 Schedule of Expenditures of State Financial Assistance - Schedule B	147
K-5 Notes to the Schedules of Awards and Financial Assistance	148-149
K-6 Schedule of Findings and Questioned Costs	150-152
K-7 Summary Schedule of Prior Audit Findings and Questioned Costs as Prepared by Management	153

## **INTRODUCTORY SECTION**



# Gateway Regional High School District

775 Tanyard Road  
Woodbury Heights, New Jersey 08096-6218

(856) 848-8172  
FAX: (856) 251-9813



January 17, 2019

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

Dear Board Members:

The comprehensive annual financial report of the Gateway Regional High School District for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

The District provides a full range of educational services appropriate to grade levels 7 through 12. The District completed the 2017-2018 fiscal year with an enrollment of 894 students, which is a decrease of 38 students from the previous year's enrollment. The following details the changes in the student enrollment and growth of the District over the last ten years:

<u>Fiscal Year</u>	<u>Student Enrollment</u>	<u>Percent Change</u>
2017-18	894	(4.08%)
2016-17	932	(2.71%)
2015-16	958	+1.27%
2014-15	946	+5.94%
2013-14	893	+0.45%
2012-13	889	(0.22%)
2011-12	891	+5.69%
2010-11	843	(0.71%)
2009-10	849	(6.08%)
2008-09	904	(5.14%)

**2. ECONOMIC CONDITION AND OUTLOOK:** The service area is not experiencing any development or expansion. District enrollments have started to decline again after several years of growth. The District has seen a rise in the number of students considered homeless as families are forced to relocate out of district due to economic necessity. The state and national economy are reflected in the employment base of the area and continues to affect each of the communities. The State imposed 2% CAP on the district tax levy was passed in January 2012 to provide relief to the taxpayers of New Jersey. The Gateway Board of Education, being cognizant of the struggles of its taxpayers, adopted budgets at or below the CAP until the 2015-16 school year. To maintain staff and programs in the 2015-16, 2016-17, and 2017-18 budgets, due to flat funding from the State, the Board surpassed the 2% CAP by using statutory adjustments. The District was able to stay at the 2% CAP for the 2018-19 budget due to an influx of additional State aid.

**3. MAJOR INITIATIVES:**

**A. Current Year Accomplishments:**

District goals continue to emphasize improvement of students' academic skills and preparing them for college and career readiness. All programs are focused on skills needed to demonstrate proficiency in the New Jersey Student Learning Standards for both Mathematics and Language Arts subtests of the PARCC. These objectives address specified subgroups (total, white, special education and economically disadvantaged populations) that were below State PARCC performance targets. Additionally, with changing accountability standards at the state and federal level, we are also considering progress made by our ethnic subpopulations. The District continues to strive to show improvement in test score passing rates and have added programs and revised curriculum. Curricula in all content areas continue to be revised to provide instruction that is differentiated, engaging, and supports inquiry.

Instruction for high school disabled and economically disadvantaged students in supplemental language arts and math classes follow the mainstream curriculum with modifications. Programs to support ELL, at-risk and disabled students include academic support classes and push-in support. Additionally, after school help and extended year programs were provided through Title funds to support at-risk populations. Each of these objectives had multi-step action plans that were reflective of the District's data assessment team's review of test scores and recommendations. The District's implementation of the committee's recommendations reflects the commitment of the District to assist all students achieve to their optimal level and collaborate with staff members to support achievement.

The District continues to collaborate with the New Jersey Center for Teaching and Learning to provide professional development to math and science teachers to assist them in implementing the NJSL standards and implementing technology and ELA NJSL. Inquiry, cooperative learning, and technology are embedded into everyday instruction. In addition, the District provided Advanced Placement training in several content areas to prepare for the realization of new AP courses. As part of the Pre-AP pilot program, 9<sup>th</sup> grade ELA, Algebra I, World History, and Art I teachers attended professional learning this summer and were provided with new resources that lay a foundation of high academic achievement for all students.

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

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

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

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

As part of the District's special election held on December 9, 2003, taxpayers approved a capital project in the amount of \$15,153,985 for the (a) construction of an addition to the existing High School totaling approximately 15,921 square feet, and the completion of various other improvements and renovations, including improvements to athletic facilities, site work, and the replacement and/or upgrading of the building structure and operating systems; (b) acquire furniture, fixtures and equipment for said additions, improvements, and renovations. These expenditures were funded in part with a grant from the State. The District issued bonds in the amount of \$8,865,000 to fund its share of the project cost. Construction and renovation began in June of 2004 and closure of the project concluded in the Spring of 2007. In May 2012, the District was able to refinance the remaining amount of outstanding bonds on this issue at a savings of approximately \$278,600.

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

Renovation and replacement of the school running track and main athletic field (Stadium Project) began in the Summer of 2009. A contract was issued in the amount of \$1,243,750 to replace the existing natural grass field with a synthetic surface. This project was completed in October 2010.

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

**B. Future and Continuing Projects:**

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

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

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

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

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

**5. BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipalities. Annual appropriated budgets are adopted for the General Fund, the Special Revenue Fund, and the Debt Service Fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2018.

**6. ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect accounting principles generally accepted in the United States of America, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements," Note 1.

**7. DEBT ADMINISTRATION:** The District entered into 25-year indebtedness with the passage of a \$8.9 million bond issue in March of 2004. Building renovations and additions as well as site reconstruction were completed in 2004. The District took advantage of state share funding in the amount of \$6.3 million dollars through the Educational Development Council. The District was able to refinance the issue in May 2012, for additional savings to the taxpayers. As of June 30, 2018, the District's outstanding debt issues were \$4,740,000.

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

**9. RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability, comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Being one of the Charter Districts in 1998, forming the Gloucester, Cumberland, Salem School District (GCSSD) Joint Insurance Fund, the District has benefited greatly from higher levels of coverage and stability in rising insurance industry premium costs.

**10. OTHER INFORMATION:**

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

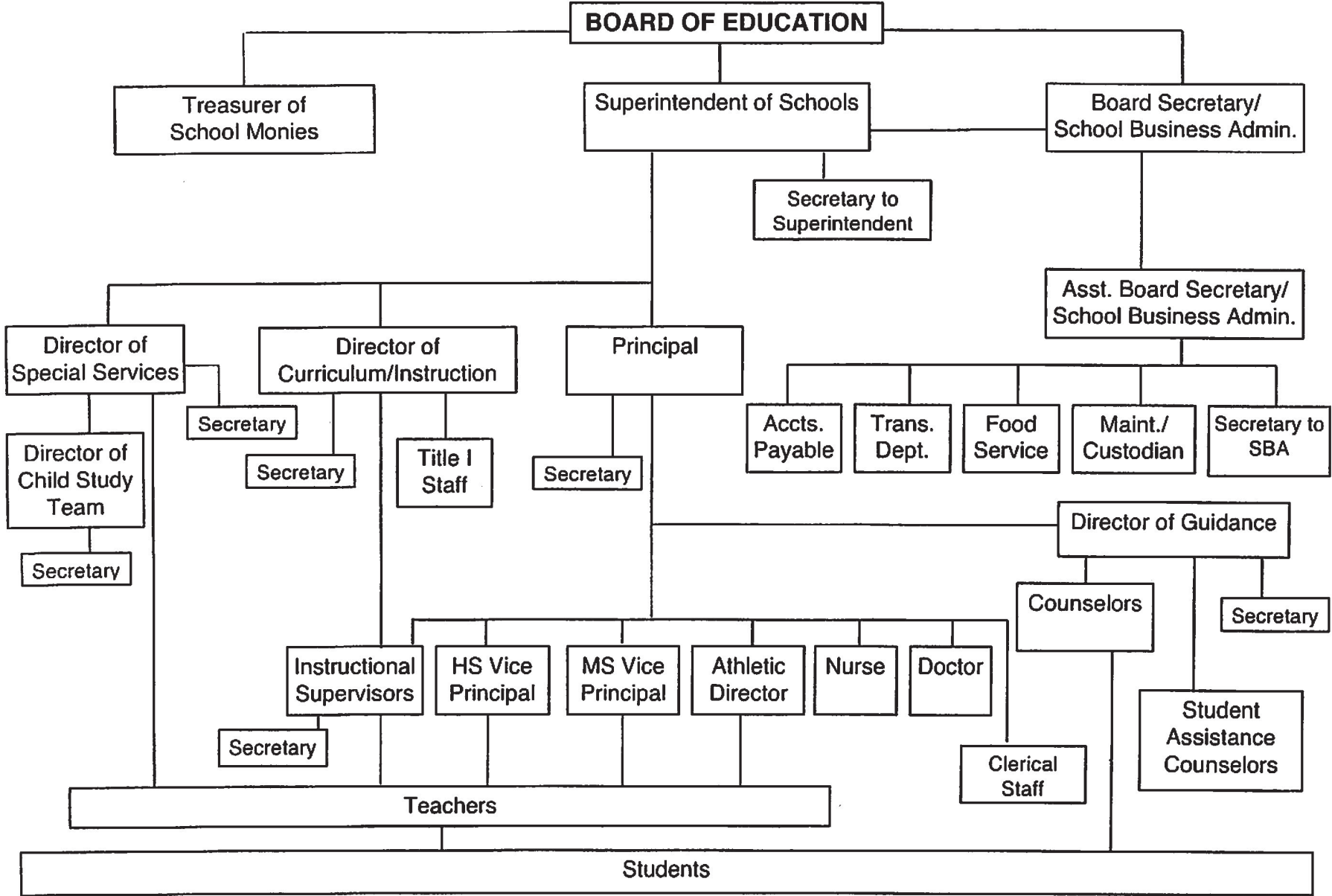
**11. ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Gateway Regional Board for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby contributing their full support to the development and maintenance of our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

Respectfully submitted,

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

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

# ORGANIZATIONAL CHART GATEWAY REGIONAL HIGH SCHOOL DISTRICT



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

**ROSTER OF OFFICIALS**

June 30, 2018

**MEMBERS OF THE BOARD OF EDUCATION**

**Term Expires**

Robert Miller, President	2018
Harry Bush Vice President	2020
Juliana Delany	2019
Michelle Edmund	2019
Stephen Patterson	2020
Judi Pye	2020
Tamar Shelov	2018
Paula Trapuzzano	2018
Keith Wyckoff	2019

**OTHER OFFICIALS**

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



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

**CONSULTANTS AND ADVISORS**

**ARCHITECTS**

Garrison Architects  
713 Creek Road  
Bellmawr, NJ 08031

**AUDIT FIRM**

Petroni & Associates LLC  
102 West High Street, Suite 100  
Glassboro, NJ 08028

**ATTORNEY**

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

**OFFICIAL DEPOSITORIES**

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

## **FINANCIAL SECTION**

# PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Kevin A. Bergeron, CPA  
Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

## INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Gateway Regional High School District, in the County of Gloucester, State of New Jersey, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Gateway Regional High Board of Education, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Gateway Regional High Board of Education's basic financial statements. The combining and individual non-major fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of*

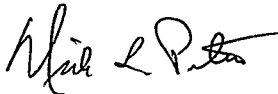
*Federal Grants, State Grants, and State Aid*, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, schedule of expenditures of federal awards, as required by the Uniform Guidance and the schedule of state financial assistance as required by NJ OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2019, on our consideration of the Gateway Regional High Board of Education's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering Gateway Regional High School Board of Education's internal control over financial reporting and compliance.

PETRONI & ASSOCIATES LLC



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

January 17, 2019

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

Gateway Regional High School District  
Woodbury Heights, New Jersey

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018  
Unaudited

The discussion and analysis of Gateway Regional High School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB's) Statement No. 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2017-2018) and the prior year (2016-2017) is required to be presented in the MD&A.

### **Financial Highlights**

Key financial highlights for 2018 are as follows:

- \* General revenues accounted for \$22,874,451 in revenue or 91 percent of all revenues.
- \* Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,335,519 or 9 percent of total revenues of \$25,209,970.
- \* The School District had \$27,812,713 in expenses; only \$2,335,519 of these expenses were offset by program specific charges for services, grants or contributions.
- \* Among Governmental Funds, the General Fund had \$22,308,357 in revenues and the General Fund's fund balance increased \$345,428 over 2017.

### **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Gateway Regional High School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For Governmental Funds, these statements tell how services were financed in the short-term as well as what remains for future spending.

The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Gateway Regional High School District, the General Fund is by far the most significant fund.

### **Reporting the School District as a Whole**

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

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial

Gateway Regional High School District  
Woodbury Heights, New Jersey

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018  
Unaudited

**Statement of Net Position and the Statement of Activities (Continued)**

transactions and ask the question, "How did we do financially during 2018?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector businesses. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- \* Governmental Activities - All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation, and extracurricular activities.
- \* Business-Type Activity - This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided.

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

**Fund Financial Statements**

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

**Governmental Funds**

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

The relationship (or differences) between Governmental Activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds is reconciled in the financial statements.



Gateway Regional High School District  
Woodbury Heights, New Jersey

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018  
Unaudited

**Enterprise Fund**

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

**Notes to the Financial Statements**

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

**The School District as a Whole**

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

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

Table 1 provides a summary of the School District's net position for 2018 with comparative data from 2017.

Gateway Regional High School District  
Woodbury Heights, New Jersey

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018  
Unaudited

**The School District as a Whole (Continued)**

**Table I - Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>ASSETS</b>						
Current & other assets	\$ 4,741,551	\$ 4,289,706	\$ 462,361	\$ 453,394	\$ 5,203,912	\$ 4,743,100
Capital assets	14,728,984	15,005,658	2,154	3,015	14,731,138	15,008,673
Total assets	19,470,535	19,295,364	464,515	456,409	19,935,050	19,751,773
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	460,085	3,218,278			460,085	3,218,278
<b>LIABILITIES</b>						
Long-term liabilities	5,484,679	5,854,049			5,484,679	5,854,049
Other liabilities	464,006	342,459	153,441	149,229	617,447	491,688
Net pension liability	7,410,999	10,131,996			7,410,999	10,131,996
Net OPEB liability	53,247,222				53,247,222	
Total liabilities	66,606,906	16,328,504	153,441	149,229	66,760,347	16,477,733
<b>DEFERRED INFLOWS OF RESOURCES</b>	7,421,746				7,421,746	
<b>NET POSITION</b>						
Invested in capital assets,						
Net of debt	9,988,984	9,875,658	2,153	3,015	9,991,137	9,878,673
Restricted	4,534,283	4,192,244			4,534,283	4,192,244
Unrestricted	(68,621,299)	(7,882,764)	308,921	304,165	(68,312,378)	(7,578,599)
Total net position	\$ (54,098,032)	\$ 6,185,138	\$ 311,074	\$ 307,180	\$ (53,786,958)	\$ 6,492,318

The District's combined unrestricted net position decreased from the prior year by \$60,733,779. This was mainly due to a prior period adjustment of OPEB liability in the amount of \$57,676,533 required by the adoption of GASB Statement No. 75 (See Note 23 in the Notes to the Financial Statements).

Table 2 shows changes in net position for fiscal year 2018 with comparative data from 2017.

Gateway Regional High School District  
Woodbury Heights, New Jersey

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018  
Unaudited

**The School District as a Whole (Continued)**

**Table 2 - Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>REVENUES:</b>						
Program revenues:						
Charges for services			\$ 1,441,632	\$ 1,480,547	\$ 1,441,632	\$ 1,480,547
Operating grants & contributions	\$ 465,791	\$ 481,086	428,096	469,016	893,887	950,102
General revenues:						
Property taxes	11,232,709	10,882,730			11,232,709	10,882,730
Federal & state aid	10,329,682	9,856,232			10,329,682	9,856,232
Other	1,311,424	1,368,766	636	701	1,312,060	1,369,467
Total revenues	<u>23,339,606</u>	<u>22,588,814</u>	<u>1,870,364</u>	<u>1,950,264</u>	<u>25,209,970</u>	<u>24,539,078</u>
<b>EXPENSES:</b>						
Instruction	8,572,647	8,354,118			8,572,647	8,354,118
Support services	17,097,210	14,491,498			17,097,210	14,491,498
Interest on debt	190,588	201,688			190,588	201,688
Capital outlay	85,798	28,067			85,798	28,067
Food service			856,234	861,369	856,234	861,369
Child study team			743,618	735,672	743,618	735,672
Business services			204,343	205,921	204,343	205,921
Chief school administrator			62,275	60,051	62,275	60,051
Total expenses	<u>25,946,243</u>	<u>23,075,371</u>	<u>1,866,470</u>	<u>1,863,013</u>	<u>27,812,713</u>	<u>24,938,384</u>
Change in net position	<u>\$ (2,606,637)</u>	<u>\$ (486,557)</u>	<u>\$ 3,894</u>	<u>\$ 87,251</u>	<u>\$ (2,602,743)</u>	<u>\$ (399,306)</u>

**Governmental Activities**

Property taxes made up 45 percent of revenues for Governmental Activities for the Gateway Regional High School District for the Fiscal Year 2018. The District's total revenues were \$25,209,970 for the year ended June 30, 2018. Federal, state, and local grants accounted for another 41 percent of revenue.

The total cost of all programs and services was \$25,946,243. Instruction comprises 37 percent of District expenses.

Gateway Regional High School District  
Woodbury Heights, New Jersey

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018  
Unaudited

**Business-Type Activities**

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

- \* Income exceeded expenditures by \$3,894.
- \* Charges for services represent \$1,441,632 of revenue.
- \* Federal and state reimbursement for meals, including payments for free and reduced lunches and breakfast, and donated commodities was \$428,096.

**Statement of Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services for the year 2018, with comparative data for 2017. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

**Table 3**

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Instruction	\$ 8,572,647	\$ 8,354,118	\$ 8,215,489	\$ 7,941,906
Support services:				
Pupil & instructional staff	3,754,584	3,694,832	3,650,151	3,625,958
General administration, school administration & business operation	1,207,538	1,152,241	1,207,538	1,152,241
Operation & maintenance of facilities	1,597,215	1,515,158	1,597,215	1,515,158
Pupil transportation	1,502,102	1,496,763	1,502,102	1,496,763
Interest	190,588	201,688	190,588	201,688
Other	9,121,569	6,660,571	9,117,369	6,660,571
	<u>\$ 25,946,243</u>	<u>\$ 23,075,371</u>	<u>\$ 25,480,452</u>	<u>\$ 22,594,285</u>

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

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

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

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

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

Gateway Regional High School District  
Woodbury Heights, New Jersey

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018  
Unaudited

**Statement of Activities (Continued)**

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

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

**The School District's Funds**

All Governmental Funds (i.e., General Fund, Special Revenue Fund, Capital Projects, and Debt Service Fund presented in the fund-based statements) are accounted for using the modified accrual basis of accounting. Total revenues amounted to \$23,339,606 and expenditures were \$23,266,170.

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The major amendment made to the original budget was the inclusion of additional state aid received during the year.

**Capital Assets**

At the end of the fiscal year 2018, the School District had \$14,731,138 invested in land, building, furniture and equipment, and vehicles. Table 4 shows fiscal year 2018 balances compared to 2017.

**Table 4 - Capital Assets (Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land & construction in progress	\$ 159,975	\$ 159,975			\$ 159,975	\$ 159,975
Site improvements	2,287,545	2,541,925			2,287,545	2,541,925
Buildings & improvements	11,353,751	11,715,971			11,353,751	11,715,971
Machinery & equipment	927,713	587,787	\$ 2,154	\$ 3,015	929,867	590,802
<b>Total</b>	<b>\$ 14,728,984</b>	<b>\$ 15,005,658</b>	<b>\$ 2,154</b>	<b>\$ 3,015</b>	<b>\$ 14,731,138</b>	<b>\$ 15,008,673</b>

Overall capital assets decreased \$277,535 from fiscal year 2017 to fiscal year 2018. For more detailed information, please refer to the Notes to the Financial Statements.

**Debt Administration**

At June 30, 2018, the School District had \$5,484,679 of outstanding debt. Of this amount, \$541,131 is for compensated absences, \$203,548 is for obligations under capital lease, and \$4,740,000 is for serial bonds for school construction.

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

Gateway Regional High School District  
Woodbury Heights, New Jersey

Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2018  
Unaudited

**For the Future**

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

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

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

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

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Donna J. Contrevo, Board Secretary/School Business Administrator at Gateway Regional Board of Education, 775 Tanyard Road, Woodbury Heights, New Jersey 08096 or e-mail at: [dcontrevo@gatewayhs.com](mailto:dcontrevo@gatewayhs.com).

## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**



GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Statement of Net Position  
June 30, 2018

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,700,240	\$ 334,631	\$ 3,034,871
Due from other funds	30	44,099	44,129
Receivables, net	1,638,230	67,830	1,706,060
Inventory		15,801	15,801
Restricted assets:			
Cash and cash equivalents	403,051		403,051
Land & construction in progress	159,975		159,975
Other capital assets, net	14,569,009	2,154	14,571,163
Total assets	<u>19,470,535</u>	<u>464,515</u>	<u>19,935,050</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pension	<u>460,085</u>		<u>460,085</u>
<b>LIABILITIES</b>			
Accounts payable	397,852	145,038	542,890
Payable to state government	21,984		21,984
Due to other funds	44,099		44,099
Deferred revenue	71	8,403	8,474
Noncurrent liabilities:			
Due within one year	449,467		449,467
Due beyond one year	5,035,212		5,035,212
Net pension liability	7,410,999		7,410,999
Net OPEB liability	53,247,222		53,247,222
Total liabilities	<u>66,606,906</u>	<u>153,441</u>	<u>66,760,347</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pension	912,603		912,603
Deferred inflows related to OPRB	6,509,143		6,509,143
Total Deferred inflows	<u>7,421,746</u>		<u>7,421,746</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	9,988,984	2,153	9,991,137
Restricted for:			
Capital projects	101,930		101,930
Other purposes	4,432,353		4,432,353
Unrestricted	(68,621,299)	308,921	(68,312,378)
Total net position	<u>\$ (54,098,032)</u>	<u>\$ 311,074</u>	<u>\$ (53,786,958)</u>

See accompanying notes to the basic financial statements.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Statement of Activities  
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Governmental activities:</b>						
Instruction:						
Regular	\$ 5,756,271			\$ (5,756,271)		\$ (5,756,271)
Special education	1,963,949		\$ 357,158	(1,606,791)		(1,606,791)
Other special instruction	223,119			(223,119)		(223,119)
School sponsored activities	629,308			(629,308)		(629,308)
Support services:						
Tuition	1,048,428			(1,048,428)		(1,048,428)
Student & instructional related services	2,706,156		104,433	(2,601,723)		(2,601,723)
General administration	432,826			(432,826)		(432,826)
School administrative services	452,445			(452,445)		(452,445)
Central services	322,267			(322,267)		(322,267)
Plant operations & maintenance	1,597,215			(1,597,215)		(1,597,215)
Pupil transportation	1,502,102			(1,502,102)		(1,502,102)
Unallocated benefits	9,035,771			(9,035,771)		(9,035,771)
Capital outlay	85,798		4,200	(81,598)		(81,598)
Interest on long-term debt	190,588			(190,588)		(190,588)
<b>Total governmental activities</b>	<b>25,946,243</b>		<b>465,791</b>	<b>(25,480,452)</b>		<b>(25,480,452)</b>
<b>Business-type activities:</b>						
Food service	856,234	\$ 395,921	428,096		\$ (32,217)	(32,217)
Child study team	743,618	767,441			23,823	23,823
Business services	204,343	211,270			6,927	6,927
Chief school administrator services	62,275	67,000			4,725	4,725
<b>Total business-type activities</b>	<b>1,866,470</b>	<b>1,441,632</b>	<b>428,096</b>		<b>3,258</b>	<b>3,258</b>
<b>Total primary government</b>	<b>\$ 27,812,713</b>	<b>\$ 1,441,632</b>	<b>\$ 893,887</b>	<b>\$ (25,480,452)</b>	<b>\$ 3,258</b>	<b>\$ (25,477,194)</b>
<b>General revenues:</b>						
Taxes:						
Property taxes levied for general purposes				\$ 10,667,263		\$ 10,667,263
Taxes levied for debt service				565,446		565,446
Federal and state aid not restricted				10,329,682		10,329,682
Tuition				147,060		147,060
Transportation fees				1,096,815		1,096,815
Investment earnings				16,272	\$ 636	16,908
Miscellaneous income				51,277		51,277
<b>Total general revenues, special items, extraordinary items, and transfers</b>				<b>22,873,815</b>	<b>636</b>	<b>22,874,451</b>
<b>Change in net position</b>				<b>(2,606,637)</b>	<b>3,894</b>	<b>(2,602,743)</b>
<b>Net position - beginning</b>				<b>6,185,138</b>	<b>307,180</b>	<b>6,492,318</b>
<b>Prior period adjustment of OPEB liability</b>				<b>(57,676,533)</b>		<b>(57,676,533)</b>
<b>Restated net position - beginning</b>				<b>(51,491,395)</b>	<b>307,180</b>	<b>(51,184,215)</b>
<b>Net position - end</b>				<b>\$ (54,098,032)</b>	<b>\$ 311,074</b>	<b>\$ (53,786,958)</b>

See accompanying notes to the basic financial statements.

## **FUND FINANCIAL STATEMENTS**

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Balance Sheet  
Governmental Funds  
June 30, 2018

	Major Funds				Total Governmental Funds	
	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund		Permanent Fund
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,700,240				\$ 11,376	\$ 2,711,616
Receivables from other governments	347,048	\$ 397,656	\$ 423,036			1,167,740
Due from other funds	30					30
Other - transportation	290,347					290,347
Other receivables	180,143					180,143
Restricted cash and cash equivalents:	1,053,159					1,053,159
<b>Total assets</b>	<b>\$ 4,570,967</b>	<b>\$ 397,656</b>	<b>\$ 423,036</b>		<b>\$ 11,376</b>	<b>5,403,035</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Cash deficit		\$ 340,378	\$ 321,106			661,484
Accounts payable	\$ 362,629	35,223				397,852
Due to other funds	44,099					44,099
Payable to state government		21,984				21,984
Deferred revenue		71				71
<b>Total liabilities</b>	<b>406,728</b>	<b>397,656</b>	<b>321,106</b>			<b>1,125,490</b>
<b>Fund balances:</b>						
<b>Nonspendable:</b>						
Permanent fund principal				\$ 10,797		10,797
<b>Restricted for:</b>						
Excess surplus - designated for subsequent year's expenditures	1,560,670					1,560,670
Excess surplus	1,762,691					1,762,691
Capital reserve	748,159					748,159
Capital reserve - designated for subsequent year's expenditures	205,000					205,000
Maintenance reserve	100,000					100,000
Capital projects			101,930			101,930
Other purposes				579		579
<b>Assigned to:</b>						
Debt service fund						
Year-end encumbrances	18,088					18,088
Designated for subsequent year's expenditures	26,369					26,369
<b>Unassigned:</b>						
General fund	(256,738)					(256,738)
<b>Total fund balances</b>	<b>4,164,239</b>		<b>101,930</b>		<b>11,376</b>	<b>4,277,545</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,570,967</b>	<b>\$ 397,656</b>	<b>\$ 423,036</b>		<b>\$ 11,376</b>	

Amounts reported for Governmental Activities in the Statement of Net Position (A-1) are different because:

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds. The cost of assets is \$28,922,095 and the accumulated depreciation is \$14,193,111 (See Note 7).	14,728,984
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (See Note 8).	(5,484,679)
Net pension liability adjustment	(7,863,517)
Net OPEB liability adjustment	(2,079,832)
The cumulative effect of the change in accounting principles for adoption of GASB Statement No. 75 is reported as a prior period adjustment of OPEB liability (See Note 23).	(57,676,533)
<b>Net position of Governmental Activities</b>	<b>\$ (54,098,032)</b>

See accompanying notes to the basic financial statements.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2018

	Major Funds					Total Governmental Funds
	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Permanent Fund	
<b>REVENUES:</b>						
Local sources:						
Local tax levy	\$ 10,667,263			\$ 565,446		\$ 11,232,709
Tuition	147,060					147,060
Transportation fees	1,096,815					1,096,815
Interest earned on capital reserve funds	376					376
Miscellaneous	67,161				\$ 12	67,173
	11,978,675			565,446	12	12,544,133
State sources	10,301,197	\$ 68,135				10,369,332
Federal sources	28,485	397,656				426,141
<b>Total revenues</b>	<b>22,308,357</b>	<b>465,791</b>		<b>565,446</b>	<b>12</b>	<b>23,339,606</b>
<b>EXPENDITURES:</b>						
Current:						
Regular instruction	5,312,714					5,312,714
Special education instruction	1,606,791	357,158				1,963,949
Other special instruction	223,119					223,119
School sponsored activities	629,308					629,308
Support:						
Tuition	1,048,428					1,048,428
Student & instruction related services	2,513,659	104,433				2,618,092
General administration	352,768					352,768
School administrative services	451,798					451,798
Central services	322,267					322,267
Plant operations and maintenance	1,533,169					1,533,169
Pupil transportation	1,614,427					1,614,427
Unallocated benefits	6,005,842					6,005,842
Debt Service:						
Principal				390,000		390,000
Interest				190,588		190,588
Capital outlay	419,501	4,200	\$ 186,000			609,701
<b>Total expenditures</b>	<b>22,033,791</b>	<b>465,791</b>	<b>186,000</b>	<b>580,588</b>		<b>23,266,170</b>
Excess (deficiency) of revenues over expenditures	274,566		(186,000)	(15,142)	12	73,436
Other financing sources (uses):						
Transfer for capital projects	(186,000)		186,000			
Capital leases (non-budgeted)	256,862					256,862
<b>Total other financing sources (uses)</b>	<b>70,862</b>		<b>186,000</b>			<b>256,862</b>
<b>Net change in fund balances</b>	<b>345,428</b>			<b>(15,142)</b>	<b>12</b>	<b>330,298</b>
Fund balance - July 1	3,818,811		101,930	15,142	11,364	3,947,247
<b>Fund balance - June 30</b>	<b>\$ 4,164,239</b>		<b>\$ 101,930</b>		<b>\$ 11,376</b>	<b>\$ 4,277,545</b>

See accompanying notes to the basic financial statements.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances  
 of Governmental Funds to the Statement of Activities  
 For the Year Ended June 30, 2018

Total net change in fund balances - Governmental Funds (from B-2)		\$ 330,298
<p>Amounts reported for Governmental Activities in the Statement of Activities (A-2) are different because:</p> <p>Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.</p>		
	Depreciation expense	\$ (800,577)
	Capital outlays	523,903
		(276,674)
<p>Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets and is not reported in the Statement of Activities.</p>		
	Bond principal	390,000
	Capital lease obligation principal	240,417
<p>Proceeds from debt issues are a financing source in the Governmental Funds. They are not revenue in the Statement of Activities; issuing debt increases long-term liabilities in the Statement of Net Position.</p>		
	Capital lease proceeds	(256,862)
<p>In the Statement of Activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount the difference is an addition to the reconciliation.</p>		
		(4,185)
<p>Pension contributions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.</p>		
		(949,799)
<p>OPEB contributions are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the contributions are adjusted for actuarial valuation adjustments.</p>		
		(2,079,832)
Change in net position of Governmental Activities		\$ (2,606,637)

See accompanying notes to the basic financial statements.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

	Enterprise Funds				Total Enterprise Fund
	Major Fund Food Service Fund	Child Study Team	Business Services	Chief School Administrator Services	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 108,126	\$ 137,486	\$ 3,195	\$ 85,824	\$ 334,631
Receivables, net	67,830				67,830
Interfund receivable	44,099				44,099
Inventory	15,801				15,801
Capital assets, net	2,154				2,154
<b>Total assets</b>	<b>238,010</b>	<b>137,486</b>	<b>3,195</b>	<b>\$ 85,824</b>	<b>464,515</b>
<b>LIABILITIES</b>					
Accounts payable	142,909	1,565	564		145,038
Deferred revenue	8,403				8,403
<b>Total liabilities</b>	<b>151,312</b>	<b>1,565</b>	<b>564</b>		<b>153,441</b>
<b>NET POSITION</b>					
Investment in capital assets, net of related debt	2,153				2,153
Unrestricted	84,545	135,921	2,631	\$ 85,824	308,921
<b>Total net position</b>	<b>\$ 86,698</b>	<b>\$ 135,921</b>	<b>\$ 2,631</b>	<b>\$ 85,824</b>	<b>\$ 311,074</b>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds				Total Enterprise Fund
	Major Fund Food Service Fund	Child Study Team	Business Services	Chief School Administrator Services	
Operating revenues:					
Charges for services:					
Daily sales - reimbursable programs	\$ 153,398				\$ 153,398
Daily sales - non-reimbursable programs	220,962				220,962
Special functions	21,561				21,561
Services provided to other entities		\$ 767,441	\$ 211,270	\$ 67,000	1,045,711
Total operating revenue	<u>395,921</u>	<u>767,441</u>	<u>211,270</u>	<u>67,000</u>	<u>1,441,632</u>
Operating expenses					
Cost of sales - reimbursable programs	252,111				252,111
Cost of sales - non-reimbursable programs	73,945				73,945
Salaries	287,422	566,094	199,967	54,750	1,108,233
Employee benefits	99,200	143,059		5,480	247,739
Purchased professional - educational services		500			500
Other purchased services	8,081	13,179	1,307	1,186	23,753
Contracted services	33,000				33,000
Operations and maintenance	4,391				4,391
Supplies and materials	78,247	19,499	2,695		100,441
Miscellaneous expenditures	18,976	1,287	374	859	21,496
Depreciation	861				861
Total operating expenses	<u>856,234</u>	<u>743,618</u>	<u>204,343</u>	<u>62,275</u>	<u>1,866,470</u>
Operating income (loss)	<u>(460,313)</u>	<u>23,823</u>	<u>6,927</u>	<u>4,725</u>	<u>(424,838)</u>
Non-operating revenues (expenses):					
Interest earned	636				636
State sources:					
State school lunch program	6,429				6,429
Federal sources:					
School breakfast program	105,513				105,513
National school lunch program	247,961				247,961
Special milk program	409				409
After school snack program	4,402				4,402
Food distribution program commodities	63,382				63,382
Total non-operating revenues (expenses)	<u>428,732</u>				<u>428,732</u>
Change in net position	(31,581)	23,823	6,927	4,725	3,894
Total net position - beginning	<u>118,279</u>	<u>112,098</u>	<u>(4,296)</u>	<u>81,099</u>	<u>307,180</u>
Total net position - ending	<u>\$ 86,698</u>	<u>\$ 135,921</u>	<u>\$ 2,631</u>	<u>\$ 85,824</u>	<u>\$ 311,074</u>

See accompanying notes to the basic financial statements.



GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds				Total Enterprise Fund
	Major Fund Food Service Fund	Child Study Team	Business Services	Chief School Administrator Services	
Cash flows from operating activities:					
Receipts from customers	\$ 402,712	\$ 830,973	\$ 211,270	\$ 83,750	\$ 1,528,705
Payments to employees	(287,422)	(566,094)	(199,967)	(54,750)	(1,108,233)
Payments for employee benefits	(99,200)	(143,059)		(5,480)	(247,739)
Payments to suppliers	(424,086)	(39,873)	(3,812)	(2,045)	(469,816)
Net cash provided by (used for) operating activities	<u>(407,996)</u>	<u>81,947</u>	<u>7,491</u>	<u>21,475</u>	<u>(297,083)</u>
Cash flows from non-capital financing activities:					
State sources	6,355				6,355
Federal sources	354,669				354,669
Net cash provided by non-capital financing activities	<u>361,024</u>				<u>361,024</u>
Cash flows from investing activities					
Interest earned	636				636
Net cash provided by investing activities	<u>636</u>				<u>636</u>
Net increase (decrease) in cash and cash equivalents	(46,336)	81,947	7,491	21,475	64,577
Balance - beginning of year	154,462	55,539	(4,296)	64,349	270,054
Balance - end of year	<u>\$ 108,126</u>	<u>\$ 137,486</u>	<u>\$ 3,195</u>	<u>\$ 85,824</u>	<u>\$ 334,631</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (460,313)	\$ 23,823	\$ 6,927	\$ 4,725	\$ (424,838)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	861				861
Food distribution program	63,382				63,382
(Increase) decrease in accounts receivable	(25,575)	63,532		16,750	54,707
(Increase) decrease in inventory	4,593				4,593
Increase (decrease) in accounts payable	9,056	(5,408)	564		4,212
Net cash provided by (used for) operating activities	<u>\$ (407,996)</u>	<u>\$ 81,947</u>	<u>\$ 7,491</u>	<u>\$ 21,475</u>	<u>\$ (297,083)</u>

See accompanying notes to the basic financial statements.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Statement of Fiduciary Net Position  
June 30, 2018

	Trust		Agency		Total 2018
	Unemployment Compensation	Private Purpose	Student Activity	Payroll	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 43,637	\$ 10,638	\$ 275,736	\$ 124,096	\$ 454,107
Interfund receivable	6,171				6,171
Total assets	<u>\$ 49,808</u>	<u>\$ 10,638</u>	<u>\$ 275,736</u>	<u>\$ 124,096</u>	<u>460,278</u>
<b>LIABILITIES</b>					
Payroll deductions and withholdings				\$ 117,895	117,895
Due to student groups			\$ 275,736		275,736
Interfund payable				6,201	6,201
Total liabilities			<u>\$ 275,736</u>	<u>\$ 124,096</u>	<u>399,832</u>
<b>NET POSITION</b>					
Held in trust for unemployment claims	\$ 49,808				49,808
Reserved for scholarships		\$ 10,638			10,638
Total net position	<u>\$ 49,808</u>	<u>\$ 10,638</u>			<u>\$ 60,446</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2018

	Unemployment Compensation	Private Purpose	Total 2018
<b>ADDITIONS:</b>			
Contributions	\$ 20,540		\$ 20,540
Interest earned	138	\$ 154	292
Total additions	<u>20,678</u>	<u>154</u>	<u>20,832</u>
<b>DEDUCTIONS:</b>			
Unemployment claims	1,659		1,659
Transfer for scholarships		2,000	2,000
Total deductions	<u>1,659</u>	<u>2,000</u>	<u>3,659</u>
Change in net position	19,019	(1,846)	17,173
Net position - beginning	30,789	12,484	43,273
Net position - end	<u>\$ 49,808</u>	<u>\$ 10,638</u>	<u>\$ 60,446</u>

See accompanying notes to the basic financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**Introduction**

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

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

**A. Reporting Entity**

The Gateway Regional High School District is a Type II District located in the County of Gloucester, State of New Jersey. As a Type II District, the School District functions independently through a Board of Education. The Board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades 7-12.

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

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

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

**B. Basic Financial Statements – District-Wide Statements**

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

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

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

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

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

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

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

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

**C. Basic Financial Statements - Fund Financial Statements**

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

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

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

The District reports the following Governmental Funds:

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**GOVERNMENTAL FUNDS**

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

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

As required by the New Jersey State Department of Education, the District included budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes, and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings, and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by Board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from state and federal governments, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

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

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

**PROPRIETARY FUNDS**

The focus of the Proprietary Funds' measurement is upon the determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to business in the private sector. The following are descriptions of the Proprietary Funds of the District:

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**PROPRIETARY FUNDS (CONTINUED)**

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

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

**FIDUCIARY FUNDS**

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

**D. Basis of Accounting**

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

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

The Governmental Funds financial statements are reported on the modified accrual basis of accounting. Under this method, revenues are recorded when they become both susceptible to accrual; i.e. both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenue from federal, state, or other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, claims and judgments, and compensated absences, are recorded when due.

**E. Budgets/Budgetary Control**

Annual appropriated budgets are prepared in the spring of each year for the General, Special Revenue, and Debt Service Funds. The budgets are submitted to the county office for approval and are approved as long as the District budget is within State mandated CAP's, there is no public vote on the budget. If the budget exceeds State mandated CAP's, the voters have an opportunity to approve or reject the budget at the regular election held in November. Budgets are prepared using the modified accrual basis of accounting, except for the Special Revenue Fund as described later. The legal level of budgetary control is established at line item

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**E. Budgets/Budgetary Control (Continued)**

accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in NJAC 6:23-2(g). Budget amendments/transfers of appropriations may be made by School Board resolution at any time during the fiscal year and are subject to two-thirds majority vote by the School Board and, under certain circumstances, require approval by the County Superintendent of Schools. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For Governmental Funds there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the Special Revenue Fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the Governmental Fund types. Unencumbered appropriations lapse at fiscal year-end.

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

**F. Encumbrances**

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

Open encumbrances in the Special Revenue Fund, for which the District has received advances are reflected in the balance sheet as deferred revenues at fiscal year-end.

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

**G. Cash and Cash Equivalents**

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

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



**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**G. Cash and Cash Equivalents (Continued)**

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

Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey.

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

**H. Inventories**

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

**I. Interfund Transactions**

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

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

**J. Capital Assets**

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

All reported capital assets except for land and construction in progress are depreciated.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**J. Capital Assets (Continued)**

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Site improvements	20
Building & improvements	20-50
Machinery & equipment	7-20

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

**K. Compensated Absences**

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

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

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the School District's past experience of making termination payments. Salary-based payments for the employer's share of social security and Medicare taxes are included.

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

**L. Deferred Revenue**

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

**M. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities, and long-term obligations are reported on the District-wide financial statements. In general, Governmental Fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources; are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from Governmental Funds are reported as liabilities on the

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

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

fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**N. Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Funds are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both Restricted and Unrestricted Funds are available.

**O. Fund Balance**

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

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

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

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

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

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**O. Fund Balance (Continued)**

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

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

**P. Revenues**

Substantially all Governmental Fund revenue is accrued. Property taxes are susceptible to accrual and under New Jersey State statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable." Subsidies and grants to Proprietary Funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the provider recognizes liabilities and expenses and recipient recognizes receivables and revenue when the applicable eligibility requirements are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient.

**Q. Expenditures**

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

**R. Allocation of Indirect Expenses**

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

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

**T. Use of Estimates**

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

**U. Recent Accounting Pronouncements Not Yet Effective**

In November 2016, the Governmental Accounting Standards Board (GASB) issued Statement No. 83, "Certain Asset Retirement Obligations." This statement, which is effective for fiscal periods beginning after June 15, 2018, will not have any effect on the District's financial reporting.

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, "Fiduciary Activities." This statement, which is effective for fiscal periods beginning after December 31, 2018, will not have any effect on the District's financial reporting.

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, "Leases." This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In April 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements." The impact of this statement, which is effective for fiscal periods beginning after June 15, 2018, on the District's financial reporting has not yet been determined.

In June 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 89, "Accounting for Interest Costs Incurred before the end of a Construction Period." This statement, which is effective for fiscal periods beginning after December 15, 2019, will not have any effect on the District's financial reporting.

In August 2018, the Governmental Accounting Standards Board (GASB) issued Statement No. 90, "Majority Equity Interests – and Amendment of GASB Statements No. 14 and No. 61." This statement, which is effective for fiscal periods beginning after December 15, 2018, will not have any effect on the District's financial reporting.

**NOTE 2: CASH AND CASH EQUIVALENTS**

Custodial Credit Risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's policy is based on New Jersey statutes requiring cash to be deposited only in New Jersey banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA), or in qualified investments established in

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

NJSA 18A:20-37 that are treated as cash equivalents. The carrying amount of the District's cash and cash equivalents at June 30, 2018 and 2017, was \$3,892,029 and \$3,695,959. As of June 30, 2018 and 2017, \$0 of the District's bank balance of \$4,478,202 and \$4,391,545, respectively, was exposed to Custodial Credit Risk.

**NOTE 3: INVESTMENTS**

As of June 30, 2018, the District did not have any investments.

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

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

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

**NOTE 4: RECEIVABLES**

Receivables at June 30, 2018, consisted of Intergovernmental and other receivables. All receivables are considered collectible in full. A summary of the principal items of the receivables are as follows:

	Governmental Activities	Business- Type Activities
State aid	\$ 532,567	\$ 479
Federal aid	397,658	28,505
Other	708,005	38,846
	<u>\$ 1,638,230</u>	<u>\$ 67,830</u>

**NOTE 5: INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at June 30, 2018:

	Interfund Receivable	Interfund Payable
General Fund	\$ 30	\$ 44,099
Enterprise Fund	44,099	
Trust Fund	6,171	
Agency Fund		6,201
	<u>\$ 50,300</u>	<u>\$ 50,300</u>

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 6: INVENTORY**

Inventory in the Food Service Fund at June 30, 2018, consisted of the following:

Food	\$ 11,197
Supplies	4,604
	<u>\$ 15,801</u>

**NOTE 7: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Disposals	Balance June 30, 2018
Governmental activities:				
Sites	\$ 159,975			\$ 159,975
Site improvements	5,650,153			5,650,153
Building & building improvements	19,804,528	\$ 3,059		19,807,587
Machinery & equipment	3,014,486	520,844	\$ 230,950	3,304,380
Totals at historical cost	<u>28,629,142</u>	<u>523,903</u>	<u>230,950</u>	<u>28,922,095</u>
Less: accumulated depreciation for:				
Site improvements	3,108,228	254,380		3,362,608
Building & building improvements	8,088,557	365,279		8,453,836
Machinery & equipment	2,426,699	180,918	230,950	2,376,667
Total accumulated depreciation	<u>13,623,484</u>	<u>800,577</u>	<u>230,950</u>	<u>14,193,111</u>
Governmental activities capital assets, net	<u>\$ 15,005,658</u>	<u>\$ (276,674)</u>		<u>\$ 14,728,984</u>
Business-type activities:				
Machinery & equipment	\$ 134,270			\$ 134,270
Less: accumulated depreciation	131,255	\$ 861		132,116
Business-type capital assets, net	<u>\$ 3,015</u>	<u>\$ (861)</u>		<u>\$ 2,154</u>

Depreciation was charged to governmental functions as follows:

Instruction	\$ 440,317
Student instruction related services	88,064
General administration	80,058
Operations & maintenance	64,046
Transportation	128,092
	<u>\$ 800,577</u>

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 8: GENERAL LONG-TERM DEBT**

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

Permanently funded debt as of June 30, 2018, consisted of the following:

\$6,275,000 General Obligation Refunding Bonds dated May 13, 2012, payable in annual installments through March 1, 2029. Interest is paid semi-annually at the rates of 3.125% to 4% per annum. The balance remaining at June 30, 2018, was \$4,740,000.

**Long-Term Obligation Activity**

Changes in long-term obligations for the fiscal year ended June 30, 2018, are as follows:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Bonds payable	\$ 5,130,000		\$ 390,000	\$ 4,740,000	\$ 400,000
Capital leases	187,103	\$ 256,862	240,417	203,548	49,467
Compensated absences	536,946	58,269	54,084	541,131	
	<u>\$ 5,854,049</u>	<u>\$ 315,131</u>	<u>\$ 684,501</u>	<u>\$ 5,484,679</u>	<u>\$ 449,467</u>

**Bonds Payable**

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

Year Ended June 30,	Principal	Interest	Total
2019	\$ 400,000	\$ 178,887	\$ 578,887
2020	420,000	162,888	582,888
2021	440,000	146,087	586,087
2022	440,000	128,488	568,488
2023	440,000	110,887	550,887
2024-2028	2,180,000	297,600	2,477,600
2029	420,000	13,125	433,125
	<u>\$ 4,740,000</u>	<u>\$ 1,037,962</u>	<u>\$ 5,777,962</u>

**Bonds Authorized but Not Issued**

As of June 30, 2018, the Board had no authorized but not issued debt.

**Other**

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



**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 8: GENERAL LONG-TERM DEBT (CONTINUED)**

**Other (Continued)**

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

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

For the year ended June 30, 2018, it is not necessary for the Board to establish a liability for arbitrage rebate.

**Capital Lease Payable**

The District has entered into lease purchase agreement for the acquisition of school buses. The lease agreement is for five years and carries an interest rate of 1.89%. The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments, as of June 30, 2018:

Year Ended June 30,	Principal	Interest	Total
2019	\$ 49,467	\$ 3,847	\$ 53,314
2020	50,402	2,912	53,314
2021	51,354	1,960	53,314
2022	52,325	989	53,314
	<u>\$ 203,548</u>	<u>\$ 9,708</u>	<u>\$ 213,256</u>

**NOTE 9: PENSION FUNDS**

**Description of Plans** - All required employees of the District are covered by either the Public Employees' Retirement System, (PERS) or the Teachers' Pension and Annuity Fund (TPAF), cost-sharing, multiple-employer defined benefit pension plans, which have been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees' Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey 08625-0295 or can be accessed on the internet at: <http://www.state.nj.us/treasury/pensions/financial-reports.shtml>.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of NJSA 18A:66 to provide retirement benefits, death, disability, and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing, multiple-employer plan with a special

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 9: PENSION FUNDS (CONTINUED)**

**Teachers' Pension and Annuity Fund (TPAF) (Continued)** -funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners and employees of the Department of Education who have titles that are unclassified, professional, and certified.

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

**Funding Policy** - The contribution policy is set by NJSA 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997, and NJSA 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Effective with the first payroll to be paid on or after October 1, 2011, the employee contributions for TPAF and PERS increased from 5.5% of employee's annual compensation, as defined, to 6.5%. Subsequent increases will be phased in over 7 years (each July 1) to bring the total pension contribution rate to 7.5% as of July 1, 2018. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The actuarially determined contribution includes funding for, cost-of-living adjustments, noncontributory death benefits, and post-retirement medical premiums. The current TPAF and PERS rate is 7.34% of covered payroll. The District's contributions to PERS for the years ending June 30, 2018, 2017, and 2016, were \$294,930, \$303,916, and \$289,535, respectively, equal to the required contributions for each year.

During the fiscal year ended June 30, 2018, the State of New Jersey contributed \$1,954,524 to the TPAF for normal and post-retirement benefits on behalf of the District. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the District \$612,117 during the year ended June 30, 2018, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the financial statements, and the Combining and Individual Fund and account group statements and schedules as revenues and expenditures in accordance with GASB 27.

The District's total payroll for the years ended June 30, 2018, 2017, and 2016, was \$12,691,021, \$12,398,641, and \$12,066,950, respectively. Covered payroll was \$2,424,424, \$2,312,759, and \$2,398,070 for PERS and \$9,129,076, \$9,091,346, and \$8,716,365 for TPAF, for the same years.

For the year ended June 30, 2018, the District recognized pension expense of \$1,244,729. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 9: PENSION FUNDS (CONTINUED)**

**Funding Policy (Continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 96,317	
Changes of assumptions		\$ 642,947
Net difference between projected and actual earning on pension plan investments	68,839	
Changes in proportion and differences between District contributions and proportionate share of contributions		269,655
Employer contributions subsequent to the measurement date	294,930	
	\$ 460,086	\$ 912,602

\$294,930 reported as deferred outflows of resources related to pensions resulting from School District project contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2019	\$ 7,854
2020	92,427
2021	(50,856)
2022	(513,590)
2023	(283,283)
	\$ (747,448)

Additional Information – Collective balances at June 30, 2016 and 2017, are as follows:

	June 30, 2016	June 30, 2017
Collective deferred outflows of resources	\$ 7,815,204,785	\$ 5,396,431,901
Collective deferred inflows of resources		4,672,602,040
Collective net pension liability	29,617,131,759	23,278,401,588
District's proportion	0.0342099152%	0.0318363735%

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) is a cost-sharing, multiple-employer defined contribution Pension Fund which was established on July 1, 2007, under provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (NJAC 43:15C-1 et seq.). The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provision are established by NJSA 43:15C-1 et seq.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 9: PENSION FUNDS (CONTINUED)**

**Defined Contribution Retirement Program (Continued)** -The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right, under the current law, to make temporary reductions in member rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contributes amounts for each pay period to Prudential Financial, not later than the fifth business day after the date on which the employee is paid for that pay period. The School District's contributions for the years ending June 30, 2018, 2017, and 2016, were \$10,979, \$12,128, and \$11,564 for covered employees.

**NOTE 10: POST-EMPLOYMENT BENEFITS**

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

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a Board of Education or county college with 25 years of service. (GASB Cod. Sec. 2300.106(g)).

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.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

**Employees Covered by Benefit Terms**

At June 30, 2018, the following employees were covered by the benefit terms:

- **TPAF Participant Retirees**  
As of June 30, 2017, there were 112,966 retirees receiving post-retirement medical benefits and the State contributed \$1.39 billion on their behalf.
- **PERS Participant Retirees**  
The State paid \$238.9 million toward Chapter 126 benefits for 209,913 eligible retired members in Fiscal Year 2017.

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10: POST-EMPLOYMENT BENEFITS (CONTINUED)**

**Total OPEB Liability**

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the Board of Education/Board of Trustees. Note that actual numbers will be published in the NJ State's CAFR at: <https://www.nj.gov/treasury/omb/publications/archives.shtml>.

Actuarial assumptions and other imputes. The total OPEB liability in the June 30, 2017, actuarial valuation reported by the State in the State's most recently issued CAFR was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.50%
Salary increases	Differs by pension group (e.g. - PERS, TPAF). See Actuarial Assumptions in the Notes to Required Supplementary Information - Note 4.
Discount rate	3.58%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Bond index.

Mortality rates were based on the RP-2014 headcount-weighted mortality table for healthy and disabled lives with fully generational mortality improvement projections from the central year using Scale MP-2017.

The actuarial assumptions used in the June 30, 2016 valuation were based on the result of an actuarial experience study for the period July 1, 2016 through June 30, 2017.

Changes in the Total OPEB Liability reported by the State of New Jersey:

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10: POST-EMPLOYMENT BENEFITS (CONTINUED)**

	Total OPEB Liability
Balance at 6/30/16	\$ 57,831,784,184
Changes for the year:	
Service cost	2,391,878,884
Interest	1,699,441,736
Changes of benefit terms	
Differences between expected and actual experience	
Changes in assumptions or other inputs	(7,086,599,129)
Contributions - Member	45,748,749
Benefit payments	(1,242,412,566)
Net changes	(4,191,942,326)
Balance at 6/30/17	\$ 53,639,841,858

There were no changes in benefit terms during the year.

Changes in assumptions and other inputs reflect a change in the discount rate from 2.85 percent in 2016 to 3.58 percent in 2017.

Sensitivity of the total OPEB liability to changes in the discount rate. The following represents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percent-point lower or 1-percent-point higher than the current discount rate.

	1% Decrease 2.58%	Discount Rate 3.58%	1% Increase 4.58%
Total OPEB Liability (School Retirees)	\$ 63,674,362,200	\$ 53,639,841,858	\$ 45,680,364,953

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability (School Retirees)	\$ 44,113,584,560	\$ 53,639,841,858	\$ 66,290,599,457

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 10: POST-EMPLOYMENT BENEFITS (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2019, the Board of Education/Board of Trustees recognized OPEB expense of \$2,079,832 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASB No. 75 and in which there is a special funding situation.

In accordance with GASB No. 75, the Gateway Regional High School District proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2017, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		\$ 6,297,335
Changes in proportion and differences between District contributions and proportionate share of contributions		211,808
	None	\$ 6,509,143

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year Ended	Amount
June 30,	
2019	\$ (762,195)
2020	(762,195)
2021	(762,195)
2022	(762,195)
2023	(762,195)
Thereafter	(2,698,168)
	\$ (6,509,143)

**NOTE 11: DEFERRED COMPENSATION**

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

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

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 12: COMPENSATED ABSENCES**

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

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

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

**NOTE 13: LABOR CONTRACTS**

As of June 30, 2018, the District has a total of approximately 258 employees. Of this total, approximately 101 employees are represented by the Gateway Regional Education Association. The union agreement will expire on June 30, 2019.

**NOTE 14: RISK MANAGEMENT**

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

**Property and Liability Insurance:**

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

**New Jersey Unemployment Compensation Insurance:**

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



**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 14: RISK MANAGEMENT (CONTINUED)**

Year Ended June 30,	District Contribution	Employee Contribution	Amount Reimbursed	Ending Balance
2018	None	\$ 20,540	\$ 1,659	\$ 49,808
2017	None	20,102	16,997	30,789
2016	None	16,142	26,531	27,583

**NOTE 15: CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Gateway Regional High School Board of Education by inclusion of \$200,000 on October 11, 2001, for the accumulation of funds, for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the General Fund and its activity is included in the General Fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual General Fund budget certified for taxes or by transfer by Board resolution at year-end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity in the capital reserve for the June 30, 2018, fiscal year is as follows:

Beginning balance, July 1, 2017	\$ 938,783
Interest earned	376
Deposits approved by resolution	200,000
Budgeted withdrawals	(186,000)
Ending balance, June 30, 2018	<u>\$ 953,159</u>

The June 30, 2018, LRFP balance of local support costs of uncompleted capital projects at June 30, 2018, is \$970,919. Of the \$953,159 balance at year-end, \$205,000 was designated for use in the 2018-2019 budget leaving a balance of \$748,159.

**NOTE 16: FUND BALANCE APPROPRIATED**

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

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

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 16: FUND BALANCE APPROPRIATED (CONTINUED)**

Specific classifications of fund balance are summarized below:

**Nonspendable**

Permanent Fund - On May 5, 1993, the District was the beneficiary of a distribution from the estate of Ernest R. Myers and on June 12, 1992, the District received funds from the trustees of the Wenonah-Westville Building and Loan Association. In accordance with the terms of the distributions, the principal is to be invested upon good security, and the income only, derived there from, is to be used solely for a scholarship to benefit a graduation student of Gateway Regional High School. As of June 30, 2018, the Nonspendable Fund balance was \$10,797.

**Restricted**

General Fund - In accordance with NJSA 18A:7F-7, \$3,323,361 is restricted as excess surplus (\$1,560,670 of the total restricted amount has been appropriated and included as anticipated revenue for the year ending June 30, 2019). As of June 30, 2018, \$953,159 has been reserved in the Capital Reserve Account and \$205,000 of this balance has been appropriated and included as anticipated revenue for the year ended June 30, 2019. Also, \$100,000 has been reserved in the Maintenance Reserve Account.

Capital Projects Fund – The Capital Projects Fund balance as of June 30, 2018, was \$101,930.

Permanent Fund - The Permanent Fund has a restricted fund balance in the amount of \$579 as of June 30, 2018. The funds are to be solely used for a scholarship to benefit a graduating student of Gateway Regional High School.

**Assigned**

General Fund - As of June 30, 2018, the District had \$18,088 of encumbrances outstanding for purchase orders and contracts signed by the District, but not completed, as of the close of the fiscal year.

**Unassigned**

General Fund - As of June 30, 2018, a deficit of \$256,738 of fund balance was unassigned.

**NOTE 17: CALCULATION OF EXCESS SURPLUS**

The designation of Reserve Fund Balance - Excess surplus is a required calculation pursuant NJSA 18A:7F-7, as amended. New Jersey School Districts are required to reserve General Fund, fund balance at the fiscal year-end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2018, is \$3,323,361.

**NOTE 18: DEFICIT FUND BALANCES**

The District has a deficit fund balance of \$256,738 in the General Fund as of June 30, 2018, as reported in the fund statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 18: DEFICIT FUND BALANCES (CONTINUED)**

Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the state is recording the June state aid payment(s) in the subsequent fiscal year, the School District cannot recognize the June state aid payment(s) on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payment(s), the General Fund balance deficit does not alone indicate that the District is facing financial difficulties.

Pursuant to NJSA 18A:22-44.2, any negative unassigned general fund balance that is reported as a direct result from a delay in the June payment(s) of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The District deficit in the GAAP statements of \$256,738 is less than the last state aid payments.

**NOTE 19: CONTINGENT LIABILITIES**

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

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

**NOTE 20: ECONOMIC DEPENDENCY**

The District is heavily reliant on state aid and local tax levy to fund the District's operations. State sources accounted for approximately 47% of the District's 2017-18 General Fund revenue, while local tax levy accounted for approximately 48%.

**NOTE 21: TAX ABATEMENTS**

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

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2018**

**NOTE 21: TAX ABATEMENTS (CONTINUED)**

For a local school district Board of Education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at NJSA 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

None of the Boroughs of the sending Districts had any tax abatements for the year ended December 31, 2017.

**NOTE 22: SUBSEQUENT EVENTS**

Management has reviewed and evaluated all events and transactions that occurred between June 30, 2018 and January 17, 2019, the date that the financial statements were available to be issued and no items have come to the attention of the District that would require disclosure.

**NOTE 23: CHANGE IN ACCOUNTING PRINCIPLE**

During the year beginning July 1, 2017, the District adopted the Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" whose primary objective is to improve accounting and financial reporting for postemployment benefits other than pensions (OPEB). These statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures for OPEB.

The effect of this change was to decrease fiscal year ended June 30, 2017, net position by \$57,676,533 which is the prior period adjustment of net OPEB liability. Financial statements for the fiscal year ended June 30, 2017, have not been restated and the cumulative effect of the change totaling \$57,676,533 is shown as a one-time debit to net position in the fiscal year ended June 30, 2018, Statement of Activities.

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

## **BUDGETARY COMPARISON SCHEDULES**

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local sources:					
Local tax levy	\$ 10,667,263		\$ 10,667,263	\$ 10,667,263	
Tuition	108,000		108,000	147,060	\$ 39,060
Transportation fees	980,000		980,000	1,096,815	116,815
Interest earned on capital reserve funds	1,300		1,300	376	(924)
Miscellaneous	44,000		44,000	67,161	23,161
Total - local sources	<u>11,800,563</u>		<u>11,800,563</u>	<u>11,978,675</u>	<u>178,112</u>
State sources:					
School choice aid	563,112		563,112	563,112	
Extraordinary aid				63,048	63,048
Categorical special education aid	494,440		494,440	494,440	
Equalization aid	5,844,445	\$ 163,421	6,007,866	6,007,866	
Categorical security aid	118,138		118,138	118,138	
Categorical transportation aid	450,129		450,129	450,129	
Adjustment aid	7,128		7,128	7,128	
PARCC readiness aid	9,350		9,350	9,350	
Per pupil growth aid	9,350		9,350	9,350	
Professional learning community aid	9,780		9,780	9,780	
Host district aid	1,193		1,193	1,193	
Reimbursed nonpublic school transportation costs				15,660	15,660
TPAF - post-retirement medical (on-behalf non-budgeted)				766,488	766,488
TPAF pension contributions (on-behalf non-budgeted)				1,186,736	1,186,736
TPAF - long term disability insurance (on-behalf non-budgeted)				1,300	1,300
Reimbursed TPAF social security contributions (non-budgeted)				612,117	612,117
Total - state sources	<u>7,507,065</u>	<u>163,421</u>	<u>7,670,486</u>	<u>10,315,835</u>	<u>2,645,349</u>
Federal sources:					
Medical assistance program	24,240		24,240	28,485	4,245
Total - federal sources	<u>24,240</u>		<u>24,240</u>	<u>28,485</u>	<u>4,245</u>
Total revenues	<u>\$ 19,331,868</u>	<u>\$ 163,421</u>	<u>\$ 19,495,289</u>	<u>\$ 22,322,995</u>	<u>\$ 2,827,706</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
Current expense:					
Regular programs - instruction:					
Grades 6-8 - salaries of teachers	\$ 2,038,325	\$ 58,584	\$ 2,096,909	\$ 2,094,466	\$ 2,443
Grades 9-12 - salaries of teachers	2,820,805	(43,884)	2,776,921	2,775,087	1,834
Regular programs - home instruction:					
Salaries of teachers	28,000	(3,600)	24,400	16,670	7,730
Purchased professional - educational services	26,000	(11,100)	14,900	5,813	9,087
Regular programs - undistributed instruction:					
Purchased professional - educational services	6,250		6,250	1,450	4,800
Purchased technical services	85,301	1,994	87,295	55,231	32,064
Other purchased services	120,959	4,025	124,984	95,026	29,958
General supplies	362,349	(1,599)	360,750	263,168	97,582
Textbooks	9,505	(4,420)	5,085	4,265	820
Other objects	6,306		6,306	1,538	4,768
Total regular programs - instruction	<u>5,503,800</u>		<u>5,503,800</u>	<u>5,312,714</u>	<u>191,086</u>
Special education instruction:					
Learning and/or language disabilities:					
Salaries of teachers	129,267	25,430	154,697	154,659	38
Other salaries for instruction	76,911	(380)	76,531	50,481	26,050
General supplies	7,000	1,885	8,885	8,881	4
Other objects	5,000	(1,885)	3,115	398	2,717
Total learning and/or language disabilities	<u>218,178</u>	<u>25,050</u>	<u>243,228</u>	<u>214,419</u>	<u>28,809</u>
Behavioral disabilities:					
Salaries of teachers	148,242	21,210	169,452	169,452	
Other salaries for instruction	50,807	380	51,187	48,666	2,521
General supplies	11,500		11,500	2,543	8,957
Other objects	7,500		7,500	1,386	6,114
Total behavioral disabilities	<u>218,049</u>	<u>21,590</u>	<u>239,639</u>	<u>222,047</u>	<u>17,592</u>



GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 General Fund  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Resource room/resource center:					
Salaries of teachers	979,067	(46,640)	932,427	842,977	89,450
Other salaries for instruction	406,395		406,395	305,290	101,105
Purchased technical services	1,450		1,450		1,450
General supplies	15,000	(25)	14,975	6,460	8,515
Textbooks	4,000		4,000		4,000
Other objects		25	25	25	
Total resource room/resource center	<u>1,405,912</u>	<u>(46,640)</u>	<u>1,359,272</u>	<u>1,154,752</u>	<u>204,520</u>
Home instruction:					
Salaries of teachers	10,000	(743)	9,257	4,831	4,426
Purchased professional - educational services	10,000	743	10,743	10,742	1
Total home instruction	<u>20,000</u>		<u>20,000</u>	<u>15,573</u>	<u>4,427</u>
Total special education - instruction	<u>1,862,139</u>		<u>1,862,139</u>	<u>1,606,791</u>	<u>255,348</u>
Basic skills/remedial - instruction:					
Salaries of teachers	242,775		242,775	220,671	22,104
General supplies	150		150		150
Total basic skills/remedial - instruction	<u>242,925</u>		<u>242,925</u>	<u>220,671</u>	<u>22,254</u>
Bilingual education - instruction:					
Salaries of teachers	2,500		2,500	2,448	52
General supplies	275		275		275
Total bilingual education - instruction	<u>2,775</u>		<u>2,775</u>	<u>2,448</u>	<u>327</u>
School-sponsored co-curricular activities - instruction:					
Salaries	141,704		141,704	118,279	23,425
Purchased services	15,125		15,125	7,893	7,232
Supplies and materials	29,620	(3,100)	26,520	11,787	14,733
Other objects	9,650		9,650	5,686	3,964
Total school-sponsored co-curricular activities - instruction	<u>196,099</u>	<u>(3,100)</u>	<u>192,999</u>	<u>143,645</u>	<u>49,354</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
School-sponsored co-curricular athletics - instruction:					
Salaries	385,494		385,494	363,146	22,348
Purchased services	93,461		93,461	41,237	52,224
Supplies and materials	92,625	3,009	95,634	65,679	29,955
Other objects	28,005		28,005	15,601	12,404
Total school-sponsored co-curricular athletics - instruction:	599,585	3,009	602,594	485,663	116,931
Total instruction and at-risk programs	8,407,323	(91)	8,407,232	7,771,932	635,300
Undistributed expenditures - instruction:					
Tuition to other LEA's within the state - regular	30,000		30,000	769	29,231
Tuition to other LEA's within the state - special	114,843		114,843	66,028	48,815
Tuition to county voc. school district - regular	149,760		149,760	126,857	22,903
Tuition to CSSD & regional day schools	534,030	(4,300)	529,730	412,780	116,950
Tuition to private schools for the disabled - within state	437,702	4,300	442,002	441,994	8
Total undistributed expenditures - instruction	1,266,335		1,266,335	1,048,428	217,907
Undistributed expenditures - attendance and social work:					
Salaries	25,590		25,590	25,587	3
Purchased professional - technical services	6,880		6,880	4,065	2,815
Total undistributed expenditures - attendance and social work	32,470		32,470	29,652	2,818
Undistributed expenditures - health services:					
Salaries	120,081		120,081	116,627	3,454
Purchased professional - technical services	3,300		3,300	795	2,505
Other purchased services	3,000		3,000	917	2,083
Supplies and materials	4,000		4,000	1,641	2,359
Other objects	175		175	149	26
Total undistributed expenditures - health services	130,556		130,556	120,129	10,427
Undistributed expenditures - speech, OT, PT & related services:					
Salaries	38,980	(21,212)	17,768	12,350	5,418
Purchased professional - educational services	14,900	21,212	36,112	36,111	1
Supplies and materials	1,000		1,000		1,000
Total undistributed expenditures - speech, OT, PT & related services	54,880		54,880	48,461	6,419

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures - guidance:					
Salaries of other professional staff	494,169	1,200	495,369	494,997	372
Salaries of secretarial and clerical assistants	40,853	(1,200)	39,653	37,469	2,184
Other salaries	125,265		125,265	125,114	151
Purchased professional - educational services	8,578	(138)	8,440	2,880	5,560
Purchased professional - technical services	14,751	138	14,889	14,888	1
Other purchased services	9,810		9,810	7,983	1,827
Supplies and materials	14,000	(44)	13,956	6,023	7,933
Other objects	655	44	699	698	1
Total undistributed expenditures - guidance	<u>708,081</u>		<u>708,081</u>	<u>690,052</u>	<u>18,029</u>
Undistributed expenditures - child study team:					
Salaries of other professional staff	148,900	(4,300)	144,600	124,984	19,616
Salaries of secretarial and clerical assistants	38,334		38,334	38,000	334
Other salaries	29,750	4,300	34,050	31,897	2,153
Purchased professional - educational services	444,648		444,648	441,571	3,077
Purchased professional - technical services	27,736		27,736	7,400	20,336
Miscellaneous purchased services	5,800	(220)	5,580	738	4,842
Supplies and materials	2,250	220	2,470	2,289	181
Total undistributed expenditures - child study team	<u>697,418</u>		<u>697,418</u>	<u>646,879</u>	<u>50,539</u>
Undistributed expenditures - improvement of inst. services:					
Salaries of supervisors of instruction	394,250	(3,225)	391,025	346,898	44,127
Salaries of secretaries and clerical assistants	66,154		66,154	59,779	6,375
Other salaries	91,238		91,238	88,420	2,818
Purchased professional - educational services	38,370	(5)	38,365	38,365	
Purchased professional - technical services	31,225	4,235	35,460	35,458	2
Other purchased services	22,325	(1,005)	21,320	11,315	10,005
Supplies and materials	9,414	1,260	10,674	10,624	50
Other objects	14,710	(1,260)	13,450	9,654	3,796
Total undistributed expenditures - improvement of inst. services	<u>667,686</u>		<u>667,686</u>	<u>600,513</u>	<u>67,173</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures - edu. media serv./sch. library:					
Salaries	135,592		135,592	129,697	5,895
Salaries of technical coordinators	226,347		226,347	218,688	7,659
Purchased professional - technical services	8,000		8,000	4,035	3,965
Other purchased services	11,950	(1,810)	10,140	9,167	973
Supplies and materials	16,130	1,805	17,935	16,078	1,857
Other objects	250	5	255	255	
<b>Total Undistributed expenditures - edu. media serv./sch. library</b>	<b>398,269</b>		<b>398,269</b>	<b>377,920</b>	<b>20,349</b>
Undistributed expenditures - instructional staff training					
Other purchased services	11,175		11,175	53	11,122
<b>Total undistributed expenditures - instructional staff training</b>	<b>11,175</b>		<b>11,175</b>	<b>53</b>	<b>11,122</b>
Undistributed expenditures - supp. serv. - general administration:					
Salaries	181,209	1,545	182,754	182,746	8
Legal services	10,000	15,000	25,000	14,883	10,117
Audit fees	25,500	850	26,350	26,350	
Architectural/engineering services	2,500	(2,395)	105		105
Other purchased professional services	500		500		500
Communications/telephone	84,000	(7,370)	76,630	57,628	19,002
BOE other purchased services	150	(58)	92		92
Other purchased services	52,882	7,998	60,880	57,762	3,118
General supplies	5,000		5,000	2,686	2,314
Miscellaneous expenditures	2,500	(570)	1,930	1,762	168
BOE membership dues and fees	9,950		9,950	8,951	999
<b>Total undistributed expenditures - supp. serv. - general administration</b>	<b>374,191</b>	<b>15,000</b>	<b>389,191</b>	<b>352,768</b>	<b>36,423</b>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures - supp. serv. - school administration:					
Salaries of principals/assistant principals/program directors	334,448	2,876	337,324	337,324	
Salaries of secretarial and clerical assistants	77,781	(3,013)	74,768	73,984	784
Unused vacation payments to terminated/retired staff		3,013	3,013	3,013	
Purchased professional - technical services	500		500		500
Other purchased services	10,884		10,884	8,867	2,017
Supplies and materials	19,061	2,257	21,318	17,394	3,924
Other objects	3,370	7,867	11,237	11,216	21
<b>Total undistributed expenditures - supp. serv. - school administration:</b>	<b>446,044</b>	<b>13,000</b>	<b>459,044</b>	<b>451,798</b>	<b>7,246</b>
Undistributed expenditures - central services:					
Salaries	285,727	600	286,327	257,895	28,432
Purchased professional services	4,490		4,490	2,375	2,115
Purchased technical services	35,300	14,900	50,200	50,136	64
Miscellaneous purchased services	6,627	(111)	6,516	5,156	1,360
Supplies and materials	4,500	41	4,541	4,360	181
Miscellaneous expenditures	2,275	70	2,345	2,345	
<b>Total undistributed expenditures - central services</b>	<b>338,919</b>	<b>15,500</b>	<b>354,419</b>	<b>322,267</b>	<b>32,152</b>
Undistributed expenditures - required maintenance for school facilities:					
Salaries	89,516	5,242	94,758	94,757	1
Cleaning, repair, and maintenance services	136,200	(1,742)	134,458	94,558	39,900
General supplies	64,220	(1,046)	63,174	46,493	16,681
<b>Total undistributed expenditures - required maintenance for school facilities</b>	<b>289,936</b>	<b>2,454</b>	<b>292,390</b>	<b>235,808</b>	<b>56,582</b>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Undistributed expenditures - custodial services:					
Salaries	587,920	(3,500)	584,420	563,217	21,203
Purchased professional - technical services	8,490		8,490	4,538	3,952
Cleaning, repair, and maintenance services	26,680		26,680	21,388	5,292
Other purchased property services	120,115	(6,288)	113,827	102,096	11,731
Insurance	176,357		176,357	173,033	3,324
General supplies	82,895	6,988	89,883	89,866	17
Energy (natural gas)	98,000	(700)	97,300	91,242	6,058
Energy (electricity)	274,000	(43,500)	230,500	204,845	25,655
Other objects	3,000		3,000	1,169	1,831
Total undistributed expenditures - custodial services	<u>1,377,457</u>	<u>(47,000)</u>	<u>1,330,457</u>	<u>1,251,394</u>	<u>79,063</u>
Security:					
Salaries	107,000	(44,921)	62,079		62,079
Purchased professional - technical services		44,921	44,921	44,921	
General supplies		1,046	1,046	1,046	
Total security	<u>107,000</u>	<u>1,046</u>	<u>108,046</u>	<u>45,967</u>	<u>62,079</u>
Total undistributed expenditures - oper. & maint. of plant services	<u>1,774,393</u>	<u>(43,500)</u>	<u>1,730,893</u>	<u>1,533,169</u>	<u>197,724</u>
Undistributed expenditures - student transportation services:					
Salaries for pupils trans. (bet. home & school) - regular	274,279	19,582	293,861	284,089	9,772
Salaries for pupils trans. (bet. home & school) - special	643,890	(61,397)	582,493	529,701	52,792
Salaries for pupils trans. (bet. home & school) - nonpublic school	158,640		158,640	148,521	10,119
Cleaning, repair and maintenance services	36,000	200	36,200	28,948	7,252
Lease purchase payments - school buses	137,450	142,982	280,432	250,496	29,936
Contract services - aid in lieu of payments	36,686		36,686	33,500	3,186
Contract services (special ed. students) joint agreements	118,000	49,615	167,615	167,609	6
Miscellaneous purchased services - transportation	1,500		1,500		1,500
General supplies	207,847	(13,480)	194,367	163,555	30,812
Other objects	12,500		12,500	8,008	4,492
Total undistributed expenditures - student transportation services:	<u>1,626,792</u>	<u>137,502</u>	<u>1,764,294</u>	<u>1,614,427</u>	<u>149,867</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Unallocated benefits - employee benefits:					
Social security contributions	312,000		312,000	300,723	11,277
Other retirement contributions - PERS	329,411		329,411	310,406	19,005
Unemployment compensation	2,500		2,500		2,500
Workmen's compensation	157,397		157,397	154,658	2,739
Health benefits	2,824,549	(43,000)	2,781,549	2,453,605	327,944
Tuition reimbursement	42,000		42,000	38,441	3,559
Other employee benefits	117,623	22,000	139,623	138,825	798
Unused sick payments to terminated/retired staff	22,914	21,000	43,914	42,543	1,371
Total unallocated benefits - employee benefits	<u>3,808,394</u>		<u>3,808,394</u>	<u>3,439,201</u>	<u>369,193</u>
On-behalf contributions:					
On-behalf TPAF pensions contributions (non-budgeted)				1,186,736	(1,186,736)
On-behalf TPAF OPEB (post-retirement medical) contributions (non-budgeted)				766,488	(766,488)
On-behalf TPAF long term disability (non-budgeted)				1,300	(1,300)
Reimbursed TPAF social security contributions (non-budgeted)				612,117	(612,117)
Total on-behalf contributions				<u>2,566,641</u>	<u>(2,566,641)</u>
Total personal services - employee benefits	<u>3,808,394</u>		<u>3,808,394</u>	<u>6,005,842</u>	<u>(2,197,448)</u>
Total undistributed expenditures	<u>12,335,603</u>	<u>137,502</u>	<u>12,473,105</u>	<u>13,842,358</u>	<u>(1,369,253)</u>
Total general current expense	<u>20,742,926</u>	<u>137,411</u>	<u>20,880,337</u>	<u>21,614,290</u>	<u>(733,953)</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Capital outlay:					
Interest deposited to capital reserve	1,300		1,300		1,300
Equipment:					
School sponsored and other instructional programs		7,100	7,100	3,100	4,000
Undistributed - instruction	59,266	8,709	67,975	52,910	15,065
Undistributed - support services	5,100	291	5,391	2,391	3,000
Undistributed - custodial services	14,820		14,820	14,586	234
Undistributed - student transportation		9,907	9,907	5,477	4,430
School buses - special		3	3		3
Total equipment	79,186	26,010	105,196	78,464	26,732
Facilities acquisition and construction services:					
Assessment for debt service on SDA funding	84,175		84,175	84,175	
Total facilities acquisition and construction services	84,175		84,175	84,175	
Assets acquired under capital leases (non-budgeted):					
Undistributed expenditures:					
School buses				256,862	(256,862)
Total capital outlay	164,661	26,010	190,671	419,501	(228,830)
Total expenditures	20,907,587	163,421	21,071,008	22,033,791	(962,783)
Excess (deficiency) of revenues over (under) expenditures	(1,575,719)		(1,575,719)	289,204	(1,864,923)



GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Other financing sources:					
Operating transfer in/(out):					
Capital reserve - transfer for capital projects	(188,000)		(188,000)	(186,000)	(2,000)
Capital leases (non-budgeted)				256,862	(256,862)
Total other financing sources	<u>(188,000)</u>		<u>(188,000)</u>	<u>70,862</u>	<u>(258,862)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing sources (uses)	(1,763,719)		(1,763,719)	360,066	(2,123,785)
Fund balance, July 1	<u>4,527,545</u>		<u>4,527,545</u>	<u>4,527,545</u>	
Fund balance, June 30	<u>\$ 2,763,826</u>		<u>\$ 2,763,826</u>	<u>\$ 4,887,611</u>	<u>\$ (2,123,785)</u>
Recapitulation:					
Restricted fund balance:					
Excess surplus designated for subsequent year's expenditures				\$ 1,560,670	
Excess surplus - current year				1,762,691	
Capital reserve				748,159	
Capital reserve designated for subsequent year expenditures				205,000	
Maintenance reserve				100,000	
Assigned fund balance:					
Designated for subsequent year's expenditures				26,369	
Year-end encumbrances				18,088	
Unassigned fund balance				466,634	
				<u>4,887,611</u>	
Reconciliation to governmental fund statements (GAAP):					
Last state aid payment not recognized on GAAP basis				(723,372)	
Fund balance per governmental funds (GAAP)				<u>\$ 4,164,239</u>	

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Budgetary Comparison Schedule  
 Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2018

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
State sources	\$ 90,119		\$ 90,119	\$ 68,135	\$ (21,984)
Federal sources	547,757		547,757	399,018	(148,739)
<b>Total revenues</b>	<b>\$ 637,876</b>		<b>\$ 637,876</b>	<b>\$ 467,153</b>	<b>\$ (170,723)</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of teachers	\$ 133,281	\$ (11,927)	\$ 121,354	\$ 93,614	\$ 27,740
Purchased professional - technical services	8,723		8,723	8,722	1
Purchased professional - educational services	14,113		14,113	13,659	454
Other purchased services	61,257		61,257	39,728	21,529
Tuition	226,202		226,202	181,000	45,202
General supplies	39,689	(2,391)	37,298	15,771	21,527
Textbooks	6,026		6,026	6,026	
<b>Total instruction</b>	<b>489,291</b>	<b>(14,318)</b>	<b>474,973</b>	<b>358,520</b>	<b>116,453</b>
Support services:					
Salaries	3,200	4,550	7,750	5,350	2,400
Personal services - employee benefits	19,038	10,425	29,463	28,341	1,122
Purchased professional - educational services	58,226	(7,500)	50,726	34,350	16,376
Purchased professional - technical services	19,200		19,200	7,500	11,700
Other purchased services	20,426	7,500	27,926	15,803	12,123
Supplies and materials	23,743	(657)	23,086	13,089	9,997
<b>Total support services</b>	<b>143,833</b>	<b>14,318</b>	<b>158,151</b>	<b>104,433</b>	<b>53,718</b>
Facilities acquisition and construction:					
Non-instructional equipment	4,752		4,752	4,200	552
<b>Total facilities acquisition and construction</b>	<b>4,752</b>		<b>4,752</b>	<b>4,200</b>	<b>552</b>
<b>Total expenditures</b>	<b>\$ 637,876</b>		<b>\$ 637,876</b>	<b>\$ 467,153</b>	<b>\$ 170,723</b>

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION - PART II**

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Required Supplementary Information  
 Budget-to-GAAP Reconciliation  
 Note to RSI  
 For the Fiscal Year Ended June 30, 2018

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

	General Fund	Special Revenue Fund
Sources/inflows of resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule.	\$ 22,322,995	\$ 467,153
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		(1,362)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.	708,734	
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the following year.	(723,372)	
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	\$ 22,308,357	\$ 465,791
Uses/outflows of resources:		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule.	\$ 22,033,791	\$ 467,153
Difference - budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		(1,362)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - Governmental Funds.	\$ 22,033,791	\$ 465,791

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

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

	Fiscal Year Ended			
	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
District's proportion of the net pension liability (asset)	0.0303190651%	0.0336773629%	0.0342099152%	0.0318363735%
District's proportionate share of the net pension liability (asset)	\$ 5,676,558	\$ 7,559,893	\$ 10,131,996	\$ 7,410,999
District's covered-employee payroll	2,010,231	2,177,425	2,120,627	2,234,842
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	282.38%	347.19%	477.78%	331.61%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%	48.10%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017

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

	Fiscal Year Ended			
	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 249,946	\$ 289,535	\$ 303,916	\$ 294,930
Contributions in relation to the contractually required contribution	<u>249,946</u>	<u>289,535</u>	<u>303,916</u>	<u>294,930</u>
Contribution deficiency (excess)	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>
District's covered-employee payroll	\$ 2,010,231	\$ 2,177,425	\$ 2,120,627	\$ 2,234,842
Contributions as a percentage of covered-employee payroll	12.43%	13.30%	14.33%	13.20%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017



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

	Fiscal Year Ended			
	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
District's proportion of the net pension liability (asset)	0.0781414459%	0.0765392131%	0.7897638290%	0.7974164790%
District's proportionate share of the net pension liability (asset)	\$ 41,764,060	\$ 48,376,051	\$ 62,127,851	\$ 53,764,694
District's covered-employee payroll	7,835,258	8,147,501	8,424,438	8,585,920
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	533.03%	593.75%	737.47%	626.20%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%	22.33%
Measurement date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017

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

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

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

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR POSTEMPLOYMENT  
BENEFITS OTHER THAN PENSIONS**

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Fiscal Year

	<u>Fiscal Year Ended</u> <u>2018</u>
Total OPEB Liability	
Service cost	\$ 2,060,627
Interest	1,685,700
Changes of benefit terms	
Differences between expected and actual experience	
Changes of assumptions or other inputs	(6,987,733)
Member contributions	45,414
Benefit payments	(1,233,319)
Net change in total OPEB liability	<u>(4,429,311)</u>
Total OPEB liability - beginning	57,676,533
Total OPEB liability - ending	<u>\$ 53,247,222</u>
Covered employee payroll	\$ 11,553,500
Total OPEB liability as a percentage of covered employee payroll	460.88%

**Notes to Schedule:**

*Changes of benefit terms:*

There were no changes in benefit terms during the year.

*Changes of assumptions:*

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following is the discount rate used in the period:

2018	3.58%
------	-------

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION – PART III**

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**NOTES TO RELATED PENSIONS**

**NOTE 1: CONTRIBUTIONS**

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

**NOTE 2: ACTUARIAL ASSUMPTIONS**

The total pension liability for the June 30, 2017, measurement date was determined by an actuarial valuation as of July 1, 2016, which was rolled forward to June 30, 2017. The actuarial valuation used the following actuarial assumptions:

Inflation rate	2.25%
Salary increases:	
Through 2026	1.65 – 4.15% based on age
Thereafter	2.65 – 5.15% based on age
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the RP-2000 Employee Pre-retirement Mortality Tables for male and female active participants. For local employees, mortality tables are setback 2 years for males and 7 years for females. In addition, the table provides 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 1 year for females).

The actuarial assumptions used in the July 1, 2016, 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.

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

**GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2018**

**NOTES RELATED TO OTHER POST-EMPLOYMENT BENEFITS**

**NOTE 3: CONTRIBUTIONS**

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with NJSA 52:14-17.32f. According to NJSA 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in or retires on a disability pension from one or more of the following plans: the Teacher's Pension and Annuity Fund (TPAF) or the Public Employees' Retirement System (PERS). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011, will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

**NOTE 4: ACTUARIAL ASSUMPTIONS**

The total nonemployer OPEB liability as of June 30, 2017, was determined by an actuarial valuation as of June 30, 2016, which was rolled forward to June 30, 2017. The total nonemployer OPEB liability as of June 30, 2016, was determined by an actuarial valuation as of June 30, 2016. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary increases (TPAF):	
Through 2026	1.55 – 4.55% based on years of service
Thereafter	2.00 – 5.45% based on years of service
Salary increases (PERS):	
Through 2026	2.15 – 4.15% based on age
Thereafter	3.15 – 5.15% based on age

Pre-retirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2017 scale. Post-retirement mortality rates were based on the RP-2014 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale. Disability mortality was based on the RP-2014 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2017 scale.

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of actuarial experience studies for the periods July 1, 2012 – June 30, 2015 and July 1, 2011 – June 30, 2014, for TPAF and PERS, respectively.

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

## **OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND**



GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2018

	Total Brought Forward (Exhibit E-1a)	Title I	Title I SIA	Title II Part A	Title IV	Total
<b>REVENUES:</b>						
Federal sources	\$ 221,066	\$ 131,199	\$ 28,327	\$ 17,326	\$ 1,100	\$ 399,018
State sources	68,135					68,135
<b>Total revenues</b>	<b>\$ 289,201</b>	<b>\$ 131,199</b>	<b>\$ 28,327</b>	<b>\$ 17,326</b>	<b>\$ 1,100</b>	<b>\$ 467,153</b>
<b>EXPENDITURES:</b>						
Instruction:						
Salaries of teachers		\$ 89,544	\$ 4,070			\$ 93,614
Purchased professional - technical services	\$ 8,722					8,722
Purchased professional - educational services	13,659					13,659
Other purchased services	39,728					39,728
Tuition	181,000					181,000
General supplies	9,266	5,405			\$ 1,100	15,771
Textbooks	6,026					6,026
<b>Total instruction</b>	<b>258,401</b>	<b>94,949</b>	<b>4,070</b>		<b>1,100</b>	<b>358,520</b>
Support services:						
Salaries		5,350				5,350
Personal services - employee's benefits		28,029	312			28,341
Purchased professional - educational services	30,800			\$ 3,550		34,350
Purchased professional - technical services			7,500			7,500
Other purchased services		2,727		13,076		15,803
Supplies and materials		144	12,245	700		13,089
<b>Total support services</b>	<b>30,800</b>	<b>36,250</b>	<b>20,057</b>	<b>17,326</b>		<b>104,433</b>
Facilities acquisition and construction						
Non-instructional equipment			4,200			4,200
<b>Total facilities acquisition and construction</b>			<b>4,200</b>			<b>4,200</b>
<b>Total expenditures</b>	<b>\$ 289,201</b>	<b>\$ 131,199</b>	<b>\$ 28,327</b>	<b>\$ 17,326</b>	<b>\$ 1,100</b>	<b>\$ 467,153</b>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Special Revenue Fund  
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2018

	Total Brought Forward (Exhibit E-1b)	IDEA Basic	Nonpublic Textbook	Nonpublic Nursing Services	Nonpublic Technology	Total Carried Forward
<b>REVENUES:</b>						
Federal sources		\$ 221,066				\$ 221,066
State sources	\$ 47,369		\$ 6,026	\$ 10,670	\$ 4,070	68,135
<b>Total revenues</b>	<u>\$ 47,369</u>	<u>\$ 221,066</u>	<u>\$ 6,026</u>	<u>\$ 10,670</u>	<u>\$ 4,070</u>	<u>\$ 289,201</u>
<b>EXPENDITURES:</b>						
Instruction:						
Purchased professional - technical services	\$ 8,722					\$ 8,722
Purchased professional - educational services	13,659					13,659
Other purchased services	24,988			\$ 10,670	\$ 4,070	39,728
Tuition		\$ 181,000				181,000
General supplies		9,266				9,266
Textbooks			\$ 6,026			6,026
<b>Total instruction</b>	<u>47,369</u>	<u>190,266</u>	<u>6,026</u>	<u>10,670</u>	<u>4,070</u>	<u>258,401</u>
Support services:						
Purchased professional - educational services		30,800				30,800
<b>Total support services</b>		<u>30,800</u>				<u>30,800</u>
<b>Total expenditures</b>	<u>\$ 47,369</u>	<u>\$ 221,066</u>	<u>\$ 6,026</u>	<u>\$ 10,670</u>	<u>\$ 4,070</u>	<u>\$ 289,201</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Special Revenue Fund  
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis  
 For the Fiscal Year Ended June 30, 2018

	<u>Nonpublic Handicapped Services</u>			<u>Nonpublic Auxiliary Services</u>		Total Carried Forward
	<u>Corr Speech</u>	<u>Exam &amp; Class</u>	<u>Supp Inst</u>	<u>Comp Ed</u>	<u>Transp</u>	
REVENUES:						
State sources	\$ 4,375	\$ 9,284	\$ 8,722	\$ 22,145	\$ 2,843	\$ 47,369
Total revenues	<u>\$ 4,375</u>	<u>\$ 9,284</u>	<u>\$ 8,722</u>	<u>\$ 22,145</u>	<u>\$ 2,843</u>	<u>\$ 47,369</u>
EXPENDITURES:						
Instruction:						
Purchased professional - technical services			\$ 8,722			\$ 8,722
Purchased professional - educational services	\$ 4,375	\$ 9,284				13,659
Other purchased services				\$ 22,145	\$ 2,843	24,988
Total instruction	<u>4,375</u>	<u>9,284</u>	<u>8,722</u>	<u>22,145</u>	<u>2,843</u>	<u>47,369</u>
Total expenditures	<u>\$ 4,375</u>	<u>\$ 9,284</u>	<u>\$ 8,722</u>	<u>\$ 22,145</u>	<u>\$ 2,843</u>	<u>\$ 47,369</u>

## **CAPITAL PROJECTS FUND**

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Capital Projects Fund  
 Summary Schedule of Project Expenditures  
 For the Fiscal Year Ended June 30, 2018

<u>Project Title/Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Appropriations June 30, 2018</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Replacing Existing Roof System and Refurbishing the 300 Wing Elevator	11/30/2015	\$ 423,036	\$ 321,106	None	\$ 101,930

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
 Budgetary Basis  
 for the Year Ended June 30, 2018

**Revenues and other financing sources:**

Capital reserve - transfer for capital projects	\$	186,000
---	----	---------

**Expenditures and other financing uses:**

Construction services		186,000
		186,000

Excess (deficiency) of revenues over (under) expenditures		
---	--	--

Fund balance - beginning		101,930
		101,930

Fund balance - ending	\$	101,930
		101,930

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis  
 Replacing Existing Roof System and Refurbishing the 300 Wing Elevator  
 From Inception and for the Year Ended June 30, 2018

	Prior Period	Current Period	Totals	Revised Authorized Costs
Revenues and other financing sources:				
State sources - ROD grant	\$ 423,036		\$ 423,036	\$ 423,036
Total revenues	423,036		423,036	423,036
Expenditures and other financing uses:				
Purchased professional and technical services	8,551		8,551	84,607
Construction services	312,555		312,555	338,429
Total expenditures	321,106		321,106	423,036
Excess (deficiency) of revenues over (under) expenses			\$ 101,930	\$ 101,930
Additional project information:				
Project Number			SP#1715-050-14-1001	
Grant Date/Letter of Notification			11/30/2015	
Original project authorized cost			\$ 423,036	
Percentage completion			76%	
Original target completion date			9/30/2018	

## PROPRIETARY FUNDS



GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Net Position  
For the Fiscal Year Ended June 30, 2018

	Food Service Fund	Child Study Team	Business Services	Chief School Administrator Services	Total Enterprise Fund
<b>ASSETS</b>					
Cash and cash equivalents	\$ 108,126	\$ 137,486	\$ 3,195	\$ 85,824	\$ 334,631
Receivables, net	67,830				67,830
Interfund receivable	44,099				44,099
Inventory	15,801				15,801
Capital assets, net	2,154				2,154
Total assets	<u>238,010</u>	<u>137,486</u>	<u>3,195</u>	<u>\$ 85,824</u>	<u>464,515</u>
<b>LIABILITIES</b>					
Accounts payable	142,909	1,565	564		145,038
Deferred revenue	8,403				8,403
Total liabilities	<u>151,312</u>	<u>1,565</u>	<u>564</u>		<u>153,441</u>
<b>NET POSITION</b>					
Investment in capital assets, net of related debt	2,153				2,153
Unrestricted	84,545	135,921	2,631	\$ 85,824	308,921
Total net position	<u>\$ 86,698</u>	<u>\$ 135,921</u>	<u>\$ 2,631</u>	<u>\$ 85,824</u>	<u>\$ 311,074</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Revenues, Expenses,  
and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2018

	Food Service Fund	Child Study Team	Business Services	Chief School Administrator Services	Total Enterprise Fund
Operating revenues:					
Charges for services:					
Daily sales - reimbursable programs	\$ 153,398				\$ 153,398
Daily sales - non-reimbursable programs	220,962				220,962
Special functions	21,561				21,561
Services provided to other entities		\$ 767,441	\$ 211,270	\$ 67,000	1,045,711
Total operating revenue	<u>395,921</u>	<u>767,441</u>	<u>211,270</u>	<u>67,000</u>	<u>1,441,632</u>
Operating expenses					
Cost of sales - reimbursable programs	252,111				252,111
Cost of sales - non-reimbursable programs	73,945				73,945
Salaries	287,422	566,094	199,967	54,750	1,108,233
Employee benefits	99,200	143,059		5,480	247,739
Purchased professional/educational services		500			500
Other purchased services	8,081	13,179	1,307	1,186	23,753
Contracted services	33,000				33,000
Operations and maintenance	4,391				4,391
Supplies and materials	78,247	19,499	2,695		100,441
Miscellaneous expenditures	18,976	1,287	374	859	21,496
Depreciation	861				861
Total operating expenses	<u>856,234</u>	<u>743,618</u>	<u>204,343</u>	<u>62,275</u>	<u>1,866,470</u>
Operating income (loss)	<u>(460,313)</u>	<u>23,823</u>	<u>6,927</u>	<u>4,725</u>	<u>(424,838)</u>
Non-operating revenues (expenses):					
Interest earned	636				636
State sources:					
State school lunch program	6,429				6,429
Federal sources:					
School breakfast program	105,513				105,513
National school lunch program	247,961				247,961
Special milk program	409				409
After school snack program	4,402				4,402
Food distribution program commodities	63,382				63,382
Total non-operating revenues (expenses)	<u>428,732</u>				<u>428,732</u>
Change in net position	(31,581)	23,823	6,927	4,725	3,894
Total net position - beginning	118,279	112,098	(4,296)	81,099	307,180
Total net position - ending	<u>\$ 86,698</u>	<u>\$ 135,921</u>	<u>\$ 2,631</u>	<u>\$ 85,824</u>	<u>\$ 311,074</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Enterprise Funds  
Combining Schedule of Cash Flows  
For the Fiscal Year Ended June 30, 2018

	Food Service Fund	Child Study Team	Business Services	Chief School Administrator Services	Total Enterprise Fund
Cash flows from operating activities:					
Receipts from customers	\$ 402,712	\$ 830,973	\$ 211,270	\$ 83,750	\$ 1,528,705
Payments to employees	(287,422)	(566,094)	(199,967)	(54,750)	(1,108,233)
Payments for employee benefits	(99,200)	(143,059)		(5,480)	(247,739)
Payments to suppliers	(424,086)	(39,873)	(3,812)	(2,045)	(469,816)
Net cash provided by (used for) operating activities	<u>(407,996)</u>	<u>81,947</u>	<u>7,491</u>	<u>21,475</u>	<u>(297,083)</u>
Cash flows from non-capital financing activities:					
State sources	6,355				6,355
Federal sources	354,669				354,669
Net cash provided by non-capital financing activities	<u>361,024</u>				<u>361,024</u>
Cash flows from investing activities					
Interest earned	636				636
Net cash provided by investing activities	<u>636</u>				<u>636</u>
Net increase (decrease) in cash and cash equivalents	(46,336)	81,947	7,491	21,475	64,577
Balance - beginning of year	154,462	55,539	(4,296)	64,349	270,054
Balance - end of year	<u>\$ 108,126</u>	<u>\$ 137,486</u>	<u>\$ 3,195</u>	<u>\$ 85,824</u>	<u>\$ 334,631</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (460,313)	\$ 23,823	\$ 6,927	\$ 4,725	\$ (424,838)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	861				861
Food distribution program	63,382				63,382
(Increase) decrease in accounts receivable	(25,575)	63,532		16,750	54,707
(Increase) decrease in inventory	4,593				4,593
Increase (decrease) in accounts payable	9,056	(5,408)	564		4,212
Net cash provided by (used for) operating activities	<u>\$ (407,996)</u>	<u>\$ 81,947</u>	<u>\$ 7,491</u>	<u>\$ 21,475</u>	<u>\$ (297,083)</u>

## FIDUCIARY FUNDS

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Combining Statement of Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2018

	Trust		Agency		Total 2018
	Unemployment Compensation	Private Purpose	Student Activity	Payroll	
<b>ASSETS</b>					
Cash and cash equivalents	\$ 43,637	\$ 10,638	\$ 275,736	\$ 124,096	\$ 454,107
Interfund receivable	6,171				6,171
Total assets	<u>\$ 49,808</u>	<u>\$ 10,638</u>	<u>\$ 275,736</u>	<u>\$ 124,096</u>	<u>460,278</u>
<b>LIABILITIES</b>					
Payroll deductions and withholdings				\$ 117,895	117,895
Due to student groups			\$ 275,736		275,736
Interfund payable				6,201	6,201
Total liabilities			<u>275,736</u>	<u>124,096</u>	<u>399,832</u>
<b>NET POSITION</b>					
Held in trust for unemployment claims	\$ 49,808				49,808
Reserved for scholarships		\$ 10,638			10,638
Total net position	<u>\$ 49,808</u>	<u>\$ 10,638</u>	<u>None</u>	<u>None</u>	<u>\$ 60,446</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Combining Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2018

	Unemployment Compensation	Private Purpose	Total 2018
<b>ADDITIONS:</b>			
Contributions	\$ 20,540		\$ 20,540
Interest earned	138	\$ 154	292
Total additions	<u>20,678</u>	<u>154</u>	<u>20,832</u>
<b>DEDUCTIONS:</b>			
Unemployment claims	1,659		1,659
Transfer for scholarships		2,000	2,000
Total deductions	<u>1,659</u>	<u>2,000</u>	<u>3,659</u>
Change in net position	19,019	(1,846)	17,173
Net position - beginning	30,789	12,484	43,273
Net position - end	<u>\$ 49,808</u>	<u>\$ 10,638</u>	<u>\$ 60,446</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Student Activity Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2018</u>
ACTIVITIES:				
Gateway Regional	<u>\$ 263,548</u>	<u>\$ 451,745</u>	<u>\$ 439,557</u>	<u>\$ 275,736</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Payroll Agency Fund  
 Schedule of Receipts and Disbursements  
 For the Fiscal Year Ended June 30, 2018

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 124,561	\$ 13,933,324	\$ 13,933,789	\$ 124,096
Total assets	<u>\$ 124,561</u>	<u>\$ 13,933,324</u>	<u>\$ 13,933,789</u>	<u>\$ 124,096</u>
<b>LIABILITIES</b>				
Net pay		\$ 7,626,058	\$ 7,626,058	
Payroll deductions and withholdings	\$ 118,493	6,285,767	6,286,365	\$ 117,895
Interfund payable				
General fund	30	958	958	30
Unemployment trust	6,038	20,541	20,408	6,171
Total liabilities	<u>\$ 124,561</u>	<u>\$ 13,933,324</u>	<u>\$ 13,933,789</u>	<u>\$ 124,096</u>

## **LONG-TERM DEBT**



GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Schedule of Serial Bonds  
 June 30, 2018

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2017	Retired	Balance June 30, 2018
			Date	Amount				
Refunding School Bonds, Series 2012	5/13/12	\$ 6,275,000	3/1/19	\$ 400,000	4.000%			
			3/1/20	420,000	4.000%			
			3/1/21-24	440,000	4.000%			
			3/1/25	440,000	3.750%			
			3/1/26-27	435,000	3.750%			
			3/1/28	430,000	3.125%			
			3/1/29	420,000	3.125%			
					\$ 5,130,000	\$ 390,000	\$ 4,740,000	
					<u>\$ 5,130,000</u>	<u>\$ 390,000</u>	<u>\$ 4,740,000</u>	

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 Schedule of Obligations Under Capital Leases  
 For the Fiscal Year Ended June 30, 2018

Purpose	Date of Lease	Term of Lease	Amount of Original Lease		Interest Rate	Balance June 30, 2017	Issued	Retired	Balance June 30, 2018
			Principal	Interest					
School bus	12/10/15	5 Years	\$ 95,669	\$ 4,579	2.49%	\$ 57,308		\$ 57,308	
School bus	9/20/16	5 Years	112,670	5,046	2.24%	89,127		89,127	
School bus	9/20/16	5 Years	51,411	2,303	2.24%	40,668		40,668	
School buses	9/29/17	5 Years	256,862	9,708	1.89%		\$ 256,862		\$ 256,862
						<u>\$ 187,103</u>	<u>\$ 256,862</u>	<u>\$ 187,103</u>	<u>\$ 256,862</u>

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Debt Service Fund  
Budgetary Comparison Schedule  
For the Fiscal Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES:</b>					
Local sources:					
Local tax levy	\$ 565,446		\$ 565,446	\$ 565,446	
Total revenues	<u>565,446</u>		<u>565,446</u>	<u>565,446</u>	
<b>EXPENDITURES:</b>					
Regular debt service:					
Interest	190,588		190,588	190,588	
Redemption of principal	390,000		390,000	390,000	
Total expenditures	<u>580,588</u>		<u>580,588</u>	<u>580,588</u>	
Excess (deficiency) of revenue over (under) expenditures	(15,142)		(15,142)	(15,142)	
Fund balance, July 1	<u>15,142</u>		<u>15,142</u>	<u>15,142</u>	

**STATISTICAL SECTION  
(Unaudited)**

**Gateway Regional High School District  
Statistical Section**

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	111-116
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.	117-124
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	125-131
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	132-134
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	135-139

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

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

	Fiscal Year Ending June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 96,635,820	\$ 10,661,908	\$ 10,288,712	\$ 10,082,430	\$ 9,910,437	\$ 9,928,469	\$ 9,678,422	\$ 9,667,272	\$ 9,875,658	\$ 9,988,984
Restricted	2,226,750	1,190,223	1,639,229	2,679,114	3,035,257	3,105,499	3,145,944	3,760,309	4,192,244	4,534,283
Unrestricted	(103,071)	(835,574)	(681,102)	(584,397)	(831,752)	(871,557)	(6,483,150)	(6,755,886)	(7,882,764)	(68,621,299)
<b>Total governmental activities net position</b>	<b>\$ 98,759,499</b>	<b>\$ 11,016,557</b>	<b>\$ 11,246,839</b>	<b>\$ 12,177,147</b>	<b>\$ 12,113,942</b>	<b>\$ 12,162,411</b>	<b>\$ 6,341,216</b>	<b>\$ 6,671,695</b>	<b>\$ 6,185,138</b>	<b>\$ (54,098,032)</b>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	\$ 67,910	\$ 57,796	\$ 47,908	\$ 39,291	\$ 30,702	\$ 22,733	\$ 15,400	\$ 12,566	\$ 3,015	\$ 2,153
Unrestricted	82,658	102,985	96,122	87,968	149,740	177,820	173,090	207,363	304,165	308,921
<b>Total business-type activities net position</b>	<b>\$ 150,568</b>	<b>\$ 160,781</b>	<b>\$ 144,030</b>	<b>\$ 127,259</b>	<b>\$ 180,442</b>	<b>\$ 200,553</b>	<b>\$ 188,490</b>	<b>\$ 219,929</b>	<b>\$ 307,180</b>	<b>\$ 311,074</b>
<b>District-wide:</b>										
Invested in capital assets, net of related debt	\$ 96,703,730	\$ 10,719,704	\$ 10,336,620	\$ 10,121,721	\$ 9,941,139	\$ 9,951,202	\$ 9,693,822	\$ 9,679,838	\$ 9,878,673	\$ 9,991,137
Restricted	2,226,750	1,190,223	1,639,229	2,679,114	3,035,257	3,105,499	3,145,944	3,760,309	4,192,244	4,534,283
Unrestricted	(20,413)	(732,589)	(584,980)	(496,429)	(682,012)	(693,737)	(6,310,060)	(6,548,523)	(7,578,599)	(68,312,378)
<b>Total district-wide net position</b>	<b>\$ 98,910,067</b>	<b>\$ 11,177,338</b>	<b>\$ 11,390,869</b>	<b>\$ 12,304,406</b>	<b>\$ 12,294,384</b>	<b>\$ 12,362,964</b>	<b>\$ 6,529,706</b>	<b>\$ 6,891,624</b>	<b>\$ 6,492,318</b>	<b>\$ (53,786,958)</b>

Source: District records

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

	Fiscal Year Ending June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>EXPENSES:</b>										
Governmental activities:										
Instruction:										
Regular	\$ 5,641,051	\$ 5,684,631	\$ 5,410,739	\$ 5,542,377	\$ 5,469,950	\$ 5,269,382	\$ 5,537,714	\$ 5,520,080	\$ 5,635,366	\$ 5,756,271
Special education	1,077,954	1,067,291	1,111,749	1,175,624	1,560,121	1,567,448	1,807,084	1,750,519	1,822,641	1,963,949
Other special instruction	300,853	317,491	289,413	210,324	221,101	212,750	221,276	234,488	220,669	223,119
Other instruction	642,625	619,369	568,644	586,662	602,544	644,010	656,434	647,136	675,442	629,308
Support services:										
Tuition	1,244,874	1,209,425	1,178,737	918,211	1,106,724	1,291,133	1,333,312	1,280,647	1,068,957	1,048,428
Student & instruction related services	1,868,809	2,043,977	2,085,929	2,161,401	2,296,122	2,478,507	2,611,198	2,616,618	2,625,875	2,706,156
School administrative services	428,163	461,517	449,881	458,842	394,566	405,517	395,346	405,275	410,438	432,826
General and business administrative services	715,527	717,471	673,057	602,198	707,759	712,571	687,307	737,587	423,278	452,445
Plant operations and maintenance	1,508,894	1,602,784	1,416,703	1,431,505	1,452,207	1,603,274	1,507,795	1,454,688	318,525	322,267
Pupil transportation	1,331,853	1,347,211	1,302,595	1,447,177	1,474,172	1,477,332	1,466,549	1,468,449	1,515,158	1,597,215
Employee benefits	3,112,202	3,415,971	3,331,965	3,622,456	4,192,442	4,264,262	4,617,551	5,337,211	1,496,763	1,502,102
Special schools		3							6,632,504	9,035,771
Interest on long-term debt	313,850	303,975	293,727	225,717	200,523	126,155	109,576	207,838	28,067	85,798
Capital outlay	137,554				186,903	235,038	222,837	334,701	201,688	190,588
Amortization of bond issuance costs	2,305	2,305	2,305	2,502						
Total governmental activities expenses	<u>18,326,512</u>	<u>18,793,421</u>	<u>18,115,444</u>	<u>18,384,996</u>	<u>19,865,134</u>	<u>20,287,379</u>	<u>21,173,979</u>	<u>21,995,237</u>	<u>23,075,371</u>	<u>25,946,243</u>
Business-type activities:										
Food service	606,103	656,395	677,374	734,613	705,123	752,797	822,659	793,660	861,369	856,234
Child study team	536,886	555,153	641,418	683,029	685,861	726,137	733,364	704,043	735,672	743,618
Business services	173,305	174,457	170,841	190,054	200,375	195,071	197,476	195,012	205,921	204,343
Chief school administrator services		76,332	106,734	71,967	55,865	51,866	56,627	58,351	60,051	62,275
Total business-type activities expense	<u>1,316,294</u>	<u>1,462,337</u>	<u>1,596,367</u>	<u>1,679,663</u>	<u>1,647,224</u>	<u>1,725,871</u>	<u>1,810,126</u>	<u>1,751,066</u>	<u>1,863,013</u>	<u>1,866,470</u>
Total district expenses	<u>\$ 19,642,806</u>	<u>\$ 20,255,758</u>	<u>\$ 19,711,811</u>	<u>\$ 20,064,659</u>	<u>\$ 21,512,358</u>	<u>\$ 22,013,250</u>	<u>\$ 22,984,105</u>	<u>\$ 23,746,303</u>	<u>\$ 24,938,384</u>	<u>\$ 27,812,713</u>
<b>PROGRAM REVENUES:</b>										
Governmental activities:										
Charges for services:										
Pupil transportation	\$ 1,080,396	\$ 1,060,387	\$ 1,064,193	\$ 1,193,026						
Operating grants and contributions	1,540,260	1,561,497	1,608,393	1,766,640	422,755	468,416	610,881	512,440	481,086	465,791
Total governmental activities program revenues	<u>2,620,657</u>	<u>2,621,884</u>	<u>2,672,586</u>	<u>2,959,666</u>	<u>422,755</u>	<u>468,416</u>	<u>610,881</u>	<u>512,440</u>	<u>481,086</u>	<u>465,791</u>

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

	Fiscal Year Ending June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services:										
Food service	378,108	388,645	382,810	381,686	394,822	399,861	368,619	375,002	389,964	395,921
Child study team	532,000	555,859	615,489	683,929	712,116	712,197	725,171	696,367	817,483	767,441
Business services	172,931	172,450	177,475	181,026	185,560	192,060	197,830	205,400	206,100	211,270
Chief school administrator		86,750	115,042	82,250	67,000	67,000	67,000	67,000	67,000	67,000
Operating grants and contributions	230,814	259,068	291,669	330,624	340,107	376,592	438,762	438,062	469,016	428,096
Total business type activities program revenues	1,313,853	1,462,772	1,582,485	1,659,515	1,699,605	1,747,710	1,797,382	1,781,831	1,949,563	1,869,728
Total district program revenues	\$ 3,934,510	\$ 4,084,656	\$ 4,255,071	\$ 4,619,181	\$ 2,122,360	\$ 2,216,126	\$ 2,408,263	\$ 2,294,271	\$ 2,430,649	\$ 2,335,519
NET (EXPENSE)/REVENUE:										
Governmental activities	\$ (15,705,856)	\$ (16,171,537)	\$ (15,442,858)	\$ (15,425,330)	\$ (19,442,379)	\$ (19,818,963)	\$ (20,563,098)	\$ (21,482,797)	\$ (22,594,285)	\$ (25,480,452)
Business-type activities	(2,441)	435	(13,882)	(20,148)	52,381	21,839	(12,744)	30,765	86,550	3,258
Total district-wide net expense	\$ (15,708,297)	\$ (16,171,102)	\$ (15,456,740)	\$ (15,445,478)	\$ (19,389,998)	\$ (19,797,124)	\$ (20,575,842)	\$ (21,452,032)	\$ (22,507,735)	\$ (25,477,194)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 8,146,697	\$ 8,504,383	\$ 8,764,558	\$ 8,890,249	\$ 9,023,605	\$ 9,204,077	\$ 9,388,159	\$ 9,849,922	\$ 10,311,042	\$ 10,667,263
Taxes levied for debt service	577,099	577,350	577,225	581,725	570,128	565,038	567,839	567,838	571,688	565,446
Unrestricted grants and contributions	6,843,741	6,216,819	6,467,153	7,016,136	8,617,306	8,869,396	9,157,806	9,967,851	9,856,232	10,329,682
Transportation fees					1,120,850	1,160,762	1,091,460	1,174,765	1,173,957	1,096,815
Tuition received	36,763	76,251	43,978	64,230	38,900	32,319	135,626	186,710	32,999	147,060
Investment earnings	27,104				28,058	16,108	15,373	15,800	16,166	16,272
Miscellaneous income	63,153	74,568	86,507	130,491	40,282	20,805	65,407	50,956	173,510	51,277
Cancellation of prior year receivables/payables	(5,357)		(12,400)		13,697	(1,073)		(566)	(27,866)	
Prior year issuance costs/accrued interest payable					(62,434)					
Prior year capital asset transactions					(11,217)					
Purchase (sale) of capital assets	(22,917)	(63,642)	(253,879)	(324,943)						
Gain/(loss) on disposal of capital assets	(16,492)	42,863		(2,250)						
Total governmental activities	15,649,791	15,428,592	15,673,142	16,355,638	19,379,175	19,867,432	20,421,670	21,813,276	22,107,728	22,873,815
Business-type activities:										
Investment earnings	911	540	726	1,031	884	782	681	674	701	636
Miscellaneous income	7,474	9,238	4,047	2,495						
Cancellation of prior year receivables/payables	(576)		(7,643)	(150)	(83)	(2,510)				
Total business-type activities	7,809	9,778	(2,870)	3,376	801	(1,728)	681	674	701	636
Total district-wide	\$ 15,657,600	\$ 15,438,370	\$ 15,670,272	\$ 16,359,014	\$ 19,379,976	\$ 19,865,704	\$ 20,422,351	\$ 21,813,950	\$ 22,108,429	\$ 22,874,451
CHANGES IN NET POSITION:										
Governmental activities	\$ (56,065)	\$ (742,945)	\$ 230,284	\$ 930,308	\$ (63,204)	\$ 48,469	\$ (141,428)	\$ 330,479	\$ (486,557)	\$ (2,606,637)
Business-type activities	5,368	10,213	(16,752)	(16,772)	53,182	20,111	(12,063)	31,439	87,251	3,894
Total district	\$ (50,697)	\$ (732,732)	\$ 213,532	\$ 913,536	\$ (10,022)	\$ 68,580	\$ (153,491)	\$ 361,918	\$ (399,306)	\$ (2,602,743)

Source: District records



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

	Fiscal Year Ending June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General fund										
Restricted			\$ 1,471,635	\$ 2,432,857	\$ 2,755,328	\$ 2,586,994	\$ 2,965,796	\$ 3,334,707	\$ 4,072,280	\$ 4,376,520
Assigned			139,412	217,920	253,440	492,015	153,646	59,264	2,892	44,457
Unrestricted			(209,411)	(245,179)	(256,546)	(286,702)	(265,439)	(242,467)	(256,361)	(256,738)
Reserved	\$ 2,199,094	\$ 1,187,347								
Unreserved	321,071	(332,567)								
Total general fund	<u>\$ 2,520,165</u>	<u>\$ 854,780</u>	<u>\$ 1,401,636</u>	<u>\$ 2,405,598</u>	<u>\$ 2,752,222</u>	<u>\$ 2,792,307</u>	<u>\$ 2,854,003</u>	<u>\$ 3,151,504</u>	<u>\$ 3,818,811</u>	<u>\$ 4,164,239</u>
All other governmental funds										
Restricted, reported in										
Capital projects fund			\$ 15,535	\$ 15,535				\$ 339,855	\$ 101,930	\$ 101,930
Debt service fund					\$ 15,140	\$ 15,140	\$ 15,142	15,142	15,142	
Permanent fund			1,298	1,444	552	553	563	544	567	579
Nonspendable, reported in										
Permanent fund			11,349	11,357	10,797	10,797	10,797	10,797	10,797	10,797
Unreserved, reported in:										
Capital projects fund	\$ 15,535	\$ 15,535								
Permanent fund	12,121	12,416								
Total all other governmental funds	<u>\$ 27,656</u>	<u>\$ 27,951</u>	<u>\$ 28,182</u>	<u>\$ 28,336</u>	<u>\$ 26,489</u>	<u>\$ 26,490</u>	<u>\$ 26,502</u>	<u>\$ 366,338</u>	<u>\$ 128,436</u>	<u>\$ 113,306</u>

Source: District records

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

	Fiscal Year Ending June 30									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES:</b>										
Tax levy	\$ 8,723,796	\$ 9,081,733	\$ 9,341,783	\$ 9,471,974	\$ 9,593,733	\$ 9,769,115	\$ 9,955,998	\$ 10,417,760	\$ 10,882,730	\$ 11,232,709
Tuition charges	36,763	76,251	43,978	64,230	38,900	32,319	135,626	186,710	32,999	147,060
Transportation fees	1,080,396	1,060,387	1,064,193	1,193,026	1,120,850	1,160,762	1,091,460	1,174,765	1,173,957	1,096,815
Miscellaneous	123,884	74,568	86,507	130,491	68,340	36,913	80,780	68,685	189,676	67,549
State sources	7,906,441	6,285,044	7,582,665	8,131,195	8,656,302	8,907,627	9,200,431	10,004,359	9,896,092	10,369,332
Federal sources	443,933	1,493,272	492,880	651,580	383,759	430,185	568,256	474,003	441,226	426,141
<b>Total revenue</b>	<b>18,315,213</b>	<b>18,071,255</b>	<b>18,612,006</b>	<b>19,642,496</b>	<b>19,861,884</b>	<b>20,336,921</b>	<b>21,032,551</b>	<b>22,326,282</b>	<b>22,616,680</b>	<b>23,339,606</b>
<b>EXPENDITURES:</b>										
Instruction:										
Regular instruction	5,078,858	5,271,184	4,967,366	5,075,850	4,873,532	4,800,278	5,103,280	5,016,645	5,232,423	5,312,714
Special education instruction	1,077,954	1,067,291	1,111,749	1,175,624	1,560,121	1,567,448	1,807,084	1,750,519	1,822,641	1,963,949
Other special instruction	300,853	317,491	289,413	210,324	22,101	212,750	221,276	234,488	220,669	223,119
Other instruction	642,625	619,369	568,644	586,662	602,544	644,010	656,434	647,136	675,442	629,308
Support services:										
Tuition	1,244,874	1,209,425	1,178,737	918,211	1,106,724	1,291,133	1,333,312	1,280,647	1,068,957	1,048,428
Student & instruction related services	1,840,261	1,961,287	1,997,255	2,068,096	2,205,201	2,386,313	2,520,172	2,522,726	2,539,432	2,618,092
School administrative services	387,455	386,344	369,267	374,019	372,055	402,390	424,329	432,049	331,853	451,798
Other administrative service	715,527	717,471	673,057	602,198	625,104	628,759	604,556	632,766	734,020	675,035
Plant operations and maintenance	1,493,880	1,542,647	1,352,212	1,363,647	1,386,083	1,536,224	1,441,594	1,386,403	1,452,290	1,533,169
Pupil transportation	1,270,200	1,226,936	1,173,614	1,311,460	1,341,925	1,343,232	1,334,148	1,331,879	1,423,675	1,614,427
Employee benefits	3,062,616	3,376,008	3,453,894	3,708,742	4,186,216	4,263,363	4,614,783	5,143,837	5,598,100	6,005,842
Capital outlay	510,977	1,563,468	340,087	857,306	482,675	651,824	342,038	837,115	652,300	609,701
Debt service:										
Principal	260,000	270,000	280,000	295,000	370,000	330,000	345,000	360,000	370,000	390,000
Interest and other charges	317,100	307,350	297,225	286,725	200,523	235,038	222,837	207,838	201,688	190,588
<b>Total expenditures</b>	<b>18,203,180</b>	<b>19,836,271</b>	<b>18,052,520</b>	<b>18,833,864</b>	<b>19,334,804</b>	<b>20,292,762</b>	<b>20,970,843</b>	<b>21,784,048</b>	<b>22,323,490</b>	<b>23,266,170</b>
Excess (deficiency) of revenues over (under) expenditures	112,033	(1,765,016)	559,486	808,632	527,080	44,159	61,708	542,234	293,190	73,436
<b>OTHER FINANCING SOURCES (USES):</b>										
Capital leases (non-budgeted)	137,554	57,063		195,481				95,669	164,081	256,862
Cancellation of prior year receivables/payables	(5,357)	42,863	(12,400)		13,697	(1,073)		(566)	(27,866)	
<b>Total other financing sources (uses)</b>	<b>132,197</b>	<b>99,926</b>	<b>(12,400)</b>	<b>195,481</b>	<b>13,697</b>	<b>(1,073)</b>		<b>95,103</b>	<b>136,215</b>	<b>256,862</b>
<b>Net change in fund balances</b>	<b>\$ 244,230</b>	<b>\$ (1,665,090)</b>	<b>\$ 547,086</b>	<b>\$ 1,004,113</b>	<b>\$ 540,777</b>	<b>\$ 43,086</b>	<b>\$ 61,708</b>	<b>\$ 637,337</b>	<b>\$ 429,405</b>	<b>\$ 330,298</b>
Debt service as a percentage of noncapital expenditures	3.3%	3.2%	3.3%	3.2%	3.0%	2.9%	2.8%	2.7%	2.6%	2.6%

Source: District records

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Refunds of prior year expenses		\$ 2,525		\$ 5,762			\$ 16,127	\$ 37,513	\$ 18,894	\$ 8,072
Advisor stipend	\$ 1,500									
Use of facilities fees	600	1,839	\$ 500	4,385	\$ 12,875	\$ 3,225	1,388	3,800		275
State of NJ SL - Other				355						
Seminar/class fees	1,500			2,250						
Sale of obsolete equipment				9,903			13,088	7,011		
Homeless tuition		25,640								
Tuition refunds			37,870	66,070	38,900	32,319	135,626	186,710	124,453	23,129
Transfer from special revenue fund	33,627									
COBRA reimbursement				1,164						
Athletic events	25,585	10,610								
Cafeteria/student activity fines				630						
State of NJ FEMA			18,851							
Legal settlement				3,680						
JIF legal fee reimbursement				1,500						
JIF safety incentive prior year				500				1,500		
State of NJ SY11/12 NJDA comm survey				250						
Interest earned on deposits	27,104	28,611	20,261	24,221	27,261	15,358	15,373	14,129	13,000	15,884
Bond refinancing				3,470						
Proceeds from sale of bid specifications	500									
Miscellaneous	32,842	5,343	8,793	6,198	27,320	17,531	18,343	1,079	30,086	19,801
Insurance claims							13,088			
Transportation refund	254									
	<u>\$ 123,512</u>	<u>\$ 74,568</u>	<u>\$ 86,275</u>	<u>\$ 130,338</u>	<u>\$ 106,356</u>	<u>\$ 68,433</u>	<u>\$ 213,033</u>	<u>\$ 251,742</u>	<u>\$ 186,433</u>	<u>\$ 67,161</u>

Source: District records

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

**NATIONAL PARK**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate <sup>b</sup>
2009	1,533,500	91,800,100			4,392,100		635,800	98,361,500	89,176	98,450,676	189,654,615	1.772
2010	1,584,200	91,932,900			4,366,500		635,800	98,519,400	306,438	98,825,838	186,272,217	1.892
2011	3,334,200	166,522,300			7,963,500		607,300	178,427,300	368,601	178,795,901	181,023,553	1.074
2012	3,262,900	165,757,700			7,676,900	209,400	607,300	177,514,200	337,422	177,851,622	182,564,425	1.110
2013	3,301,600	165,387,600			7,532,000	209,400	607,300	177,037,900	393,301	177,431,201	174,814,968	1.077
2014	2,238,000	149,817,400			5,876,700	166,300	579,800	158,678,200	356,578	159,034,778	162,601,818	1.139
2015	2,195,500	149,475,000			6,232,100	166,300	745,600	158,814,500	359,196	159,173,696	158,100,720	1.138
2016	2,195,500	149,215,800			6,169,400	166,300	745,600	158,492,600	361,232	158,853,832	150,386,319	1.159
2017	2,194,800	148,996,700			6,060,700	166,300	709,100	158,127,600	366,124	158,493,724	155,870,012	1.264
2018	2,194,300	148,823,300			5,993,100	166,300	709,100	157,886,100	355,082	158,241,182	158,666,764	1.316

**WENONAH**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate <sup>b</sup>
2009	2,320,000	289,447,000			5,407,000			297,174,000	294,323	297,468,323	280,289,188	0.719
2010	2,456,000	288,484,000			5,614,000			296,554,000	287,077	296,841,077	280,496,538	0.745
2011	2,349,000	284,308,500			5,614,000			292,271,500	249,581	292,521,081	276,746,941	0.789
2012	1,957,800	251,261,700			7,374,400			260,593,900	243,037	260,836,937	230,528,596	0.964
2013	1,841,700	247,267,300			6,924,300			256,033,300	243,865	256,277,165	240,884,196	0.874
2014	1,751,700	244,644,600			7,274,300			253,670,600		253,670,600	240,495,923	1.007
2015	1,707,700	216,444,800			6,486,700			224,639,200		224,639,200	232,947,471	1.212
2016	1,382,800	216,886,900			6,159,100			224,428,800		224,428,800	226,253,146	1.276
2017	1,322,300	216,085,600			5,934,300			223,342,200		223,342,200	222,819,087	1.344
2018	761,300	215,293,900			5,567,800			221,623,000		221,623,000	217,844,434	1.332

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

WESTVILLE

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate <sup>b</sup>
2009	1,389,900	121,518,000			13,909,100	18,484,800	6,317,700	161,619,500	236,623	161,856,123	290,464,342	1.117
2010	1,340,600	121,692,200			14,557,500	17,044,800	6,285,200	160,920,300	223,436	161,143,736	298,263,290	1.238
2011	1,317,300	121,462,400			14,532,000	17,044,800	6,210,200	160,566,700	197,031	160,763,731	288,284,470	1.356
2012	2,753,600	191,459,070			27,124,600	35,202,400	11,642,400	268,182,070	347,069	268,529,139	261,684,269	0.838
2013	2,267,400	190,951,470			25,496,700	33,368,400	11,034,600	263,118,570	328,424	263,446,994	244,656,105	0.968
2014	2,376,800	190,783,271			25,951,100	31,439,400	10,579,100	261,129,671	227,089	261,356,760	242,260,296	0.977
2015	2,260,300	174,483,200			23,193,200	26,906,600	10,172,500	237,015,800	227,783	237,243,583	251,787,293	1.096
2016	2,145,800	174,631,100			22,918,300	26,787,600	10,143,100	236,625,900	214,936	236,840,836	250,163,793	1.183
2017	2,137,800	174,430,600			22,732,600	25,963,200	10,074,900	235,339,100	213,290	235,552,390	248,495,655	1.211
2018	2,153,200	174,573,300			21,801,900	24,669,200	10,074,900	233,272,500	208,848	233,481,348	253,869,778	1.228

WOODBURY HEIGHTS

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities <sup>a</sup>	Net Valuation Taxable	Estimated Actual (County Equalized Value)	Total Direct School Tax Rate <sup>b</sup>
2009	2,494,600	153,800,500			28,775,200	8,911,800	507,200	194,489,300	309,055	194,798,355	308,981,124	0.941
2010	2,494,600	153,772,100			30,547,000	8,911,800	507,200	196,232,700	675,090	196,907,790	298,878,493	1.011
2011	2,492,600	153,714,000			32,844,000	7,411,800	507,200	196,969,600	483,976	197,453,576	305,915,129	1.076
2012	2,492,600	153,714,000			32,844,000	7,411,800	507,200	196,969,600	483,976	197,453,576	207,405,227	1.143
2013	7,361,400	191,765,800			54,773,000	6,158,500	300,000	260,358,700	730,428	261,089,128	266,680,441	1.160
2014	7,266,700	191,390,700			50,974,700	6,167,800	300,000	256,099,900	657,377	256,757,277	260,980,707	1.189
2015	7,163,100	191,274,400			47,745,100	7,163,700	300,000	253,646,300	663,967	254,310,267	261,697,959	1.234
2016	7,078,400	191,407,600			47,045,400	7,234,700	300,000	253,066,100	661,277	253,727,377	264,568,430	1.273
2017	7,022,800	191,393,100			47,196,900	6,911,100	300,000	252,823,900	661,467	253,485,367	263,967,992	1.320
2018	5,444,500	191,444,300			46,643,200	6,911,100	300,000	250,743,100	647,817	251,390,917	262,878,676	1.375

Source: District records & Municipal/County Tax Assessor

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

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

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

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

**NATIONAL PARK**

Fiscal Year Ended June 30,	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Regional High School District	Borough	County	
2009	1.607	0.165	1.772	1.551	1.434	1.139	5.896
2010	1.728	0.164	1.892	1.697	1.454	1.114	6.157
2011	0.982	0.092	1.074	0.953	0.82	0.591	3.438
2012	1.004	0.106	1.110	1.101	0.844	0.608	3.663
2013	1.016	0.116	1.132	1.077	0.844	0.639	3.692
2014	1.165	0.130	1.295	1.139	0.901	0.676	4.011
2015	1.184	0.128	1.312	1.138	0.873	0.699	4.022
2016	1.216	0.123	1.339	1.159	0.883	0.683	4.064
2017	1.240	0.123	1.363	1.264	0.893	0.710	4.230
2018	1.285	0.123	1.408	1.316	0.905	0.732	4.361

**WENONAH**

Fiscal Year Ended June 30,	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Regional High School District	Borough	County	
2009	0.677	0.068	0.745	0.655	0.581	0.518	2.499
2010	0.723	0.066	0.789	0.672	0.608	0.519	2.588
2011	0.778	0.059	0.837	0.654	0.651	0.503	2.645
2012	0.896	0.069	0.965	0.802	0.679	0.468	2.914
2013	0.941	0.075	1.016	0.874	0.706	0.564	3.160
2014	0.976	0.074	1.050	1.007	0.711	0.582	3.350
2015	1.123	0.086	1.210	1.212	0.802	0.678	3.902
2016	1.148	0.085	1.233	1.276	0.799	0.679	3.987
2017	1.176	0.086	1.262	1.344	0.799	0.669	4.074
2018	1.209	0.088	1.297	1.332	0.817	0.628	4.074

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

**WESTVILLE**

Fiscal Year Ended June 30,	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Regional High School District	Borough	County	
2009	1.028	0.089	1.117	1.690	1.536	0.987	5.330
2010	1.146	0.092	1.238	1.730	1.537	1.019	5.524
2011	1.245	0.111	1.356	1.723	1.558	0.969	5.606
2012	0.766	0.072	0.838	0.978	0.983	0.537	3.336
2013	0.811	0.075	0.886	0.968	1.063	0.561	3.478
2014	0.853	0.075	0.928	0.977	1.096	0.569	3.570
2015	1.018	0.086	1.104	1.096	1.254	0.692	4.146
2016	1.066	0.079	1.145	1.183	1.288	0.711	4.327
2017	1.234		1.234	1.211	1.323	0.711	4.479
2018	1.062		1.062	1.228	1.323	0.742	4.355

**WOODBURY HEIGHTS**

Fiscal Year Ended June 30,	District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate	General Obligation Debt Service	Total Direct	Regional High School District	Borough	County	
2009	0.941		0.941	1.355	1.075	0.888	4.259
2010	1.011		1.011	1.423	1.151	0.938	4.523
2011	1.076		1.076	1.447	1.206	0.897	4.626
2012	1.134	0.009	1.143	1.514	1.232	0.900	4.789
2013	0.852	0.054	0.906	1.160	1.021	0.659	3.746
2014	0.931	0.013	0.944	1.189	1.065	0.673	3.871
2015	0.975	0.013	0.988	1.234	1.103	0.720	4.045
2016	1.017	0.012	1.029	1.273	1.133	0.752	4.187
2017	1.058	0.012	1.070	1.320	1.158	0.750	4.298
2018	1.067	0.011	1.078	1.375	1.179	0.758	4.390

Source: Respective School District's CAFR's

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

**NATIONAL PARK**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Individual Taxpayer 1	599,500	1	0.38%	373,200	3	0.38%
Individual Taxpayer 2	527,700	2	0.33%	355,700	4	0.36%
Individual Taxpayer 3	520,900	3	0.33%	310,600	5	0.32%
The Bank	493,800	4	0.31%	395,400	2	0.40%
Individual Taxpayer 4	454,100	5	0.29%	298,000	6	0.30%
Individual Taxpayer 5	421,500	6	0.27%	274,700	8	0.28%
Individual Taxpayer 6	412,000	7	0.26%	25,650	9	0.26%
VRH NP LLC	380,600	8	0.24%			0.29%
PSE&G Power LLC	373,800	9	0.24%	552,800	1	0.56%
Verizon New Jersey	366,124	10	0.23%			
J&B LP LLC				274,700	7	0.28%
Individual Taxpayer 7				253,000	10	0.26%
<b>Total</b>	<b>4,550,024</b>		<b>2.87%</b>	<b>\$ 3,113,750</b>		<b>3.40%</b>

**WENONAH**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
First Union National Bank	975,700	1	0.44%	900,000	7	0.41%
Individual Taxpayer 1	944,900	2	0.42%	1,218,000	1	0.55%
Individual Taxpayer 2	834,800	3	0.37%	1,200,000	2	0.54%
Individual Taxpayer 3	813,900	4	0.36%	1,020,000	3	0.46%
Individual Taxpayer 4	711,400	5	0.32%	975,000	4	0.44%
Wenonah Swimming Club	747,500	6	0.33%			
Individual Taxpayer 5	699,000	7	0.31%	950,000	5	0.43%
Individual Taxpayer 6	699,000	8	0.31%	950,000	6	0.43%
Individual Taxpayer 7	689,400	9	0.31%	875,000	8	0.39%
Individual Taxpayer 8	677,300	10	0.30%	875,000	9	0.39%
<b>Total</b>	<b>7,792,900</b>		<b>3.47%</b>	<b>8,963,000</b>		<b>4.04%</b>



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

**WESTVILLE**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Sunoco Inc.	6,153,700	1	2.42%	1,658,300	4	1.03%
712 Broadway LLC	2,929,300	2	1.15%	1,977,500	2	1.22%
Pelligrino Enterprises LLC	2,350,000	3	0.93%	1,250,000	7	0.77%
Woodbine Norse LLC	2,150,100	4	0.85%	1,300,000	6	0.80%
FRZ Commercial Real Estate LLC	2,130,900	5	0.84%			
Westville Norse LLC	2,013,500	6	0.79%			
Arber Properties LLC	2,000,000	7	0.79%	1,110,000	9	0.69%
Brown's Westville LLC	1,750,000	8	0.69%			
RAAB Family Partnership LP	1,659,500	9	0.65%	1,169,800	8	0.72%
Individual Taxpayer 1	1,453,000	10	0.57%			
AMC Delancy I-295 Partners LP				3,346,200	1	2.07%
Journey LLC				172,430	3	1.07%
EJB LLC				1,587,100	5	0.98%
Individual Taxpayer 2				1,102,300	10	0.68%
<b>Total</b>	<b>24,590,000</b>		<b>9.69%</b>	<b>14,673,630</b>		<b>10.04%</b>

**WOODBURY HEIGHTS**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Woodbury Heights Development Inc.						
Oak Valley Plaza Inc.	11,658,000	1	4.43%			
WaWa Inc.	2,555,500	2	0.97%			
HCD Realty LLC	2,112,200	3	0.80%			
Woodbury Heights Development Inc.	1,755,000	4	0.67%			
Balducci Inc.	1,710,000	5	0.65%			
Genius One LLC	1,557,600	6	0.59%			
Heights Plaza LLC	1,362,500	7	0.52%			
McDonalds Real Estate Company	1,357,000	8	0.52%			
Jonathan Advisors Ltd. Partnership	1,341,800	9	0.51%			
American Paper Box LLC	1,322,400	10	0.50%			
<b>Total</b>	<b>26,732,000</b>		<b>10.13%</b>			

Not Available

Source: Municipal Tax Assessor

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

**NATIONAL PARK**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 1,676,853	\$ 1,676,853	100.00%	
2010	1,744,987	1,744,987	100.00%	
2011	1,870,710	1,870,710	100.00%	
2012	1,920,953	1,920,953	100.00%	
2013	1,975,179	1,975,179	100.00%	
2014	2,010,109	2,010,109	100.00%	
2015	2,059,875	2,059,875	100.00%	
2016	2,088,593	2,088,593	100.00%	
2017	2,126,782	2,126,782	100.00%	
2018	2,161,615	2,161,615	100.00%	

**WENONAH**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 2,189,928	\$ 2,189,928	100.00%	
2010	2,240,433	2,240,433	100.00%	
2011	2,442,549	2,442,549	100.00%	
2012	2,453,812	2,453,812	100.00%	
2013	2,572,213	2,572,213	100.00%	
2014	2,632,370	2,632,370	100.00%	
2015	2,691,806	2,691,806	100.00%	
2016	2,742,290	2,742,290	100.00%	
2017	2,788,604	2,788,604	100.00%	
2018	2,845,937	2,845,937	100.00%	

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

**WESTVILLE**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 1,776,554	\$ 1,776,554	100.00%	
2010	1,837,049	1,837,049	100.00%	
2011	2,152,822	2,144,822	99.63%	8,000
2012	2,204,640	2,204,640	100.00%	
2013	2,293,650	2,293,650	100.00%	
2014	2,371,975	2,371,975	100.00%	
2015	2,467,322	2,467,322	100.00%	
2016	2,780,610	2,780,610	100.00%	
2017	2,639,586	2,639,586	100.00%	
2018	2,692,378	2,692,378	100.00%	

**WOODBURY HEIGHTS**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 1,919,233	\$ 1,919,233	100.00%	
2010	2,016,745	2,016,745	100.00%	
2011	2,220,314	2,220,314	100.00%	
2012	2,299,254	2,299,254	100.00%	
2013	2,343,779	2,343,779	100.00%	
2014	2,389,204	2,389,204	100.00%	
2015	2,460,268	2,460,268	100.00%	
2016	2,567,984	2,567,984	100.00%	
2017	2,653,644	2,653,644	100.00%	
2018	2,675,946	2,675,946	100.00%	

Source: Respective School District's CAFR's

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

**NATIONAL PARK**

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	EDA Loans	Capital Leases			
2009	\$ 3,075,000			\$ 3,075,000	2.32%	951
2010	2,900,000			2,900,000	2.30%	954
2011	3,081,450			3,081,450	2.35%	1,016
2012	2,871,450			2,871,450	2.14%	951
2013	2,651,450			2,651,450	1.96%	882
2014	2,426,450			2,426,450	1.73%	809
2015	2,201,450			2,201,450	1.50%	734
2016	1,981,450			1,981,450	1.32%	661
2017	1,756,450			1,756,450	N/A	588
2018	1,526,450			1,526,450	N/A	N/A

**WENONAH**

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	EDA Loans	Capital Leases			
2009	\$ 2,226,000		\$ 34,566	\$ 2,260,566	2.32%	959
2010	2,116,000		33,144	2,149,144	2.22%	912
2011	2,001,000		7,789	2,008,789	2.12%	882
2012	1,881,000			1,881,000	1.91%	827
2013	1,825,000		56,586	1,881,586	1.81%	804
2014	1,680,000			1,680,000	1.65%	743
2015	1,530,000			1,530,000	1.46%	678
2016	1,375,000			1,375,000	1.25%	610
2017	1,220,000			1,220,000	1.09%	543
2018	1,055,000			1,055,000	N/A	N/A

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

**WESTVILLE**

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	EDA Loans	Capital Leases			
2009	\$ 1,188,000			\$ 1,188,000	0.68%	266
2010	1,029,000			1,029,000	0.58%	240
2011	874,000			874,000	0.47%	204
2012	714,000			714,000	0.38%	168
2013	544,000			544,000	0.28%	128
2014	369,000			369,000	0.19%	87
2015	189,000			189,000	N/A	45
2016	None			None	N/A	N/A
2017	None			None	N/A	N/A
2018	None			None	N/A	N/A

**WOODBURY HEIGHTS**

Fiscal Year Ended June 30,	Governmental Activities			Total District	Percentage of Personal Income	Per Capita
	General Obligation Bonds	EDA Loans	Capital Leases			
2009						
2010						
2011	\$ 377,516			\$ 377,516	0.30%	123
2012	357,516		\$ 21,278	378,794	0.29%	124
2013	337,516		14,643	352,159	0.26%	116
2014	317,516		7,561	325,077	0.24%	108
2015	297,516			297,516	0.21%	99
2016	277,516			277,516	0.19%	92
2017	257,516			257,516	N/A	86
2018	232,516			232,516	N/A	N/A

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

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

**NATIONAL PARK**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 3,075,000		\$ 3,075,000	3.12%	951
2010	2,900,000		2,900,000	2.93%	954
2011	3,081,450		3,081,450	1.72%	1,016
2012	2,871,450		2,871,450	1.61%	951
2013	2,651,450		2,651,450	1.49%	882
2014	2,426,450		2,426,450	1.53%	809
2015	2,201,450		2,201,450	1.38%	734
2016	1,981,450		1,981,450	1.25%	661
2017	1,756,450		1,756,450	1.11%	588
2018	1,526,450		1,526,450	0.96%	N/A

**WENONAH**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 2,226,000		\$ 2,226,000	0.75%	944
2010	2,116,000		2,116,000	0.71%	929
2011	2,001,000		2,001,000	0.68%	880
2012	1,881,000		1,881,000	0.72%	828
2013	1,825,000		1,825,000	0.71%	807
2014	1,680,000		1,680,000	0.66%	745
2015	1,530,000		1,530,000	0.68%	679
2016	1,375,000		1,375,000	0.61%	612
2017	1,220,000		1,220,000	5.50%	543
2018	1,055,000		1,055,000	0.47%	N/A

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

**WESTVILLE**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2009	\$ 1,188,000		\$ 1,188,000	0.73%	266
2010	1,029,000		1,029,000	0.64%	240
2011	874,000		874,000	0.54%	204
2012	714,000		714,000	0.27%	168
2013	544,000		544,000	0.21%	128
2014	369,000		369,000	0.14%	87
2015	189,000		189,000	0.80%	45
2016	None		None	0.00%	N/A
2017	None		None	0.00%	N/A
2018	None		None	0.00%	N/A

**WOODBURY HEIGHTS**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Deductions			
2009					
2010					
2011	\$ 377,516		\$ 377,516	0.19%	123
2012	357,516		357,516	0.18%	117
2013	337,516		337,516	0.13%	111
2014	317,516		317,516	0.12%	105
2015	297,516		297,516	0.12%	99
2016	277,516		277,516	0.11%	92
2017	257,516		257,516	0.10%	86
2018	232,516		232,516	0.09%	N/A

Source: Respective School District CAFR's

N/A: Information not available

Gateway Regional High School District  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2017

<b>Governmental Unit - National Park</b>	Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
National Park Borough	\$ 65,622	100.00%	\$ 65,622
Gateway Regional High School	5,130,000	17.36%	890,092
Gloucester County	225,545,667	60.00%	1,353,274
Subtotal, overlapping debt			2,308,988
<b>National Park District direct debt</b>			1,526,450
<b>Total direct and overlapping debt</b>			<b>\$ 3,835,438</b>

Source: Respective School District's CAFR's

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

Gateway Regional High School District  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2017

<b>Governmental Unit - Wenonah</b>	Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Wenonah Borough	\$ 2,494,000	100.00%	\$ 2,494,000
Gateway Regional High School	5,130,000	25.02%	1,283,752
Gloucester County	217,747,102	0.82%	1,859,001
Subtotal, overlapping debt			5,636,753
<b>Wenonah District direct debt</b>			1,055,000
<b>Total direct and overlapping debt</b>			<b>\$ 6,691,753</b>

Source: Respective School District's CAFR's

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



Gateway Regional High School District  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2017

<b>Governmental Unit - Westville</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable <sup>a</sup></b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
Westville Borough	\$ 4,014,719	100.00%	\$ 4,014,719
Gateway Regional High School	5,130,000	28.13%	1,442,818
Gloucester County	225,453,500	0.96%	2,158,453
Subtotal, overlapping debt			7,615,990
<b>Westville District direct debt</b>			<u>None</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 7,615,990</u></u>

Source: Respective School District's CAFR's

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

Gateway Regional High School District  
Direct and Overlapping Governmental Activities Debt  
As of December 31, 2017

<b>Governmental Unit - Woodbury Heights</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable <sup>a</sup></b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt repaid with property taxes</b>			
Woodbury Heights Borough	\$ 3,516,750	100.00%	\$ 3,516,750
Gateway Regional High School	5,130,000	29.50%	1,513,338
Gloucester County	225,453,500	0.99%	2,235,892
Subtotal, overlapping debt			7,265,980
<b>Woodbury Heights District direct debt</b>			<u>232,516</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 7,498,496</u></u>

Source: Respective School District's CAFR's

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

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

**Legal Debt Margin Calculation**

	Equalized Valuation Basis				
	National Park	Wenonah	Westville	Woodbury Heights	Combined
2015	\$ 150,164,996	\$ 226,359,532	\$ 249,201,766	\$ 263,446,510	\$ 889,172,804
2016	155,705,472	223,802,154	248,530,512	262,516,701	890,554,839
2017	158,396,875	219,436,235	250,855,390	263,385,665	892,074,165
	<u>\$ 464,267,343</u>	<u>\$ 669,597,921</u>	<u>\$ 748,587,668</u>	<u>\$ 789,348,876</u>	<u>\$ 2,671,801,808</u>
Average equalized valuation of taxable property	\$ 154,755,781	\$ 223,199,307	\$ 249,529,223	\$ 263,116,292	\$ 890,600,603
Debt limit (3% of average equalized valuation)					a 26,718,018
Net bonded school debt					4,740,000
Legal debt margin					<u>\$ 21,978,018</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit			\$ 23,878,666	\$ 25,678,487	\$ 29,617,517	\$ 28,264,500	\$ 27,546,777	\$ 27,078,535	\$ 7,893,489	\$ 26,718,018
Total net debt applicable to limit			7,130,000	6,905,000	6,535,000	6,205,000	5,860,000	5,500,000	5,130,000	4,740,000
Legal debt margin			<u>\$ 16,748,666</u>	<u>\$ 18,773,487</u>	<u>\$ 23,082,517</u>	<u>\$ 22,059,500</u>	<u>\$ 21,686,777</u>	<u>\$ 21,578,535</u>	<u>\$ 2,763,489</u>	<u>\$ 21,978,018</u>
Total net debt applicable to the limit as a percentage of debt limit			29.86%	26.89%	22.06%	21.95%	21.27%	20.31%	64.99%	17.74%

Source: Abstract of Ratables and District Records

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

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

**National Park**

Fiscal Year Ended June 30,	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2009	3,235	\$ 132,605,885	\$ 40,991	31.1%
2010	3,039	126,154,968	41,512	11.8%
2011	3,034	131,174,990	43,235	11.5%
2012	3,019	134,019,448	44,392	11.8%
2013	3,006	135,303,066	45,011	12.6%
2014	3,001	139,855,603	46,603	9.3%
2015	2,999	146,348,201	48,799	8.0%
2016	2,998	149,917,988	50,006	7.0%
2017	2,985	N/A	N/A	5.9%
2018	N/A	N/A	N/A	N/A

**Wenonah**

Fiscal Year Ended June 30,	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2009	2,357	\$ 96,615,787	\$ 40,991	8.7%
2010	2,278	94,564,336	41,512	9.2%
2011	2,275	98,359,625	43,235	9.0%
2012	2,271	100,814,232	44,392	9.2%
2013	2,261	101,769,871	45,011	3.9%
2014	2,255	105,089,765	46,603	4.9%
2015	2,254	109,992,946	48,799	4.6%
2016	2,248	112,413,488	50,006	3.6%
2017	2,239	N/A	N/A	3.2%
2018	N/A	N/A	N/A	N/A

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

**Westville**

Fiscal Year Ended June 30,	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2009	4,466	\$ 185,611,426	\$ 41,561	10.3%
2010	4,287	180,088,296	42,008	10.9%
2011	4,274	185,863,438	43,487	11.3%
2012	4,257	189,619,551	44,543	10.9%
2013	4,240	192,322,160	45,359	13.2%
2014	4,229	197,282,850	46,650	9.4%
2015	4,221	206,761,464	48,984	7.8%
2016	4,203	210,175,218	50,006	7.4%
2017	4,194	N/A	N/A	0.6%
2018	N/A	N/A	N/A	N/A

**Woodbury Heights**

Fiscal Year Ended June 30,	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2009	3,053	\$ 126,885,733	\$ 41,561	6.9%
2010	3,062	128,628,496	42,008	7.3%
2011	3,053	132,765,811	43,487	7.1%
2012	3,041	135,455,263	44,543	7.3%
2013	3,021	137,029,539	45,359	5.5%
2014	3,021	140,929,650	46,650	4.8%
2015	3,016	147,735,744	48,984	5.3%
2016	3,002	150,118,012	50,006	5.1%
2017	2,996	N/A	N/A	4.4%
2018	N/A	N/A	N/A	N/A

Source: Respective School District CAFR's

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

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

Employer	2018			2009		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
Inspira Health	1,825	1	N/A			
Kennedy Memorial Hospital	1,675	2	N/A			
Washington Township School District	1,607	3	N/A			
Rowan University	1,483	4	N/A			
County of Gloucester	1,368	5	N/A			
Missa Bay, LLC	950	6	N/A			Information Not Available
Monroe Township School District	814	7	N/A			
U.S. Foodservices	725	8	N/A			
ExxonMobil Research & Engineering	540	9	N/A			
LaBrea Bakery	525	10	N/A			
	<u>11,512</u>					

Source: Gloucester County Department of Economic Development

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

N/A - Information not available

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction:										
Regular	71	71	71	68	68	67.5	66.5	66	66	66
Special education	15	14	11	13	14	16.5	16.5	18	18	19
Other special instruction	7	8	8	9	9	8	8	9	9	10
Support Services:										
Student & instruction related services	11	11	11	11	11	12	12	14	17	17
General administrative services	3	3	2	2	2	2	2	2	2	2
School administrative services	3	3	3	3	3	3	3	3	3	3
Other administrative services	4	4	4	4	4	4	4	4	4	4
Central services	2	1	1	1	1	1	1	1	1	1
Administrative information technology	3	3	3	3	3	3.5	4	4	4	4
Plant operations and maintenance	12	12	12	12	12	14	13	14	14.5	15
Pupil transportation	41	42	43	41	41	40	40	41	41	41
Other support services	21	22	21	14	13	14	14	14	14	14
<b>Total</b>	<u>193</u>	<u>194</u>	<u>190</u>	<u>181</u>	<u>181</u>	<u>185.5</u>	<u>184</u>	<u>190</u>	<u>193.5</u>	<u>196</u>

Source: District personnel records

Gateway Regional High School District  
Operating Statistics  
Last Ten Fiscal Years

**Pupil/Teacher Ratio**

Fiscal Year	Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Middle School	High School	Average Daily Enrollment (ADE) c	Average Daily Attendance (ADA) c	% Change in Average Daily Enrollment	Student Attendance Percentage
2009	904	\$ 17,115,103	\$ 18,933	4.89%	104	N/A	1:9	904	748	-5.04%	82.7%
2010	849	17,695,453	20,843	10.09%	104	N/A	1:9	849	792	-6.08%	93.3%
2011	843	16,950,762	20,108	-3.53%	103	N/A	1:9	832	786	-2.00%	94.5%
2012	891	17,794,643	19,972	-0.68%	101	N/A	1:9	880	828	5.77%	94.1%
2013	889	18,281,606	20,564	2.97%	102	N/A	1:9	879	818	-0.11%	93.1%
2014	893	19,075,900	21,362	3.88%	104	N/A	1:9	877	805	-0.23%	91.8%
2015	946	20,060,968	21,206	-0.73%	103	N/A	1:9	926	847	5.59%	91.5%
2016	958	20,379,095	21,273	0.31%	107	N/A	1:9	915	839	-1.19%	91.7%
2017	932	21,099,502	22,639	6.42%	110	N/A	1:8	938	863	2.51%	92.0%
2018	894	22,075,881	24,693	9.07%	112	N/A	1:8	886	807	-5.54%	91.1%

Source: District records

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

Gateway Regional High School District  
School Building Information  
Last Ten Fiscal Years

<b>District Building</b>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>High School</b>										
Square Feet	185,647	185,647	185,647	185,647	185,647	185,647	185,647	185,647	185,647	185,647
Capacity (students)	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040	1,040
Enrollment	904	849	843	891	889	893	946	958	823	894
<b>Other</b>										
Maintenance Garage (1996)										
Square Feet	2,760	2,760	2,760	2,760	2,760	2,760	2,760	2,760	2,760	2,760
Central Administration (1999)										
Square Feet	8,266	8,266	8,266	8,266	8,266	8,266	8,266	8,266	8,266	8,266
Generator Building (1995)										
Square Feet	480	480	480	480	480	480	480	480	480	480
Athletic Storage (1971)										
Square Feet	864	864	864	864	864	864	864	864	864	864
Ticket Booth (1995)										
Square Feet	154	154	154	154	154	154	154	154	154	154
Press Box (1995)										
Square Feet	60	60	60	60	60	60	60	60	60	60
Fieldhouse (1971)										
Square Feet	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380

Number of Schools at June 30, 2018

High School = 1

Other = 7

Source: District records, ASSA

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



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

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

* School Facilities:	Project Numbers:	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Totals
High School	N/A	\$ 179,410	\$ 184,630	\$ 152,512	\$ 147,100	\$ 170,266	\$ 203,942	\$ 182,510	\$ 229,773	\$ 261,326	\$ 235,808	\$ 1,947,277

Source: District records

Gateway Regional High School District  
Insurance Schedule

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy:		
Property - blanket building & contents	\$ 175,000,000	
Comprehensive general and automobile liability	20,000,000	
Boiler and machinery	125,000,000	\$ 1,000
Educator's legal liability	20,000,000	
Pollution legal liability	3,000,000	100,000
Crime	500,000	500
Cyber liability	1,000,000	25,000
Workmen's compensation	Statutory	
Violent malicious acts	1,000,000	15,000
Disaster management services	2,000,000	15,000
Surety Bond Coverage		
Treasurer	225,000	
Business Administrator/Board Secretary	10,000	

Source: District records

## **SINGLE AUDIT SECTION**

# PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Kevin A. Bergeron, CPA  
Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

EXHIBIT K-1

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

### Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the Governmental Activities, the Business-type Activities, each major fund, and the aggregate remaining fund information of the Gateway Regional High School District, in the County of Gloucester, State of New Jersey, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Gateway Regional High School District's basic financial statements, and have issued our report thereon dated January 17, 2019.

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

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented,

or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

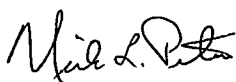
### ***Compliance and Other Matters***

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

### ***Purpose of this Report***

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

PETRONI & ASSOCIATES LLC



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

January 17, 2019

# PETRONI & ASSOCIATES LLC

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

MEMBER: AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Nick L. Petroni, CPA, RMA

Kevin A. Bergeron, CPA  
Mary A. Carey, RMA  
Wendy G. Fama, CPA  
Denise R. Nevico, CPA  
Deanna L. Roller, CPA, RMA

EXHIBIT K-2

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

**Independent Auditor's Report**

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

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

We have audited the Gateway Regional High School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of the Gateway Regional High School District's major federal and state programs for the year ended June 30, 2018. Gateway Regional High School District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

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

In our opinion, the Gateway Regional High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2018.

### ***Report on Internal Control over Compliance***

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

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

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

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

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

We have audited the financial statements of Gateway Regional High School District as of and for the year ended June 30, 2018, and have issued our report thereon dated January 17, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance and New Jersey OMB's Circular 15-08 and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditure of federal awards and state financial assistance are fairly stated in all material respects in relation to the financial statements as a whole.

PETRONI & ASSOCIATES LLC



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

January 17, 2019



GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017	Carryover (Walkover) Amount	Cash Received	Budgetary Expenditures	Adjustments	Repayment of Prior Years' Balances	Balance at June 30, 2018			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education																
General Fund:																
Medical Assistance Program	93.778	1805NJSMAP	N/A	\$ 28,485	7/1/17	6/30/18			\$ 28,485	\$ (28,485)						\$ 28,485
Medical Assistance Program	93.778	1705NJSMAP	N/A	37,158	7/1/16	6/30/17	(717)		717							37,158
Total General Fund							(717)		29,202	(28,485)						65,643
U.S. Department of Education																
Passed-through State Department of Education																
Special Revenue Fund:																
Title I, Part A	84.010	S010A170030	NCLB171518	145,111	7/1/17	6/30/18				(131,199)		\$ (131,199)				131,199
Title I, Part A	84.010	S010A160030	NCLB171517	141,764	7/1/16	6/30/17	(132,022)		132,022							132,022
Title I SIA	84.010	S010A170030	NCLB171518	87,980	7/1/17	6/30/18				(28,327)				(28,327)		28,327
Subtotal	84.010						(132,022)		132,022	(159,526)				(159,526)		
IDEA Part B, Basic Regular	84.027	H027A170100	FT171518	282,195	7/1/17	6/30/18				(221,066)				(221,066)		221,066
IDEA Part B, Basic Regular	84.027	H027A160100	FT171517	274,736	7/1/16	6/30/17	(131,225)		131,225							251,416
Subtotal	84.027						(131,225)		131,225	(221,066)				(221,066)		
Title II Part A	84.367	S367A170029	NCLB171518	26,535	7/1/17	6/30/18				(17,326)				(17,326)		17,326
Title II Part A	84.367	S367A160029	NCLB171517	16,765	7/1/16	6/30/17	(12,911)		12,911							12,911
Subtotal	84.367						(12,911)		12,911	(17,326)				(17,326)		
Title IV	84.424	S424A170031	NCLB171518	4,535	7/1/17	6/30/18				(1,100)				(1,100)		1,100
Total Special Revenue Fund							(276,158)		276,158	(399,018)				(399,018)		795,367
U.S. Department of Agriculture																
Passed-through State Department of Education:																
Enterprise Fund:																
School Breakfast Program	10.553	18161NJ304N1099	N/A	105,513	7/1/17	6/30/18			96,169	(105,513)				(9,344)		105,513
School Breakfast Program	10.553	17161NJ304N1099	N/A	113,615	7/1/16	6/30/17	(7,848)		7,848							113,615
Subtotal	10.553						(7,848)		104,017	(105,513)				(9,344)		
National School Lunch Program	10.555	18161NJ304N1099	N/A	247,961	7/1/17	6/30/18			229,108	(247,961)				(18,853)		247,961
National School Lunch Program	10.555	17161NJ304N1099	N/A	271,124	7/1/16	6/30/17	(16,838)		16,838							271,124
After School Snack Program	10.555	18161NJ304N1099	N/A	4,402	7/1/17	6/30/18			4,120	(4,402)				(282)		4,402
After School Snack Program	10.555	17161NJ304N1099	N/A	5,004	7/1/16	6/30/17	(179)		179							5,004
Food Distribution Program	10.555	N/A	N/A	63,382	7/1/17	6/30/18			63,382	(62,390)			\$ 992			62,390
Food Distribution Program	10.555	N/A	N/A	72,244	7/1/16	6/30/17	1,218			(1,218)						64,244
Subtotal	10.555						(15,799)		313,627	(315,971)				(19,135)	992	
Special Milk Program	10.556	18161NJ304N1099	N/A	409	7/1/17	6/30/18			386	(409)				(23)		409
Special Milk Program	10.556	17161NJ304N1099	N/A	443	7/1/16	6/30/17	(21)		21							443
Subtotal	10.556						(21)		407	(409)				(23)		
Total Child Nutrition Cluster							(23,668)		418,051	(421,893)				(28,502)	992	
Total Enterprise Fund							(23,668)		418,051	(421,893)				(28,502)	992	875,105
Total Federal Financial Awards							\$ (300,543)		\$ 723,411	\$ (849,396)			\$ (427,520)	\$ 992		\$ 1,736,115

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

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2018

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period		Balance June 30, 2017				Budgetary Expenditures	Adjustments/Repayment of Prior Years' Balances	Balance June 30, 2018			MEMO	
			From	To	Deferred Revenue (Accounts Receivable)	Due to Grantor	Carryover (Walkover) Amount	Cash Received			Accounts Receivable	Deferred Revenue/Interfund Payable	Due to Grantor	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education															
General Fund:															
Extraordinary Aid	18-100-034-5120-473	\$ 63,048	7/1/17	6/30/18					\$ (63,048)		\$ (63,048)				\$ 63,048
Extraordinary Aid	17-100-034-5120-473	70,652	7/1/16	6/30/17	\$ (70,652)			\$ 70,652							70,652
Special Education Categorical Aid	18-495-034-5120-089	494,440	7/1/17	6/30/18				494,440	(494,440)					\$ 49,444	494,440
Equalization Aid	18-495-034-5120-078	6,007,866	7/1/17	6/30/18				6,007,866	(6,007,866)					557,110	6,007,866
Security Aid	18-495-034-5120-084	118,138	7/1/17	6/30/18				118,138	(118,138)					11,814	118,138
School Choice Aid	18-495-034-5120-068	563,112	7/1/17	6/30/18				563,112	(563,112)					56,311	563,112
Transportation Aid	18-495-034-5120-014	450,129	7/1/17	6/30/18				450,129	(450,129)					45,013	450,129
Adjustment Aid	18-495-034-5120-085	7,128	7/1/17	6/30/18				7,128	(7,128)					713	7,128
PARCC Readiness	18-495-034-5120-098	9,350	7/1/17	6/30/18				9,350	(9,350)					935	9,350
Per Pupil Growth Aid	18-495-034-5120-097	9,350	7/1/17	6/30/18				9,350	(9,350)					935	9,350
Professional Learning Community Aid	18-495-034-5120-101	9,780	7/1/17	6/30/18				9,780	(9,780)					978	9,780
Host District Aid	18-495-034-5120-102	1,193	7/1/17	6/30/18				1,193	(1,193)					119	1,193
Reimbursement of Nonpublic Transportation	N/A	15,660	7/1/17	6/30/18							(15,660)				15,660
Reimbursement of Nonpublic Transportation	N/A	9,479	7/1/16	6/30/17	(9,479)			9,479							9,479
Lead testing for schools aid	17-495-034-5120-104	2,800	7/1/16	6/30/17				2,800		\$ (2,800)					2,800
On-behalf TPAF Pension Contribution	18-495-034-5094-002	1,186,736	7/1/17	6/30/18				1,186,736	(1,186,736)						1,186,736
On-behalf TPAF Postretirement Contribution	18-495-034-5094-001	766,488	7/1/17	6/30/18				766,488	(766,488)						766,488
On-behalf TPAF Long Term Disability	18-495-034-5094-004	1,300	7/1/17	6/30/18				1,300	(1,300)						1,300
Reimbursed TPAF Social Security Aid	18-495-034-5094-003	612,117	7/1/17	6/30/18				581,294	(612,117)		(30,823)				612,117
Reimbursed TPAF Social Security Aid	17-495-034-5094-003	611,110	7/1/16	6/30/17	(30,295)			30,295							611,110
<b>Total General Fund</b>					<u>(110,426)</u>			<u>10,319,530</u>	<u>(10,315,835)</u>	<u>(2,800)</u>	<u>(109,531)</u>			<u>723,372</u>	<u>11,009,876</u>
Special Revenue Fund:															
NJ Nonpublic Aid:															
Textbook Aid	18-100-034-5120-064	6,026	7/1/17	6/30/18				6,026	(6,026)						6,026
Auxiliary Services:															
Compensatory Education	18-100-034-5120-067	42,520	7/1/17	6/30/18				42,520	(22,145)			\$ 20,375			22,145
Compensatory Education	17-100-034-5120-067	40,311	7/1/16	6/30/17		\$ 5,464				\$ (5,464)					34,847
Transportation	18-100-034-5120-067	3,997	7/1/17	6/30/18				3,997	(2,843)			1,154			2,843
Transportation	17-100-034-5120-067	3,706	7/1/16	6/30/17			36			(36)					3,670
Handicapped Services:															
Corrective Speech	18-100-034-5120-066	4,464	7/1/17	6/30/18				4,464	(4,375)				89		4,375
Examination and Classification	18-100-034-5120-066	9,649	7/1/17	6/30/18				9,649	(9,284)				365		9,284
Examination and Classification	17-100-034-5120-066	9,733	7/1/16	6/30/17		362				(362)					9,371
Supplementary Instruction	18-100-034-5120-066	8,723	7/1/17	6/30/18				8,723	(8,722)			1			8,722
Nursing Services Aid	18-100-034-5120-070	10,670	7/1/17	6/30/18				10,670	(10,670)						10,670
Technology	18-100-034-5120-373	4,070	7/1/17	6/30/18				4,070	(4,070)						4,070
Technology	17-100-034-5120-373	3,094	7/1/16	6/30/17			584			(584)					2,510
<b>Total Special Revenue Fund</b>						<u>6,446</u>		<u>90,119</u>	<u>(68,135)</u>	<u>(6,446)</u>		<u>21,984</u>		<u>118,533</u>	
Capital Project Fund															
ROD Grant	SP-1715-050-14-10001	423,036	N/A	N/A	(423,036)						(423,036)				321,106
State Department of Agriculture															
Enterprise Fund:															
National School Lunch Program (State Share)	18-100-010-3350-023	6,429	7/1/17	6/30/18				5,950	(6,429)		(479)				6,429
National School Lunch Program (State Share)	17-100-010-3350-023	6,586	7/1/16	6/30/17	(405)			405							6,586
<b>Total Enterprise Fund</b>					<u>(405)</u>			<u>6,355</u>	<u>(6,429)</u>		<u>(479)</u>				<u>13,015</u>
<b>Total State Financial Assistance</b>					<u>\$ (533,867)</u>	<u>\$ 6,446</u>		<u>\$ 10,416,004</u>	<u>\$ (10,390,399)</u>	<u>\$ (9,246)</u>	<u>\$ (533,046)</u>		<u>\$ 21,984</u>	<u>\$ 723,372</u>	<u>\$ 11,462,530</u>
Less: On-behalf TPAF Pension System Contributions															
<u>\$ (1,954,524)</u>															
<b>Total for State Financial Assistance - Major Program Determination</b>															
<u>\$ (8,435,875)</u>															

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

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2018

**NOTE 1: GENERAL**

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

**NOTE 2: BASIS OF ACCOUNTING**

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

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of one or more deferred June state aid payments in the current budget year, which is mandated pursuant to NJSA 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The Special Revenue Fund also recognizes the one or more state aid June payments in the current budget year, consistent with NJSA 18A:22-4.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$14,638 for the General Fund and \$1,362 for the Special Revenue Fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as follows:

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
NOTES TO THE SCHEDULES OF AWARDS  
AND FINANCIAL ASSISTANCE  
JUNE 30, 2018

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (CONTINUED)**

	Federal	State	Total
General Fund	\$ 28,485	\$ 11,799,132	\$ 11,827,617
Special Revenue Fund	397,656	68,135	465,791
Food Service Fund	421,667	6,429	428,096
Total awards & financial assistance	<u>\$ 847,808</u>	<u>\$ 11,873,696</u>	<u>\$ 12,721,504</u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

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

**NOTE 5: OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2018. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2018.

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

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

**NOTE 7: INDIRECT COST RATE**

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

**NOTE 8: ADJUSTMENTS TO THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

The adjustment for Lead testing for schools aid in the amount of \$2,800 is to realize the amount expended in the prior fiscal year.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

2) Significant deficiencies identified?        yes   X   none reported

Noncompliance material to basic financial statements noted?        yes   X   no

**Federal Awards**

Internal Control over major programs:

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

2) Significant deficiencies identified?        yes   X   none reported

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

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

Identification of major programs:

CFDA Number (s)	Name of Federal Program or Cluster
84.027	IDEA Part B Basic

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

Auditee qualified as low-risk auditee?   X   yes        no

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

**State Awards**

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

Auditee qualified as low-risk auditee?  X  yes   no

Internal Control over major programs:

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

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

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

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

Identification of major programs:

**GMSI Number(s)**

495-034-5120-089  
495-034-5120-078  
495-034-5120-084  
495-034-5120-068  
495-034-5120-098  
495-034-5120-097  
495-034-5120-101  
495-034-5120-102  
495-034-5120-085

**Name of State Program**

State Aid Public Cluster:  
Special Education Categorical Aid  
Equalization Aid  
Security Aid  
School Choice Aid  
PARCC Readiness  
Per Pupil Growth Aid  
Professional Learning Community Aid  
Host District Aid  
Adjustment Aid

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

***Section II – Financial Statement Findings***

No matters were reported.

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

**FEDERAL AWARDS**

No matters were reported.

**STATE AWARDS**

No matters were reported.

GATEWAY REGIONAL HIGH SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

No matters were reported.