

**SCHOOL DISTRICT**

**OF**

**Warren County Special Services**

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

**Annual Comprehensive Financial Report  
For The Fiscal Year Ended June 30, 2022**

# **Annual Comprehensive**

## **Financial Report**

**of the**

**Warren County Special Services School District**

**Board of Education**

**Oxford, New Jersey**

**For the Fiscal Year Ending June 30, 2022**

**Prepared by**

**Warren County Special Services School District**

**Board of Education**

**Finance Department**

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## **Introductory Section**

# WCSSSD *Warren County Special Services School District*

Dr. Tim Frederiks, Interim 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, 2022, 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 2021-2022 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>
2021-2022	0	0.0%
2020-2021	0	0.0%
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%

**2. ECONOMIC CONDITION AND OUTLOOK:**

The district has suspended its direct instructional offerings, thus the enrollment of 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 Commissioners 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, 2022.

**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, 2022.

**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.

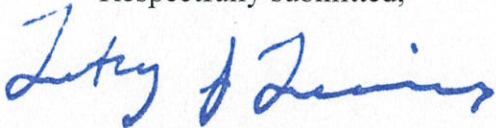
**11. OTHER INFORMATION:**

**A. INDEPENDENT AUDIT** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ardito & Co., LLP 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.

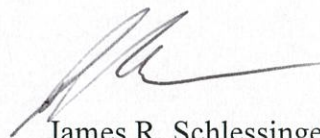
The auditor's report on the general-purpose financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

**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,

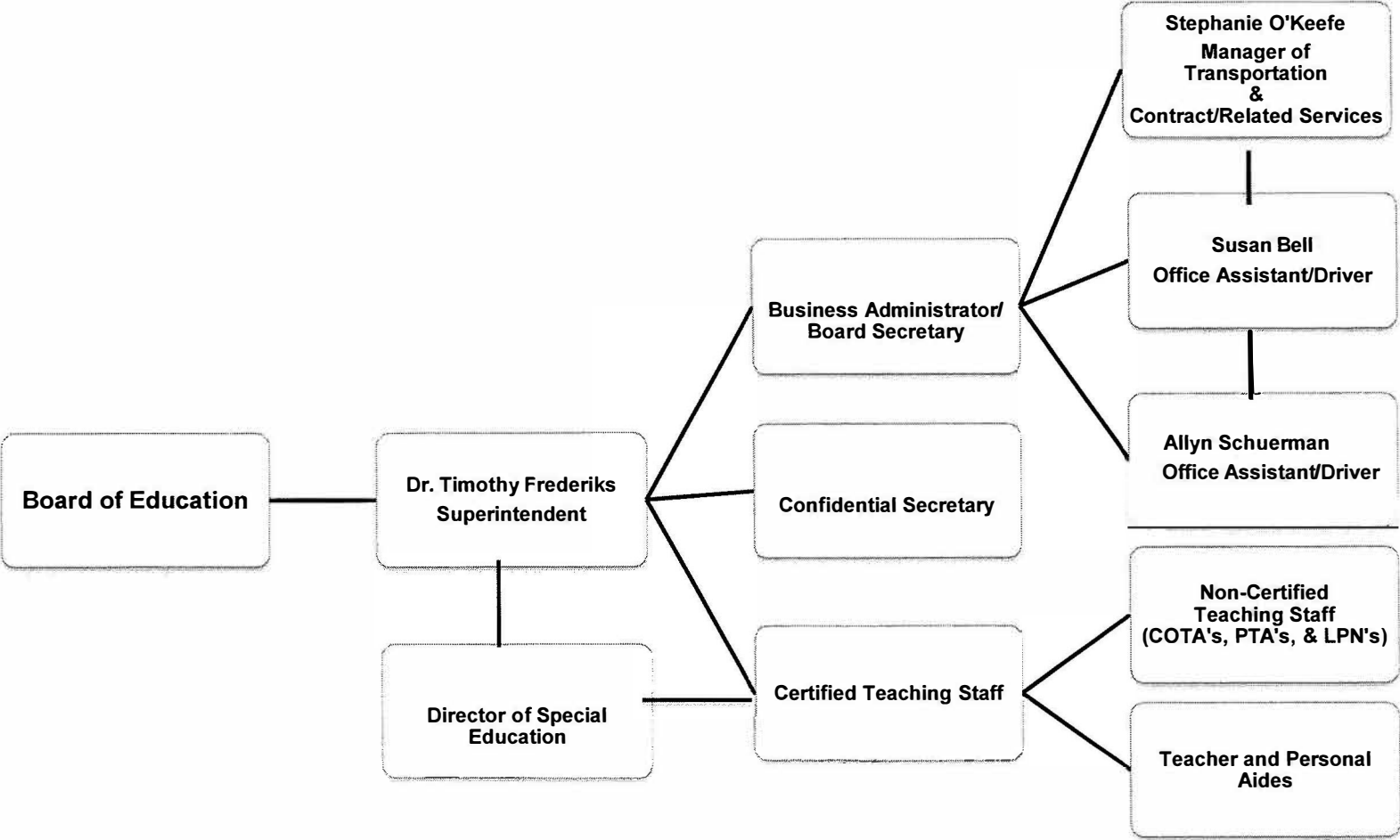


Dr. Tim Frederiks  
Interim Superintendent



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, 2022

Members of the Board of Education

Term Expires

Joseph Delesky, <i>President</i>	2024
Joseph Flynn, <i>Vice-President</i>	2023
Sherry Koeppen	2023
Gail Gomez	2025
Ruth Ann Dalrymple	2025
Brian Schubert	2024

Other Officials

Dr. Rosalie Lamonte, *Executive County Superintendent*

Dr. Timothy Frederiks, *Interim 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 & Company LLC**  
1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192

**Attorney**

**Florio, Perrucci, Steinhardt, Cappelli, Tipton & Taylor, 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**

1110 Harrison Street, Suite C  
Frenchtown, New Jersey 08825-1192  
908-996-4711 Fax: 908-996-4688  
e-mail: [anthony@arditoandcompany.com](mailto:anthony@arditoandcompany.com)

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 Audit of the Financial Statements**

#### ***Opinions***

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Warren County Special Services School District Board of Education, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Warren County Special Services School District Board of Education, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

-Continued-

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and ***Government Auditing Standards*** will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and ***Government Auditing Standards***, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 and post-employment benefit trend information as noted in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 combining and

-Continued-

individual non-major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* the District's internal control over financial reporting and compliance.

*Ardito & Company LLC*

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 20, 2023

***Anthony Ardito***

Anthony Ardito

Certified Public Accountant

ARDITO & COMPANY LLC

Frenchtown, New Jersey

January 20, 2023

**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, 2022  
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, 2022. 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 2022 are as follows:

- ◆ In total, Net Position increased \$361,983 which represents a 24.8% increase from 2021.
- ◆ Program specific revenues in the form of charges for services and pension accounting adjustments accounted for \$7,306,721 or 100.0% of total revenues of \$7,306,721.
- ◆ Total assets of governmental activities decreased by \$110,018, as cash and cash equivalents decreased by \$190,286, receivables increased by \$120,654, and capital assets decreased by \$40,386.
- ◆ The School District had \$6,944,738 in expenses; these expenses were offset by program specific charges for services of \$7,306,721
- ◆ Among major funds, the General Fund had \$70,645 in revenues and \$70,645 in expenditures and relate entirely to State of New Jersey on-behalf payments for post-retirement benefits. The General Fund's surplus balance remains unchanged at \$141,697.

**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, 2022  
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 2022?" 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, 2022  
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 2022 compared to 2021.

**Table 1  
Net Position**

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current and Other Assets	\$ (34,665)	\$ 34,967
Capital Assets	415,061	455,447
<b>Total Assets</b>	<u>380,396</u>	<u>490,414</u>
<b>Deferred Outflows of Resources</b>	<u>7,242</u>	<u>42,017</u>
<b>Liabilities</b>		
Long-Term Liabilities	470,806	598,790
Other Liabilities	14,406	12,406
<b>Total Liabilities</b>	<u>485,212</u>	<u>611,196</u>
<b>Deferred Inflows of Resources</b>	<u>998,806</u>	<u>1,379,598</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	371,997	371,997
Restricted	-	-
Unrestricted	(1,468,377)	(1,830,360)
<b>Total Net Position</b>	<u>\$ (1,096,380)</u>	<u>\$ (1,458,363)</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
 UNAUDITED

Total assets of governmental activities decreased by \$110,018, as cash and cash equivalents decreased by \$190,286, receivables increased by \$120,654, and capital assets decreased by \$40,386.

The cash decrease was mainly due to a loss in the enterprise fund, excluding non-cash GASB No. 68 pension changes. Receivables increased due to collection of transportation billings in the subsequent year, and capital assets decreased due to depreciation expense for the year.

Table 2 shows the changes in Net Position from fiscal year 2021.

**Table 2**  
**Changes in Net Position**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 7,744,762	\$ 4,894,369
Operating Grants and Contributions	(438,041)	4,647
General Revenues:		
Other	<u>-</u>	<u>3,095</u>
<b>Total Revenues</b>	<u>7,306,721</u>	<u>4,902,111</u>
<b>Program Expenses</b>		
Support Services:		
Pupils and Instructional Staff	-	2,162
General Administration, School Administration, Business	-	35,322
Operations and Maintenance of Facilities	-	-
Transportation	(375,506)	43,337
Business-Type Activities	7,320,244	4,814,787
Fiscal Charges	<u>-</u>	<u>-</u>
<b>Total Expenses</b>	<u>6,944,738</u>	<u>4,895,608</u>
Increase/(Decrease) in Net Position	<u>\$ 361,983</u>	<u>\$ 6,503</u>



WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
UNAUDITED

**Governmental Activities**

The County of Warren discontinued providing property taxes for the School District operations in fiscal year 2019.

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 2021. That is, it identifies the cost of these services supported by tax revenue and tuition.

**Table 3**

	<u>Total Cost of Services 2022</u>	<u>Net Cost of Services 2022</u>	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>
Support Services:				
Pupils and Instructional Staff	-	-	\$ 2,162	\$ 2,038
General Admin., School Admin., Business	-	-	35,322	33,291
Transportation	\$ (375,506)	\$ 62,535	43,337	40,845
Business-Type Activities	<u>7,320,244</u>	<u>(424,518)</u>	<u>4,814,787</u>	<u>(79,582)</u>
Total Expenses	<u>\$ 6,944,738</u>	<u>\$ (361,983)</u>	<u>\$ 4,895,608</u>	<u>\$ (3,408)</u>

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.

**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 \$70,645 and expenditures of \$70,645.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
UNAUDITED

**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 School District no longer accounts for activity in the General Fund. All district operations are accounted for in the enterprise funds. Any general fund activity is based upon State of New Jersey on-behalf post retirement benefit revenues with related off-setting expenditures.

Overall general fund balance (budget basis) was a surplus balance of \$141,697, creating a surplus in unreserved fund balance of \$141,697. This surplus remains from prior years.

**Enterprise Fund Budgeting Highlights**

Effective June 30, 2018 management closed the school and ceased all unprofitable enterprise fund operations. Remaining operations include enterprise funds of transportation and managing the sourcing of professional therapists for area school districts.

The district experienced negative cash flow of \$191,980 during the year in the enterprise funds, with a negative cash flow of \$190,286 across all funds. The overall cash balance as of June 30, 2022 is (\$456,699). The district was negatively affected by the corona virus pandemic in the prior year with an enterprise fund loss of \$393,947, excluding the effects of GASB No. 68 pension accounting adjustments. In the current fiscal year, residual effects of the pandemic continued, however losses were reduced significantly to \$71,632.

The district collected 99% of the June 30, 2022 receivable balance of \$419,035 through August 29, 2022, which will partially liquidate the negative cash balance. The District anticipates generating approximately \$300,000 in profit from remaining operations on an annual basis assuming the effects of the pandemic recede.

**Capital Assets**

At the end of the fiscal year 2022, the School District had \$415,061 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2022 balances compared to 2021.

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

	<u>2022</u>	<u>2021</u>
Machinery and Equipment	\$ 415,061	\$ 455,447
Totals	<u>\$ 415,061</u>	<u>\$ 455,447</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
UNAUDITED

Overall capital assets decreased \$40,386 from fiscal year 2021 to fiscal year 2022. The decrease in capital assets was due to depreciation expense.

No major capital improvements were purchased during fiscal year 2022.

**Debt Administration**

At June 30, 2022, the School District had \$125,643 as outstanding long term debt. Of this amount, \$42,193 is for compensated absences, and \$83,450 is a draw on the school's line of credit.

**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, 2022

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 146,390	\$ (603,089)	\$ (456,699)
Receivables, Net	306	418,729	419,035
Interfund Receivable		2,999	2,999
Capital Assets, Net	415,061		415,061
<b>Total Assets</b>	<u>561,757</u>	<u>(181,361)</u>	<u>380,396</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions		7,242	7,242
<b>LIABILITIES</b>			
Accounts Payable		97	97
Payroll Deductions and Withholdings Payable		9,310	9,310
Interfund Payable	2,999		2,999
Unearned Revenue	2,000		2,000
Net Pension Liability (Note 7)		345,163	345,163
Noncurrent Liabilities (Note 6):			
Due within One Year	-	-	-
Due Beyond One Year	34,254	91,389	125,643
<b>Total Liabilities</b>	<u>39,253</u>	<u>445,959</u>	<u>485,212</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions		998,806	998,806
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt Restricted	371,997		371,997
Unrestricted	150,507	(1,618,884)	(1,468,377)
<b>Total Net Position</b>	<u>\$ 522,504</u>	<u>\$ (1,618,884)</u>	<u>\$ (1,096,380)</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, 2022

	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		BUSINESS-TYPE ACTIVITIES
<b>Functions/Programs</b>							
Governmental Activities:							
Support Services:							
Transportation	(375,506)		(438,041)		(62,535)	(62,535)	
Total Governmental Activities	(375,506)		(438,041)		(62,535)	(62,535)	
Business-Type Activities:							
Transportation	6,177,560	\$ 6,609,746			\$ 432,186	432,186	
Other Services Provided to LEA's	1,142,684	1,135,016			(7,668)	(7,668)	
Total Business-Type Activities	7,320,244	7,744,762			424,518	424,518	
Total Primary Government	\$ 6,944,738	\$ 7,744,762	(438,041)		\$ (62,535)	\$ 424,518	\$ 361,983
General Revenues:							
Miscellaneous Income							
Total General Revenues, Special Items, Extraor. Items and Transfers							
Change in Net Position					(62,535)	424,518	361,983
Net Position—Beginning					585,039	(2,043,402)	(1,458,363)
Net Position—Ending					\$ 522,504	\$ (1,618,884)	\$ (1,096,380)

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, 2022

	<b>GENERAL FUND</b>	<b>SPECIAL REVENUE FUND</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 144,390	\$ 2,000	\$ 146,390
Intergovernmental Accounts Receivable - State	306		306
<b>TOTAL ASSETS</b>	<b>\$ 144,696</b>	<b>\$ 2,000</b>	<b>\$ 146,696</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Interfund Payable	\$ 2,999		\$ 2,999
Unearned Revenue		\$ 2,000	2,000
<b>Total Liabilities</b>	<b>2,999</b>	<b>2,000</b>	<b>4,999</b>
<b>Fund Balances:</b>			
Unassigned:			
Unreserved-Undesignated	\$ 141,697		\$ 141,697
<b>Total Fund Balances</b>	<b>141,697</b>		<b>141,697</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 144,696</b>	<b>\$ 2,000</b>	<b>\$ 146,696</b>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$633,178 and the accumulated depreciation is \$218,117.	415,061
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)	(34,254)
Net Position of governmental activities	<u>\$ 522,504</u>

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, 2022**

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>		
<b>State Sources</b>	70,645	70,645
<b>Federal Sources</b>	-	-
<b>Total Revenues</b>	<u>70,645</u>	<u>70,645</u>
<b>EXPENDITURES</b>		
<b>Current:</b>		
Support services and undistributed costs:		
Unallocated Benefits	70,645	70,645
<b>Total Expenditures</b>	<u>70,645</u>	<u>70,645</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-
Fund Balance—July 1	141,697	141,697
<b>Fund Balance—June 30</b>	<u>\$ 141,697</u>	<u>\$ 141,697</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, 2022**

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

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	\$ (40,386)	
Capital Outlays	-	<u>(40,386)</u>

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.

(22,149)

**Change in Net Position of Governmental Activities**

\$ (62,535)

**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, 2022

	<u>Enterprise Funds</u>
<b>ASSETS</b>	
<b>Current assets:</b>	
Cash and Cash Equivalents	\$ (603,089)
Interfund Receivable	2,999
Accounts Receivable	<u>418,729</u>
<b>Total Current Assets</b>	<u>(181,361)</u>
<b>Noncurrent Assets:</b>	
Furniture, Machinery and Equipment	43,543
Less Accumulated Depreciation	<u>(43,543)</u>
<b>Total Noncurrent Assets</b>	<u>-</u>
<b>Total Assets</b>	<u><b>(181,361)</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows Related to Pensions	7,242
<b>LIABILITIES</b>	
<b>Current liabilities:</b>	
Accounts Payable	97
Payroll Deductions and Withholdings Payable	<u>9,310</u>
<b>Total Current Liabilities</b>	<u>9,407</u>
<b>Long-Term liabilities:</b>	
Compensated Absences	7,939
Net Pension Liability	345,163
Loans Payable	<u>83,450</u>
<b>Total Current Liabilities</b>	<u>436,552</u>
<b>Total Liabilities</b>	<u><b>445,959</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows Related to Pensions	998,806
<b>NET POSITION</b>	
Invested in Capital Assets Net of Related Debt	
Unrestricted	<u>(1,618,884)</u>
<b>Total Net Position</b>	<u><b>\$ (1,618,884)</b></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, 2022**

	<b>Enterprise Funds</b>
<b>Operating Revenues:</b>	
Charges for Services:	
Tuition from LEA's	\$ 5,378
Tuition from Individuals	90,663
Transportation Revenue	6,609,746
Other Services Provided to LEA's	542,825
Miscellaneous-Changes in Net Pension Liability/Deferred In/outflows	496,150
<b>Total Operating Revenues</b>	<b><u>7,744,762</u></b>
<b>Operating Expenses:</b>	
General Administration Salaries and Wages	28,600
General Administration Expenses	78,141
Other Administration Salaries and Wages	135,100
Other Administration Expenses	38,587
Energy (Electricity)	6,253
Employee Benefits	277,915
Transportation - Salaries and Wages	477,287
Transportation - Contracted Services	5,445,647
Transportation - Purch. Prof. Services	78,506
Transportation - Other Items	103,005
Transportation - Supplies and Fuel	73,115
Related Services - Purch, Prof. Services	479,287
Aftercare & Life Skills - Salaries and Wages	85,993
Aftercare & Life Skills - Other Expenses	12,808
<b>Total Operating Expenses</b>	<b><u>7,320,244</u></b>
Operating Income (Loss)	<u>424,518</u>
Change in Net Position	424,518
Total Net Position—Beginning	<u>(2,043,402)</u>
<b>Total Net Position—Ending</b>	<b><u>\$ (1,618,884)</u></b>

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, 2022

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from Customers	\$ 7,128,264
Payments to Employees	(726,980)
Payments for Employee Benefits	(277,915)
Payments to Suppliers	<u>(6,315,349)</u>
<b>Net Cash Provided by (used for) Operating Activities</b>	<u>(191,980)</u>
Balances—Beginning of Year	<u>(411,109)</u>
<b>Balances—End of Year</b>	<u><u>\$ (603,089)</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided</b>	
<b>(used) by Operating Activities:</b>	
Operating Income (Loss)	\$ 424,518
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	(120,348)
(Increase) Decrease in Deferred Outflows	34,775
Increase (Decrease) in Liabilities	-
Increase (Decrease) in Net Pension Liability	(150,133)
Increase (Decrease) in Deferred Inflows	<u>(380,792)</u>
Total Adjustments	<u>(616,498)</u>
Net Cash Provided by (used for) Operating Activities	<u><u>\$ (191,980)</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, 2022

**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 ACFR, 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, GASB No. 75, Accounting for OPEB, and GASB No. 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2021.

**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, 2022

**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, 2022

**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, 2022

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, 2022

**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, 2022

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, 2022

**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, 2022

**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, 2022

**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, 2022, 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, 2022, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents (A-1)	Total Cash and Cash Equivalents
Checking	\$ (456,699)	\$ (456,699)
	<u>\$ (456,699)</u>	<u>\$ (456,699)</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2022, was (\$456,700) and the bank balance was \$366,088. 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, 2022

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2022, 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
State Aid	\$ 306	\$ 306
Federal Aid	-	-
Transportation		263,874
Related Services & Other		154,855
Gross Receivable	<u>306</u>	<u>\$ 419,035</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 306</u></u>	<u><u>\$ 419,035</u></u>

**NOTE 4: INVENTORY**

No inventory existed in the Funds at June 30, 2022.

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Machinery and Equipment	\$ 633,178			\$ 633,178
Total at Historical Cost	<u>633,178</u>	-		<u>633,178</u>
Less Accumulated Depreciation for:				
Equipment	(177,731)	\$ (40,386)		(218,117)
Total Accumulated Depreciation	<u>(177,731)</u>	<u>(40,386)</u>		<u>(218,117)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>455,447</u>	<u>(40,386)</u>		<u>415,061</u>
<b>Government Activity Capital Assets, Net</b>	<u><b>\$ 455,447</b></u>	<u><b>\$ (40,386)</b></u>		<u><b>\$ 415,061</b></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	\$ 40,386
Total	<u>\$ 40,386</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 6: LONG-TERM OBLIGATIONS**

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2022, are as follows:

	Balance 7/1/21	Increases	Decreases	Balance 6/30/22	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Line of Credit	\$ 83,450			\$ 83,450	
Other Liabilities:					
Compensated Absences Payable	20,044	\$ 22,149		42,193	
<b>Total</b>	<b>\$ 103,494</b>	<b>\$ 22,149</b>		<b>\$ 125,643</b>	

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

General Fund	\$ 34,254
Enterprise Funds	7,939
	<u>\$ 42,193</u>

**B. Commercial Loan (Line of Credit)**

The district established a \$150,000 line of credit with PNC Bank. On August 20, 2018, \$150,000 of the loan was utilized to provide cash flow and was repaid in full with interest throughout the 2018-2019 fiscal year. As of June 30, 2022, 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, 2022.

**B. Operating Leases**

The district utilizes lease financing to acquire school buses through Municipal Leasing Consultants, LLC and KS State Bank. Leases are for five year terms, payable annually, for a total annual payments of \$59,007 in the current fiscal year. 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/annrpts.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, 2022

**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 \$635,464 as measured on June 30, 2021 and \$4,324,029 measured on June 30, 2020.

For the year ended June 30, 2022, the District recognized pension expense of \$14,953 and revenue of \$14,953 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, 2022 is based upon changes in the collective net pension liability with a measurement period of June 30, 2020 through June 30, 2021. 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, 2020 and June 30, 2021.

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>6/30/2020</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$9,589,140,982	\$6,356,228,800
Collective deferred inflows of resources	\$14,409,361,877	\$27,175,330,929
Collective net pension liability (Nonemployer-State of New Jersey)	\$65,848,796,740	\$48,075,188,642
State's portion of the net pension liability that was associated with the district	\$4,324,029	\$635,464
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.006567%	0.001322%

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 7: PENSION PLANS (Continued)**

*Actuarial assumptions* - The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45%
Therafter	2.75-5.65%
Investment Rate of Return:	7.00%

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% 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 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

*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, 2021) 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-US devel.markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yeild	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	0.95%
Risk mitigation	3.00%	3.35%

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 7: PENSION PLANS (Continued)**

*Discount rate* - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments 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, 2021, 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>(6.00%)</u>	<u>Rate (7.00%)</u>	<u>(8.00%)</u>
State's Collective Net Pension Liability	\$ 56,988,413,045	\$ 48,165,991,182	\$ 40,755,711,186

*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, 2021 was \$26,533,142,515.

*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>
2022	(\$2,914,282,899)
2023	(3,500,098,875)
2024	(4,665,036,366)
2025	(4,192,375,542)
2026	(2,350,648,872)
Thereafter	<u>(3,367,824,517)</u>
Total	<u>(\$20,990,267,071)</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**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, 2021 are as follows:

Service cost	\$1,759,507,848
Interest on total pension liability	4,695,758,765
Member contributions	(883,659,076)
Administrative expenses	9,042,590
Expected investment return net of investment expenses	(1,458,899,157)
Pension expense related to specific liabilities of individual employers	(403,226)
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	201,861,563
Changes in assumptions	(2,256,761,544)
Difference between projected and actual investment earnings on pension plan investments	<u>(933,080,851)</u>
Total pension expense	<u>\$1,133,366,912</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, 2022, the District reported a liability of \$345,163 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. The total pension liability for the June 30, 2020 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, 2021 and 2020. At June 30, 2021, the District's proportion was 0.00291% which was a decrease of 0.00012% from its proportion measured as of June 30, 2020.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 7: PENSION PLANS (Continued)**

For the year ended June 30, 2022, the District recognized pension expense of (\$462,027). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 5,444	\$ 2,471
Changes of assumptions	1,798	122,880
Net difference between projected and actual earnings on pension plan investments	-	90,925
Changes in proportion and differences between District contributions and proportionate share of contributions	-	782,530
Total	<u>\$ 7,242</u>	<u>\$ 998,806</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>
2022	(\$386,330)
2023	(275,838)
2024	(188,075)
2025	(141,376)
2026	55
Total	<u>(\$991,564)</u>

	<u>6/30/2020</u>	<u>6/30/2021</u>
Collective deferred outflows of resources	\$2,347,583,337	\$1,164,738,169
Collective deferred inflows of resources	7,849,949,467	8,339,123,762
Collective net pension liability (Non State - Local Group)	\$16,307,384,832	\$11,846,496,875
District's portion of net pension liability	\$495,296	\$345,163
District's proportion %	0.00303725%	0.00291363%

*Actuarial assumptions* - The collective total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Therafter	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, 2022

**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-2021

The actuarial assumptions used in the July 1, 2020 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 (7.00% at June 30, 2021) 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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	8.09%
Non-US devel.markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private Equity	13.00%	11.30%
Real Estate	8.00%	9.15%
Real Assets	3.00%	7.40%
High Yeild	2.00%	3.75%
Private Credit	8.00%	7.60%
Investment Grade Credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	0.95%
Risk mitigation	3.00%	3.35%

*Discount rate* - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 and the nonemployer contributing entity will be based on 100% 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 all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.



WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**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, 2021, 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>(6.00%)</u>	<u>Current Discount</u> <u>Rate (7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 470,042	\$345,163	\$ 239,185

*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, 2021 are as follows:

Service cost	\$189,872
Interest on total Pension liability	746,149
Member contributions	(154,478)
Administrative expens	2,701
Expected investment return net of investment expenses	(407,068)
Pension expense related to specific liabilities of individual employers	(1,903)
Recognition (amortization) of deferred inflows/outflows:	0
Differences between expected and actual experience	20,907
Changes in assumptions	(566,378)
Difference between projected and actual investment earnings on pension plan investments	<u>(270,104)</u>
Total pension expense	<u>(\$440,302)</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, 2022

**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, 2022

**NOTE 7: PENSION PLANS (Continued)**

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2022	\$34,122	100 %	-0-
6/30/2021	\$33,226	100	-0-
6/30/2020	\$62,027	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2022	\$55,281	100 %	-0-
6/30/2021	\$39,155	100	-0-
6/30/2020	\$146,772	100	-0-

During the fiscal year ended June 30, 2022, the State of New Jersey did contribute \$68,197 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 \$2,448 during the year ended June 30, 2022, 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, 2022

**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 Nonemployer 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, 2022 GASB 75 reporting is based on a measurement date of June 30, 2021. The total nonemployer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2014 - June 30, 2018, for TPAF and PERS, respectively. 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:	1.55-4.45% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	2.75-4.45% TPAF 3.00-7.00% PERS Based on service years
Discount rate (2021)	2.16%
Discount rate (2020)	2.21%
Healthcare cost trend rates (PPO Plans)	5.74%, increasing to 12.93% in fiscal year 2025 and decreases to 4.5% after eleven years
Healthcare cost trend rates (HMO Plans)	6.01%, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after eleven years
Healthcare cost trend rates (Prescription Drug Benefits)	6.75% and decreases to a 4.5% long-term trend rate after seven years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	5.65%

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**Note 8: POST-RETIREMENT BENEFITS-(Continued)**

The discount rate for June 30, 2021 2.16%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Postretirement mortality rates were based on the Pub-2010 "General" classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 "General" classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 "Safety" (PFRS), "General" (PERS), and "Teachers" (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

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

	<u>Total OPEB Liability</u>
<b>The State's Total OPEB Liability Balance at 6/30/2020</b>	<b>\$67,809,962,608</b>
<u>Changes for the year:</u>	
Service Cost	3,217,184,264
Interest on the Total OPEB Liability	1,556,661,679
Change in Benefit Terms	(63,870,842)
Differences Between Expected and Actual Experience	(11,385,071,658)
Changes of Assumptions	59,202,105
Gross Benefit Payments	-
Contributions from Members	<u>(1,186,417,186)</u>
Net changes	<u>(7,802,311,638)</u>
<b>The State's Total OPEB Liability Balance at 6/30/2021</b>	<b><u>\$60,007,650,970</u></b>
<b>The State's total OPEB liability attributable to the District:</b>	<b>\$3,501,963</b>

Benefit Changes: The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021 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, 2021		
	At 1% Decrease <u>1.16%</u>	At Discount Rate <u>2.16%</u>	At 1% Increase <u>3.16%</u>
Total OPEB Liability (School Retirees)	\$71,879,745,555	\$60,007,650,970	\$50,659,089,138

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**Note 8: POST-RETIREMENT BENEFITS-(Continued)**

	June 30, 2020		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total OPEB Liability (School Retirees)	\$81,748,410,002	\$67,809,962,608	\$56,911,439,160

**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, 2021		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
	Total OPEB Liability (School Retirees)	\$48,576,388,417	\$60,007,650,970

	June 30, 2020		
	At 1% Decrease	Health Care Cost Trend Rate	At 1% Increase
	Total OPEB Liability (School Retirees)	\$54,738,488,540	\$67,809,962,608

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

For the year ended June 30, 2021, the board of education recognized OPEB expense and related revenue of (\$455,442) 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, 2021, 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	\$9,045,886,863	\$18,009,362,976
Changes of assumptions or other inputs	<u>10,179,536,966</u>	<u>6,438,261,807</u>
Total	<u>\$19,225,423,829</u>	<u>\$24,447,624,783</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**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:	
2022	(\$1,182,303,041)
2023	(\$1,182,303,041)
2024	(\$1,182,303,041)
2025	(\$1,182,303,041)
2026	(840,601,200)
Thereafter	<u>347,612,410</u>
	<u>(\$5,222,200,954)</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, 2022, \$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 Annual Comprehensive 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, 2022

**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 \$141,697 General Fund fund balance at June 30, 2022, \$141,697 is unreserved and undesignated.

**NOTE 14: INTERFUND RECEIVABLES AND PAYABLES**

The general fund owes the enterprise fund \$2,999 for TPAF Fica reimbursements received in the general fund for enterprise fund employees.



**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, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>State Sources:</b>					
TPAF Pension (On-Behalf - Non-Budgeted)				\$ 55,281	\$ 55,281
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				12,916	12,916
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				-	-
TPAF Social Security (Reimbursed - Non-Budgeted)				2,448	2,448
<b>Total State Sources</b>				<u>70,645</u>	<u>70,645</u>
<b>Federal Sources:</b>					
Medical Assistance Program (SEMI)					
<b>Total Federal Sources</b>					
<b>TOTAL REVENUES</b>				<u>70,645</u>	<u>70,645</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>UNDISTRIBUTED EXPENDITURES</b>					
On-behalf TPAF pension Contrib. (non-budgeted)				55,281	(55,281)
On-behalf TPAF PRM Contrib. (non-budgeted)				12,916	(12,916)
On-behalf TPAF pension Non-contributory Ins. (non-budgeted)				-	-
Reimbursed TPAF Social Security Contributions (non-budgeted)				2,448	(2,448)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<u>70,645</u>	<u>(70,645)</u>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>				<u>70,645</u>	<u>(70,645)</u>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>				<u>70,645</u>	<u>(70,645)</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>				70,645	(70,645)
<b>TOTAL EXPENDITURES</b>				70,645	(70,645)
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>				-	
<b>Fund Balance, July 1</b>	\$ 141,697		141,697	141,697	
<b>Fund Balance, June 30</b>	<u>\$ 141,697</u>	<u>\$ -</u>	<u>\$ 141,697</u>	<u>\$ 141,697</u>	<u>\$ -</u>
<b>Recapitulation:</b>					
<b>Assigned to:</b>					
Year-End Encumbrances				-	
<b>Unassigned:</b>					
Unrestricted Fund Balance				141,697	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				<u>\$ 141,697</u>	

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2022

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources		\$ 2,000	\$ 2,000	None	-
<b>Total Revenues</b>	-	<b>2,000</b>	<b>2,000</b>	-	-
<b>EXPENDITURES:</b>					
<b>Support Services:</b>					
Supplies and Materials		2,000	2,000	None	-
<b>Total Support Services</b>	-	<b>2,000</b>	<b>2,000</b>	-	-
<b>Total Expenditures</b>		<b>2,000</b>	<b>2,000</b>		
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				None	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Current Year Last State Aid Payment not recognized on GAAP basis until received				<u>None</u>	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<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, 2022

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 70,645	\$ -
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	N/A	N/A
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	\$ 70,645	\$ -
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 70,645	\$ -
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	N/A	N/A
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	\$ 70,645	\$ -

**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)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	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	N/A	N/A	N/A
State's proportionate share of the net pension liability (asset) associated with the District	\$ 635,464	\$ 4,324,029	\$ 6,314,162	\$ 8,160,006	\$ 8,627,053	\$ 9,298,732	\$ 5,605,697	\$ 3,885,436	\$ 3,857,484	
Total	\$ 635,464	\$ 4,324,029	\$ 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	\$ 32,000	\$ 77,052	\$ 150,052	\$ 146,120	\$ 958,113	\$ 1,067,940	\$ 1,121,129	\$ 1,389,036	\$ 1,058,598	
District's proportionate share 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	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	35.50%	24.60%	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)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.002914%	0.003037%	0.005362%	0.006099%	0.011605%	0.012125%	0.013842%	0.014319%	0.014672%	
District's proportionate share of the net pension liability (asset)	\$ 345,163	\$ 495,296	\$ 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	\$ 242,202	\$ 223,910	\$ 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	142.51%	221.20%	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)	70.33%	58.32%	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)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution **	N/A	N/A	N/A	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	N/A	N/A	N/A
Contribution deficiency (excess)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's covered employee payroll	\$ 32,000	\$ 77,052	\$ 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	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)**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 34,122	\$ 33,226	\$ 62,027	\$ 62,485	\$ 106,467	\$ 108,563	\$ 119,065	\$ 118,046	\$ 110,550	
Contributions in relation to the contractually required contribution	(34,122)	(33,226)	(62,027)	(62,485)	(106,467)	(108,563)	(119,065)	(118,046)	(110,550)	
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll	\$ 242,202	\$ 223,910	\$ 198,904	\$ 204,189	\$ 342,125	\$ 421,891	\$ 1,289,364	\$ 872,631	\$ 945,633	
Contributions as a percentage of covered-employee payroll	14.09%	14.84%	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)

<b>The State of New Jersey's Total OPEB Liability</b>	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Service Cost	\$ 3,217,184,264	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319				
Interest	1,556,661,679	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792				
Change in Benefit Terms	-63870842									
Differences Between Expected and Actual Experience	(11,385,071,658)	11,544,750,637	(7,323,140,818)	-5002065740						
Benefit Payments	59,202,105	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)				
Contributions from Members	-	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747				
Changes of Assumptions or other inputs	(1,186,417,186)	12,386,549,981	622,184,027	(5,291,448,855)	(7,086,599,129)	8,611,513,521				
<b>Net change in total OPEB liability</b>	<b>(7,802,311,638)</b>	<b>26,080,881,563</b>	<b>(4,381,751,937)</b>	<b>(7,529,008,876)</b>	<b>(4,191,942,326)</b>	<b>10,982,132,360</b>				
<b>Total OPEB Liability - Beginning</b>	<b>\$ 67,809,962,608</b>	<b>\$ 41,729,081,045</b>	<b>\$ 46,110,832,982</b>	<b>\$ 53,639,841,858</b>	<b>\$ 57,831,784,184</b>	<b>\$ 46,849,651,824</b>				
<b>Total OPEB Liability - Ending</b>	<b>\$ 60,007,650,970</b>	<b>\$ 67,809,962,608</b>	<b>\$ 41,729,081,045</b>	<b>\$ 46,110,832,982</b>	<b>\$ 53,639,841,858</b>	<b>\$ 57,831,784,184</b>				
<b>The State of New Jersey's total OPEB liability **</b>	<b>\$ 60,007,650,970</b>	<b>\$ 67,809,962,608</b>	<b>\$ 41,729,081,045</b>	<b>\$ 46,110,832,982</b>	<b>\$ 53,639,841,858</b>	<b>\$ 57,831,784,184</b>				
<b>The State of New Jersey's OPEB liability attributable to the District **</b>	<b>\$ 3,501,963</b>	<b>\$ 4,266,363</b>	<b>\$ 4,328,035</b>	<b>\$ 5,467,776</b>	<b>\$ 7,755,317</b>	<b>\$ 8,156,145</b>				
<b>The District's proportionate share of the total OPEB liability</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>				
<b>District's covered employee payroll</b>	<b>\$ 274,202</b>	<b>\$ 300,962</b>	<b>\$ 348,956</b>	<b>\$ 350,309</b>	<b>\$ 1,300,238</b>	<b>\$ 1,489,831</b>				
<b>Total District's OPEB liability as a percentage of its covered-employee payroll</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>				
<b>District's contribution</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>				
<b>State's covered employee payroll ***</b>	<b>\$ 14,425,669,769</b>	<b>\$ 14,267,738,657</b>	<b>\$ 13,929,083,479</b>	<b>\$ 13,640,275,833</b>	<b>\$ 13,493,400,208</b>	<b>\$ 13,493,400,208</b>				
<b>Total State's OPEB liability as a percentage of its covered-employee payroll</b>	<b>415.98%</b>	<b>475.27%</b>	<b>299.58%</b>	<b>338.05%</b>	<b>397.53%</b>	<b>428.59%</b>				

\*\* 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, 2020 and June 30, 2021 is based on the payroll on the June 30, 2019 and June 30, 2020 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, 2022

**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. Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% 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 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

**OPEB Schedules**

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

*Changes of benefit terms.* The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

**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-2021

**OPEB Schedules**

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

*Changes of benefit terms.* The decrease in liability from June 30, 2020 to June 30, 2021 is due to employers adopting Chapter 44 provisions.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021.

**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.

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, 2022

	<b>Insurance Grant</b>	<b>Totals</b>
<b>REVENUES</b>		
Local Sources	None	None
<b>TOTAL REVENUES</b>	-	-
<b>EXPENDITURES:</b>		
<b>Support Services:</b>		
Supplies and Materials	None	None
<b>Total Support Services</b>	-	-
<b>TOTAL EXPENDITURES</b>	-	-
<b>Total Outflows</b>	-	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		

**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.**



**FIDUCIARY FUND  
DETAIL STATEMENTS**

Fiduciary Funds are defined by GASB No. 84 as four funds. (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

N/A

## **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**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	74-79
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	80-82
<b>Debt Capacity (J-10 thru J-13)</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	N/A
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	83-84
<b>Operating Information (J-16 thru J-20)</b> These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	87-91

**Sources:**

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.

**Warren County Special Services School District  
Net Position by Component,  
Last Ten Fiscal Years**

**Exhibit J-1**

*(accrual basis of accounting)*

	2013		2014		2015		2016		Fiscal Year Ending June 30,		2017		2018		2019		2020		2021		2022					
<b>Governmental activities</b>																										
Invested in capital assets, net of related debt	\$	83,145	\$	75,816	\$	56,862	\$	43,824	\$	27,390	\$	10,956	\$	5,478	\$	495,833	\$	371,997	\$	371,997	\$	371,997	\$	371,997		
Restricted		-		-		-		-		-		-		-		-		-		-		-		-		
Unrestricted		136,624		(462,400)		(566,845)		(449,400)		(786,695)		(784,255)		(551,799)		162,285		213,042		150,507		150,507		150,507		
Total governmental activities net position	\$	<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>658,118</u>	\$	<u>585,039</u>	\$	<u>522,504</u>	\$	<u>522,504</u>	\$	<u>522,504</u>		
<b>Business-type activities</b>																										
Invested in capital assets, net of related debt																										
Restricted		-		-		-		-		-		-		-		-		-		-		-		-		
Unrestricted	\$	61,955	\$	(2,336,522)	\$	(2,400,054)	\$	(2,205,966)	\$	(2,567,326)	\$	(2,336,840)	\$	(1,974,610)	\$	(2,122,984)	\$	(2,043,402)	\$	(1,618,884)	\$	(1,618,884)	\$	(1,618,884)		
Total business-type activities net position	\$	<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>	\$	<u>(2,043,402)</u>	\$	<u>(1,618,884)</u>	\$	<u>(1,618,884)</u>	\$	<u>(1,618,884)</u>	\$	<u>(1,618,884)</u>
<b>District-wide</b>																										
Invested in capital assets, net of related debt	\$	83,145	\$	75,816	\$	56,862	\$	43,824	\$	27,390	\$	10,956	\$	5,478	\$	495,833	\$	371,997	\$	371,997	\$	371,997	\$	371,997		
Restricted		-		-		-		-		-		-		-		-		-		-		-		-		
Unrestricted		198,579		(2,798,922)		(2,966,899)		(2,655,366)		(3,354,021)		(3,121,095)		(2,526,409)		(1,960,699)		(1,830,360)		(1,468,377)		(1,468,377)		(1,468,377)		
Total district net position	\$	<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>(1,464,866)</u>	\$	<u>(1,458,363)</u>	\$	<u>(1,096,380)</u>	\$	<u>(1,096,380)</u>	\$	<u>(1,096,380)</u>	\$	<u>(1,096,380)</u>

Source: ACFR Schedule A-1

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

**Exhibit J-2**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities										
Instruction										
Special education	\$ 1,027,268	\$ 1,459,737	\$ 1,293,402	\$ 1,295,507	\$ 1,971,844	\$ 1,853,683	\$ 24,102	\$ (366)		
Other special education										
Support Services:										
Student & instruction related services	290,669	223,412	266,764	102,289	36,580	22,130	-	(43,000)	\$ 2,162	
General and business administrative services	395,019	267,621	282,579	437,399	599,993	468,724	893,784	(1,457)	35,322	
Plant operations and maintenance	58,898	60,620	77,566	89,774	170,228	180,130	90,816	(11,773)		
Pupil transportation	4,555			35,966	394	186,408	25,356	(17,059)		
Unallocated depreciation & Benefits		18,954	18,954						43,337	\$ (375,506)
Total governmental activities expenses	1,776,409	2,030,344	1,939,265	1,960,935	2,779,039	2,711,075	1,034,058	(73,655)	80,821	(375,506)
Business-type activities:										
Proprietary Funds	3,824,799	5,192,708	6,373,122	6,677,709	7,264,936	7,311,186	6,232,550	5,241,199	4,814,787	7,320,244
Total business-type activities expense	3,824,799	5,192,708	6,373,122	6,677,709	7,264,936	7,311,186	6,232,550	5,241,199	4,814,787	7,320,244
Total district expenses	\$ 5,601,208	\$ 7,223,052	\$ 8,312,387	\$ 8,638,644	\$ 10,043,975	\$ 10,022,261	\$ 7,266,608	\$ 5,167,544	\$ 4,895,608	\$ 6,944,738
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (Special Education)	\$ 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	\$ 175,364	\$ 163,294	\$ 443,992	548,495	927,866	1,301,219	760,566	340,983	\$ 4,647	\$ (438,041)
Total governmental activities program revenues	1,532,248	1,706,241	1,607,037	1,868,133	2,219,892	2,486,697	1,209,903	618,503	4,647	(438,041)
Business-type activities:										
Charges for services										
Proprietary Funds	3,825,897	5,121,632	6,309,590	6,868,985	6,903,576	7,541,672	6,594,780	5,092,825	4,894,369	7,744,762
Operating grants and contributions										
Total business type activities program revenues	3,825,897	5,121,632	6,309,590	6,868,985	6,903,576	7,541,672	6,594,780	5,092,825	4,894,369	7,744,762
Total district program revenues	\$ 5,358,145	\$ 6,827,873	\$ 7,916,627	\$ 8,737,118	\$ 9,123,468	\$ 10,028,369	\$ 7,804,683	\$ 5,711,328	\$ 4,899,016	\$ 7,306,721
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (244,161)	\$ (324,103)	\$ (332,228)	\$ (92,802)	\$ (559,147)	\$ (224,378)	\$ 175,845	\$ 692,158	\$ (76,174)	\$ (62,535)
Business-type activities	1,098	(71,076)	(63,532)	191,276	(361,360)	230,486	362,230	(148,374)	79,582	424,518
Total district-wide net expense	\$ (243,063)	\$ (395,179)	\$ (395,760)	\$ 98,474	\$ (920,507)	\$ 6,108	\$ 538,075	\$ 543,784	\$ 3,408	\$ 361,983

Continued

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

**Exhibit J-2**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	-	-	-	-
Investment earnings				-	-	-	-	-	-	-
Miscellaneous income	9,908	8,178	22,561	18,171	19,150	24,116	\$ 51,133	\$ (239)	\$ 3,095	-
Transfers										
Total governmental activities	196,176	194,446	208,829	204,439	205,418	210,384	51,133	(239)	3,095	-
Business-type activities:										
Miscellaneous Income	6			-	-	-	-	-	-	-
Transfers				-	-	-	-	-	-	-
Total business-type activities	6	-	-	-	-	-	-	-	-	-
Total district-wide	\$ 196,182	\$ 194,446	\$ 208,829	\$ 204,439	\$ 205,418	\$ 210,384	\$ 51,133	\$ (239)	\$ 3,095	\$ -
<b>Change in Net Position</b>										
Governmental activities	\$ (47,985)	\$ (129,657)	\$ (123,399)	\$ 111,637	\$ (353,729)	\$ (13,994)	\$ 226,978	\$ 691,919	\$ (73,079)	\$ (62,535)
Business-type activities	1,104	(71,076)	(63,532)	191,276	(361,360)	230,486	362,230	(148,374)	79,582	424,518
Total district	\$ (46,881)	\$ (200,733)	\$ (186,931)	\$ 302,913	\$ (715,089)	\$ 216,492	\$ 589,208	\$ 543,545	\$ 6,503	\$ 361,983

Source: ACFR 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**

	2013		2014		2015		2016		Fiscal Year Ending June 30,		2017		2018		2019		2020		2021		2022			
General Fund																								
Reserved	\$	92,505	\$	60,359	\$	1,100	\$	26,884	\$	26,811			\$	175									-	
Unreserved		134,341		44,697		5,381		109,422		(216,339)			\$	(248,572)			\$	(86,729)			\$	173,534	\$	141,697
Total general fund	\$	<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>	\$	<u>173,534</u>	\$	<u>141,697</u>	\$	<u>141,697</u>	\$	<u>141,697</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>		<u>-</u>		<u>-</u>

Source: ACFR Schedule B-1

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

**Exhibit J-4**

	<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>2021</u>	<u>2022</u>
<b>Revenues</b>										
Tax levy	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	-	-	-	-
Interest earnings										
Miscellaneous/tuition	1,366,792	1,551,125	1,185,606	1,337,809	1,314,951	1,211,614	\$ 500,470	\$ 277,762	\$ 3,095	-
State sources	170,708	160,802	226,936	288,495	341,076	387,122	310,078	211,136	55,912	\$ 70,645
Federal sources	4,656	2,492	55,933	12,362	29,082	465	3,205	55,882	-	-
<b>Total revenue</b>	<b>1,728,424</b>	<b>1,900,687</b>	<b>1,654,743</b>	<b>1,824,934</b>	<b>1,871,377</b>	<b>1,785,469</b>	<b>813,753</b>	<b>544,780</b>	<b>59,007</b>	<b>70,645</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Special education instruction	754,791	1,102,118	740,364	697,403	1,045,430	799,781	5,207	481	-	-
Other special instruction				-	-	-	-	-	-	-
<b>Support Services:</b>										
Student & instruction related services	237,777	215,857	266,764	57,686	19,699	9,744		55,882	2,015	-
School administrative services	314,802	219,184	198,100	246,672	323,104	206,386	193,095	1,893	32,917	-
Plant operations and maintenance	58,898	60,620	77,566	78,021	91,670	79,314	19,620	15,300	-	-
Pupil transportation	4,555			20,283	212	82,078				
Unallocated employee benefits	405,022	413,073	470,524	595,044	717,096	667,210	433,823	211,136	55,912	70,645
Special Schools										
Capital Outlay	83,145	11,625								
<b>Total expenditures</b>	<b>1,858,990</b>	<b>2,022,477</b>	<b>1,753,318</b>	<b>1,695,109</b>	<b>2,197,211</b>	<b>1,844,513</b>	<b>651,745</b>	<b>284,692</b>	<b>90,844</b>	<b>70,645</b>
Excess (Deficiency) of revenues over (under) expenditures	(130,566)	(121,790)	(98,575)	129,825	(325,834)	(59,044)	162,008	260,088	(31,837)	-
<b>Other Financing Sources (uses)</b>										
Transfers in										
Transfers out										
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (130,566)</b>	<b>\$ (121,790)</b>	<b>\$ (98,575)</b>	<b>\$ 129,825</b>	<b>\$ (325,834)</b>	<b>\$ (59,044)</b>	<b>\$ 162,008</b>	<b>\$ 260,088</b>	<b>\$ (31,837)</b>	<b>-</b>
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: ACFR 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>
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)
2021	-	-	-	1,080	1,080
2022	-	-	-	-	-

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)
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	10,209,352,022	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
2021	164,189,822	7,487,255,338	571,512,250	37,119,422	1,175,129,370	558,752,550	260,851,600	11,596,587,010	1,329,694,559	12,082,099	10,266,892,451	N/A	11,179,635,294
2022	162,553,722	7,515,600,931	569,186,070	36,515,310	1,170,232,170	561,945,050	270,831,500	11,628,736,088	1,329,694,559	12,176,776	10,299,041,529	N/A	11,355,284,432

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	2022			2013		
	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	2.15%	<b>INFORMATION NOT AVAILABLE</b>		
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%			
<b>Total</b>	<b>\$ 584,559,258</b>		<b>5.68%</b>	<b>\$ -</b>		<b>0.00%</b>

Source: District ACFR & 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	
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	-
2021	N/A	N/A	N/A	-
2022	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 <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2013	107,586	\$ 5,107,999,232	\$47,223 R	7.2%
2014	106,933	\$ 5,243,805,956	\$48,887 R	6.1%
2015	107,022	\$ 5,440,430,912	\$50,741 R	5.2%
2016	106,787	\$ 5,491,757,608	\$51,503 R	4.6%
2017	106,102	\$ 5,678,407,887	\$53,149 R	4.2%
2018	105,761	\$ 5,667,273,439	\$54,973 R	3.8%
2019	105,709	\$ 5,662,455,649	\$56,956 R	3.4%
2020	105,455	\$ 5,901,057,486	\$60,525 R	8.5%
2021	105,624	\$ 6,110,770,896	\$60,525 *	5.5%
2022	110,731	\$ 6,701,993,775	\$60,525 *	*

**Source:**

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

<sup>b</sup> Personal Income provided by US Dept of Commerce

<sup>c</sup> Per Capita provided by US Dept of Commerce

<sup>d</sup> 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	2022			2013		
	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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Instruction										
Special education	7.6	7.6	8.0	8.0	8.0	8.0	0.0	0.0	0.0	0.0
Other special education	5.2	6.4	8.0	8.0	16.0	15.0	0.0	0.0	0.0	0.0
Support Services:										
General administrative services	2.6	1.8	1.8	1.8	2.5	1.5	1.3	1.3	1.2	0.2
School administrative services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other administrative services	0.9	0.8	2.0	2.0	1.0	1.0	0.0	0.0	0.0	1.4
<b>Subtotal District Operations</b>	<b>16.3</b>	<b>16.6</b>	<b>19.8</b>	<b>19.8</b>	<b>27.5</b>	<b>25.5</b>	<b>1.3</b>	<b>1.3</b>	<b>1.2</b>	<b>1.6</b>
Enterprise services:										
Pupil transportation	0.0	0.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	3.0
Life Skills & Aftercare	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.6
Business Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
<b>Total</b>	<b>16.3</b>	<b>16.6</b>	<b>21.8</b>	<b>21.8</b>	<b>29.5</b>	<b>27.5</b>	<b>4.3</b>	<b>4.3</b>	<b>4.2</b>	<b>7.6</b>

**Source:** District Personnel Records

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

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Special					
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	N/A	N/A
2021	0	\$90,844	N/A	N/A	0.0	N/A		0.0	0.0	N/A	N/A
2022	0	\$70,645	N/A	N/A	0.0	N/A		0.0	0.0	N/A	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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b><u>Franklin Ed</u></b>										
Square Feet	N/A	N/A	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
<b><u>Franklin Aut</u></b>										
Square Feet	630	630	630	630	630	630	N/A	N/A	N/A	N/A
Capacity (students)	12	12	12	12	12	12	N/A	N/A	N/A	N/A
Enrollment	5	2	3	4	3	3	N/A	N/A	N/A	N/A
<b><u>WHR MDS</u></b>										
Square Feet	N/A	N/A	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
<b><u>WHR-CS</u></b>										
Square Feet	N/A	N/A	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
<b><u>ARC 2 g</u></b>										
Square Feet	N/A	N/A	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
<b><u>GMR</u></b>										
Square Feet	N/A	N/A	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
<b><u>Pohatcong AUT</u></b>										
Square Feet	900	900	900	900	900	900	N/A	N/A	N/A	N/A
Capacity (students)	12	12	12	12	12	12	N/A	N/A	N/A	N/A
Enrollment	3	6	3	2	3	2	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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b><u>Belvidere</u></b>										
Square Feet	480	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	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>Belvidere - MD</u></b>										
Square Feet	314	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	3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>WC Tech EDS</u></b>										
Square Feet	522	522	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	6	10	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>WC Tech (Auto)</u></b>										
Square Feet	4,138	4,138	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	20	20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	4	8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>WC Tech (Culinary)</u></b>										
Square Feet	1,749	1,749	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	20	20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	9	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>District Office WC Tech</u></b>										
Square Feet	N/A	N/A	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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b><u>Allamuchy BD</u></b>										
Square Feet	1,146	N/A	N/A	N/A	1,146	1146	N/A	N/A	N/A	N/A
Capacity (students)	12	N/A	N/A	N/A	12	12	N/A	N/A	N/A	N/A
Enrollment	7	N/A	N/A	N/A	2	0	N/A	N/A	N/A	N/A
<b><u>Hackettstown HS - MD</u></b>										
Square Feet	N/A	1,350	1,350	1,350	1,350	1,350	N/A	N/A	N/A	N/A
Capacity (students)	N/A	12	12	12	12	12	N/A	N/A	N/A	N/A
Enrollment	N/A	4	3	3	3	-	N/A	N/A	N/A	N/A
<b><u>Hackettstown HS - BD</u></b>										
Square Feet	N/A	N/A	1,350	1,350	1,350	1,350	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	12	12	12	12	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	5	4	5	-	N/A	N/A	N/A	N/A
<b><u>GMR - BD MS</u></b>										
Square Feet	N/A	960	960	960	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	12	12	12	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	2	3	4	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>GMR - CS HS</u></b>										
Square Feet	N/A	960	960	960	960	960	N/A	N/A	N/A	N/A
Capacity (students)	N/A	12	12	12	12	12	N/A	N/A	N/A	N/A
Enrollment	N/A	6	6	6	5	3	N/A	N/A	N/A	N/A
<b><u>GMR - MD MS</u></b>										
Square Feet	N/A	960	960	960	960	960	N/A	N/A	N/A	N/A
Capacity (students)	N/A	12	12	12	12	12	N/A	N/A	N/A	N/A
Enrollment	N/A	2	3	3	5	-	N/A	N/A	N/A	N/A
<b><u>GMR - CENTRAL BD</u></b>										
Square Feet	N/A	N/A	960	960	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	12	12	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	4	6	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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b><u>Washington BORO - AUT</u></b>										
Square Feet	N/A	N/A	N/A	960	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	12	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	1	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>Washington BORO - BD</u></b>										
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	2	3	N/A	N/A	N/A	N/A
<b><u>Centenary University - BD</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	500	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	15	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	4	N/A	N/A	N/A	N/A
<b><u>Centenary University - MD</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	500	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	15	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

**Source:** District records

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2022

UNAUDITED

Exhibit J-20

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

SOURCE: District Records

# **Single Audit Section**



## **ARDITO & COMPANY LLC**

1110 Harrison Street, Suite C  
 Frenchtown, New Jersey 08825-1192  
 908-996-4711 Fax: 908-996-4688  
 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, 2022, 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 January 20, 2023.

#### **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*

ARDITO & COMPANY LLC  
January 20, 2023

*Anthony Ardito*

Anthony Ardito  
Licensed Public School Accountant No. 2369



WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2022

Schedule A

N/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, 2021	Carryover/ Walkover Amount	Cash Received	Budget Expend.	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2022			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																	
Total Special Revenue Fund							-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>							-	-	-	-	-	-	-	-	-	-	-

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-4

Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2022

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2021	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2022			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	CUMULATIVE TOTAL EXPENDITURES	
													*		
													*		
<b>State Department of Education</b>															
<b>General Fund:</b>															
On Behalf TPAF Pension	22-495-034-5094-002	7/1/21-6/30/22	\$ 55,281			\$ 55,281	\$ (55,281)							\$	55,281
On Behalf TPAF Pension PMR	22-495-034-5094-001	7/1/21-6/30/22	12,916			12,916	(12,916)								12,916
On Behalf TPAF Pension Non-Contrib Ins	22-495-034-5094-004	7/1/21-6/30/22	-			-	-								
Reimbursed TPAF Soc.Secur.Contrib.	22-495-034-5094-003	7/1/21-6/30/22	2,448				(2,448)			\$ (306)					2,448
<b>Total General Fund</b>				-		70,339	(70,645)	-		(306)	-			-	70,645
													*		
													*		
<b>Total State Financial Assistance</b>				-	-	\$ 70,339	\$ (70,645)	-	-	(306)	-	-		-	\$ 70,645
													*		
													*		
<u>Less TPAF On Behalf Pension:</u>															
On Behalf TPAF Pension	22-495-034-5094-002						55,281								
On Behalf TPAF Pension PMR	22-495-034-5094-001						12,916								
On Behalf TPAF Pension Non-Contrib Ins	22-495-034-5094-004						-								
<b>State Financial Assistance Subject to Major Program Determination</b>							<u>\$ (2,448)</u>								

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, 2022

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, 2022

**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, 2022

**Section II-Financial Statement Findings**

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, and abuse related to the financial statements for which *Government Auditing Standards* requires reporting.

**Financial Statement**        N/A

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

This section identifies audit findings required to be reported by 2 CFR 200 section .516 of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and NJOMB Circular Letter 15-08, as applicable.

**Federal Awards**            N/A

**State Awards**                N/A

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

N/A

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