

**SCHOOL DISTRICT**  
**OF**  
**Warren County Special Services**

**REVISED March 2, 2018**

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

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



# **Comprehensive Annual**

## **Financial Report**

**of the**

**Warren County Special Services School District**

**Board of Education**

**Oxford, New Jersey**

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

**Prepared by**

**Warren County Special Services School District**

**Board of Education**

**Finance Department**



# OUTLINE OF CAFR

## INTRODUCTORY SECTION

	<u>Page</u>
Letter of Transmittal	1
Organizational Chart	2
Roster of Officials	3
Consultants and Advisors	4

## FINANCIAL SECTION

<b>Independent Auditor's Report</b>	7-9
<b>Required Supplementary Information – Part I Management's Discussion and Analysis</b>	12-19

### Basic Financial Statements

A. District-Wide Financial Statements:	
A-1 Statement of Net Position	22
A-2 Statement of Activities	23
B. Fund Financial Statements:	
Governmental Funds:	
B-1 Balance Sheet	25
B-2 Statement of Revenues, Expenditures and Changes in Fund Balance	26
B-3 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Proprietary Funds:	
B-4 Statement of Net Position	28
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	29
B-6 Statement of Cash Flows	30
Fiduciary Funds:	
B-7 Statement of Fiduciary Net Position	31
B-8 Statement of Changes in Fiduciary Net Position	N/A

<b>Notes to the Financial Statements</b>	33-53
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### Required Supplementary Information – Part II

C. Budgetary Comparison Schedules:	
C-1 Budgetary Comparison Schedule - General Fund	56-62
C1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	N/A
C-1b Community Block Development Grant (CDBG) – Budget and Actual	N/A
C-2 Budgetary Comparison Schedule - Special Revenue Fund	63
<b>Notes to Required Supplementary Information - Part II</b>	
C-3 Budget-to-GAAP Reconciliation	64

## OUTLINE OF CAFR

<b>Required Supplementary Information – Part III</b>	<u>Page</u>
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1/L- Schedule of the District's Proportionate Share of the Net Pension Liability	65
L-2 Schedule of District Contributions	66
<b>Notes to Required Supplementary Information - Part III</b>	67
<b>Other Supplementary Information</b>	
D. School Level Schedules:	
D-1 Combining Balance Sheet	N/A
D-2 Blended Resource Fund – Schedule of Expenditures Allocated by Resource Type – Actual	N/A
D-3 Blended Resource Fund – Schedule of Blended Expenditures – Budget and Actual	N/A
E. Special Revenue Fund:	
E-1 Combining Schedule of Program Revenues and Expenditures, Special Revenue Fund – Budgetary Basis	70
E-2 Schedule(s) of Preschool Education Aid Expenditures – Preschool-All Programs- Budgetary Basis	N/A
F. Capital Projects Fund:	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues and Expenditures	N/A
F-2a Summary Schedule of Revenues and Expenditures-Project Detail	N/A
G. Proprietary Funds	
Enterprise Fund:	
G-1 Combining Statement of Net Position	See B-4
G-2 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	See B-5
G-3 Combining Statement of Cash Flows	See B-6
Internal Service Fund:	
G-4 Combining Statement of Net Position	N/A
G-5 Combining Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-6 Combining Statement of Cash Flows	N/A

## OUTLINE OF CAFR

<b>Other Supplementary Information-(Continued)</b>		<u>Page</u>
H.	Fiduciary Funds:	
H-1	Combining Statement of Fiduciary Net Position	74
H-2	Combining Statement of Changes in Fiduciary Net Position	N/A
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	N/A
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	75
I.	Long-Term Debt:	
I-1	Schedule of Serial Bonds	N/A
I-2	Schedule of Obligations Under Capital Leases	N/A
I-3	Budgetary Comparison Schedule Debt Service Fund	N/A

## STATISTICAL SECTION (Unaudited)

### Introduction to the Statistical Section

#### Financial Trends

J-1	Net Position by Component	78
J-2	Changes in Net Position	79-80
J-3	Fund Balances - Governmental Funds	81
J-4	Changes in Fund Balances - Governmental Funds	82
J-5	General Fund Other Local Revenue by Source	83

#### Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	84
J-7	Direct and Overlapping Property Tax Rates	N/A
J-8	Principal Property Taxpayers	85
J-9	Property Tax Levies and Collections	86

#### Debt Capacity

J-10	Ratios of Outstanding Debt by Type	N/A
J-11	Ratios of General Bonded Debt Outstanding	N/A
J-12	Direct and Overlapping Governmental Activities Debt	N/A
J-13	Legal Debt Margin Information	N/A

#### Demographic and Economic Information

J-14	Demographic and Economic Statistics	87
J-15	Principal Employers	88

#### Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	89
J-17	Operating Statistics	90
J-18	School Building Information	91-94
J-19	Schedule of Required Maintenance Expenditures by School Facility	N/A
J-20	Insurance Schedule	95

## OUTLINE OF CAFR

<b>SINGLE AUDIT SECTION</b>		<u>Page</u>
K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	97-98
K-2	Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB's circular 15-08	N/A
K-3	Schedule of Expenditures of Federal Awards, Schedule A	N/A
K-4	Schedule of Expenditures of State Financial Assistance, Schedule B	N/A
K-5	Notes to the Schedules of Awards and Financial Assistance	N/A
K-6	Schedule of Findings and Questioned Costs	99-101
K-7	Summary Schedule of Prior Audit Findings	102



# Introductory Section

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT  
BOARD OF EDUCATION

ROSTER OF OFFICIALS

June 30, 2017

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Joseph Delesky, <i>President</i>	2018
William Spencer, <i>Vice-President</i>	2017
Mary Jane Deutsch	2017
Robert Hopek	2019
Kathi Howell	2017
Kim Reitmeyer	2018

Other Officials

Joseph Flynn, *Superintendent*

Julie Mumaw, *Interim Board Secretary/School Business Administrator*

Nancy DeRiso, *Treasurer of School Monies*

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

**CONSULTANTS AND ADVISORS**

**Audit Firm**

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

**Attorney**

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

**Official Depository**

**PNC BANK**  
413 Route 57  
Washington, NJ 07882

# Financial Section

# Independent Auditor's Report



## **ARDITO & Co., LLP**

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Frenchtown, New Jersey 08825-1192  
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Anthony Ardito, CPA, RMA, CMFO, PSA  
Douglas R. Williams, CPA, RMA, PSA

### **Independent Auditor's Report**

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

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

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Warren County Special Services School District Board of Education, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The Independent Auditor's Report dated October 31, 2017 was revised on March 2, 2018 to include reclassification of general fund expenditures previously reported as enterprise fund expenditures.

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

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

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

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

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

-Continued-

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

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

### ***Opinions***

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

### ***Emphasis of Matter Regarding Going Concern***

The accompanying financial statements have been prepared assuming that the Warren County Special Services School District will continue as a going concern. As discussed in Note 16 to the financial statements, the enterprise funds have continually generated net losses resulting in a district-wide negative cash balance of \$871,254 as of June 30, 2017. The negative cash balance and historical negative cash flows indicate that the District may not be able to continue as a going concern. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 16. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with

### ***Other Matters***

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

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

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

*Other Information*

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

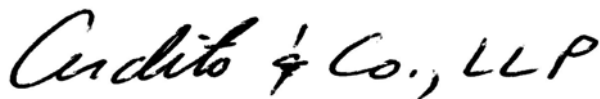
The combining and individual fund financial statement information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures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

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

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

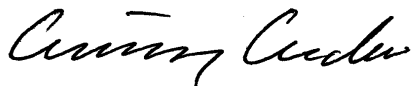
***Other Reporting Required by Government Auditing Standards***

In accordance with ***Government Auditing Standards*** , we have also issued our report dated October 31, 2017, on our consideration of the Warren County Special Services School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the District's internal control over financial reporting and compliance.



ARDITO & CO., LLP

October 31, 2017, except for the above revision of "Report on the Financial Statements", as to which the date is March 2, 2018.



Licensed Public School Accountant No. 2369



**Required Supplementary Information -  
Part I**

**Management's Discussion and Analysis**



WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
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, 2017. 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 2017 are as follows:

- ◆ In total, Net Position decreased \$715,089 which represents a 27.4% decrease from 2016.
- ◆ General revenues accounted for \$205,418 in revenue or 2.2% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$9,123,468 or 97.8% of total revenues of \$9,328,886.
- ◆ Total assets of governmental activities decreased by \$237,634, as cash and cash equivalents decreased by \$602,948, receivables increased by \$381,748, and capital assets decreased by \$16,434.
- ◆ The School District had \$10,043,975 in expenses; only \$9,123,468 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily contribution of Warren County property taxes) of \$205,418 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$1,847,602 in revenues and \$2,173,436 in expenditures. The General Fund's surplus balance decreased \$325,834 over 2016, which compares to the budgeted decrease of \$0.

**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, 2017  
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 2017?" 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, 2017  
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 2017 compared to 2016.

	<u>2017</u>	<u>2016</u>
<b>Table 1</b>		
<b>Net Position</b>		
<b>Assets</b>		
Current and Other Assets	\$ 284,808	\$ 506,008
Capital Assets	<u>27,390</u>	<u>43,824</u>
<b>Total Assets</b>	<u>312,198</u>	<u>549,832</u>
<b>Deferred Outflows of Resources</b>	<u>947,587</u>	<u>407,815</u>
<b>Liabilities</b>		
Long-Term Liabilities	3,738,300	190,977
Other Liabilities	<u>472,546</u>	<u>3,205,936</u>
<b>Total Liabilities</b>	<u>4,210,846</u>	<u>3,396,913</u>
<b>Deferred Inflows of Resources</b>	<u>375,570</u>	<u>172,276</u>
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	27,390	43,824
Restricted	-	-
Unrestricted	<u>(3,354,021)</u>	<u>(2,655,366)</u>
<b>Total Net Position</b>	<u><u>\$ (3,326,631)</u></u>	<u><u>\$ (2,611,542)</u></u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED

Total assets of governmental activities decreased by \$237,634, as cash and cash equivalents decreased by \$602,948, receivables increased by \$381,748, and capital assets decreased by \$16,434.

The cash decrease was mainly due to operating losses in the enterprise funds (Exhibit B-6). Despite the rise in receivables, over 90% of the outstanding receivables were collected in the subsequent three months after year end. The decrease in capital assets was due to depreciation expense, net of a capital additions.

Table 2 shows the changes in Net Position from fiscal year 2016.

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

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 8,195,602	\$ 8,188,623
Operating Grants and Contributions	927,866	548,495
General Revenues:		
Warren County Property Taxes	186,268	186,268
Investment Earnings	-	-
Other	<u>19,150</u>	<u>18,171</u>
<b>Total Revenues</b>	<u>9,328,886</u>	<u>8,941,557</u>
<b>Program Expenses</b>		
Instruction	1,971,844	1,295,507
Support Services:		
Pupils and Instructional Staff	36,580	102,289
General Administration, School Administration, Business	599,993	437,399
Operations and Maintenance of Facilities	170,228	89,774
Transportation	394	35,966
Business-Type Activities	7,264,936	6,677,709
Fiscal Charges	<u>-</u>	<u>-</u>
<b>Total Expenses</b>	<u>10,043,975</u>	<u>8,638,644</u>
Increase/(Decrease) in Net Position	<u>\$ (715,089)</u>	<u>\$ 302,913</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED

**Governmental Activities**

The County of Warren provides property taxes for the School District operations. Property taxes made up 2.0% percent of revenues for governmental activities for the School District for the fiscal year 2017.

Instruction comprises 19.6% of district expenses. Support services expenses make up 8.0% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2016. That is, it identifies the cost of these services supported by tax revenue and tuition.

**Table 3**

	Total Cost of <u>Services 2017</u>	Net Cost of <u>Services 2017</u>	Total Cost of <u>Services 2016</u>	Net Cost of <u>Services 2016</u>
Instruction	\$ 1,971,844	\$ 389,833	\$ 1,295,507	\$ 61,270
Support Services:				
Pupils and Instructional Staff	36,580	7,672	102,289	4,847
General Admin., School Admin., Business	599,993	125,852	437,399	20,726
Operation and Maintenance of Facilities	170,228	35,707	89,774	4,255
Transportation	394	83	35,966	1,704
Business-Type Activities	7,264,936	361,360	6,677,709	(191,276)
Interest and Fiscal Charges	-	-	-	-
<b>Total Expenses</b>	<u>\$ 10,043,975</u>	<u>\$ 920,507</u>	<u>\$ 8,638,644</u>	<u>\$ (98,474)</u>

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

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

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

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

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

fiscal charges involve the transactions associated unallocated depreciation.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED

**The School District's Funds**

Information about the School District's major funds starts on page 25. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$1,871,377 and expenditures of \$2,197,211. The General Fund's surplus balance decreased \$325,834 over 2016, which compares to the budgeted decrease of \$0.

**General Fund Budgeting Highlights**

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

During the course of the fiscal 2017 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$1,506,526, \$16,582 over original budgeted estimates of \$1,489,944. This difference was due primarily to an increases in tuition based programs and medical assistance aid.

General fund revenues fell short of expenditures by \$325,834. Again this deficit compares to a budgeted deficit of \$0. This was due to reallocations of expenditures previously categorized as Enterprise Fund expenditures.

Overall general fund balance (budget basis) was a deficit balance of \$189,528, and amounts ear-marked and reserved for future purposes were \$26,811, creating a deficit in unreserved fund balance of \$216,339. Management believes unreserved fund balance deficits will be liquidated through future tuition adjustments.



WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED

**Capital Assets**

At the end of the fiscal year 2017, the School District had \$27,390 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2017 balances compared to 2016.

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

	<u>2017</u>	<u>2016</u>
Machinery and Equipment	<u>27,390</u>	<u>43,824</u>
Totals	<u>\$ 27,390</u>	<u>\$ 43,824</u>

Overall capital assets decreased \$16,434 from fiscal year 2016 to fiscal year 2017. The decrease in capital assets was due to depreciation expense.

No capital improvements were purchased during fiscal year 2017.

**Debt Administration**

At June 30, 2017, the School District had \$147,248 as outstanding long term debt. Of this amount, \$147,248 is for compensated absences.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
UNAUDITED

**For the Future**

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

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

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

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

# Basic Financial Statements

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

June 30, 2017

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 278,333	\$ (1,225,004)	\$ (946,671)
Receivables, Net	4,685	788,327	793,012
Interfund Receivable		438,467	438,467
Capital Assets, Net	27,390		27,390
<b>Total Assets</b>	<u>310,408</u>	<u>1,790</u>	<u>312,198</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows Related to Pensions	<u>161,090</u>	<u>786,497</u>	<u>947,587</u>
<b>LIABILITIES</b>			
Accounts Payable	12,374	-	12,374
Interfund Payable	438,467		438,467
Unearned Revenue	21,705		21,705
Net Pension Liability (Note 7)	610,479	2,980,573	3,591,052
Noncurrent Liabilities (Note 6):			
Due within One Year	-	-	-
Due Beyond One Year	83,931	63,317	147,248
<b>Total Liabilities</b>	<u>1,166,956</u>	<u>3,043,890</u>	<u>4,210,846</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows Related to Pensions	<u>63,847</u>	<u>311,723</u>	<u>375,570</u>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt Restricted	27,390		27,390
Unrestricted	(786,695)	(2,567,326)	(3,354,021)
<b>Total Net Position</b>	<u>\$ (759,305)</u>	<u>\$ (2,567,326)</u>	<u>\$ (3,326,631)</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, 2017

	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	
<b>Functions/Programs</b>						
Governmental Activities:						
Instruction:						
Special Education	\$ 1,971,844	916,746	665,265		\$ (389,833)	\$ (389,833)
Support Services:						
Student & Instruction Related Serv.	36,580	17,007	11,901		(7,672)	(7,672)
School Administrative Services	599,993	278,948	195,193		(125,852)	(125,852)
Plant Operations and Maintenance	170,228	79,142	55,379		(35,707)	(35,707)
Transportation	394	183	128		(83)	(83)
Total Governmental Activities	<u>2,779,039</u>	<u>1,292,026</u>	<u>927,866</u>		<u>(559,147)</u>	<u>(559,147)</u>
Business-Type Activities:						
Personal Aides	602,821	310,659			\$ (292,162)	(292,162)
Transportation	5,047,036	5,106,786			59,750	59,750
Related Services	1,542,380	1,464,337			(78,043)	(78,043)
In Service	1,160	1,575			415	415
Life Skills	71,539	20,219			(51,320)	(51,320)
Total Business-Type Activities	<u>7,264,936</u>	<u>6,903,576</u>			<u>(361,360)</u>	<u>(361,360)</u>
Total Primary Government	<u>\$ 10,043,975</u>	<u>\$ 8,195,602</u>	<u>927,866</u>		<u>\$ (559,147)</u>	<u>\$ (361,360)</u>
<b>General Revenues:</b>						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 186,268		\$ 186,268
Miscellaneous Income				19,150		19,150
Total General Revenues, Special Items, Extraor. Items and Transfers				<u>205,418</u>		<u>205,418</u>
Change in Net Position				(353,729)	(361,360)	(715,089)
Net Position—Beginning				(405,576)	(2,205,966)	(2,611,542)
Net Position—Ending				<u>\$ (759,305)</u>	<u>\$ (2,567,326)</u>	<u>\$ (3,326,631)</u>

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

## **FUND FINANCIAL STATEMENTS**

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET  
**GOVERNMENTAL FUNDS**  
 June 30, 2017

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 257,278	\$ 21,055	\$ 278,333
Receivables, Net			
Interfund Receivables		650	650
Receivables from Other Governments	4,685		4,685
<b>TOTAL ASSETS</b>	<u>\$ 261,963</u>	<u>\$ 21,705</u>	<u>\$ 283,668</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts Payable	12,949		12,949
Interfund Payable	438,542		438,542
Deferred Revenue		\$ 21,705	21,705
<b>Total Liabilities</b>	<u>451,491</u>	<u>21,705</u>	<u>473,196</u>
<b>Fund Balances:</b>			
<b>Fund Balances:</b>			
Assigned:			
Encumbrances	26,811		26,811
Unassigned:			
Unreserved-Undesignated	(216,339)		(216,339)
<b>Total Fund Balances</b>	<u>(189,528)</u>		<u>(189,528)</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 261,963</u>	<u>\$ 21,705</u>	<u>\$ 283,668</u>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$244,494 and the accumulated depreciation is \$200,670.	27,390
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)	161,090
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)	(63,847)
Long-term liabilities, including net pension liability, are not due and payable in the current period and therefore are not reported as liabilities in the fund statements (see Note 7)	(610,479)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)	<u>(83,931)</u>
Net Position of governmental activities	<u>\$ (759,305)</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, 2017**

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>	<b><u>Total Governmental Funds</u></b>
<b>REVENUES</b>			
<b>Local sources:</b>			
Local Tax Levy	\$ 186,268		\$ 186,268
Tuition Charges	1,292,026		1,292,026
Miscellaneous	19,150	\$ 3,775	22,925
<b>Total - Local Sources</b>	<u>1,497,444</u>	<u>3,775</u>	<u>1,501,219</u>
<b>State Sources</b>	341,076		341,076
<b>Federal Sources</b>	9,082	20,000	29,082
<b>Total Revenues</b>	<u>1,847,602</u>	<u>23,775</u>	<u>1,871,377</u>
<b>EXPENDITURES</b>			
<b>Current:</b>			
Special Education Instruction	1,021,655	23,775	1,045,430
Support services and undistributed costs:			
Student and Instruction Related Services	19,699		19,699
School Administrative Services	323,104		323,104
Plant Operations and Maintenance	91,670		91,670
Pupil Transportation	212		212
Unallocated Benefits	717,096		717,096
<b>Total Expenditures</b>	<u>2,173,436</u>	<u>23,775</u>	<u>2,197,211</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(325,834)</u>		<u>(325,834)</u>
Net Change in Fund Balances	(325,834)		(325,834)
Fund Balance—July 1	136,306		136,306
<b>Fund Balance—June 30</b>	<u>\$ (189,528)</u>		<u>\$ (189,528)</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, 2017**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** **\$ (325,834)**

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	\$ (16,434)	
Capital Outlays	_____ - _____	(16,434)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption.

This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period. (25,055)

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.

\_\_\_\_\_ 13,594

**Change in Net Position of Governmental Activities** **\$ (353,729)**

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

STATEMENT OF PROPRIETARY NET POSITION  
 PROPRIETARY FUNDS

June 30, 2017

	Business-Type Activities - Enterprise Funds					Total Enterprise
	Major Funds			Non-Major Funds		
	Personal Aides	Transportation	Related Services	In- Service	Life Skills	
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and Cash Equivalents	\$ (117,397)	\$ (91,319)	\$ (852,794)	\$ 7,734	\$ (171,228)	\$ (1,225,004)
Accounts Receivable - Aides	-	-	-	-	-	-
Accounts Receivable - Transportation	-	-	-	-	-	-
Accounts Receivable - Pre-vocational Skills	-	-	-	-	-	-
Accounts Receivable - Related Services	-	-	-	-	-	-
Interfund Receivable	63,977	35,634	327,856	-	11,000	438,467
Other Receivables	5,922	587,894	191,655	2,460	396	788,327
<b>Total Current Assets</b>	<b>(47,498)</b>	<b>532,209</b>	<b>(333,283)</b>	<b>10,194</b>	<b>(159,832)</b>	<b>1,790</b>
<b>Noncurrent Assets:</b>						
Furniture, Machinery and Equipment	-	43,543	-	-	-	43,543
Less Accumulated Depreciation	-	(43,543)	-	-	-	(43,543)
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>	<b>(47,498)</b>	<b>532,209</b>	<b>(333,283)</b>	<b>10,194</b>	<b>(159,832)</b>	<b>1,790</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows Related to Pensions	701,212	56,858	28,427	-	-	786,497
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts Payable	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Long-Term liabilities:</b>						
Compensated Absences	48,121	15,196	-	-	-	63,317
Net Pension Liability	2,657,369	215,475	107,729	-	-	2,980,573
<b>Total Current Liabilities</b>	<b>2,705,490</b>	<b>230,671</b>	<b>107,729</b>	<b>-</b>	<b>-</b>	<b>3,043,890</b>
<b>Total Liabilities</b>	<b>2,705,490</b>	<b>230,671</b>	<b>107,729</b>	<b>-</b>	<b>-</b>	<b>3,043,890</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows Related to Pensions	277,921	22,535	11,267	-	-	311,723
<b>NET POSITION</b>						
Invested in Capital Assets Net of Related Debt	-	-	-	-	-	-
Unrestricted	(2,329,697)	335,861	(423,852)	10,194	(159,832)	(2,567,326)
<b>Total Net Position</b>	<b>\$ (2,329,697)</b>	<b>\$ 335,861</b>	<b>\$ (423,852)</b>	<b>\$ 10,194</b>	<b>\$ (159,832)</b>	<b>\$ (2,567,326)</b>

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, 2017

	Business-type Activities - Enterprise Fund					Total Enterprise
	Major Funds			Non-Major Funds		
	Personal Aides	Transportation	Related Services	In- Service	Life Skills	
<b>Operating Revenues:</b>						
Charges for Services:						
Program Fees	\$ 310,659	\$ 5,106,786	\$ 1,464,337		\$ 20,219	\$ 6,902,001
Miscellaneous	-	-	-	1,575	-	1,575
<b>Total Operating Revenues</b>	<b>310,659</b>	<b>5,106,786</b>	<b>1,464,337</b>	<b>1,575</b>	<b>20,219</b>	<b>6,903,576</b>
<b>Operating Expenses:</b>						
Program Salaries and Wages	240,182	195,718	868,334		30,027	1,334,261
General and Administrative Salaries and Wages	17,920	34,440	17,169		18,455	87,984
Employee Benefits	344,632	48,311	114,799		10,498	518,240
Purchased Educational Services			534,754		605	535,359
Other Purchased Services	87	755	1,966	\$ 1,160	10,000	13,968
Transportation - Fees		4,666,576				4,666,576
Transportation - Purc. Prof.Services		3,901				3,901
Transportation - Miscellaneous	-	97,335	5,358	-	1,954	104,647
<b>Total Operating Expenses</b>	<b>602,821</b>	<b>5,047,036</b>	<b>1,542,380</b>	<b>1,160</b>	<b>71,539</b>	<b>7,264,936</b>
Operating Income (Loss)	(292,162)	59,750	(78,043)	415	(51,320)	(361,360)
Change in Net Position	(292,162)	59,750	(78,043)	415	(51,320)	(361,360)
Total Net Position—Beginning	(2,037,535)	276,111	(345,809)	9,779	(108,512)	(2,205,966)
<b>Total Net Position—Ending</b>	<b>\$ (2,329,697)</b>	<b>\$ 335,861</b>	<b>\$ (423,852)</b>	<b>\$ 10,194</b>	<b>\$ (159,832)</b>	<b>\$ (2,567,326)</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, 2017

	Business-Type Activities - Enterprise Funds					
	Major Funds			Non-Major Funds		Total Enterprise
	Personal Aides	Transportation	Related Services	In- Service	Life Skills	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from Customers	\$ 260,353	\$ 5,000,037	\$ 1,189,365	\$ 1,425	\$ 38,903	\$ 6,490,083
Payments to Employees	(258,102)	(230,158)	(885,503)	-	(48,482)	(1,422,245)
Payments for Employee Benefits	(593,625)	(68,501)	(124,893)	-	(10,498)	(797,517)
Payments to Suppliers	350,170	(4,741,995)	(527,563)	(1,160)	(12,559)	(4,933,107)
<b>Net Cash Provided by (used for) Operating Activities</b>	<u>(241,204)</u>	<u>(40,617)</u>	<u>(348,594)</u>	<u>265</u>	<u>(32,636)</u>	<u>(662,786)</u>
Balances—Beginning of Year	<u>123,807</u>	<u>(50,702)</u>	<u>(504,200)</u>	<u>7,469</u>	<u>(138,592)</u>	<u>(562,218)</u>
<b>Balances—End of Year</b>	<u>\$ (117,397)</u>	<u>\$ (91,319)</u>	<u>\$ (852,794)</u>	<u>\$ 7,734</u>	<u>\$ (171,228)</u>	<u>\$ (1,225,004)</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>						
Operating Income (Loss)	\$ (292,162)	\$ 59,750	\$ (78,043)	\$ 415	\$ (51,320)	\$ (361,360)
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	(50,306)	(106,749)	(274,972)	(150)	18,684	(413,493)
(Increase) Decrease in Deferred Outflows	(399,430)	(32,388)	(16,193)	-	-	(448,011)
Increase (Decrease) in Liabilities	350,257	26,572	14,515	-	-	391,344
Increase (Decrease) in Deferred Inflows	150,437	12,198	6,099	-	-	168,734
Total Adjustments	<u>50,958</u>	<u>(100,367)</u>	<u>(270,551)</u>	<u>(150)</u>	<u>18,684</u>	<u>(301,426)</u>
Net Cash Provided by (used for) Operating Activities	<u>\$ (241,204)</u>	<u>\$ (40,617)</u>	<u>\$ (348,594)</u>	<u>\$ 265</u>	<u>\$ (32,636)</u>	<u>\$ (662,786)</u>

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit B-7

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

June 30, 2017

	<b><u>Agency Fund</u></b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>75,417</u>
<b>Total Assets</b>	<b>\$ <u>75,417</u></b>
<b>LIABILITIES</b>	
Summer Pay	\$ 74,695
Payroll Deductions and Withholdings	<u>722</u>
<b>Total Liabilities</b>	<b>\$ <u>75,417</u></b>

**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, 2017

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

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, and GAASB No. 68, Accounting for Pensions, and amendment of GASB No. 27. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2016.

**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, 2017

**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, 2017

**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, 2017

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

*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, 2017

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2017

**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, 2017

**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.

**Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations, have been recorded as deferred revenue. Grants and entitlement received before the eligible requirements are met are also recorded as deferred 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, 2017

**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, 2017

**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, 2017, 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, 2017, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents (A-1)	Cash and Cash Equivalents (H-1)	Total Cash and Cash Equivalents
Checking	\$ (946,671)	\$ 75,417	\$ (871,254)
	<u>\$ (946,671)</u>	<u>\$ 75,417</u>	<u>\$ (871,254)</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2017, was (\$871,254) and the bank balance was \$335,432. 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, 2017

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2017, consisted of intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Government-Wide Financial <u>Statements</u>
State Aid	\$ 3,843	\$ 3,843
Federal Aid	-	0
Other Receivables	842	842
Enterprise Fund Receivables		788,327
Gross Receivable	<u>\$ 4,685</u>	<u>\$ 793,012</u>
Less: Allow. for Uncollectibles	-	-
Total Receivables, Net	<u><u>\$ 4,685</u></u>	<u><u>\$ 793,012</u></u>

**NOTE 4: INVENTORY**

No inventory existed in the Funds at June 30, 2017.

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Machinery and Equipment	\$ 244,494			\$ 244,494
Total at Historical Cost	<u>244,494</u>	-		<u>244,494</u>
Less Accumulated Depreciation for:				
Equipment	(200,670)	\$ (16,434)		(217,104)
Total Accumulated Depreciation	<u>(200,670)</u>	<u>(16,434)</u>		<u>(217,104)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>43,824</u>	<u>(16,434)</u>		<u>27,390</u>
<b>Government Activity Capital Assets, Net</b>	<u><b>\$ 43,824</b></u>	<u><b>\$ (16,434)</b></u>		<u><b>\$ 27,390</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:

Regular Instruction	\$ 16,434
Total	<u>\$ 16,434</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 6: LONG-TERM OBLIGATIONS**

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

Changes in long-term obligations for the year ended June 30, 2017, are as follows:

	Balance			Balance	Amounts
	<u>7/1/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>6/30/17</u>	<u>Due Within</u>
					<u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$171,097		(\$23,849)	\$147,248	
<b>Total</b>	<b>\$171,097</b>		<b>(\$23,849)</b>	<b>\$147,248</b>	

Compensated absences and capital leases have been liquidated in the General Fund and Enterprise Funds.

**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.

*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.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

*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 \$9,298,732 as measured on June 30, 2016 and \$5,605,697 as measured on June 30, 2015.

*For the year ended June 30, 2017, the District recognized pension expense of \$698,670 and revenue of \$698,670 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, 2017 is based upon changes in the collective net pension liability with a measurement period of June 30, 2015 through June 30, 2016. 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, 2015 and June 30, 2016.*

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>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$7,521,378,257	\$17,440,003,201
Collective deferred inflows of resources	\$554,399,005	\$195,027,919
Collective net pension liability (Nonemployer-State of New Jersey)	\$63,204,270,305	\$78,666,367,052
State's portion of the net pension liability that was associated with the district	\$5,605,697	\$9,298,732
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.008869%	0.011820%

*Actuarial assumptions* - The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.50%
Salary Increases:	
Through 2021	Varies based on experience
Therafter	Varies based on experience
Investment Rate of Return:	7.65%

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.65% at June 30, 2016) 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.39%
US Government Bonds	1.50%	1.28%
US Credit Bonds	13.00%	2.76%
US Mortgages	2.00%	2.38%
US Inflation-Indexed Bonds	1.50%	1.41%
US High Yield Bonds	2.00%	4.70%
US Equity Market	26.00%	5.14%
Foreign-Developed Equity	13.25%	5.91%
Emerging Markets Equity	6.50%	8.16%
Private Real Estate Property	5.25%	3.64%
Timber	1.00%	3.86%
Farmland	1.00%	4.39%
Private Equity	9.00%	8.97%
Commodities	0.50%	2.87%
Hedge Funds - MultiStrategy	5.00%	3.70%
Hedge Funds - Equity Hedge	3.75%	4.72%
Hedge Funds - Distressed	3.75%	3.49%

*Discount rate* - The discount rate used to measure the total pension liability was 3.22% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65% and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State contributed 30% of the actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2029.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2029 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

*Sensitivity of the District's proportionate share of the 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. Detailed information about the pension plan's sensitivity of the collective net pension liability to changes in the discount rate is available in the separately issued State of New Jersey at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

*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>.

**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, 2017, the District reported a liability of \$3,591,052 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014. 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, 2016 and 2015. At June 30, 2016, the District's proportion was 0.012% which was a decrease of 0.0017% from its proportion measured as of June 30, 2015.

*For the year ended June 30, 2017, the District recognized pension expense of \$255,086. At June 30, 2017, 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	\$ 66,783	-
Changes of assumptions	743,874	
Net difference between projected and actual earnings on pension plan investments	136,930	
Changes in proportion and differences between District contributions and proportionate share of contributions	-	\$ 63,933
Total	<u>\$ 947,587</u>	<u>\$ 63,933</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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>
2017	\$198,947
2018	198,947
2019	230,486
2020	193,642
2021	<u>61,632</u>
Total	<u>\$883,654</u>

	<u>6/30/2015</u>	<u>6/30/2016</u>
Collective deferred outflows of resources	\$3,578,755,666	\$8,685,338,380
Collective deferred inflows of resources	993,410,455	870,133,595
Collective net pension liability (Non State - Local Group)	\$22,447,996,119	\$29,617,131,759
District's portion of net pension liability	\$3,107,197	\$3,591,052
District's proportion %	0.01384176%	0.01212491%

*Actuarial assumptions.* The collective total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015, which was rolled forward to June 30, 2016. This actuarial valuation used the following actuarial assumptions:

Inflation:	3.08%
Salary Increases:	
Through 2026	1.65%-4.15% based on age
Therafter	2.65%-5.15% based on age
Investment Rate of Return:	7.65%

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2013 Based on Projection Scale AA.

The actuarial assumptions used in the July 1, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2014.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad US Equities	26.00%	8.53%

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds I Absolute	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex US	5.00%	-0.25%
REIT	5.25%	5.63%

*Discount rate.* The discount rate used to measure the total pension liability was 3.98% as of June 30, 2016. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.65%, and a municipal bond rate of 2.85% as of June 30, 2016 based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on contribution rate in the most recent fiscal year.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

*Sensitivity of the Municipality's proportionate share of the net pension liability to changes in the discount rate.* The following presents the Municipality's proportionate share of the net pension liability measured as of June 30, 2016, calculated using the discount rate of 3.98%, as well as what the Municipality's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.98%) or 1-percentage-point higher (4.98%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(2.98%)</u>	<u>(3.98%)</u>	<u>(4.98%)</u>
District's proportionate share of the net pension liability	\$ 4,400,415	\$3,591,052	\$ 2,922,853

*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>.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

**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.

**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 ¼ 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.



WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

□ 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.

<u>Three-Year Trend Information for PERS</u>			
<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2017	\$108,563	100 %	-0-
6/30/2016	\$119,065	100	-0-
6/30/2015	\$118,046	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2017	\$144,737	100 %	-0-
6/30/2016	\$94,640	100	-0-
6/30/2015	\$47,950	100	-0-

During the fiscal year ended June 30, 2017, the State of New Jersey did contribute \$264,657 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 \$76,419 during the year ended June 30, 2017, 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.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 8: POST-RETIREMENT BENEFITS**

P.L. 1987, c. 384 and P.L. 1990, c.6 required Teachers' Pensions and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those state employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired state employees and retired educational employees. As of June 30, 2016, there were 110,512 retirees receiving post-retirement medical benefits, and the State contributed \$1.37 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

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

GASB Statement #45 requires certain disclosures relating to governmental entities obligations for other post-employment benefits (OPEB), which are post-employment benefits other than pensions. The District does not provide post-employment benefits other than pension. Healthcare provided to eligible TPAF and PERS board of education retirees through the NJ State Health Benefits Program are paid by the the State of New Jersey and as such, no district OPEB liability exists.

**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, 2017, \$63,317 existed for compensated absences in the proprietary fund types.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 11: RISK MANAGEMENT**

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

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

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

**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 (\$189,528) General Fund fund balance at June 30, 2017, \$26,811 has been reserved for encumbrances, and (\$216,339) is unreserved and undesignated.

**NOTE 14: TUITION REVENUE**

In the general fund, a comparison of tentative tuition charges and actual certified tuition charges was made. For special education classes, tuition adjustments in accordance with N.J.A.C.6A:23-17.7 are made no later than the end of the second school year, following the contract year. Adjustments required by June 30, 2017, for the actual costs through fiscal year 2014-2015 were reflected in the financial statements as of June 30, 2017. The State of New Jersey charges or refunds the sending districts any County Special Services tuition adjustments through the state aid payment system. The same state aid payment system is utilized to pay the district current tuition payments as well as prior tuition adjustments. As such, no tuition receivables or payables existed as of June 30, 2017.

**NOTE 15: INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2017 current fund owes the enterprise funds \$438,467 for cash advances not yet returned.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**NOTE 16: GOING CONCERN MATTERS**

The District has had a recurring deficit net position in its Personal Aides, Related Services and Life Skills Enterprise Funds that raises substantial doubt about the ability for these Enterprise Funds to continue as a going concern.

The Personal Aides Enterprise Fund reflected a deficit unrestricted net position at June 30, 2017 of \$2,329,697 which was entirely due to the net pension liability and related deferred inflows and outflows the district records in accordance with GASB No. 68. Excluding the effects of the pension liability and deferred pension items, the unrestricted deficit net position was \$95,619 at June 30, 2017. The Personal Aides Enterprise Fund had an operating loss for the current year of \$292,162.

The total deficit in unrestricted net position at June 30, 2017 in the Related Services Fund is \$423,852. Excluding the net pension liability and related deferred inflows and outflows the district had a deficit net position of \$333,283 from operations which deteriorated from the prior year's deficit net position from operations of \$259,661. The Related Services Enterprise Fund had an operating loss for the current year of \$78,043.

The total deficit in unrestricted net position at June 30, 2017 in the Life Skills Fund is \$159,832 which deteriorated from the prior year's deficit net position from operations of \$108,512. The Related Services Enterprise Fund had an operating loss for the current year of \$51,320.

The total unrestricted positive net position at June 30, 2017 in the Transportation Fund is \$335,861. Excluding the net pension liability and related deferred inflows and outflows the district had a positive net position of \$517,013. The Transportation Fund had an operating profit for the current year of \$59,750.

All enterprise funds collectively used \$662,786 in cash, bringing the enterprise deficit cash balance to \$1,225,004 as of June 30, 2017, and the overall district deficit cash balance (all funds) to \$871,254.

Management plans to implement monthly reconciliation procedures to ensure customer billings are matched with related costs, with any resulting losses being identified and billing rates adjusted accordingly.

**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, 2017

	<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>Local Sources:</b>					
County Tax Levy	\$ 186,268		\$ 186,268	\$ 186,268	
Tuition	1,239,076		1,239,076	1,221,451	\$ (17,625)
Other Tuition	60,000		60,000	70,575	10,575
Non-Resident Fees	4,300		4,300	8,620	4,320
Miscellaneous	300		300	10,530	10,230
<b>Total - Local Sources</b>	<b>1,489,944</b>		<b>1,489,944</b>	<b>1,497,444</b>	<b>7,500</b>
<b>State Sources:</b>					
TPAF Pension (On-Behalf - Non-Budgeted)				143,922	143,922
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				119,920	119,920
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				815	815
TPAF Social Security (Reimbursed - Non-Budgeted)				76,419	76,419
<b>Total State Sources</b>				<b>341,076</b>	<b>341,076</b>
<b>Federal Sources:</b>					
Medical Assistance Program (SEMI)				9,082	9,082
<b>Total Federal Sources</b>				<b>9,082</b>	<b>9,082</b>
<b>TOTAL REVENUES</b>	<b>1,489,944</b>		<b>1,489,944</b>	<b>1,847,602</b>	<b>357,658</b>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<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>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Behavioral Disabilities:</b>					
Salaries of Teachers	209,256	18,033	227,289	227,177	112
Other Salaries for Instruction				19,920	(19,920)
Purchased Professional-Educational Services	21,600	(5,352)	16,248	54,427	(38,179)
Purchased Technical Services	3,300	7,822	11,122	11,122	
Other Purchased Services (400-500 series)	2,300	942	3,242	2,093	1,149
General Supplies	3,000	942	3,942	3,942	
<b>Total Behavioral Disabilities</b>	<b>239,456</b>	<b>22,387</b>	<b>261,843</b>	<b>318,681</b>	<b>(56,838)</b>
<b>Multiple Disabilities:</b>					
Salaries of Teachers	122,053	12,338	134,391	134,391	
Other Salaries for Instruction				28,951	(28,951)
Purchased Professional-Educational Services	18,000	(10,596)	7,404	37,690	(30,286)
Purchased Technical Services	4,000	4,630	8,630	8,630	
Other Purchased Services (400-500 series)	1,200		1,200	398	802
General Supplies	2,500	48	2,548	1,765	783
Other Objects	4,000	(1,332)	2,668	764	1,904
<b>Total Multiple Disabilities</b>	<b>151,753</b>	<b>5,088</b>	<b>156,841</b>	<b>212,589</b>	<b>(55,748)</b>
<b>Autism:</b>					
Salaries of Teachers	137,464	23,706	161,170	198,494	(37,324)
Purchased Professional-Educational Services	15,620	269	15,889	91,980	(76,091)
Purchased Technical Services	1,000	4,202	5,202	5,202	
Other Purchased Services (400-500 series)	1,140	882	2,022	333	1,689
General Supplies	2,000	788	2,788	2,754	34
<b>Total Autism</b>	<b>157,224</b>	<b>29,847</b>	<b>187,071</b>	<b>298,763</b>	<b>(111,692)</b>



WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Extended School Year:</b>					
Salaries of Teachers	22,500	116	22,616	22,616	
Salaries of Supervisors of Instruction	3,000		3,000	3,000	
Other Salaries for Instruction	18,704	13,950	32,654	32,654	
Purchased Professional-Educational Services	1,000	(1,000)			
Purchased Technical Services	2,000	(359)	1,641	1,640	1
Other Purchased Services (400-500 series)	2,800	(1,849)	951	951	
General Supplies	2,000	(1,900)	100	53	47
Other Objects	4,500	2,340	6,840	6,840	
<b>Total Extended School Year</b>	<b>56,504</b>	<b>11,298</b>	<b>67,802</b>	<b>67,754</b>	<b>48</b>
<b>Pre-School Disabilities Part Time:</b>					
<b>Cognitive - Severe:</b>					
Salaries of Teachers	68,462	3,022	71,484	71,484	
Purchased Professional-Educational Services	9,400	(827)	8,573	49,285	(40,712)
Purchased Technical Services	1,000		1,000	967	33
Other Purchased Services (400-500 series)	500	395	895	498	397
General Supplies	2,500		2,500	1,634	866
<b>Total Cognitive - Severe</b>	<b>81,862</b>	<b>2,590</b>	<b>84,452</b>	<b>123,868</b>	<b>(39,416)</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>686,799</b>	<b>71,210</b>	<b>758,009</b>	<b>1,021,655</b>	<b>(263,646)</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>Health Services:</b>					
Salaries	100	2,050	2,150	2,150	
Purchased Professional and Technical Services	1,325	31	1,356	1,356	
<b>Total Health Services</b>	<b>1,425</b>	<b>2,081</b>	<b>3,506</b>	<b>3,506</b>	

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Related Services:</b>					
Purchased Professional - Educational Services	173,000	(152,336)	20,664	13,262	7,402
<b>Total Other Supp. Services Students-Related Services</b>	<u>173,000</u>	<u>(152,336)</u>	<u>20,664</u>	<u>13,262</u>	<u>7,402</u>
<b>Instructional Staff Training Services:</b>					
Purchased Professional-Educational Services	2,000	1,297	3,297	2,602	695
<b>Total Instructional Staff Training Services</b>	<u>2,000</u>	<u>1,297</u>	<u>3,297</u>	<u>2,602</u>	<u>695</u>
<b>Instructional Staff Training Services:</b>					
Other Purchased Services (400-500 series)	1,500	(593)	907	329	578
<b>Total Instructional Staff Training Services</b>	<u>1,500</u>	<u>(593)</u>	<u>907</u>	<u>329</u>	<u>578</u>
<b>Supp. Services - General Administration:</b>					
Salaries	120,376	(11,973)	108,403	108,327	76
Legal Services	6,000	1,850	7,850	7,644	206
Audit Fees	15,000		15,000	15,000	
Other Purchased Professional Services		1,500	1,500	1,500	
Purchased Technical Services	1,000		1,000	40	960
Communications/Telephone	13,000	1,266	14,266	10,247	4,019
BOE Other Purchased Services	4,300	(593)	3,707	3,025	682
Other Purchased Services (400-500 series)	18,000	2,069	20,069	20,069	
General Supplies	4,500		4,500	4,293	207
Miscellaneous Expenditures	3,500	11,312	14,812	14,812	
BOE membership dues and fees	2,500	708	3,208	3,085	123
<b>Total Supp. Services - General Administration</b>	<u>188,176</u>	<u>6,139</u>	<u>194,315</u>	<u>188,042</u>	<u>6,273</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Central Services</b>					
Salaries	56,980	8,630	65,610	110,284	(44,674)
Purchased Technical Services	25,000	1,673	26,673	20,415	6,258
Misc. Purchased Services (400-500 series)	1,000	(140)	860		860
Supplies and Materials	1,650	1,460	3,110	2,787	323
Other Objects	1,250	326	1,576	1,576	
<b>Total Central Services</b>	<b>85,880</b>	<b>11,949</b>	<b>97,829</b>	<b>135,062</b>	<b>(37,233)</b>
<b>Other Operations and Maintenance of Plant:</b>					
Cleaning, Repair and Maintenance	2,000	(2,000)			
Rental of Land & Bldg. Oather Than Lease Purchase Agreement	57,664	10,716	68,380	60,905	7,475
Insurance	18,500	8,638	27,138	26,683	455
Energy (Electricity)	4,000	83	4,083	4,082	1
<b>Total Other Operations and Maintenance of Plant</b>	<b>82,164</b>	<b>17,437</b>	<b>99,601</b>	<b>91,670</b>	<b>7,931</b>
<b>Undist. Expend. - Student Transportation Serv:</b>					
Sal. For Pup. Trans. (Bet. Home and School) - Special		352	352	212	140
<b>Total Undist. Expend. - Student Transportation Serv.</b>		<b>352</b>	<b>352</b>	<b>212</b>	<b>140</b>
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	35,000	51,779	86,779	86,779	
Other Retirement Contributions-PERS	30,000	(4,182)	25,818	27,686	(1,868)
Other Retirement Contributions-Regular DCRP	3,000	99	3,099	1,713	1,386
Unemployment Compensation	10,000	710	10,710	10,710	
Workmen's Compensation	7,000		7,000	7,000	
Health Benefits	175,000	(4,981)	170,019	207,816	(37,797)
Tuition Reimbursement	5,000	8,189	13,189	13,189	
Other Benefits	4,000	17,127	21,127	21,127	
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>269,000</b>	<b>68,741</b>	<b>337,741</b>	<b>376,020</b>	<b>(38,279)</b>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
On-behalf TPAF pension Contrib. (non-budgeted)				143,922	(143,922)
On-behalf TPAF PRM Contrib. (non-budgeted)				119,920	(119,920)
On-behalf TPAF pension Non-contributory Ins. (non-budgeted)				815	(815)
Reimbursed TPAF Social Security Contributions (non-budgeted)				76,419	(76,419)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>341,076</b>	<b>(341,076)</b>
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	<b>269,000</b>	<b>68,741</b>	<b>337,741</b>	<b>717,096</b>	<b>(379,355)</b>
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>803,145</b>	<b>(44,933)</b>	<b>758,212</b>	<b>1,151,781</b>	<b>(393,569)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>1,489,944</b>	<b>26,277</b>	<b>1,516,221</b>	<b>2,173,436</b>	<b>(657,215)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment:</b>					
School Buses - Special		607	607		607
<b>Total Equipment</b>		<b>607</b>	<b>607</b>	<b>-</b>	<b>607</b>
<b>TOTAL EXPENDITURES</b>	<b>1,489,944</b>	<b>26,884</b>	<b>1,516,828</b>	<b>2,173,436</b>	<b>(656,608)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>		<b>(26,884)</b>	<b>(26,884)</b>	<b>(325,834)</b>	<b>(298,950)</b>
<b>Fund Balance, July 1</b>	<b>136,306</b>		<b>136,306</b>	<b>136,306</b>	
<b>Fund Balance, June 30</b>	<b>\$ 136,306</b>	<b>\$ (26,884)</b>	<b>\$ 109,422</b>	<b>\$ (189,528)</b>	<b>\$ (298,950)</b>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Recapitulation:</b>					
<b>Assigned:</b>					
Encumbrances				26,811	
<b>Unassigned:</b>					
Unrestricted Fund Balance				<u>(216,339)</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				<u><u>\$ (189,528)</u></u>	

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2017

	<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		\$ 5,600	\$ 5,600	\$ 5,600	-
Federal Sources	\$ 20,000	-	20,000	20,000	-
<b>Total Revenues</b>	<b>20,000</b>	<b>5,600</b>	<b>25,600</b>	<b>25,600</b>	<b>-</b>
<b>EXPENDITURES:</b>					
<b>Instruction:</b>					
Other Purchased Professional Serv.	10,000	5,600	15,600	15,600	
Other Purchased Professional Serv.	10,000	-	10,000	10,000	
<b>Total Instruction</b>	<b>20,000</b>	<b>5,600</b>	<b>25,600</b>	<b>25,600</b>	<b>-</b>
Total Expenditures	<b>20,000</b>	<b>5,600</b>	<b>25,600</b>	<b>25,600</b>	<b>-</b>
<b>Total Outflows</b>	<b>20,000</b>	<b>\$ 5,600</b>	<b>\$ 25,600</b>	<b>\$ 25,600</b>	<b>\$ -</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>					
<b>-</b>					

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2017

**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)	\$ 1,847,602	\$ 25,600
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	N/A
Current Year Encumbrances	N/A	(1,825)
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)	\$ 1,847,602	\$ 23,775
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 2,173,436	\$ 25,600
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	N/A
Current Year Encumbrances	N/A	(1,825)
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		
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	\$ 2,173,436	\$ 23,775

**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)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset) **	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						
State's proportionate share of the net pension liability (asset) associated with the District	\$ 9,298,732	\$ 5,605,697	\$ 3,885,436	\$ 3,857,484						
Total	\$ 9,298,732	\$ 5,605,697	\$ 3,885,436	\$ 3,857,484						
District's covered employee payroll	\$ 1,067,940	\$ 1,121,129	\$ 1,389,036	\$ 1,058,598						
District's proportionate share of the of the net pension liability (asset) as a percentage of its covered-employee payroll **	N/A	N/A	N/A	N/A						
Plan fiduciary net position as a percentage of the total pension liability	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)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
District's proportion of the net pension liability (asset)	0.0121249135%	0.0138417585%	0.0143192704%	0.0146719306%						
District's proportionate share of the net pension liability (asset)	\$ 3,591,052	\$ 3,107,197	\$ 2,680,959	\$ 2,804,097						
District's covered employee payroll	\$ 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	851.18%	240.99%	307.23%	296.53%						
Plan fiduciary net position as a percentage of the total pension liability (Local)	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)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution **	N/A	N/A	N/A	N/A						
Contributions in relation to the contractually required contribution **	N/A	N/A	N/A	N/A						
Contribution deficiency (excess)	N/A	N/A	N/A	N/A						
District's covered employee payroll	\$ 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						

\*\* 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)**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually required contribution	\$ 108,563	\$ 119,065	\$ 118,046	\$ 110,550						
Contributions in relation to the contractually required contribution	<u>(108,563)</u>	<u>(119,065)</u>	<u>(118,046)</u>	<u>(110,550)</u>						
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>						
District's covered employee payroll	\$ 421,891	\$ 1,289,364	\$ 872,631	\$ 945,633						
Contributions as a percentage of covered-employee payroll	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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III**  
**Pension Schedules**

For the Fiscal Year Ended June 30, 2017

**Teachers' Pension and Annuity Fund (TPAF)**

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

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

**Public Employees' Retirement System (PERS)**

*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.* Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback 1 year for females) with adjustments for mortality improvements from the base year of 2012 Based on Projection Scale AA.

**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

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

For the Fiscal Year Ended June 30, 2017

	<b>REAP</b>	<b>LOCAL GRANTS</b>	<b>Totals</b>
<b>REVENUES</b>			
Local Sources		\$ 5,600	\$ 5,600
Federal Sources	\$ 20,000		20,000
<b>TOTAL REVENUES</b>	<b>20,000</b>	<b>5,600</b>	<b>25,600</b>
<b>EXPENDITURES:</b>			
<b>Support Services:</b>			
Other Purchased Professional Serv.	10,000	5,600	15,600
Supplies and Materials	10,000		10,000
<b>Total Support Services</b>	<b>20,000</b>	<b>5,600</b>	<b>25,600</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 20,000</b>	<b>\$ 5,600</b>	<b>\$ 25,600</b>
<b>Total Outflows</b>	<b>\$ 20,000</b>	<b>\$ 5,600</b>	<b>\$ 25,600</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</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

<p><b>PROPRIETARY FUND DETAIL STATEMENTS</b></p>
--

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

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

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

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

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

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

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



WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

Exhibit H-1

**COMBINING STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2017**

	<b>PAYROLL AGENCY</b>	<b>TOTALS</b>
<b>ASSETS:</b>		
Cash and Cash Equivalents	\$ 75,417	\$ 75,417
<b>TOTAL ASSETS</b>	<b><u>\$ 75,417</u></b>	<b><u>\$ 75,417</u></b>
 <b>LIABILITIES:</b>		
Liabilities:		
Summer Pay	\$ 74,695	\$ 74,695
Payroll Deductions and Withholdings	<u>722</u>	<u>722</u>
<b>Total Liabilities</b>	<b><u>\$ 75,417</u></b>	<b><u>\$ 75,417</u></b>
 <b>TOTAL LIABILITIES</b>	<b><u>\$ 75,417</u></b>	<b><u>\$ 75,417</u></b>

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
PAYROLL AGENCY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>BALANCE</u> <u>JULY 1, 2016</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2017</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 110,641	\$ 2,606,827	\$ 2,642,051	\$ 75,417
<b>Total Assets</b>	<u>\$ 110,641</u>	<u>\$ 2,606,827</u>	<u>\$ 2,642,051</u>	<u>\$ 75,417</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 18,844	\$ 1,106,430	\$ 1,124,552	\$ 722
Accrued Salaries and Wages		1,425,702	1,425,702	-
Summer Pay	90,693	74,695	90,693	74,695
Accounts Payable	1,104		1,104	-
<b>Total Liabilities</b>	<u>\$ 110,641</u>	<u>\$ 2,606,827</u>	<u>\$ 2,642,051</u>	<u>\$ 75,417</u>

## **LONG-TERM DEBT SCHEDULES**

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

(Not Applicable)

Warren County Special Services School District  
**Statistical Section**

<u>Contents</u>	<u>Page</u>
<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.	78-83
<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.	84-86
<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.	87-88
<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.	89-95

**Sources:**

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

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

**Exhibit J-1**

*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 61,514	\$ 42,239	\$ 22,964	\$ 11,482		\$ 83,145	\$ 75,816	\$ 56,862	\$ 43,824	\$ 27,390
Restricted	285,235			10,309					-	-
Unrestricted	383,189	628,616	451,516	405,176	267,754	136,624	(462,400)	(566,845)	(449,400)	(786,695)
<b>Total governmental activities net position</b>	<u>\$ 729,938</u>	<u>\$ 670,855</u>	<u>\$ 474,480</u>	<u>\$ 426,967</u>	<u>\$ 267,754</u>	<u>\$ 219,769</u>	<u>\$ (386,584)</u>	<u>\$ (509,983)</u>	<u>\$ (405,576)</u>	<u>\$ (759,305)</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 8,814								\$ -	\$ -
Restricted									-	-
Unrestricted	\$ (269,882)	\$ 88,062	\$ 23,198	\$ (11,617)	\$ 60,851	\$ 61,955	\$ (2,336,522)	\$ (2,400,054)	\$ (2,205,966)	\$ (2,567,326)
<b>Total business-type activities net position</b>	<u>\$ (261,068)</u>	<u>\$ 88,062</u>	<u>\$ 23,198</u>	<u>\$ (11,617)</u>	<u>\$ 60,851</u>	<u>\$ 61,955</u>	<u>\$ (2,336,522)</u>	<u>\$ (2,400,054)</u>	<u>\$ (2,205,966)</u>	<u>\$ (2,567,326)</u>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 70,328	\$ 42,239	\$ 22,964	\$ 11,482		\$ 83,145	\$ 75,816	\$ 56,862	\$ 43,824	\$ 27,390
Restricted	285,235			10,309					-	-
Unrestricted	113,307	716,678	474,714	393,559	328,605	198,579	(2,798,922)	(2,966,899)	(2,655,366)	(3,354,021)
<b>Total district net position</b>	<u>\$ 468,870</u>	<u>\$ 758,917</u>	<u>\$ 497,678</u>	<u>\$ 415,350</u>	<u>\$ 328,605</u>	<u>\$ 281,724</u>	<u>\$ (2,723,106)</u>	<u>\$ (2,910,037)</u>	<u>\$ (2,611,542)</u>	<u>\$ (3,326,631)</u>

Source: CAFR Schedule A-1

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

**Exhibit J-2**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Expenses</b>										
Governmental activities										
Instruction										
Special education	\$ 1,412,755	\$ 1,128,273	\$ 885,759	\$ 962,863	\$ 796,247	\$ 1,027,268	\$ 1,459,737	\$ 1,293,402	\$ 1,295,507	\$ 1,971,844
Other special education				88,823	104,545					
Support Services:										
Student & instruction related services	649,430	730,227	457,979	292,558	301,632	290,669	223,412	266,764	102,289	36,580
General and business administrative services	610,946	603,386	475,347	269,473	294,783	395,019	267,621	282,579	437,399	599,993
Plant operations and maintenance	202,777	154,809	86,217	85,605	100,149	58,898	60,620	77,566	89,774	170,228
Pupil transportation	2,976	6,892	-	11,482	11,543	4,555			35,966	394
Unallocated depreciation							18,954	18,954		
Total governmental activities expenses	<u>2,878,884</u>	<u>2,623,587</u>	<u>1,905,302</u>	<u>1,710,804</u>	<u>1,608,899</u>	<u>1,776,409</u>	<u>2,030,344</u>	<u>1,939,265</u>	<u>1,960,935</u>	<u>2,779,039</u>
Business-type activities:										
Proprietary Funds	4,228,365	4,014,820	3,273,401	3,241,812	3,457,268	3,824,799	5,192,708	6,373,122	6,677,709	7,264,936
Total business-type activities expense	<u>4,228,365</u>	<u>4,014,820</u>	<u>3,273,401</u>	<u>3,241,812</u>	<u>3,457,268</u>	<u>3,824,799</u>	<u>5,192,708</u>	<u>6,373,122</u>	<u>6,677,709</u>	<u>7,264,936</u>
Total district expenses	<u>\$ 7,107,249</u>	<u>\$ 6,638,407</u>	<u>\$ 5,178,703</u>	<u>\$ 4,952,616</u>	<u>\$ 5,066,167</u>	<u>\$ 5,601,208</u>	<u>\$ 7,223,052</u>	<u>\$ 8,312,387</u>	<u>\$ 8,638,644</u>	<u>\$ 10,043,975</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (Special Education)	\$ 1,108,548	\$ 1,059,544	\$ 672,058	\$ 1,340,820	\$ 1,078,400	\$ 1,006,687	\$ 1,279,098	\$ 928,001	\$ 871,829	\$ 916,746
Business and other support services	1,149,393	1,404,227	895,104			350,197	263,849	235,044	447,809	375,280
Operating grants and contributions				\$ 126,306	111,298	175,364	163,294	443,992	548,495	927,866
Total governmental activities program revenues	<u>2,257,941</u>	<u>2,463,771</u>	<u>1,567,162</u>	<u>1,467,126</u>	<u>1,189,698</u>	<u>1,532,248</u>	<u>1,706,241</u>	<u>1,607,037</u>	<u>1,868,133</u>	<u>2,219,892</u>
Business-type activities:										
Charges for services										
Proprietary Funds	4,253,750	4,363,950	3,208,537	3,209,464	3,595,403	3,825,897	5,121,632	6,309,590	6,868,985	6,903,576
Operating grants and contributions										
Total business type activities program revenues	<u>4,253,750</u>	<u>4,363,950</u>	<u>3,208,537</u>	<u>3,209,464</u>	<u>3,595,403</u>	<u>3,825,897</u>	<u>5,121,632</u>	<u>6,309,590</u>	<u>6,868,985</u>	<u>6,903,576</u>
Total district program revenues	<u>\$ 6,511,691</u>	<u>\$ 6,827,721</u>	<u>\$ 4,775,699</u>	<u>\$ 4,676,590</u>	<u>\$ 4,785,101</u>	<u>\$ 5,358,145</u>	<u>\$ 6,827,873</u>	<u>\$ 7,916,627</u>	<u>\$ 8,737,118</u>	<u>\$ 9,123,468</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (620,943)	\$ (159,816)	\$ (338,140)	\$ (243,678)	\$ (419,201)	\$ (244,161)	\$ (324,103)	\$ (332,228)	\$ (92,802)	\$ (559,147)
Business-type activities	25,385	349,130	(64,864)	(32,348)	138,135	1,098	(71,076)	(63,532)	191,276	(361,360)
Total district-wide net expense	<u>\$ (595,558)</u>	<u>\$ 189,314</u>	<u>\$ (403,004)</u>	<u>\$ (276,026)</u>	<u>\$ (281,066)</u>	<u>\$ (243,063)</u>	<u>\$ (395,179)</u>	<u>\$ (395,760)</u>	<u>\$ 98,474</u>	<u>\$ (920,507)</u>

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

**Exhibit J-2**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	189,442	196,072	186,268	186,268	186,268	186,268	186,268	186,268	186,268	\$ 186,268
Investment earnings	6,420	9,772	2,226						-	-
Miscellaneous income	7,407	16,237	10,564	9,897	8,048	9,908	8,178	22,561	18,171	19,150
Transfers					65,672					
Total governmental activities	<u>203,269</u>	<u>222,081</u>	<u>199,058</u>	<u>196,165</u>	<u>259,988</u>	<u>196,176</u>	<u>194,446</u>	<u>208,829</u>	<u>204,439</u>	<u>205,418</u>
Business-type activities:										
Miscellaneous Income				(2,467)	5	6			-	-
Transfers					(65,672)				-	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,467)</u>	<u>(65,667)</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 203,269</u>	<u>\$ 222,081</u>	<u>\$ 199,058</u>	<u>\$ 193,698</u>	<u>\$ 194,321</u>	<u>\$ 196,182</u>	<u>\$ 194,446</u>	<u>\$ 208,829</u>	<u>\$ 204,439</u>	<u>\$ 205,418</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (417,674)	\$ 62,265	\$ (139,082)	\$ (47,513)	\$ (159,213)	\$ (47,985)	\$ (129,657)	\$ (123,399)	\$ 111,637	\$ (353,729)
Business-type activities	25,385	349,130	(64,864)	(34,815)	72,468	1,104	(71,076)	(63,532)	191,276	(361,360)
Total district	<u>\$ (392,289)</u>	<u>\$ 411,395</u>	<u>\$ (203,946)</u>	<u>\$ (82,328)</u>	<u>\$ (86,745)</u>	<u>\$ (46,881)</u>	<u>\$ (200,733)</u>	<u>\$ (186,931)</u>	<u>\$ 302,913</u>	<u>\$ (715,089)</u>

Source: CAFR Schedule A-2

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

**Exhibit J-3**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Fiscal Year Ending June 30,</u>		<u>2014</u>	<u>2015</u>	<u>2017</u>	<u>2017</u>
					<u>2012</u>	<u>2013</u>				
General Fund										
Reserved	\$ 429,817	\$ 113,164	\$ 65,685	\$ 10,309		\$ 92,505	\$ 60,359	\$ 1,100	\$ 26,884	\$ 26,811
Unreserved	238,607	515,452	506,099	495,246	357,412	134,341	44,697	5,381	109,422	(216,339)
Total general fund	<u>\$ 668,424</u>	<u>\$ 628,616</u>	<u>\$ 571,784</u>	<u>\$ 505,555</u>	<u>\$ 357,412</u>	<u>\$ 226,846</u>	<u>\$ 105,056</u>	<u>\$ 6,481</u>	<u>\$ 136,306</u>	<u>\$ (189,528)</u>
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund	-	-	-	-	-	-	-	-	-	-
Trust and agency fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Source: CAFR Schedule B-1



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

**Exhibit J-4**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Revenues</b>										
Tax levy	\$ 189,442	\$ 196,072	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268
Interest earnings										
Miscellaneous/tuition	1,814,258	2,134,260	1,411,290	1,350,717	1,086,448	1,366,792	1,551,125	1,185,606	1,337,809	1,314,951
State sources	233,718	180,101	134,953	118,998	106,050	170,708	160,802	226,936	288,495	341,076
Federal sources			10,119	7,308	5,248	4,656	2,492	55,933	12,362	29,082
<b>Total revenue</b>	<b>2,237,418</b>	<b>2,510,433</b>	<b>1,742,630</b>	<b>1,663,291</b>	<b>1,384,014</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>Expenditures</b>										
Instruction										
Special education instruction	924,005	778,970	568,229	732,917	594,348	754,791	1,102,118	740,364	697,403	1,045,430
Other special instruction				63,851	78,269				-	-
Support Services:										
Student & instruction related services	433,617	516,630	351,492	249,154	253,030	237,777	215,857	266,764	57,686	19,699
School administrative services	474,933	426,891	364,822	212,578	235,019	314,802	219,184	198,100	246,672	323,104
Plant operations and maintenance	135,392	109,526	66,170	85,605	100,149	58,898	60,620	77,566	78,021	91,670
Pupil transportation	1,987	4,876			61	4,555			20,283	212
Unallocated employee benefits	889,675	767,419	415,046	384,469	336,953	405,022	413,073	470,524	595,044	717,096
Special Schools	154,201	121,348	57,293	946						
Capital Outlay						83,145	11,625			
<b>Total expenditures</b>	<b>3,013,810</b>	<b>2,725,660</b>	<b>1,823,052</b>	<b>1,729,520</b>	<b>1,597,829</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>
Excess (Deficiency) of revenues over (under) expenditures	(776,392)	(215,227)	(80,422)	(66,229)	(213,815)	(130,566)	(121,790)	(98,575)	129,825	(325,834)
<b>Other Financing Sources (uses)</b>										
Transfers in					87,080					
Transfers out					(21,408)					
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65,672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (776,392)</b>	<b>\$ (215,227)</b>	<b>\$ (80,422)</b>	<b>\$ (66,229)</b>	<b>\$ (148,143)</b>	<b>\$ (130,566)</b>	<b>\$ (121,790)</b>	<b>\$ (98,575)</b>	<b>\$ 129,825</b>	<b>\$ (325,834)</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: CAFR Schedule B-2

Warren County Special Services School District

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

Exhibit J-5

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Non-Resident</u> <u>Fees</u>	<u>Tuition</u>	<u>Miscellaneous</u>	<u>Total</u>
2008	\$ 6,420	\$ 21,460	\$ 2,002,763	\$ 7,407	\$ 2,038,050
2009	9,772	22,800	2,260,870	16,237	2,309,679
2010	2,226	10,800	1,411,290	19,790	1,444,106
2011	1,650	8,000	1,332,820	8,247	1,350,717
2012	851	12,000	1,066,400	7,197	1,086,448
2013	260	4,000	1,356,884	5,648	1,366,792
2014	113	7,957	1,542,947	108	1,551,125
2015	63	6,400	1,163,045	16,098	1,185,606
2016	-	17,097	1,319,638	1,074	1,337,809
2017	-	8,620	1,292,026	10,530	1,311,176

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 Req.	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)
2008	\$278,142,627	\$7,534,209,311	\$590,326,550	\$38,050,682	\$1,040,506,204	\$621,086,750	\$177,534,200	\$11,355,277,578	\$1,046,965,438	\$28,455,816	\$10,308,312,140	N/A	\$13,059,781,320
2009	270,791,087	7,619,896,271	600,590,000	37,064,433	1,050,424,784	620,088,900	175,541,000	11,463,456,083	1,060,788,164	28,271,444	10,402,667,919	N/A	13,822,543,191
2010	256,865,167	7,654,844,051	615,471,500	38,747,232	1,060,704,897	550,840,850	176,048,900	11,478,000,604	1,097,260,750	27,217,257	10,380,739,854	N/A	13,368,469,742
2011	251,516,967	8,168,300,057	618,799,900	38,129,997	1,251,803,552	644,499,200	223,769,200	12,484,885,360	1,255,927,713	32,138,774	11,228,957,647	N/A	13,469,104,644
2012	226,612,417	8,074,315,307	594,783,500	37,505,720	1,236,692,452	627,479,200	218,177,404	12,286,471,337	1,240,646,048	30,259,289	11,045,825,289	N/A	12,821,727,118
2013	199,368,367	7,893,151,225	601,147,400	37,856,335	1,210,337,553	619,331,100	218,642,404	12,042,237,341	1,231,347,161	31,055,796	10,810,890,180	N/A	12,064,011,840
2014	187,827,887	7,826,483,885	594,520,700	37,656,226	1,204,982,162	609,937,850	223,602,500	11,957,319,835	1,246,473,784	25,834,841	10,710,846,051	N/A	11,312,251,145
2015	173,905,752	7,468,609,785	588,213,200	38,352,949	1,179,627,962	573,813,750	244,622,900	11,520,088,999	1,230,066,004	22,876,697	10,290,022,995	N/A	10,631,545,458
2016	164,482,052	7,486,498,434	585,906,750	43,106,922	1,153,798,402	564,186,450	246,351,800	11,493,860,191	1,234,520,704	15,008,677	10,259,339,487	N/A	10,687,356,135
2017	165,589,136	7,463,992,051	579,415,150	39,147,732	1,161,877,202	559,270,950	243,925,800	11,463,082,525	1,234,520,704	15,343,800	10,228,561,821	N/A	10,757,846,707

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	2017			2007		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Merrill Creek Reservoir	\$221,059,058	1	2.16%	<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>5.71%</b>	<b>\$ -</b>		<b>0.00%</b>

Source: District CAFR & Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2008	\$ 186,268	\$ 186,268	100.00%	-
2009	186,268	186,268	100.00%	-
2010	186,268	186,268	100.00%	-
2011	186,268	139,701	75.00%	46,567
2012	186,268	139,701	75.00%	\$ 46,567
2013	186,268	186,268	100.00%	-
2014	186,268	186,268	100.00%	-
2015	186,268	186,268	100.00%	-
2016	186,268	186,268	100.00%	-
2017	186,268	186,268	100.00%	-

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>
2008	109,684	\$ 4,810,411,188	\$43,857 R	5.0%
2009	109,897	\$ 4,691,832,621	\$42,693 R	8.8%
2010	109,638	\$ 4,734,936,306	\$43,187 R	9.1%
2011	108,691	\$ 4,882,073,647	\$44,917 R	8.4%
2012	108,145	\$ 4,993,270,940	\$46,172 R	8.2%
2013	107,538	\$ 4,999,979,310	\$46,495 R	7.2%
2014	106,721	\$ 5,191,443,045	\$48,645 R	6.1%
2015	106,855	\$ 5,197,961,475	\$50,902 R	5.2%
2016	106,869	\$ 5,198,642,505	\$50,902 *	4.6%
2017	106,617	\$ 5,427,018,534	\$50,902 *	*

**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	2017			2008		
	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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Instruction										
Special education	15.0	9.0	7.0	7.5	8.0	7.6	7.6	8.0	8.0	8.0
Other special education	10.2	6.9	4.0	5.0	8.4	5.2	6.4	8.0	8.0	16.0
Support Services:										
General administrative services	3.7	3.0	2.4	2.4	3.0	2.6	1.8	1.8	1.8	2.5
School administrative services	1.0	1.0	1.0	1.0						
Other administrative services	0.5	0.5	0.5	0.5	0.6	0.9	0.8	2.0	2.0	1.0
Pupil transportation	1.0	0.6	0.6	0.6				2.0	2.0	2.0
Total	<u>31.4</u>	<u>21.0</u>	<u>15.5</u>	<u>17.0</u>	<u>20.0</u>	<u>16.3</u>	<u>16.6</u>	<u>21.8</u>	<u>21.8</u>	<u>29.5</u>

**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					
2008	59	\$3,013,810	\$51,082	12.63%	15.0	N/A		58.4	53.4	-7.59%	91.4%
2009	54	\$2,725,660	\$50,475	-1.19%	9.0	N/A		51.4	46.9	-11.99%	91.2%
2010	39	\$1,823,052	\$46,745	-7.39%	11.0	N/A		37.9	33.5	-26.26%	88.4%
2011	34	\$1,729,520	\$50,868	8.82%	12.5	N/A		33.6	34.0	-11.37%	101.2%
2012	31	\$1,597,829	\$51,543	1.33%	12.4	N/A		31.1	28.1	-7.41%	90.4%
2013	44	\$1,775,845	\$40,360	-21.70%	9.3	N/A		43.0	39.4	38.26%	91.6%
2014	52	\$2,010,852	\$38,670	-4.19%	9.8	N/A		52.9	48.9	23.02%	92.4%
2015	30	\$1,753,318	\$58,444	51.13%	8.0	N/A		28.7	25.7	-45.80%	89.5%
2016	33	\$1,695,109	\$51,367	-12.11%	8.0	N/A		32.3	28.2	12.66%	87.3%
2017	28	\$2,197,211	\$78,472	52.77%	8.0	N/A		26.4	22.6	-18.27%	85.6%

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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b><u>Hackettstown 1</u></b>										
Square Feet	800	800	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	7	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>Franklin Ed</u></b>										
Square Feet	770	770	770	770	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	12	12	12	12	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	5	6	4	1	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	630	630	630	630
Capacity (students)	12	12	12	12	12	12	12	12	12	12
Enrollment	4	6	7	5	5	5	2	3	4	3
<b><u>Liberty MDP</u></b>										
Square Feet	812	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	2	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>Knowlton MHP MDP MDE</u></b>										
Square Feet	639	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	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>ARD 1 m</u></b>										
Square Feet	1,026	1,026	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	7	6	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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b><u>WHR MDS</u></b>										
Square Feet	N/A	N/A	N/A	N/A	1,350	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	12	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	5	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	1,350	N/A	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	12	N/A	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	3	N/A	N/A	N/A	N/A	N/A
<b><u>ARC 2 g</u></b>										
Square Feet	864	864	864	864	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	12	12	12	12	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	7	7	11	10	N/A	N/A	N/A	N/A	N/A	N/A
<b><u>GMR</u></b>										
Square Feet	960	960	960	960	960	N/A	N/A	N/A	N/A	N/A
Capacity (students)	12	12	12	12	12	N/A	N/A	N/A	N/A	N/A
Enrollment	5	5	6	5	4	N/A	N/A	N/A	N/A	N/A
<b><u>Oxford EDI</u></b>										
Square Feet	864	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capacity (students)	12	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	0	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	900	900	900	900
Capacity (students)	12	12	12	12	12	12	12	12	12	12
Enrollment	2	3	3	5	6	3	6	3	2	3

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

**Exhibit J-18**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b><u>Harmony MHE MDE</u></b>										
Square Feet	900	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>Belvidere</u></b>										
Square Feet	900	900	N/A	N/A	N/A	480	N/A	N/A	N/A	N/A
Capacity (students)	12	12	N/A	N/A	N/A	12	N/A	N/A	N/A	N/A
Enrollment	3	3	N/A	N/A	N/A	6	N/A	N/A	N/A	N/A
<b><u>Belvidere - MD</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	314	N/A	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	12	N/A	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	3	N/A	N/A	N/A	N/A
<b><u>WC Tech EDS</u></b>										
Square Feet	522	522	522	522	522	522	522	N/A	N/A	N/A
Capacity (students)	12	12	12	12	12	12	12	N/A	N/A	N/A
Enrollment	10	12	8	2	3	6	10	N/A	N/A	N/A
<b><u>WC Tech (Auto)</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	4,138	4,138	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	20	20	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	4	8	N/A	N/A	N/A
<b><u>WC Tech (Culinary)</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	1,749	1749	N/A	N/A	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	20	20	N/A	N/A	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	9	12	N/A	N/A	N/A
<b><u>District Office WC Tech</u></b>										
Square Feet	2,765	1,100	1,100	1,102	1,102	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>Allamuchy BD</u></b>										
Square Feet	N/A	N/A	N/A	N/A	1,146	1146	N/A	N/A	N/A	1146
Capacity (students)	N/A	N/A	N/A	N/A	12	12	N/A	N/A	N/A	12
Enrollment	N/A	N/A	N/A	N/A	3	7	N/A	N/A	N/A	2

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

**Exhibit J-18**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b><u>Hackettstown HS - MD</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	1,350	1350	1350	1350
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	12	12	12	12
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	4	3	3	3
<b><u>Hackettstown HS - BD</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1,350	1350	1350
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12	12	12
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	4	5
<b><u>GMR - BD MS</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	960	960	960	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	12	12	12	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	2	3	4	N/A
<b><u>GMR - CS HS</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	960	960	960	960
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	12	12	12	12
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	6	6	6	5
<b><u>GMR - MD MS</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	960	960	960	960
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	12	12	12	12
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	2	3	3	5
<b><u>GMR - CENTRAL BD</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	960	960	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12	12	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4	6	N/A
<b><u>Washington BORO - AUT</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	960	N/A
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12	N/A
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1	N/A
<b><u>Washington BORO - BD</u></b>										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	960
Capacity (students)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12
Enrollment	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2

**Source:** District records

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT

INSURANCE SCHEDULE

June 30, 2017

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	
Treasurer of School Monies	166,000	

SOURCE: District Records

# Single Audit Section



## **ARDITO & Co., LLP**

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Anthony Ardito, CPA, RMA, CMFO, PSA  
 Douglas R. Williams, CPA, RMA, 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, 2017, 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 October 31, 2017.

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

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

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

We noted certain matters that we reported to management of the Hope Township School District, in a separate letter dated October 31, 2017 entitled "Auditor's Management Report on Administrative Findings".

**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 & Co., LLP*

ARDITO & CO., LLP

October 31, 2017

*Cynthia Corder*

Licensed Public School Accountant No.2369

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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**

N/A

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, 2017

**State Financial Assistance Section**

N/A

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, 2017

**Section II-Financial Statement Findings**

N/A

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

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

N/A

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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