

SCHOOL DISTRICT

OF

Warren County Special Services

**Warren County Special Services School District
Board of Education
Oxford, Warren County
New Jersey**

**Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2020**

Comprehensive Annual

Financial Report

of the

Warren County Special Services School District

Board of Education

Oxford, New Jersey

For the Fiscal Year Ending June 30, 2020

Prepared by

Warren County Special Services School District

Board of Education

Finance Department

OUTLINE OF CAFR

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Introductory Section

WCSSSD *Warren County Special Services School District*

Joseph E. Flynn ~ Superintendent

Honorable President and
Members of the Board of Education
Warren County Special Services School District
682 Oxford Road
Oxford, New Jersey 07862
County of Warren, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Warren County Special Services School District for the fiscal year ending June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education. To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1. REPORTING ENTITY AND ITS SERVICES: The Warren County Special Services School District is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 3. All funds and account groups of the district are included in this report. The Warren County Special Services School District and all its programs constitute the District's reporting entity.

The district serves students ages three to twenty one. Art, music, speech, occupational and physical therapies as well as counseling and behavioral intervention services are provided as a regular part of the program. The district also provides and coordinates both regular and special-needs transportation services to other districts in the area.

The district completed the 2019-2020 fiscal year with an enrollment of zero students. The following details the enrollment over the past ten (10) years.

<u>Fiscal Year</u>	<u>AVERAGE DAILY ENROLLMENT</u> <u>Student Enrollment</u>	<u>Percent Change</u>
2019-2020	0	0.0%
2018-2019	0	(100.0%)
2017-2018	14.8	(47.1%)
2016-2017	28.0	(16.4%)
2015-2016	32.3	12.9%
2014-2015	28.6	(45.9%)
2013-2014	52.9	23.0%
2012-2013	43.0	38.3%
2011-2012	31.1	(7.1%)
2010-2011	33.5	(11.6%)

2. ECONOMIC CONDITION AND OUTLOOK:

The district has suspended its direct instructional offerings, thus the decrease in reported enrollment to zero. However, the district continues to provide a host of contracted/shared services to local public school districts. As the push to include students with disabilities in their home schools for economic, social and legal reasons continues, the Warren County Special Services School District has increasingly been called upon to provide the support services necessary to maintain students with lower incidence disabilities in their home schools. The district has embraced this mission, knowing that it is responding to the changing needs of its constituent districts.

3. MAJOR INITIATIVES: The Warren County Special Services School District continues to be dedicated to serving the educational needs of the special education students of Warren County and the surrounding communities. With an ever-changing statutory and philosophical approach to meeting these needs it appears that increasing demands have been placed upon the district to provide coordinated related services and programs. The district manages the influx of contracted service requests through its Superintendent and Board Secretary.

4. INTERNAL ACCOUNTING CONTROLS: Management of the Warren County Special Services School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the district are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted

accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2020.

6. ACCOUNTING SYSTEM AND REPORTS: The Warren County Special Services School District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB).

The accounting system of the Warren County Special Services School District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

8. DEBT ADMINISTRATION: The Warren County Special Services School District has no debt obligations as of June 30, 2020.

9. CASH MANAGEMENT: The investment policy of the Warren County Special Services School District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The district has adopted a cash management plan, 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.

10. RISK MANAGEMENT: The Board of Education carries various forms of insurance, including but not limited to general liability, hazard and theft insurance on property and contents, and fidelity bonds.

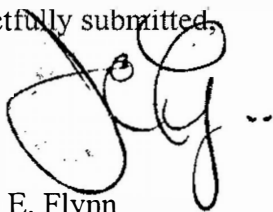
11. OTHER INFORMATION:

A. INDEPENDENT AUDIT - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co., LLC Accountants and Auditors was selected by the Warren County Special Services Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1996 and the related OMB Uniform Guidance and State Treasury Circular Letter 15-08.


The auditor's report on the general-purpose financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

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

Respectfully submitted,

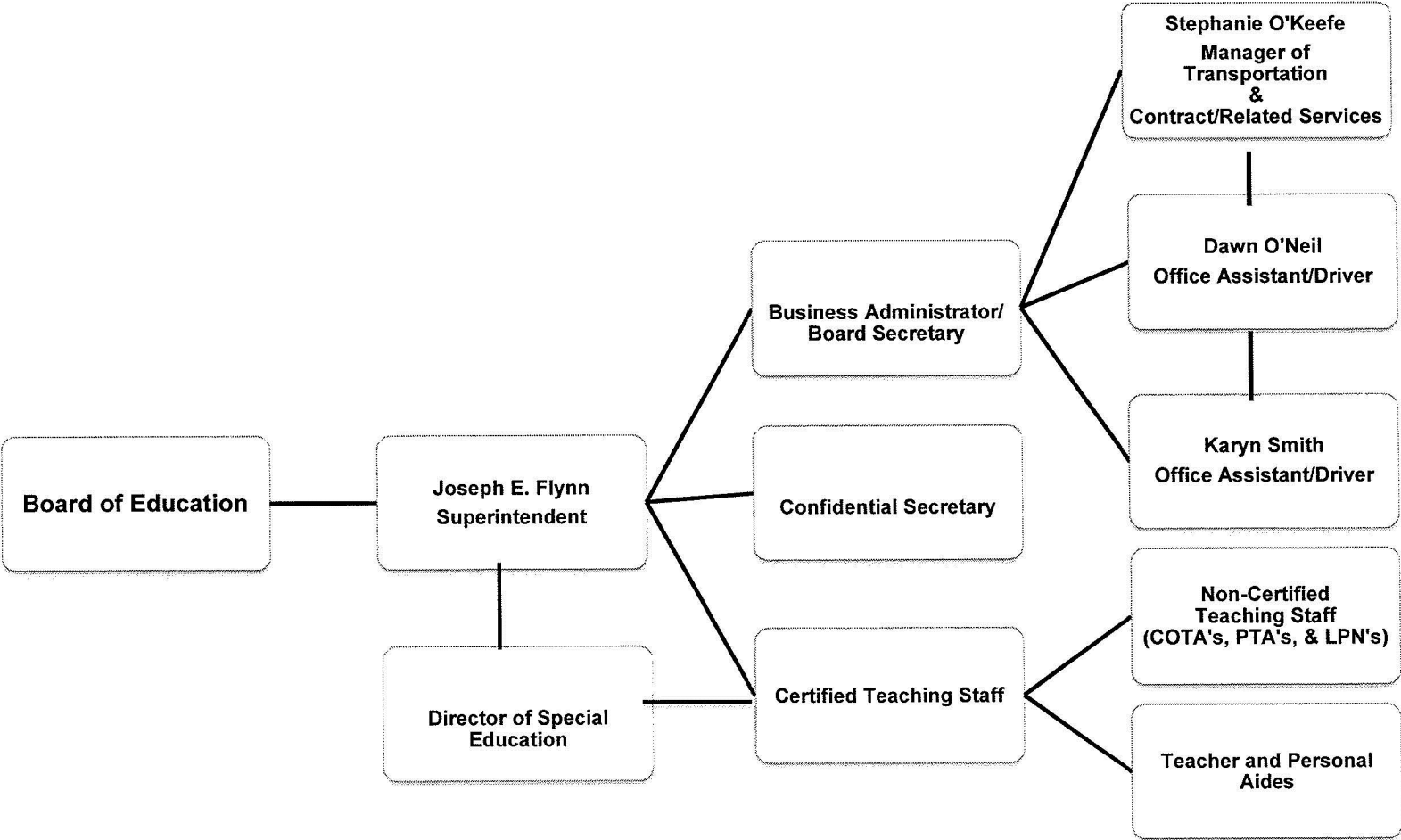


Joseph E. Flynn
Superintendent



James R. Schlessinger
School Business Administrator

Warren County Special Services School District Organization Chart



**WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

June 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph Delesky, <i>President</i>	2021
Rabb Hopek, <i>Vice-President</i>	2022
Sherry Koeppen	2023
Gail Gomez	2023
Kathi Howell	2023
Kim Reitmeyer	2021

Other Officials

Dr. Rosalie Lamonte, *Executive County Superintendent*

Joseph Flynn, *Superintendent*

James Schlessinger, *Board Secretary/School Business Administrator*

**WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

Audit Firm

Anthony Ardito
Ardito & Co., LLC
1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192

Attorney

Florio, Perrucci, Steinhardt & Fader, LLC
235 Frost Ave.
Phillipsburg, NJ 08865

Official Depository

PNC BANK
413 Route 57
Washington, NJ 07882

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

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Frenchtown, New Jersey 08825-1192
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Anthony Ardito, CPA, RMA, CMFO, PSA

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Warren County Special Services School District
County of Warren
Oxford, New Jersey 07863

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Warren County Special Services School District Board of Education, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation 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, business-type activities, each major fund, and the aggregate remaining fund information of the Warren County Special Services School District Board of Education, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16, the spread of the COVID 19 coronavirus is affecting the United States and global economies and may have an impact on the District's subsequent operational and financial performance. At this point, the District cannot reasonably estimate the impact on its subsequent operations or financial results. The accompanying financial statements do not include any adjustments related to subsequent events. Our opinion is 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, budgetary comparison information, and pension trend information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

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

-Continued-

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Warren County Special Services School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statement information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information, are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated December 9, 2020, on our consideration of the Warren County Special Services School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the District's internal control over financial reporting and compliance.



ARDITO & COMPANY LLC

December 9, 2020



Licensed Public School Accountant No. 2369

Required Supplementary Information - Part I

Management's Discussion and Analysis

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

The discussion and analysis of Warren County Special Services School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- ◆ In total, Net Position increased \$543,545 which represents a 21.6% increase from 2019.
- ◆ General revenues accounted for \$239 in revenue or 0.0% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,711,328 or 100.0% of total revenues of \$5,711,089.
- ◆ Total assets of governmental activities increased by \$223,735, as cash and cash equivalents increased by \$647,873, receivables decreased by \$485,423, and capital assets increased by \$61,285.
- ◆ The School District had \$5,167,544 in expenses; only \$5,711,328 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily contribution of Warren County property taxes) of \$239 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$488,417 in revenues and \$228,329 in expenditures. The General Fund's surplus balance increased \$260,088 over 2019, which compares to the budgeted increase of \$200,000.

Using this Generally Accepted Accounting Principals Report (GAAP)

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

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, which are mainly supported with tuition revenue.
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The personal aides fund, transportation fund, and related services fund are the major funds reported as a business activity.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 25. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, and Special Revenue Fund.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Governmental Funds

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

The School District as a Whole

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

Table 1 provides a summary of the School District's Net Position for 2020 compared to 2019.

**Table 1
Net Position**

	<u>2020</u>	<u>2019</u>
Assets		
Current and Other Assets	\$ 448,442	\$ 285,992
Capital Assets	<u>66,763</u>	<u>5,478</u>
Total Assets	<u>515,205</u>	<u>291,470</u>
Deferred Outflows of Resources	<u>113,814</u>	<u>220,800</u>
Liabilities		
Long-Term Liabilities	1,152,327	38,823
Other Liabilities	<u>-</u>	<u>1,299,694</u>
Total Liabilities	<u>1,152,327</u>	<u>1,338,517</u>
Deferred Inflows of Resources	<u>1,454,078</u>	<u>1,694,684</u>
Net Position		
Invested in Capital Assets, Net of Debt	66,763	5,478
Restricted	-	-
Unrestricted	<u>(2,044,149)</u>	<u>(2,526,409)</u>
Total Net Position	<u>\$ (1,977,386)</u>	<u>\$ (2,520,931)</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 UNAUDITED

Total assets of governmental activities increased by \$223,735, as cash and cash equivalents increased by \$647,873, receivables decreased by \$485,423, and capital assets increased by \$61,285.

The cash increase and receivable decrease were mainly due to the collection of over 90% of prior year's receivables as well as operational efficiencies and cost saving measures.

Table 2 shows the changes in Net Position from fiscal year 2019.

Table 2
Changes in Net Position

	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 5,370,345	\$ 7,044,117
Operating Grants and Contributions	340,983	760,566
General Revenues:		
Warren County Property Taxes	-	-
Investment Earnings	-	-
Other	(239)	51,133
Total Revenues	<u>5,711,089</u>	<u>7,855,816</u>
Program Expenses		
Instruction	(366)	24,102
Support Services:		
Pupils and Instructional Staff	(43,000)	-
General Administration, School Administration, Business	(1,457)	893,784
Operations and Maintenance of Facilities	(11,773)	90,816
Transportation	(17,059)	25,356
Business-Type Activities	5,241,199	6,232,550
Fiscal Charges	-	-
Total Expenses	<u>5,167,544</u>	<u>7,266,608</u>
Increase/(Decrease) in Net Position	<u>\$ 543,545</u>	<u>\$ 589,208</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Governmental Activities

The County of Warren discontinued providing property taxes for the School District operations. Property taxes made up 0.0% percent of revenues for governmental activities for the School District for the fiscal year 2020.

Instruction comprises 0.0% of district expenses. Support services expenses make up 1.1% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2019. That is, it identifies the cost of these services supported by tax revenue and tuition.

Table 3

	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>
Instruction	\$ (366)	\$ (3,648)	\$ 1,853,683	\$ 152,779
Support Services:				
Pupils and Instructional Staff	(43,000)	(427,059)	22,130	1,848
General Admin., School Admin., Business	(1,457)	(12,574)	468,724	39,142
Operation and Maintenance of Facilities	(11,773)	(101,626)	180,130	15,042
Transportation	(17,059)	(147,251)	186,408	15,567
Business-Type Activities	5,241,199	148,374	7,311,186	(230,486)
Interest and Fiscal Charges	-	-	-	-
Total Expenses	<u>\$ 5,167,544</u>	<u>\$ (543,784)</u>	<u>\$ 10,022,261</u>	<u>\$ (6,108)</u>

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

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

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

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

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students transportation and student aides and related services.

fiscal charges involve the transactions associated unallocated depreciation.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

The School District's Funds

Information about the School District's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$544,780 and expenditures of \$284,692. The General Fund's surplus balance increased \$260,088 over 2019, which compares to the budgeted increase of \$200,000.

General Fund Budgeting Highlights

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

During the course of the fiscal 2020 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$277,281, \$122,719 under original budgeted estimates of \$400,000. This difference was due primarily to the final tuition adjustment as determined by the NJ DOE.

General fund revenues exceeded expenditures by \$260,088. Again this surplus compares to a budgeted deficit of \$200,000. This was due to overexpenditures on various budget line items including instruction and transportation.

Overall general fund balance (budget basis) was a surplus balance of \$173,534, creating a surplus in unreserved fund balance of \$173,534.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Capital Assets

At the end of the fiscal year 2020, the School District had \$66,763 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2020 balances compared to 2019.

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

	<u>2020</u>	<u>2019</u>
Machinery and Equipment	<u>66,763</u>	<u>5,478</u>
Totals	<u>\$ 66,763</u>	<u>\$ 5,478</u>

Overall capital assets increased \$61,285 from fiscal year 2019 to fiscal year 2020. The increase in capital assets was due to the purchase of a school bus, net of depreciation expense.

Capital improvements of \$83,454 were purchased during fiscal year 2020, which was for a school bus.

Debt Administration

At June 30, 2020, the School District had \$102,637 as outstanding long term debt. Of this amount, \$19,187 is for compensated absences, and \$83,450 is a draw on the school's line of credit.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

For the Future

The Warren County Special Services School District is in a challenging financial condition presently. A concern, is that future expense increases will put further pressure on enterprise fund pricing. Future finances will therefore present challenges if the profitability in the enterprise fund does not grow to offset past deficits.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator/Board Secretary at Warren County Special Services School District, 682 Oxford Road, Oxford, NJ 07863.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2020

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and Cash Equivalents	\$ 173,532	\$ (98,564)	\$ 74,968
Receivables, Net	2	373,472	373,474
Interfund Receivable		-	
Capital Assets, Net	66,763		66,763
Total Assets	<u>240,297</u>	<u>274,908</u>	<u>515,205</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows Related to Pensions		113,814	113,814
LIABILITIES			
Interfund Payable			
Net Pension Liability (Note 7)		966,142	966,142
Noncurrent Liabilities (Note 6):			
Due within One Year	-	-	-
Due Beyond One Year	94,699	91,486	186,185
Total Liabilities	<u>94,699</u>	<u>1,057,628</u>	<u>1,152,327</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows Related to Pensions		1,454,078	1,454,078
NET POSITION			
Invested in Capital Assets, Net of Related Debt Restricted	66,763		66,763
Unrestricted	78,835	(2,122,984)	(2,044,149)
Total Net Position	<u>\$ 145,598</u>	<u>\$ (2,122,984)</u>	<u>\$ (1,977,386)</u>

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:						
Instruction:						
Special Education	\$ (366)	\$ 1,383	\$ 1,899		\$ 3,648	\$ 3,648
Support Services:						
Student & Instruction Related Serv.	(43,000)	162,016	222,043		427,059	427,059
School Administrative Services	(1,457)	5,488	5,629		12,574	12,574
Plant Operations and Maintenance	(11,773)	44,359	45,494		101,626	101,626
Transportation	(17,059)	64,274	65,918		147,251	147,251
Total Governmental Activities	<u>(73,655)</u>	<u>277,520</u>	<u>340,983</u>		<u>692,158</u>	<u>692,158</u>
Business-Type Activities:						
Transportation	3,581,315	4,478,170			\$ 896,855	896,855
Other Services Provided to LEA's	1,659,884	614,655			(1,045,229)	(1,045,229)
Total Business-Type Activities	<u>5,241,199</u>	<u>5,092,825</u>			<u>(148,374)</u>	<u>(148,374)</u>
Total Primary Government	<u>\$ 5,167,544</u>	<u>\$ 5,370,345</u>	<u>340,983</u>		<u>\$ 692,158</u>	<u>\$ (148,374)</u>
General Revenues:						
Miscellaneous Income					(239)	(239)
Total General Revenues, Special Items, Extraor. Items and Transfers					<u>(239)</u>	<u>(239)</u>
Change in Net Position					691,919	(148,374)
Net Position—Beginning					<u>(546,321)</u>	<u>(1,974,610)</u>
Net Position—Ending					<u>\$ 145,598</u>	<u>\$ (2,122,984)</u>

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

FUND FINANCIAL STATEMENTS

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2020

	<u>GENERAL FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS		
Cash and Cash Equivalents	\$ 173,532	\$ 173,532
Receivables, Net	2	2
TOTAL ASSETS	<u>\$ 173,534</u>	<u>\$ 173,534</u>
LIABILITIES AND FUND BALANCES		
Fund Balances:		
Unassigned:		
Unreserved-Undesignated	\$ 173,534	\$ 173,534
Total Fund Balances	<u>173,534</u>	<u>173,534</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 173,534</u>	<u>\$ 173,534</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$327,948 and the accumulated depreciation is \$261,185.

66,763

Long-term liabilities, including long-term debt and compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)

(94,699)

Net Position of governmental activities

\$ 145,598

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit B-2

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Local sources:			
Tuition Charges	\$ 277,520		\$ 277,520
Miscellaneous	(239)	\$ 481	242
Total - Local Sources	<u>277,281</u>	481	<u>277,762</u>
State Sources	211,136		211,136
Federal Sources	-	55,882	55,882
Total Revenues	<u>488,417</u>	<u>56,363</u>	<u>544,780</u>
EXPENDITURES			
Current:			
Special Education Instruction	-	481	481
Support services and undistributed costs:			
Student and Instruction Related Services		55,882	55,882
School Administrative Services	1,893		1,893
Plant Operations and Maintenance	15,300		15,300
Unallocated Benefits	211,136		211,136
Total Expenditures	<u>228,329</u>	<u>56,363</u>	<u>284,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>260,088</u>		<u>260,088</u>
Net Change in Fund Balances	260,088		260,088
Fund Balance—July 1	(86,554)		(86,554)
Fund Balance—June 30	<u>\$ 173,534</u>		<u>\$ 173,534</u>

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Total Net Change in Fund Balances - Governmental Funds (from B-2) \$ 260,088

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (22,169)	
Capital Outlays	<u>83,454</u>	<u>61,285</u>

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

454,722

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

(84,176)

Change in Net Position of Governmental Activities

\$ 691,919

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS

June 30, 2020

	Enterprise Funds
ASSETS	
Current assets:	
Cash and Cash Equivalents	\$ (98,564)
Interfund Receivable	
Accounts Receivable	<u>373,472</u>
Total Current Assets	<u>274,908</u>
Noncurrent Assets:	
Furniture, Machinery and Equipment	43,543
Less Accumulated Depreciation	<u>(43,543)</u>
Total Noncurrent Assets	<u>-</u>
Total Assets	<u>274,908</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	113,814
LIABILITIES	
Current liabilities:	
Accounts Payable	<u>97</u>
Total Current Liabilities	<u>97</u>
Long-Term liabilities:	
Compensated Absences	7,939
Net Pension Liability	966,142
Loans Payable	<u>83,450</u>
Total Current Liabilities	<u>1,057,531</u>
Total Liabilities	<u>1,057,628</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	1,454,078
NET POSITION	
Invested in Capital Assets Net of Related Debt	
Unrestricted	<u>(2,122,984)</u>
Total Net Position	<u>\$ (2,122,984)</u>

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit B-5

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	Enterprise Funds
Operating Revenues:	
Charges for Services:	
Tuition from LEA's	\$ 12,715
Transportation Revenue	4,478,170
Other Services Provided to LEA's	632,441
Miscellaneous Revenue	55,788
Miscellaneous-Changes in Net Pension Liability/Deferred In/outflows	(86,289)
Total Operating Revenues	<u>5,092,825</u>
Operating Expenses:	
Program Salaries and Wages	488,517
General and Administrative Salaries and Wages	101,016
Employee Benefits	299,633
Other Purchased Services - Related Services	592,487
Transportation - Contracted Services	3,178,847
Transportation - Purc. Prof.Services	86,159
Transportation - Other Items	271,564
Transportation - Supplies and Fuel	44,745
Other Miscellaneous	14,012
Administrative Expenditures	164,219
Total Operating Expenses	<u>5,241,199</u>
Operating Income (Loss)	<u>(148,374)</u>
Change in Net Position	(148,374)
Total Net Position—Beginning	<u>(1,974,610)</u>
Total Net Position—Ending	<u>\$ (2,122,984)</u>

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	\$ 5,663,256
Payments to Employees	(589,533)
Payments for Employee Benefits	(299,633)
Payments to Suppliers	<u>(4,268,486)</u>
Net Cash Provided by (used for) Operating Activities	<u>505,604</u>
Balances—Beginning of Year	<u>(604,168)</u>
Balances—End of Year	<u><u>\$ (98,564)</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided	
(used) by Operating Activities:	
Operating Income (Loss)	\$ (148,374)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided	
by (used for) Operating Activities:	
Depreciation and Net Amortization	
(Increase) Decrease in Accounts Receivable, Net	484,142
(Increase) Decrease in Deferred Outflows	69,450
Increase (Decrease) in Liabilities	83,547
Increase (Decrease) in Net Pension Liability	(30,651)
Increase (Decrease) in Deferred Inflows	<u>47,490</u>
Total Adjustments	<u>653,978</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ 505,604</u></u>

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit B-7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2020

	Agency Fund
ASSETS	
Cash and Cash Equivalents	\$ <u>9,310</u>
Total Assets	\$ <u><u>9,310</u></u>
LIABILITIES	
Payroll Deductions and Withholdings	\$ <u>9,310</u>
Total Liabilities	\$ <u><u>9,310</u></u>

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

Notes to Financial Statements

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27 and GASB No. 75, Accounting for OPEB. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2019.

A. Reporting Entity:

The Warren County Special Services School District is a Type I district located in the County of Warren, State of New Jersey. As a Type I district, the School District functions independently through a Board of Education. The board is comprised of seven members of which six are appointed members and a representative of the state department of education. The District provides special education instructional programs for students with low incidence disabilities. These include classes for preschool disabilities, multiply disabled, emotionally disturbed, autistic and day training. Students ages three to twenty-one can be served by the district. Speech, occupational and physical therapies, as well as counseling, are provided as a regular part of the program.

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

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

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

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

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

GOVERNMENTAL FUNDS (Continued)

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

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

PROPRIETARY FUNDS

The District reports the following proprietary fund:

Enterprise Fund - The Enterprise Funds account for all revenue and expenses pertaining to the Board's proprietary funds. The District operates several Enterprise Funds. The District's Enterprise Funds are comprised of the Personal Aides, Transportation, Related Services, Life Skills and In Service. These Enterprise Funds are 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 of local school districts on a continuing basis are financed or recovered primarily through user charges.

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

Additionally, the District reports the following fund type:

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Basis of Accounting

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

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a county or municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control (Continued)

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

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

D. Encumbrance Accounting:

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

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

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

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

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

Interfund Transactions:

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

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

Inventories:

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Allowance for Uncollectible Accounts:

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

Capital Assets:

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

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

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

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

Compensated Absences:

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

District instructional employees are granted sick leave in amounts under the District's contractual policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial service and become eligible after a vesting period of service and payment is based upon retirement in the state pension system.

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

Unearned Revenue:

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlement received before the eligible requirements are met are recorded as unearned revenue.

Accrued Liabilities and Long-Term Obligations:

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

Net Position:

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

Fund Balance Reserves:

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

Revenues—Exchange and Nonexchange Transactions

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

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

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

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

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for Personal Aides, Transportation, Related Services, Life Skills and In Service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

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

Extraordinary and Special Items:

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

Management Estimates:

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

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

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

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

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2020, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents (A-1)	Cash and Cash Equivalents (H-1)	Total Cash and Cash Equivalents
Checking	\$ 74,968	\$ 9,310	\$ 84,278
	<u>\$ 74,968</u>	<u>\$ 9,310</u>	<u>\$ 84,278</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$84,278 and the bank balance was \$498,248. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances. Any balances over \$250,000 are covered by collateral pool.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3: RECEIVABLES

Receivables at June 30, 2020, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
Tuition Adjustments & Fees	\$ 2	\$ 2
Enterprise Fund Receivables		373,472
Gross Receivable	<u>\$ 2</u>	<u>\$ 373,474</u>
Less: Allow. for Uncollectibles	<u>-</u>	<u>-</u>
Total Receivables, Net	<u><u>\$ 2</u></u>	<u><u>\$ 373,474</u></u>

NOTE 4: INVENTORY

No inventory existed in the Funds at June 30, 2020.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Machinery and Equipment	\$ 244,494	\$ 83,454		\$ 327,948
Total at Historical Cost	<u>244,494</u>	<u>83,454</u>		<u>327,948</u>
Less Accumulated Depreciation for:				
Equipment	<u>(239,016)</u>	<u>(22,169)</u>		<u>(261,185)</u>
Total Accumulated Depreciation	<u>(239,016)</u>	<u>(22,169)</u>		<u>(261,185)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>5,478</u>	<u>61,285</u>		<u>66,763</u>
Government Activity Capital Assets, Net	<u>\$ 5,478</u>	<u>\$ 61,285</u>		<u>\$ 66,763</u>

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

Depreciation expense was charged to functions as follows:

Transportation	\$ 22,169
Total	<u>\$ 22,169</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6: LONG-TERM OBLIGATIONS

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2020, are as follows:

	Balance <u>7/1/19</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/20</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Line of Credit		\$83,450		\$83,450	
Other Liabilities:					
Compensated Absences Payable	\$18,462	725		19,187	
Total	\$18,462	\$84,175		\$102,637	

Compensated absences and capital leases have been liquidated in the General Fund and Enterprise Funds. The balance is recorded as follows:

General Fund	\$	11,248
Enterprise Funds		<u>7,939</u>
	\$	<u>19,187</u>

B. Commercial Loan (Line of Credit)

The district established a \$150,000 line of credit with PNC Bank. On August 20, 2019, \$150,000 of the loan was utilized to provide cash flow and was repaid in full with interest throughout the 2018-2019 year. As of June 30, 2020, the line of credit has not been fully utilized. Interest on the loan is paid at a variable rate which averaged 4.04% during the year. Management utilized \$83,450 of the credit line on August 1, 2019 to purchase a new school bus. The loan balance was \$83,450 as of June 30, 2020.

B. Operating Leases

The district utilizes lease financing to acquire school buses through Municipal Leasing Consultants, LLC. Leases are for six year terms, payable annually, for a total annual payments of \$116,136. Interest is at a rate of 4.89% annually.

NOTE 7: PENSION PLANS

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

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

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

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$6,314,162 as measured on June 30, 2019 and \$8,160,006 measured on June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$372,426 and revenue of \$372,426 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2020 is based upon changes in the collective net pension liability with a measurement period of June 30, 2018 through June 30, 2019. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2018 and June 30, 2019.

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

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$12,599,296,329	\$10,077,460,797
Collective deferred inflows of resources	\$16,171,861,734	\$17,525,379,167
Collective net pension liability (Nonemployer-State of New Jersey)	\$63,617,852,031	\$61,370,943,870
State's portion of the net pension liability that was associated with the district	\$8,160,006	\$6,314,162
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.012827%	0.010289%

Actuarial assumptions - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.75%
Salary Increases:	
Through 2026	1.55-4.45%
Therafter	2.75-5.65%
Investment Rate of Return:	7.00%

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

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

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US developed markets E	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State. 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 2054.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2019, calculated using the discount rate shown 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:

<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
<u>(4.60%)</u>	<u>Rate (5.60%)</u>	<u>(6.60%)</u>

State's Collective Net Pension Liability	\$ 72,544,649,801	\$ 61,519,112,443	\$ 52,371,397,951
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Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2019 was \$22,696,734,276

Amortization of Deferred Outflows and Inflows of Resources - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in the state's pension expense as follows:

	<u>Year Ended June 30:</u>
2020	(\$272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	<u>(2,402,153,865)</u>
Total	<u>(\$7,607,077,817)</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2019 are as follows:

Service cost	\$1,882,081,572
Interest on total ension liability	4,201,672,382
Member contributions	(846,166,328)
Administrative expens	13,922,385
Expected investment return net of investment expenses	(1,542,884,759)
Pension expense related to specific liabilities of individual employers	(300,112)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	178,228,412
Recognition of assumption changes or inputs	(596,671,173)
Recognition of investment gains/losses	<u>338,679,314</u>
Total pension expense	<u>\$3,628,561,693</u>

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

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

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

At June 30, 2020, the District reported a liability of \$966,142 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2019 and 2018. At June 30, 2019, the District's proportion was 0.00536% which was a decrease of 0.00074% from its proportion measured as of June 30, 2018.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

For the year ended June 30, 2020, the District recognized pension expense of (\$316,278). At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 17,341	\$ 4,268
Changes of assumptions	96,473	335,345
Net difference between projected and actual earnings on pension plan investments	-	15,251
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,099,214
Total	<u>\$ 113,814</u>	<u>\$ 1,454,078</u>

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

	<u>Year Ended June 30:</u>
2020	(\$155,115)
2020	(503,189)
2021	(449,319)
2022	(210,978)
2023	<u>(21,663)</u>
Total	<u>(\$1,340,264)</u>

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$4,684,852,302	\$3,149,522,616
Collective deferred inflows of resources	7,646,736,226	7,645,087,574
Collective net pension liability (Non State - Local Group)	\$19,689,501,539	\$18,018,482,972
District's portion of net pension liability	\$1,200,955	\$966,142
District's proportion %	0.00609947%	0.00536195%

Actuarial assumptions - The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation:	2.75%
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Thereafter	3.00%-7.00% based on years of service
Investment Rate of Return:	7.00%

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US developed markets E	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. 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 3.50% as of June 30, 2019 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 based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

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 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

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 net pension liability measured as of June 30, 2019, calculated using the discount rate as disclosed above, 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:

	<u>1% Decrease</u>	<u>Current Discount</u>	<u>1% Increase</u>
	<u>(5.28%)</u>	<u>Rate (6.28%)</u>	<u>(7.28%)</u>
District's proportionate share of the net pension liability	\$ 1,220,394	\$966,142	\$ 751,898

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2019 are as follows:

Service cost	(\$262,738)
Interest on total ension liability	(778,732)
Member contributions	180,967
Administrative expens	(4,793)
Expected investment return net of investment expenses	483,197
Pension expense related to specific liabilities of individual employers	2,263
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	(58,629)
Recognition of assumption changes or inputs	179,192
Recognition of investment gains/losses	<u>(57,005)</u>
Total pension expense	<u>(\$316,278)</u>

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

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

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

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

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

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

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

New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

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

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/2020	\$62,027	100 %	-0-
6/30/2019	\$62,485	100	-0-
6/30/2018	\$106,467	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year</u>	<u>Annual</u>	<u>Percentage</u>	<u>Net</u>
<u>Funding</u>	<u>Pension</u>	<u>of APC</u>	<u>Pension</u>
	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/2020	\$146,772	100 %	-0-
6/30/2019	\$206,904	100	-0-
6/30/2018	\$194,056	100	-0-

During the fiscal year ended June 30, 2020, the State of New Jersey did contribute \$201,163 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$9,973 during the year ended June 30, 2020, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

NOTE 8: POST-RETIREMENT BENEFITS

Plan description and benefits provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPES 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 No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

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 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

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 are the responsibility of the individual local education employers.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

Actuarial assumptions and other imputes The June 30, 2020 GASB 75 reporting is based on a measurement date of June 30, 2019. The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-3.05% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	1.55-3.05% TPAF 2.00-7.00% PERS Based on service years
Discount rate (2019)	3.50%
Discount rate (2018)	3.87%
Healthcare cost trend rates (PPO Plans)	5.7% decreasing to 4.5% after eight years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.8% decreasing to 5.0% after eight years
Healthcare cost trend rates (Prescription Drug Benefits)	7.5% decreasing to 4.5% after eight years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. 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.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2018 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2018 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2018 scale.

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

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2018	\$46,110,832,982
<u>Changes for the year:</u>	
Service Cost	1,734,404,850
Interest	1,827,787,206
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	(7,323,140,818)
Changes of Assumptions	622,184,027
Benefit Payments	(1,280,958,373)
Contributions from Members	37,971,171
Net changes	<u>(4,381,751,937)</u>
The State's Total OPEB Liability Balance at 6/30/2019	<u>\$41,729,081,045</u>
The State's total OPEB liability attributable to the District:	\$4,328,035

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019 and other changes.

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

	June 30, 2019		
	At 1% Decrease <u>2.50%</u>	At Discount Rate <u>3.50%</u>	At 1% Increase <u>4.50%</u>
Total OPEB Liability (School Retirees)	\$49,298,534,898	\$41,729,081,045	\$35,716,321,820

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

	June 30, 2018		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Total OPEB Liability (School Retirees)	\$54,512,391,175	\$46,110,832,982	\$39,432,461,816

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

	June 30, 2019		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
	Total OPEB Liability (School Retirees)	\$34,382,902,820	\$41,729,081,045

	June 30, 2018		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
	Total OPEB Liability (School Retirees)	\$38,113,289,045	\$46,110,832,982

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

For the year ended June 30, 2019, the board of education recognized OPEB expense of (\$97,938) determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee’s OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience		(\$10,484,965,300)
Changes of assumptions or other inputs		(\$8,481,529,343)
Total	-	<u>(\$18,966,494,643)</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

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

Year ended June 30:	
2020	(\$2,546,527,182)
2021	(\$2,546,527,182)
2022	(\$2,546,527,182)
2023	(\$2,546,527,182)
2024	(\$2,546,527,182)
Thereafter	<u>(\$6,233,858,733)</u>
	<u>(\$18,966,494,643)</u>

NOTE 9: DEFERRED COMPENSATION

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

NOTE 10: 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 instructional employees are granted sick leave in amounts under the District's contractual policies. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after initial service and become eligible after fifteen years of service and payment is based upon retirement in the state pension system.

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

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, 2020, \$7,939 existed for compensated absences in the proprietary fund types.

NOTE 11: RISK MANAGEMENT

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

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

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "*Contributory Method*". Under this plan, the District is required to remit employee withholdings to the State on a quarterly basis. All of the District claims are paid by the State.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

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

LITIGATION

The Board is not involved in claims and lawsuits incidental to its operations.

NOTE 13: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1) - Of the \$173,534 General Fund fund balance at June 30, 2020, \$173,534 is unreserved and undesignated.

NOTE 14: TUITION REVENUE

In the general fund, a comparison of tentative tuition charges and actual certified tuition charges was made. For special education classes, tuition adjustments in accordance with N.J.A.C.6A:23-17.7 are made no later than the end of the second school year, following the contract year. Adjustments required by June 30, 2020, for the actual costs through fiscal year 2017-2018 were reflected in the financial statements as of June 30, 2020. The State of New Jersey charges or refunds the sending districts any County Special Services tuition adjustments through the state aid payment system. The same state aid payment system is utilized to pay the district current tuition payments as well as prior tuition adjustments. As such, no tuition receivables or payables existed as of June 30, 2020.

NOTE 15: INTERFUND RECEIVABLES AND PAYABLES

There were no interfund receivables or payables as of June 30, 2020.

NOTE 16: SUBSEQUENT EVENTS

The District's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020 and continues subsequent to June 30, 2020. Additionally, New Jersey Governor Murphy has declared a state of emergency via Executive Order in response to the coronavirus outbreak. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the District's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the District's tax base revenue, absenteeism in the District's labor workforce, unavailability of supplies used in operations, and a decline in value of assets held by the District.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Tuition	\$ 400,000		\$ 400,000	\$ 277,520	\$ (122,480)
Miscellaneous				(239)	(239)
Total - Local Sources	400,000		400,000	277,281	(122,719)
State Sources:					
TPAF Pension (On-Behalf - Non-Budgeted)				146,613	146,613
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				54,391	54,391
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				159	159
TPAF Social Security (Reimbursed - Non-Budgeted)				9,973	9,973
Total State Sources				211,136	211,136
Federal Sources:					
Medical Assistance Program (SEMI)					
Total Federal Sources					
TOTAL REVENUES	400,000		400,000	488,417	88,417

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
UNDISTRIBUTED EXPENDITURES					
Supp. Services - General Administration:					
Salaries	45,013		45,013		45,013
Legal Services	6,000		6,000	1,893	4,107
Audit Fees	16,000		16,000		16,000
Communications/Telephone	9,000		9,000		9,000
General Supplies	4,534		4,534		4,534
Miscellaneous Expenditures	2,500	175	2,675		2,675
BOE membership dues and fees	2,500		2,500		2,500
Total Supp. Services - General Administration	85,547	175	85,722	1,893	83,829
Central Services					
Salaries	10,815		10,815		10,815
Purchased Professional Services	41,538		41,538		41,538
Total Central Services	52,353		52,353		52,353
Other Operations and Maintenance of Plant:					
Rental of Land, Bldg. Other than Lease Purch Agrmt.		15,300	15,300	15,300	
Insurance	25,000	(15,300)	9,700		9,700
Energy (Electricity)	5,000		5,000		5,000
Total Other Operations and Maintenance of Plant	30,000		30,000	15,300	14,700

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
UNALLOCATED BENEFITS					
Social Security Contributions	7,400		7,400		7,400
Other Retirement Contributions-PERS	7,200		7,200		7,200
Unemployment Compensation	2,000		2,000		2,000
Workmen's Compensation	2,000		2,000		2,000
Health Benefits	8,500		8,500		8,500
Other Benefits	5,000		5,000		5,000
TOTAL UNALLOCATED BENEFITS	32,100		32,100		32,100
On-behalf TPAF pension Contrib. (non-budgeted)				146,613	(146,613)
On-behalf TPAF PRM Contrib. (non-budgeted)				54,391	(54,391)
On-behalf TPAF pension Non-contributory Ins. (non-budgeted)				159	(159)
Reimbursed TPAF Social Security Contributions (non-budgeted)				9,973	(9,973)
TOTAL ON-BEHALF CONTRIBUTIONS				211,136	(211,136)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	32,100		32,100	211,136	(179,036)
TOTAL UNDISTRIBUTED EXPENDITURES	200,000	175	200,175	228,329	(28,154)

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
TOTAL GENERAL CURRENT EXPENSE	200,000	175	200,175	228,329	(28,154)
TOTAL EXPENDITURES	200,000	175	200,175	228,329	(28,154)
Excess (Deficiency) of Revenues Over (Under) Expenditures	200,000	(175)	199,825	260,088	60,263
Fund Balance, July 1	(86,554)		(86,554)	(86,554)	
Fund Balance, June 30	\$ 113,446	\$ (175)	\$ 113,271	\$ 173,534	\$ 60,263
Recapitulation:					
Assigned to:					
Year-End Encumbrances				-	
Unassigned:					
Unrestricted Fund Balance				173,534	
Fund Balance per Governmental Funds(Budgetary Basis)				\$ 173,534	

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources			\$ 481	\$ 481	-
Federal Sources		\$ 55,882	55,882	55,882	-
Total Revenues	-	55,882	56,363	56,363	-
EXPENDITURES:					
Instruction					
Other Purchased Services		481	481	481	
Total Instruction		481	481	481	
Support Services:					
Supplies and Materials		55,882	55,882	55,882	
Total Support Services	-	55,882	55,882	55,882	-
Facilities Acquisition and Contract Svs:					
Buildings				-	
Total Facilities Services					
Total Expenditures		56,363	56,363	56,363	
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)				None	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>None</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>None</u>	

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-3

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended June 30, 2020

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

	General Fund	Special Revenue Fund
	<u> </u>	<u> </u>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 488,417	\$ 56,363
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	-
Current Year Encumbrances	N/A	-
Adjustment for: Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>N/A</u>	<u>N/A</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 488,417</u>	<u>\$ 56,363</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 228,329	\$ 56,363
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	-
Current Year Encumbrances	N/A	-
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<u> </u>	<u> </u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 228,329</u>	<u>\$ 56,363</u>

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

Teachers' Pension and Annuity Fund (TPAF)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
State's proportionate share of the net pension liability (asset) associated with the District	\$ 6,314,162	\$ 8,160,006	\$ 8,627,053	\$ 9,298,732	\$ 5,605,697	\$ 3,885,436	\$ 3,857,484			
Total	\$ 6,314,162	\$ 8,160,006	\$ 8,627,053	\$ 9,298,732	\$ 5,605,697	\$ 3,885,436	\$ 3,857,484			
District's covered employee payroll	\$ 150,052	\$ 146,120	\$ 958,113	\$ 1,067,940	\$ 1,121,129	\$ 1,389,036	\$ 1,058,598			
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%			

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

Public Employees' Retirement System (PERS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
District's proportion of the net pension liability (asset)	0.005361952%	0.006099468%	0.011605008%	0.0121249135%	0.0138417585%	0.0143192704%	0.0146719306%			
District's proportionate share of the net pension liability (asset)	\$ 966,142	\$ 1,200,955	\$ 2,701,460	\$ 3,591,052	\$ 3,107,197	\$ 2,680,959	\$ 2,804,097			
District's covered employee payroll	\$ 198,904	\$ 204,189	\$ 342,125	\$ 421,891	\$ 1,289,364	\$ 872,631	\$ 945,633			
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	485.73%	588.16%	789.61%	851.18%	240.99%	307.23%	296.53%			
Plan fiduciary net position as a percentage of the total pension liability (Local)	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%			

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

**Warren County Special Services School District
Required Supplementary Information - Part III
Schedule of District Contributions
Last Ten Fiscal Years ***

Teachers' Pension and Annuity Fund (TPAF)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
District's covered employee payroll	\$ 150,052	\$ 146,120	\$ 958,113	\$ 1,067,940	\$ 1,121,129	\$ 1,389,036	\$ 1,058,598			
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A			

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

Public Employees' Retirement System (PERS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 62,027	\$ 62,485	\$ 106,467	\$ 108,563	\$ 119,065	\$ 118,046	\$ 110,550			
Contributions in relation to the contractually required contribution	(62,027)	(62,485)	(106,467)	(108,563)	(119,065)	(118,046)	(110,550)			
Contribution deficiency (excess)	-	-	-	-	-	-	-			
District's covered employee payroll	\$ 198,904	\$ 204,189	\$ 342,125	\$ 421,891	\$ 1,289,364	\$ 872,631	\$ 945,633			
Contributions as a percentage of covered-employee payroll	31.18%	30.60%	31.12%	25.73%	9.23%	13.53%	11.69%			

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

Warren County Special Services School District
 Required Supplementary Information - Part III
 Schedule of Changes in the State's Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years *

Exhibit M-1

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

The State of New Jersey's Total OPEB Liability	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Service Cost	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319						
Interest	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792						
Change in Benefit Terms										
Differences Between Expected and Actual Experience	(7,323,140,818)	(5,002,065,740)								
Benefit Payments	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)						
Contributions from Members	37,971,171	42,614,005	45,748,749	46,273,747						
Changes of Assumptions or other inputs	<u>622,184,027</u>	<u>(5,291,448,855)</u>	<u>(7,086,599,129)</u>	<u>8,611,513,521</u>						
Net change in total OPEB liability	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360						
Total OPEB Liability - Beginning	\$ 46,110,832,982	\$53,639,841,858	\$57,831,784,184	\$ 46,849,651,824						
Total OPEB Liability - Ending	\$ 41,729,081,045	\$46,110,832,982	\$53,639,841,858	\$ 57,831,784,184						
The State of New Jersey's total OPEB liability **	\$ 41,729,081,045	\$46,110,832,982	\$53,639,841,858	\$ 57,831,784,184						
The State of New Jersey's OPEB liability attributable to the District **	\$ 4,328,035	\$ 5,467,776	\$ 7,755,317	\$ 8,156,145						
The District's proportionate share of the total OPEB liability	<i>Zero</i>	<i>Zero</i>	<i>Zero</i>	<i>Zero</i>						
District's covered employee payroll	\$ 348,956	\$ 350,309	\$ 1,300,238	\$ 1,489,831						
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%						
District's contribution	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>						
State's covered employee payroll ***	\$ 13,929,083,479	\$13,640,275,833	\$13,493,400,208	\$ 13,493,400,208						
Total State's OPEB liability as a percentage of its covered-employee payroll	299.58%	338.05%	397.53%	428.59%						

** Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

*** Covered payroll for the Measurement Period ending June 30, 2018 and June 30, 2019 is based on the payroll on the June 30, 2017 and June 30, 2018 census data, respectively

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension and Other Post Employment Benefits (OPEB) Schedules**

For the Fiscal Year Ended June 30, 2020

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

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

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

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019.

Public Employees' Retirement System (PERS)

Pension Schedules

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

Changes of assumptions. Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019

OPEB Schedules

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

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

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

N/A

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2020

	REAP Grant	Foundation Grant	Totals
REVENUES			
Local Sources		\$ 481	\$ 481
Federal Sources	\$ 55,882		55,882
TOTAL REVENUES	55,882	481	56,363
EXPENDITURES:			
Instruction:			
Other Purchased Services		481	481
Total Instruction	-	481	481
Support Services:			
Supplies and Materials	55,882		55,882
Total Support Services	55,882	-	55,882
Facilities Acquisition and Contract Svs:			
Buildings			-
Total Facilities Services	-	-	-
TOTAL EXPENDITURES	\$ 55,882	\$ 481	\$ 56,363
Total Outflows	\$ 55,882	\$ 481	\$ 56,363
Excess (Deficiency) of Revenues Over (Under) Expenditures			

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

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

N/A

**PROPRIETARY FUND
DETAIL STATEMENTS**

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

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

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

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

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

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

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Exhibit H-1
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2020

	PAYROLL	
	<u>AGENCY</u>	<u>TOTALS</u>
ASSETS:		
Cash and Cash Equivalents	\$ <u>9,310</u>	\$ <u>9,310</u>
TOTAL ASSETS	<u>\$ 9,310</u>	<u>\$ 9,310</u>
LIABILITIES:		
Liabilities:		
Payroll Deductions and Withholdings	\$ <u>9,310</u>	\$ <u>9,310</u>
Total Liabilities	<u>\$ 9,310</u>	<u>\$ 9,310</u>
TOTAL LIABILITIES	<u>\$ 9,310</u>	<u>\$ 9,310</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 9,130	\$ 1,327,955	\$ 1,327,775	\$ 9,310
Total Assets	<u>\$ 9,130</u>	<u>\$ 1,327,955</u>	<u>\$ 1,327,775</u>	<u>\$ 9,310</u>
 LIABILITIES:				
Payroll Deductions and Withholdings	\$ 9,130	\$ 833,349	\$ 833,169	\$ 9,310
Accrued Salaries and Wages	-	494,606	494,606	-
Total Liabilities	<u>\$ 9,130</u>	<u>\$ 1,327,955</u>	<u>\$ 1,327,775</u>	<u>\$ 9,310</u>

LONG-TERM DEBT SCHEDULES

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

(Not Applicable)

Warren County Special Services School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	80-85
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	86-88
Debt Capacity (J-10 thru J-13) 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.	N/A
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	89-90
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	91-98

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

Warren County Special Services School District
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-1

	2011	2012	2013	2014	Fiscal Year Ending June 30,		2017	2018	2019	2020
					2015	2016				
Governmental activities										
Invested in capital assets, net of related debt	\$ 11,482		\$ 83,145	\$ 75,816	\$ 56,862	\$ 43,824	\$ 27,390	\$ 10,956	\$ 5,478	\$ 66,763
Restricted	10,309				-	-	-	-	-	-
Unrestricted	405,176	267,754	\$ 136,624	(462,400)	(566,845)	(449,400)	(786,695)	(784,255)	(551,799)	78,835
Total governmental activities net position	<u>\$ 426,967</u>	<u>\$ 267,754</u>	<u>\$ 219,769</u>	<u>\$ (386,584)</u>	<u>\$ (509,983)</u>	<u>\$ (405,576)</u>	<u>\$ (759,305)</u>	<u>\$ (773,299)</u>	<u>\$ (546,321)</u>	<u>\$ 145,598</u>
Business-type activities										
Invested in capital assets, net of related debt									-	-
Restricted									-	-
Unrestricted	\$ (11,617)	\$ 60,851	\$ 61,955	\$ (2,336,522)	\$ (2,400,054)	\$ (2,205,966)	\$ (2,567,326)	\$ (2,336,840)	\$ (1,974,610)	\$ (2,122,984)
Total business-type activities net position	<u>\$ (11,617)</u>	<u>\$ 60,851</u>	<u>\$ 61,955</u>	<u>\$ (2,336,522)</u>	<u>\$ (2,400,054)</u>	<u>\$ (2,205,966)</u>	<u>\$ (2,567,326)</u>	<u>\$ (2,336,840)</u>	<u>\$ (1,974,610)</u>	<u>\$ (2,122,984)</u>
District-wide										
Invested in capital assets, net of related debt	\$ 11,482		83,145	\$ 75,816	\$ 56,862	\$ 43,824	\$ 27,390	\$ 10,956	\$ 5,478	\$ 66,763
Restricted	10,309		-	-	-	-	-	-	-	-
Unrestricted	393,559	328,605	\$ 198,579	(2,798,922)	(2,966,899)	(2,655,366)	(3,354,021)	(3,121,095)	(2,526,409)	(2,044,149)
Total district net position	<u>\$ 415,350</u>	<u>\$ 328,605</u>	<u>\$ 281,724</u>	<u>\$ (2,723,106)</u>	<u>\$ (2,910,037)</u>	<u>\$ (2,611,542)</u>	<u>\$ (3,326,631)</u>	<u>\$ (3,110,139)</u>	<u>\$ (2,520,931)</u>	<u>\$ (1,977,386)</u>

Source: CAFR Schedule A-1

Warren County Special Services School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Special education	\$ 962,863	\$ 796,247	\$ 1,027,268	\$ 1,459,737	\$ 1,293,402	\$ 1,295,507	\$ 1,971,844	\$ 1,853,683	\$ 24,102	\$ (366)
Other special education	88,823	104,545								
Support Services:										
Student & instruction related services	292,558	301,632	290,669	223,412	266,764	102,289	36,580	22,130	-	(43,000)
General and business administrative services	269,473	294,783	395,019	267,621	282,579	437,399	599,993	468,724	893,784	(1,457)
Plant operations and maintenance	85,605	100,149	58,898	60,620	77,566	89,774	170,228	180,130	90,816	(11,773)
Pupil transportation	11,482	11,543	4,555			35,966	394	186,408	25,356	(17,059)
Unallocated depreciation				18,954	18,954					
Total governmental activities expenses	1,710,804	1,608,899	1,776,409	2,030,344	1,939,265	1,960,935	2,779,039	2,711,075	1,034,058	(73,655)
Business-type activities:										
Proprietary Funds	3,241,812	3,457,268	3,824,799	5,192,708	6,373,122	6,677,709	7,264,936	7,311,186	6,232,550	5,241,199
Total business-type activities expense	3,241,812	3,457,268	3,824,799	5,192,708	6,373,122	6,677,709	7,264,936	7,311,186	6,232,550	5,241,199
Total district expenses	\$ 4,952,616	\$ 5,066,167	\$ 5,601,208	\$ 7,223,052	\$ 8,312,387	\$ 8,638,644	\$ 10,043,975	\$ 10,022,261	\$ 7,266,608	\$ 5,167,544
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction (Special Education)	\$ 1,340,820	\$ 1,078,400	\$ 1,006,687	\$ 1,279,098	\$ 928,001	\$ 871,829	\$ 916,746	\$ 810,564	\$ 10,473	\$ 1,383
Business and other support services			350,197	263,849	235,044	447,809	375,280	374,914	438,864	276,137
Operating grants and contributions	\$ 126,306	\$ 111,298	\$ 175,364	163,294	443,992	548,495	927,866	1,301,219	760,566	340,983
Total governmental activities program revenues	1,467,126	1,189,698	1,532,248	1,706,241	1,607,037	1,868,133	2,219,892	2,486,697	1,209,903	618,503
Business-type activities:										
Charges for services										
Proprietary Funds	3,209,464	3,595,403	3,825,897	5,121,632	6,309,590	6,868,985	6,903,576	7,541,672	6,594,780	5,092,825
Operating grants and contributions										
Total business type activities program revenues	3,209,464	3,595,403	3,825,897	5,121,632	6,309,590	6,868,985	6,903,576	7,541,672	6,594,780	5,092,825
Total district program revenues	\$ 4,676,590	\$ 4,785,101	\$ 5,358,145	\$ 6,827,873	\$ 7,916,627	\$ 8,737,118	\$ 9,123,468	\$ 10,028,369	\$ 7,804,683	\$ 5,711,328
Net (Expense)/Revenue										
Governmental activities	\$ (243,678)	\$ (419,201)	\$ (244,161)	\$ (324,103)	\$ (332,228)	\$ (92,802)	\$ (559,147)	\$ (224,378)	\$ 175,845	\$ 692,158
Business-type activities	(32,348)	138,135	1,098	(71,076)	(63,532)	191,276	(361,360)	230,486	362,230	(148,374)
Total district-wide net expense	\$ (276,026)	\$ (281,066)	\$ (243,063)	\$ (395,179)	\$ (395,760)	\$ 98,474	\$ (920,507)	\$ 6,108	\$ 538,075	\$ 543,784

Warren County Special Services School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ -	\$ -
Investment earnings						-	-	-	-	-
Miscellaneous income	9,897	8,048	9,908	8,178	22,561	18,171	19,150	24,116	51,133	\$ (239)
Transfers		65,672								
Total governmental activities	196,165	259,988	196,176	194,446	208,829	204,439	205,418	210,384	51,133	(239)
Business-type activities:										
Miscellaneous Income	(2,467)	5	6			-	-	-	-	-
Transfers		(65,672)				-	-	-	-	-
Total business-type activities	(2,467)	(65,667)	6	-	-	-	-	-	-	-
Total district-wide	\$ 193,698	\$ 194,321	\$ 196,182	\$ 194,446	\$ 208,829	\$ 204,439	\$ 205,418	\$ 210,384	\$ 51,133	\$ (239)
Change in Net Position										
Governmental activities	\$ (47,513)	\$ (159,213)	\$ (47,985)	\$ (129,657)	\$ (123,399)	\$ 111,637	\$ (353,729)	\$ (13,994)	\$ 226,978	\$ 691,919
Business-type activities	(34,815)	72,468	1,104	(71,076)	(63,532)	191,276	(361,360)	230,486	362,230	(148,374)
Total district	\$ (82,328)	\$ (86,745)	\$ (46,881)	\$ (200,733)	\$ (186,931)	\$ 302,913	\$ (715,089)	\$ 216,492	\$ 589,208	\$ 543,545

Source: CAFR Schedule A-2

Warren County Special Services School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

Exhibit J-3

	2011		2012		2013		2014		Fiscal Year Ending June 30,		2017		2018		2019		2020			
									2015	2016										
General Fund																				
Reserved	\$	10,309			\$	92,505	\$	60,359	\$	1,100	\$	26,884	\$	26,811		\$	175	-		
Unreserved		495,246		357,412	\$	134,341		44,697		5,381		109,422		(216,339)	\$	(248,572)		(86,729)	\$	173,534
Total general fund	\$	<u>505,555</u>		<u>\$ 357,412</u>	\$	<u>226,846</u>		<u>\$ 105,056</u>	\$	<u>6,481</u>	\$	<u>136,306</u>	\$	<u>(189,528)</u>	\$	<u>(248,572)</u>	\$	<u>(86,554)</u>	\$	<u>173,534</u>
All Other Governmental Funds																				
Reserved																				
Unreserved, reported in:																				
Special revenue fund																				
Trust and agency fund		-		-		-		-		-		-		-		-		-		-
Total all other governmental funds		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>		<u>-</u>

Source: CAFR Schedule B-1

**Warren County Special Services School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Tax levy	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	-	-
Interest earnings										
Miscellaneous/tuition	1,350,717	1,086,448	1,366,792	1,551,125	1,185,606	1,337,809	1,314,951	1,211,614	\$ 500,470	\$ 277,762
State sources	118,998	106,050	170,708	160,802	226,936	288,495	341,076	387,122	310,078	211,136
Federal sources	7,308	5,248	4,656	2,492	55,933	12,362	29,082	465	3,205	55,882
Total revenue	1,663,291	1,384,014	1,728,424	1,900,687	1,654,743	1,824,934	1,871,377	1,785,469	813,753	544,780
Expenditures										
Instruction										
Special education instruction	732,917	594,348	754,791	1,102,118	740,364	697,403	1,045,430	799,781	5,207	481
Other special instruction	63,851	78,269				-	-	-	-	-
Support Services:										
Student & instruction related services	249,154	253,030	237,777	215,857	266,764	57,686	19,699	9,744		55,882
School administrative services	212,578	235,019	314,802	219,184	198,100	246,672	323,104	206,386	193,095	1,893
Plant operations and maintenance	85,605	100,149	58,898	60,620	77,566	78,021	91,670	79,314	19,620	15,300
Pupil transportation		61	4,555			20,283	212	82,078		
Unallocated employee benefits	384,469	336,953	405,022	413,073	470,524	595,044	717,096	667,210	433,823	211,136
Special Schools	946									
Capital Outlay			83,145	11,625						
Total expenditures	1,729,520	1,597,829	1,858,990	2,022,477	1,753,318	1,695,109	2,197,211	1,844,513	651,745	284,692
Excess (Deficiency) of revenues over (under) expenditures	(66,229)	(213,815)	(130,566)	(121,790)	(98,575)	129,825	(325,834)	(59,044)	162,008	260,088
Other Financing Sources (uses)										
Transfers in		87,080								
Transfers out		(21,408)								
Total other financing sources (uses)	-	65,672	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (66,229)	\$ (148,143)	\$ (130,566)	\$ (121,790)	\$ (98,575)	\$ 129,825	\$ (325,834)	\$ (59,044)	\$ 162,008	\$ 260,088
Debt service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Source: CAFR Schedule B-2

Warren County Special Services School District

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Non-Resident</u> <u>Fees</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2011	\$ 1,650	\$ 8,000	\$ 1,332,820	\$ 8,247	\$ 1,350,717
2012	851	12,000	1,066,400	7,197	1,086,448
2013	260	4,000	1,356,884	5,648	1,366,792
2014	113	7,957	1,542,947	108	1,551,125
2015	63	6,400	1,163,045	16,098	1,185,606
2016	-	17,097	1,319,638	1,074	1,337,809
2017	-	8,620	1,292,026	10,530	1,311,176
2018	-	4,300	1,185,478	19,816	1,209,594
2019	-	-	-	51,133	51,133
2020	-	-	-	(239)	(239)

SOURCE: District Records

**Warren County Special Services School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2011	\$251,516,967	\$8,168,300,057	\$618,799,900	\$38,129,997	\$1,251,803,552	\$644,499,200	\$223,769,200	\$12,484,885,360	\$1,255,927,713	\$32,138,774	\$11,228,957,647	N/A	\$13,469,104,644
2012	226,612,417	8,074,315,307	594,783,500	37,505,720	1,236,692,452	627,479,200	218,177,404	12,286,471,337	1,240,646,048	30,259,289	11,045,825,289	N/A	12,821,727,118
2013	199,368,367	7,893,151,225	601,147,400	37,856,335	1,210,337,553	619,331,100	218,642,404	12,042,237,341	1,231,347,161	31,055,796	10,810,890,180	N/A	12,064,011,840
2014	187,827,887	7,826,483,885	594,520,700	37,656,226	1,204,982,162	609,937,850	223,602,500	11,957,319,835	1,246,473,784	25,834,841	10,710,846,051	N/A	11,312,251,145
2015	173,905,752	7,468,609,785	588,213,200	38,352,949	1,179,627,962	573,813,750	244,622,900	11,520,088,999	1,230,066,004	22,876,697	10,290,022,995	N/A	10,631,545,458
2016	164,482,052	7,486,498,434	585,906,750	43,106,922	1,153,798,402	564,186,450	246,351,800	11,493,860,191	1,234,520,704	15,008,677	10,259,339,487	N/A	10,687,356,135
2017	165,589,136	7,463,992,051	579,415,150	39,147,732	1,161,877,202	559,270,950	243,925,800	11,463,082,525	1,234,520,704	15,343,800	10,228,561,821	N/A	10,757,846,707
2018	158,552,732	7,474,779,822	580,014,750	37,861,432	1,158,234,070	556,573,650	248,360,300	11,552,221,375	1,322,584,929	15,259,690	10,229,636,446	N/A	10,749,777,260
2019	151,008,922	7,456,282,722	576,274,750	37,153,209	1,160,299,170	560,725,230	252,859,200	11,531,936,950	1,322,584,929	14,748,818	10,209,352,021	N/A	10,890,706,856
2020	164,191,422	7,464,151,022	574,241,350	36,490,131	1,167,788,170	562,349,750	256,811,900	11,567,372,238	1,329,694,559	11,653,934	10,237,677,679	N/A	11,005,815,986

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

b Tax rates are per \$100

**Warren County Special Services School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Merrill Creek Reservoir	\$221,059,058	1	2.16%	INFORMATION NOT AVAILABLE		
Mansfield Plaza	84,014,700	2	0.82%			0.00%
Mansfield Plaza Associates, LLC	47,046,000	3	0.46%			0.00%
Food Manufacturers	45,316,900	4	0.44%			0.00%
DSM Nutritional Products, Inc.	44,838,700	5	0.44%			0.00%
Green Eagle Properties	33,190,600	6	0.32%			0.00%
Phillipsburg Mall	32,712,700	8	0.32%			
MorrisPark Associates	27,356,000	7	0.27%			
Pohatcong Associates	24,789,600	9	0.24%			
National Reality Dev. Co.	24,235,000	10	0.24%			
Total	\$ 584,559,258		5.71%	\$ -		0.00%

Source: District CAFR & Municipal Tax Assessor

**Warren County Special Services School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$ 186,268	\$ 139,701	75.00%	\$ 46,567
2012	186,268	139,701	75.00%	46,567
2013	186,268	186,268	100.00%	-
2014	186,268	186,268	100.00%	-
2015	186,268	186,268	100.00%	-
2016	186,268	186,268	100.00%	-
2017	186,268	186,268	100.00%	-
2018	186,268	186,268	100.00%	-
2019	N/A	N/A	N/A	-
2020	N/A	N/A	N/A	-

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

Note:

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

**Warren County Special Services School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population ^a</u>	<u>Personal Income (thousands of dollars) ^b</u>	<u>Per Capita Personal Income ^c</u>	<u>Unemployment Rate ^d</u>
2011	108,576	\$ 4,969,426,627	\$45,807 R	8.4%
2012	108,142	\$ 5,085,081,312	\$47,098 R	8.2%
2013	107,563	\$ 5,107,999,232	\$47,609 R	7.2%
2014	106,897	\$ 5,243,805,956	\$49,188 R	6.1%
2015	106,981	\$ 5,440,430,912	\$51,010 R	5.2%
2016	106,742	\$ 5,491,757,608	\$51,850 R	4.6%
2017	106,059	\$ 5,678,407,887	\$53,405 R	4.2%
2018	105,715	\$ 5,667,273,439	\$56,058 R	3.8%
2019	105,528	\$ 5,662,455,649	\$56,058 *	3.4%
2020	105,267	\$ 5,901,057,486	\$56,058 *	*

Source:

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

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

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

R =Revised

* Current data unavailable

Warren County Special Services School District
Principal Employers,
Current Year and Nine Years Ago

Exhibit J-15

N/A

Employer	2020			2011		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%	-		0.00%
		2	0.00%	-		0.00%
		3	0.00%	-		0.00%
		4	0.00%	-		0.00%
		5	0.00%	-		0.00%
		6	0.00%	-		0.00%
		7	0.00%	-		0.00%
		8	0.00%	-		0.00%
		9	0.00%	-		0.00%
		10	0.00%	-		0.00%
	-			-		0.00%
	-			-		0.00%
	-			-		0.00%
	-		0.00%	-		0.00%

Source:

No reliable information for Employer
Data available at Local or County level

**Warren County Special Services School District
 Full-time Equivalent District Employees by Function/Program,
 Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Special education	7.5	8.0	7.6	7.6	8.0	8.0	8.0	8.0	0.0	0.0
Other special education	5.0	8.4	5.2	6.4	8.0	8.0	16.0	15.0	0.0	0.0
Support Services:										
General administrative services	2.4	3.0	2.6	1.8	1.8	1.8	2.5	1.5	1.3	1.3
School administrative services	1.0									
Other administrative services	0.5	0.6	0.9	0.8	2.0	2.0	1.0	1.0	0.0	0.0
Pupil transportation	0.6				2.0	2.0	2.0	2.0	3.0	3.0
Total	17.0	20.0	16.3	16.6	21.8	21.8	29.5	27.5	4.3	4.3

Source: District Personnel Records

Warren County Special Services School District
 Operating Statistics
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Special					
2011	34	\$1,729,520	\$50,868	8.82%	12.5	N/A		33.6	34.0	-11.37%	101.2%
2012	31	\$1,597,829	\$51,543	1.33%	12.4	N/A		31.1	28.1	-7.41%	90.4%
2013	44	\$1,775,845	\$40,360	-21.70%	9.3	N/A		43.0	39.4	38.26%	91.6%
2014	52	\$2,010,852	\$38,670	-4.19%	9.8	N/A		52.9	48.9	23.02%	92.4%
2015	30	\$1,753,318	\$58,444	51.13%	8.0	N/A		28.7	25.7	-45.80%	89.5%
2016	33	\$1,695,109	\$51,367	-12.11%	8.0	N/A		32.3	28.2	12.66%	87.3%
2017	28	\$2,197,211	\$78,472	52.77%	8.0	N/A		26.4	22.6	-18.27%	85.6%
2018	16	\$1,844,513	\$115,282	46.91%	8.0	N/A		15.8	13.9	-40.15%	88.0%
2019	0	\$651,745	N/A	N/A	0.0	N/A		0.0	0.0	-100.00%	N/A
2020	0	\$284,692	N/A	N/A	0.0	N/A		0.0	0.0	#DIV/0!	N/A

Sources: District records, ASSA and Schedules J-2, J-4

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4
- 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).

**Warren County Special Services School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Franklin Ed</u>										
Square Feet	770	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Franklin Aut</u>										
Square Feet	630	630	630	630	630	630	630	630	N/A	N/A
Capacity (students)	12	12	12	12	12	12	12	12	N/A	N/A
Enrollment	5	5	5	2	3	4	3	3	N/A	N/A
<u>WHR MDS</u>										
Square Feet	N/A	1,350	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>WHR-CS</u>										
Square Feet	N/A	1,350	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>ARC 2 g</u>										
Square Feet	864	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>GMR</u>										
Square Feet	960	960	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	12	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	5	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Pohatcong AUT</u>										
Square Feet	900	900	900	900	900	900	900	900	N/A	N/A
Capacity (students)	12	12	12	12	12	12	12	12	N/A	N/A
Enrollment	5	6	3	6	3	2	3	2	N/A	N/A

**Warren County Special Services School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Belvidere</u>										
Square Feet	N/A	N/A	480	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>Belvidere - MD</u>										
Square Feet	N/A	N/A	314	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<u>WC Tech EDS</u>										
Square Feet	522	522	522	522	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	12	12	12	12	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	2	3	6	10	N/A	N/A	N/A	N/A	N/A	N/A
<u>WC Tech (Auto)</u>										
Square Feet	N/A	N/A	4,138	4,138	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	20	20	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	4	8	N/A	N/A	N/A	N/A	N/A	N/A
<u>WC Tech (Culinary)</u>										
Square Feet	N/A	N/A	1,749	1,749	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	20	20	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	9	12	N/A	N/A	N/A	N/A	N/A	N/A
<u>District Office WC Tech</u>										
Square Feet	1,102	1,102	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Warren County Special Services School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Allamuchy BD</u>										
Square Feet	N/A	1,146	1,146	N/A	N/A	N/A	1146	1,146	N/A	N/A
Capacity (students)	N/A	12	12	N/A	N/A	N/A	12	12	N/A	N/A
Enrollment	N/A	3	7	N/A	N/A	N/A	2	-	N/A	N/A
<u>Hackettstown HS - MD</u>										
Square Feet	N/A	N/A	N/A	1,350	1,350	1,350	1,350	1350	N/A	N/A
Capacity (students)	N/A	N/A	N/A	12	12	12	12	12	N/A	N/A
Enrollment	N/A	N/A	N/A	4	3	3	3	0	N/A	N/A
<u>Hackettstown HS - BD</u>										
Square Feet	N/A	N/A	N/A	N/A	1,350	1,350	1,350	1,350	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	12	12	12	12	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	5	4	5	-	N/A	N/A
<u>GMR - BD MS</u>										
Square Feet	N/A	N/A	N/A	960	960	960	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	12	12	12	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	2	3	4	N/A	N/A	N/A	N/A
<u>GMR - CS HS</u>										
Square Feet	N/A	N/A	N/A	960	960	960	960	960	N/A	N/A
Capacity (students)	N/A	N/A	N/A	12	12	12	12	12	N/A	N/A
Enrollment	N/A	N/A	N/A	6	6	6	5	3	N/A	N/A
<u>GMR - MD MS</u>										
Square Feet	N/A	N/A	N/A	960	960	960	960	960	N/A	N/A
Capacity (students)	N/A	N/A	N/A	12	12	12	12	12	N/A	N/A
Enrollment	N/A	N/A	N/A	2	3	3	5	0	N/A	N/A
<u>GMR - CENTRAL BD</u>										
Square Feet	N/A	N/A	N/A	N/A	960	960	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	12	12	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	4	6	N/A	N/A	N/A	N/A

**Warren County Special Services School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Washington BORO - AUT</u>										
Square Feet	N/A	N/A	N/A	N/A	N/A	960	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	12	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	1	N/A	N/A	N/A	N/A
<u>Washington BORO - BD</u>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	960	960	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	12	12	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	2	3	N/A	N/A
<u>Centenary University - BD</u>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	500	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	N/A	N/A
<u>Centenary University - MD</u>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	500	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	N/A	N/A

Source: District records

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2020

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY - SAIF		
Property-Blanket Building and Contents	\$350,000,000	\$1,000
Comprehensive General Liability	16,000,000	
Comprehensive Automotive Liability	16,000,000	
UMBRELLA LIABILITY		
Primary Limits up to	31,000,000	
SCHOOL BOARD LEGAL LIABILITY - SAIF		
Directors and Officers Policy	16,000,000	5,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance		
Business Administrator	130,000	

SOURCE: District Records

Single Audit Section



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 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

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

Independent Auditor's Report

Honorable President and
 Members of the Board of Education
 Warren County Special Services School District
 County of Warren
 Oxford, New Jersey 07863

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Warren County Special Services School District Board of Education in the County of Warren, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Warren County Special Services School District Board of Education's basic financial statements, and have issued our report thereon dated December 9, 2020.

Internal Control Over Financial Reporting

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

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

-Continued-

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

Compliance and Other Matters

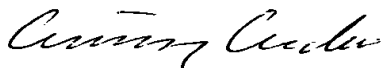
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

Purpose of this Report

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



ARDITO & COMPANY LLC
December 9, 2020



Licensed Public School Accountant No.2369

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

K-4

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2020

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2019	Carryover/ Walkover Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2020			Cumulative Total Expenditures
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor	
U.S. Department of Education Passed- Through State Department of Education: Special Revenue Fund																
Rural Education Achievement Program	84.358A	S358B190030	S358A194322	18,904	7/1/19	6/30/20			\$ 18,904	\$ (18,904)						\$ 18,904
Rural Education Achievement Program	84.358A	S358B180030	S358A184322	17,098	7/1/18	6/30/19			17,098	(17,098)						17,098
Rural Education Achievement Program	84.358A	S358B160030	S358A168414	20,000	7/1/16	9/30/17	\$ 19,880			(19,880)						19,880
Total Special Revenue Fund							<u>\$ 19,880</u>	<u>-</u>	<u>36,002</u>	<u>(55,882)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,882</u>
TOTAL FEDERAL FINANCIAL AWARDS							\$ 19,880	-	\$ 36,002	\$ (55,882)	-	-	-	-	-	\$ 55,882

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

Note: This Schedule was not subject to an audit in accordance with Uniform Guidance.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

K-5

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2020

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2019	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2020			MEMO			
										(ACCTS. RECEIV.)	INTERFUND PAYABLE/ DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES		
State Department of Education													*			
General Fund:													*			
On Behalf TPAF Pension	20-495-034-5094-002	7/1/19-6/30/20	\$ 146,613			\$ 146,613	\$ (146,613)								*	\$ 146,613
On Behalf TPAF Pension PMR	20-495-034-5094-001	7/1/19-6/30/20	54,391			54,391	(54,391)								*	54,391
On Behalf TPAF Pension Non-Contrib Ins	20-495-034-5094-004	7/1/19-6/30/20	159			159	(159)								*	159
Reimbursed TPAF Soc.Secur.Contrib.	20-495-034-5094-003	7/1/19-6/30/20	9,973	\$ 705		9,268	(9,973)								*	9,973
Total General Fund				705		210,431	(211,136)	-	-	-	-	-		*	-	211,136
Total State Financial Assistance				\$ 705	-	\$ 210,431	\$ (211,136)	-	-	-	-	-		*	-	\$ 211,136
<u>Less TPAF On Behalf Pension:</u>																
						On Behalf TPAF Pension	146,613									
						On Behalf TPAF Pension PMR	54,391									
						On Behalf TPAF Pension Non-Contrib Ins	159									
						TOTAL	201,163									
State Financial Assistance Subject to Major Program Determination							\$ (9,973)									

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.
Note: This Schedule was not subject to an audit in accordance with NJ OMB Circular 15-08.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

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

Noncompliance material to financial statements noted? ___ Yes **x** No

Federal Awards

Not Applicable

Internal control over major programs:

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

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

State Financial Assistance Section

Not Applicable

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

N/A

Auditee qualified as low-risk auditee?

__yes__no

Internal Control over major programs:

1) Material weakness(es) identified?

__yes__no

2) Were significant deficiencies identified that were not considered to be material weaknesses?

__yes__none

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

N/A

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable?

__yes__no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

N/A

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II-Financial Statement Findings

None

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

Section III - State Financial Assistance Findings and Questioned Costs

None

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

None

In accordance with *government auditing standards* , our procedures included a review of all prior year recommendations. All prior year findings were corrected in the current prior year.