

**SCHOOL DISTRICT OF
WARREN HILLS REGIONAL**

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

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

**Comprehensive Annual
Financial Report**

of the

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

Washington, New Jersey

For the Fiscal Year Ended June 30, 2018

Prepared by

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

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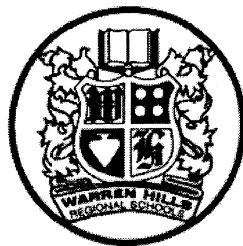
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INTRODUCTORY SECTION

WARREN HILLS REGIONAL SCHOOL DISTRICT

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Earl C. Clymer III
Superintendent of Schools

Estrella M. Molinet
Business Administrator

www.warrenhills.org

January 18, 2019

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

Dear Board Members:

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

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

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

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

2) ECONOMIC CONDITION AND OUTLOOK: During the 2017-18 school year, we were able to maintain the economic condition of the District. Taxpayers benefit by the fact that our budget can only increase by the maximum allowable percent permitted by the state. Because these increases are at or below the cost of living and state aid increases are comparable, each year we are in a position whereby we must continue to find ways to make the revenue we currently have go further. Since our major expenditures are fixed costs such as salaries and health benefits, and health benefits increases are beyond the cost of living, we are forced to reach into the budget and cut other items. These cuts typically affect our program negatively.

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

3) MAJOR INITIATIVES AND ACCOMPLISHMENTS: In the 2017-18 school year, we maintained the district focus on Professional Learning Communities (PLC's) implementation of Phase II Data analysis, best practices and strategies and increased collaboration among faculty and administration were the target areas. Additional in-district and out-of-state professional development opportunities were provided to administration and faculty. We also, created career pathways which lead to the first Concurrent Enrollment course. We have collaborated with Centenary University to provide college level learning opportunities for our students. Our initial course, Social Media Marketing is underway and the plan for additional course offerings is a focus of discussion.

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

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

As for the *Five-Year Curriculum Renewal Plan 2016-2021*, the district continued its fiscal commitment to curricula review. In general, the renewal plan describes the district's policies that relate to the curriculum content, development, course adoption, course guides, and textbook adoption; describes the five phases of the curriculum renewal process; delineates a specific action plan; provides a Curricula Master Plan 2016-2021 by departments and by courses; and explains the tools in ATLAS [the online curriculum mapping software management system] and their utilization in the curriculum revision process. As a result of the plan, by June 2018, teachers, administrators, and board of education members reviewed and approved new textbooks for several courses for the upcoming 2018-2019 school year. Many of the new materials included online editions, along with ancillary materials for teachers and students. Additionally, the budget supported curricular revisions for these twenty-seven courses with many teachers collaborating on several content area curricula development.

The Honorable President and Members of
the Board of Education
Warren Hills Regional School District
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January 18, 2019

During the 2017-2018 school year, our district conducted a total of sixteen articulation meetings with our sending districts in the subjects of Fine Arts, Health & Physical Education, Language Arts Literacy/English, Mathematics, Science, Social Studies, World Languages/ESL, along with meetings regarding effective use of educational technology.

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

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

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

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

Additional initiatives and accomplishments were evident in both the middle school and the high school: (1) A LinkIt pilot as an online data warehouse tool to examine standardized tests and to plan differentiated instruction; (2) Continuation of Professional Learning Communities wherein teachers examined data, curricula, and best practices; (3) Development of career pathways for several high school programs, such as Social Media Marketing, Engineering, STEM, Architecture and Construction, and Woods Manufacturing; (4) Creation of a middle school Maker Space for hands-on, project-based problem solving and critical thinking.

In the area of technology, we transitioned to a 1:1 initiative for grades 7, 8, and 9 with students having their own designated Chrome Book. During the school year, several teachers continued to investigate and integrate computer-based skills needed for the standardized and classroom assessments. "Lightning PD" sessions have been offered to teachers to integrate the technology standards and activities.

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

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

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

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

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

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

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

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

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

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

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

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

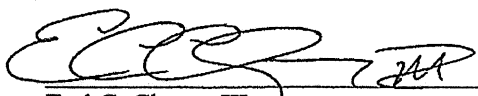
The Board is a member of the School Alliance Insurance Fund ("SAIF"). The SAIF is a risk-sharing public entity risk fund that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to their members.

9) OTHER INFORMATION:

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

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

Respectfully submitted,

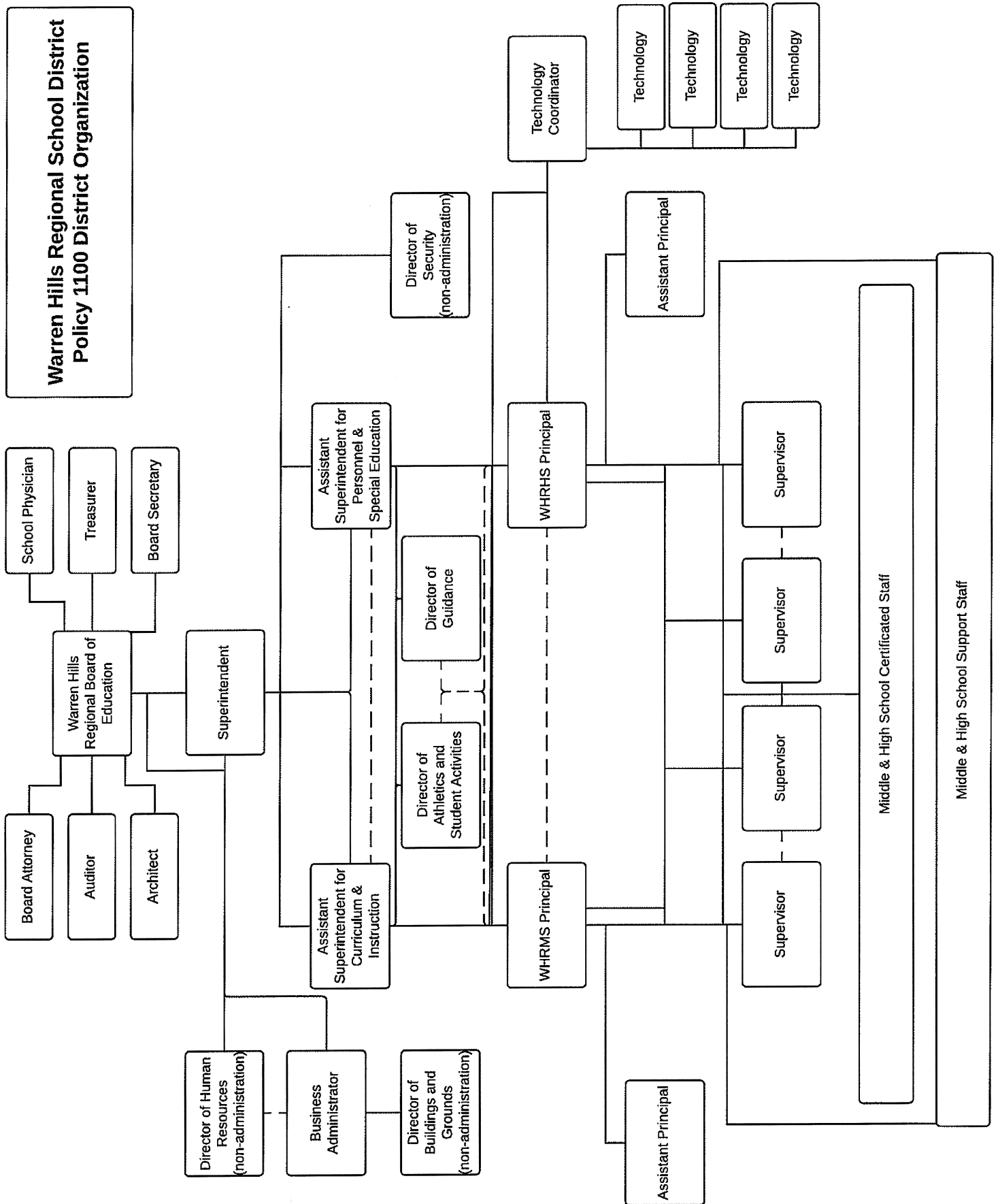


Earl C. Clymer III
Superintendent



Donnamarie Palmiere
Business Administrator/Board Secretary

**Warren Hills Regional School District
Policy 1100 District Organization**



**WARREN HILLS REGIONAL SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2018**

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Lisa Marshall, President	2020
Jennifer Knittel, Vice President	2018
Joseph Bodenschatz	2019
Christopher Cannavo	2020
Christopher Hamler	2020
Paula Merrill	2019
Corey Piasecki	2018
Eric Walls	2018
Richard Young	2018

Other Officers

Earl C. Clymer III, Superintendent
Donnamarie Palmiere, Board Secretary/School Business Administrator (from 10/1/18)
John Boreman, Interim Board Secretary/School Business Administrator (from 7/1/18 to 9/30/18)
Estrella Molinet, Board Secretary/School Business Administrator (to 6/30/18)
Judith Favino, Treasurer

WARREN HILLS REGIONAL SCHOOL DISTRICT
Consultants and Advisors
June 30, 2018

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Investors Savings Bank
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FINANCIAL SECTION

Independent Auditors' Report

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

Report on the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren Hills Regional School District, in the County of Warren, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during the fiscal year ended June 30, 2018. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, which follows this report, the pension and post-employment benefits schedules in Exhibits L-1 through L-5 and the related notes and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

January 18, 2019
Mount Arlington, NJ

NISIVOCCIA LLP



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

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
(Unaudited)**

This section of Warren Hills Regional School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of the School District's Financial Report

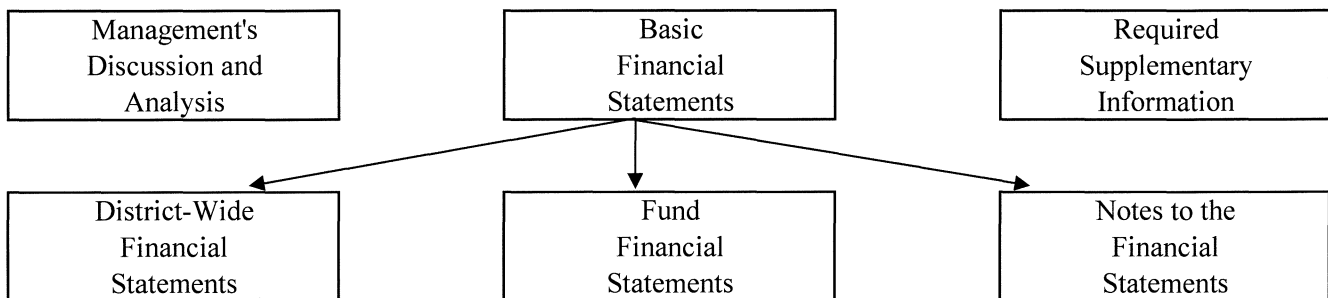


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

The District has three kinds of funds:

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

excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

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

Financial Analysis of the District as a Whole

Net Position. The net position from governmental activities increased by \$220,968 and the net position from business-type activities increased by \$20,769. Total combined net investment in capital assets increased by \$2,800,722, restricted net position increased by \$333,103, and unrestricted net position decreased by \$2,892,088.

Figure A-3

Condensed Statement of Net Position

	Government Activities		Business-Type Activities		Total School District		Percentage
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	Change 2017/18
Current and							
Other Assets	\$ 9,366,823	\$ 6,935,959	\$ 187,053	\$ 212,728	\$ 9,553,876	\$ 7,148,687	
Capital Assets, Net	48,913,119	49,439,210	188,880	179,572	49,101,999	49,618,782	
Total Assets	<u>58,279,942</u>	<u>56,375,169</u>	<u>375,933</u>	<u>392,300</u>	<u>58,655,875</u>	<u>56,767,469</u>	-3.22%
Deferred Outflows of Resources	4,211,027	3,015,647			4,211,027	3,015,647	-28.39%
Other Liabilities	782,751	745,590	21,618	17,216	804,369	762,806	
Long-Term Liabilities	32,908,259	27,598,273			32,908,259	27,598,273	
Total Liabilities	<u>33,691,010</u>	<u>28,343,863</u>	<u>21,618</u>	<u>17,216</u>	<u>33,712,628</u>	<u>28,361,079</u>	-15.87%
Deferred Inflows of Resources	124,227	2,150,253			124,227	2,150,253	1630.91%
Net Position:							
Net Investment in Capital Assets	29,912,495	32,722,525	188,880	179,572	30,101,375	32,902,097	
Restricted	5,983,676	6,316,779			5,983,676	6,316,779	
Unrestricted/(Deficit)	<u>(7,220,439)</u>	<u>(10,142,604)</u>	<u>165,435</u>	<u>195,512</u>	<u>(7,055,004)</u>	<u>(9,947,092)</u>	
Total Net Position	<u>\$ 28,675,732</u>	<u>\$ 28,896,700</u>	<u>\$ 354,315</u>	<u>\$ 375,084</u>	<u>\$ 29,030,047</u>	<u>\$ 29,271,784</u>	0.83%

Changes in Net Position. The District's combined net position was \$29,271,784 on June 30, 2018, \$241,737 or 0.83% more than it was the year before (see Figure A-4). The increase in net investment in capital assets is due to the maturity of \$1,500,000 of serial bonds payable, a paydown in capital lease principal of \$783,939 and \$2,701,915 in capital assets additions; offset by \$2,185,132 in depreciation expense. The increase in restricted net position is due primarily to an increase in Capital Reserve of \$689,940 and an increase in current year excess surplus of \$584,195; offset by a decrease in excess surplus designated for the subsequent year of \$856,811. The decrease in unrestricted net position is due primarily to a decrease of \$2,715,718 of General Fund encumbrances at year end and a decrease in deferred outflows related to pensions of \$1,213,129; offset by a decrease in net pension liability of \$2,863,441 and an increase in deferred inflows related to pensions of \$2,026,026.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-Type Activities		Total School District		Percentage
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	Change 2017/18
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,752,657	\$ 1,757,137	\$ 337,333	\$ 390,697	\$ 2,089,990	\$ 2,147,834	
Operating Grants and Contributions	12,349,618	13,778,495	169,184	163,613	12,518,802	13,942,108	
Capital Grants and Contributions	470,444				470,444		
General Revenue:							
Property Taxes	22,802,508	23,487,941			22,802,508	23,487,941	
State Formula Aid	9,461,106	9,464,714			9,461,106	9,464,714	
Other	143,315	180,580	840	2,290	144,155	182,870	
Total Revenue	<u>46,979,648</u>	<u>48,668,867</u>	<u>507,357</u>	<u>556,600</u>	<u>47,487,005</u>	<u>49,225,467</u>	3.66%
Expenses:							
Instruction	27,013,280	27,995,061			27,013,280	27,995,061	
Pupil and Instruction Services	7,820,917	7,843,917			7,820,917	7,843,917	
Administrative and Business	4,284,567	4,064,336			4,284,567	4,064,336	
Maintenance and Operations	3,831,444	3,969,045			3,831,444	3,969,045	
Transportation	2,134,332	2,098,835			2,134,332	2,098,835	
Other	2,530,912	2,476,705	511,090	535,831	3,042,002	3,012,536	
Total Expenses	<u>47,615,452</u>	<u>48,447,899</u>	<u>511,090</u>	<u>535,831</u>	<u>48,126,542</u>	<u>48,983,730</u>	1.78%
Increase/(Decrease) in Net Position	<u>\$ (635,804)</u>	<u>\$ 220,968</u>	<u>\$ (3,733)</u>	<u>\$ 20,769</u>	<u>\$ (639,537)</u>	<u>\$ 241,737</u>	137.80%

Governmental Activities

As discussed elsewhere in this commentary, the financial position of the District improved. However, maintaining existing programs with a slight decrease in enrollment and the provision of special programs and services for disabled pupils, combined with rising salary and benefit costs, school security, out of district tuitions, state mandates on testing and energy costs place great demands on the District's resources.

Careful management of expenses and increases in revenues remains essential for the District to sustain its financial health. The District continues to receive the benefit of cost saving measures from the past few years, especially the energy conservation measures and insurance changes.

It is crucial that the District examine its expenses carefully. Staff, parental and student demands for salary increases, activities, small class sizes and programs must be evaluated thoroughly. District resources are at their tightest level in a decade. Figure A-5 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

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

Figure A-5**Net Cost of Governmental Activities**

Expense Category:	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2016/17	2016/17	2017/18	2017/18
Instruction	\$ 27,013,280	\$ 15,154,848	\$ 27,995,061	\$ 14,674,618
Pupil and Instruction Services	7,820,917	6,871,952	7,843,917	6,947,337
Administrative and Business	4,284,567	3,420,391	4,064,336	3,181,482
Maintenance and Operations	3,831,444	3,361,000	3,969,045	3,969,045
Transportation	2,134,332	1,703,630	2,098,835	1,663,080
Other	2,530,912	2,530,912	2,476,705	2,476,705
	<u>\$ 47,615,452</u>	<u>\$ 33,042,733</u>	<u>\$ 48,447,899</u>	<u>\$ 32,912,267</u>

Business-Type Activities

Net position from the District's business-type activity increased by \$20,769. (Refer to Figure A-4). The primary factor contributing to this result was the increase in daily sales of \$53,364; offset by an increase in expenses of \$24,741 and a decrease in food commodities used of \$4,908.

Financial Analysis of the District's Funds

The District's financial position decreased on a fund basis primarily due to a decrease in General Fund encumbrances at year end. Special education costs continue to rise as we move to control outside placements as well as mandated services to in-house students.

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

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

General Fund Budgetary Highlights

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

Capital Asset and Long-Term Liabilities

Figure A-6

	Capital Assets (Net of Depreciation)						Percentage Change 2017/18
	Governmental Activities		Business-Type Activities		Total School District		
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	
Sites	\$ 443,166	\$ 443,166			\$ 443,166	\$ 443,166	
Site Improvements	884,495	859,717			884,495	859,717	
Buildings and Building Improvements	45,991,721	46,809,324			45,991,721	46,809,324	
Furniture, Machinery and Equipment	1,593,737	1,327,003	\$ 188,880	\$ 179,572	1,782,617	1,506,575	
Total Capital Assets (Net of Depreciation)	<u>\$48,913,119</u>	<u>\$49,439,210</u>	<u>\$ 188,880</u>	<u>\$ 179,572</u>	<u>\$49,101,999</u>	<u>\$49,618,782</u>	1.05%

Durin g the fiscal year, the District acquired or constructed \$2,692,111 in capital additions from its governmental activities (which included capital outlay expenses for high school and middle school toilet renovations, partial roof replacements and a lighting upgrade) and acquired \$9,804 in capital additions from its business-type activities. The District also had \$2,185,132 in depreciation expense (\$2,166,020 from its governmental activities and \$19,112 from its business-type activities).

Long-term Liabilities

At year-end, the District had \$15,994,000 in serial bonds. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Figure A-7

	Long-Term Liabilities		Percentage Change 2017/18
	Total School District		
	2016/17	2017/18	
Serial Bonds (Financed with Property Taxes)	\$ 17,494,000	\$ 15,994,000	
Unamortized Bond Issuance Premium	1,656,480	1,490,832	
Net Pension Liability	11,985,430	9,121,989	
Other Long Term Liabilities	1,772,349	991,452	
	<u>\$ 32,908,259</u>	<u>\$ 27,598,273</u>	-16.14%

- The District continued to pay down its debt, retiring \$1,500,000 of serial bonds and \$783,939 of capital leases.
- The District amortized \$165,648 of bond issuance premium related to its bonded debt.
- Compensated absences increased by a net amount of \$3,042.
- Net pension liability decreased by \$2,863,441.

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

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

- Negotiated salary increases.
- Rising health benefit costs.
- Increasing costs of special education students and outside placements.
- Impact of accountability regulations.
- Impact of the fiscal crisis upon the state treasury affected state aid paid to the district.

Contacting the District's Financial Management

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

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 618,907	\$ 165,571	\$ 784,478
Internal Balances	(17,098)	17,098	
Interfund Receivable - Student Activity Agency Fund	39,547		39,547
Tax Levy Receivable	1,432,073		1,432,073
Receivables from State Government	671,786	634	672,420
Receivables from Federal Government	58,088	22,063	80,151
Receivables from Other Governments	160,721		160,721
Other Receivables	8,990		8,990
Inventories		7,362	7,362
Restricted Cash and Cash Equivalents	3,962,945		
Capital Assets, Net:			
Sites (Land)	443,166		443,166
Depreciable Site Improvements, Buildings and Building Improvements, Furniture and Machinery and Equipment	48,996,044	179,572	49,175,616
Total Assets	<u>56,375,169</u>	<u>392,300</u>	<u>52,804,524</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	3,015,647		3,015,647
Total Deferred Outflows of Resources	<u>3,015,647</u>		<u>3,015,647</u>
<u>LIABILITIES</u>			
Accrued Interest Payable	78,766		78,766
Accounts Payable	658,279	8,645	666,924
Payable to State Government	8,006		8,006
Unearned Revenue	539	8,571	9,110
Noncurrent Liabilities:			
Due Within One Year	2,069,489		2,069,489
Due Beyond One Year	25,528,784		25,528,784
Total Liabilities	<u>28,343,863</u>	<u>17,216</u>	<u>28,361,079</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	2,150,253		2,150,253
Total Deferred Inflows of Resources	<u>2,150,253</u>		<u>2,150,253</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	32,722,525	179,572	32,902,097
Restricted for:			
Capital Projects	3,531,301		3,531,301
Debt Service	1		1
Maintenance Reserve	282,213		282,213
Emergency Reserve	149,431		149,431
Excess Surplus	2,353,833		2,353,833
Unrestricted/(Deficit)	(10,142,604)	195,512	(9,947,092)
Total Net Position	<u>\$ 28,896,700</u>	<u>\$ 375,084</u>	<u>\$ 29,271,784</u>

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Functions/Programs	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$ 20,142,991	\$ 1,368,909	\$ 7,766,879	\$ (11,007,203)	\$	\$ (11,007,203)
Special Education	6,303,643	109,697	4,074,958	(2,118,988)		(2,118,988)
Other Special Instruction	543			(543)		(543)
Other Instruction	1,547,884			(1,547,884)		(1,547,884)
Support Services:						
Tuition	1,865,297			(1,865,297)		(1,865,297)
Student & Instruction Related Services	5,978,620		896,580	(5,082,040)		(5,082,040)
General Administrative Services	738,475		129,557	(608,918)		(608,918)
School Administrative Services	2,159,265		630,208	(1,529,057)		(1,529,057)
Central Services	752,855		123,089	(629,766)		(629,766)
Administrative Information Technology	413,741			(413,741)		(413,741)
Plant Operations and Maintenance	3,969,045			(3,969,045)		(3,969,045)
Pupil Transportation	2,098,835	278,531	157,224	(1,663,080)		(1,663,080)
Interest on Long-Term Debt	580,298			(580,298)		(580,298)
Unallocated Depreciation	1,896,407			(1,896,407)		(1,896,407)
Total Governmental Activities	48,447,899	1,757,137	13,778,495	(32,912,267)		(32,912,267)
Business-Type Activities:						
Food Service	535,831	390,697	163,613		\$ 18,479	18,479
Total Business-Type Activities	535,831	390,697	163,613		18,479	18,479
Total Primary Government	\$ 48,983,730	\$ 2,147,834	\$ 13,942,108	(32,912,267)	18,479	(32,893,788)

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue:			
Taxes:			
Property Taxes, Levied for General Purposes, Net	\$ 21,298,059		\$ 21,298,059
Taxes Levied for Debt Service	2,189,882		2,189,882
Federal and State Aid not Restricted	9,464,714		9,464,714
Investment Earnings	83,483	2,290	85,773
Miscellaneous Income	95,579		95,579
Transfers	1,518		1,518
	33,133,235	2,290	33,135,525
Total General Revenue and Transfers			
Change in Net Position	220,968	20,769	241,737
Net Position - Beginning	28,675,732	354,315	29,030,047
Net Position - Ending	\$ 28,896,700	\$ 375,084	\$ 29,271,784

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

FUND FINANCIAL STATEMENTS

WARREN HILLS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 618,906		\$ 1	\$ 618,907
Interfund Receivable	48,989			48,989
Tax Levy Receivable	1,432,073			1,432,073
Receivables From State Government	671,786			671,786
Receivables From Federal Government		\$ 58,088		58,088
Receivables From Other Governments	160,721			160,721
Other Receivables	8,990			8,990
Restricted Cash and Cash Equivalents	3,962,945			3,962,945
Total Assets	\$ 6,904,410	\$ 58,088	\$ 1	\$ 6,962,499
LIABILITIES AND FUND BALANCES				
Liabilities:				
Interfund Payable	\$ 17,098	\$ 9,442		\$ 26,540
Accounts Payable	215,429	40,101		255,530
Payable to State Government		8,006		8,006
Unearned Revenue		539		539
Total Liabilities	232,527	58,088		290,615
Fund Balances:				
Restricted:				
Capital Reserve	3,531,301			3,531,301
Maintenance Reserve	282,213			282,213
Emergency Reserve	149,431			149,431
Excess Surplus for 2019-2020	1,469,014			1,469,014
Excess Surplus for 2018-2019	884,819			884,819
Debt Service Fund			\$ 1	1
Assigned:				
Other Purposes	355,105			355,105
Total Fund Balances	6,671,883		1	6,671,884
Total Liabilities and Fund Balances	\$ 6,904,410	\$ 58,088	\$ 1	\$ 6,962,499

WARREN HILLS REGIONAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

Total Fund Balances from previous page	\$ 6,671,884
Capital Assets Used in Governmental Activities are not Financial Resources and Therefore are not Reported in the Funds.	49,439,210
Bond Premiums are Reported as Revenue in the Governmental Funds in the Year the Bonds are Sold. The Amount is \$2,484,721 and the Accumulated Amortization is \$993,889.	(1,490,832)
Interest on Long-Term Debt is not Accrued in the Governmental Funds but Rather is Recognized as an Expenditure When Due.	(78,766)
Long-Term Liabilities are not Due and Payable in the Current Period and Therefore are not Reported as Liabilities in the Funds	(16,985,452)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(9,121,989)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	<u>462,645</u>
Net Position of Governmental Activities	<u><u>\$ 28,896,700</u></u>

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General Fund	Special Revenue Fund	Debt Service Fund	Total Governmental Funds
REVENUES:				
Local Sources:				
Local Tax Levy	\$ 21,298,059		\$ 2,189,882	\$ 23,487,941
Tuition from Other LEAs	1,478,606			1,478,606
Transportation Fees from Other LEAs	278,531			278,531
Interest Earned on Capital Reserve Funds	33,043			33,043
Other Restricted Miscellaneous Revenue	35,320			35,320
Unrestricted Miscellaneous Revenue	110,699	\$ 5,805		116,504
Total - Local Sources	23,234,258	5,805	2,189,882	25,429,945
State Sources	15,572,325	3,592	17,130	15,593,047
Federal Sources	24,470	584,683		609,153
Total Revenues	38,831,053	594,080	2,207,012	41,632,145
EXPENDITURES:				
Current:				
Regular Instruction	10,281,500	125,591		10,407,091
Special Education Instruction	2,976,973	403,577		3,380,550
Other Special Instruction	543			543
School-Sponsored/Other Instruction	1,277,220			1,277,220
Support Services and Undistributed Costs:				
Tuition	1,865,297			1,865,297
Student and Other Instruction Related Services	4,148,180	64,912		4,213,092
General Administration Services	524,448			524,448
School Administration Services	1,147,085			1,147,085
Central Services	485,248			485,248
Administrative Information Technology	357,788			357,788
Plant Operations and Maintenance	3,942,754			3,942,754
Student Transportation	1,929,470			1,929,470
Unallocated Benefits	9,837,218			9,837,218
Debt Service:				
Principal			1,500,000	1,500,000
Interest and Other Charges			754,333	754,333
Capital Outlay	2,395,867			2,395,867
Total Expenditures	41,169,591	594,080	2,254,333	44,018,004
Excess/(Deficit) of Revenue Over/(Under) Expenditures	(2,338,538)		(47,321)	(2,385,859)
OTHER FINANCING SOURCES/(USES):				
Transfers	1,518			1,518
Total Other Financing Sources/Uses	1,518			1,518
Net Change in Fund Balances	(2,337,020)		(47,321)	(2,384,341)
Fund Balance - July 1	9,008,903		47,322	9,056,225
Fund Balance - June 30	\$ 6,671,883	\$ -0-	\$ 1	\$ 6,671,884

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Total Net Change in Fund Balances - Governmental Funds (from B-2)		\$ (2,384,341)
Amounts Reported for Governmental Activities in the Statement of Activities (A-2) are Different Because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays differs from depreciation in the period.		
Depreciation expense	\$ (2,166,020)	
Capital outlays	<u>2,692,111</u>	526,091
In the statement of activities, certain operating expenses, e.g., compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).		
		(3,042)
The governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. (+)		
		165,648
In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. When the accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).		
		8,387
Repayment of serial bonds payable is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		1,500,000
Repayment of capital leases is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.		
		783,939
The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:		
Change in Net Pension Liability	2,863,441	
Changes in Deferred Outflows and Inflows Related to Pensions	<u>(3,239,155)</u>	
Change in Net Position of Governmental Activities (A-2)		<u>\$ 220,968</u>

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities - Enterprise Funds
	Food Service
<u>ASSETS:</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 165,571
Interfund Receivable - General Fund	17,098
Intergovernmental Accounts Receivable:	
State	634
Federal	22,063
Inventories	7,362
	212,728
Total Current Assets	212,728
Non-Current Assets:	
Capital Assets	463,886
Less: Accumulated Depreciation	(284,314)
	179,572
Total Non-Current Assets	179,572
Total Assets	392,300
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	8,645
Unearned Revenue:	
Prepaid Meals	6,523
Donated Commodities	2,048
	17,216
Total Liabilities	17,216
<u>NET POSITION:</u>	
Investment in Capital Assets	179,572
Unrestricted	195,512
	375,084
Total Net Position	\$ 375,084

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds
	Food Service
Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 206,893
Non-Reimbursable Programs	183,804
Total Operating Revenue	390,697
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	164,120
Non-Reimbursable Programs	100,589
Salaries	172,087
Benefits and Payroll Taxes	43,701
Supplies, Insurance & Other Costs	21,931
Management Fee	14,291
Depreciation Expense	19,112
Total Operating Expenses	535,831
Operating Loss	(145,134)
Non-Operating Income:	
Local Sources:	
Interest Income	2,290
State Sources:	
State School Lunch Program	5,026
Federal Sources:	
National School Lunch Program	142,563
School Breakfast Program	2,364
Food Distribution Program	13,660
Total Non-Operating Income	165,903
Change in Net Position	20,769
Net Position - Beginning of Year	354,315
Net Position - End of Year	\$ 375,084

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds Food Service
Cash Flows from Operating Activities:	
Receipts from Customers	\$ 390,697
Payments to Food Service Contractor	(478,689)
Payments to Suppliers	(29,568)
	(117,560)
Net Cash Used for Operating Activities	
Cash Flows from Investing Activities:	
Interest Income	2,290
	2,290
Net Cash Provided by Investing Activities	
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(9,804)
	(9,804)
Net Cash Used for Capital and Related Financing Activities	
Cash Flows from Noncapital Financing Activities:	
State Sources	3,996
Federal Sources	112,629
	116,625
Net Cash Provided by Noncapital Financing Activities	
Net Decrease in Cash and Cash Equivalents	(8,449)
Cash and Cash Equivalents, July 1	174,020
	174,020
Cash and Cash Equivalents, June 30	\$ 165,571
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (145,134)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	19,112
Food Distribution Program	13,660
Changes in Assets and Liabilities:	
(Decrease) in Unearned Revenue	(438)
(Decrease) in Accounts Payable	(3,964)
(Increase) in Inventory	(796)
	(796)
Net Cash Used for Operating Activities	\$ (117,560)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$12,735 and utilized U.S.D.A. Commodities valued at \$13,660.

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2018

	<u>Agency</u>	<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarships Trust</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 495,767	\$ 160,164	\$ 18,272	\$ 149,094
Investments				231,334
Interfund Receivable - Payroll Agency	5,692			
Other Accounts Receivable			3,242	
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	501,459	160,164	21,514	380,428
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	296,446			
Due to Student Groups	178,954			
Interfund Payable				
General Fund	26,059		13,488	
Payroll Agency Fund		5,692		
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	501,459	5,692	13,488	
	<hr/>	<hr/>	<hr/>	<hr/>
<u>NET POSITION:</u>				
Held in Trust for:				
Unemployment Claims		154,472		
Flexible Spending Claims			8,026	
Restricted for Scholarships				380,428
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Position	\$ -0-	\$ 154,472	\$ 8,026	\$ 380,428
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust
	<u>Trust</u>	<u>Trust</u>	<u>Trust</u>
ADDITIONS:			
Contributions:			
Plan Members	\$ 38,896	\$ 53,550	
Donations			\$ 9,796
Total Contributions	<u>38,896</u>	<u>53,550</u>	<u>9,796</u>
Investment Earnings:			
Interest			2,081
Net Investment Earnings			<u>2,081</u>
Total Additions	<u>38,896</u>	<u>53,550</u>	<u>11,877</u>
DEDUCTIONS:			
Unemployment Claims	55,277		
Flexible Spending Claims		52,533	
Scholarships Awarded			8,300
Total Deductions	<u>55,277</u>	<u>52,533</u>	<u>8,300</u>
Change in Net Position Before Other Item	(16,381)	1,017	3,577
OTHER ITEM:			
Transfer to General Fund		(1,519)	
Change in Net Position	(16,381)	(502)	3,577
Net Position - Beginning of the Year	<u>170,853</u>	<u>8,528</u>	<u>376,851</u>
Net Position - End of the Year	<u>\$ 154,472</u>	<u>\$ 8,026</u>	<u>\$ 380,428</u>

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Basis of Presentation

District-Wide Financial Statements:

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

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

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

B. Basis of Presentation (Cont'd)

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

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

Additionally, the District reports the following fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

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

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources:		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 38,854,135	\$ 605,922
Differences - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue while the GAAP Basis Does Not:		
Prior Year Encumbrances		1,344
Current Year Encumbrances		(13,186)
Prior Year State Aid Payments Recognized for GAAP Statements, not Recognized for Budgetary Purposes	988,864	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,011,946)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 38,831,053</u>	<u>\$ 594,080</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 41,169,591	\$ 605,922
Differences - Budget to GAAP:		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Prior Year Encumbrances		1,344
Current Year Encumbrances		<u>(13,186)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 41,169,591</u>	<u>\$ 594,080</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

E. Cash and Cash Equivalents and Investments

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

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

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2018.

K. Capital Assets:

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

K. Capital Assets: (Cont'd)

	<u>Estimated Useful Life</u>
Site Improvements	20 years
Buildings and Building Improvements	50 years
Furniture, Machinery and Equipment	10 to 15 years

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

L. Long Term Liabilities:

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

M. Accrued Salaries and Wages

The District does not allow employees who provide services over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year, therefore, there are no accrued salaries and wages as of June 30, 2018.

N. Compensated Absences

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

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

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

O. Unearned Revenue

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

P. Fund Balance Appropriated

General Fund: Of the \$6,671,883 General Fund fund balance at June 30, 2018, \$3,531,301 is restricted in the capital reserve account; \$282,213 is restricted in the maintenance reserve account; \$149,431 is restricted in the emergency reserve account; \$2,353,833 is restricted for excess surplus in accordance with N.J.S.A. 18A:7F-7 as amended by P.L. 2004, C.73 (S1701) (the \$884,819 of prior year excess surplus has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019 and the current year excess surplus of \$1,469,014 will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2020); \$355,105 is assigned for year end encumbrances, which is \$25,602 less than the budgetary assigned fund balance, on a GAAP basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2019; \$-0- of assigned fund balance has been appropriated and included as anticipated revenue for the fiscal year ending June 30, 2019, which is \$29,079 less than the budgetary assigned fund balance, on a GAAP basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2019; and \$-0- is unassigned, which is \$957,265 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2019.

Debt Service Fund: The \$1 fund balance in the Debt Service Fund at June 30, 2018 is restricted.

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

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

Q. Deficit Net Position/Fund Balance

The District had a deficit in unrestricted net position from governmental activities in the amount of \$10,142,604. This is primarily a result of unamortized bond premium and net pension liability. This deficit does not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)

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

R. Net Position

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

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows and deferred inflows for pensions at June 30, 2018.

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

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

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

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

S. Fund Balance Restrictions, Commitments and Assignments

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

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

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2018.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

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

S. Fund Balance Restrictions, Commitments and Assignments (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and for subsequent year's expenditures in the General Fund at June 30, 2018.

T. Revenue - Exchange and Nonexchange Transactions

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

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

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

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

U. Operating Revenue and Expenses

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

V. Management Estimates

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

W. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

Deposits:

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Deposits: (Cont'd)

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

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

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

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

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments: (Cont'd)

- (8) Agreements for the repurchase of fully collateralized securities if:
- (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed; or
- (9) Deposit of funds in accordance with the following conditions:
- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
 - (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
 - (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
 - (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
 - (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository

As of June 30, 2018, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents	Restricted Cash and Cash Equivalents			Investments	Total
		Capital Reserve	Maintenance Reserve	Emergency Reserve		
Checking and Savings Accounts	\$1,607,775	\$3,531,301	\$ 282,213	\$ 149,431		\$ 5,570,720
Certificates of Deposit					\$ 231,334	231,334
	<u>\$1,607,775</u>	<u>\$3,531,301</u>	<u>\$ 282,213</u>	<u>\$ 149,431</u>	<u>\$ 231,334</u>	<u>\$ 5,802,054</u>

During the period ended June 30, 2018, the District did not hold any investments other than certificate of deposits.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

Investments: (Cont'd)

The carrying amount of the Board's cash and cash equivalents and investments at June 30, 2018, was \$5,802,054 and the bank balance was \$6,325,457.

NOTE 4. CAPITAL RESERVE ACCOUNT

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

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

Beginning Balance, July 1, 2017	\$ 2,841,361
Add:	
Interest Earnings	33,043
Transfer from Unassigned Fund Balance per Board Resolution - June 26, 2018	500,000
Unexpended Project Balance Returned from Capital Outlay	156,897
	\$ 3,531,301
Ending Balance, June 30, 2018	

The June 30, 2018 balance of local support costs of uncompleted capital projects in the District's LRFP exceeds the balance in the capital reserve account at June 30, 2018.

NOTE 5. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2018, the District transferred \$53,508 to facilities acquisition and construction services which required approval of the County Superintendent.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 were as follows:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital Assets not Being Depreciated:				
Sites (Land)	\$ 443,166			\$ 443,166
Total Capital Assets Not Being Depreciated	443,166			443,166
Capital Assets Being Depreciated:				
Site Improvements	1,653,308	\$ 42,530		1,695,838
Buildings and Building Improvements	59,859,970	2,632,528		62,492,498
Machinery and Equipment	3,062,212	17,053		3,079,265
Total Capital Assets Being Depreciated	64,575,490	2,692,111		67,267,601
Governmental Activities Capital Assets	65,018,656	2,692,111		67,710,767
Less Accumulated Depreciation for:				
Site Improvements	(768,813)	(67,308)		(836,121)
Buildings and Building Improvements	(13,868,249)	(1,814,925)		(15,683,174)
Machinery and Equipment	(1,468,475)	(283,787)		(1,752,262)
	(16,105,537)	(2,166,020)		(18,271,557)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 48,913,119	\$ 526,091	\$ -0-	\$ 49,439,210
	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Business Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 322,650	\$ 9,804		\$ 332,454
Buildings and Building Improvements	131,432			131,432
	454,082	9,804		463,886
Less Accumulated Depreciation for:				
Furniture and Equipment	(252,058)	\$ (16,483)		(268,541)
Buildings and Building Improvements	(13,144)	(2,629)		(15,773)
	(265,202)	(19,112)		(284,314)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ 188,880	\$ (9,308)	\$ -0-	\$ 179,572

As of June 30, 2018, the District expended \$2,692,111 from its current year capital budget, and depreciated \$2,166,020 from its governmental activities. The District expended \$9,804 and depreciated \$19,112 from its business-type activities during the fiscal year.

Depreciation expense was charged to governmental functions as follows:

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 6. CAPITAL ASSETS (Cont'd)

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

NOTE 7. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2018, the following changes occurred in liabilities reported in the District-wide financial statements:

	Balance 6/30/2017	Accrued	Retired	Balance 6/30/2018
Serial Bonds Payable	\$ 17,494,000		\$ 1,500,000	\$ 15,994,000
Unamortized Bond Issuance Premium	1,656,480		165,648	1,490,832
Compensated Absences Payable	265,725	\$ 40,168	37,126	268,767
Capital Leases Payable	1,506,624		783,939	722,685
Net Pension Liability	11,985,430		2,863,441	9,121,989
	\$ 32,908,259	\$ 40,168	\$ 5,350,154	\$ 27,598,273

A. Bonds Payable:

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

On March 19, 2009, the District issued school bonds of \$5,494,000 with interest rates ranging from 3.5% to 4.13%. The bonds mature on February 15, 2010 through 2024.

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

A. Bonds Payable: (Cont'd)

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

The District had bonds outstanding as of June 30, 2018 as follows:

<u>Purpose</u>	<u>Final Maturity Date</u>	<u>Serial Bonds</u>		<u>Amount</u>
		<u>Interest Rates</u>		
2009 School Bonds	02/15/24	3.75%-4.13%		\$ 2,664,000
2012 Refunding Bonds	02/15/27	4.00%-5.00%		13,330,000
				<u>\$ 15,994,000</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,565,000	\$ 695,296	\$ 2,260,296
2020	1,690,000	622,046	2,312,046
2021	1,765,000	552,321	2,317,321
2022	1,855,000	468,421	2,323,421
2023	1,950,000	380,172	2,330,172
2024 - 2027	7,169,000	702,171	7,871,171
	<u>\$ 15,994,000</u>	<u>\$ 3,420,427</u>	<u>\$ 19,414,427</u>

B. Bonds Authorized But Not Issued:

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

C. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$45,500 and the long-term liability balance of compensated absences is \$223,267.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2018, no liability existed for compensated absences in the Food Service Fund.

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

D. Unamortized Bond Premium

The unamortized bond issuance premium of the governmental fund types is recorded in the noncurrent liabilities. The current portion of the unamortized bond issuance premium balance of the governmental funds is \$165,648 and is separated from the long-term liability balance of \$1,325,184.

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2018 is \$-0- and the long-term portion is \$9,121,989. See Note 8 for further information on the PERS.

F. Capital Leases Payable

The District is leasing computer networking upgrades, laptops, school buses, maintenance vehicles, maintenance equipment, technology equipment and security equipment under lease purchase agreements valued at \$2,802,404, of which \$2,079,719 has matured and been repaid. The capital leases are for terms of five years. The following is a schedule of the future minimum lease payments under the capital leases, and the present value of the net minimum lease payments at June 30, 2018.

<u>Year Ending</u>	<u>Amount</u>
June 30, 2019	\$ 304,053
June 30, 2020	219,508
June 30, 2021	219,508
	<u>743,069</u>
Less: Amount Representing Interest	<u>(20,384)</u>
Present Value Net of Minimum Lease Payments	<u>\$ 722,685</u>

The current portion of capital leases payable at June 30, 2018 is \$293,341 and the long-term portion is \$429,344. The General Fund will be used to liquidate the capital lease payable.

NOTE 8. PENSION PLANS

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

A. Public Employees' Retirement System (PERS)

Plan Description

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$367,521 for fiscal year 2018.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

Pension Liabilities and Pension Expense

At June 30, 2018, the District reported a liability of \$9,121,989 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was .039%, which was a decrease of .001% from its proportion measured as of June 30, 2016. For the fiscal year ended June 30, 2018, the District recognized pension expense of \$739,670. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferral Year</u>	<u>Amortization Period in Years</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	2014	6.44	\$ 103,479	
	2015	5.72	435,883	
	2016	5.57	1,298,404	
	2017	5.48		\$ 1,831,029
			<u>1,837,766</u>	<u>1,831,029</u>
Difference Between Expected and Actual Experience	2015	5.72	120,934	
	2016	5.57	39,403	
	2017	5.48	54,454	
			<u>214,791</u>	
Changes in Proportion	2014	6.44	197,284	
	2015	5.72		90,833
	2016	5.57	300,942	
	2017	5.48		228,391
			<u>498,226</u>	<u>319,224</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5.00	(109,308)	
	2015	5.00	93,246	
	2016	5.57	390,968	
	2017	5.48	(312,791)	
		<u>62,115</u>		
Contribution Made Subsequent to the Measurement Date	2017	1.00	402,749	
			<u>\$ 3,015,647</u>	<u>\$ 2,150,253</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Pension Liabilities and Pension Expense (Cont'd)

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

Fiscal Year Ending June 30,	Total
2018	\$ 214,739
2019	324,049
2020	196,357
2021	(261,155)
2022	(190,347)
	\$ 283,643

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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

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

The actuarial assumptions used in the July 1, 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.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate

The discount rate used to measure the total pension liability was 5.00% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2040. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2040, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2017 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
District's proportionate share of the Net Pension Liability	\$ 11,316,447	\$ 9,121,989	\$ 7,293,734

Pension Plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

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

Benefits Provided

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Benefits Provided (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2018, the State's pension contribution was less than the actuarial determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2018, the State of New Jersey contributed \$1,954,102 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$6,174,557.

The employee contribution rate was 7.34% effective July 1, 2017. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2018, the State's proportionate share of the net pension liability associated with the District was \$89,131,188. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016 which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2017, the District's proportion was 0.1322%, which was a decrease of 0.0002% from its proportion measured as of June 30, 2016.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

District's Proportionate Share of the Net Pension Liability	\$	-0-
State's Proportionate Share of the Net Pension Liability Associated with the District		89,131,188
Total	\$	<u>89,131,188</u>

For the fiscal year ended June 30, 2018, the State recognized pension expense on behalf of the District in the amount of \$6,174,557 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2018 financial statements.

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

	Year of Deferral	Amortization Period in Years	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	2014	8.5	\$ 1,383,974,317	
	2015	8.3	3,776,126,119	
	2016	8.3	8,218,154,928	
	2017	8.3		\$ 11,684,858,458
				<u>13,378,255,364</u>
Difference Between Expected and Actual Experience	2014	8.3		13,181,413
	2015	8.5	233,218,057	
	2016	8.3		102,199,790
	2017	8.3	207,898,332	
				<u>441,116,389</u>
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	2014	5	(435,309,142)	
	2015	5	385,284,122	
	2016	5	1,295,565,574	
	2017	5	(904,033,050)	
				<u>341,507,504</u>
			<u>\$ 14,160,879,257</u>	<u>\$ 11,800,239,661</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

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

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

Fiscal Year Ending June 30,	Total
2018	\$ 740,341,056
2019	1,175,650,200
2020	983,008,137
2021	551,152,948
2022	624,850,883
Thereafter	(1,714,363,628)
	\$ 2,360,639,596

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. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.25%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.00%

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

The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2015.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2017) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Absolute Return/Risk Mitigation	5.00%	5.51%
Cash Equivalents	5.50%	1.00%
U.S. Treasuries	3.00%	1.87%
Investment Grade Credit	10.00%	3.78%
Public High Yield	2.50%	6.82%
Global Diversified Credit	5.00%	7.10%
Credit Oriented Hedge Funds	1.00%	6.60%
Debt Related Private Equity	2.00%	10.63%
Debt Related Real Estate	1.00%	6.61%
Private Real Asset	2.50%	11.83%
Equity Related Real Estate	6.25%	9.23%
U.S. Equity	30.00%	8.19%
Non-U.S. Developed Market Equity	11.50%	9.00%
Emerging Markets Equity	6.50%	11.64%
Buyouts/Venture Capital	8.25%	13.08%

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.25% as of June 30, 2017. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.58% as of June 30, 2017 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the contribution rate in the most recent fiscal year. The State contributed 40% of the actuarially determined contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2036. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2036, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 8. PENSION PLANS (Cont'd)

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

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2017 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1% Decrease (3.25%)	Current Discount Rate (4.25%)	1% Increase (5.25%)
State's Proportionate Share of Net Pension Liability Associated with the District	\$ 105,890,647	\$ 89,131,188	\$ 75,324,673

Pension Plan Fiduciary Net Position

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

C. Defined Contribution Retirement Program (DCRP)

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

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

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

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

For DCRP, the District recognized pension expense of \$28,556 for the fiscal year ended June 30, 2018. Employee contributions to DCRP amounted to \$43,135 for the fiscal year ended June 30, 2018.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. RISK MANAGEMENT

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

Property, Liability and Health Benefits

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

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

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

Selected, summarized financial information for the Fund as of June 30, 2018 is as follows:

Total Assets	<u>\$ 45,062,979</u>
Total Net Position	<u>\$ 12,432,937</u>
Total Revenue	<u>\$ 42,084,945</u>
Total Expenses	<u>\$ 39,779,381</u>
Change in Net Position	<u>\$ 2,305,564</u>
Members Dividends	<u>\$ -0-</u>

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 9. RISK MANAGEMENT (Cont'd)

Property, Liability and Health Benefits (Cont'd)

New Jersey Unemployment Compensation Insurance

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Interest Earned</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2017-2018	\$ -0-	\$ -0-	\$ 38,896	\$ 55,277	\$ 154,472
2016-2017	-0-	-0-	31,535	66,773	170,853
2015-2016	25,000	-0-	46,800	62,355	206,091

NOTE 10. ECONOMIC DEPENDENCY

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

NOTE 11. INTERFUND RECEIVABLES AND PAYABLES

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 48,989	\$ 17,098
Special Revenue Fund		9,442
Proprietary Fund - Food Service Fund	17,098	
Fiduciary Fund - Payroll Agency Fund	5,692	26,059
Fiduciary Fund - Unemployment Compensation Trust		5,692
Fiduciary Fund - Flexible Spending Trust Fund		13,488
	<u>\$ 71,779</u>	<u>\$ 71,779</u>

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 12. ACCOUNTS PAYABLE

Payables as of June 30, 2018 were:

	<u>Governmental Fund</u>		District Contri- bution Subsequent to the Measure- ment Date	Total Governmental Activities	<u>Business-Type Activities</u>
	<u>General Fund</u>	<u>Special Revenue Fund</u>			<u>Food Service Fund</u>
Due to State of New Jersey			\$ 402,749	\$ 402,749	
Vendors	\$ 205,162	\$ 40,101		245,263	\$ 8,645
Accrued Salaries and Wages	10,267			10,267	
	<u>\$ 215,429</u>	<u>\$ 40,101</u>	<u>\$ 402,749</u>	<u>\$ 658,279</u>	<u>\$ 8,645</u>

NOTE 13. DEFERRED COMPENSATION

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

The plan administrators are as follows:

- AXA Equitable
- Oppenheimer
- Lincoln Investments

NOTE 14. TAX CALENDAR

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

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2018, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

General Fund	Special Revenue Fund	Total Governmental Funds
\$ 380,707	\$ 13,186	\$ 393,893

On the District's Governmental Funds Balance Sheet as of June 30, 2018, \$355,105 is assigned for year-end encumbrances in the General Fund, which is \$25,602 less than the actual year-end encumbrances on a budgetary basis due to the final two state aid payments which are not recognized until the fiscal year ending June 30, 2019. \$0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$13,186 less than the actual year-end encumbrances on a budgetary basis. Encumbrances are not recognized on a GAAP basis and are reflected as either a reduction in grants receivables or an increase in unearned revenue.

NOTE 16. EMERGENCY RESERVE ACCOUNT

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

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 16. EMERGENCY RESERVE ACCOUNT (Cont'd)

The activity of the emergency reserve for the July 1, 2017 to June 30, 2018 fiscal year is as follows:

Beginning Balance, July 1, 2017	\$ 149,431
Ending Balance, June 30, 2018	<u>\$ 149,431</u>

NOTE 17. MAINTENANCE RESERVE ACCOUNT

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

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

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

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

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

Beginning Balance, July 1, 2017	\$ 319,113
Less:	
Withdrawal - Required Maintenance	<u>(36,900)</u>
Ending Balance, June 30, 2018	<u>\$ 282,213</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund)

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Statement No. 75, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Education Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 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 Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). 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 years or more 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.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, if any, is the responsibility of the individual education employers.

Employees Covered by Benefit Terms

At June 30, 2016, the plan membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	142,331
Active Plan Members	<u>223,747</u>
Total	<u><u>366,078</u></u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Total Nonemployer OPEB Liability

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.

Actuarial Assumptions and Other Inputs

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%		
	<u>TPAF/ABP</u>	<u>PERS</u>	<u>PFRS</u>
Salary Increases:			
Through 2026	1.55 - 4.55% based on years of service	2.15 - 4.15% based on age	2.10 - 8.98% based on age
Thereafter	2.00 - 5.45% based on years of service	3.15 - 5.15% based on age	3.10 - 9.98% based on age

Preretirement 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 MP-2017 scale. Postretirement mortality rates were based on the RP-2014 Headcount-Weighted Health 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, July 1, 2010 – June 30, 2013, and July 1, 2011 – June 30, 2014 for TPAF, PFRS and PERS, respectively.

Health Care Trend Assumptions

For pre-Medicare preferred provider organization (PPO) medical benefits, this amount initially is 5.9% and decreases to a 5.0% long term trend rate after nine years. For self-insured post 65 PPO medical benefits, the trend rate is 4.5%. For health maintenance organization (HMO) medical benefits, the trend rate is initially 5.9% and decreases to a 5.0% long term rate after nine years. For prescription drug benefits, the initial trend rate is 10.5% and decreases to a 5.0% long term rate after eight years. For the Medicare Part B reimbursement, the trend rate is 5.0%. The Medicare Advantage trend rate is 4.5% and will continue in all future years.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Discount Rate

The discount rate for June 30, 2017 and 2016 was 3.58% and 2.85%, respectively. This represents the municipal bond rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the State's Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2016	\$57,831,784,184
Changes for Year:	
Service Cost	2,391,878,884
Interest on the Total OPEB Liability	1,699,441,736
Changes of Assumptions	(7,086,599,129)
Gross Benefit Payments by the State	(1,242,412,566)
Contributions from Members	45,748,749
Net Changes	(4,191,942,326)
Balance at June 30, 2017	\$53,639,841,858

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	At 1% Decrease (2.58%)	At Discount Rate (3.58%)	At 1% Increase (4.58%)
Total OPEB Liability Attributable to the District	\$ 92,307,769	\$ 77,760,875	\$ 66,222,141

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate (Cont'd)

	June 30, 2016		
	At 1%	At	At 1%
	Decrease (1.85%)	Discount Rate (2.85%)	Increase (3.85%)
Total OPEB Liability Attributable to the District	\$ 101,271,738	\$ 84,532,507	\$ 71,356,587

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2017 and 2016, respectively, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	June 30, 2017		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 63,950,803	\$ 77,760,875	\$ 96,100,489

	June 30, 2016		
	1%	Healthcare	1%
	Decrease	Cost Trend Rate	Increase
Total OPEB Liability Attributable to the District	\$ 69,361,276	\$ 84,532,507	\$ 104,814,998

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

For the fiscal year ended June 30, 2018 the District recognized OPEB expense of \$4,107,490 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Statement 75, in which there is a special funding situation.

In accordance with GASB Statement 75, as the District's proportionate share of the OPEB liability is \$-0, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2017 the State had deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

NOTE 18. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired (including Prescription Drug Program Fund) (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Assumption Changes		\$ (6,343,769,032)
Contributions Made in Fiscal Year Ending 2018 After June 30, 2017 Measurement Date	\$ 1,190,373,242	
	\$ 1,190,373,242	\$ (6,343,769,032)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Total
2018	\$ (742,830,097)
2019	(742,830,097)
2020	(742,830,097)
2021	(742,830,097)
2022	(742,830,097)
Thereafter	(2,629,618,547)
	\$ (6,343,769,032)

BUDGETARY COMPARISON SCHEDULES
SUPPLEMENTARY INFORMATION

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
District's proportion of the net pension liability	0.0390962687%	0.0381039760%	0.0404678952%
District's proportionate share of the net pension liability	\$ 7,319,891	\$ 8,553,579	\$ 11,985,430
District's covered employee payroll	\$ 2,566,399	\$ 2,648,044	\$ 2,538,487
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	285.22%	323.01%	472.15%
Plan fiduciary net position as a percentage of the total pension liability	52.08%	47.93%	40.14%
			48.10%
			0.0391864923%
			\$ 9,121,989
			\$ 2,689,836
			339.13%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 322,304	\$ 327,592	\$ 362,047
Contributions in relation to the contractually required contribution	(322,304)	(327,592)	(362,047)
Contribution deficiency/(excess)	\$ -0-	\$ -0-	\$ -0-
District's covered employee payroll	\$ 2,526,772	\$ 2,566,399	\$ 2,648,044
Contributions as a percentage of covered employee payroll	12.76%	12.76%	13.67%
			14.48%
			2,538,487
			(367,521)
			367,521

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
State's proportion of the net pension liability attributable to the District	0.1271980757%	0.1294218702%	0.1324016385%
State's proportionate share of the net pension liability attributable to the District	\$ 67,983,232	\$ 81,800,149	\$ 104,155,559
District's covered employee payroll	\$ 12,961,842	\$ 13,384,154	\$ 13,359,708
State's proportionate share of the net pension liability attributable to the District as a percentage of its covered employee payroll	524.49%	611.17%	779.62%
Plan fiduciary net position as a percentage of the total pension liability	33.64%	28.71%	22.33%
			2018
			0.1321958190%
		\$ 89,131,188	\$ 14,267,535
		\$ 14,267,535	624.71%
		22.33%	25.41%

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

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

	Fiscal Year Ending June 30,		
	2015	2016	2017
Contractually required contribution	\$ 3,658,136	\$ 4,994,636	\$ 7,825,841
Contributions in relation to the contractually required contribution	<u>(699,702)</u>	<u>(1,060,059)</u>	<u>(1,434,951)</u>
Contribution deficiency/(excess)	<u>\$ 2,958,434</u>	<u>\$ 3,934,577</u>	<u>\$ 6,390,890</u>
District's covered employee payroll	\$ 13,384,154	\$ 13,359,708	\$ 14,267,535
Contributions as a percentage of covered employee payroll	5.23%	7.93%	10.06%
			13.65%

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

WARREN HILLS REGIONAL BOARD OF EDUCATION
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF CHANGES IN THE STATE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Years Ending June 30,	
	2016	2017
Total OPEB Liability		
Service Cost	\$ 1,723,999,319	\$ 2,391,878,884
Interest Cost	1,823,643,792	1,699,441,736
Changes in Assumptions	8,611,513,521	(7,086,599,129)
Member Contributions	46,273,747	45,748,749
Gross Benefit Payments	<u>(1,223,298,019)</u>	<u>(1,242,412,566)</u>
Net Change in Total OPEB Liability	10,982,132,360	(4,191,942,326)
Total OPEB Liability - Beginning	<u>46,849,651,824</u>	<u>57,831,784,184</u>
Total OPEB Liability - Ending	<u>\$ 57,831,784,184</u>	<u>\$ 53,639,841,858</u>
State's Covered Employee Payroll *	\$ 13,493,400,208	\$ 13,493,400,208
Total OPEB Liability as a Percentage of Covered Employee Payroll	429%	398%

* Covered payroll for the fiscal years ending June 30, 2016 and June 30, 2017 is based on the payroll on the June 30, 2016 census data.

Note: This schedule does not contain ten years of information as GASB No. 75 was implemented during the fiscal year ended June 30, 2018.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.98% as of June 30, 2016 to 5.00% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 3.08% as of June 30, 2016 to 2.25% as of June 30, 2017.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 3.22% as of June 30, 2016 to 4.25% as of June 30, 2017. The municipal bond rate changed from 2.85% to 3.58%. The long-term expected rate of return on pension plan investments changed from 7.65% to 7.00%.

The inflation rate changed from 2.50% as of June 30, 2016 to 2.25% as of June 30, 2017.

C. STATE HEALTH BENEFIT LOCAL EDUCATION RETIRED EMPLOYEES OPEB PLAN

Benefit Changes

There were none.

Changes of Actuarial Assumptions

The discount rate changed from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.

BUDGETARY COMPARISON SCHEDULES

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 21,298,059		\$ 21,298,059	\$ 21,298,059	\$ 66,662
Tuition from Other LEAs	1,411,944		1,411,944	1,478,606	831
Transportation Fees from Other LEAs	277,700		277,700	278,531	31,043
Interest Earned on Capital Reserve Funds	2,000		2,000	33,043	17,320
Other Restricted Miscellaneous Revenue	18,000		18,000	35,320	27,492
Unrestricted Miscellaneous Revenue	83,207		83,207	110,699	143,348
Total - Local Sources	23,090,910		23,090,910	23,234,258	
State Sources:					
Special Education Aid	1,041,953		1,041,953	1,041,953	
Equalization Aid	9,336,871		9,336,871	9,336,871	
Categorical Security Aid	46,884		46,884	46,884	
Categorical Transportation Aid	148,391		148,391	148,391	
PARCC Readiness Aid	17,850		17,850	17,850	
Per Pupil Growth Aid	17,850		17,850	17,850	
Professional Learning Community Aid	18,290		18,290	18,290	
Host District Aid	617		617	617	
State Reimbursements for Lead Testing of Drinking Water				5,645	5,645
Extraordinary Special Education Costs Aid	400,000		400,000	611,575	211,575
Reimbursement of Nonpublic School Transportation Costs				9,106	9,106
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				1,292,741	1,292,741
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,954,102	1,954,102
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				47,421	47,421
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				2,575	2,575
TPAF Social Security (Reimbursed - Non-Budgeted)				1,043,536	1,043,536
Total State Sources	11,028,706		11,028,706	15,595,407	4,566,701
Federal Sources:					
Medicaid Assistance Program	35,866		35,866	24,470	(11,396)
Total Federal Sources	35,866		35,866	24,470	(11,396)
TOTAL REVENUES	34,155,482		34,155,482	38,854,135	4,698,653

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Regular Programs - Instruction:					
Grades 6-8 - Salaries of Teachers	\$ 2,987,923	\$ (62,936)	\$ 2,924,987	\$ 2,903,943	\$ 21,044
Grades 9-12 - Salaries of Teachers	6,105,478	120,923	6,226,401	6,204,169	22,232
Unused Sick Payment to Terminated/ Retired Staff	38,793		38,793		38,793
Regular Programs - Home Instruction:					
Salaries of Teachers	97,500	(17,975)	79,525	63,287	16,238
Other Purchased Services	20,000	7,099	27,099	24,826	2,273
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	136,454	225	136,679	133,064	3,615
Purchased Professional - Educational Services	12,450	2,300	14,750	11,250	3,500
Purchased Technical Services	42,718		42,718	33,281	9,437
Other Purchased Services	628,758	(957)	627,801	621,405	6,396
General Supplies	230,061	24,624	254,685	228,949	25,736
Textbooks	68,704	(3,606)	65,098	51,680	13,418
Other Objects	12,965	(3,745)	9,220	5,646	3,574
Total Regular Programs - Instruction	10,381,804	65,952	10,447,756	10,281,500	166,256
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	268,802	115,548	384,350	384,350	
Other Salaries for Instruction	3,600	(43)	3,557	2,227	1,330
Purchased Professional - Educational Services	40,000	(40,000)			
Other Purchased Services	250	(250)			
General Supplies	1,827		1,827	315	1,512
Textbooks	4,000		4,000	505	3,495
Other Objects	100		100		100
Total Learning and/or Language Disabilities	318,579	75,255	393,834	387,397	6,437
Auditory Impairments:					
Purchased Professional - Educational Services		3,999	3,999	2,175	1,824
General Supplies		1,190	1,190	190	1,000
Total Auditory Impairments		5,189	5,189	2,365	2,824

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Behavioral Disabilities:					
Salaries of Teachers	\$ 266,204	\$ 7,918	\$ 274,122	\$ 269,385	\$ 4,737
Purchased Professional - Educational Services	56,000	(55,260)	740	360	380
Other Purchased Services	1,100		1,100		1,100
General Supplies	350		350	200	150
Textbooks	500		500		500
Other Objects	100		100		100
Total Behavioral Disabilities	324,254	(47,342)	276,912	269,945	6,967
Multiple Disabilities:					
Salaries of Teachers	315,407	54,411	369,818	369,818	
Other Salaries for Instruction	527,106	(275,370)	251,736	251,736	
Purchased Professional - Educational Services	6,000		6,000	2,981	3,019
Purchased Technical Services	500	415	915		915
Other Purchased Services	1,500	(500)	1,000	612	388
General Supplies	8,046	(415)	7,631	4,845	2,786
Textbooks	500		500	35	465
Other Objects	300		300		300
Total Multiple Disabilities	859,359	(221,459)	637,900	630,027	7,873
Resource Room/Resource Center:					
Salaries of Teachers	1,399,628	(63,981)	1,335,647	1,334,932	715
Other Salaries for Instruction	74,060	175,064	249,124	249,035	89
Purchased Professional - Educational Services	135,000	(135,000)			
Other Purchased Services	800		800	230	570
General Supplies	1,467		1,467	962	505
Textbooks	1,000		1,000	101	899
Other Objects	1,500		1,500		1,500
Total Resource Room/Resource Center	1,613,455	(23,917)	1,589,538	1,585,260	4,278

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Autism:					
Salaries of Teachers	\$ 195,965	\$ (107,353)	\$ 88,612	\$ 58,830	\$ 29,782
Other Salaries for Instruction	140,821	(104,247)	36,574	26,453	10,121
Purchased Professional - Educational Services	12,000	(11,000)	1,000		1,000
Purchased Technical Services	1,000		1,000		1,000
Other Purchased Services	1,100	4,219	5,319	4,960	359
General Supplies	7,416	(235)	7,181	4,820	2,361
Textbooks	500		500	18	482
Other Objects	500		500		500
Total Autism	359,302	(218,616)	140,686	95,081	45,605
Home Instruction:					
Salaries of Teachers	20,000	(798)	19,202	6,898	12,304
Other Objects	50	(50)			
Total Home Instruction	20,050	(848)	19,202	6,898	12,304
Total Special Education Instruction	3,494,999	(431,738)	3,063,261	2,976,973	86,288
Bilingual Education - Instruction:					
General Supplies	1,464		1,464	543	921
Total Bilingual Education - Instruction	1,464		1,464	543	921
School-Sponsored Co/Extra curricular Activities - Instruction:					
Salaries	184,200	37,082	221,282	203,719	17,563
Purchased Services	22,175	(4,000)	18,175	12,946	5,229
Supplies and Materials	9,442	4,624	14,066	12,207	1,859
Other Objects	400	16,500	16,900	6,096	10,804
Total School-Sponsored Co curricular Activities - Instruction	216,217	54,206	270,423	234,968	35,455
School-Sponsored Co curricular Athletics - Instruction:					
Salaries	857,084	(107,078)	750,006	724,993	25,013
Purchased Services	182,610	1,903	184,513	167,621	16,892
Supplies and Materials	145,738	410	146,148	103,613	42,535

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
School-Sponsored Co curricular Athletics - Instruction: (Cont'd)	\$ 51,235	\$ (1,400)	\$ 49,835	\$ 46,025	\$ 3,810
Other Objects	1,236,667	(106,165)	1,130,502	1,042,252	88,250
Total School-Sponsored Co curricular Athletics - Instruction					
Other Instructional Programs - Instruction:					
Other Objects	16,500	(16,500)			
Total Other Instructional Programs - Instruction	16,500	(16,500)			
Total Instruction	15,347,651	(434,245)	14,913,406	14,536,236	377,170
Undistributed Expenditures:					
Instruction:					
Tuition to Other LEAs Within the State - Special	590,000	(54,830)	535,170	465,540	69,630
Tuition to County Voc. School Dist. - Regular	195,320		195,320	195,320	
Tuition to County Voc. School Dist. - Special	22,000		22,000	22,000	
Tuition to County Special Services Districts and Regional Day Schools	96,500	8,400	104,900	104,900	
Tuition to Private Schools for the Handicapped - Within State	1,225,686	(134,192)	1,091,494	763,870	327,624
Tuition - State Facilities	230,664		230,664	230,664	
Tuition - Other	110,400		110,400	83,003	27,397
Total Undistributed Expenditures - Instruction	2,470,570	(180,622)	2,289,948	1,865,297	424,651
Health Services:					
Salaries	285,780	5,525	291,305	289,067	2,238
Purchased Professional and Technical Services	23,850	(925)	22,925	14,087	8,838
Other Purchased Services	5,052	(201)	4,851	3,164	1,687
Supplies and Materials	9,875	(999)	8,876	5,848	3,028
Other Objects	830		830	325	505
Total Health Services	325,387	3,400	328,787	312,491	16,296
Speech, OT, PT and Related Services:					
Salaries	85,498		85,498	85,498	
Purchased Professional - Educational Services	379,557	85,229	464,786	387,480	77,306

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Undistributed Expenditures:					
Speech, OT, PT and Related Services: (Cont'd)					
Supplies and Materials	\$ 500		\$ 500	\$ 250	\$ 250
Total Speech, OT, PT and Related Services	<u>465,555</u>	<u>\$ 85,229</u>	<u>550,784</u>	<u>473,228</u>	<u>77,556</u>
Other Support Services - Students - Extraordinary Services:					
Salaries	110,821	326,711	437,532	357,383	80,149
Purchased Professional - Educational Services	253,412	135,000	388,412	354,166	34,246
Total Other Support Services - Students - Extraordinary Services	<u>364,233</u>	<u>461,711</u>	<u>825,944</u>	<u>711,549</u>	<u>114,395</u>
Other Support Services - Guidance:					
Salaries of Other Professional Staff	733,808	19,500	753,308	750,400	2,908
Salaries of Secretarial and Clerical Assistants	143,374		143,374	143,374	
Other Salaries	15,829	567	16,396	14,527	1,869
Purchased Professional - Educational Services	5,600		5,600	5,194	406
Other Purchased Services	43,100	8,527	51,627	46,789	4,838
Supplies and Materials	11,824	(446)	11,378	5,718	5,660
Other Objects	1,600		1,600	355	1,245
Total Other Support Services - Guidance	<u>955,135</u>	<u>28,148</u>	<u>983,283</u>	<u>966,357</u>	<u>16,926</u>
Other Support Services - Child Study Teams:					
Salaries of Other Professional Staff	552,205	631	552,836	552,836	
Salaries of Secretarial and Clerical Assistants	128,219	17,533	145,752	133,945	11,807
Other Salaries	11,100	7,236	18,336	11,058	7,278
Purchased Professional - Educational Services	2,500		2,500	375	2,125
Other Purchased Services (400-500 series)	11,650	2,074	13,724	13,033	691
Miscellaneous Purchased Services	29,300	(1,324)	27,976	24,225	3,751
Supplies and Materials	9,262	(350)	8,912	7,058	1,854
Other Objects	2,760	400	3,160	2,699	461
Total Other Support Services - Child Study Teams	<u>746,996</u>	<u>26,200</u>	<u>773,196</u>	<u>745,229</u>	<u>27,967</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Improvement of Instructional Services:					
Salaries of Supervisors of Instruction	\$ 492,946	\$ (83,791)	\$ 409,155	\$ 409,150	\$ 5
Salaries of Secretarial and Clerical Assistants	51,200	(3,142)	51,200	51,000	200
Purchased Professional-Educational Services	23,000	10,830	19,858	16,550	3,308
Other Purchased Services	3,624	(230)	14,454	14,454	
Supplies and Materials	3,000	230	2,770	2,479	291
Other Objects	4,500	(76,103)	4,730	4,730	
Total Improvement of Instructional Services	578,270	(76,103)	502,167	498,363	3,804
Educational Media Services/School Library:					
Salaries	213,581	1,000	214,581	214,487	94
Salaries of Technology Coordinators	163,788	(35,000)	128,788	125,473	3,315
Purchased Professional and Technical Services	1,800	(1,800)			
Other Purchased Services	7,216	55	7,271	7,268	3
Supplies and Materials	38,067	17,638	55,705	46,726	8,979
Other Objects	730	(730)			
Total Educational Media Services/School Library	425,182	(18,837)	406,345	393,954	12,391
Instructional Staff Training Services:					
Other Salaries	54,000		54,000	46,697	7,303
Purchased Professional-Educational Services	13,804	(7,688)	6,116		6,116
Other Purchased Services	3,000		3,000	312	2,688
Total Instructional Staff Training Services	70,804	(7,688)	63,116	47,009	16,107
Support Services - General Administration:					
Salaries	300,885	(50,000)	250,885	250,557	328
Legal Services	168,297		168,297	89,983	78,314
Audit Fees	82,990	(1,710)	81,280	39,780	41,500
Architectural/Engineering Services	58,250	(3,850)	54,400	2,800	51,600
Other Purchased Professional Services	53,145		53,145	36,884	16,261
Purchased Technical Services	350		350	256	94
Communications/Telephone	75,500	(13,823)	61,677	16,628	45,049

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Support Services - General Administration: (Cont'd)					
Board of Education Other Purchased Services	\$ 4,500		\$ 4,500	\$ 4,155	\$ 345
Miscellaneous Purchased Services	43,156	4,327	47,483	46,018	1,465
General Supplies	17,590		17,590	16,136	1,454
BOE In-House Training/Meeting Supplies	2,800		2,800	2,018	782
Miscellaneous Expenditures	5,000		5,000	2,718	2,282
Board of Education Membership Dues and Fees	20,485	(2,367)	18,118	16,515	1,603
Total Support Services - General Administration	832,948	(67,423)	765,525	524,448	241,077
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	781,185	74,244	855,429	756,402	99,027
Salaries of Secretarial and Clerical Assistants	279,215	(5,122)	274,093	274,000	93
Other Salaries		5,300	5,300	4,368	932
Purchased Professional and Technical Services	2,000	(985)	1,015	1,015	1,015
Other Purchased Services	85,874		85,874	61,080	24,794
Supplies and Materials	66,725	1	66,726	47,135	19,591
Other Objects	4,500		4,500	4,100	400
Total Support Services - School Administration	1,219,499	73,438	1,292,937	1,147,085	145,852
Central Services:					
Salaries	456,321	1	456,322	455,481	841
Purchased Technical Services	20,300		20,300	17,596	2,704
Miscellaneous Purchased Services	10,735	(1,590)	9,145	4,570	4,575
Supplies and Materials	5,578	338	5,916	5,916	
Miscellaneous Expenditures	2,500		2,500	1,685	815
Total Central Services	495,434	(1,251)	494,183	485,248	8,935
Administrative Information Technology:					
Salaries	87,728	98,000	185,728	172,347	13,381
Purchased Technical Services	67,570		67,570	67,570	
Other Purchased Services	155,022	(37,558)	117,464	105,551	11,913

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Administrative Information Technology: (Cont'd)					
Supplies and Materials	\$ 42,377	\$ 18,639	\$ 61,016	\$ 12,320	\$ 48,696
Total Administrative Information Technology	352,697	79,081	431,778	357,788	73,990
Required Maintenance of School Facilities:					
Salaries	341,270	(950)	340,320	334,331	5,989
Cleaning, Repair and Maintenance Services	693,979	108,971	802,950	736,483	66,467
Lead Testing of Drinking Water	9,455	(9,455)			
General Supplies	46,000	(12,950)	33,050	29,492	3,558
Other Objects	3,000	5,331	8,331	6,716	1,615
Total Required Maintenance of School Facilities	1,093,704	90,947	1,184,651	1,107,022	77,629
Custodial Services:					
Salaries	765,250	2,136	767,386	739,796	27,590
Purchased Professional and Technical Services	27,083	(5,574)	21,509	16,707	4,802
Cleaning, Repair, and Maintenance Services	47,460	1,152	48,612	46,923	1,689
Other Purchased Property Services	68,000	(7,968)	60,032	56,198	3,834
Insurance	221,436	(14,537)	206,899	206,565	334
Miscellaneous Purchased Services	2,352	2,137	4,489	3,610	879
General Supplies	102,876	(3,680)	99,196	85,103	14,093
Energy (Natural Gas)	158,135	(4,894)	153,241	125,759	27,482
Energy (Electricity)	597,197	(23,434)	573,763	525,093	48,670
Energy (Oil)	10,000		10,000	9,275	725
Other Objects	350		350	350	
Total Custodial Services	2,000,139	(54,662)	1,945,477	1,815,379	130,098
Care & Upkeep of Grounds:					
Salaries	122,755	4,923	127,678	129,607	(1,929)
Cleaning, Repair, and Maintenance Services	115,134	(1,900)	113,234	108,879	4,355
Travel - All Regular		500	500	370	130
General Supplies	38,450	1,400	39,850	25,313	14,537

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Care & Upkeep of Grounds: (Cont'd)	\$ 32,878		\$ 32,878	\$ 32,878	
Other Objects	309,217	4,923	314,140	297,047	\$ 17,093
Total Care & Upkeep of Grounds					
Security:					
Salaries	326,774	22,312	349,086	348,768	318
Purchased Professional and Technical Services	153,583	4,037	157,620	157,619	1
Cleaning, Repair, and Maintenance Services	54,840	6,811	61,651	61,607	44
General Supplies	8,000	2,528	10,528	10,527	1
Other Objects		475	475	144,785	(144,310)
Total Security	543,197	36,163	579,360	723,306	(143,946)
Student Transportation Services:					
Salaries for Pupil Transportation:					
Between Home and School - Special Education	72,000		72,000	55,885	16,115
Management Fee - ESC & CTSA Transportation Program	30,000		30,000	23,864	6,136
Cleaning, Repair and Maintenance Services	27,000		27,000	7,597	19,403
Contracted Services:					
Between Home and School - Vendors	585,256	(20,000)	565,256	542,149	23,107
Other than Between Home and School - Vendors	55,320	800	56,120	33,222	22,898
Between Home and School - Joint Agreements	309,064	17,972	327,036	327,036	
Special Education Students - Vendors	165,745		165,745	158,386	7,359
Regular Students - ESCs & CTSA	105,500	46,500	152,000	115,570	36,430
Special Education Students - ESCs & CTSA	648,000	(72,403)	575,597	481,025	94,572
Aid in Lieu of Payments - Nonpublic Students	22,100	(6,000)	16,100	14,876	1,224
Aid in Lieu of Payments - Choice School Students	5,000	1,000	6,000	6,000	
Lease Purchase Payments - School Buses	36,615	(1)	36,614	36,614	
Miscellaneous Purchased Services - Transportation	113,267	2,224	115,491	110,505	4,986
General Supplies	1,000	4,988	5,988	924	5,064
Transportation Supplies	20,000		20,000	14,867	5,133
Other Objects	1,200		1,200	950	250
Total Student Transportation Services	2,197,067	(24,920)	2,172,147	1,929,470	242,677

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
Unallocated Benefits:					
Social Security Contributions	\$ 485,400	\$ (30,000)	\$ 455,400	\$ 437,324	\$ 18,076
Other Retirement Contributions - PERS	385,000	(17,300)	367,700	367,521	179
Other Retirement Contributions - Regular	50,000	(15,000)	35,000	28,556	21,444
Unemployment Compensation	25,000		25,000		10,000
Workmen's Compensation	132,532	28,224	160,756	160,755	1
Health Benefits	4,238,800		4,238,800	4,010,748	228,052
Tuition Reimbursement	143,219	(21,314)	121,905	74,856	47,049
Other Employee Benefits	382,661	51,314	433,975	417,083	16,892
Total Unallocated Benefits	5,842,612	(4,076)	5,838,536	5,496,843	341,693
On-Behalf Contributions:					
On-Behalf TPAF Post Retirement Contributions (Non-Budgeted)				1,292,741	(1,292,741)
On-Behalf TPAF Pension Contributions (Non-Budgeted)				1,954,102	(1,954,102)
On-Behalf TPAF Non-Contributory Insurance (Non-Budgeted)				47,421	(47,421)
On-Behalf TPAF Long-Term Disability Insurance (Non-Budgeted)				2,575	(2,575)
Reimbursed TPAF Social Security Contributions (Non-Budgeted)				1,043,536	(1,043,536)
Total On-Behalf Contributions				4,340,375	(4,340,375)
Total Personal Services - Employee Benefits	5,842,612	(4,076)	5,838,536	9,837,218	(3,998,682)
Total Undistributed Expenses	21,288,646	453,658	21,742,304	24,237,488	(2,495,184)
TOTAL GENERAL CURRENT EXPENSE	36,636,297	19,413	36,655,710	38,773,724	(2,118,014)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures:					
Administrative Information Technology		3,600	3,600	3,600	
Required Maintenance for School Facilities	157,736	(35,763)	121,973	121,972	1
Security	84,487		84,487	84,487	
Total Equipment	242,223	(32,163)	210,060	210,059	1

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS

GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
EXPENDITURES:					
CURRENT EXPENSE					
CAPITAL OUTLAY					
Facilities Acquisition and Construction Services:					
Architectural/Engineering Services	\$ 139,852	\$ (1,905)	\$ 137,947	\$ 43,555	\$ 94,392
Construction Services	1,976,313	55,413	2,031,726	1,956,398	75,328
Assessment for Debt Service on SDA Funding	185,855		185,855	185,855	
Total Facilities Acquisition and Construction Services	2,302,020	53,508	2,355,528	2,185,808	169,720
TOTAL CAPITAL OUTLAY	2,544,243	21,345	2,565,588	2,395,867	169,721
Transfer of Funds to Charter Schools	22,560	(3,858)	18,702		18,702
TOTAL EXPENDITURES	39,203,100	36,900	39,240,000	41,169,591	(1,929,591)
Excess/(Deficit) of Revenues Over/(Under) Expenditures	(5,047,618)	(36,900)	(5,084,518)	(2,315,456)	2,769,062
Other Financing Sources:					
Transfer from Flexible Spending Trust Fund				1,518	1,518
Total Other Financing Sources				1,518	1,518
Excess/(Deficit) of Revenues and Other Financing Sources Over/(Under) Expenditures	(5,047,618)	(36,900)	(5,084,518)	(2,313,938)	2,770,580
Fund Balance, July 1	9,997,767		9,997,767	9,997,767	
Fund Balance, June 30	\$ 4,950,149	\$ (36,900)	\$ 4,913,249	\$ 7,683,829	\$ 2,770,580

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
Recapitulation:					
Restricted:					
Excess Surplus for 2019-2020	\$ 1,469,014				
Excess Surplus for 2018-2019	884,819				
Capital Reserve	3,531,301				
Maintenance Reserve	282,213				
Emergency Reserve	149,431				
Assigned:					
Year End Encumbrances	380,707				
For Subsequent Year's Expenditures	29,079				
Unassigned	957,265				
	<u>7,683,829</u>				
Reconciliation to Governmental Funds Statement (GAAP):					
Last State Aid Payments not Recognized on GAAP basis				(1,011,946)	
Fund Balance per Governmental Funds (GAAP)	<u>\$ 6,671,883</u>				

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SPECIAL REVENUE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018
 (UNAUDITED)

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources		\$ 5,000	\$ 5,000	\$ 5,000	
State Sources	\$ 8,787	2,811	11,598	3,592	\$ (8,006)
Federal Sources	526,288	88,777	615,065	597,330	(17,735)
Total Revenues	535,075	96,588	631,663	605,922	(25,741)
EXPENDITURES:					
Instruction:					
Salaries of Teachers	135,457	(17,676)	117,781	117,781	
Purchased Professional and Technical Services		5,460	5,460		5,460
Purchased Professional and Educational Services		8,384	8,384	2,645	5,739
Other Purchased Services		4,462	4,462	4,461	1
Tuition	357,037	43,895	400,932	400,932	
General Supplies		10,089	10,089	10,042	47
Textbooks		986	986		
Total Instruction	492,494	55,600	548,094	536,847	11,247
Support Services:					
Personal Services - Employee Benefits		37,101	37,101	37,101	
Purchased Professional and Technical Services	8,787	(4,301)	4,486	1,940	2,546
Purchased Professional and Educational Services	33,794	(14,009)	19,785	12,749	7,036
Other Purchased Services		22,197	22,197	17,285	4,912
Total Support Services	42,581	40,988	83,569	69,075	14,494
Total Expenditures	\$ 535,075	\$ 96,588	\$ 631,663	\$ 605,922	\$ 25,741

WARREN HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources/Inflows of Resources		
Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule	\$ 38,854,135	\$ 605,922
Difference - Budget to GAAP:		
Grant Accounting Budgetary Basis Differs from GAAP in that the Budgetary Basis Recognized Encumbrances as Expenditures and Revenue while the GAAP Basis does not:		
Prior Year Encumbrances		1,344
Current Year Encumbrances		(13,186)
Prior Year State Aid Payments Recognized for GAAP Purposes, not Recognized for Budgetary Statements	988,864	
Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements	<u>(1,011,946)</u>	
Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 38,831,053</u>	<u>\$ 594,080</u>
Uses/Outflows of Resources:		
Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule	\$ 41,169,591	\$ 605,922
Differences - Budget to GAAP		
Encumbrances for Supplies and Equipment Ordered but Not Received are Reported in the Year the Order is Placed for Budgetary Purposes, but in the Year the Supplies are Received for Financial Reporting Purposes:		
Prior Year Encumbrances		1,344
Current Year Encumbrances		<u>(13,186)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 41,169,591</u>	<u>\$ 594,080</u>

WARREN HILLS REGIONAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2018 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

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

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

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

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

WARREN HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Local Donations	Textbooks	Nonpublic Technology Initiative	Nursing
REVENUES:				
Local Sources	\$ 5,000			
State Sources		\$ 986	\$ 666	\$ 1,940
Federal Sources				
Total Revenues	5,000	986	666	1,940
EXPENDITURES:				
Instruction:				
Salaries of Teachers				
Purchased Professional and Educational Services				
Other Purchased Services	4,461			
Tuition				
General Supplies	539		666	
Textbooks		986		
Total Instruction	5,000	986	666	
Support Services:				
Personal Services - Employee Benefits				1,940
Purchased Professional and Technical Services				
Purchased Professional and Educational Services				
Other Purchased Services				
Total Support Services				1,940
Total Expenditures	\$ 5,000	\$ 986	\$ 666	\$ 1,940

WARREN HILLS REGIONAL SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Elementary and Secondary Education Act				Totals
	I.D.E.A. Part B, Basic	Title I	Title IIA	Title IV	
REVENUES:					
Local Sources					\$ 5,000
State Sources	409,216	\$ 155,467	\$ 22,695	\$ 9,952	3,592
Federal Sources					597,330
Total Revenues	<u>409,216</u>	<u>155,467</u>	<u>22,695</u>	<u>9,952</u>	<u>605,922</u>
EXPENDITURES:					
Instruction:					
Salaries of Teachers		117,781			117,781
Purchased Professional and Educational Services	2,645				2,645
Other Purchased Services					4,461
Tuition	400,932				400,932
General Supplies		585		8,252	10,042
Textbooks					986
Total Instruction	<u>403,577</u>	<u>118,366</u>		<u>8,252</u>	<u>536,847</u>
Support Services:					
Personal Services - Employee Benefits		37,101			37,101
Purchased Professional and Technical Services			5,410	1,700	1,940
Purchased Professional and Educational Services	5,639		17,285		12,749
Other Purchased Services					17,285
Total Support Services	<u>5,639</u>	<u>37,101</u>	<u>22,695</u>	<u>1,700</u>	<u>69,075</u>
Total Expenditures	<u>\$ 409,216</u>	<u>\$ 155,467</u>	<u>\$ 22,695</u>	<u>\$ 9,952</u>	<u>\$ 605,922</u>

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

WARREN HILLS REGIONAL SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 165,571
Interfund Receivable - General Fund	17,098
Intergovernmental Accounts Receivable:	
State	634
Federal	22,063
Inventories	7,362

Total Current Assets	<u>212,728</u>
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Non-Current Assets:

Capital Assets	463,886
Less: Accumulated Depreciation	<u>(284,314)</u>

Total Non-Current Assets	<u>179,572</u>
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Total Assets	<u>392,300</u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	8,645
Unearned Revenue:	
Prepaid Meals	6,523
Donated Commodities	2,048

Total Liabilities	<u>17,216</u>
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NET POSITION:

Investment in Capital Assets	179,572
Unrestricted	<u>195,512</u>

Total Net Position	<u>\$ 375,084</u>
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WARREN HILLS REGIONAL SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Operating Revenue:	
Local Sources:	
Daily Sales:	
Reimbursable Programs	\$ 206,893
Non-Reimbursable Programs	183,804
	<hr/>
Total Operating Revenue	390,697
	<hr/>
Operating Expenses:	
Cost of Sales:	
Reimbursable Programs	164,120
Non-Reimbursable Programs	100,589
Salaries	172,087
Benefits and Payroll Taxes	43,701
Supplies, Insurance and Other Costs	21,931
Management Fee	14,291
Depreciation Expense	19,112
	<hr/>
Total Operating Expenses	535,831
	<hr/>
Operating Loss	(145,134)
Non-Operating Income:	
Local Sources:	
Interest Income	2,290
State Sources:	
State School Lunch Program	5,026
Federal Sources:	
National School Lunch Program	142,563
School Breakfast Program	2,364
Food Distribution Program	13,660
	<hr/>
Total Non-Operating Income	165,903
	<hr/>
Change in Net Position	20,769
Net Position - Beginning of Year	354,315
	<hr/>
Net Position - End of Year	\$ 375,084
	<hr/> <hr/>

WARREN HILLS REGIONAL SCHOOL DISTRICT
FOOD SERVICE ENTERPRISE FUND
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Cash Flows from Operating Activities:	
Receipts from Customers	\$ 390,697
Payments to Food Service Contractor	(478,689)
Payments to Suppliers	(29,568)
	(117,560)
Net Cash Used for Operating Activities	
Cash Flows from Investing Activities:	
Interest Income	2,290
	2,290
Net Cash Provided by Investing Activities	
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(9,804)
	(9,804)
Net Cash Used for Capital and Related Financing Activities	
Cash Flows from Noncapital Financing Activities:	
State Sources	3,996
Federal Sources	112,629
	116,625
Net Cash Provided by Noncapital Financing Activities	
Net Decrease in Cash and Cash Equivalents	
	(8,449)
Cash and Cash Equivalents, July 1	
	174,020
Cash and Cash Equivalents, June 30	
	\$ 165,571
Reconciliation of Operating Loss to Net Cash	
Used for Operating Activities:	
Operating Loss	\$ (145,134)
Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	19,112
Food Distribution Program	13,660
Changes in Assets and Liabilities:	
(Decrease) in Unearned Revenue	(438)
(Decrease) in Accounts Payable	(3,964)
(Increase) in Inventory	(796)
	(796)
Net Cash Used for Operating Activities	
	\$ (117,560)

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$12,735 and utilized U.S.D.A. Commodities valued at \$13,660.

FIDUCIARY FUNDS

WARREN HILLS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

	<u>Agency</u>		<u>Total Agency</u>		<u>Unemployment Compensation Trust</u>	<u>Flexible Spending Trust</u>	<u>Private Purpose Scholarship Trust</u>	<u>Totals</u>
	<u>Student Activities</u>	<u>Payroll</u>		<u>Agency</u>				
<u>ASSETS:</u>								
Cash and Cash Equivalents	\$ 205,013	\$ 290,754	\$ 495,767	\$ 160,164	\$ 18,272	\$ 149,094	\$ 823,297	
Investments						231,334	231,334	
Interfund Receivable:								
Unemployment Compensation Trust		5,692	5,692				5,692	
Other Accounts Receivable					3,242		3,242	
Total Assets	205,013	296,446	501,459	160,164	21,514	380,428	1,063,565	
<u>LIABILITIES:</u>								
Payroll Deductions and Withholdings		296,446	296,446				296,446	
Due to Student Groups	178,954		178,954				178,954	
Interfund Payable								
General Fund	26,059		26,059		13,488		39,547	
Payroll Agency Fund				5,692			5,692	
Total Liabilities	205,013	296,446	501,459	5,692	13,488		520,639	
<u>NET POSITION:</u>								
Held in Trust for:								
Unemployment Claims				154,472			154,472	
Flexible Spending Claims					8,026		8,026	
Restricted for Scholarships						380,428	380,428	
Total Net Position	\$ -0-	\$ -0-	\$ -0-	\$ 154,472	\$ 8,026	\$ 380,428	\$ 542,926	

WARREN HILLS REGIONAL SCHOOL DISTRICT
FIDUCIARY FUND
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Unemployment Compensation Trust	Flexible Spending Trust	Private Purpose Scholarship Trust	Totals
ADDITIONS:				
Contributions:				
Plan Members	\$ 38,896	\$ 53,550		\$ 92,446
Donations			\$ 9,796	9,796
Total Contributions	<u>38,896</u>	<u>53,550</u>	<u>9,796</u>	<u>102,242</u>
Investment Earnings:				
Interest			2,081	2,081
Net Investment Earnings			2,081	2,081
Total Additions	<u>38,896</u>	<u>53,550</u>	<u>11,877</u>	<u>104,323</u>
DEDUCTIONS:				
Unemployment Claims	55,277			55,277
Scholarships Awarded			8,300	8,300
Flexible Spending Claims		52,533		52,533
Total Deductions	<u>55,277</u>	<u>52,533</u>	<u>8,300</u>	<u>116,110</u>
Change in Net Position Before Other Item	(16,381)	1,017	3,577	(11,787)
OTHER ITEM:				
Transfer to General Fund		(1,519)		(1,519)
Change in Net Position	(16,381)	(502)	3,577	(13,306)
Net Position - Beginning of the Year	<u>170,853</u>	<u>8,528</u>	<u>376,851</u>	<u>556,232</u>
Net Position - End of the Year	<u>\$ 154,472</u>	<u>\$ 8,026</u>	<u>\$ 380,428</u>	<u>\$ 542,926</u>

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 170,890	\$ 691,165	\$ 657,042	\$ 205,013
Total Assets	<u>\$ 170,890</u>	<u>\$ 691,165</u>	<u>\$ 657,042</u>	<u>\$ 205,013</u>
 <u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 170,890	\$ 665,106	\$ 657,042	\$ 178,954
Interfund Payable:				
General Fund		26,059		26,059
Total Liabilities	<u>\$ 170,890</u>	<u>\$ 691,165</u>	<u>\$ 657,042</u>	<u>\$ 205,013</u>

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 76,553	\$ 22,293,468	\$ 22,079,267	\$ 290,754
Interfund Receivable:				
Unemployment Compensation Trust		5,692		5,692
Total Assets	<u>\$ 76,553</u>	<u>\$ 22,299,160</u>	<u>\$ 22,079,267</u>	<u>\$ 296,446</u>
<u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 49,086	\$ 22,299,160	\$ 22,051,800	\$ 296,446
Interfund Payable:				
Unemployment Compensation Trust	27,367		27,367	
Flexible Spending Trust	100		100	
Total Liabilities	<u>\$ 76,553</u>	<u>\$ 22,299,160</u>	<u>\$ 22,079,267</u>	<u>\$ 296,446</u>

LONG-TERM DEBT

WARREN HILLS REGIONAL SCHOOL DISTRICT
LONG-TERM DEBT
SCHEDULE OF SERIAL BONDS PAYABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Purpose	Date of Issue	Original Issue	Maturities of				Balance July 1, 2017	Matured	Balance June 30, 2018
			Date	Amount	Interest Rate	Bonds Outstanding June 30, 2018			
2009 School Bonds	03/19/09	\$ 5,494,000	2/15/19	\$ 400,000	3.75%				
			2/15/20	420,000	3.75%				
			2/15/21	435,000	4.00%				
			2/15/22	450,000	4.00%				
			2/15/23	470,000	4.00%				
			2/15/24	489,000	4.13%	\$ 3,049,000	\$ 385,000	\$ 2,664,000	
2012 Refunding Bonds	06/06/12	17,335,000	2/15/19	1,165,000	5.00%				
			2/15/20	1,270,000	4.25%				
			2/15/21	1,330,000	5.00%				
			2/15/22	1,405,000	5.00%				
			2/15/23	1,480,000	5.00%				
			2/15/24	1,565,000	4.00%				
			2/15/25	1,635,000	4.00%				
		2/15/26	1,705,000	4.00%					
			2/15/27	1,775,000	4.00%	14,445,000	1,115,000	13,330,000	
						\$ 17,494,000	\$ 1,500,000	\$ 15,994,000	

WARREN HILLS REGIONAL SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE 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	\$ 2,189,882		\$ 2,189,882	\$ 2,189,882	
State Sources:					
Debt Service Aid - Type II	17,130		17,130	17,130	
Total Revenues	2,207,012		2,207,012	2,207,012	
EXPENDITURES:					
Regular Debt Service:					
Interest on Bonds	754,334	\$ (1)	754,333	754,333	
Redemption of Principal	1,500,000		1,500,000	1,500,000	
Total Regular Debt Service	2,254,334	(1)	2,254,333	2,254,333	
Total Expenditures	2,254,334	(1)	2,254,333	2,254,333	
Deficit of Revenues Under Expenditures	(47,322)	1	(47,321)	(47,321)	
Fund Balance, July 1	47,322		47,322	47,322	
Fund Balance, June 30	\$ -0-	\$ 1	\$ 1	\$ 1	\$ -0-
<u>Recapitulation:</u>					
Restricted				\$ 1	\$ 1

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

Purpose	Interest Rate	Original Issue	Balance July 1, 2017	Matured	Balance June 30, 2018
Computer Networking Upgrades	2.87%	\$ 360,811	\$ 121,102	\$ 121,102	
140 iMacs, 782 MacBook Pros and 12 iPad Air 2's	0.50%	1,121,147	373,713	373,713	
School Buses, Maintenance Vehicles and Maintenance Equipment	1.47%	362,562	288,224	70,487	\$ 217,737
Technology Equipment	1.36%	250,000	165,701	82,291	83,410
Security Equipment	1.51%	707,884	557,884	136,346	421,538
			<u>\$ 1,506,624</u>	<u>\$ 783,939</u>	<u>\$ 722,685</u>

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$ 17,929,501	\$ 20,519,431	\$ 21,898,013	\$ 24,359,855	\$ 26,501,040	\$ 27,224,466	\$ 28,561,105	\$ 28,369,778	\$ 29,912,495	\$ 32,722,525
Restricted	6,398,143	5,541,099	6,438,182	9,070,094	10,473,542	10,315,660	10,278,076	9,918,463	5,983,676	6,316,779
Unrestricted/(Deficit)	(719,159)	(503,822)	807,416	(989,884)	(1,301,587)	(7,707,076)	(8,735,277)	(8,976,705)	(7,220,439)	(10,142,604)
Total Governmental Activities Net Position	\$ 23,608,485	\$ 25,556,708	\$ 29,143,611	\$ 32,440,065	\$ 35,672,995	\$ 29,833,050	\$ 30,103,904	\$ 29,311,536	\$ 28,675,732	\$ 28,896,700
Business-Type Activities										
Investment in Capital Assets	\$ 22,657	\$ 84,157	\$ 73,031	\$ 115,682	\$ 102,625	\$ 97,892	\$ 210,733	\$ 207,992	\$ 188,880	\$ 179,572
Unrestricted	328,125	348,987	357,548	348,908	316,274	296,984	150,661	150,056	165,435	195,512
Total Business-Type Activities Net Position	\$ 350,782	\$ 433,144	\$ 430,579	\$ 464,590	\$ 418,899	\$ 394,876	\$ 361,394	\$ 358,048	\$ 354,315	\$ 375,084
District-Wide										
Net Investment in Capital Assets	\$ 17,952,158	\$ 20,603,588	\$ 21,971,044	\$ 24,475,537	\$ 26,603,665	\$ 27,322,358	\$ 28,771,838	\$ 28,577,770	\$ 30,101,375	\$ 32,902,097
Restricted	6,398,143	5,541,099	6,438,182	9,070,094	10,473,542	10,315,660	10,278,076	9,918,463	5,983,676	6,316,779
Unrestricted/(Deficit)	(391,034)	(154,835)	1,164,964	(640,976)	(985,313)	(7,410,092)	(8,584,616)	(8,826,649)	(7,055,004)	(9,947,092)
Total District Net Position	\$ 23,959,267	\$ 25,989,852	\$ 29,574,190	\$ 32,904,655	\$ 36,091,894	\$ 30,227,926	\$ 30,465,298	\$ 29,669,584	\$ 29,030,047	\$ 29,271,784

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Instruction										
Regular	\$ 1,791,478	\$ 1,709,421	\$ 1,206,331	\$ 1,073,266	\$ 1,801,733	\$ 1,908,152	\$ 2,237,895	\$ 2,008,981	\$ 1,980,295	\$ 1,865,297
Special Education	3,803,915	4,151,207	3,539,844	3,945,711	4,477,321	4,659,362	5,446,900	5,400,837	5,840,622	5,978,620
Other Special Education	694,896	665,721	676,078	631,931	617,809	760,728	663,082	997,805	936,556	738,475
Other Instruction	279,110	154,162	134,947	143,352	26,765	33,356	41,319	3,096	1,394	543
Support Services:	1,251,581	1,344,662	1,212,406	1,359,415	1,327,175	1,382,796	1,488,898	1,383,084	1,494,982	1,547,884
Tuition	1,791,478	1,709,421	1,206,331	1,073,266	1,801,733	1,908,152	2,237,895	2,008,981	1,980,295	1,865,297
Student & Instruction Related Services	3,803,915	4,151,207	3,539,844	3,945,711	4,477,321	4,659,362	5,446,900	5,400,837	5,840,622	5,978,620
General Administrative Services	694,896	665,721	676,078	631,931	617,809	760,728	663,082	997,805	936,556	738,475
School Administrative Services	1,797,923	1,831,423	1,634,343	1,611,543	1,619,953	1,751,868	2,007,473	2,215,171	2,366,439	2,159,265
Central Services	490,597	502,350	520,993	528,758	551,688	550,739	658,195	563,814	612,895	752,855
Administrative Information Technology	620,060	602,902	503,682	551,563	469,787	312,120	356,401	362,002	368,677	413,741
Plant Operations And Maintenance	3,168,631	3,441,414	3,022,276	2,803,793	2,784,501	3,177,264	3,209,050	3,583,254	3,831,444	3,969,045
Pupil Transportation	1,786,098	1,515,001	1,683,674	1,438,029	1,557,321	1,661,141	1,792,485	2,416,108	2,134,332	2,098,835
Capital Outlay	2,974	5,707	142,475	316,126	138,098	193,019	196,063	685,332	634,505	580,298
Interest On Long-Term Debt	965,859	1,162,752	1,126,169	807,376	648,107	1,004,164	724,466			
Transfer of Funds to Charter School	15,919	20,632								
Unallocated Depreciation	397,090	445,996								
Total Governmental Activities Expenses	\$ 34,277,433	\$ 34,769,667	\$ 32,785,759	\$ 32,713,607	\$ 33,505,670	\$ 35,814,041	\$ 40,274,021	\$ 43,380,436	\$ 47,615,452	\$ 48,447,899
Business-Type Activities:										
Food Service	\$ 561,547	\$ 493,355	\$ 467,434	\$ 509,470	\$ 501,943	\$ 495,675	\$ 505,094	\$ 507,071	\$ 511,090	\$ 535,831
Total Business-Type Activities Expense	\$ 561,547	\$ 493,355	\$ 467,434	\$ 509,470	\$ 501,943	\$ 495,675	\$ 505,094	\$ 507,071	\$ 511,090	\$ 535,831
Total District Expenses	\$ 34,838,980	\$ 35,263,022	\$ 33,253,193	\$ 33,223,077	\$ 34,007,613	\$ 36,309,716	\$ 40,779,115	\$ 43,887,507	\$ 48,126,542	\$ 48,983,730
Program Revenues										
Governmental Activities:										
Charges For Services:										
Instruction	\$ 272,787	\$ 312,493	\$ 238,177	\$ 1,859,394	\$ 1,423,477	\$ 1,499,897	\$ 1,617,275	\$ 1,584,567	\$ 1,474,957	\$ 1,478,606
Pupil Transportation	4,672,964	4,641,021	4,487,590	4,832,765	4,788,921	4,452,207	7,832,917	261,360	277,700	278,531
Operating Grants and Contributions		1,734,177	674,683	90,323	75,616			9,461,362	12,349,618	13,778,495
Capital Grants and Contributions									470,444	
Total Governmental Activities Program Revenues	\$ 4,945,751	\$ 6,687,691	\$ 5,400,450	\$ 7,007,703	\$ 6,547,642	\$ 6,218,640	\$ 9,708,163	\$ 11,307,289	\$ 14,572,719	\$ 15,535,632

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

UNAUDITED
(Continued)

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues										
Business-Type Activities:										
Charges for Services	\$ 418,037	\$ 392,467	\$ 353,609	\$ 368,653	\$ 317,409	\$ 322,227	\$ 314,224	\$ 333,333	\$ 337,333	\$ 390,697
Food Service	97,610	112,888	111,117	116,226	137,015	148,608	156,602	169,880	169,184	163,613
Operating Grants and Contributions	515,647	505,355	464,726	484,879	454,424	470,835	470,826	503,213	506,517	554,310
Total Business Type Activities Program Revenues	\$ 5,461,398	\$ 7,193,046	\$ 5,865,176	\$ 7,492,582	\$ 7,002,066	\$ 6,689,475	\$ 10,178,989	\$ 11,810,502	\$ 15,079,236	\$ 16,089,942
Total District Program Revenues										
Net (Expense)/Revenue	\$ (29,331,682)	\$ (28,081,976)	\$ (27,385,309)	\$ (25,705,904)	\$ (26,958,028)	\$ (29,595,401)	\$ (30,565,858)	\$ (32,073,147)	\$ (33,042,733)	\$ (32,912,267)
Governmental Activities	(45,900)	12,000	(2,708)	(24,591)	(47,519)	(24,840)	(34,268)	(3,858)	(4,573)	18,479
Business-Type Activities	\$ (29,377,582)	\$ (28,069,976)	\$ (27,388,017)	\$ (25,730,495)	\$ (27,005,547)	\$ (29,620,241)	\$ (30,600,126)	\$ (32,077,005)	\$ (33,047,306)	\$ (32,893,788)
Total District-Wide Net Expense										
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes, Net	\$ 17,573,824	\$ 18,305,479	\$ 18,537,698	\$ 18,658,452	\$ 19,031,621	\$ 19,031,621	\$ 19,412,253	\$ 19,800,498	\$ 20,646,591	\$ 21,298,059
Taxes Levied for Debt Service	1,479,966	1,590,130	1,779,464	1,930,302	2,086,385	2,105,862	1,964,506	2,011,364	2,155,917	2,189,882
Tuition Charges	1,364,420	1,624,904	2,055,177							
Federal and State Aid not Restricted	14,115,507	8,250,862	8,491,627	9,050,371	9,272,508	9,384,348	9,387,427	9,380,077	9,461,106	9,464,714
Investment Earnings	93,359	32,466	20,223	72,145	55,177	45,826	44,819	39,444	48,474	83,483
Miscellaneous Income	135,205	96,710	88,023	163,141	53,336	138,920	27,650	49,216	94,773	95,579
Reappraisal of Assets		129,648		438,797						
Contribution for Bond Refunding				(1,500,000)						
Transfers						251	57	180	68	1,518
Total Governmental Activities	\$ 34,762,281	\$ 30,030,199	\$ 30,972,212	\$ 28,813,208	\$ 30,499,027	\$ 30,706,828	\$ 30,836,712	\$ 31,280,779	\$ 32,406,929	\$ 33,133,235
Business-Type Activities:										
Investment Earnings	2,370	445	143	2,996	1,828	817	786	512	840	2,290
Deletion of Capital Assets, Net of Accumulated Depreciation				(1,580)						
Reappraisal of Assets		69,917		41,186						
Total Business-Type Activities	\$ 2,370	\$ 70,362	\$ 143	\$ 42,602	\$ 1,828	\$ 817	\$ 786	\$ 512	\$ 840	\$ 2,290
Total District-Wide	\$ 34,764,651	\$ 30,100,561	\$ 30,972,355	\$ 28,855,810	\$ 30,500,855	\$ 30,707,645	\$ 30,837,498	\$ 31,281,291	\$ 32,407,769	\$ 33,135,525
Change in Net Position:										
Governmental Activities	\$ 5,430,599	\$ 1,948,223	\$ 3,586,903	\$ 3,107,304	\$ 3,540,999	\$ 1,111,427	\$ 270,854	\$ (792,368)	\$ (635,804)	\$ 220,968
Business-Type Activities	(43,530)	82,362	(2,565)	18,011	(45,691)	(24,023)	(33,482)	(3,346)	(3,733)	20,769
Total District	\$ 5,387,069	\$ 2,030,585	\$ 3,584,338	\$ 3,125,315	\$ 3,495,308	\$ 1,087,404	\$ 237,372	\$ (795,714)	\$ (639,537)	\$ 241,737

Source: School District Financial Reports

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

	June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved/Restricted	\$ 5,625,897	\$ 4,855,188	\$ 6,174,462	\$ 8,748,012	\$ 10,193,678	\$ 10,035,904	\$ 10,128,625	\$ 9,871,141	\$ 5,936,354	\$ 6,316,778
Assigned			1,194,333	1,501,554	1,415,017	824,020	685,570	622,613	3,072,549	355,105
Unassigned			156,873			21,407				
Unreserved	57,857	118,800								
Total General Fund	<u>\$ 5,683,754</u>	<u>\$ 4,973,988</u>	<u>\$ 7,525,668</u>	<u>\$ 10,249,566</u>	<u>\$ 11,608,695</u>	<u>\$ 10,881,331</u>	<u>\$ 10,814,195</u>	<u>\$ 10,493,754</u>	<u>\$ 9,008,903</u>	<u>\$ 6,671,883</u>
All Other Governmental Funds										
Reserved/Restricted	\$ 25,244	\$ 276,419	\$ 2,116,472	\$ 188,133	\$ 279,864	\$ 279,756	\$ 179,756	\$ 47,322	\$ 47,322	\$ 1
Committed			43,626	133,949		933,263				
Unreserved/Unassigned, Reported In:										
Capital Projects Fund (Deficit)	6,629,505	3,770,753					(30,305)	(57,834)		
Debt Service Fund	772,246	444,515								
Total All Other Governmental Funds/(Deficit)	<u>\$ 7,426,995</u>	<u>\$ 4,491,687</u>	<u>\$ 2,160,098</u>	<u>\$ 322,082</u>	<u>\$ 279,864</u>	<u>\$ 1,213,019</u>	<u>\$ 149,451</u>	<u>\$ (10,512)</u>	<u>\$ 47,322</u>	<u>\$ 1</u>
Total All Funds:										
Reserved/Restricted	\$ 5,651,141	\$ 5,131,607	\$ 8,290,934	\$ 8,936,145	\$ 10,473,542	\$ 10,315,660	\$ 10,308,381	\$ 9,918,463	\$ 5,983,676	\$ 6,316,779
Committed			43,626	133,949		933,263				
Assigned			1,194,333	1,501,554	1,415,017	824,020	685,570	622,613	3,072,549	355,105
Unassigned/(Deficit)			156,873			21,407	(30,305)	(57,834)		
Unreserved	7,459,608	4,334,068								
Total All Governmental Funds	<u>\$ 13,110,749</u>	<u>\$ 9,465,675</u>	<u>\$ 9,685,766</u>	<u>\$ 10,571,648</u>	<u>\$ 11,888,559</u>	<u>\$ 12,094,350</u>	<u>\$ 10,963,646</u>	<u>\$ 10,483,242</u>	<u>\$ 9,056,225</u>	<u>\$ 6,671,884</u>

Source: School District Financial Reports

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Tax Levy	\$ 19,053,790	\$ 19,895,609	\$ 20,317,162	\$ 20,588,754	\$ 21,118,006	\$ 21,137,483	\$ 21,376,759	\$ 21,811,862	\$ 22,802,508	\$ 23,487,941
Tuition Charges	1,364,420	1,624,904	2,055,177	1,859,394	1,423,477	1,499,897	1,617,275	1,584,567	1,474,957	1,478,606
Transportation Fees from Other LEAs	272,787	312,493	238,177	225,221	259,628	266,536	257,971	261,360	277,700	278,531
Interest Earnings	17,557	10,211	5,156	19,538	18,582	18,173	18,003	18,854	14,737	33,043
Other Restricted Miscellaneous Revenue	7,955	11,804	25,319	39,805	16,725	11,131	3,149	12,063	10,931	35,320
Unrestricted Miscellaneous Revenue	203,052	107,161	78,427	177,078	75,140	156,217	54,322	66,603	118,352	116,504
State Sources	18,213,635	12,204,734	12,749,581	12,761,047	13,568,276	13,290,259	13,685,984	14,265,030	15,238,346	15,593,047
Federal Sources	574,836	2,421,326	903,663	1,211,277	566,835	545,521	572,921	632,972	651,159	609,153
Total Revenue	39,708,032	36,588,242	36,372,662	36,882,114	37,046,669	36,925,217	37,586,384	38,653,311	40,588,690	41,632,145
Expenditures										
Instruction										
Regular Instruction	9,348,698	9,760,517	8,974,026	9,171,438	9,384,673	9,929,359	10,209,236	10,445,191	10,439,908	10,407,091
Special Education Instruction	3,363,277	3,014,955	3,228,870	2,742,803	2,713,408	2,959,441	2,831,246	2,983,944	3,558,648	3,380,550
Other Special Instruction	201,510	110,690	92,591	96,085	20,297	26,480	34,344	3,096	1,394	543
Other Instruction	1,095,397	1,123,489	990,237	1,100,377	1,097,730	1,148,890	1,229,904	1,151,253	1,223,820	1,277,220
Support Services:										
Tuition	1,791,478	1,709,421	1,206,331	1,073,266	1,801,733	1,908,152	2,237,895	2,008,981	1,980,295	1,865,297
Student & Instruction Related Services	2,948,014	3,199,499	2,636,131	3,004,432	3,406,965	3,584,677	3,762,933	4,040,591	4,072,879	4,213,092
General Administration Services	597,500	557,986	571,634	514,378	506,808	636,191	532,428	717,249	715,768	524,448
School Administration Services	1,370,340	1,349,438	1,173,674	1,128,760	1,145,971	1,275,743	1,288,241	1,211,865	1,264,949	1,147,085
Central Services	371,915	377,222	371,668	377,144	396,222	415,757	468,591	379,234	384,207	485,248
Administrative Information Technology	546,395	516,377	446,849	483,817	426,105	303,709	347,210	319,849	381,695	357,788
Plant Operations And Maintenance	2,787,643	3,071,901	2,597,386	2,395,061	2,414,745	2,794,520	2,818,202	2,934,826	3,343,597	3,942,754
Pupil Transportation	1,747,635	1,478,685	1,642,067	1,401,887	1,516,258	1,580,793	1,711,448	1,807,548	1,895,355	1,929,470
Unallocated Benefits	6,648,931	6,895,538	7,145,792	7,710,035	7,581,264	7,174,221	7,668,082	8,065,335	8,761,017	9,837,218
Capital Outlay	4,988,503	4,898,588	3,043,394	1,393,753	1,305,813	858,723	1,495,739	2,408,979	3,139,680	2,395,867
Transfer of Funds to Charter School	15,919	20,632								
Debt Service:										
Principal	1,215,000	1,015,000	905,000	1,005,000	1,250,000	1,180,000	1,185,000	1,285,000	1,365,000	1,500,000
Interest And Other Charges	979,369	1,133,378	1,126,921	1,092,246	761,746	943,021	896,646	858,509	808,009	754,333
Total Expenditures	40,017,524	40,233,316	36,152,571	34,690,482	35,729,758	36,719,677	38,717,145	40,621,450	43,336,221	44,018,004
Excess (Deficiency) Of Revenues										
Over (Under) Expenditures	(309,492)	(3,645,074)	220,091	2,191,632	1,316,911	205,540	(1,130,761)	(1,968,139)	(2,747,531)	(2,385,859)

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

	Fiscal Year Ending June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
Other Financing Sources/(Uses)										
Bond Sale Proceeds	\$ 5,494,000									
Contribution for Bond Refunding				\$ (1,500,000)						
Long Term Debt Issued				17,335,000						
Bond Premium				2,484,721						
Serial Bonds Defeased				(19,625,000)						
Bond Issuance Costs				(165,213)						
Deferred Interest				1,500,000						
Debt Service Contribution				194,250						
Capital Leases (Non-Budgeted)				1,500,107						
Transfers In	48,031	\$ 366,565	\$ 77,690	1,500,107	\$ 92,604	\$ 1,084,766	\$ 57	\$ 1,487,555	\$ 1,320,446	\$ 1,518
Transfers Out	(48,031)	(366,565)	(77,690)	(1,500,107)	(92,604)	(1,084,515)		180	68	
Total Other Financing Sources/(Uses)	5,494,000			(1,305,750)	251	57	57	1,487,735	1,320,514	1,518
Net Change In Fund Balances	\$ 5,184,508	\$ (3,645,074)	\$ 220,091	\$ 885,882	\$ 1,316,911	\$ 205,791	\$ (1,130,704)	\$ (480,404)	\$ (1,427,017)	\$ (2,384,341)
Debt Service As A Percentage Of Noncapital Expenditures	6.26%	6.08%	6.14%	6.30%	5.84%	5.92%	5.59%	5.35%	5.35%	5.46%

Source: School District Financial Reports

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

Fiscal Year Ending June 30	Tuition	Transportation Fees	Interest on Investments	Use of Facilities/ Rentals	Miscellaneous	Total
2009	\$ 1,364,420	\$ 272,787	\$ 54,961	\$ 7,955	\$ 127,250	\$ 1,827,373
2010	1,624,904	312,493	26,350	11,804	84,906	2,060,457
2011	2,055,177	238,177	19,644	25,319	62,704	2,401,021
2012	1,859,394	225,221	72,145	39,805	123,229	2,319,794
2013	1,423,477	259,628	55,177	16,725	36,611	1,791,618
2014	1,499,897	266,536	45,826	11,131	127,789	1,951,179
2015	1,617,275	257,971	44,819	3,149	24,501	1,947,715
2016	1,584,567	261,360	39,444	12,063	37,153	1,934,587
2017	1,474,957	277,700	48,474	10,931	83,842	1,895,904
2018	1,478,606	278,531	83,483	35,320	60,259	1,936,199

Source: Warren Hills Regional School District records

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

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
<u>Franklin Township</u>													
2008	\$ 6,012,600	\$ 292,976,100	\$ 48,390,200	\$ 5,110,225	\$ 32,985,700	\$ 31,274,600	\$ 306,300	\$ 417,055,725	\$ 36,360,100	\$ 949,522	\$ 418,005,247	\$ 0.75	\$ 482,869,453
2009	6,267,600	294,741,100	48,434,700	5,055,805	33,199,300	31,199,800	306,300	419,204,605	37,255,420	969,682	420,174,287	0.80	468,160,765
2010	5,875,000	294,234,600	51,517,400	5,093,305	33,139,800	31,199,800	306,300	421,366,205	37,813,920	1,010,638	422,376,843	0.87	473,343,816
2011	6,238,200	291,200,700	53,529,700	5,029,405	32,839,800	31,024,800	306,300	420,188,905	38,584,420	942,686	421,131,591	0.89	444,729,171
2012	4,438,400	292,209,000	53,550,700	5,053,215	32,503,800	30,969,000	306,300	419,030,415	38,663,220	978,714	420,009,129	0.92	423,287,926
2013	4,130,400	286,559,100	53,823,900	5,102,815	32,526,600	30,969,000	306,300	413,418,115	39,090,620	914,996	414,333,111	0.94	398,392,069
2014	4,128,700	287,884,400	52,492,300	5,039,395	32,514,600	30,829,000	306,300	413,194,695	39,090,620	692,328	413,887,023	0.94	413,887,023
2015	4,181,700	289,296,400	51,344,000	4,894,295	32,364,200	30,829,000	306,300	413,215,895	39,428,320	463,886	413,679,781	0.99	389,508,561
2016	4,403,700	288,535,000	52,484,600	5,050,195	32,273,800	30,829,000	306,300	413,882,595	39,306,220	440,526	414,323,121	0.97	385,027,582
2017	4,217,600	288,396,600	52,274,300	5,065,195	32,611,100	30,837,300	306,300	413,708,395	39,462,320	434,313	414,142,708	1.04	410,504,041
<u>Mansfield Township</u>													
2008	\$ 15,458,200	\$ 431,684,500	\$ 50,829,400	\$ 2,668,700	\$ 94,972,200	\$ 16,094,300	\$ 49,799,900	\$ 661,507,200	\$ 63,116,650	\$ 1,304,575	\$ 662,811,775	\$ 0.86	\$ 949,452,468
2009	13,896,400	431,329,200	51,820,800	3,612,000	94,831,500	16,094,300	49,799,900	661,384,100	63,590,580	1,335,310	662,719,410	0.91	905,107,088
2010	12,975,500	430,605,100	51,652,000	2,903,275	95,113,500	16,100,300	40,656,000	650,005,675	64,961,380	1,434,922	651,440,597	0.89	891,558,434
2011	12,083,200	430,604,600	51,652,000	2,959,050	95,234,500	16,100,300	40,656,000	649,289,650	65,924,380	1,262,054	650,551,704	0.90	837,465,335
2012	11,755,100	425,685,800	55,172,200	2,943,150	95,234,500	16,099,500	40,656,000	647,546,250	67,624,380	1,346,173	648,892,423	0.90	765,722,084
2013	11,751,900	424,374,700	54,693,000	2,782,050	90,238,000	16,099,500	40,656,000	640,595,150	67,675,180	1,315,776	641,910,926	0.92	725,936,357
2014	10,220,500	404,138,600	54,345,900	3,544,000	108,831,100	17,129,400	66,001,000	664,210,500	72,990,900	1,017,159	665,227,659	0.87	684,976,372
2015	10,653,600	404,308,500	54,221,800	3,476,790	108,509,200	17,493,500	66,001,000	664,664,390	72,720,600	954,436	665,618,826	0.90	693,428,255
2016	9,501,000	408,991,800	52,751,300	4,246,265	116,176,000	17,323,500	66,001,000	674,990,865	68,900,700	862,441	675,853,306	0.96	715,449,372
2017	16,515,150	409,053,900	52,604,700	3,342,165	115,894,250	17,323,500	60,062,400	674,796,065	68,448,400	804,295	675,600,360	1.01	719,190,103
<u>Washington Borough</u>													
2008	\$ 9,560,900	\$ 283,120,160	\$ 437,600	\$ 5,300	\$ 48,586,900	\$ 16,823,900	\$ 22,783,000	\$ 381,317,760	\$ 29,975,825	\$ 2,045,030	\$ 383,362,790	\$ 1.10	\$ 595,390,516
2009	8,457,100	278,216,160	437,600	5,300	48,064,100	16,823,900	22,283,000	374,287,160	33,852,325	2,099,466	376,386,626	1.11	583,997,868
2010	6,827,300	278,559,460	437,600	5,300	47,575,200	16,823,900	21,890,900	372,119,660	32,932,625	2,133,964	374,253,624	1.12	583,927,229
2011	5,350,500	278,666,860	437,600	5,300	47,429,000	16,323,400	21,890,900	370,103,560	31,906,225	2,045,901	372,149,461	1.14	577,042,195
2012	5,303,400	278,655,460	437,600	5,300	46,893,500	16,323,400	21,890,900	369,509,560	31,331,625	2,259,339	371,768,899	1.10	521,268,396
2013	3,861,800	283,660,960	437,600	5,300	45,295,800	16,323,400	19,350,900	368,935,760	30,736,425	1,973,565	370,909,325	1.09	475,996,770
2014	3,519,500	285,790,960	437,600	5,300	45,255,400	16,323,400	19,350,900	370,683,060	31,893,625	1,807,822	372,490,882	1.12	463,639,899
2015	2,340,900	290,037,560	437,600	10,100	43,632,300	14,766,600	18,450,900	369,675,960	33,944,425	1,968,788	371,644,748	1.08	443,330,536
2016	1,792,100	287,893,160	437,600	10,100	44,069,600	13,894,600	18,389,700	366,486,860	33,266,625	1,948,907	368,435,767	1.15	441,651,116
2017	1,338,300	288,717,900	437,600	10,100	43,451,500	13,714,300	18,773,700	366,443,400	33,421,225	1,876,471	368,319,871	1.25	457,795,613

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

Year Ended Dec. 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Tax-Exempt Property	Public Utilities ^a	Net Valuation Taxable	Total Direct School Tax Rate ^b	Estimated Actual (County Equalized Value)
2008	\$ 12,393,800	\$ 555,261,299	\$ 23,399,000	\$ 2,416,625	\$ 67,642,300	\$ 3,501,200	\$ 1,880,300	\$ 666,494,524	\$ 57,633,148	\$ 1,451,823	\$ 667,946,347	0.89	\$ 916,654,088
2009	11,825,300	558,724,549	25,067,700	2,221,900	67,930,800	3,501,200	1,880,300	671,151,749	57,381,248	1,532,660	672,684,409	0.94	903,417,149
2010	11,583,100	559,661,851	25,506,800	2,366,600	68,327,500	3,501,200	1,780,300	672,727,351	57,198,448	1,538,722	674,266,073	0.99	907,913,314
2011	11,030,400	561,000,051	24,688,300	2,272,900	72,406,800	3,501,200	1,780,300	676,679,951	57,883,448	1,351,053	678,031,004	1.00	870,082,342
2012	10,920,500	560,621,701	25,051,400	2,290,500	74,188,700	3,495,900	1,780,300	678,349,001	57,795,648	1,405,013	679,754,014	1.07	826,466,429
2013	10,364,300	558,903,101	26,397,900	2,399,300	75,759,900	3,445,900	1,780,300	679,050,701	57,457,248	1,216,440	680,267,141	1.07	784,880,638
2014	10,399,600	557,929,101	26,422,900	2,410,900	75,491,100	3,445,900	1,780,300	677,879,801	58,674,448	984,686	678,864,487	1.11	741,130,019
2015	11,107,000	557,507,301	25,814,400	2,465,700	77,247,900	3,445,900	1,780,300	679,368,501	56,679,148	100	679,368,601	1.14	730,164,989
2016	10,778,500	557,463,501	26,272,400	2,595,000	77,981,800	3,445,900	1,685,900	680,223,001	59,366,048	930,263	681,153,264	1.18	725,063,215
2017	10,670,500	556,977,408	26,323,600	2,585,000	78,268,768	3,573,300	1,685,900	680,084,476	59,588,748	951,010	681,035,486	1.13	700,881,018

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

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

b Tax rates are per \$100 of Assessed Valuation

Source: Municipal Tax Assessors

WARREN HILLS REGIONAL SCHOOL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES

LAST TEN YEARS

UNAUDITED

(rate per \$100 of assessed value)

TOWNSHIP OF FRANKLIN

Year Ended December 31,	Warren Hills Regional Board of Education							Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates		Warren County	
	Basic Rate ^a	Debt Service ^b	Total Direct		Township of Franklin			
2008	\$ 0.69	\$ 0.06	\$ 0.75	\$ 0.96	\$ 0.20	\$ 0.70	\$ 2.61	
2009	0.74	0.06	0.80	0.94	0.23	0.69	2.66	
2010	0.80	0.08	0.87	0.95	0.24	0.69	2.75	
2011	0.81	0.08	0.89	0.96	0.24	0.67	2.76	
2012	0.83	0.09	0.92	0.96	0.22	0.68	2.78	
2013	0.85	0.09	0.94	0.94	0.22	0.69	2.79	
2014	0.85	0.09	0.94	0.96	0.25	0.72	2.86	
2015	0.90	0.09	0.99	0.96	0.27	0.73	2.95	
2016	0.87	0.09	0.97	0.95	0.26	0.71	2.89	
2017	0.95	0.10	1.04	0.94	0.27	0.76	3.02	

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

TOWNSHIP OF MANSFIELD								
Warren Hills Regional Board of Education								
Year Ended December 31,	Direct Rate			Local School District	Overlapping Rates		Total Direct and Overlapping Tax Rate	
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct		Township of Mansfield	Warren County		
2008	\$ 0.80	\$ 0.07	\$ 0.86	\$ 0.75	\$ 0.39	\$ 0.87	\$ 2.88	
2009	0.83	0.07	0.91	0.73	0.45	0.89	2.98	
2010	0.81	0.08	0.89	0.78	0.52	0.84	3.03	
2011	0.81	0.08	0.90	0.80	0.56	0.82	3.07	
2012	0.81	0.09	0.90	0.80	0.58	0.80	3.08	
2013	0.83	0.09	0.92	0.79	0.59	0.81	3.10	
2014	0.79	0.08	0.87	0.79	0.61	0.79	3.05	
2015	0.81	0.08	0.90	0.84	0.61	0.81	3.15	
2016	0.87	0.09	0.96	0.83	0.62	0.81	3.22	
2017	0.92	0.09	1.01	0.85	0.62	0.81	3.29	

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

BOROUGH OF WASHINGTON									
Warren Hills Regional Board of Education									
Year Ended December 31,	Direct Rate			Local School District	Overlapping Rates		Total Direct and Overlapping Tax Rate		
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct		Borough of Washington	Warren County			
2008	\$ 1.02	\$ 0.09	\$ 1.10	\$ 1.00	\$ 1.05	\$ 0.86	\$ 4.03		
2009	1.02	0.09	1.11	1.06	1.24	0.86	4.27		
2010	1.02	0.10	1.12	1.08	1.42	0.87	4.49		
2011	1.03	0.11	1.14	1.12	1.50	0.91	4.67		
2012	0.99	0.11	1.10	1.15	1.50	0.86	4.60		
2013	0.99	0.11	1.09	1.15	1.48	0.85	4.57		
2014	1.02	0.10	1.12	1.23	1.46	0.89	4.70		
2015	0.98	0.10	1.08	1.26	1.46	0.86	4.66		
2016	1.05	0.11	1.15	1.33	1.47	0.85	4.80		
2017	1.13	0.12	1.25	1.35	1.49	0.88	4.97		

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

TOWNSHIP OF WASHINGTON

Year Ended December 31,	Warren Hills Regional Board of Education							Total Direct and Overlapping Tax Rate
	Direct Rate			Local School District	Overlapping Rates		Warren County	
	Basic Rate ^a	Debt Service ^b	Total Direct		Township of Washington			
2008	\$ 0.82	\$ 0.07	\$ 0.89	\$ 0.73	\$ 0.45	\$ 0.83	\$ 2.91	
2009	0.87	0.08	0.94	0.74	0.47	0.84	3.00	
2010	0.90	0.09	0.99	0.77	0.50	0.83	3.08	
2011	0.91	0.09	1.00	0.78	0.55	0.81	3.15	
2012	0.97	0.11	1.07	0.80	0.57	0.82	3.27	
2013	0.96	0.11	1.07	0.80	0.58	0.82	3.28	
2014	1.01	0.10	1.11	0.86	0.60	0.84	3.41	
2015	1.03	0.10	1.14	0.88	0.61	0.84	3.46	
2016	1.07	0.11	1.18	0.89	0.62	0.81	3.51	
2017	1.03	0.11	1.13	0.91	0.66	0.78	3.49	

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

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

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

Source: Municipal Tax Collector and School Business Administrator

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

Township of Franklin

	2017		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

INFORMATION IS NOT AVAILABLE

	\$ -	0.00%
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	2008		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Transcontinental Gas	\$ 17,917,900	1	4.29%
ISE America	9,981,100	2	2.39%
Franklin Realty Group	9,275,200	3	2.22%
The Franklin Realty Group	5,958,100	4	1.43%
Elizabethtown Gas	1,451,700	5	0.35%
Individual Taxpayer #1	1,290,600	6	0.31%
Asbury Graphite Mills, Inc.	1,200,000	7	0.29%
Apex Victaulic Co. of America	1,122,300	8	0.27%
Individual Taxpayer #2	1,109,100	9	0.27%
Individual Taxpayer #3	1,066,000	10	0.26%
Total	\$ 50,372,000		12.05%

Source: Municipal Tax Assessor

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

Township of Mansfield

	2017		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value

INFORMATION IS NOT AVAILABLE

	\$ -	0.00%
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	2008		
Taxpayer	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Mansfield Plaza, LLC	\$ 32,248,900	1	4.87%
Green Eagle Property	23,000,000	2	3.47%
Middlebury Associates	21,999,800	3	3.32%
Borealis Compounds LLC	14,149,800	4	2.13%
NYK Logistics (Americas) Inc.	14,000,000	5	2.11%
Sarva Mangel, LLC (Comfort Inn)	6,553,100	6	0.99%
The Shoppes at Mansfield, LLC	3,605,800	7	0.54%
Eden Mansfield, LLC	3,077,900	8	0.46%
Mansfield Commons II, LLC	2,667,600	9	0.40%
Mansfield Self Storage	2,309,200	10	0.35%
Total	\$ 123,612,100		18.65%

Source: Municipal Tax Assessor

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

Borough of Washington

Taxpayer	2017		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Warren Washington Associates	\$ 5,500,000	1	1.49%
Twist Beauty Packaging	4,052,900	2	1.10%
BASF Corporation Tax Dept.	3,050,000	3	0.83%
Washington Plaza Associates	3,000,000	4	0.81%
Bell Atlantic	2,848,907	5	0.77%
Midtown/Limited, Inc.	2,468,000	6	0.67%
Washington Gardens LLC	2,050,000	7	0.56%
Washington Heights LLC	2,000,000	8	0.54%
Individual Taxpayer #1	1,939,800	9	0.53%
Candle Artisans Inc.	1,674,100	10	0.45%
Total	<u>\$ 28,583,707</u>		<u>7.76%</u>

Taxpayer	2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Warren Washington Associates	\$ 7,000,000	1	1.83%
BASF Corporation Tax Dept.	4,722,000	2	1.23%
Pechinery Plastic Packaging	4,552,800	3	1.19%
Washington Plaza Associates	3,990,000	4	1.04%
Washington Gardens LLC	3,900,000	5	1.02%
Washington Heights, LLC	2,000,000	6	0.52%
Individual Taxpayer #1	1,938,900	7	0.51%
Warren Lumber Inc.	1,658,000	8	0.43%
Individual Taxpayer #2	1,649,000	9	0.43%
Candle Artisans, Inc.	1,550,000	10	0.40%
Total	<u>\$ 32,960,700</u>		<u>8.60%</u>

Note: Individual taxpayers in 2017 and 2008 may be different.

Source: Municipal Tax Assessor

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

Township of Washington

Taxpayer	2017		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Asbury Farms (including Golf Course)	\$ 12,468,268	1	1.83%
Washington Shopping Center, Inc.	6,466,700	2	0.95%
Desapio Properties, LLC	3,499,300	3	0.51%
Ed Mark 31 LLC (Rossi)	3,243,900	4	0.48%
Fitzgibbon, Smith & Smith	3,134,900	5	0.46%
Asbury Farms Project 20 LLC	2,659,800	6	0.39%
Washington Realty LLC	2,291,100	7	0.34%
Individual Taxpayer #1	1,934,999	8	0.28%
Individual Taxpayer #2	1,900,000	9	0.28%
I.C. Washington Inc.	1,815,400	10	0.27%
Total	<u>\$ 39,414,367</u>		<u>5.79%</u>

Taxpayer	2008		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Washington Shopping Center	\$ 7,938,700	1	1.19%
Asbury Farms (including Golf Course)	7,666,400	2	1.15%
Desapio Properties #3, LLC (Medical Building)	3,499,300	3	0.52%
Ed Mark 31 LLC (Rossi)	3,243,900	4	0.49%
Fitzgibbon, Smith & Smith	3,134,900	5	0.47%
Drugach Realty Co. (Shoprite)	2,778,200	6	0.42%
I.C. Washington Inc. (Eckerd Drugs)	2,279,400	7	0.34%
Ames Department Store (Ted Gladstone)	2,261,500	8	0.34%
Washington Realty LLC	2,221,700	9	0.33%
Witte Holdings, LLC	1,677,700	10	0.25%
Total	<u>\$ 36,701,700</u>		<u>5.49%</u>

Source: Municipal Tax Assessor

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

Township of Franklin

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 3,130,894	\$ 3,130,894	100.00%	\$ -0-
2010	3,378,514	3,378,514	100.00%	-0-
2011	3,686,607	3,686,607	100.00%	-0-
2012	3,746,238	3,746,238	100.00%	-0-
2013	3,880,347	3,880,347	100.00%	-0-
2014	3,906,105	3,906,105	100.00%	-0-
2015	3,872,361	3,872,361	100.00%	-0-
2016	4,115,045	4,115,045	100.00%	-0-
2017	4,000,955	3,699,065	92.45%	301,890
2018	4,322,787	4,322,787	100.00%	-0-

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

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

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

Township of Mansfield

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2009	\$ 5,727,042	\$ 5,727,042	100.00%	\$ -0-
2010	6,001,719	6,001,719	100.00%	-0-
2011	5,779,107	5,779,107	100.00%	-0-
2012	5,823,492	5,823,492	100.00%	-0-
2013	5,865,301	5,865,301	100.00%	-0-
2014	5,885,165	5,885,165	100.00%	-0-
2015	5,760,359	5,760,359	100.00%	-0-
2016	5,963,789	5,963,789	100.00%	-0-
2017	6,485,164	6,485,164	100.00%	-0-
2018	6,830,105	6,830,105	100.00%	-0-

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

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

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

Borough of Washington

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2009	\$ 4,235,935	\$ 4,235,935	100.00%	\$ -0-
2010	4,163,247	4,163,247	100.00%	-0-
2011	4,183,500	4,138,500	98.92%	-0-
2012	4,247,430	4,247,430	100.00%	-0-
2013	4,082,563	4,082,563	100.00%	-0-
2014	4,059,242	4,059,242	100.00%	-0-
2015	4,181,857	4,181,857	100.00%	-0-
2016	3,997,626	3,997,626	100.00%	-0-
2017	4,253,257	4,253,257	100.00%	-0-
2018	4,606,303	4,258,233	92.44%	348,070

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

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

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

Township of Washington

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Taxes Levied</u> <u>for the</u> <u>Fiscal Year</u>	<u>Collected within the Fiscal</u> <u>Year of the Levy^a</u>		<u>Collections in</u> <u>Subsequent</u> <u>Years</u>
		<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>	
2008	\$ 6,215,735	\$ 6,215,735	100.00%	\$ -0-
2009	5,959,919	5,959,919	100.00%	-0-
2010	6,352,129	6,352,129	100.00%	-0-
2011	6,667,948	6,667,948	100.00%	-0-
2012	6,771,594	6,771,594	100.00%	-0-
2013	7,289,795	7,289,795	100.00%	-0-
2014	7,286,970	7,286,970	100.00%	-0-
2015	7,562,181	6,532,098	86.38%	1,030,083
2016	7,735,402	6,682,089	86.38%	1,053,313
2017	8,063,132	6,954,737	86.25%	1,108,395
2018	7,728,746	6,644,743	85.97%	1,084,003

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

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

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

Fiscal Year Ended June 30,	Governmental Activities										Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)		Business-Type Activities		Capital Leases	Capital Leases	Capital Leases			
				Capital Leases	Capital Leases								
2009	\$ 28,469,000	\$ 505,000	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 28,974,000	2.66%	\$ 1,167.46
2010	27,959,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	27,959,000	2.59%	1,130.57
2011	27,054,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	27,054,000	2.56%	1,128.71
2012	23,759,000	-0-	194,250	-0-	-0-	-0-	-0-	-0-	-0-	-0-	23,953,250	2.20%	1,004.12
2013	22,509,000	-0-	128,277	-0-	-0-	-0-	-0-	-0-	-0-	-0-	22,637,277	2.03%	952.11
2014	21,329,000	-0-	64,742	-0-	-0-	-0-	-0-	-0-	-0-	-0-	21,393,742	1.91%	904.18
2015	20,144,000	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	20,144,000	1.75%	849.56
2016	18,859,000	-0-	989,943	-0-	-0-	-0-	-0-	-0-	-0-	-0-	19,848,943	1.60%	838.92
2017	17,494,000	-0-	1,506,624	-0-	-0-	-0-	-0-	-0-	-0-	-0-	19,000,624	1.57%	806.20
2018	15,994,000	-0-	722,685	-0-	-0-	-0-	-0-	-0-	-0-	-0-	16,716,685	1.38%	710.17

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

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

Source: School District Financial Reports

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Net Valuation ^a Taxable	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2009	\$ 28,469,000	\$ -0-	\$ 28,469,000	2.67%	\$ 1,147.11
2010	27,959,000	-0-	27,959,000	2.62%	1,130.57
2011	27,054,000	-0-	27,054,000	2.55%	1,128.71
2012	23,759,000	-0-	23,759,000	2.24%	995.98
2013	22,509,000	-0-	22,509,000	2.12%	946.71
2014	21,329,000	-0-	21,329,000	2.02%	901.44
2015	20,144,000	-0-	20,144,000	1.89%	849.56
2016	18,859,000	-0-	18,859,000	1.77%	797.08
2017	17,494,000	-0-	17,494,000	2.40%	742.28
2018	15,994,000	-0-	15,994,000	2.19%	679.47

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

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

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

Source: School District Financial Reports

WARREN HILLS REGIONAL SCHOOL DISTRICT
RATIOS OF OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED
AS OF DECEMBER 31, 2017

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid With Property Taxes			
Township of Franklin	\$ 2,011,735	100.00%	\$ 2,011,735
Township of Mansfield	1,991,525	100.00%	1,991,525
Borough of Washington	5,891,761	100.00%	5,891,761
Township of Washington	7,989,023	100.00%	7,989,023
Warren County General Obligation Debt (Franklin Township Share)	3,040,000	3.58%	108,803
Warren County General Obligation Debt (Mansfield Township Share)	3,040,000	6.65%	202,175
Warren County General Obligation Debt (Washington Borough Share)	3,040,000	4.11%	124,804
Warren County General Obligation Debt (Washington Township Share)	3,040,000	6.74%	204,892
Subtotal, Overlapping Debt			18,524,717
Warren Hills Regional School District Direct Debt			18,216,685
Total Direct And Overlapping Debt			<u>\$ 36,741,402</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2018						
	Franklin Township	Mansfield Township	Washington Borough	Washington Township	Total	
Equalized valuation basis:						
2015	\$ 381,829,509	\$ 702,085,550	\$ 439,883,679	\$ 721,274,553	\$ 2,245,073,291	
2016	408,087,749	717,007,505	452,956,198	698,165,864	2,276,217,316	
2017	404,881,968	728,564,095	461,051,082	691,494,129	2,285,991,274	
	<u>\$1,194,799,226</u>	<u>\$2,147,657,150</u>	<u>\$1,353,890,959</u>	<u>\$2,110,934,546</u>	<u>\$ 6,807,281,881</u>	
Average Equalized Valuation of Taxable Property						\$ 2,269,093,960
Debt Limit (3.5% of average equalization value ^a)						\$ 79,418,289
Net Bonded School Debt as of June 30, 2018						<u>15,994,000</u>
Legal Debt Margin						<u>\$ 63,424,289</u>

	Fiscal Year Ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 99,875,305	\$ 101,359,179	\$ 99,317,452	\$ 94,342,252	\$ 90,006,596	\$ 83,474,401	\$ 81,113,720	\$ 78,626,732	\$ 78,924,432	\$ 79,418,289
Total Net Debt Applicable to Limit	28,469,000	27,959,000	27,054,000	23,759,000	22,509,000	21,329,000	20,144,000	18,859,000	17,494,000	15,994,000
Legal Debt Margin	\$ 71,406,305	\$ 73,400,179	\$ 72,263,452	\$ 70,583,252	\$ 67,497,596	\$ 62,145,401	\$ 60,969,720	\$ 59,767,732	\$ 61,430,432	\$ 63,424,289
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	28.50%	27.58%	27.24%	25.18%	25.01%	25.55%	24.83%	23.99%	22.17%	20.14%

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

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

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

Township of Franklin

Year	Population ^a	Warren County Per Capita Personal Income ^c	Personal Income (thousands of dollars) ^b	Unemployment Rate ^d
2009	3,120	\$ 43,622	\$ 136,100,640	6.90%
2010	3,169	44,023	139,508,887	7.20%
2011	3,158	45,657	144,184,806	6.60%
2012	3,139	46,829	146,996,231	6.40%
2013	3,120	47,264	147,463,680	7.40%
2014	3,120	48,598	151,625,760	6.70%
2015	3,104	52,376	162,575,104	5.10%
2016	3,096	51,454	159,301,584	4.90%
2017	3,090	51,454 **	158,992,860	4.50%
2018	3,090 *	51,454 **	158,992,860 ***	N/A

* - Latest population data available (2017) was used for calculation purposes.

** - Latest Warren County per capita personal income available (2016) was used for calculation purposes.

*** - Latest available population data (2017) and latest available Warren County per capita personal income (2016) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

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

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

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

Township of Mansfield

Year	Population ^a	Warren County Per Capita Personal Income ^c	Personal Income (thousands of dollars) ^b	Unemployment Rate ^d
2009	8,089	\$ 43,622	\$ 352,858,358	9.20%
2010	7,697	44,023	338,845,031	9.50%
2011	7,654	45,657	349,458,678	8.80%
2012	7,598	46,829	355,806,742	8.60%
2013	7,539	47,264	356,323,296	6.90%
2014	7,538	48,598	366,331,724	5.40%
2015	7,522	52,376	393,972,272	4.80%
2016	7,489	51,454	385,339,006	4.10%
2017	7,464	51,454 **	384,052,656	3.50%
2018	7,464 *	51,454 **	384,052,656 ***	N/A

* - Latest population data available (2017) was used for calculation purposes.

** - Latest Warren County per capita personal income available (2016) was used for calculation purposes.

*** - Latest available population data (2017) and latest available Warren County per capita personal income (2016) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

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

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

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

Borough of Washington

Year	Population ^a	Warren County Per Capita Personal Income ^c	Personal Income (thousands of dollars) ^b	Unemployment Rate ^d
2009	6,678	\$ 43,622	\$ 291,307,716	8.30%
2010	6,449	44,023	283,904,327	8.60%
2011	6,429	45,657	293,528,853	7.90%
2012	6,473	46,829	303,124,117	7.70%
2013	6,488	47,264	306,648,832	6.10%
2014	6,535	48,598	317,587,930	6.40%
2015	6,528	52,376	341,910,528	5.70%
2016	6,507	51,454	334,811,178	5.30%
2017	6,524	51,454 **	335,685,896	5.20%
2018	6,524 *	51,454 **	335,685,896 ***	N/A

* - Latest population data available (2017) was used for calculation purposes.

** - Latest Warren County per capita personal income available (2016) was used for calculation purposes.

*** - Latest available population data (2017) and latest available Warren County per capita personal income (2016) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

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

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

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

Township of Washington

Year	Population ^a	Warren County Per Capita Personal Income ^c	Personal Income (thousands of dollars) ^b	Unemployment Rate ^d
2009	6,843	\$ 43,622	\$ 298,505,346	11.30%
2010	6,654	44,023	292,929,042	11.60%
2011	6,614	45,657	301,975,398	10.80%
2012	6,566	46,829	307,479,214	10.50%
2013	6,514	47,264	307,877,696	6.00%
2014	6,518	48,598	316,761,764	5.30%
2015	6,506	52,376	340,758,256	4.80%
2016	6,476	51,454	333,216,104	3.90%
2017	6,461	51,454 **	332,444,294	3.70%
2018	6,461 *	51,454 **	332,444,294 ***	N/A

* - Latest population data available (2017) was used for calculation purposes.

** - Latest Warren County per capita personal income available (2016) was used for calculation purposes.

*** - Latest available population data (2017) and latest available Warren County per capita personal income (2016) was used for calculation purposes.

N/A - Information Unavailable

Source:

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

^b Personal income has been estimated based upon the municipal population and per capita personal income presented

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

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

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

Employer	2017		
	Employees	Rank	Percentage of Total Employment
Mars Chocolate North America	1,250	1	2.30%
St. Lukes Warren Hospital	1,000	2	1.84%
Hackettstown Medical Center - Atlantic Health Systems	1,000	3	1.84%
Phillipsburg Board of Education	1,000	4	1.84%
County of Warren	1,000	5	1.84%
Centenary College	500	6	0.92%
Genesis Healthcare	500	7	0.92%
Shop Rite of Phillipsburg	500	8	0.92%
Wal-Mart	500	9	0.92%
McWane Ductile	500	10	0.92%
	<u>7,750</u>		<u>14.28%</u>
Total Employment	<u>54,283</u>		
Employer	2008		
	Employees	Rank (Optional)	Percentage of Total Employment
Masterfoods USA	1,600	1	2.85%
Warren Hospital	1,000	2	1.78%
Hackettstown Medical Center	900	3	1.60%
Mallinckrodt/ Baker, Inc.	500	4	0.89%
Abilities of Northwest Jersey, Inc.	440	5	0.78%
Genesis Health Center	425	6	0.76%
Shop Rite of Greenwich	407	7	0.72%
Centenary College	350	8	0.62%
DSM Nutritional Products	265	9	0.47%
Alcan Packaging	235	10	0.42%
	<u>6,122</u>		<u>10.89%</u>
Total Employment	<u>56,230</u>		

Source: New Jersey Department of Labor

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Instruction										
Regular	135.0	130.0	130.0	130.0	129.0	129.0	116.5	113.5	118.5	121.7
Special Education	20.0	20.0	20.0	20.0	20.0	20.0	23.0	23.0	51.1	53.0
Other Special Education	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0		
Other Instruction	8.0	7.0	7.0	7.0	9.0	9.0	6.0	5.0	3.0	2.6
Support Services:										
Student and Instruction Related Services	38.0	33.0	33.0	33.0	35.0	35.0	36.0	34.0	40.5	60.0
School Administrative Services	16.0	15.0	14.0	15.0	15.0	15.0	15.0	15.0	13.0	14.0
General and Business Administrative Services	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	9.0	8.0
Plant Operations and Maintenance	30.0	29.0	29.0	29.0	29.0	29.0	29.0	25.0	21.7	27.3
Other Support Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	8.5	8.5
Total	258.0	244.0	243.0	244.0	247.0	247.0	235.5	225.5	265.3	295.1

Source: District Personnel Records

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

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil ^d	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Middle School	High School				
2009	2,037	\$ 32,834,652	\$ 16,119.12	1.56%	174	1:10	1:11	2,009	1,886	-0.54%	93.88%
2010	1,947	33,186,350	17,044.86	5.74%	172	1:10	1:11	1,955	1,835	-2.69%	93.86%
2011	1,907	31,077,256	16,296.41	-4.39%	170	1:10	1:11	1,907	1,865	-2.46%	97.80%
2012	1,940	31,199,483	16,082.21	-1.31%	167	1:10	1:11	1,880	1,825	-1.42%	97.07%
2013	1,850	32,412,199	17,520.11	8.94%	165	1:10	1:11	1,850	1,797	-1.60%	97.14%
2014	1,856	33,737,933	18,177.77	3.75%	165	1:10	1:11	1,856	1,764	0.32%	95.04%
2015	1,880	35,139,760	18,691.36	2.83%	149	1:10	1:11	1,880	1,779	1.29%	94.63%
2016	1,883	36,068,962	19,155.05	2.48%	145	1:10	1:11	1,873	1,813	-0.37%	96.80%
2017	1,853	38,023,532	20,519.98	7.13%	161	1:10	1:11	1,853	1,752	-1.07%	94.55%
2018	1,789	39,367,804	22,005.48	7.24%	175	1:10	1:11	1,802	1,702	-2.75%	94.45%

Note: Enrollment based on annual October district count.

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

Source: Warren Hills Regional School District records

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

<u>District Building</u>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Middle School (1931); Additions in 1956/1967/2007										
Square Feet	92,129	92,129	92,129	92,129	92,129	92,129	92,129	92,129	92,129	92,129
Capacity (students)	750	750	750	750	750	750	750	750	750	750
Enrollment	643	604	660	661	615	634	586	589	628	581
High School (1967); Additions in 1989/2008										
Square Feet	227,910	227,910	227,910	227,910	227,910	227,910	227,910	227,910	227,910	227,910
Capacity (students)	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591	1,591
Enrollment	1,394	1,343	1,247	1,279	1,235	1,222	1,294	1,294	1,225	1,208
Board Office/Project Excel (Unknown)										
Square Feet	18,954	18,954	18,954	18,954	18,954	18,954	18,954	18,954	18,954	18,954
Capacity (students)	98	98	98	98	98	98	98	98	98	98
* Enrollment	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

Number of Schools at June 30, 2018

- Elementary = 0
- Middle School = 1
- High School = 1
- Other = 1

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

Note: Year of original construction is shown in parentheses.
Enrollment is based on the annual October district count.

Source: Warren Hills Regional School District records

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

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

Fiscal Year Ended June 30,	High School	Middle School	Board Office/ Project Excel	Total
2009	\$ 456,488	\$ 250,286	\$ 62,296	\$ 769,070
2010	275,077	116,966	85,500	477,543
2011	182,418	77,582	51,138	311,138
2012	227,310	125,120	78,728	431,158
2013	245,406	129,637	55,354	430,397
2014	217,738	161,329	84,885	463,952
2015	321,991	135,317	84,483	541,791
2016	296,551	124,535	103,597	524,683
2017	346,391	156,056	134,187	636,634
2018	489,421	364,998	252,603	1,107,022

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

Source: Warren Hills Regional School District records

WARREN HILLS REGIONAL SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2018

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

Source: Warren Hills Regional School District records

SINGLE AUDIT



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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Warren Hills Regional School District, in the County of Warren (the "District") as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

January 18, 2019
Mount Arlington, NJ

NISIVOCCIA LLP



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



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal and State Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal and State Program

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

Report on Internal Control Over Compliance

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

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

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

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

January 18, 2019
Mount Arlington, NJ

NISIVOCCIA LLP



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

WARREN HILLS REGIONAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expendi- tures	Cancellation of Prior Year Encumbrances	Balance at June 30, 2018		Amounts Provided to Subrecipients
					Budgetary Accounts Receivable	Budgetary Unearned Revenue				Budgetary Accounts Receivable	Budgetary Unearned Revenue	
<u>U.S. Department of Agriculture:</u>												
Passed-through State Department of Education:												
Child Nutrition Cluster:												
Food Distribution Program	10.555	N/A	7/1/17-6/30/18	\$ 12,735			\$ 12,735	\$ (10,687)			\$ 2,048	
Food Distribution Program	10.555	N/A	7/1/16-6/30/17	17,516				(2,973)				
School Breakfast Program	10.553	N/A	7/1/17-6/30/18	2,364			2,003	(2,364)			\$ (361)	
School Breakfast Program	10.553	N/A	7/1/16-6/30/17	2,029		\$ (127)	127					
National School Lunch Program	10.555	N/A	7/1/17-6/30/18	142,563			120,861	(142,563)			(21,702)	
National School Lunch Program	10.555	N/A	7/1/16-6/30/17	144,079		(6,147)	6,147					
Total Child Nutrition Cluster						(6,274)	141,873	(158,587)			(22,063)	2,048
Total U.S. Department of Agriculture						(6,274)	141,873	(158,587)			(22,063)	2,048
<u>U.S. Department of Education:</u>												
Passed-through State Department of Education:												
Special Revenue Fund:												
Elementary and Secondary Education Act:												
Title I	84.010	ESEA546518	7/1/17-6/30/18	155,467			100,137	(155,467)			(55,330)	
Title I	84.010	ESEA546517	7/1/16-6/30/17	159,360		(51,085)	51,085					
Subtotal - Title I							151,222	(155,467)			(55,330)	
Title IIA	84.367	ESEA546518	7/1/17-6/30/18	37,197			17,076	(22,695)			(5,619)	
Subtotal - Title IIA							17,076	(22,695)			(5,619)	
Title IV	84.424	ESEA546518	7/1/17-6/30/18	10,000			1,700	(9,952)			(8,252)	
Subtotal - Title IV							1,700	(9,952)			(8,252)	
Special Education Cluster:												
I.D.E.A. Part B, Basic	84.027	IDEA546518	7/1/17-6/30/18	412,401			407,682	(409,216)			(1,534)	
I.D.E.A. Part B, Basic	84.027	IDEA546517	7/1/16-6/30/17	424,236		(1,075)	1,075					
Total Special Education Cluster						(1,075)	408,757	(409,216)			(1,534)	
Total U.S. Department of Education						(52,160)	578,755	(597,330)			(70,735)	
<u>U.S. Department of Health and Human Services:</u>												
Medicaid Cluster:												
Medical Assistance Program	93.778	N/A	7/1/17-6/30/18	24,470			24,470	(24,470)				
Total U.S. Department of Health and Human Services/Total Medicaid Cluster							24,470	(24,470)				
Total Federal Awards						(58,434)	745,098	(780,387)			(92,798)	2,048
N/A - Not Applicable/Available												-0-

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

WARREN HILLS REGIONAL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor		
<u>State Department of Education:</u>												
General Fund State Aid:												
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$ 9,336,871			\$ 8,447,919	\$ (9,336,871)		\$ (888,952)		\$ 9,336,871	
Transportation Aid	18-495-034-5120-014	7/1/17-6/30/18	148,391			134,263	(148,391)		(14,128)		148,391	
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	1,041,953			942,750	(1,041,953)		(99,203)		1,041,953	
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	46,884			42,421	(46,884)		(4,463)		46,884	
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	17,850			16,150	(17,850)		(1,700)		17,850	
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	17,850			16,150	(17,850)		(1,700)		17,850	
Professional Learning Community Aid	18-495-034-5120-101	7/1/17-6/30/18	18,290			16,549	(18,290)		(1,741)		18,290	
Host District Support Aid	18-495-034-5120-102	7/1/17-6/30/18	617			558	(617)		(59)		617	
State Reimbursements for Lead Testing of Drinking Water	N/A	7/1/17-6/30/18	5,645			5,645	(5,645)		(611,575)		5,645	
Extraordinary Special Education Costs Aid	18-495-034-5120-044	7/1/17-6/30/18	611,575				(611,575)				611,575	
Reimbursement of Nonpublic School Transportation Costs	18-495-034-5120-014	7/1/17-6/30/18	9,106				(9,106)		(9,106)		9,106	
Reimbursed TPAF Social Security	18-495-034-5094-003	7/1/17-6/30/18	1,043,536			992,431	(1,043,536)		(51,105)		1,043,536	
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	1,292,741			1,292,741	(1,292,741)				1,292,741	
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	1,954,102			1,954,102	(1,954,102)				1,954,102	
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	47,421			47,421	(47,421)				47,421	
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	2,575			2,575	(2,575)				2,575	
Equalization Aid	17-495-034-5120-078	7/1/16-6/30/17	\$ 9,299,615	\$ (868,303)		868,303					9,299,615	
Transportation Aid	17-495-034-5120-014	7/1/16-6/30/17	148,391	(13,855)		13,855					148,391	
Special Education Aid	17-495-034-5120-089	7/1/16-6/30/17	1,041,953	(97,287)		97,287					1,041,953	
Security Aid	17-495-034-5120-084	7/1/16-6/30/17	46,884	(4,377)		4,377					46,884	
PARCC Readiness	17-495-034-5120-098	7/1/16-6/30/17	17,850	(1,667)		1,667					17,850	
Per Pupil Growth Aid	17-495-034-5120-097	7/1/16-6/30/17	17,850	(1,667)		1,667					17,850	
Professional Learning Community Aid	17-495-034-5120-101	7/1/16-6/30/17	18,290	(1,708)		1,708					18,290	
Extraordinary Special Education Costs Aid	17-495-034-5120-044	7/1/16-6/30/17	368,197	(368,197)		368,197					368,197	
Reimbursement of Nonpublic School Transportation Costs	17-495-034-5120-014	7/1/16-6/30/17	6,283	(6,283)		6,283					6,283	
Reimbursed TPAF Social Security	17-495-034-5094-003	7/1/16-6/30/17	1,041,272	(51,120)		51,120					1,041,272	
Subtotal - General Fund				(1,414,464)		15,326,139	(15,595,407)		(671,786)		27,620,824	
Debt Service Fund Aid:												
Debt Service Aid - State Support	18-100-034-5120-125	7/1/17-6/30/18	17,130			17,130	(17,130)				17,130	
Special Revenue Fund Aid:												
N.J. Nonpublic Textbook Aid	18-100-034-5120-064	7/1/17-6/30/18	986			986	(986)				986	
N.J. Nonpublic Nursing Services	18-100-034-5120-070	7/1/17-6/30/18	1,940			1,940	(1,940)				1,940	
N.J. Nonpublic Technology Initiative	18-100-034-5120-373	7/1/17-6/30/18	666			666	(666)				666	
Nonpublic Auxiliary Services:												
Compensatory Education	18-100-034-5120-067	7/1/17-6/30/18	4,429			4,429					4,429	
Compensatory Education	17-100-034-5120-067	7/1/16-6/30/17	5,106					\$ (5,106)				
									\$ 4,429			

WARREN HILLS REGIONAL BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance at June 30, 2017		Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2018		MEMO Cumulative Total Expenditures	
				Budgetary Accounts Receivable	Due to Grantor				GAAP Accounts Receivable	Due to Grantor		
State Department of Education: (Cont'd)												
Special Revenue Fund Aid: (Cont'd)												
Nonpublic Handicapped Services:												
Supplementary Instruction	18-100-034-5120-066	7/1/17-6/30/18	\$ 1,031		\$ 1,031			\$ (1,569)	\$ 1,031			
Supplementary Instruction	17-100-034-5120-066	7/1/16-6/30/17	1,569									
Examination and Classification	18-100-034-5120-066	7/1/17-6/30/18	2,546		2,546			(2,881)	2,546			
Examination and Classification	17-100-034-5120-066	7/1/16-6/30/17	2,881					(707)				
Corrective Speech	17-100-034-5120-066	7/1/16-6/30/17	707									
Subtotal - Special Revenue Fund				10,263	11,598	\$ (3,592)		(10,263)	8,006		\$ 3,592	
State Department of Education:												
Food Service Fund:												
State School Lunch Program	18-100-010-3350-023	7/1/17-6/30/18	5,026		4,392		(5,026)				5,026	
State School Lunch Program	17-100-010-3350-023	7/1/16-6/30/17	4,508	(193)	193						4,508	
Subtotal - Food Service Fund				(193)	4,585		(5,026)			(634)	9,534	
Total NJ Department of Education				(1,414,657)	15,359,452	\$ (15,621,155)		(10,263)	8,006	(1,684,366)	27,651,080	
Total State Awards				\$ (1,414,657)	\$ 15,359,452	\$ (15,621,155)		\$ (10,263)	\$ 8,006	\$ (1,684,366)	\$ 27,651,080	
Less: State Awards Not Subject to Single Audit Major Program Determination												
On-Behalf TPAF Pension System Contributions:												
On-Behalf TPAF Post Retirement Contributions	18-495-034-5094-001	7/1/17-6/30/18	(1,292,741)		(1,292,741)		1,292,741					
On-Behalf TPAF Pension Contributions	18-495-034-5094-002	7/1/17-6/30/18	(1,954,102)		(1,954,102)		1,954,102					
On-Behalf TPAF Non-Contributory Insurance	18-495-034-5094-004	7/1/17-6/30/18	(47,421)		(47,421)		47,421					
On-Behalf TPAF Long-Term Disability Insurance	18-495-034-5094-004	7/1/17-6/30/18	(2,575)		(2,575)		2,575					
Subtotal - On-Behalf TPAF Pension System Contributions					(3,296,839)		3,296,839					
Total State Awards Subject to Single Audit Major Program Determination					\$ 12,062,613		\$ (12,324,316)					

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Warren Hills Regional Board of Education, under programs of the federal and state governments for the fiscal year ended June 30, 2018. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

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

NOTE 4. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(23,082) for the General Fund and (\$11,842) for the Special Revenue Fund (which includes (\$805) related to local grants). See Note 1D for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general, special revenue and capital projects funds. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented on the following page.

WARREN HILLS REGIONAL SCHOOL DISTRICT
NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(Continued)

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

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 24,470	\$ 15,572,325	\$ 15,596,795
Special Revenue Fund	584,683	3,592	588,275
Debt Service Fund		17,130	17,130
Food Service Fund	158,587	5,026	163,613
Total Awards	<u>\$ 767,740</u>	<u>\$ 15,598,073</u>	<u>\$ 16,365,813</u>

NOTE 5. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 6. OTHER

Revenue and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the year ended June 30, 2018.

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

Summary of Auditors' Results:

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

	<u>C.F.D.A. Number/ State Grant Number</u>	<u>Grant Period</u>	<u>Award Amount</u>	<u>Budgetary Expenditures</u>
<u>General Fund State Fund:</u>				
<u>State:</u>				
Equalization Aid	18-495-034-5120-078	7/1/17-6/30/18	\$9,336,871	\$ 9,336,871
Special Education Aid	18-495-034-5120-089	7/1/17-6/30/18	1,041,953	1,041,953
Security Aid	18-495-034-5120-084	7/1/17-6/30/18	46,884	46,884
PARCC Readiness	18-495-034-5120-098	7/1/17-6/30/18	17,850	17,850
Per Pupil Growth Aid	18-495-034-5120-097	7/1/17-6/30/18	17,850	17,850
Professional Learning				
Community Aid	18-495-034-5120-101	7/1/17-6/30/18	18,290	18,290
Host District Support Aid	18-495-034-5120-102	7/1/17-6/30/18	617	617
<u>Federal:</u>				
Special Education Cluster:				
IDEA, Part B, Basic	84.027	7/1/17-6/30/18	412,401	409,216

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

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

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

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

Findings and Questioned Costs for Federal Awards:

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

Findings and Questioned Costs for State Awards:

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

WARREN HILLS REGIONAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Status of Prior Year Findings:

The District had no prior year audit findings.