

**WARREN COUNTY
SPECIAL SERVICES
SCHOOL DISTRICT**

**Warren County Special Services School District
(a component unit of the County of Warren)
Oxford, New Jersey**

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2015**

**Comprehensive Annual
Financial Report**

of the

Warren County Special Services School District

Oxford, New Jersey

For the Fiscal Year Ended June 30, 2015

Prepared by

**Warren County Special Services School District
Finance Office**

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INTRODUCTORY SECTION

WCSSSD

Warren County Special Services School District

Joseph Flynn ~ Superintendent

December 8, 2015

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

Dear Board Members:

The comprehensive annual financial report of the Warren County Special Services School District (the "District") for the fiscal year ended June 30, 2015, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (the "Board"). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the basic financial statements and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the Independent Auditors' Report, the management's discussion and analysis, the basic financial statements and notes providing an overview of the District's financial position and operating results, and supplementary schedules providing detailed budgetary information. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District may be required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information included in the single audit section, including the auditors' reports on internal control and compliance with applicable laws, regulations, contracts and grants along with findings and responses, are included in the single audit section of this report.

1) REPORTING ENTITY AND ITS SERVICES: The Warren County Special Services School District is a component unit of the County of Warren under the provisions of Governmental Accounting Standards Board's Codification Section 2100. All funds of the District are included in this report. The Warren County Special Services School District and all its programs constitute the District's reporting entity.

The District provides special education instructional programs for students with low incidence handicapping conditions. These include classes for multiply disabled, behaviorally disabled, autistic, and cognitive severe students. The District serves students ages three to twenty-one. Art, music, speech, occupational and physical therapies as well as counseling and behavioral intervention services are provided as a regular part of the programs.

The District also provides coordinated transportation services, related special education services, and personal student aides both in the District's classrooms and other districts' classrooms.

The Honorable President and Members of
the Board of Education
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2) ECONOMIC CONDITION AND OUTLOOK: The District has seen an decrease in enrollment over the past year. Moving forward, Districts are aware of the offerings of Warren County Special Services and the opportunities for their students. The Warren County Special Services School District has capitalized on opportunities to support local school districts in their attempt to include students with lower and moderate incidence disabilities in their home district for economic, social and legal reasons. The WCSSSD has embraced this mission, knowing that it is responding to the changing needs of its constituent districts. In addition, WCSSSD has examined ways to better meet the ever changing needs of districts.

The District continues to serve students from resident districts that otherwise may have been placed in more restrictive placements that are often a great distance from the home school and the ability to have the students educated within Warren County allows for great success of the student, allowing them to reach their fullest potential. WCSSSD has the opportunity to provide appropriate, cost effective school based programs within the confines of Warren County.

As the move toward less restrictive special education continues to exist, it is expected that the District will also continue to service students with disabilities as well as provide contracted and shared services in the areas of educational support services such as Child Study Team Personnel, CST Evaluations, Physical and Occupational Therapies, and Speech services. The District continues to increase the number of schools serviced through coordinated transportation bus routes and educational training services. The current emphasis in the District continues to be on the provision of staff training opportunities in the areas of special education, Alternate Proficiency Assessment, IEP writing and Technology. The District continues to move forward with the NAO Robot project implementing it into WCSSSD programs. In addition, we opened the H.I.L.L.S. (Helping Individuals Learn Life Skills) House in partnership with Centenary College allowing students the opportunity to develop life skills in an authentic setting. The facility is available to WCSSSD students and other districts in Warren, Sussex and Morris Counties at a minimal cost. This program continues to grow and the District continues to market the H.I.L.L.S. House to districts in Warren County and the surrounding counties.

3) MAJOR INITIATIVES AND ACCOMPLISHMENTS: During the 2014-2015 school year, the Warren County Special Services School District operated eight special education instructional programs in classrooms leased from four local public school districts. In addition, our District has worked closely with districts to support a model that allows WCSSSD the opportunity to provide services and supply support to current programs within a district to for a more economical approach to serving students in the special education area. Facilities' planning of existing and potential classroom space is an annual initiative based on the classes planned for the upcoming year. Throughout the year the District's Administration worked collaboratively with Superintendents within the County to work through and solve facility issues.

The county-wide coordinated transportation services offered by the District continues to grow as subscribing districts realize substantial savings by participating in this coordinated effort. The District is working with other districts to coordinate efforts with their district vehicles to allow for a greater use of vehicles in a more economical way. In addition, WCSSSD continues to communicate with district transportation departments to determine ways that our district can offer more cost effective opportunities.

Special education related services offered continued to expand during 2014-2015 with the provision of a full child study team to another local school district. The District continues to see increases in requests for related services as well. The number of personal student aides contracted by surrounding districts remained the same this school year, and staffing was increased slightly to maintain an appropriate balance of expenses to revenue.

In addition to the school year program, the District offered a four-week extended school year summer program. This educational program is supplemented with recreational field trips, thematic days, and special events, while maintaining a specialized educational and therapeutic program for each student.

The Honorable President and Members of
the Board of Education
Warren County Special Services School District
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December 8, 2015

The District continues to evolve to meet the ever changing needs of the surrounding school districts. The demand for special education related services continues to increase and contracting personnel to meet this demand was handled by the Business Administrator and Superintendent.

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

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

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

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as fund balance restrictions, commitment and assignments at June 30, 2015.

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

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

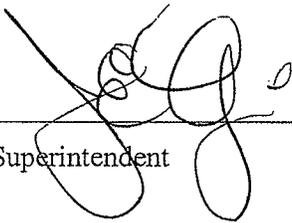
8) RISK MANAGEMENT: The Board carries various forms of insurance, including, but not limited to, general liability, excess liability, automobile liability and comprehensive, and umbrella liability. The New Jersey Schools Group ("NJSIG") oversees risk management for the District. The NJSIG is a risk-sharing public entity risk management pool that is both an insured and self-administered group of school districts established for the purpose of providing low-cost insurance coverage to its members. A schedule of insurance coverage is found on Exhibit J-20.

The Honorable President and Members of
the Board of Education
Warren County Special Services School District
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9) OTHER INFORMATION: Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Nisivoccia LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and New Jersey’s OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. The auditors’ report on the basic financial statements and specific required supplementary information are included in the financial section of this report. The auditors’ report related specifically to *Government Auditing Standards* is included in the single audit section of this report.

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

Respectfully submitted,

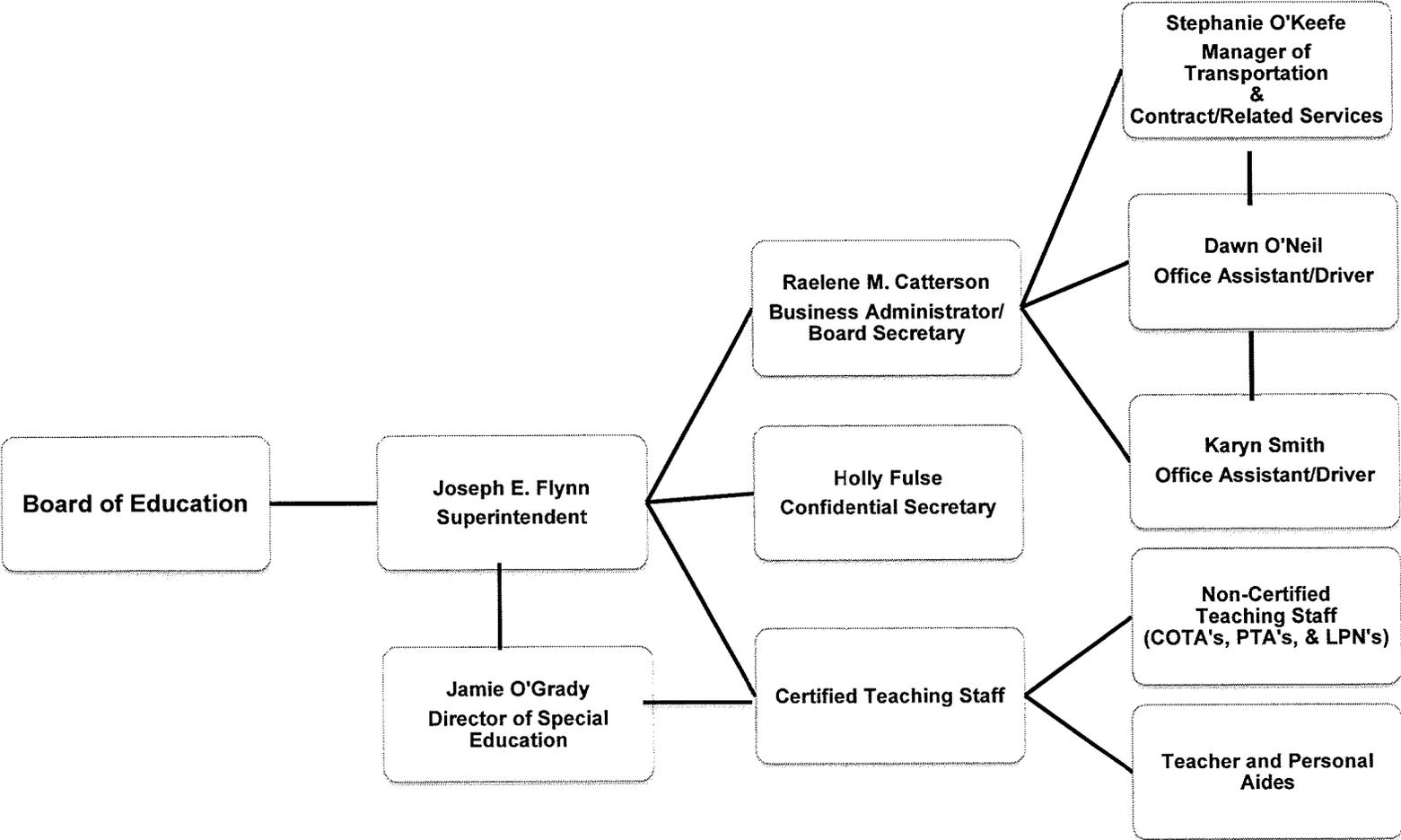


Superintendent



Interim Business Administrator

Warren County Special Services School District Organization Chart 2014/2015



**WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ROSTER OF OFFICIALS
JUNE 30, 2015**

<u>Members of the Board of Education</u>		<u>Term Expires</u>
Mr. William Spencer, President		2016
Ms. Kathi Howell, Vice-President		2017
Mr. Joseph Delesky		2018
Ms. Mary Jane Deutsch		2017
Mr. Robert Hopek		2016
Ms. Kim Reitmeyer		2018
<u>Other Officers</u>	<u>Title</u>	
Joseph Flynn	Superintendent	
Raelene M. Catterson	Business Administrator/Board Secretary (to June 30, 2015)	
Abigail Kutz	Treasurer of School Monies	

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
Consultants and Advisors
June 30, 2015

Audit Firm

Nisivoccia LLP
Mount Arlington Corporate Center
200 Valley Road, Suite 300
Mount Arlington, NJ 07856

Attorneys

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

Official Depository

PNC Bank
413 Route 57
Washington, NJ 07882

FINANCIAL SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Warren County Special Services School District (the "District"), a component unit of the County of Warren, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

The Honorable President and Members
of the Board of Education
Warren County Special Services School District
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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Warren County Special Services School District, in the County of Warren, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the basic financial statements, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during the fiscal year ended June 30, 2015. Our opinions are not modified with respect to this matter. The implementation resulted in the restatement of certain balances on the Statements of Net Position and the ending balance for Net Position for the Governmental and Business-Type Activities and the Enterprise Funds as of June 30, 2014 as detailed in Note 16 to the basic financial statements.

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 15 to the financial statements, the District has had a recurring deficit net position in its Personal Aides Enterprise Fund and recurring losses and a deficit net position in its Related Services and Life Skills Enterprise Funds that raise substantial doubt about the ability for these Enterprise Funds to continue as a going concern. Management’s plans in regard to these matters are also described in Note 15. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

The Honorable President and Members
of the Board of Education
Warren County Special Services School District
Page 3

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information such as the combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal and state awards, as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

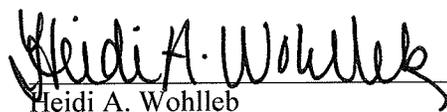
The accompanying other information such as the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

December 8, 2015
Mount Arlington, New Jersey

NISIVOCCIA LLP


Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS

(UNAUDITED)

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)**

This section of Warren County Special Services School District's annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's financial status declined significantly on a district-wide and fund basis.
- Overall revenue was \$8.13 million.
- Overall expenses were \$8.31 million.
- Enrollment in the District decreased by 42%, and the District continued to monitor the cost per pupil to be fiscally responsible to sending districts.

Overview of the Financial Statements

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

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

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

Figure A-1

Organization of the School District's Financial Report

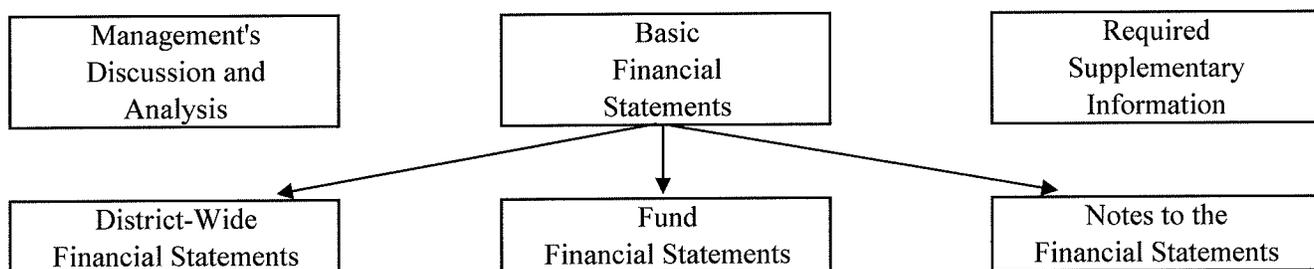


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights that structure and contents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

Figure A-2

Major Features of the District-Wide and Fund Financial Statements

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

District-wide Statements

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

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

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

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

- *Governmental activities*: Most of the District's basic services are included here, such as regular and special education, transportation and administration. County taxes and tuition revenue finance most of these activities.
- *Business-type activities*: The District charges fees to help it cover the costs of certain services it provides. The District's personal aides, transportation, related services, life skills and in-service enterprise funds are included here.

Fund Financial Statements

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

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

The District has three kinds of funds:

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

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

Financial Analysis of the District as a Whole

Net position. The net position from governmental activities decreased by \$123,399 and the net position from business-type activities decreased by \$63,532. Net investment in capital assets decreased by \$18,954 and unrestricted net position decreased by \$167,977.

Figure A-3

	Condensed Statement of Net Position						Percentage Change
	Governmental Activities		Business-Type Activities		Total School District		
	2014/15	2013/14*	2014/15	2013/14*	2014/15	2013/14*	
Current and Other Assets	\$ 68,092	\$ 123,297	\$ 328,136	\$ 118,686	\$ 396,228	\$ 241,983	63.74%
Capital Assets, Net	56,862	75,818			56,862	75,818	-25.00%
Total Assets	124,954	199,115	328,136	118,686	453,090	317,801	42.57%
Deferred Outflows of Resources	14,332		69,972		84,304		100.00%
Long-Term Liabilities	550,818	567,456	2,298,355	2,403,369	2,849,173	2,970,825	-4.09%
Other Liabilities	61,611	18,243	319,942	51,839	381,553	70,082	444.44%
Total Liabilities	612,429	585,699	2,618,297	2,455,208	3,230,726	3,040,907	6.24%
Deferred Inflows of Resources	36,840		179,865		216,705		100.00%
Net Position:							
Net Investment in Capital Assets	56,862	75,816			56,862	75,816	-25.00%
Unrestricted/(Deficit)	(566,845)	(462,400)	(2,400,054)	(2,336,522)	(2,966,899)	(2,798,922)	6.00%
Total Net Position/(Deficit)	\$ (509,983)	\$ (386,584)	\$ (2,400,054)	\$ (2,336,522)	\$ (2,910,037)	\$ (2,723,106)	6.86%

- Changes in Net Position.* The District's combined net deficit was \$2,910,037 on June 30, 2015, an increase of \$186,931 or 6.86% greater than the year before. The decrease in governmental activities unrestricted net position is due primarily to a deficit in local revenue of \$523,363 principally in tuition revenue due to a decline in enrollment and an increase in compensated absences of \$4,295 offset by unexpended General Fund appropriations of \$390,893 and an excess in federal revenue of \$35,933. Net investment in capital assets decreased by \$18,954 as a result of the annual depreciation expense. The decrease in business-type activities net position of \$63,532 is due in part to the participation in the Life Skills Enterprise Fund being less than expected. The current fiscal year was the first full year of operation of this enterprise fund. Also, the increase in the Related Services Enterprise Fund revenue did not offset the increase in expenses. These losses were partially offset by an increase in the Transportation Enterprise Fund routes provided and the control of expenses in the Personal Aides Enterprise Fund.

Figure A-4

Changes in Net Position from Operating Results

	Governmental	Business-Type	Governmental	Business-Type	Total School District		Percentage
	Activities	Activities	Activities	Activities	2014/15	2013/14	Change
	2014/15	2014/15	2013/14	2013/14			2014/15
Revenue:							
Program Revenue:							
Charges for Services	\$ 1,163,045	\$ 6,309,590	\$ 1,542,947	\$ 5,121,632	\$ 7,472,635	\$ 6,664,579	12.12%
Operating Grants/ Contributions	443,992		163,294		443,992	163,294	171.90%
General Revenue:							
County Tax Levy	186,268		186,268		186,268	186,268	0.00%
Other	22,561		8,178		22,561	8,178	175.87%
Total Revenue	<u>1,815,866</u>	<u>6,309,590</u>	<u>1,900,687</u>	<u>5,121,632</u>	<u>8,125,456</u>	<u>7,022,319</u>	15.71%
Expenses:							
Instruction	1,293,402		1,459,737		1,293,402	1,459,737	-11.39%
Pupil and Instruction Services	266,764		223,412		266,764	223,412	19.40%
Administrative and Business	282,579		267,621		282,579	267,621	5.59%
Maintenance and Operations	77,566		60,620		77,566	60,620	27.95%
Other	18,954	6,373,122	18,954	5,192,708	6,392,076	5,211,662	22.65%
Total Expenses	<u>1,939,265</u>	<u>6,373,122</u>	<u>2,030,344</u>	<u>5,192,708</u>	<u>8,312,387</u>	<u>7,223,052</u>	15.08%
Change in Net Position	<u>\$ (123,399)</u>	<u>\$ (63,532)</u>	<u>\$ (129,657)</u>	<u>\$ (71,076)</u>	<u>\$ (186,931)</u>	<u>\$ (200,733)</u>	-6.88%

Revenue Sources. The District's total revenue for the 2014/15 school year was \$8,125,456. (See Figure A-4). The majority of the District's revenue was from Charges for Services - Tuition from Other LEA's in the governmental activities and Program Fees in the business-type activities, accounting for \$7,472,635 or 91.97 percent of total revenue. County tax levy accounted for approximately 2.29 percent of the total revenue. (See Figure A-5). Another 5.74 percent came from Operating Grants and Contributions and Other.

Figure A-5

Sources of Revenue for Fiscal Year:

Sources of Income:	2014/15	
	Amount	Percentage
Charges for Services	\$ 7,472,635	91.97%
Operating Grants and Contributions	443,992	5.46%
County Tax Levy	186,268	2.29%
Other	22,561	0.28%
	<u>\$ 8,125,456</u>	<u>100.00%</u>

The total cost of all programs and services was \$8,312,387. The District's expenses are predominantly related to instructing, caring for pupil and instruction services (18.77 percent) and Enterprise Funds program activities (76.67 percent). (See Figure A-6). The District's administrative and business activities accounted for 3.40 percent of total costs.

Figure A-6

Expenses for Fiscal Year:

Expense Category:	2014/15	
	Amount	Percentage
Instruction	\$ 1,293,402	15.56%
Pupil and Instruction Services	266,764	3.21%
Administrative and Business	282,579	3.40%
Maintenance and Operations	77,566	0.93%
Other	6,392,076	76.90%
	<u>\$ 8,312,387</u>	<u>100.00%</u>

Governmental Activities

The District's financial position declined significantly due primarily to a deficit in local revenue of \$523,363 and an increase in compensated absences of \$4,295 offset by unexpended General Fund appropriations of \$390,893 and an excess in federal revenue of \$35,933. To obtain a more stable financial position, the District must continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenue.

The most significant cost savings actions taken by the District during the 2014-2015 school year are as follows:

The District had developed a budget that included a LLD program in partnership with Warren County Technical School. The Board made a decision to eliminate that program in August of 2015. The elimination of the program required the District to examine cost savings in the current year. With the decrease in revenue for the program the District reviewed and implemented the following cost reductions:

- Reduced teaching staff that was assigned to the LLD Program at Warren County Technical School.
- Reduced the related service staff that was assigned to the LLD Program at Warren County Technical School.
- Reduced the District Office Staff to allow for an overall savings to the District.
- Reduced related service staff throughout other WCSSSD programs.
- Reduced administrative cost throughout the District.
- Reduced paraprofessional staff throughout the District.
- Limited supply orders throughout the District.
- Limited district field trips throughout the District.

It is crucial that the District examine its expenses carefully. Staff, parental and student demands for salary increases, activities, small class sizes and programs must be evaluated thoroughly. District resources are at their tightest level in a decade. Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations and capital outlay. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs).

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

Figure A-7

Net Cost of Governmental Activities

	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2014/15	2013/14	2014/15	2013/14
Instruction	\$ 1,293,402	\$ 1,459,737	\$ 163,806	\$ 203,749
Pupil and Instruction Services	266,764	223,412	72,125	53,632
Administrative and Business	282,579	267,621	62,964	47,620
Maintenance and Operations	77,566	60,620	26,787	14,552
Other	18,954	18,954	6,546	4,550
	<u>\$ 1,939,265</u>	<u>\$ 2,030,344</u>	<u>\$ 332,228</u>	<u>\$ 324,103</u>

Business-Type Activities

Net position from the District's business-type activities decreased by \$63,532. (Refer to Figure A-4). The most significant factors contributing to these results are as follows:

- The participation in the Life Skills Enterprise Fund was less than expected. The current fiscal year was the first full year of operation of this enterprise fund.
- The increase in the Related Services Enterprise Fund revenue did not offset the increase in expenses.
- These losses were partially offset by an increase in the Transportation Enterprise Fund routes provided and the control of expenses in the Personal Aides Enterprise Fund.

Financial Analysis of the District's Funds

The District's financial position declined significantly due primarily to a deficit in local revenue of \$523,363 principally in tuition revenue due to a decline in enrollment offset by unexpended General Fund appropriations of \$390,893 and an excess in federal revenue of \$35,933. To obtain a more stable financial position, the District must continue to practice sound fiscal management, including efficiency/cost containment practices, evaluation of services and programs, energy conservation, and seeking additional sources of revenue.

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

Figure A-8

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014	
Machinery and Equipment	\$ 56,862	\$ 75,816	\$ -0-	\$ -0-	\$ 56,862	\$ 75,816	-25.00%
Total Capital Assets, Net of Depreciation	<u>\$ 56,862</u>	<u>\$ 75,816</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 56,862</u>	<u>\$ 75,816</u>	-25.00%

The change in Capital Assets is the result of the annual depreciation expense of \$18,954.

Long Term Debt

Figure A-9

Outstanding Long-Term Debt

	Governmental Activities		Business-Type Activities		Total School District		Percentage Change
	2014/2015	2013/2014*	2014/2015	2013/2014*	2014/2015	2013/2014*	
Compensated Absences Payable	\$ 95,055	\$ 90,760	\$ 73,159	\$ 75,968	\$ 168,214	\$ 166,728	0.89%
Net Pension Liability - PERS	455,763	476,696	2,225,196	2,327,401	2,680,959	2,804,097	-4.39%
Total Long Term Liabilities	<u>\$ 550,818</u>	<u>\$ 567,456</u>	<u>\$ 2,298,355</u>	<u>\$ 2,403,369</u>	<u>\$ 2,849,173</u>	<u>\$ 2,970,825</u>	-4.09%

* Restated

At year-end, the District had \$2,849,173 of long term liabilities – a decrease of \$121,652 due to an increase in compensated absences of \$1,486 due primarily to four employees becoming vested for sick pay benefits and two employees retiring from/leaving the District and a decrease of \$123,138 in the net pension liability.

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

At the time these financial statements were prepared and audited, the District anticipates growth in enrollment and plans to expand programs that will have a positive effect on the financial health of the District.

- As Districts are more conscious of the financial constraints that they are faced with in supporting the Special Education Population in their District, they are looking for options that will allow for a fiscal responsibility to their District while meeting the needs of the students that require Out of District Placement.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Education Office, 682 Oxford Road, Oxford, NJ 07863.

BASIC FINANCIAL STATEMENTS

DISTRICT-WIDE FINANCIAL STATEMENTS

Exhibit A-1

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 55,049	\$ 40,155	\$ 95,204
Receivables From State Government	5,030		5,030
Receivables From Federal Government	650		650
Receivables From Other Governments		287,981	287,981
Other Accounts Receivable	7,363		7,363
Capital Assets, Net:			
Depreciable Machinery and Equipment	56,862		56,862
Total Assets	<u>124,954</u>	<u>328,136</u>	<u>453,090</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Changes in Assumptions - Pensions	14,332	69,972	84,304
Total Deferred Outflows of Resources	<u>14,332</u>	<u>69,972</u>	<u>84,304</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	61,611	319,942	381,553
Non-Current Liabilities:			
Due Within One Year		1,277	1,277
Due Beyond One Year	550,818	2,297,078	2,847,896
Total Liabilities	<u>612,429</u>	<u>2,618,297</u>	<u>3,230,726</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Investment Gains - Pensions	27,161	132,610	159,771
Changes in Proportion - Pensions	9,679	47,255	56,934
Total Deferred Inflows of Resources	<u>36,840</u>	<u>179,865</u>	<u>216,705</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	56,862		56,862
Unrestricted/(Deficit)	(566,845)	(2,400,054)	(2,966,899)
Total Net Position/(Deficit)	<u>\$ (509,983)</u>	<u>\$ (2,400,054)</u>	<u>\$ (2,910,037)</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:						
Instruction:						
Special Education	\$ 1,293,402	\$ 753,362	\$ 376,234	\$ (163,806)		\$ (163,806)
Support Services:						
Student & Instruction Related Services	266,764	174,639	20,000	(72,125)		(72,125)
General Administrative Services	175,737	107,691	26,719	(41,327)		(41,327)
Central Services	106,842	64,166	21,039	(21,637)		(21,637)
Plant Operations and Maintenance	77,566	50,779		(26,787)		(26,787)
Unallocated Depreciation	18,954	12,408		(6,546)		(6,546)
Total Governmental Activities	1,939,265	1,163,045	443,992	(332,228)	\$ -0-	(332,228)
Business-Type Activities:						
Personal Aides	1,348,338	1,359,662			11,324	11,324
Transportation	3,575,011	3,634,082			59,071	59,071
Related Services	1,364,976	1,280,306			(84,670)	(84,670)
In Service	720	2,040			1,320	1,320
Life Skills	84,077	33,500			(50,577)	(50,577)
Total Business-Type Activities	6,373,122	6,309,590			(63,532)	(63,532)
Total Primary Government	8,312,387	7,472,635	443,992	(332,228)	(63,532)	(395,760)

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
General Revenue:			
Taxes:			
County Tax Levy	\$ 186,268		\$ 186,268
Miscellaneous Income	22,561		22,561
	208,829		208,829
Total General Revenue			
Change in Net Position	(123,399)	\$ (63,532)	(186,931)
Net Position/(Deficit) - Beginning (Restated)	(386,584)	(2,336,522)	(2,723,106)
Net Position/(Deficit) - Ending	\$ (509,983)	\$ (2,400,054)	\$ (2,910,037)

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

FUND FINANCIAL STATEMENTS

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	\$ 55,049		\$ 55,049
Interfund Receivable:			
Special Revenue Fund	650		650
Receivables From State Government	5,030		5,030
Receivables From Federal Government		\$ 650	650
Other Accounts Receivable	7,363		7,363
Total Assets	\$ 68,092	\$ 650	\$ 68,742
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	\$ 61,611		\$ 61,611
Interfund Payable:			
General Fund		\$ 650	650
Total Liabilities	61,611	650	62,261
Fund Balances:			
Assigned:			
Year End Encumbrances	1,100		1,100
Unassigned	5,381		5,381
Total Fund Balances	6,481	-0-	6,481
Total Liabilities and Fund Balances	\$ 68,092	\$ 650	

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) is 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 \$184,283 and the accumulated depreciation is \$127,421.	56,862
Long-Term Liabilities are not due and payable in the current period and therefore are not reported as liabilities in the Funds.	(95,055)
The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds.	(455,763)
Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds:	
Changes in Assumptions - Pensions	14,332
Investment Gains - Pensions	(27,161)
Changes in Proportions - Pensions	(9,679)
Net Position of Governmental Activities	\$ (509,983)

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

Exhibit B-2

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUE:			
Local Sources:			
County Tax Levy	\$ 186,268		\$ 186,268
Tuition from LEA's	1,103,045		1,103,045
Other Tuition	60,000		60,000
Non-Resident Fees	6,400		6,400
Miscellaneous	16,161		16,161
Total - Local Sources	1,371,874		1,371,874
State Sources	226,936		226,936
Federal Sources	35,933	\$ 20,000	55,933
Total Revenue	1,634,743	20,000	1,654,743
EXPENDITURES			
Current:			
Special Education Instruction	740,364		740,364
Support Services and Undistributed Costs:			
Student & Instruction Related Services	246,764	20,000	266,764
General Administrative Services	126,594		126,594
Central Services	71,506		71,506
Plant Operations and Maintenance	77,566		77,566
Unallocated Benefits	470,524		470,524
Total Expenditures	1,733,318	20,000	1,753,318
Deficit of Revenue under Expenditures	(98,575)		(98,575)
Fund Balance—July 1	105,056		105,056
Fund Balance—June 30	\$ 6,481	\$ -0-	\$ 6,481

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ (98,575)

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 differ from depreciation expense in the period.

Depreciation Expense (18,954)

In the statement of activities, certain operating expenses, e.g., compensated absences (vacation and sick time) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+). (4,295)

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

Change in Net Pension Liability	20,933
Deferred Outflows:	
Changes in Assumptions	14,332
Deferred Inflows:	
Changes in Proportion	(9,679)
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	<u>(27,161)</u>

Change in Net Position - Governmental Funds (Exhibit A-2) \$ (123,399)

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				
	Major Funds				Total
	Personal Aides	Transportation	Related Services	Non-Major Funds	
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	\$ 28,262	\$ 2,244		\$ 9,649	\$ 40,155
Intergovernmental Receivable - Other	24,261	145,879	\$ 115,701	2,140	287,981
Intrafund Receivable		270,829			270,829
Total Current Assets	<u>52,523</u>	<u>418,952</u>	<u>115,701</u>	<u>11,789</u>	<u>598,965</u>
Non-Current Assets:					
Capital Assets		43,543			43,543
Less: Accumulated Depreciation		(43,543)			(43,543)
Total Non-Current Assets	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Total Assets	<u>52,523</u>	<u>418,952</u>	<u>115,701</u>	<u>11,789</u>	<u>598,965</u>
DEFERRED OUTFLOWS OF RESOURCES					
Changes in Assumptions - Pensions	62,385	5,058	2,529		69,972
Total Deferred Outflows of Resources	<u>62,385</u>	<u>5,058</u>	<u>2,529</u>		<u>69,972</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable		277,207	42,667	68	319,942
Intrafund Payable			167,746	103,083	270,829
Total Current Liabilities		<u>277,207</u>	<u>210,413</u>	<u>103,151</u>	<u>590,771</u>
Long-Term Liabilities:					
Compensated Absences Payable	55,618	17,541			73,159
Net Pension Liability	1,983,910	160,857	80,429		2,225,196
Total Long-Term Liabilities	<u>2,039,528</u>	<u>178,398</u>	<u>80,429</u>		<u>2,298,355</u>
Total Liabilities	<u>2,039,528</u>	<u>455,605</u>	<u>290,842</u>	<u>103,151</u>	<u>2,889,126</u>
DEFERRED INFLOWS OF RESOURCES					
Investment Gains - Pensions	118,230	9,587	4,793		132,610
Changes in Proportion - Pensions	42,131	3,416	1,708		47,255
Total Deferred Inflows of Resources	<u>160,361</u>	<u>13,003</u>	<u>6,501</u>		<u>179,865</u>
NET POSITION:					
Unrestricted/(Deficit)	<u>(2,084,981)</u>	<u>(44,598)</u>	<u>(179,113)</u>	<u>(91,362)</u>	<u>(2,400,054)</u>
Total Net Position/(Deficit)	<u>\$ (2,084,981)</u>	<u>\$ (44,598)</u>	<u>\$ (179,113)</u>	<u>\$ (91,362)</u>	<u>\$ (2,400,054)</u>

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				
	Major Funds				Total
	Personal Aides	Transportation	Related Services	Non-Major Funds	
Operating Revenue					
Local Sources:					
Program Fees	\$ 1,359,662	\$ 3,628,957	\$ 1,280,306	\$ 35,540	\$ 6,304,465
Miscellaneous Revenue		5,125			5,125
Total Operating Revenue	1,359,662	3,634,082	1,280,306	35,540	6,309,590
Operating Expenses:					
Salaries	894,644	307,486	820,027	56,618	2,078,775
Purchased Professional - Educational Services			397,525		397,525
Purchased Technical Services		3,000	2,436	25,774	31,210
Transportation Services		3,152,690			3,152,690
Other Purchased Services	424	11,887	5,714	300	18,325
Supplies and Materials		31,108	3,408	1,515	36,031
Other Objects		821	2,304		3,125
Payroll Taxes	66,870	19,145	15,560	420	101,995
Employee Benefits	386,400	48,874	118,002	170	553,446
Total Operating Expenses	1,348,338	3,575,011	1,364,976	84,797	6,373,122
Operating Income/(Loss)	11,324	59,071	(84,670)	(49,257)	(63,532)
Net Position/(Deficit) - Beginning of Year (Restated)	(2,096,305)	(103,669)	(94,443)	(42,105)	(2,336,522)
Net Position/(Deficit) - End of Year	<u>\$ (2,084,981)</u>	<u>\$ (44,598)</u>	<u>\$ (179,113)</u>	<u>\$ (91,362)</u>	<u>\$ (2,400,054)</u>

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds				
	Major Funds				Total
	Personal Aides	Transportation	Related Services	Non-Major Funds	
Cash Flows from Operating Activities:					
Intrafund Advanced/Returned	\$ 21,480	\$ (208,525)	\$ 126,067	\$ 60,978	\$ -0-
Receipts from Customers	1,354,181	3,547,323	1,294,652	33,400	6,229,556
Miscellaneous Revenue		5,125			5,125
Payments to/for Employees	(1,346,975)	(374,065)	(953,311)	(57,208)	(2,731,559)
Payments to Suppliers	(424)	(2,967,614)	(373,022)	(27,521)	(3,368,581)
Net Cash Provided by Operating Activities	<u>28,262</u>	<u>2,244</u>	<u>94,386</u>	<u>9,649</u>	<u>134,541</u>
Cash Flows from Noncapital Financing Activities:					
Intrafund Returned - General Fund			(94,386)		(94,386)
Net Cash Used for Noncapital Financing Activities			<u>(94,386)</u>		<u>(94,386)</u>
Net Increase in Cash and Cash Equivalents	28,262	2,244		9,649	40,155
Cash and Cash Equivalents, July 1					
Cash and Cash Equivalents, June 30	<u>\$ 28,262</u>	<u>\$ 2,244</u>	<u>\$ -0-</u>	<u>\$ 9,649</u>	<u>\$ 40,155</u>
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Operating Income/(Loss)	\$ 11,324	\$ 59,071	\$ (84,670)	\$ (49,257)	\$ (63,532)
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:					
Changes in Assets and Liabilities:					
(Increase)/Decrease in Intergovernmental Receivable	(5,481)	(81,634)	14,346	(2,140)	(74,909)
Increase/(Decrease) in Compensated Absences Payable	(3,693)	884			(2,809)
Increase/(Decrease) in Accounts Payable	(2,222)	231,892	38,365	68	268,103
(Increase)/Decrease in Intrafund Receivable	21,480	(208,525)		8,639	(178,406)
Increase in Intrafund Payable			126,067	52,339	178,406
(Increase) in Change in Assumptions - Pensions	(62,385)	(5,058)	(2,529)		(69,972)
(Decrease) in Net Pension Liability	(91,122)	(7,389)	(3,694)		(102,205)
Increase in Investment Gains - Pensions	118,230	9,587	4,793		132,610
Increase in Changes in Proportion - Pensions	42,131	3,416	1,708		47,255
Net Cash Provided by Operating Activities	<u>\$ 28,262</u>	<u>\$ 2,244</u>	<u>\$ 94,386</u>	<u>\$ 9,649</u>	<u>\$ 134,541</u>

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

Exhibit B-7

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Agency</u>
<u>ASSETS:</u>	
Cash and Cash Equivalents	\$ 71,089
Total Assets	\$ 71,089
<u>LIABILITIES:</u>	
Accrued Salaries and Wages	\$ 70,758
Due to Student Groups	331
Total Liabilities	\$ 71,089

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Governmental Accounting Standards Board publication, Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. The basic criterion for inclusion or exclusion from the financial reporting entity is the exercise of oversight responsibility over agencies, boards and commissions by the primary government. The exercise of oversight responsibility includes financial interdependency and a resulting financial benefit or burden relationship, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Accordingly, the Warren County Special Services School District is a component unit of the County of Warren under the provisions of Governmental Accounting Standards Board's Codification Section 2100. In addition, certain legally separate, tax-exempt entities that meet specific criteria (i.e. benefit of economic resources, access/entitlement to economic resources, and significances) should be included in the financial reporting entity. The financial statements include all funds of the District over which the Board exercises operating control. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria, other than the County of Warren.

B. Basis of Presentation

District-Wide Financial Statements:

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

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function. Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses with program revenue identifies the

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation: (Cont'd)

extent to which each government function or business segment is self-financing or draws from the general revenue of the District.

Fund Financial Statements:

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

The District reports the following governmental funds:

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

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

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

Capital Projects Fund: This Fund does not apply to the Warren County Special Services School District.

Debt Service Fund: This Fund does not apply to the Warren County Special Services School District.

The District reports the following Proprietary Fund:

Enterprise Fund: The Enterprise Funds account for all revenue and expenses pertaining to the Board's Enterprise 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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

B. Basis of Presentation (Cont'd)

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.

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.

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Budgets/Budgetary Control

Annual appropriated budgets are prepared in the spring of each year for the general fund and special revenue fund. The budget for the fiscal year ended June 30, 2015 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

D. Budgets/Budgetary Control (Cont'd)

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

There is no difference between the budgetary and GAAP bases of accounting for the General and Special Revenue Funds in the current fiscal year.

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include petty cash and cash in banks.

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

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

F. Interfund Transactions:

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

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

G. Allowance for Uncollectible Accounts:

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

H. Encumbrances:

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

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

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

I. Short-term Interfund Receivables/Payables:

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

J. Inventories and Prepaid Expenses:

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

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2015.

K. Capital Assets:

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

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

	<u>Estimated Useful Life</u>
Furniture and Equipment	10 to 15 years
Computer and Related Technology	5 years
Vehicles	8 years

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

K. Capital Assets: (Cont'd)

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

L. Long Term Liabilities:

In the district-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise funds.

M. Accrued Salaries and Wages

The District allows employees who provide services over the ten-month academic year the option to have their salaries evenly disbursed during the entire twelve month year. Therefore, there were accrued salaries and wages of \$72,259 as of June 30, 2015. These earned but undisbursed amounts should be retained in a separate interest bearing account.

N. Compensated Absences

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

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

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

O. Unearned Revenue

Unearned revenue represents cash which has been received but not yet earned.

P. Fund Balance Appropriated

General Fund: Of the \$6,481 of General Fund fund balance at June 30, 2015, \$1,100 is assigned for encumbrances and \$5,381 is unassigned.

Calculation of Excess Surplus: The District is not subject to the calculation of excess surplus.

Q. Net Position:

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

(Continued)

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

Q. Net Position: (Cont'd)

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2015 for the changes in assumptions in pensions.

The District had deferred inflows of resources at June 30, 2015 for the net difference between projected and actual investment earnings on pension plan investments and changes in proportion in pensions.

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

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

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

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

R. Deficit Net Position

The District has a deficit in unrestricted net position of \$566,845 in governmental activities, which is due to \$95,055 of compensated absences payable, investment gains in pensions of \$27,161, changes in proportions in pensions of \$9,679 and net pension liability of \$455,763; net of \$1,100 assigned for encumbrances, \$5,381 unassigned and changes in pension assumptions of \$14,332. The District has a deficit in unrestricted net position in the Transportation Enterprise Fund of \$44,598. This deficit is due primarily to the net pension liability of \$160,857 and pension related deferred inflows of resources of \$13,003 and deferred outflows of \$5,058 offset by unrestricted net position related to operations of \$124,204. These deficits do not indicate that the District is in financial difficulties and is a permitted practice under generally accepted accounting principles.

The Personal Aides Enterprise Fund has a deficit in unrestricted net position of \$2,084,981, which is primarily due to investment gains in pensions of \$118,230, changes in proportions in pensions of \$42,131 and net pension liability of \$1,983,910; net of changes in pension assumptions of \$62,385. The Related Services Enterprise Fund has a deficit in unrestricted net position of \$179,113, which is primarily due to investment gains in pensions of \$4,793, changes in proportions in pensions of \$1,708, net pension liability of \$80,429 net of the results of operations excluding pension related activities of (\$94,712) and changes in pension assumptions of \$2,529. The District also has a deficit in unrestricted net position of \$101,321 in the Life Skills Enterprise Fund which is due to losses in the current and prior years. See Note 15 on Going Concern Matters and Management's Plan.

S. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority. Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

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

Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts have been restricted, committed or assigned.

The District has no fund balance restrictions at June 30, 2015.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District has no committed resources at June 30, 2015.

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances in the General Fund at June 30, 2015.

T. Revenue - Exchange and Nonexchange Transactions:

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include county tax levies, grants, entitlements and donations. On the accrual basis, revenue from County taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Operating revenues are those revenues that are generated directly from the primary activity of the respective Enterprise Fund. For the School District, these revenues are fees charged for services in various special programs run by the District. Operating expenses are necessary costs incurred to provide the services that are the primary activities of the respective Enterprise Fund.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

U. Management Estimates:

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

V. Pensions

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

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

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

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

Investments are stated at cost, which approximates market. The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB Statement No. 40, *Governmental Accounting Standards Board Deposit and Investment Risk Disclosures*, requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned.

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

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

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. The school districts are also permitted to deposit funds in the State of New Jersey Cash Management Fund.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (Continued)

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

Deposits: (Cont'd)

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

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

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

All collateral must be deposited with the Federal Reserve Bank 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.

Investments:

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

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, approved by the Division of Investment of the Department of the Treasury for investment by local units;
- (5) Local government investment pools;
- (6) Deposits with the State of New Jersey Cash Management Fund; or
- (7) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) above;
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in statute; and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

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

Investments: (Cont'd)

As of June 30, 2015, cash and cash equivalents and investments of the District consisted of the following:

	Cash and Cash Equivalents
Checking Accounts	\$ 166,293

During the fiscal year ended June 30, 2015, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2015, was \$166,293 and the bank balance was \$302,044.

NOTE 4. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2015 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 184,283			\$ 184,283
Total Capital Assets Being Depreciated	184,283			184,283
Governmental Activities Capital Assets	184,283			184,283
Less Accumulated Depreciation for:				
Machinery and Equipment	(108,467)	\$ (18,954)		(127,421)
	(108,467)	(18,954)		(127,421)
Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 75,816	\$ (18,954)	\$ - 0 -	\$ 56,862
Business Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	\$ 43,543			\$ 43,543
Less Accumulated Depreciation	(43,543)			(43,543)
Business Type Activities Capital Assets, Net of Accumulated Depreciation	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -

The depreciation expense is unallocated.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 5. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2015, the following changes occurred in liabilities reported in the District-wide and enterprise funds financial statements:

	(Restated) Balance 6/30/2014	Accrued	Retired	Balance 6/30/2015
Compensated Absences Payable	\$ 166,728	\$ 41,781	\$ 40,295	\$ 168,214
Net Pension Liability	2,804,097		123,138	2,680,959
	<u>\$2,970,825</u>	<u>\$ 41,781</u>	<u>\$ 163,433</u>	<u>\$2,849,173</u>

A. Compensated Absences

The liability for compensated absences of the governmental fund types is recorded in the current and long-term liabilities. The current portion of the compensated absences balance of the governmental funds is \$-0- and the long-term liability balance of compensated absences is \$95,055.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees in the current and long-term liabilities. As of June 30, 2015, a liability existed for compensated absences in the Enterprise Funds. The current portion of the compensated absences balance is \$1,277 and the long-term liability balance of compensated absences is \$71,882.

The General Fund and the Enterprise Funds will be used to liquidate their respective Compensated Absences Payable.

B. Net Pension Liability:

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in the current and long-term liabilities and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$455,763.

The Public Employees' Retirement System's (PERS) net pension liability of the business type activities and enterprise funds is recorded in the current and long-term liabilities and will be liquidated by the Personal Aides Enterprise Fund, Transportation Enterprise Fund and Related Services Enterprise Fund. The current portion of the net pension liability at June 30, 2015 is \$-0- and the long-term portion is \$2,225,196.

See Note 6 for further information on the PERS.

NOTE 6. PENSION PLANS

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS)

Plan Description

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

Benefits Provided

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

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

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

Contributions

The contribution policy for PERS is set by N.J.S.A. 15A and requires contributions by active members and contributing members. The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets. District contributions to PERS amounted to \$118,046 for fiscal year 2015.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

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

At June 30, 2015, the District reported a liability of \$2,680,959 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.014%, which was a decrease of 0.00035% from its proportion measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the District recognized pension expense of \$127,369. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Governmental Activities:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 14,332	
Changes in Proportion		\$ 9,679
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		27,161
	<u>\$ 14,332</u>	<u>\$ 36,840</u>
<u>Business-Type Activities:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 69,972	
Changes in Proportion		\$ 47,255
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		132,610
	<u>\$ 69,972</u>	<u>\$ 179,865</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

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

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2015	\$ (24,446)
2016	(24,446)
2017	(24,446)
2018	(24,446)
2019	15,497
Thereafter	<u>6,820</u>
	<u>\$ (75,467)</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	3.01%
Salary Increases:	
2012-2021	2.15 – 4.40% based on age
Thereafter	3.15 – 5.40% based on age
Investment Rate of Return	7.90%

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.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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' target asset allocation as of June 30, 2014 are summarized in the following table:

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Long Term Expected Rate of Return (Cont'd)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.80%
Core Bonds	1.00%	2.49%
Intermediate-Term Bonds	11.20%	2.26%
Mortgages	2.50%	2.17%
High Yield Bonds	5.50%	4.82%
Inflation-Indexed Bonds	2.50%	3.51%
Broad U.S. Equities	25.90%	8.22%
Developed Foreign Equities	12.70%	8.12%
Emerging Market Equities	6.50%	9.91%
Private Equity	8.25%	13.02%
Hedge Funds/Absolute Return	12.25%	4.92%
Real Estate (Property)	3.20%	5.80%
Commodities	2.50%	5.35%

Discount Rate

The discount rate used to measure the total pension liability was 5.39% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2014 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)A. Public Employees' Retirement System (PERS) (Cont'd)Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

	Fiscal Year Ended June 30, 2014		
	1% Decrease (4.39%)	Current Discount Rate (5.39%)	1% Increase (6.39%)
District's proportionate share of the Net Pension Liability	\$ 3,372,738	\$ 2,680,959	\$ 2,100,041

Pension plan Fiduciary Net Position

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

B. Teachers' Pension and Annuity Fund (TPAF)Plan Description

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

Benefits Provided

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

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2014, the State's pension contribution was less than the actuarially determined amount.

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers, such as the District. This note discloses the portion of the District's total proportionate share of the net pension liability that is associated with the District. During the fiscal year ended 2015, the State of New Jersey contributed \$47,950 to the TPAF for normal pension benefits on behalf of the District, which is less than the contractually required contribution of \$209,073.

The employee contribution rate was 6.92% effective July 1, 2014. Subsequent increases after October 1, 2011 are being phased in over 7 years effective on each July 1st to bring the total pension contribution rate to 7.5% of base salary as of July 1, 2018.

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

At June 30, 2015, the State's proportionate share of the net pension liability associated with the District was \$3,885,436. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2014, the District's proportion was 0.007%, which was a decrease of 0.00036% from its proportion measured as of June 30, 2013.

District's Proportionate Share of the Net Pension Liability	\$ -0-
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>3,885,436</u>
Total	<u>\$ 3,885,436</u>

For the fiscal year ended June 30, 2014, the State recognized pension expense on behalf of the District in the amount of \$209,073 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2015 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 2,306,623,861	
Difference Between Expected and Actual Experience		\$ 21,969,019
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments		1,741,236,574
	<u>\$ 2,306,623,861</u>	<u>\$ 1,763,205,593</u>

The \$2,306,623,861 reported as deferred outflows of resources related to pensions resulting from changes in assumptions will be amortized over a period of 8.5 years. The \$21,969,019 reported as deferred outflows of resources related to pensions resulting from differences between expected and actual experience will be amortized over a period of 8.5 years. The \$1,741,236,574 reported as a deferred inflow of resources resulting from the difference between projected and actual investment earnings on pension plan investments will be amortized over 5 years.

<u>Fiscal Year Ending June 30,</u>	<u>Total</u>
2015	\$ (130,688,498)
2016	(130,688,498)
2017	(130,688,498)
2018	(130,688,496)
2019	304,620,646
Thereafter	761,551,612
	<u>\$ 543,418,268</u>

Actuarial Assumptions

The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013 which was rolled forward to June 30, 2014. The total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

Inflation Rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Actuarial Assumptions (Cont'd)

Mortality rates were based on the RP-2000 Health Annuitant Mortality Tables 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.

The actuarial assumptions used in the July 1, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension 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 TPAF's target asset allocation as of June 30, 2014 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	6.00%	0.50%
Core Fixed Income	0.00%	2.19%
Core Bonds	1.00%	1.38%
Short-Term Bonds	0.00%	1.00%
Intermediate-Term Bonds	11.20%	2.60%
Long-Term Bonds	0.00%	3.23%
Mortgages	2.50%	2.84%
High Yield Bonds	5.50%	4.15%
Non-U.S. Fixed Income	0.00%	1.41%
Inflation-Indexed Bonds	2.50%	1.30%
Broad U.S. Equities	25.90%	5.88%
Large CAP U.S. Equities	0.00%	5.62%
Mid CAP U.S. Equities	0.00%	6.39%
Small CAP U.S. Equities	0.00%	7.39%
Developed Foreign Equities	12.70%	6.05%
Emerging Market Equities	6.50%	8.90%
Private Equity	8.25%	9.15%
Hedge Funds/Absolute Return	12.25%	3.85%
Real Estate (Property)	3.20%	4.43%
Real Estate (REITS)	0.00%	5.58%
Commodities	2.50%	3.60%
Long Credit Bonds	0.00%	3.74%

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 6. PENSION PLANS (Cont'd)

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

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 4.68% as of June 30, 2014. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9% and a municipal bond rate of 4.29% as of June 30, 2014 based on the Bond Buyer Go 20 Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based upon the average of the last five years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

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

The following presents the net pension liability of the State as of June 30, 2014 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	Fiscal Year Ended June 30, 2014		
	1% Decrease (3.68%)	Current Discount Rate (4.68%)	1% Increase (5.68%)
Total Net Pension Liability	\$ 64,722,984,539	\$53,813,067,539	\$44,738,870,539

Pension Plan Fiduciary Net Position - TPAF

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

NOTE 7. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and 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. Chapter 103 of Public Law amended the law to eliminate the funding of post-retirement medical benefits through 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, 2014, there were 103,432 retirees receiving post-retirement medical benefits, and the State contributed \$1.04 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 premiums changed from a prefunding 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 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 \$165.8 million toward Chapter 126 benefits for 18,122 eligible retired members in Fiscal Year 2014.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 7. POST-RETIREMENT BENEFITS (Cont'd)

The State's on-behalf Post Retirement Medical Contributions to TPAF for the District amounted to \$76,121, \$50,425 and \$55,767 for 2015, 2014 and 2013, respectively. These amounts have been included in the District-wide financial statements and the fund-based statements as revenues and expenditures in accordance with GASB Statement No. 24.

NOTE 8. RISK MANAGEMENT

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

Property and Liability

The District is a member of the New Jersey Schools Insurance Group (the "Group"). This public entity risk management pool provides general liability, property and automobile coverage and workers' compensation for its members. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report. The Group is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local taxes to a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Group are elected.

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

The June 30, 2015 audit report for the Group is not available as of the date of this report. Selected, summarized financial information for the Group as of June 30, 2014 is as follows:

	<u>New Jersey Schools Insurance Group</u>
Total Assets	\$ 293,795,686
Net Position	\$ 66,169,762
Total Revenue	\$ 120,623,875
Total Expenses	\$ 119,843,435
Change in Net Position	\$ 780,440
Member Dividends	\$ -0-

Financial statements for the Group are available at the Group's Executive Director's Office:

New Jersey Schools Insurance Group
450 Veterans Drive
Burlington, NJ 08016
(609) 386-6060

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 8. RISK MANAGEMENT (Cont'd)

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 9. ECONOMIC DEPENDENCY

The primary source of the District's revenue is tuition and program fees from local governments. A significant reduction in this revenue could have an effect on the Board of Education's programs and activities. The District also receives support, although it is not as significant as that from local governments from the County and state governments in the form of a County tax levy and on-behalf payments, respectively.

NOTE 10. INTERFUND RECEIVABLES AND PAYABLES

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 650	
Special Revenue Fund		\$ 650
	\$ 650	\$ 650

The interfund receivable in the General Fund due from the Special Revenue Fund is due to a cash deficit in the Special Revenue Fund. The deficit is due to the timing between expenditure and reimbursement from the State of New Jersey.

NOTE 11. ACCOUNTS PAYABLE

Payables as of June 30, 2015 were:

	Governmental Activities General Fund	Total Governmental Funds	Business-Type Activities Proprietary Funds
Accrued Salaries and Wages	\$ 1,805	\$ 1,805	
Vendors	59,806	59,806	\$ 319,942
	\$ 61,611	\$ 61,611	\$ 319,942

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 12. DEFERRED COMPENSATION

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

NOTE 13. TAX CALENDAR

Property taxes are levied by the various municipalities in the County as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten-day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10. Taxes are collected by the constituent municipalities and are remitted to the County who then disburses those funds to the District on a predetermined mutually agreed-upon schedule.

NOTE 14. CONTINGENT LIABILITIES

Grant Programs

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

Litigation

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

Encumbrances

At June 30, 2015, the District had \$1,100 of encumbrances in the General Fund.

NOTE 15. GOING CONCERN MATTERS AND MANAGEMENT'S PLAN

The accompanying financial statements for the Personal Aides, Related Services and Life Skills Enterprise Funds have been prepared assuming these Funds will continue as a going concern. 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 total deficit in unrestricted net position at June 30, 2015 in the Personal Aides Enterprise Fund is \$2,084,491 which includes the net pension liability and related deferred inflows and outflows of \$2,081,886. The District had a deficit net position of \$3,095 from operations which is an improvement of the prior year's deficit net position from operations of \$21,273. The Personal Aides Enterprise Fund had an operating income for the current year of \$18,177.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 15. GOING CONCERN MATTERS AND MANAGEMENT'S PLAN (Cont'd)

The total deficit in unrestricted net position at June 30, 2015 in the Related Services Enterprise Fund is \$179,113 which includes the net pension liability and related deferred inflows and outflows of \$84,401. The District had a deficit net position of \$94,712 from operations which reflects a net loss from current year's operations of \$84,392.

The Life Skills Enterprise Fund had its first full year of operation during the current fiscal year and ended the current fiscal year with a deficit in unrestricted net position of \$101,321. The District had a net loss of \$50,577 during the current fiscal year.

The District has already made an effort to review how to resolve the going concern issues in these Enterprise Funds:

The District is looking at the fees charged by neighboring County Educational Services Commissions and Special Service School Districts to make the charges more in line with them. This is ongoing and will be in place for the coming school year. The District is continuing to look at areas where costs can be reduced or services can be made more efficient.

NOTE 16. PRIOR PERIOD ADJUSTMENTS

The District made a prior year adjustment in the District Wide and Enterprise Funds Financial Statements to record the net pension liability as of June 30, 2014 as a result of implementing Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment to GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

	Balance 6/30/14 as Previously Reported	Retroactive Adjustments	Balance 6/30/14 as Restated
<u>Governmental Activities:</u>			
Statement of Net Position:			
Liabilities:			
Non-Current Liabilities	\$ 90,760	\$ 476,696	\$ 567,456
Total Liabilities	109,003	476,696	585,699
Net Position:			
Unrestricted/(Deficit)	14,296	(476,696)	(462,400)
Total Net Position/(Deficit)	90,112	(476,696)	(386,584)
 <u>Business-Type Activities:</u>			
Statement of Net Position:			
Liabilities:			
Non-Current Liabilities	\$ 75,968	\$ 2,327,401	\$ 2,403,369
Total Liabilities	127,807	2,327,401	2,455,208
Net Position:			
Unrestricted/(Deficit)	(9,121)	(2,327,401)	(2,336,522)
Total Net Position/(Deficit)	(9,121)	(2,327,401)	(2,336,522)

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

NOTE 16. PRIOR PERIOD ADJUSTMENTS (Cont'd)

	<u>Balance 6/30/14 as Previously Reported</u>	<u>Retroactive Adjustments</u>	<u>Balance 6/30/14 as Restated</u>
<u>Enterprise Funds</u>			
Statement of Revenue, Expenses and Changes in Net Position			
Net Position:			
Unrestricted/(Deficit):			
Personal Aides	\$ (21,273)	\$ (2,075,032)	\$ (2,096,305)
Transportation	64,577	(168,246)	(103,669)
Related Services	(10,320)	(84,123)	(94,443)
Total Net Position/(Deficit)	(9,121)	(2,327,401)	(2,336,522)

SCHEDULES OF REQUIRED
SUPPLEMENTARY INFORMATION

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	Fiscal Year Ending June 30,	
	2014	2015
District's proportion of the net pension liability	0.0146719306%	0.0143192704%
District's proportionate share of the net pension liability	\$ 2,804,097	\$ 2,680,959
District's covered employee payroll	\$ 945,633	\$ 872,631
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	296.53%	307.23%
Plan fiduciary net position as a percentage of the total pension liability	48.72%	52.08%

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT CONTRIBUTIONS
PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
Contractually required contribution	\$ 110,550	\$ 118,046
Contributions in relation to the contractually required contribution	<u>(110,550)</u>	<u>(118,046)</u>
Contribution deficiency/(excess)	<u>\$ -0-</u>	<u>\$ -0-</u>
District's covered employee payroll	\$ 945,633	\$ 872,631
Contributions as a percentage of covered employee payroll	11.69%	13.53%

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' PENSION AND ANNUITY FUND
LAST TWO FISCAL YEARS
UNAUDITED

	<u>Fiscal Year Ending June 30,</u>	
	<u>2014</u>	<u>2015</u>
State's proportion of the net pension liability attributable to the District	0.0076326547%	0.0072697327%
State's proportionate share of the net pension liability attributable to the District	\$ 3,857,484	\$ 3,885,436
District's covered employee payroll	\$ 1,058,598	\$ 1,389,036
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	364.40%	279.72%
Plan fiduciary net position as a percentage of the total pension liability	33.76%	33.64%

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

A. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 5.55% as of June 30, 2013 to 5.39% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

B. TEACHERS PENSION AND ANNUITY FUND

Benefit Changes

There were none.

Changes of Assumptions

The discount rate changed from 4.95% as of June 30, 2013 to 4.68% as of June 30, 2014 in accordance with Paragraph 44 of GASB Statement No. 67.

BUDGETARY COMPARISON SCHEDULES

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Local Sources:					
County Tax Levy	\$ 186,268		\$ 186,268	\$ 186,268	
Tuition from LEA's	1,661,269		1,661,269	1,103,045	\$ (558,224)
Other Tuition	43,500		43,500	60,000	16,500
Non-Resident Fees	4,000		4,000	6,400	2,400
Unrestricted Miscellaneous	200		200	16,161	15,961
Total - Local Sources	<u>1,895,237</u>		<u>1,895,237</u>	<u>1,371,874</u>	<u>(523,363)</u>
State Sources:					
On-behalf TPAF Pension Contributions (non-budgeted)				47,950	47,950
On-behalf TPAF Post Retirement Contributions (non-budgeted)				76,121	76,121
Reimbursed TPAF Social Security Contributions (non-budgeted)				102,865	102,865
Total State Sources				<u>226,936</u>	<u>226,936</u>
Federal Sources:					
Medicaid Reimbursement				29,156	29,156
ARRA - Medicaid Assistance Program - Prior Year Adjustment				6,777	6,777
				<u>35,933</u>	<u>35,933</u>
TOTAL REVENUES	<u>1,895,237</u>		<u>1,895,237</u>	<u>1,634,743</u>	<u>(260,494)</u>
EXPENDITURES:					
CURRENT EXPENSE					
Special Education - Instruction:					
Learning and/or Language Disabilities:					
Salaries of Teachers	116,413	\$ (106,462)	9,951	9,951	
Purchased Professional - Educational Services	288,351	(130,662)	157,689		157,689
General Supplies					
Total Learning and/or Language Disabilities	<u>404,764</u>	<u>(237,124)</u>	<u>167,640</u>	<u>9,951</u>	<u>157,689</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE: (Cont'd)					
Special Education - Instruction: (Cont'd)					
Behavioral Disabilities:					
Salaries of Teachers	\$ 144,588	\$ 69,148	\$ 213,736	\$ 203,317	\$ 10,419
Purchased Professional - Educational Services	135,006	9,252	144,258	36,996	107,262
Purchased Technical Services	4,000	2,000	6,000	3,420	2,580
Other Purchased Services	1,700	1,219	2,919	2,579	340
General Supplies	4,000	2,023	6,023	2,980	3,043
Total Behavioral Disabilities	<u>289,294</u>	<u>83,642</u>	<u>372,936</u>	<u>249,292</u>	<u>123,644</u>
Multiple Disabilities:					
Salaries of Teachers	138,753	1,108	139,861	117,187	22,674
Purchased Professional - Educational Services	19,008	8,736	27,744	27,744	
Purchased Technical Services	4,000	18	4,018	3,935	83
Other Purchased Services	1,700	19	1,719	1,091	628
General Supplies	4,000	(18)	3,982	2,632	1,350
Other Objects	5,000		5,000	615	4,385
Total Multiple Disabilities	<u>172,461</u>	<u>9,863</u>	<u>182,324</u>	<u>153,204</u>	<u>29,120</u>
Autism:					
Salaries of Teachers	153,058	920	153,978	132,754	21,224
Purchased Professional - Educational Services	15,080	33,940	49,020	49,020	
Purchased Technical Services	4,000	52	4,052	3,179	873
Other Purchased Services (400-500 series)	1,740		1,740	1,688	52
General Supplies	4,000	(49)	3,951	3,728	223
Total Autism	<u>177,878</u>	<u>34,863</u>	<u>212,741</u>	<u>190,369</u>	<u>22,372</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE: (Cont'd)					
Special Education - Instruction: (Cont'd)					
Extended School Year:					
Salaries of Teachers	\$ 15,595	\$ 4,813	\$ 20,408	\$ 20,408	
Salaries of Supervisors of Instruction	1,123	5,609	6,732	6,732	
Other Salaries for Instruction	12,394	7,153	19,547	19,547	
Purchased Professional - Educational Services	7,740	(1,012)	6,728	6,728	
Purchased Technical Services	1,000		1,000	1,000	
Other Purchased Services (400-500 series)	1,110	(930)	180	180	
General Supplies	1,446	667	2,113	2,113	
Other Objects	3,092	200	3,292	3,292	
Total Extended School Year	<u>43,500</u>	<u>16,500</u>	<u>60,000</u>	<u>60,000</u>	
Cognitive - Severe:					
Salaries of Teachers	76,264		76,264	65,517	\$ 10,747
Purchased Professional - Educational Services	9,252		9,252	9,252	
Purchased Technical Services	2,000		2,000	599	1,401
Other Purchased Services (400-500 series)	500	1,000	1,500	519	981
General Supplies	3,000		3,000	1,661	1,339
Total Cognitive - Severe	<u>91,016</u>	<u>1,000</u>	<u>92,016</u>	<u>77,548</u>	<u>14,468</u>
Total Special Education Instruction	<u>1,178,913</u>	<u>(91,256)</u>	<u>1,087,657</u>	<u>740,364</u>	<u>347,293</u>
Undistributed Expenditures:					
Attendance & Social Work:					
Purchased Professional and Technical Services	26,000	(16,500)	9,500		9,500
Other Purchased Services (400-500 series)	500		500		500
Total Attendance & Social Work	<u>26,500</u>	<u>(16,500)</u>	<u>10,000</u>		<u>10,000</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE: (Cont'd)					
Undistributed Expenditures: (Cont'd)					
Health Services:					
Purchased Professional and Technical Services	\$ 1,325		\$ 1,325	\$ 1,325	
Total Health Services	<u>1,325</u>		<u>1,325</u>	<u>1,325</u>	
Speech, OT, PT & Related Services:					
Salaries					
Purchased Professional - Educational Services	175,800	\$ 75,734	251,534	240,693	\$ 10,841
Supplies and Materials	1,500	(1,500)			
Other Objects	1,000	(1,000)			
Total Speech, OT, PT & Related Services	<u>178,300</u>	<u>73,234</u>	<u>251,534</u>	<u>240,693</u>	<u>10,841</u>
Improvement of Instructional Services:					
Purchased Professional - Educational Services	1,500		1,500	1,500	
Total Improvement of Instructional Services	<u>1,500</u>		<u>1,500</u>	<u>1,500</u>	
Instructional Staff Training Services:					
Other Purchased Services (400-500 series)	4,000		4,000	3,246	754
Total Instructional Staff Training Services	<u>4,000</u>		<u>4,000</u>	<u>3,246</u>	<u>754</u>
General Administration:					
Salaries	67,722	(1,363)	66,359	61,902	4,457
Legal Services	6,000		6,000	4,805	1,195
Audit Fee	15,000		15,000	15,000	
Purchased Technical Services	1,000		1,000	956	44
Communications/Telephone	13,000		13,000	9,559	3,441
BOE Other Purchased Services	4,300	(197)	4,103	2,644	1,459

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

EXPENDITURES:	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
CURRENT EXPENSE: (Cont'd)					
Undistributed Expenditures: (Cont'd)					
General Administration (Cont'd):					
Miscellaneous Purchased Services (400-500 series)	\$ 19,000	\$ 2,191	\$ 21,191	\$ 21,191	
General Supplies	4,500		4,500	4,468	\$ 32
Miscellaneous Expenditures	3,500	247	3,747	3,747	
BOE Membership Dues and Fees	2,500	(178)	2,322	2,322	
Total General Administration	<u>136,522</u>	<u>700</u>	<u>137,222</u>	<u>126,594</u>	<u>10,628</u>
Central Services:					
Salaries	39,300	166	39,466	39,466	
Purchased Technical Services	25,000	5,510	30,510	29,919	591
Miscellaneous Purchased Services (400-500 series)	500	246	746	746	
Supplies and Materials	500	(169)	331	331	
Miscellaneous Expenditures	1,025	19	1,044	1,044	
Total Central Services	<u>66,325</u>	<u>5,772</u>	<u>72,097</u>	<u>71,506</u>	<u>591</u>
Custodial Services:					
Cleaning, Repair and Maintenance Services	3,500		3,500		3,500
Rental of Land and Bldgs. Other Than Lease Purchase Agreement	42,303	14,262	56,565	56,565	
Insurance	13,000	5,073	18,073	17,070	1,003
Energy (Electricity)	4,500		4,500	3,931	569
Total Custodial Services	<u>63,303</u>	<u>19,335</u>	<u>82,638</u>	<u>77,566</u>	<u>5,072</u>
Unallocated Benefits:					
Social Security Contributions	16,600	(4,908)	11,692	7,815	3,877
Other Retirement Contributions - PERS	23,000	(2,859)	20,141	20,141	
Unemployment Compensation	7,000	6,267	13,267	12,743	524
Workmen's Compensation	7,500		7,500	6,187	1,313
Health Benefits	185,737	2,975	188,712	188,712	

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
EXPENDITURES:					
CURRENT EXPENSE: (Cont'd)					
Undistributed Expenditures: (Cont'd)					
Unallocated Benefits: (Cont'd)					
Tuition Reimbursement		\$ 4,365	\$ 4,365	\$ 4,365	
Other Employee Benefits	\$ 750	2,875	3,625	3,625	
Total Unallocated Benefits	<u>240,587</u>	<u>8,715</u>	<u>249,302</u>	<u>243,588</u>	<u>\$ 5,714</u>
On-behalf Payments:					
On-behalf TPAF Pension Contributions (non-budgeted)				47,950	(47,950)
On-behalf TPAF Post Retirement Contributions (non-budgeted)				76,121	(76,121)
Reimbursed TPAF Social Security Contributions (non-budgeted)				102,865	(102,865)
Total On-behalf Payments				<u>226,936</u>	<u>(226,936)</u>
Total Undistributed Expenses	<u>718,362</u>	<u>91,256</u>	<u>809,618</u>	<u>992,954</u>	<u>(183,336)</u>
TOTAL GENERAL CURRENT EXPENSE	<u>1,897,275</u>		<u>1,897,275</u>	<u>1,733,318</u>	<u>163,957</u>
TOTAL EXPENDITURES	<u>1,897,275</u>		<u>1,897,275</u>	<u>1,733,318</u>	<u>163,957</u>
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>(2,038)</u>		<u>(2,038)</u>	<u>(98,575)</u>	<u>(96,537)</u>
Other Financing Sources:					
Transfer from Other Funds	2,038		2,038		(2,038)
Total Other Financing Sources	<u>2,038</u>		<u>2,038</u>		<u>(2,038)</u>
Excess/(Deficiency) of Revenues and Other Financing Sources Over/(Under) Expenditures				<u>(98,575)</u>	<u>(98,575)</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
Fund Balance, July 1	\$ 105,056		\$ 105,056	\$ 105,056	
Fund Balance, June 30	<u>\$ 105,056</u>	<u>\$ -0-</u>	<u>\$ 105,056</u>	<u>\$ 6,481</u>	<u>\$ (98,575)</u>
 <u>Recapitulation:</u>					
Assigned:					
Year End Encumbrances				\$ 1,100	
Unassigned				<u>5,381</u>	
Fund Balance per Governmental Funds - Budgetary and GAAP				<u>\$ 6,481</u>	

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
REVENUES:					
Federal Sources		\$ 20,000	\$ 20,000	\$ 20,000	
Total Revenues		20,000	20,000	20,000	
EXPENDITURES:					
Support Services:					
Purchased Professional and Technical Services		8,417	8,417	8,417	
Other Purchased Services		3,051	3,051	3,051	
Supplies and Materials		8,532	8,532	8,532	
Total Support Services		20,000	20,000	20,000	
Total Expenditures	\$ -0-	\$ 20,000	\$ 20,000	\$ 20,000	\$ -0-

SCHOOL LEVEL SCHEDULES
(NOT APPLICABLE)

SPECIAL REVENUE FUND

Exhibit E-1

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUE AND EXPENDITURES - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Rural Education Achievement Program	Totals
	<u> </u>	<u> </u>
REVENUE:		
Federal Sources	\$ 20,000	\$ 20,000
Total Revenue	<u>20,000</u>	<u>20,000</u>
EXPENDITURES:		
Support Services:		
Purchased Professional Technical Services	8,417	8,417
Other Purchased Services	3,051	3,051
Supplies and Materials	<u>8,532</u>	<u>8,532</u>
Total Support Services	<u>20,000</u>	<u>20,000</u>
Total Expenditures	<u>\$ 20,000</u>	<u>\$ 20,000</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SPECIAL REVENUE FUND
PRESCHOOL EDUCATION AID SCHEDULE OF EXPENDITURES
BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

CAPITAL PROJECTS FUND
(NOT APPLICABLE)

PROPRIETARY FUNDS

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	Major Funds			Non-Major Funds		Non-Major Funds Totals	Totals
	Personal Aides	Transportation	Related Services	In-Service	Life Skills		
ASSETS:							
Current Assets:							
Cash and Cash Equivalents	\$ 28,262	\$ 2,244		\$ 9,649		\$ 9,649	\$ 40,155
Intergovernmental Receivable - Other	24,261	145,879	\$ 115,701	340	\$ 1,800	2,140	287,981
Intrafund Receivable		270,829					270,829
Total Current Assets	52,523	418,952	115,701	9,989	1,800	11,789	598,965
Non-Current Assets:							
Equipment		43,543					43,543
Less: Accumulated Depreciation		(43,543)					(43,543)
Total Non-Current Assets							
Total Assets	52,523	418,952	115,701	9,989	1,800	11,789	598,965
DEFERRED OUTFLOWS OF RESOURCES							
Changes in Assumptions - Pensions	62,385	5,058	2,529				69,972
Total Deferred Outflows of Resources	62,385	5,058	2,529				69,972
LIABILITIES:							
Current Liabilities:							
Accounts Payable		277,207	42,667	30	38	68	319,942
Intrafund Payable			167,746		103,083	103,083	270,829
Total Current Liabilities		277,207	210,413	30	103,121	103,151	590,771
Long-Term Liabilities:							
Compensated Absences Payable	55,618	17,541					73,159
Net Pension Liability	1,983,910	160,857	80,429				2,225,196
Total Long-Term Liabilities	2,039,528	178,398	80,429				2,298,355
Total Liabilities	2,039,528	455,605	290,842	30	103,121	103,151	2,889,126
DEFERRED INFLOWS OF RESOURCES							
Investment Gains - Pensions	118,230	9,587	4,793				132,610
Changes in Proportion - Pensions	42,131	3,416	1,708				47,255
Total Deferred Inflows of Resources	160,361	13,003	6,501				179,865
NET POSITION:							
Unrestricted/(Deficit)	(2,084,981)	(44,598)	(179,113)	9,959	(101,321)	(91,362)	(2,400,054)
Total Net Position/(Deficit)	\$ (2,084,981)	\$ (44,598)	\$ (179,113)	\$ 9,959	\$ (101,321)	(91,362)	\$ (2,400,054)

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Major Funds			Non-Major Funds		Non-Major Funds Totals	Totals
	Personal Aides	Transportation	Related Services	In-Service	Life Skills		
Operating Revenue:							
Local Sources:							
Program Fees	\$ 1,359,662	\$ 3,628,957	\$ 1,280,306	\$ 2,040	\$ 33,500	\$ 35,540	\$ 6,304,465
Miscellaneous Revenue		5,125					5,125
Total Operating Revenue	<u>1,359,662</u>	<u>3,634,082</u>	<u>1,280,306</u>	<u>2,040</u>	<u>33,500</u>	<u>35,540</u>	<u>6,309,590</u>
Operating Expenses:							
Salaries	894,644	307,486	820,027		56,618	56,618	2,078,775
Purchased Professional - Educational Services			397,525				397,525
Purchased Technical Services		3,000	2,436	420	25,354	25,774	31,210
Transportation Services		3,152,690					3,152,690
Other Purchased Services	424	11,887	5,714	300		300	18,325
Supplies and Materials		31,108	3,408		1,515	1,515	36,031
Other Objects		821	2,304				3,125
Payroll Taxes	66,870	19,145	15,560		420	420	101,995
Employee Benefits	386,400	48,874	118,002		170	170	553,446
Total Operating Expenses	<u>1,348,338</u>	<u>3,575,011</u>	<u>1,364,976</u>	<u>720</u>	<u>84,077</u>	<u>84,797</u>	<u>6,373,122</u>
Operating Income/(Loss)	11,324	59,071	(84,670)	1,320	(50,577)	(49,257)	(63,532)
Net Position/(Deficit) - Beginning of Year (Restated)	<u>(2,096,305)</u>	<u>(103,669)</u>	<u>(94,443)</u>	<u>8,639</u>	<u>(50,744)</u>	<u>(42,105)</u>	<u>(2,336,522)</u>
Net Position/(Deficit) - End of Year	<u>\$ (2,084,981)</u>	<u>\$ (44,598)</u>	<u>\$ (179,113)</u>	<u>\$ 9,959</u>	<u>\$ (101,321)</u>	<u>\$ (91,362)</u>	<u>\$ (2,400,054)</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	376,061						Non-Major Funds Totals	Totals
	Major Funds			Non-Major Funds		Totals		
	Personal Aides	Transportation	Related Services	In-Service	Life Skills			
Cash Flows from Operating Activities:								
Intrafund Advanced/Returned	\$ 21,480	\$ (208,525)	\$ 126,067	\$ 8,639	\$ 52,339	\$ 60,978	\$ -0-	
Receipts from Customers	1,354,181	3,547,323	1,294,652	1,700	31,700	33,400	6,229,556	
Miscellaneous Revenue		5,125					5,125	
Payments to/for Employees	(1,346,975)	(374,065)	(953,311)		(57,208)	(57,208)	(2,731,559)	
Payments to Suppliers	(424)	(2,967,614)	(373,022)	(690)	(26,831)	(27,521)	(3,368,581)	
Net Cash Provided by Operating Activities	<u>28,262</u>	<u>2,244</u>	<u>94,386</u>	<u>9,649</u>		<u>9,649</u>	<u>134,541</u>	
Cash Flows from Noncapital Financing Activities:								
Interfund Returned - General Fund			(94,386)				(94,386)	
Net Cash Used for Noncapital Financing Activities			<u>(94,386)</u>				<u>(94,386)</u>	
Net Increase in Cash and Cash Equivalents	28,262	2,244		9,649		9,649	40,155	
Cash and Cash Equivalents, July 1								
Cash and Cash Equivalents, June 30	<u>\$ 28,262</u>	<u>\$ 2,244</u>	<u>\$ -0-</u>	<u>\$ 9,649</u>	<u>\$ -0-</u>	<u>\$ 9,649</u>	<u>\$ 40,155</u>	
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:								
Operating Income/(Loss)	\$ 11,324	\$ 59,071	\$ (84,670)	\$ 1,320	\$ (50,577)	\$ (49,257)	\$ (63,532)	
Adjustment to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:								
Changes in Assets and Liabilities:								
(Increase)/Decrease in Intergovernmental Receivable	(5,481)	(81,634)	14,346	(340)	(1,800)	(2,140)	(74,909)	
Increase/(Decrease) in Compensated Absences Payable	(3,693)	884					(2,809)	
Increase/(Decrease) in Accounts Payable	(2,222)	231,892	38,365	30	38	68	268,103	
(Increase)/Decrease in Intrafund Receivable	21,480	(208,525)		8,639		8,639	(178,406)	
Increase in Intrafund Payable			126,067		52,339	52,339	178,406	
(Increase) in Change in Assumptions - Pensions	(62,385)	(5,058)	(2,529)				(69,972)	
(Decrease) in Net Pension Liability	(91,122)	(7,389)	(3,694)				(102,205)	
Increase in Investment Gains - Pensions	118,230	9,587	4,793				132,610	
Increase in Changes in Proportion - Pensions	42,131	3,416	1,708				47,255	
Net Cash Provided by Operating Activities	<u>\$ 28,262</u>	<u>\$ 2,244</u>	<u>\$ 94,386</u>	<u>\$ 9,649</u>	<u>\$ -0-</u>	<u>\$ 9,649</u>	<u>\$ 134,541</u>	

FIDUCIARY FUNDS

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Agency</u>		<u>Totals</u>
	<u>Student Activities</u>	<u>Payroll Agency</u>	
<u>ASSETS:</u>			
Cash and Cash Equivalents	\$ 331	\$ 70,758	\$ 71,089
Total Assets	<u>\$ 331</u>	<u>\$ 70,758</u>	<u>\$ 71,089</u>
<u>LIABILITIES:</u>			
Accrued Salaries and Wages Due to Student Groups	\$ 331	\$ 70,758	\$ 70,758 331
Total Liabilities	<u>\$ 331</u>	<u>\$ 70,758</u>	<u>\$ 71,089</u>

Exhibit H-2

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FIDUCIARY FUNDS
COMBINING STATEMENT OF CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOT APPLICABLE

Exhibit H-3

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
STUDENT ACTIVITY AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 415		\$ 84	\$ 331
Total Assets	<u>\$ 415</u>	<u>\$ - 0 -</u>	<u>\$ 84</u>	<u>\$ 331</u>
<u>LIABILITIES:</u>				
Liabilities:				
Due to Student Groups	\$ 415		\$ 84	\$ 331
Total Liabilities	<u>\$ 415</u>	<u>\$ - 0 -</u>	<u>\$ 84</u>	<u>\$ 331</u>

Exhibit H-4

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PAYROLL AGENCY FUND
SCHEDULE OF RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 76,938	\$ 4,883,541	\$ 4,889,721	\$ 70,758
Total Assets	<u>\$ 76,938</u>	<u>\$ 4,883,541</u>	<u>\$ 4,889,721</u>	<u>\$ 70,758</u>
 <u>LIABILITIES:</u>				
Payroll Deductions and Withholdings	\$ 162	\$ 4,811,282	\$ 4,811,444	
Accrued Salaries and Wages	<u>76,776</u>	<u>72,259</u>	<u>78,277</u>	<u>\$ 70,758</u>
Total Liabilities	<u>\$ 76,938</u>	<u>\$ 4,883,541</u>	<u>\$ 4,889,721</u>	<u>\$ 70,758</u>

LONG-TERM DEBT
(NOT APPLICABLE)

STATISTICAL SECTION

STATISTICAL SECTION
(UNAUDITED)

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

Contents

Exhibit

Financial Trends

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

J-1 thru J-5

Revenue Capacity

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

J-6 thru J-9

Debt Capacity - Not Applicable

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

J-10 thru J-13

Demographic and Economic Information

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

J-14 thru J-15

Operating Information

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

J-16 thru J-20

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

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014*	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 31,169	\$ 80,789	\$ 61,514	\$ 42,239	\$ 22,964	\$ 11,482		\$ 83,145	\$ 75,816	\$ 56,862
Restricted	816,501	689,508	285,235			10,309				
Unrestricted/(Deficit)	656,008	531,516	383,189	628,616	451,516	405,176	\$ 267,754	136,624	(462,400)	(566,845)
Total Governmental Activities Net Position/(Deficit)	\$ 1,503,678	\$ 1,301,813	\$ 729,938	\$ 670,855	\$ 474,480	\$ 426,967	\$ 267,754	\$ 219,769	\$ (386,584)	\$ (509,983)
Business- Type Activities										
Net Investment in Capital Assets	\$ 26,126	\$ 17,418	\$ 8,814							
Unrestricted/(Deficit)	(374,402)	(303,871)	(269,882)	\$ 88,062	\$ 23,198	\$ (11,617)	\$ 60,851	\$ 61,955	\$ (2,336,522)	\$ (2,400,054)
Total Business-Type Activities Net Position/(Deficit)	\$ (348,276)	\$ (286,453)	\$ (261,068)	\$ 88,062	\$ 23,198	\$ (11,617)	\$ 60,851	\$ 61,955	\$ (2,336,522)	\$ (2,400,054)
District-Wide										
Net Investment in Capital Assets	\$ 57,295	\$ 98,207	\$ 70,328	\$ 42,239	\$ 22,964	\$ 11,482		\$ 83,145	\$ 75,816	\$ 56,862
Restricted	816,501	689,508	285,235			10,309				
Unrestricted/(Deficit)	281,606	227,645	113,307	716,678	474,714	393,559	\$ 328,605	198,579	(2,798,922)	(2,966,899)
Total District Net Position/(Deficit)	\$ 1,155,402	\$ 1,015,360	\$ 468,870	\$ 758,917	\$ 497,678	\$ 415,350	\$ 328,605	\$ 281,724	\$ (2,723,106)	\$ (2,910,037)

* Restated

Source: School District Financial Records

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
Instruction:										
Special Education	\$ 1,357,339	\$ 1,399,661	\$ 1,412,755	\$ 1,128,273	\$ 885,759	\$ 962,863	\$ 796,247	\$ 1,027,268	\$ 1,459,737	\$ 1,293,402
Other Special Instruction						88,823	104,545			
Support Services:										
Student & Instruction Related Services	453,861	643,635	649,430	730,227	457,979	292,558	301,632	290,669	223,412	266,764
General Administrative Services	527,493	588,121	610,946	603,386	475,347	236,533	233,464	284,566	183,265	175,737
Central Services						31,994	61,319	110,453	84,356	106,842
Plant Operations and Maintenance	194,844	216,752	202,777	154,809	86,217	85,605	100,149	58,898	60,620	77,566
Pupil Transportation	6,672	3,149	2,976	6,892		11,482	11,543	4,555		
Unallocated Depreciation									18,954	18,954
Total Governmental Activities Expenses	2,675,067	3,001,242	3,033,085	2,744,935	1,962,595	1,710,804	1,608,899	1,776,409	2,030,344	1,939,265
Business-Type Activities:										
Enterprise Funds	4,349,798	4,385,236	4,228,365	4,014,820	3,273,401					
Personal Aides						1,374,704	1,404,778	1,329,221	1,367,480	1,348,338
Transportation						1,489,334	1,724,544	2,197,012	3,006,431	3,575,011
Related Services						377,549	327,216	296,246	761,361	1,364,976
In Service						225	730	2,320	1,427	720
Life Skills									56,009	84,077
Total Business-Type Activities Expense	4,349,798	4,385,236	4,228,365	4,014,820	3,273,401	3,241,812	3,457,268	3,824,799	5,192,708	6,373,122
Total District Expenses	\$ 7,024,865	\$ 7,386,478	\$ 7,261,450	\$ 6,759,755	\$ 5,235,996	\$ 4,952,616	\$ 5,066,167	\$ 5,601,208	\$ 7,223,052	\$ 8,312,387
Program Revenues:										
Governmental Activities:										
Charges for Services:										
Instruction (Special Education)	\$ 1,383,703	\$ 1,262,721	\$ 1,108,548	\$ 1,059,544	\$ 672,058	\$ 1,340,820	\$ 1,078,400	\$ 784,664	\$ 1,109,318	\$ 753,362
Student & Instruction Related Services								222,023	169,780	174,639
General Administrative Services								217,362	139,271	107,691
Central Services								84,368	64,106	64,166
Plant Operations and Maintenance								44,988	46,068	50,779
Pupil Transportation								3,479		
Capital Outlay									14,404	12,408
Business and Other Support Services	1,207,692	1,312,748	1,149,393	1,404,227	895,104					
Operating Grants and Contributions						126,306	111,298	175,364	163,294	443,992
Total Governmental Activities Program Revenues	2,591,395	2,575,469	2,257,941	2,463,771	1,567,162	1,467,126	1,189,698	1,532,248	1,706,241	1,607,037

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
UNAUDITED
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Business-Type Activities:										
Charges for Services:										
Enterprise Funds	\$ 4,218,054	\$ 4,447,059	\$ 4,253,750	\$ 4,363,950	\$ 3,208,537					
Personal Aides						\$ 1,334,524	\$ 1,531,023	\$ 1,306,666	\$ 1,345,616	\$ 1,359,662
Transportation						1,529,827	1,713,165	2,220,259	3,024,980	3,634,082
Hospital						660				
Related Services						338,631	347,577	298,972	745,741	1,280,306
In Service						5,822	3,638		30	2,040
Life Skills									5,265	33,500
Total Business-Type Activities Revenue	<u>4,218,054</u>	<u>4,447,059</u>	<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>
Total District Revenue	<u>\$ 6,809,449</u>	<u>\$ 7,022,528</u>	<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>
Net (Expense)/Revenue										
Governmental Activities Net Expense	\$ (83,672)	\$ (425,773)	\$ (775,144)	\$ (281,164)	\$ (395,433)	\$ (243,678)	\$ (419,201)	\$ (244,161)	\$ (324,103)	\$ (332,228)
Business-Type Activities	(131,744)	61,823	25,385	349,130	(64,864)	(32,348)	138,135	1,098	(71,076)	(63,532)
Total District-Wide Net Expense	<u>\$ (215,416)</u>	<u>\$ (363,950)</u>	<u>\$ (749,759)</u>	<u>\$ 67,966</u>	<u>\$ (460,297)</u>	<u>\$ (276,026)</u>	<u>\$ (281,066)</u>	<u>\$ (243,063)</u>	<u>\$ (395,179)</u>	<u>\$ (395,760)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
County Tax Levy	\$ 183,634	\$ 184,821	\$ 189,442	\$ 196,072	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268
Investment Earnings	21,060	11,976	6,420	9,772	2,226					
Miscellaneous Income	7,196	27,111	7,407	16,237	10,564	9,897	8,048	9,908	8,178	22,561
Transfers							65,672			
Total Governmental Activities	<u>211,890</u>	<u>223,908</u>	<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>
Business-Type Activities:										
Transfers							(65,672)			
Investment Earnings						9	5	6		
Cancellation of Prior Year's Receivable						(2,476)				
Total Business-Type Activities						<u>(2,467)</u>	<u>(65,667)</u>	<u>6</u>		
Total District-Wide	<u>\$ 211,890</u>	<u>\$ 223,908</u>	<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>
Change in Net Position										
Governmental Activities	\$ 128,218	\$ (201,865)	\$ (571,875)	\$ (59,083)	\$ (196,375)	\$ (47,513)	\$ (159,213)	\$ (47,985)	\$ (129,657)	\$ (123,399)
Business-Type Activities	(131,744)	61,823	25,385	349,130	(64,864)	(34,815)	72,468	1,104	(71,076)	(63,532)
Total District-Wide	<u>\$ (3,526)</u>	<u>\$ (140,042)</u>	<u>\$ (546,490)</u>	<u>\$ 290,047</u>	<u>\$ (261,239)</u>	<u>\$ (82,328)</u>	<u>\$ (86,745)</u>	<u>\$ (46,881)</u>	<u>\$ (200,733)</u>	<u>\$ (186,931)</u>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ 816,501	\$ 826,686	\$ 429,817	\$ 113,164	\$ 65,685			\$ 92,505	\$ 60,359	\$ 1,100
Assigned						\$ 10,309				
Unreserved	656,008	394,338	238,607	515,452	506,099			134,341	44,697	5,381
Unassigned						495,246	\$ 357,412	\$ 226,846	\$ 105,056	\$ 6,481
Total General Fund	<u>\$1,472,509</u>	<u>\$1,221,024</u>	<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>

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
County Tax Levy	\$ 183,634	\$ 184,821	\$ 189,442	\$ 196,072	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268	\$ 186,268
Tuition from LEA's	2,235,472	2,147,618	1,814,258	2,134,260	1,411,290	1,332,820	1,010,400	1,316,284	1,498,080	1,103,045
Other Tuition							56,000	40,600	44,867	60,000
Non Resident Fees						8,000	12,000	4,000	7,957	6,400
Miscellaneous						9,897	8,048	5,908	221	16,161
State Sources	156,053	267,126	233,718	180,101	134,953	118,998	106,050	170,708	160,802	226,936
Federal Sources	180				10,119	7,308	5,248	4,656	2,492	55,933
Total Revenue	2,575,339	2,599,565	2,237,418	2,510,433	1,742,630	1,663,291	1,384,014	1,728,424	1,900,687	1,654,743
Expenditures:										
Instruction:										
Special Education Instruction	944,118	890,810	924,005	778,970	568,229	732,917	594,348	754,791	1,102,118	740,364
Other Special Instruction						63,851	78,269			
Support Services:										
Student & Instruction Related Services	318,295	413,223	433,617	516,630	351,492	249,154	253,030	237,777	215,857	266,764
General Administrative Services						186,828	184,400	220,312	153,667	126,594
School Administrative Services	369,934	377,582	474,933	426,891	364,822					
Central Services						25,750	50,619	94,490	65,517	71,506
Plant Operations and Maintenance	136,645	139,158	135,392	109,526	66,170	85,605	100,149	58,898	60,620	77,566
Pupil Transportation	4,679	2,022	1,987	4,876			61	4,555		
Unallocated Employee Benefits	758,746	1,020,731	889,675	767,419	415,046	384,469	336,953	405,022	413,073	470,524
Special Schools	134,858	149,924	154,201	121,348	57,293	946				
Capital Outlay	16,799	57,412						83,145	11,625	
Total Expenditures	2,684,074	3,050,862	3,013,810	2,725,660	1,823,052	1,729,520	1,597,829	1,858,990	2,022,477	1,753,318

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	<u>\$ (108,735)</u>	<u>\$ (451,297)</u>	<u>\$ (776,392)</u>	<u>\$ (215,227)</u>	<u>\$ (80,422)</u>	<u>\$ (66,229)</u>	<u>\$ (213,815)</u>	<u>\$ (130,566)</u>	<u>\$ (121,790)</u>	<u>\$ (98,575)</u>
Other Financing Sources (Uses):										
Transfers In							87,080			
Transfers Out							<u>(21,408)</u>			
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>65,672</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Change in Fund Balances	<u>\$ (108,735)</u>	<u>\$ (451,297)</u>	<u>\$ (776,392)</u>	<u>\$ (215,227)</u>	<u>\$ (80,422)</u>	<u>\$ (66,229)</u>	<u>\$ (148,143)</u>	<u>\$ (130,566)</u>	<u>\$ (121,790)</u>	<u>\$ (98,575)</u>
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

N/A - Not Applicable

Source: School District Financial Records

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
GENERAL FUND - OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED
(modified accrual basis of accounting)

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Tuition</u>	<u>Summer</u> <u>School Tuition</u>	<u>Non-Resident</u> <u>Fees</u>	<u>Special</u> <u>Education</u> <u>Medicaid Init.</u>	<u>Refund Prior</u> <u>Year</u> <u>Expenditures</u>	<u>Miscellaneous</u>	<u>Total</u>
2006	\$ 21,060	\$ 2,235,472	\$ 194,490	\$ 5,200	\$ 2,911		\$ 4,285	\$ 2,463,418
2007	11,975	2,147,618	149,925	10,800	16,970	\$ 5,947	4,195	2,347,430
2008	6,420	1,814,258	188,505	21,460	9,055		(1,648)	2,038,050
2009	9,772	2,134,260	126,610	22,800	8,826		7,411	2,309,679
2010	2,226	1,295,560	115,730	10,800	10,119		9,671	1,444,106
2011	1,650	1,218,720	114,100	8,000			8,247	1,350,717
2012	851	1,010,400	56,000	12,000			7,197	1,086,448
2013	260	1,316,284	40,600	4,000			5,648	1,366,792
2014	113	1,498,080	44,867	7,957			108	1,551,125
2015	63	1,103,045	60,000	6,400			16,098	1,185,606

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY, COUNTY OF WARREN
LAST TEN YEARS
UNAUDITED

Year Ended December 31,	Vacant Land	Residential	Farm Regular	Farm Qualified	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities ^a	Net Valuation Taxable	Tax-Exempt Property	Total Direct School Tax Rate	Estimated Actual (County Equalized Value)
2005	\$ 198,332,890	\$ 6,420,991,477	\$ 488,899,000	\$ 39,276,620	\$ 919,463,503	\$ 664,085,450	\$ 173,404,000	\$ 8,904,452,940	\$ 32,631,543	\$ 8,937,084,483	\$ 872,977,611	N/A	\$10,332,405,733
2006	253,936,027	6,871,265,889	509,228,050	38,329,719	965,061,249	624,897,950	179,114,600	9,441,833,484	28,331,232	9,470,164,716	930,856,098	N/A	11,733,999,903
2007	278,142,627	7,534,209,311	590,326,550	38,050,682	1,040,506,204	621,086,750	177,534,200	10,279,856,324	28,455,816	10,308,312,140	1,046,965,438	N/A	13,059,781,320
2008	270,791,087	7,619,896,271	600,590,000	37,064,433	1,050,424,784	620,088,900	175,541,000	10,374,396,475	28,271,444	10,402,667,919	1,060,788,164	N/A	13,822,543,191
2009	256,865,167	7,654,844,051	615,471,500	38,747,232	1,060,704,897	550,840,850	176,048,900	10,353,522,597	27,217,257	10,380,739,854	1,097,260,750	N/A	13,368,469,742
2010	251,516,967	8,168,300,057	618,799,900	38,129,997	1,251,803,552	644,499,200	223,769,200	11,196,818,873	32,138,774	11,228,957,647	1,255,927,713	N/A	13,469,104,644
2011	226,612,417	8,074,315,307	594,783,500	37,505,720	1,236,692,452	627,479,200	218,177,404	11,015,566,000	30,259,289	11,045,825,289	1,240,646,048	N/A	12,821,727,118
2012	199,368,367	7,893,151,225	601,147,400	37,856,335	1,210,337,553	619,331,100	218,642,404	10,779,834,384	31,055,796	10,810,890,180	1,231,347,161	N/A	12,064,011,840
2013	187,827,887	7,826,483,885	594,520,700	37,656,226	1,204,982,162	609,937,850	223,602,500	10,685,011,210	25,834,841	10,710,846,051	1,246,473,784	N/A	11,312,251,145
2014	173,905,752	7,468,609,785	588,213,200	38,352,949	1,179,627,962	573,813,750	244,622,900	10,267,146,298	22,876,697	10,290,022,995	1,230,066,004	N/A	10,631,545,458

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

N/A Not Applicable

Exhibit J-8

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS, COUNTY OF WARREN
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>Taxpayer</u>	2014		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total County Net Assessed Value</u>
Merrill Creek Reservoir	\$ 221,059,058	1	2.15%
Mansfield Plaza	84,014,700	2	0.82%
Mansfield Plaza Associates, LLC	47,046,000	3	0.46%
Food Manufacturers	45,316,900	4	0.44%
DSM Nutritional Products, Inc.	44,838,700	5	0.44%
Green Eagle Properties	33,190,600	6	0.32%
Phillipsburg Mall	32,712,700	7	0.32%
MorrisPark Associates	27,356,000	8	0.27%
Pohatcong Associates	24,789,600	9	0.24%
National Reality Dev Co.	24,235,000	10	0.24%
	<u>\$ 584,559,258</u>		<u>5.68%</u>

<u>Taxpayer</u>	2005		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>% of Total District Net Assessed Value</u>
INFORMATION IS NOT AVAILABLE			

Source: Warren County Board of Taxation

Exhibit J-9

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST SIX FISCAL YEARS
UNAUDITED

Fiscal Year Ended June 30,	County Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2010	\$ 186,268	\$ 186,268	100.00%	\$ -0-
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%	-0-
2014	186,268	186,268	100.00%	-0-
2015	186,268	186,268	100.00%	-0-

^a School taxes are collected by the Warren County Treasurer. Under New Jersey State Statute, the County is required to remit to the school district the entire tax levy, in the amount voted upon or certified prior to the end of the school year.

This Schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: School District Financial Records

Exhibit J-14

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

Year	Population ^a	Personal Income (thousands of dollars) ^b	Warren County Per Capita Personal Income ^c	Unemployment Rate ^d
2006	109,450	\$ 4,444,326,700	\$ 40,606	4.10%
2007	109,684	4,699,081,928	42,842	3.70%
2008	109,897	4,858,546,370	44,210	5.00%
2009	109,638	4,809,161,232	43,864	8.80%
2010	108,676	4,777,614,312	43,962	9.10%
2011	108,138	4,981,917,660	46,070	8.40%
2012	107,550	5,174,768,250	48,115	8.20%
2013	106,839	5,239,384,560	49,040	7.20%
2014	106,917	5,243,209,680 ***	49,040 *	6.10%
2015	106,917 **	5,243,209,680 ***	49,040 *	N/A

* - Latest Warren County per capita personal income available (2013) was used for calculation purposes.

** - Latest population data available (2014) was used for calculation purposes.

*** - Latest available population data (2014) and latest available Warren County per capita personal income (2013) was used for calculation purposes

N/A - Information unavailable.

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

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

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

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

Exhibit J-15

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
PRINCIPAL EMPLOYERS, COUNTY OF WARREN
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

Employer	Employees	2014	
		Rank (Optional)	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

Employer	Employees	2005	
		Rank (Optional)	Percentage of Total Employment

INFORMATION IS NOT AVAILABLE

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM
LAST NINE FISCAL YEARS
UNAUDITED

<u>Function/Program</u>	<u>2007</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>
Instruction:									
Special Education	18.6	15.0	9.0	7.0	7.5	8.0	7.6	7.6	8.0
Other Special Education	12.2	10.2	6.9	4.0	5.0	8.4	5.2	6.4	8.0
Support Services:									
General Administrative Services	3.7	3.7	3.0	2.4	2.4	3.0	2.6	1.8	1.8
School Administrative Services	1.0	1.0	1.0	1.0	1.0				
Business Administrative Services	0.5	0.5	0.5	0.5	0.5	0.6	0.9	0.8	2.0
Pupil Transportation	1.0	1.0	0.6	0.6	0.6				2.0
Total	<u>37.0</u>	<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>

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Source: District Personnel Records

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
OPERATING STATISTICS
LAST NINE FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Operating Expenditures^a</u>	<u>Cost Per Pupil^d</u>	<u>Percentage Change</u>	<u>Teaching Staff^b</u>	<u>Pupil/Teacher Ratio Special School</u>	<u>Average Daily Enrollment (ADE)^c</u>	<u>Average Daily Attendance (ADA)^c</u>	<u>% Change in Average Daily Enrollment</u>	<u>Student Attendance Percentage</u>
2007	66	\$ 2,993,450	\$ 45,355	5.43%	22.00	N/A	63.20	57.70	2.60%	87.42%
2008	59	3,013,810	51,082	12.63%	15.00	N/A	58.40	53.40	-7.59%	90.51%
2009	54	2,725,660	50,475	-1.19%	9.00	N/A	51.40	46.90	-11.99%	86.85%
2010	39	1,823,052	46,745	-7.39%	11.00	N/A	37.90	33.50	-26.26%	85.90%
2011	34	1,729,520	50,868	8.82%	12.50	N/A	33.59	34.00	-11.37%	100.00%
2012	31	1,597,829	51,543	1.33%	12.40	N/A	31.10	28.10	-7.41%	90.65%
2013	44	1,775,845	40,360	-21.70%	9.30	N/A	43.00	39.40	38.26%	89.55%
2014	52	2,010,852	38,670	-4.19%	9.80	N/A	52.90	48.90	23.02%	94.04%
2015	30	1,753,318	58,444	51.13%	8.00	N/A	28.67	25.67	-45.80%	89.54%

N/A - Not Available

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Note: Enrollment based on annual October district count and is for the Special Children's School only.

- a Operating expenditures equal total expenditures less debt service and capital outlay.
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).
- d Cost per pupil is the sum of operating expenditures divided by enrollment. This cost per pupil may be different from the State's cost per pupil calculation.

Sources: Warren County Special Services School District records.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST NINE FISCAL YEARS
UNAUDITED
(Continued)

	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>District Buildings</u>									
<u>GMR - BD MS</u>									
Square Feet	N/A	960	960						
Capacity (students)	N/A	12	12						
Enrollment	N/A	2	3						
<u>GMR - CS HS</u>									
Square Feet	N/A	960	960						
Capacity (students)	N/A	12	12						
Enrollment	N/A	6	6						
<u>GMR - MD MS</u>									
Square Feet	N/A	960	960						
Capacity (students)	N/A	12	12						
Enrollment	N/A	2	3						
<u>GMR - CENTRAL - BD</u>									
Square Feet	N/A	960							
Capacity (students)	N/A	12							
Enrollment	N/A	4							

N/A - Not Applicable

Note: Classrooms are rented from various local school districts. The District does not own any of these buildings. Enrollment is based on the annual October district count.

This schedule does not contain ten years of information as GASB #44 was implemented during the fiscal year ending June 30, 2006.

Exhibit J-20

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2015
UNAUDITED

	<u>Coverage</u>	<u>Deductible</u>
School Package Policy		
New Jersey Schools Insurance Group:		
Property - Blanket Buildings and Content Including (Pooled Coverage)	\$ 350,000,000	\$ 1,000
Comprehensive General Liability	16,000,000	
Comprehensive Automobile Liability	16,000,000	
Umbrella Liability		
Primary Limits up to	31,000,000	
School Board Legal Liability	16,000,000	5,000
Official Bonds - Selective Insurance:		
Business Administrator	130,000	
Treasurer of School Monies	166,000	

Source: School District Records.

SINGLE AUDIT SECTION



Mount Arlington Corporate Center
 200 Valley Road, Suite 300
 Mt. Arlington, NJ 07856
 973-328-1825 | 973-328-0507 Fax

Lawrence Business Center
 11 Lawrence Road
 Newton, NJ 07860
 973-383-6699 | 973-383-6555 Fax

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the "Department"), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Warren County Special Services School District (the "District"), a component unit of the County of Warren, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2015. Our report on the financial statements includes an emphasis of matter paragraph discussed in Note 15 to the financial statements regarding the ability of its Personal Aides, Related Services and Life Skills Enterprise Funds to continue as a going concern.

Internal Control Over Financial Reporting

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

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as Findings 2015-01 and 2015-02 that we consider to be significant deficiencies.

The Honorable President and Members
of the Board of Education
Warren County Special Services School District
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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*.

The District's Responses to the Findings

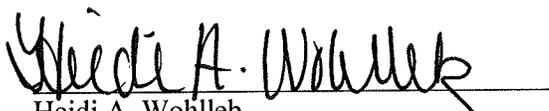
The District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

December 8, 2015
Mount Arlington, New Jersey

NISIVOCCIA LLP


Heidi A. Wohlleb
Licensed Public School Accountant #2140
Certified Public Accountant

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grant Period	Award Amount	Balance, June 30, 2014		Cash Received	Budgetary Expendi- tures	Balance, June 30, 2015	
					Unearned Revenue	(Accounts Receivable)			Unearned Revenue	(Accounts Receivable)
<u>U.S. Department of Education</u>										
<u>Special Revenue Fund:</u>										
Rural Education Achievement Program	84.358A	S358A148414	07/1/14-06/30/15	\$ 20,000			\$ 19,350	\$ (20,000)		\$ (650)
Total U.S. Department of Education							19,350	(20,000)		(650)
<u>U.S. Department of Health and Human Services</u>										
Medicaid Assistance Program (SEMI)	93.778	N/A	07/1/14-06/30/15	29,156			29,156	(29,156)		
ARRA - Medicaid Assistance Program	93.778	N/A	10/01/08-12/31/10	6,777			6,777	(6,777)		
Total U.S. Department of Health and Human Services							35,933	(35,933)		
Total Federal Awards					\$ -0-	\$ -0-	\$ 55,283	\$ (55,933)	\$ -0-	\$ (650)

N/A - Not Applicable

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance (Accounts Receivable) June 30, 2014	Cash Received	Budgetary Expenditures	Adjustment	Balance June 30, 2015		Memo	
								Unearned Revenue	GAAP Receivable	Budgetary Receivable	Cumulative Total Expenditures
State Department of Education:											
General Fund State Aid:											
Reimbursed TPAF Social Security Contributions	15-495-034-5095-002	07/1/14-06/30/15	\$ 102,865		\$ 97,835	\$ (102,865)			\$ (5,030)	\$ (5,030)	\$ 102,865
Reimbursed TPAF Social Security Contributions	14-495-034-5095-002	07/1/13-06/30/14	79,624	\$ (4,345)	4,345						79,624
Total General Fund State Aid				(4,345)	102,180	(102,865)			(5,030)	(5,030)	182,489
Total State Awards				\$ (4,345)	\$ 102,180	\$ (102,865)	\$ -0-	\$ -0-	\$ (5,030)	\$ (5,030)	\$ 182,489

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
NOTES TO THE SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1. BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activity of the Board of Education, Warren County Special Services School District under programs of the federal and state governments for the fiscal year ended June 30, 2015. The information in these schedules is presented in accordance with the Federal Office of Management and Budget (OMB), *Audits of States and Local Governments and Non-Profit Organizations* and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Because the schedules present only a selected portion of the operations of the District, they are not intended to and do not present the financial position, changes in net position or cash flows of the District.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedules of expenditures of federal and state awards are reported on the budgetary basis of accounting. This basis of accounting is described in Note 1 to the Board's basic financial statements. Such expenditures are recognized following the cost principles contained in federal OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governmental Units*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

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

The general and special revenue funds are presented in the accompanying schedules on the modified accrual basis.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$-0- for the General and Special Revenue Funds. The schedule of expenditures of state awards does not include the on-behalf TPAF Post Retirement and Pension Contributions revenue of \$76,121 and \$47,950, respectively. Awards and financial assistance revenue are reported on the Board's basic financial statements on a GAAP basis as presented below:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 35,933	\$ 226,936	\$ 262,869
Special Revenue Fund	<u>20,000</u>		<u>20,000</u>
Total Financial Assistance	<u>\$ 55,933</u>	<u>\$ 226,936</u>	<u>\$ 282,869</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

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

NOTE 5. OTHER

TPAF Social Security contributions represent the amount reimbursed by the State for the employers' share of social security contributions for TPAF members for the fiscal year ended June 30, 2015.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Summary of Auditors' Results:

- The Independent Auditors' Report expresses an unmodified opinion on the financial statements of the District. The report includes an emphasis of matter paragraph discussed in Note 15 to the financial statements regarding the ability of its Personal Aides, Related Services and Life Skills Enterprise Funds to continue as a going concern.
- Significant deficiencies were disclosed during the audit of the financial statements as reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
- No instances of noncompliance material to the financial statements of the District which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- The District was not subject to the single audit provisions of Federal OMB Circular A-133 and New Jersey's OMB Circulars 04-04 and 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid* for the fiscal year ended June 30, 2015 as grant expenditures for both federal and state awards were less than the single audit thresholds of \$500,000 identified in the Circulars.

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

- The audit disclosed the following significant deficiencies required to be reported under Generally Accepted Government Auditing Standards:

Finding 2015-01

Segregation of Duties

Although the results of our audit procedures revealed that the District's payroll records were maintained in a good condition and the District has made efforts to segregate some payroll duties, there is not an adequate segregation of duties with respect to the payroll duties and responsibilities as most of these duties are performed by one person, the Business Administrator. This is due to the limited number of personnel in the Business Office of the District. Accordingly, management and the Board of Education should be aware of this situation and realize that the concentration of most of the payroll duties and responsibilities with one employee, the Business Administrator, is not desirable from a control point of view.

Management's Response

The District will review the finding and determine what corrective action can be taken during the fiscal year ended June 30, 2016.

Finding 2015-02

Going Concern – Personal Aides, Related Services and Life Skills Enterprise Funds

The accompanying financial statements for the Personal Aides, Related Services and Life Skills Enterprise Funds have been prepared assuming these Funds will continue as a going concern. 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.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)

Summary of Auditors' Results:

Finding 2015-02 (Cont'd)

Going Concern – Personal Aides, Related Services and Life Skills Enterprise Funds (Cont'd)

Management's Response

The District has already made an effort to review how to resolve the going concern issues in these Enterprise Funds:

The District is looking at the fees charged by neighboring County Educational Services Commissions and Special Service School Districts to make the charges more in line with them. This is ongoing and will be in place for the coming school year. The District is continuing to look at areas where costs can be reduced or services can be made more efficient.

Findings and Questioned Costs for Federal Awards:

- Not Applicable since federal expenditures were below the single audit threshold.

Findings and Questioned Costs for State Awards:

- Not Applicable since state expenditures were below the single audit threshold.

WARREN COUNTY SPECIAL SERVICES SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Status of Prior Year Findings:

The prior year finding regarding segregation of duties was not resolved and is included as a current year finding.